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Sample Co.

Monthly CFO Report

May 2026

This report contains:

- Executive Summary with KPI tiles & overall health status
- Cash Position & 18.4-Month Runway Analysis
- 13-Week Cash Flow Forecast (+$412K projected net)
- Financial Health Scorecard (6 ratios, Strong / Watch / Risk)
- Covenant Monitoring — DSCR, Current Ratio, Leverage
- Margin & Profitability by Segment
- Spend & Vendor Review
- Budget vs. Actual Variance
- Risks & CFO Recommendations
- Appendix: Condensed Income Statement (Monthly & YTD)

Prepared by

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EXECUTIVE SUMMARY

OVERALL: STRONG

Strong month: revenue beat plan by 5.7%, gross margin held at 61.2%, and net income landed at $200,840 (13.6%). Cash grew to $3.10M with 18.4 months of runway.

$3.10M CASH BALANCE	**18.4 mo** CASH RUNWAY	**61.2%** GROSS MARGIN
13.6% NET MARGIN	**1.9x** DSCR	**2.3x** CURRENT RATIO

Month at a Glance

- Revenue: Beat plan by $80K (+5.7%) on stronger-than-expected subscription renewals.
- Gross Margin: 61.2% in May — down 0.7pp from budget but up 0.3pp from April; SaaS segment at 75.0% gross margin remains the margin engine.
- Cash & Runway: Cash grew $158K in the month to $3.10M. 13-week forecast projects a net +$412K inflow with a mid-period trough of $2.87M in week 3.
- Covenants: All three in compliance. DSCR 1.9x vs. 1.50x floor; Debt/EBITDA 2.8x trending toward the 3.50x ceiling — flagged as a watch item.

CFO Recommendations

- Approve a SaaS license audit to address the 14.3% software spend surge before it compounds.
- Schedule a proactive lender call before Q3 compliance certificate — Debt/EBITDA trend warrants a heads-up.
- Protect and scale the SaaS subscription segment (75% gross margin) as the primary margin driver into H2.

CASH POSITION & RUNWAY

$3.1M
CASH BALANCE (MAY 2026)

$2.94M
PRIOR MONTH (APR 2026)

+$158K
MONTHLY CHANGE

CASH RUNWAY

18.4 months

At the current average monthly cash consumption of $168,478/mo, the company has approximately 18.4 months of runway at the current cash ba

Cash Movement — May 2026

Cash increased by $158,000 in May 2026, ending the period at $3.1M. This reflects net operating cash generation of approximately $158K after all operating expenses, interest, and scheduled principal repayments. The 13-week forward forecast (Section 3) projects an additional net inflow of +$412K, bringing projected cash to $3.51M by mid-August with a near-term trough of $2.87M in week 3.

CFO Note on Liquidity

The runway metric is calculated on a trailing 3-month average cash consumption basis. It is a conservative measure — the company is currently cash-flow positive from operations — and represents a floor scenario designed to trigger early action if revenue trends deteriorate. Management should target a minimum of 12 months of runway at all times as a board-level liquidity guardrail.

13-WEEK CASH FLOW FORECAST

Forecast Period: Jun 2 - Aug 25, 2026 | Opening Cash: $3.1M | Projected Net Change: +$412K | Ending Cash: $3.51M

Near-term low point: $2.87M in week 3 — well above zero; no liquidity concern flagged.

WEEK	OPENING CASH	NET CHANGE	CLOSING CASH	STATUS
Wk 1	$3,100,000	($95,000)	$3,005,000	
Wk 2	$3,005,000	+$45,000	$3,050,000	
Wk 3	$3,050,000	($178,000)	$2,872,000	LOW
Wk 4	$2,872,000	+$155,000	$3,027,000	
Wk 5	$3,027,000	($105,000)	$2,922,000	
Wk 6	$2,922,000	+$88,000	$3,010,000	
Wk 7	$3,010,000	+$42,000	$3,052,000	
Wk 8	$3,052,000	($165,000)	$2,887,000	
Wk 9	$2,887,000	+$125,000	$3,012,000	
Wk 10	$3,012,000	+$62,000	$3,074,000	
Wk 11	$3,074,000	($48,000)	$3,026,000	
Wk 12	$3,026,000	+$182,000	$3,208,000	
Wk 13	$3,208,000	+$304,000	$3,512,000	

The forecast projects net positive cash flow in 9 of 13 weeks. The week-3 trough of $2.87M is driven by the timing of monthly payroll and vendor settlements; cash recovers within the same period. Management should pre-position a sweep facility or intercompany credit line to smooth the week-3 and week-8 draw periods if desired.

FINANCIAL HEALTH SCORECARD

OVERALL FINANCIAL HEALTH

STRONG

METRIC	CURRENT	THRESHOLD	PRIOR MO.	TREND	STATUS
Current Ratio	**2.3x**	>= 1.50x	2.2x	(+)	STRONG
Quick Ratio	**2.0x**	>= 1.00x	1.9x	(+)	STRONG
Gross Margin	**61.2%**	>= 50.0%	60.9%	(+)	STRONG
Net Margin	**13.6%**	>= 5.0%	12.8%	(+)	STRONG
Debt / EBITDA	**2.8x**	<= 3.50x	2.7x	(-)	WATCH
Days Sales Outstanding	**28 days**	<= 45 days	30 days	(+)	STRONG

The Financial Health Scorecard summarises the six key operating and leverage ratios reviewed each month. A "Watch" rating flags a metric approaching its threshold — it does not indicate a current problem but requires active monitoring. A "Risk" rating warrants immediate action.

CFO Commentary

Five of six metrics score Strong this month. The single Watch — Debt/EBITDA at 2.8x — is trending in the wrong direction (+0.1x month-over-month) and is covered in detail in the Covenant Monitoring and Risks sections. All other ratios are stable to improving. Gross margin expansion of +0.3pp month-over-month reflects continued favorable product mix shift toward the SaaS subscription tier.

COVENANT MONITORING

All covenants in compliance. 1 watch item — no breach at this time.

COVENANT	REQUIREMENT	CURRENT	HEADROOM	STATUS
Minimum DSCR	DSCR >= 1.50x	**1.9x**	**+0.4x**	COMPLIANT
Minimum Current Ratio	Current Ratio >= 1.20x	**2.3x**	**+1.1x**	COMPLIANT
Maximum Leverage	Debt / EBITDA <= 3.50x	**2.8x**	**+0.7x**	WATCH

Covenants are tested monthly and reported to the lender quarterly with a compliance certificate. Headroom is expressed as the buffer between the current value and the trigger threshold — positive headroom indicates compliance.

CFO Commentary

DSCR at 1.9x provides a comfortable 0.4x cushion above the 1.50x floor. Current Ratio at 2.3x is well above the 1.20x minimum. The single Watch item — Debt/EBITDA at 2.8x — has moved 0.1x closer to the 3.50x ceiling over the past month. A proactive lender conversation is recommended before the Q3 compliance certificate to frame the trajectory positively and avoid any technical concern. See Section 9 (Risks) for the recommended action.

MARGIN & PROFITABILITY

61.2%
GROSS MARGIN

13.6%
NET MARGIN

18.9%
EBITDA MARGIN

Income Statement — May 2026

LINE ITEM	AMOUNT	% OF REVENUE
Revenue	$1,480,000	100.0%
Cost of Goods Sold	($574,240)	38.8%
Gross Profit	**$905,760**	**61.2%**
Total Opex	($625,320)	42.3%
EBITDA	**$280,440**	**18.9%**
D&A	($22,000)	1.5%
Interest	($57,600)	3.9%
Net Income	**$200,840**	**13.6%**

Gross Margin by Revenue Segment

SEGMENT	REVENUE	COGS	GROSS PROFIT	GM %
SaaS Subscriptions	$888,000	$222,000	**$666,000**	**75.0%**
Professional Services	$444,000	$266,400	**$177,600**	**40.0%**
Add-on Modules	$148,000	$85,840	**$62,160**	**42.0%**

SaaS Subscriptions (60% of revenue) carry a 75.0% gross margin and are the primary margin engine. Professional Services at 40.0% gross margin reflects labour-intensive delivery costs. Add-on Modules at 42.0% represent an opportunity for automation-driven margin improvement in H2.

SPEND & VENDOR REVIEW

1 vendor line flagged for review: Software Tools & SaaS Stack

VENDOR	CATEGORY	MONTHLY SPEND	MOM CHANGE	FLAG
ADP — HR & Payroll	People	$148,000	—	
AWS / Cloud Infrastructure	Technology	$89,400	+8.2%	
Office Lease	Facilities	$28,500	—	
Salesforce CRM	Technology	$24,800	+2.1%	
Software Tools & SaaS Stack	Technology	$19,200	+14.3%	!

CFO Notes

- WATCH — up 14.3% MoM; license audit required

Payroll (ADP) and cloud infrastructure (AWS) together account for approximately 41% of total monthly operating expenditure. Both are expected and well-controlled. The alert on Software Tools & SaaS Stack reflects a 14.3% month-over-month increase that should be investigated ahead of budget planning season. All other vendor lines are within tolerance.

Recommended Action

- Complete a SaaS license audit covering all software subscriptions by June 30. Export active users vs. provisioned seats for each platform and identify redundant or idle licenses. The CFO estimates >= $4,000/month in recoverable savings based on benchmark peer data.

BUDGET VS. ACTUAL VARIANCE

Revenue came in $80K favorable to plan (+5.7%) on stronger subscription renewals. COGS ran modestly unfavorable, compressing gross margin 0.7pp versus budget. All three opex lines overspent — collectively $25.3K — driven primarily by Sales & Marketing demand generation spend in the period.

CATEGORY	ACTUAL	BUDGET	VARIANCE $	VAR %	STATUS
Revenue	$1,480,000	$1,400,000	**+$80,000**	+5.7%	
Cost of Goods Sold	$574,240	$558,600	**($15,640)**	-2.8%	
Gross Profit	**$905,760**	**$841,400**	**+$64,360**	**+7.6%**	
Sales & Marketing	$244,000	$230,000	**($14,000)**	-6.1%	
Research & Development	$170,320	$165,000	**($5,320)**	-3.2%	
General & Administrative	$211,000	$205,000	**($6,000)**	-2.9%	
Net Income	**$200,840**	**$241,400**	**($40,560)**	**-16.8%**	

Note: Variances shown are for the current month only (May 2026). Favorable = actual better than budget; Unfavorable = actual worse than budget. Revenue and gross-profit variances are favorable when actual exceeds budget; expense line variances are favorable when actual is below budget.

CFO Commentary

The revenue beat of +$80K (+5.7%) meaningfully offset the COGS and opex overages. The $40K net income shortfall versus budget is primarily a function of the Sales & Marketing over-spend on a demand generation program that is expected to benefit the June pipeline. The CFO will monitor the program's attributed pipeline contribution over the next two months before recommending any budget revision.

RISKS & CFO RECOMMENDATIONS

2 items flagged this month: 2 Watch, 0 Risk. No immediate action items; management attention required on 2 items below.

Risk 1

WATCH

Vendor Spend Escalation — Software Tools

Software & SaaS line increased 14.3% month-over-month to $19,200. The rate of growth warrants a proactive license audit before it compounds into a recurring cost issue.

Recommended Action: CFO to complete a license utilization audit by June 30. Target: identify >= $4,000/month in redundant or unused su

Risk 2

WATCH

Debt / EBITDA Trending Toward Covenant Ceiling

Debt/EBITDA has moved to 2.8x against a 3.5x ceiling. At current EBITDA trajectory the headroom remains comfortable, but any Q3 revenue softness could tighten this materially before the next compliance certificate.

Recommended Action: Schedule a proactive lender conversation ahead of Q3 review. Prepare a contingency bridge scenario in the event

Risk levels: Watch = approaching threshold, monitor closely and prepare mitigation. Risk = threshold breached or imminent breach, CFO action required before next period.

APPENDIX: CONDENSED FINANCIAL STATEMENTS

All figures in USD. Period: May 2026. YTD = January - May 2026 (five months). Prepared by CipherCFO. SAMPLE — ILLUSTRATIVE ONLY — Not a real client report.

Condensed Income Statement

LINE ITEM	MAY 2026	YTD 2026
Revenue	$1,480,000	$6,800,000
Cost of Goods Sold	$574,240	$2,638,504
Gross Profit	**$905,760**	**$4,161,496**
Sales & Marketing	$244,000	$1,122,400
Research & Development	$170,320	$783,472
General & Administrative	$211,000	$970,600
Total Operating Expenses	$625,320	$2,876,472
EBITDA	**$280,440**	**$1,285,024**
Depreciation & Amortization	$22,000	$101,200
EBIT	$258,440	$1,183,824
Interest Expense	$57,600	$264,960
Net Income	**$200,840**	**$918,864**

Key Financial Ratios — May 2026

RATIO	VALUE	STATUS	DEFINITION
Gross Margin	**61.2%**		Gross Profit / Revenue
Net Margin	**13.6%**		Net Income / Revenue
EBITDA Margin	**18.9%**		EBITDA / Revenue
Current Ratio	**2.3x**		Current Assets / Current Liabilities
Quick Ratio	**2.0x**		(Cash + AR) / Current Liabilities
Debt / EBITDA	**2.8x**		Total Debt / TTM EBITDA
DSCR	**1.9x**		TTM EBITDA / Annual Debt Service
Days Sales Outstanding	**28 days**		AR / (Revenue / 30)

This appendix presents condensed, unaudited management accounts prepared for internal board use only. Figures may not agree to statutory accounts due to presentation differences and reclassifications. SAMPLE — ILLUSTRATIVE ONLY — Not a real client report.