

Gainesville Corporation's income statement revealed sales of \$700,000; gross profit of \$300,000; selling and administrative costs of \$140,000; and income taxes of \$45,000. The selling and administrative expenses included \$10,000 for depreciation. The company's operating activities generated positive cash flow of \$129,000. Use the "direct" approach to demonstrate how this amount was calculated. The following additional information is available:

	Beginning-of-Period Balance	End-of-Period Balance
Account receivable	\$70,000	\$82,000
Inventory	50,000	41,000
Accounts payable	37,000	44,000