**CARIBOU**

The following information was taken from the accounting records of the Caribou Company:

|  |  |  |
| --- | --- | --- |
|  | **Account Balances** | |
|  | **January 1, 2010** | **December 31, 2010** |
| ***Debits*** |  |  |
| Cash | $ 1,400 | $ 2,400 |
| Accounts receivable (net) | 2,800 | 2,690 |
| Marketable securities (at cost) | 1,700 | 3,000 |
| Allowance for change in value | 500 | 800 |
| Inventories | 8,100 | 7,910 |
| Prepaid items | 1,300 | 1,710 |
| Investments (long-term) | 7,000 | 5,400 |
| Land | 15,000 | 15,000 |
| Buildings and equipment | 32,000 | 46,200 |
| Discount on bonds payable | ----- | 290 |
|  | $69,800 | $85,400 |
|  |  |  |
| ***Credits*** |  |  |
| Accumulated depreciation | $ 16,000 | $ 16,400 |
| Accounts payable | 3,800 | 4,150 |
| Income taxes payable | 2,400 | 2,504 |
| Wages payable | 1,100 | 650 |
| Interest payable | ----- | 400 |
| Note payable (long-term) | 3,500 | ----- |
| 12% bonds payable | ----- | 10,000 |
| Deferred taxes payable | 800 | 1,196 |
| Convertible preferred stock, $100 par | 9,000 | ----- |
| Common stock, $10 par | 14,000 | 21,500 |
| Additional paid-in capital | 8,700 | 13,700 |
| Unrealized increase in value of marketable securities | 500 | 800 |
| Retained earnings | 10,000 | 14,100 |
|  | $69,800 | $85,400 |

*Additional information for the year:*

|  |  |  |
| --- | --- | --- |
| a) | Sales | $ 39,930 |
|  | Cost of goods sold | (19,890) |
|  | Depreciation expense | (2,100) |
|  | Wages expense | (11,000) |
|  | Other operating expenses | (1,000) |
|  | Bond interest expense | (410) |
|  | Dividend revenue | 820 |
|  | Gain on sale of investments | 700 |
|  | Loss on sale of equipment | (200) |
|  | Income tax expense | (2,050) |
|  | Net income | $ 4,800 |

b) Dividends declared and paid totaled $700.

c) On January 1, 2010, convertible preferred stock that had originally been issued at par value were converted into 500 shares of common stock. The book value method was used to account for the conversion.

d) Long-term nonmarketable investments that cost $1,600 were sold for $2,300.

e) The long-term note payable was paid by issuing 250 shares of common stock at the beginning of the year.

f) Equipment with a cost of $2,000 and a book value of $300 was sold for $100. The company uses one Accumulated Depreciation account for all depreciable assets.

g) Equipment was purchased at a cost of $16,200.

h) The 12% bonds payable were issued on August 31, 2010 at 97. They mature on August 31, 2020. The company uses the straight-line method to amortize the discount.

i) Taxable income was less than pretax accounting income, resulting in a $396 increase in deferred taxes payable.

J) Short-term marketable securities were purchased at a cost of $1,300. The portfolio was increased by $300 to a $3,800 fair value at year-end by adjusting the related allowance account.

**Required**

Prepare the statement of cash flows (US GAAP) for Caribou complete with related footnote disclosures.