

Exercise 8b: Figure out your personal cash flow

If you decide to prepare a full business plan so that you can ask for a loan or financial support from Community Futures, you'll be expected to create a 12-month cash flow for your business and for yourself.

This exercise is a shorter version. You'll just have to figure out your living expenses for 3 months. There are lots of ways to get an accurate picture of your spending.

If you usually buy things with a debit card or credit card, look at your bank statement for the last 3 months and write down the amounts of money you spent in each category of the cash flow.

If you usually use cash to buy things, you should save all your receipts for one month and use those to figure out where and what you spend your money on.

Since you're only doing a 3-month cash flow, it's important to think about some of the things you pay for at different times of the year other than now.

For instance, if you have a car and pay for insurance once a year, it's important to add 1/12 of that amount to the months that you're working on. Otherwise, you may forget to save enough money to pay for the unusual and sometimes big expenses that only come along once a year.

You can either do this exercise on paper, or in a spreadsheet like Microsoft Excel. The benefit of using a spreadsheet is that the program will do the math for you.

At the end of this exercise you'll have a good idea of where you spend your money. And, how much money your business will need to earn to make you a successful entrepreneur.

Basic Personal Cash Flow

	Month 1	Month 2	Month 3
MONTHLY INCOME			
Employment Income (job)			
Employment Insurance (EI)			
Pension/Disability			
Spousal Income			
Child Tax Benefit			
Other:			
Other:			
TOTAL MONTHLY INCOME	\$ -	\$ -	\$ -

MONTHLY EXPENSES			
Clothing			
Entertainment (movies, etc)			
Food (groceries & eating out)			
Insurance (car, house, etc)			
Medical/Dental			
Memberships			
Rent/Mortgage			
Telephone & internet			
Transportation (car gas, bus, etc)			
Utilities (gas, hydro, water)			
Child Care/Child Support Payment			
Other:			
Other:			
Other:			
TOTAL MONTHLY EXPENSES	\$ -	\$ -	\$ -

MONTHLY SURPLUS/ DEFICIT	\$ -	\$ -	\$ -
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