

Following is an incorrectly prepared statement of cash flows for Herman Corporation. Review and correct this presentation, using a direct approach.

HERMAN CORPORATION		
Statement of Cash Flows		
For the Year Ending December 31, 20X2		
Cash balance at January 1, 20X2:		\$ 175,000
Cash receipts during 20X2:		
Sale of building	\$ 800,000	
Dividend received on investments	10,000	
Cash received from customers	2,350,000	
Proceeds from issuing stock	<u>1,400,000</u>	4,560,000
Cash payments during 20X2:		
Purchase of inventory	\$ 760,000	
Interest on loans	56,000	
Income taxes	124,000	
Repayment of long-term note payable	2,000,000	
Purchase of equipment	435,000	
Selling and administrative expenses	696,000	
Dividends on common	<u>175,000</u>	<u>(4,246,000)</u>
Cash balance at December 31, 20X2		<u>\$ 489,000</u>
<hr style="border-top: 1px dashed black;"/>		
Noncash investing/financing activities:		
Bought land by issuing promissory note payable		<u>\$ 450,000</u>