UPFRONT CLARITY

CASH FLOW

How to Read a Cash Flow Statement (and Why It Tells You More Than Your P&L)

Most business owners I meet know their revenue number. Many know their net income. Far fewer can tell me what their cash flow statement is actually saying, and that gap costs them.

Your P&L tells you whether the business made money. Your cash flow statement tells you whether the business can survive.

What It Reveals That Your Income Statement Does Not

Operating cash flow shows whether your core business actually generates cash, not just profit. A company can be profitable on paper and still be running out of money. I have seen it more than once.

Investing activities show whether you are building long-term value or depleting it. Capital expenditures, acquisitions, and asset sales all live here.

Financing activities show how you are funding the business. New debt, equity raises, loan repayments. If this section is carrying your business, that is a signal worth paying attention to.

The ratio that matters most: free cash flow. That is operating cash flow minus capital expenditures. It is the clearest measure of financial health that most early-stage and mid-size companies never formally track.

If you want to understand your business the way a CFO or investor does, start here.

Ready to get clarity on what your financials are really telling you? Upfront Clarity helps growth-stage founders and CEOs read the story behind their numbers. Start with a free conversation at www.upfrontclarity.com or call (203) 530-1180.
