



March 30, 2020

Teresa Campbell, President  
PIA MIDAMERICA

## RE: CASH FLOW FORECAST – WEEKLY ROLL-FORWARD SCHEDULES

Hi Teresa,

The attached weekly cash flow spreadsheets are intended to help companies monitor their upcoming “cash position” for planning purposes. The spreadsheets are fairly “generic” and each company should customize them in a manner that makes sense for their particular situation. The spreadsheet templates include the following:

- **Weekly Cash Flow forecast summary:** the attached schedule includes 11 weeks, but additional weeks can be added if preferred. At the beginning of each new week...the previous week should be “hidden” and NOT deleted as it may disrupt the formulas. Also, at the beginning of each new week, you should add another week to the end to constantly maintain however many weeks you want.
- **Accounts Receivable:** this sub-schedule flows into the main cash flow summary in regards to expected cash receipts from the current AR. Obviously, there is updating required each week, but this exercise helps force companies to stay in contact with customers regarding payment expectations, etc. The AR sub-schedule does not need to be utilized....you could simply update the cash flow summary manually for expected AR receipts. Either way, the assumptions for AR collections needs to be constantly updated....but that is the purpose because it is always changing.
- **Work In Process:** the sub-schedule is intended to reflect when the WIP is expected to turn into cash. Similar to the comments under AR, you can use the sub-schedule or plug expected cash receipts manually. Again, use of the sub-schedule forces companies to more closely track the status of jobs in process and will provide “more accurate” cash flow predictions.
- **Accounts Payable:** you will notice on the cash flow summary that it includes separate cash disbursement line items for certain “fixed costs” and also for Direct Materials/Outside Purchases....even though these items typically are included in Accounts Payable. The sub-schedule of Accounts Payable is intended to cover all “other miscellaneous expenses” that are NOT covered by their own specific line items. This is really up to the discretion of each company. For example, a company’s utilities bill will be entered into AP....but this expense needs to be paid by a certain date (it generally cannot be pushed to 45 or 60 days)....so it makes sense to create a separate line items and force this payment in the week it is due. For Direct Materials (paper, etc) and Outside Purchases....these are generally large expenditures, and including them on a separate line will help distinguish what needs to be paid and when. Again, each company can determine what expense warrants their own line item and what can be grouped in general AP.
- **Other Sub-Schedules to consider:** the cash flow schedule accounts for jobs done (AR) and jobs in process (WIP), but it also should include “jobs not started” but would expect to have cash flow impact over the weeks you are forecasting. For example, you may have a new job expected to start in week 5 of your schedule (according to your sales projections) and you may expect cash collection of this job by week 10. And also consider what cash outflow for this new work will be required within your cash flow summary. The point is....the cash flow summary should include (if not already accounted for)...the cash inflows and outflows of projected work that has not been started at the time of each weekly update.

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Page 2

- Payroll: this requires its own line items....as expected payroll, payroll taxes, etc...require payment on specific dates.
- Term Debt/Leases: these as well require their own line items...but perhaps terms can be re-structured or re-financed during these difficult times.
- Other Matters: you can include other inflows if you have them such as recycling income, new financing, shareholder injections, etc.

Obviously, this is a cash flow “forecast” tool and therefore, various assumptions are used with respect to cash disbursements and cash receipts. In other words, it is not an exact science. However, it does significantly increase the probability of anticipating your company’s cash flow “peaks” and “valleys” in the upcoming weeks. This will allow more proactive planning and communication. The initial set-up and use of these schedules may seem cumbersome and somewhat difficult. However, our experience has been that the more it is used (like anything else) the more efficient you become and more adept you will be at determining your cash flow assumptions.

Please reach out if you have any questions or would like to talk through the use of these cash flow tools. If needed, my cell number is 612-865-1023.

Stay safe and best of luck!

Mel Enger