# Revenue, profit and cash

Revenue, profit and cash is a free 50-minute high school lesson on why a company's profit and its cash can differ. Students compare Netflix in FY2021 and FY2025 with Chipotle in FY2025, using numbers from each company's Form 10-K.

### 5-minute prep

- Print: one worksheet per student (2 pages, black and white). Print the answer key for yourself.
- Project: the slides (15 slides). The real cases start on slide 7.
- Read: "Teacher background in 2 minutes" below, then the discussion questions.

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| **Grade** | High school, grades 9–12 |
| **Time** | 50 minutes (splits into two 25-minute blocks) |
| **Edition** | 2026–27 first edition v1.0 |
| **Lesson page** | cityfort.co/teachers/how-companies-make-money/revenue-profit-and-cash |

## Objective

Students can distinguish revenue, net income (profit) and cash from operations. They can explain one reason profit and cash differ, using a real company's 10-K figures.

## Standards the lesson supports

- Investing 12-2a (Jump$tart / CEE National Standards), in part
- Investing 12-5a (Jump$tart / CEE National Standards), in part


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## Timing

| Minutes | Step | What happens |
|---|---|---|
| 0–8 | **Warm-up** | Warm-up with a made-up sneaker reseller: when did they "make money"? |
| 8–20 | **Three boxes** | Three boxes: revenue, profit, cash. Where each one sits in a 10-K. |
| 20–35 | **Three real cases** | Pairs fill a table for three real cases: Netflix FY2021, Netflix FY2025, Chipotle FY2025. |
| 35–45 | **Discussion** | Class discussion: why the gaps exist and why they change. No "good" or "bad" verdicts. |
| 45–50 | **Exit ticket** | Exit ticket (3 questions). |

## Materials

- The slides (projected) or the printed worksheet.
- One worksheet per student. It prints in black and white on two pages.
- A calculator for the optional "how big is the gap?" questions.
- No accounts, no logins and no internet access are required. The student page is optional.

## Discussion questions

1. Can a company show a profit and still collect little cash from its business? How?
2. Why might a streaming company's cash spending on shows differ from the cost it records each year?
3. How can a restaurant company bring in more cash than its profit?
4. What did each company do with its cash, as stated in its 10-K? (Describe it. Do not judge it.)

## Adapting the lesson

**English language learners:** ELL: a diagram-first worksheet (three boxes with icons), a word bank and sentence frames.

**IEP and 504 plans:** IEP: a fill-in-the-blank table with half the cells already filled, a worked example for Case A and a calculator.

**Advanced students:** Advanced: students work out capital spending as a share of cash from operations, using a given formula.

**Extension:** Read Cityfort's Learn entry What is free cash flow?. Free cash flow is not a GAAP number. Cityfort calculates it as cash from operations minus capital spending. Look up net income and cash


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from operations on Costco's or Apple's Cityfort page. Which is bigger, and what does the 10-K say about why? Compare without ranking.

## Teacher background

### Revenue

Revenue is money earned from customers in the period.

### Net income (profit)

Net income: (profit) is what is left after all costs, interest and taxes recorded for the period. It sits on the income statement.

### Cash from operations

Cash from operations is the cash that came in from running the business, minus the cash that went out. It sits on the cash flow statement.

### Why they differ

Why they differ: a cost is recorded when it is used up, not when it is paid. That is a timing difference.

### Netflix

Netflix: it spreads the cost of each title over up to ten years. Its 10-K counts cash paid for content inside cash from operations.

### Chipotle

Chipotle: it pays to build each restaurant up front, on average about $1.5 million per new restaurant in 2025. It then records depreciation each year. Its 10-K lists that build spending ($666.3 million in FY2025, "Purchases of leasehold improvements, property and equipment") under investing activities, outside cash from operations.

### Stock-based compensation

Stock-based compensation is pay given as shares instead of cash. It lowers profit but uses no cash.

### Netflix's payment terms

Netflix's FY2021 10-K describes its general payment terms: payment terms for certain content licenses and productions "require more upfront cash payments relative to the amortization expense." For FY2021 itself, the 10-K says pandemic delays in 2020 pushed some production payments into 2021.

If your class runs a stock-market simulation, these lessons can come before it: they explain what a company does and how it reports results. They do not suggest which companies to choose, and Cityfort does not run, rank or judge simulation picks.


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## Examples of timing in this lesson

Examples of timing in this lesson:

- Netflix pays for shows before they stream and records their cost over several years.
- A restaurant company pays to build a restaurant once and records that cost a little each year.

## Standards supported

This lesson supports these outcomes. It does not claim full alignment with any standard.

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- National Standards for Personal Financial Education (2021), Investing 12-2a: "Describe the different types of annual cash flows that can be received by investors." Partial. Dividends appear as one possible use of a company's cash. Neither company paid a dividend in these years.
- Investing 12-5a: "Describe factors that influence the prices of financial assets." Partial. Students learn what "company performance" is measured by. The lesson never discusses or predicts prices.

## Materials

- Slides (PowerPoint, 15 slides). Every table is a real table, not a picture.
- Student worksheet with exit ticket (2 pages).
- Answer key.
- A three-box diagram: Revenue → Net income (profit) → Cash from operations (on slide 4 and the worksheet).
- Calculators (optional).
- Optional: the student page link, for classes with devices.

## 0–8 minutes: Warm-up (slides 2–3)

- Show the sneaker reseller. The numbers are made up, and the slide says so.
- Ask: "In which month did Jordan make money?" Take two or three answers.
- Reveal the table. Profit shows up in June. Cash went out in May.
- Say: "Profit and cash tell different stories about the same business."

## 8–20 minutes: Three boxes (slides 4–6)

- Define revenue, net income and cash from operations. Students copy the definitions into Part B of the worksheet.


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- Show where each number sits in a 10-K. Revenue and net income are on the income statement. Cash from operations is on the cash flow statement. Both are in Item 8.
- Show the made-up oven example on slide 6. A restaurant pays $50,000 cash for an oven that lasts 10 years. It records $5,000 of cost each year.
- Ask: "In year 2, is the restaurant's profit above or below its cash?" Profit is lower. It records a $5,000 cost but pays no cash for the oven.

## 20–35 minutes: Three real cases (slides 7–11)

- Pairs fill the table in Part C of the worksheet from slides 7, 8 and 10.
- For each case, they circle which is bigger: net income or cash from operations.
- Pause on slide 8. Ask: "Same company, Netflix, four years apart: why did the gap between profit and cash nearly disappear?"
- Read the Netflix quote on slide 9. Then show Chipotle on slides 10–11.

## 35–45 minutes: Discussion (slides 12–13)

- Use the discussion questions below.
- Keep it about timing. If a student starts ranking the companies, ask: "What does the 10-K say happened?"
- Steer away from verdicts. Both patterns come from when cash moves and when costs are recorded.

## 45–50 minutes: Exit ticket (slide 14)

Splitting into two 25-minute blocks: Block 1 covers minutes 0–20 plus Case A. Block 2 opens with a 3-minute recap of the three boxes, then Cases B and C, discussion and the exit ticket.

- Students answer the three exit-ticket questions on page 2 of the worksheet.
- Collect them to check understanding of the three terms.

## Splitting into two 25-minute blocks

Block 1 covers minutes 0–20 plus Case A. Block 2 opens with a 3-minute recap of the three boxes, then Cases B and C, discussion and the exit ticket.

## Sentence frames

Guidance for question 4. In FY2025, Netflix spent cash on shows inside its operations. It also repurchased $9.1 billion of its own stock and paid no dividend. Chipotle opened 334 company-owned restaurants, repurchased $2.4 billion of its own stock and paid no dividend. Students describe these uses only. They do not say which use is right.


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- "In FY____, ____'s net income was ____ than its cash from operations because ____."
- "The cost was recorded ____, but the cash was paid ____."
- "The 10-K says ____ (statement, page ____)."

## Differentiation: ELL

- Diagram-first worksheet: the three boxes with simple icons. Use a cash register for revenue, a piggy bank for profit and a wallet for cash.
- Word bank: revenue, cost, net income, profit, cash, operations, record, pay, up front, depreciation, amortization, income statement, cash flow statement, 10-K, dividend (cash a company pays to its shareholders).
- Sentence frames (above). Pair ELL students with a partner for Part C.

## Differentiation: IEP

- Fill-in-the-blank table: revenue and net income are filled in; students add cash from operations and circle the bigger number.
- A worked example for Case A on the worksheet.
- Calculator allowed. Large print: enlarge the worksheet when printing (tabloid paper works well).
- Shorter exit ticket: questions 1 and 2 only.

## Differentiation: Advanced

- Work out capital spending as a share of cash from operations for each case.
- Formula: capital spending ÷ cash from operations × 100.
- Capital spending: Netflix FY2021 $524.6 million, Netflix FY2025 $688.2 million, Chipotle FY2025 $666.3 million.
- Describe what changed. Do not use words like "good," "bad," "healthy" or "weak."

**student page**

Scan the code or type: **cityfort.co/teachers/how-companies-make-money/revenue-profit-and-cash/student**

## Sources


1. S1: Netflix: Form 10-K for fiscal year 2025 (year ended Dec 31, 2025), Netflix, Inc. (SEC EDGAR), Jan 23, 2026. https://www.sec.gov/Archives/edgar/data/1065280/000106528026000034/nflx-20251231.htm
2. S2: Netflix: Form 10-K for fiscal year 2021 (year ended Dec 31, 2021), Netflix, Inc. (SEC EDGAR), Jan 27, 2022. https://www.sec.gov/Archives/edgar/data/1065280/000106528022000036/nflx-20211231.htm




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3. S3: Netflix: Form 10-K for fiscal year 2022 (comparative FY2021 figures), Netflix, Inc. (SEC EDGAR), Jan 26, 2023. https://www.sec.gov/Archives/edgar/data/1065280/000106528023000035/nflx-20221231.htm
4. S4: Chipotle: Form 10-K for fiscal year 2025 (year ended Dec 31, 2025), Chipotle Mexican Grill, Inc. (SEC EDGAR), Feb 4, 2026. https://www.sec.gov/Archives/edgar/data/1058090/000105809026000009/cmg-20251231.htm

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Data from Netflix's FY2025 Form 10-K, filed Jan 23, 2026; Netflix's FY2021 Form 10-K, filed Jan 27, 2022; and Chipotle's FY2025 Form 10-K, filed Feb 4, 2026. Checked Nov 7, 2026.


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