PROJECT UNDERDOGS FOUNDER LIBRARY · MONEY BASICS · M-16

12-MONTH CASH FLOW FORECAST

Plan the money coming in and going out each month for a year, and see a cash shortfall months before it happens.

TYPE: WORKSHEET REVIEWED: NOVEMBER 2026 TIME: 30 TO 45 MINUTES LEVEL: BEGINNER

AT A GLANCE

- This **fillable worksheet** forecasts your cash month by month for 12 months.
- Enter your starting cash, then the cash you expect in and out each month. The worksheet carries each month's ending cash into the next month, and shows **negative months in red**.
- Why cash matters, even for profitable businesses, is explained in **M-06 Cash Flow: Why Profitable Businesses Still Run Out of Money**.

TIP

Calculations work in **Adobe Acrobat Reader** (free) and most desktop PDF apps. Some browser and phone viewers show the boxes but don't calculate.

How to fill it in

1. **Name your months** across the top, starting with next month.
2. **Starting cash.** Enter what's in your business bank accounts today in Month 1. Each later month starts automatically with the month before's ending cash.
3. **Cash in.** For each month, enter the cash you expect to **actually receive**: customer payments, other income, and any loans or investment. Use the month the money arrives, not the month you make the sale.
4. **Cash out.** Enter what you expect to **actually pay** each month, including loan payments, your own pay, tax payments and equipment.
5. **Read the bottom line. Ending cash** shows what's left each month. Red numbers mean you'd run out of money.
6. **Update it monthly.** Replace forecasts with actual numbers as each month ends, and add a new month at the end.

Tips for good forecasts

- **Be careful, not hopeful.** Use sales you're fairly sure of. Leave out deals that aren't signed.
- **Think about timing.** If customers pay in 30 days, March sales arrive in April.

- **Remember yearly costs**, like insurance renewals, license fees and tax payments, in the months they're due.
- **Plan for seasons.** Use last year's monthly pattern if you have one.

Example: reading the results

> EXAMPLE
>
> Kofi starts with **$4,000**. In Month 1 he expects $5,000 from regular sales and pays $4,500 in regular costs, plus **$7,000** for a big catering order the client won't pay for until Month 3. The worksheet shows Month 1 ending cash of **($2,500)** in red, and Month 2 of **($2,000)**. Month 3 jumps to **$10,500** when the client pays. Seeing this ahead of time, Kofi asks the client for a 50% deposit, and the red months disappear.

What to do if you see red

- Ask customers for **deposits** or faster payment.
- Ask suppliers for **longer payment terms**.
- **Delay** a purchase or hire.
- Arrange a **line of credit** before you need it. See **R-07 Equipment Financing and Lines of Credit**.
- **Cut costs** that don't bring in sales.

Where to go next

- **M-06 Cash Flow: Why Profitable Businesses Still Run Out of Money**
- **M-10 Building a Simple Budget**
- **M-14 Monthly Money Checklist**

IMPORTANT

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Enter cash you expect to receive and pay each month. Ending cash carries into the next month. Negative months show in red.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year
Month name													
Starting cash													
CASH IN													
Customer payments													
Other income													
Loans or investment received													
Total cash in													
CASH OUT													
Materials and direct costs													
Payroll and contractors													
Rent and utilities													
Marketing													
Other running costs													
Loan payments													
Owner pay													
Tax payments													
Equipment and big purchases													
Total cash out													
Net cash flow													
Ending cash													

Money amounts in whole dollars. Red numbers in brackets mean you'd be short of cash that month.

Fill in the white boxes. Shaded boxes calculate automatically.