

Name: _____

Cash Flow Activity

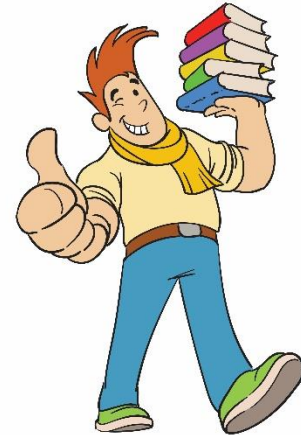
What is cash flow? Think of the money you have coming in and the money that goes out. It's important to understand where you are spending money and if it is on wants or needs. Remember, you should never spend more than you earn! A common way of tracking expenses is to determine if something is a fixed cost or variable. A fixed cost is a recurring cost (generally monthly) that and generally involves needs whereas a variable cost fluctuates. Typically, a variable cost involves wants.

Have you ever been out with your friends and find that by the end of the day, you have run out of money and don't even have enough to buy something to eat? It's so easy to spend money and it adds up quickly. You might even be surprised to see where you are spending your money.

Below is a chart listing a variety of common expenses. Track every expense you have over the next week. Indicate whether the expense is for food, clothing, entertainment, or other. Place the amount you spend in the appropriate column. In the next column, indicate whether the cost is a fixed (FX) or variable (V).

After a week, add the totals of each column and this tells you how much has been spent in each category. Add all of the columns together or a grand total.

For the next step, find out how many expenses were planned and how many were unplanned. You can do this taking the grand total and counting how many expenses were planned versus unplanned. Do the same thing for fixed versus variable expenses.



Date	Item/Service	Food	Clothing	Entertainment	Other	Planned or Unplanned	Fixed or Variable
9/14	Coffee	\$6.75				Unplanned	Variable
Totals							
Percent							
Grand Total for Week							

Use the information above to answer the following questions:

1. Which of the expenses were planned?

2. Which expenses were unplanned – that is, bought on the spur of the moment?

3. If you had a chance to redo anything, which expenses would you change?

4. Are there any expenses that were bad decisions?

5. Which unplanned expenses were a good decision?

6. Which sort of expense would be the easiest to decrease? A fixed expense or variable? Why?

7. Which of the expenses would be easiest for you to decrease if you needed money for an emergency purchase?
