

## FREE PREVIEW

17 pages of the full 423-page guide - not the paid edition

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### FREE SAMPLE CHAPTER

BARATELLI INSTITUTE - PRACTITIONER GUIDE SERIES

# CFO & Controller's Guide

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*Close - Cash - Controls - Capital - Disclosure*

#### SAMPLE CHAPTER IN THIS PREVIEW

Chapter 10A -- The 13-Week Cash Flow Forecast

17-page preview - drawn from the 423-page full guide

*For CFOs - Controllers - FP&A Leaders - Audit Committees - PE Operating Partners*

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# How to Use This CFO Reference

## 1. What this guide is

A current-law practitioner reference for the operating discipline of the CFO and Controller seat -- from the \$50M-revenue post-Series-B build through the public-company close, IPO mechanics, M&A integration, capital allocation at scale, credit-rating dialogue, restructuring under stress, and the disclosure regimes that converge in the 10-K. It integrates ASC 740, 842, 606, 326, 805, 718, 230, 830 plus the 13-week cash flow, close calendar, and Excel workbook companion. Chapters are written to be consulted when a specific question arises, not read cover-to-cover.

## 2. A Reading Map by Role

Find the row that best describes you. Read the chapters in the order shown - the list is the order of value, not the order in the book.

You are...	Read in this order	Why
<b>Public-company CFO preparing 10-K or earnings</b>	Ch 9 - Public Company Reporting Ch 11 - EBITDA & Adjusted EBITDA Ch 31 - Earnings Quality & IR Ch 10 - Going Concern, Climate, Cyber Ch 5 - Internal Controls & Audit Readiness	Closes the disclosure, non-GAAP, and IR posture before the next print.
<b>Audit Committee Chair or Independent Director</b>	Ch 4 - Governance: Audit Committee, D&O Ch 5 - Internal Controls & Audit Readiness Ch 9 - Public Company Reporting Ch 31 - Earnings Quality & IR	Frames governance, PCAOB/SEC voice, controls, and earnings quality.
<b>First-time CFO at PE platform or growth company</b>	Ch 1 - Building the Finance Function Ch 2 - The CFO's Relationship Map Ch 27 - Cash & Treasury Management Ch 10A - The 13-Week Cash Flow Forecast (this preview) Ch 30 - PE-Backed CFO: Sponsor Reporting	Relationship map, cash discipline, sponsor cadence first.
<b>M&amp;A integration lead (buy-side)</b>	Ch 16 - Purchase Accounting (ASC 805) Ch 34 - M&A Negotiation Playbook Ch 10A - The 13-Week Cash Flow Forecast (this preview) Ch 32 - Capital Allocation Framework	Deal terms, purchase accounting, and bolt-on cash sequenced.
<b>Treasurer or debt-and-covenant lead</b>	Ch 27 - Cash & Treasury Management Ch 10A - The 13-Week Cash Flow Forecast (this preview) Ch 28 - Debt, Covenants & Banking Ch 29 - Banking Architecture: ABL, Mezz	Cash, covenants, and capital-structure lens together.
<b>CEO or founder without finance background</b>	Ch 1 - Building the Finance Function Ch 27 - Cash & Treasury Management Ch 10A - The 13-Week Cash Flow Forecast (this preview) Ch 11 - EBITDA & Adjusted EBITDA Ch 34 - M&A Negotiation Playbook	The minimum CFO-fluency to lead the finance function.
<b>Distressed CFO or interim leader</b>	Ch 27 - Cash & Treasury Management Ch 10A - The 13-Week Cash Flow Forecast (this preview) Ch 28 - Debt, Covenants & Banking Ch 36 - Distressed Operations & Ch 11 Ch 34 - M&A Negotiation Playbook	Cash is everything; covenants are the tripwire.

# The 13-Week Cash Flow Forecast

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*There is one number that tells you whether you have a business or a problem, and it is not revenue, EBITDA, or net income. It is the ending cash balance on the worst week of the next ninety-one days.*

*I have built dozens of these across SaaS, manufacturing, distribution, and PE-backed roll-ups. Every one that mattered started the same way: the CEO asked a question on Tuesday that the monthly close could not answer until the 18th. The 13-week is the answer you can give on Tuesday. Nothing else in finance does that job.*

## Why this chapter, why now

Most finance functions run on a monthly clock. The accounting close produces a P&L on day eight, a board package on day fifteen, and by then half the cash decisions you needed to make are already either made or missed. The 13-week cash forecast is the operating substitute for the calendar. It tells you, every Monday morning, what is actually about to happen to the bank account between now and the end of the quarter.

The textbook version of this chapter would walk you through the structure of a direct cash forecast, hand you a template, and call it done. That version is useless. The version you need is the one that tells you what the model does wrong the first three times you build it, where the lies hide in your A/R aging, when to escalate to the board, and what the model looks like in the week your CFO actually earns the salary. That is this chapter.

## What you will build in 10 pages

- A direct (not indirect) 13-week cash model, weekly buckets, every line item dated to the day it hits the bank.
- A collections forecast driven by historical actuals, not by what the salesperson promised when they closed the deal.
- A disbursement schedule that includes the items most models leave out: sales tax remittances, payroll true-ups, severance, escrow releases, and the 'soft holds' your bank places on deposits.
- A variance tracker so you find out within seven days whether your model is right, and exactly which assumption broke.
- A tripwire framework that tells you when 'manage to the forecast' becomes 'call the board.'

## Worked Example: Carillon Analytics

Throughout this chapter I will run a single worked example. The names are fabricated; the mechanics are real. I have run all of these scenarios in real seats. The numbers are deliberately mid-cap because that is where most CFOs reading this guide actually sit.

### The company

- B2B vertical SaaS, \$40M ARR, ~\$36M GAAP revenue (deferred revenue runoff).
- Subscription billing: 60% annual prepay, 30% quarterly, 10% monthly. Net 30 stated; effective DSO 38.
- Seasonal collections - Q1 invoicing peak (renewals concentrated Jan-Feb), Q3 cash trough.
- Headcount 165; biweekly payroll ~\$1.05M (cash, including ER taxes and 401(k) match).
- Closed a bolt-on acquisition (Polaris Insights) 90 days ago; integration in progress. Stub payments and earnout still in flight.
- Senior debt: \$25M term loan + \$10M revolver (currently \$4M drawn). Springing fixed-charge coverage covenant tested at Week 10 (end of fiscal quarter).
- Minimum operating cash target: \$6M (board-mandated floor; below this, the CFO calls the chair).

### The opening balance sheet (Week 0)

Line	Amount (\$)	Note
<b>Operating cash (3 banks)</b>	<b>\$11,200,000</b>	<b>Includes \$1.4M Polaris escrow - not freely available</b>
Revolver availability	\$6,000,000	\$10M facility, \$4M drawn
A/R - current	\$4,800,000	Renewal invoices issued last 30 days
A/R - 31-60	\$1,650,000	Mostly Polaris customers on extended terms
A/R - 61-90	\$720,000	Two enterprise accounts in re-paper
A/R - 90+	\$410,000	Reserved 80% in allowance; cash-collection optimism low
A/P - current	\$1,920,000	Standard 30-day vendor terms
Accrued payroll/PTO	\$870,000	
Sales tax payable	\$390,000	Q-end remittance due Week 4
Earnout payable (Polaris)	\$2,500,000	\$1M due Week 7 if metric met; \$1.5M Year 2

Carillon Analytics, Week 0. The cash number is \$11.2M, but \$1.4M is escrow and \$6M is the floor - genuine operating headroom is \$3.8M before the revolver. This is the picture you need before you build the model.

# Building the Model - Direct Method, Weekly Buckets

Build the 13-week direct - never indirect. The indirect method starts from net income and adjusts for non-cash items, which is fine for the statement of cash flows in the 10-K and useless for Tuesday morning. The direct method models what hits the bank, when, by category. That is the only method that lets you call the banker on Friday and tell them what you will need on Monday.

## Section 1 - Operating inflows

- Customer collections - cash, not invoicing. Drive this from the A/R aging, applying a historical collection curve to each bucket. More on the curve in two pages.
- Other operating receipts - vendor rebates, insurance recoveries, tax refunds, sublease income. Almost always larger than people expect when added up. List them explicitly.
- Interest income on operating cash and sweep balances - in a 4-5% rate environment this is real money. On Carillon's \$11M cash it is roughly \$35-40K/month.

## Section 2 - Operating outflows

- Payroll - on the exact pay date, never averaged. Carillon runs biweekly Fridays; that means three pay periods land in the 13 weeks where the second payroll lands in week 1 of the cycle, two otherwise. Get the calendar right or the model is wrong from Week 1.
- 401(k) match and payroll tax remittances - separate line, not lumped with payroll. They hit on different days and one is monthly, one is biweekly.
- Health and benefits premiums - usually first business day of the month. List them; do not let them surface as a surprise.
- Vendor A/P - run from the actual A/P aging, not from the budget. Apply your payment policy (Carillon pays on Thursdays, net 30 from invoice receipt). Hold queue items are explicitly excluded.
- Rent, utilities, software subscriptions - fixed cadence; date them precisely. The Salesforce annual renewal sitting in Week 6 is \$480K. You do not want to find that on the prior Friday.
- Debt service - interest and principal per the credit agreement amortization schedule. Carillon's term loan is interest-only with a quarter-end principal sweep based on free cash flow.
- Sales tax, use tax, and any other regulatory remittances - these are not 'taxes', they are pass-throughs you collected from customers. They are not your cash and they have a deadline.
- Earnout and contingent consideration - if any chance of payment, model it explicitly with the trigger conditions noted. Carillon has a \$1M Polaris earnout testable in Week 6, payable Week 7.
- Capex - approved POs only. 'Planned' capex that has not been PO'd does not hit cash in 13 weeks and does not belong here.

## Section 3 - Financing activity

- Revolver draws and paydowns - your active lever. Treat the revolver as the residual: cash falls below floor, you draw; cash rises above target, you sweep down.
- Term loan amortization and any contractual scheduled paydowns.

- Equity raises, dividend payments, share repurchases - dated to expected wire.

## The Collections Curve - Where Forecasts Lie

*Nobody tells you this: the single largest source of error in a 13-week forecast is the collections line, and the single largest source of error in the collections line is using AR's promise-to-pay dates instead of your historical collection actuals. I have seen this kill a forecast in week three at a half-dozen companies.*

### Build the curve from twelve months of actuals

Pull twelve months of invoice-level detail. For every invoice, tag the invoice date and the cash-received date. Group invoices into your aging buckets at issuance. Then compute, for each bucket, what percent of the original invoiced amount was actually received in each subsequent week. That is your collection curve. It is the only honest input to the model.

Bucket at invoice	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6+	Bad debt
Annual prepay (60% of base)	22%	31%	18%	12%	8%	8%	1%
Quarterly billing (30%)	18%	26%	20%	14%	10%	11%	1%
Monthly billing (10%)	12%	20%	22%	16%	12%	16%	2%
Polaris cohort (extended terms)	4%	10%	16%	20%	18%	30%	2%

*Carillon's actual collection curve, derived from FY 2025. The Polaris cohort drags the blended DSO meaningfully and must be modeled separately - blending them hides the problem.*

### Apply the curve, then sanity-check it

Once the curve is built, apply it to the current A/R aging to project weekly collections. Then sanity-check three ways:

1. Roll-forward: prior week's projected collections vs. actuals. If your model said \$1.4M and you received \$0.9M, you have a problem before week three - find out which customer slipped and why.
2. Top-ten customers: pull the largest ten by AR and have your AR lead confirm the next-90-day collection expectation by name. The curve handles the long tail; the top ten you do by hand.
3. Seasonality overlay: if your business has predictable timing (SaaS renewals concentrated in a month, retail Q4, government FY year-end), the historical 12-month curve will mute those signals. Apply a seasonality factor manually.

#### Pitfall #1

The number one error in collections forecasting is using AR's promise-to-pay dates as the forecast input. AR's job is to bring the money in; their incentive is to be optimistic. Your job is to tell the truth. The historical actuals are the truth.

## Carillon Week 1 - The Baseline Picture

Here is the model at Week 1, before anything has gone wrong. This is the version you produce on the first Monday after you build it. I have collapsed the 13 weeks to weeks 1, 4, 7, 10, and 13 to fit the page; the live model has every week.

Line (\$000s)	Wk 1 (\$)	Wk 4 (\$)	Wk 7 (\$)	Wk 10 (\$)	Wk 13 (\$)
Beginning cash	\$11,200	\$11,650	\$10,420	\$9,830	\$9,210
Customer collections	\$1,820	\$2,140	\$1,640	\$1,910	\$1,780
Other op receipts	\$45	\$55	\$60	\$280	\$60
Interest income	\$12	\$12	\$11	\$10	\$10
Total inflows	\$1,877	\$2,207	\$1,711	\$2,200	\$1,850
Payroll + 401(k) + ER tax	\$(1,180)	\$(2,360)	\$(1,180)	\$(2,360)	\$(1,180)
Vendor A/P run	\$(610)	\$(860)	\$(920)	\$(780)	\$(840)
Rent, utilities, software	\$(110)	\$(580)	\$(110)	\$(110)	\$(590)
Sales/use tax remittance	-	\$(390)	-	-	\$(410)
Debt service - interest	-	-	\$(185)	-	-
Term loan principal sweep	-	-	-	\$(400)	-
Polaris earnout (if met)	-	-	\$(1,000)	-	-
Capex (POs released)	\$(30)	\$(80)	\$(30)	\$(100)	\$(40)
Total outflows	\$(1,930)	\$(4,270)	\$(3,425)	\$(3,750)	\$(3,060)
Net change in cash	\$(53)	\$(2,063)	\$(1,714)	\$(1,550)	\$(1,210)
Revolver draw / (paydown)	-	-	\$1,000	-	-
<b>Ending cash</b>	<b>\$11,650</b>	<b>\$10,420</b>	<b>\$9,706</b>	<b>\$8,280</b>	<b>\$8,000</b>
Floor (\$6M)	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
<b>Headroom</b>	<b>\$5,650</b>	<b>\$4,420</b>	<b>\$3,706</b>	<b>\$2,280</b>	<b>\$2,000</b>

Baseline. Headroom narrows to \$2.28M by Week 10 (the covenant test week) but stays above the \$6M floor. Acceptable. The board cares about the trend; the trend is downward but controlled.

### What the CFO is reading off this baseline

- Headroom shrinks every period. That is not a crisis - it is the expected Q1-into-Q2 pattern given subscription cash front-loads into Q1. But it means the model has no margin for a collections miss.
- Week 4 is the first cash dip (\$2.06M net outflow). Two payrolls, the sales tax remittance, and the Salesforce renewal all stack. This is the week to verify - in advance - that the cash is real.
- Week 7 includes the Polaris earnout. The earnout trigger is tested in Week 6; the binary outcome

moves cash by \$1M. Model both scenarios.

- Week 10 is the covenant test - fixed-charge coverage. The calculation is a TTM measure but the snapshot is taken at quarter end. Ending cash at Week 10 also signals refinancing posture.

## Week 4 - The Collections Miss

It is Monday of Week 4. AR reports that last week's actual collections were \$1.65M against a forecast of \$2.14M - a \$490K miss. The cause: a single \$600K renewal from a top-five customer (Henley Industrial) slipped because their procurement froze purchase orders pending a finance leadership transition. They have committed verbally to a wire by month-end, but month-end is Week 6.

*This is the moment the model earns its keep. You knew it was coming because the variance tracker flagged Henley in week two as a customer trending past expected payment date. The miss did not surprise you. What you do in the next two hours decides whether this becomes a story you tell or a story that ends a tenure.*

### Rerun the model with the slip

Line (\$000s)	Wk 4 new (\$)	Wk 5 (\$)	Wk 6 (\$)	Wk 7 (\$)	Wk 10 (\$)
Beginning cash	\$11,650	\$9,930	\$9,540	\$9,920	\$8,210
Customer collections	\$1,650	\$1,890	\$2,260	\$1,640	\$1,910
(incl. Henley slip+catch)			+\$600		
Other inflows	\$67	\$65	\$62	\$71	\$290
Total outflows	\$(3,437)	\$(2,345)	\$(1,942)	\$(3,425)	\$(3,750)
Revolver action	-	-	-	\$1,000	-
Ending cash	\$9,930	\$9,540	\$9,920	\$9,206	\$6,660
<b>Headroom vs. \$6M floor</b>	<b>\$3,930</b>	<b>\$3,540</b>	<b>\$3,920</b>	<b>\$3,206</b>	<b>\$660</b>

Same model, one input changed - Henley collections shifted from Wk 4 to Wk 6. Ending cash drops; headroom at Week 10 collapses from \$2.28M to \$660K. The covenant week is now the binding constraint.

### What you do Monday

1. Verify the Henley story. Direct call from the CFO to Henley's interim finance lead. Not an email from AR. Get the wire date in writing and the payment instructions confirmed. If their story softens, the slip becomes a deferral becomes a write-down.
2. Top-ten reconfirmation. With one collection miss already, you owe yourself a 30-minute call with the AR lead to walk through every other top-ten customer's expected payment. If anyone else is tracking late, you find out today, not in Week 6.
3. Revolver pre-positioning. You are not drawing today. But you call the banker and tell them you

may draw \$1.5M in Week 6 or 7. You do not surprise the banker. A draw discussed in advance is routine; a draw that surprises them is a credit event.

4. Capex pause review. The \$80K release scheduled for Week 5 - is any of it deferrable a week? Not because \$80K matters in isolation, but because demonstrating the discipline of pausing discretionary spend during a tight period signals competence.
5. CEO update. One paragraph by 11am. 'Collections came in \$490K below forecast last week due to a procurement freeze at one top-five customer. We expect catch-up in Week 6. I have spoken with the banker. Headroom at the covenant test in Week 10 narrowed from \$2.3M to \$660K. I will re-baseline next Monday and brief you on whether we need to take any preemptive action.' That is the entire message. No hedging, no spin, no apology.

## Week 7 - The Vendor Double-Pay

Monday morning of Week 7. The variance tracker flags that outflows last week were \$135K higher than forecast. The accounting team has a clean reconciliation, the bank statements tie, nothing is missing. But the variance is real and it is concentrated in one vendor: a managed-services firm (Theta Cloud) that was paid twice for the same invoice - once through the regular A/P run and once via wire from the Polaris-acquired entity's separate A/P system that has not yet been consolidated.

*I have caught this exact failure mode in three post-acquisition integrations. M&A introduces a second A/P system, a second invoicing platform, sometimes a second bank, and for the first six months a single vendor can be paid by both organizations. The 13-week forecast catches it because the actuals do not tie - and that is the only place you would have caught it before the next quarterly close.*

### Why the forecast caught it and the close would not

- Monthly close runs on day 8. By then the duplicate payment has happened, the GL shows two debits to A/P, and the reconciliation to the vendor statement does not happen until the next quarterly vendor confirmation - sometimes never if the vendor is not rigorous.
- The 13-week variance tracker compares forecast cash out to actual cash out by category, every week. A \$135K unexplained outflow in the Theta line item is impossible to miss because the Theta forecast was \$40K. You investigate that today.
- Recovery: the duplicate payment becomes a credit on the vendor account. You apply it against the next two months of services (\$60K x 2 = \$120K), and short-pay the next invoice by \$15K to true up. Cash impact is recovered by Week 11.

### The systems lesson - integration debt and cash visibility

Post-acquisition, the buyer almost always carries A/P, treasury, and bank-account integration debt for 6-12 months. Until the Polaris A/P system is sunsetted and Polaris vendors are migrated to the parent A/P platform, every vendor common to both entities is a duplicate-payment risk. The 13-week forecast is the only weekly control that surfaces this category of error. The chapter on M&A

integration covers how to sequence the migration; this chapter is about the cash discipline that protects you until that migration is complete.

**Pitfall #2**

Netting intercompany transactions in the 13-week model without an explicit memo of what is being netted. Acquisitions create intercompany A/R and A/P that must be eliminated for the cash view but cannot be ignored - the cash still moves. Net with a footnote; never net silently. You will not remember the elimination logic three months later when the model breaks.

## Week 10 - The Covenant Test

Week 10 is fiscal quarter-end. The credit agreement contains a springing fixed-charge coverage ratio covenant - it tests only when revolver usage exceeds 50% of the facility. Carillon is drawn \$5M of \$10M, so the test does not strictly trigger this quarter; but the model showed Week 7 revolver use peaked above 50%, and the covenant calculation uses average balance, not ending. The test triggers.

### Run the covenant math

Component (TTM, \$000s)	Value (\$)	Source	Note
EBITDA (per agreement definition)	\$10,840	Calculation per Schedule 1.01	Add-backs limited; SBC capped at 5% of EBITDA
Capex	\$(620)	Cash capex per CF statement	All capex deducted; growth/maintenance not split
Cash taxes	\$(180)	Cash actually remitted to tax authorities	
Cash interest	\$(720)	Per debt schedule	Includes revolver commitment fees
Required principal amortization	\$(400)	Per term loan schedule	Excess cash flow sweep tested separately
<b>Numerator: Free cash flow</b>	<b>\$8,920</b>		
Fixed charges (interest + req. amort)	\$1,120	Same components as deducted above	
<b>Fixed Charge Coverage Ratio</b>	<b>7.96x</b>	<b>Required: &gt;= 1.20x</b>	<b>Comfortable. Headroom of 6.76 turns.</b>

*Even with the Q1 cash compression, Carillon clears the covenant by a wide margin. The covenant is calculated on TTM, which means the snapshot pain of one quarter is diluted. But this fact is not obvious - and the CFO who has not run this calculation in advance is the CFO who finds out from the lender.*

### What this tells the board

The board update for the quarter contains four facts and no story:

1. Cash at quarter-end: \$6.66M (vs. \$8.0M plan). Variance: \$1.34M unfavorable, driven by a single-customer collection slip (\$490K), partially offset by capex deferral (\$35K) and the Theta double-pay recovery (\$120K to be received in Q3).
2. Covenant: FCCR 7.96x vs. 1.20x required. Headroom intact.
3. Revolver: \$5M drawn, paid down to \$4M during the quarter. Available capacity \$6M.
4. Forward 13-week: cash returns to plan in Q3 as renewal billing ramps. No anticipated covenant pressure. Revolver expected to be repaid in full by Week 22.

## Questions to Ask - The Friday Walk

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Every Friday before market close I want the CFO to walk the four functions that drive the 13-week and ask the same questions. The answers go into Monday's update. If you cannot get them, the person who owns that function has a problem you need to solve.

### Ask the Treasurer / Treasury Manager

- What is our actual cash balance, across every account, including any sweep, money-market, or escrow position? Reconciled to bank statements as of this morning?
- What is the revolver availability, including any borrowing-base haircut? When was the BBC last submitted?
- What is the next debt service date and amount? Have we confirmed the wire instructions?
- Any bank or counterparty risk you are tracking - failed wires, ACH returns, lockbox issues, fraud alerts?

### Ask the AR Lead

- What did we collect this week? What was forecast? Variance and by-customer breakdown?
- Top-five expected collections next week - name, amount, expected date, confirmation status (verbal, written, wire scheduled)?
- Any customer in re-paper, dispute, or showing distress signals - slow-walking PO renewals, payment terms requests, change of finance leadership?
- Promise-to-pay aging - how many promises are >7 days past their promised date? Those are not promises; they are problems.

### Ask the AP Lead

- What is the cash run this Thursday? Total amount, count of invoices, largest single vendor?
- Any vendor on hold, any vendor in dispute, any vendor we are stretching beyond standard terms? List them.
- Anything coming due in the next 14 days that is not in the regular A/P run - earnouts, escrow releases, deferred consideration, severance, sales tax remittance?
- Post-acquisition: are we still running two A/P systems? Any vendor that exists in both? (See Pitfall #2.)

## Ask FP&A

- Was the prior week's forecast accurate within +/-5%? If not, which assumption broke and what is the model adjustment?
- What is the trend on the headroom-vs-floor in the next 13 weeks? Worst week, worst headroom, action triggers?
- What is the next forecasted covenant test result, including any headroom changes since last week?
- Are any one-time items (earnouts, payouts, refunds, M&A close payments) showing up that the model has not previously included?

## Top Seven Pitfalls

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These are the seven I see most often in 13-week models when I walk in cold to a new seat. The good news: every one is fixable in a week.

1. Collections forecast built from AR's promise-to-pay dates instead of historical actuals. Always the largest source of error. Build and use a collection curve from twelve months of invoice-to-cash data. Promise-to-pay belongs in the variance commentary, not in the forecast.
2. Ignoring bank sweep accounts and treating yield-bearing balances as inaccessible. In a 4-5% rate environment, a sweep can earn \$30-50K/month on a \$10M cash balance. That cash is available T+0 and counts as operating cash. Track it in the model.
3. Netting intercompany A/R and A/P without an explicit footnote of what was netted. Post-acquisition this gets worse. Net with a memo cell or do not net at all.
4. Modeling payroll on an averaged-weekly basis rather than on the actual pay date. Biweekly payroll lands on certain Fridays; some 13-week windows contain three payrolls, some contain two. Averaging hides the heavy weeks and makes the light weeks look tight when they are not.
5. Omitting sales tax, use tax, and other pass-through remittances. These are not your money; they have legal deadlines; and they show up in quarterly cliffs of meaningful size. Include them as their own category.
6. Treating revolver as 'cash.' The revolver is a financing line, not cash. Report ending cash and revolver availability separately, every week. The board does not want net liquidity as a single number; they want both.
7. Not running a variance tracker. The model is only useful if you can see, every Monday, how badly last week's forecast missed and which assumption broke. A model without variance tracking is a spreadsheet, not a forecast.

## Tripwires - When to Escalate to the Board

Most cash issues a CFO handles inside the function. Some require the chair to know within 24 hours. The line between them is not a feeling. It is a set of tripwires you write down in advance and commit to before you ever need them. Mine, refined over six CFO seats, is below.

Tripwire	When it fires	Who to call, when
Floor breach in next 4 weeks	Model shows ending cash < board-mandated floor within 4 wks	Chair within 24 hours; written brief within 48
Covenant headroom < 25%	Forecast headroom drops below 25% of covenant cushion	Chair and audit chair same day; lender prep within 72 hrs
Single collection slip > 10% of weekly forecast	Any single customer payment slips by >10% of weekly inflows	AR-CFO huddle within 4 hrs; CEO same day
Revolver utilization > 75%	Revolver draw exceeds 75% of facility	Treasurer & banker same week; chair at next board meeting
Two consecutive weeks of >15% forecast variance	Forecast accuracy degraded; model integrity question	FP&A re-baseline; CFO note in next board package
Bank counterparty distress signal	Wire delays, fraud alerts, change of RM, ratings action	Treasurer & CFO same day; chair if material
Unbudgeted material cash event (>5% of cash)	Lawsuit settlement, tax assessment, indemnity, breach payment	Chair and audit chair within 24 hrs; outside counsel
Customer concentration shock	Top-10 customer announces bankruptcy, restructuring, or non-renewal	Same day - revenue impact, AR impact, forward-cash impact

*Carillon's tripwire matrix. Written and approved by the board; the CFO does not improvise the escalation threshold in the moment.*

*The reason you commit these in advance is simple: when a tripwire fires, the worst version of you wants to wait one more week to be sure. The pre-committed escalation removes the decision and protects the company - and protects you from the second-guessing that always follows a delayed disclosure.*

# Monday Morning Worksheet

This is the one-page worksheet that anchors the weekly cash rhythm. Photocopy it; the team uses the same form every Monday. Variance is the discipline. Variance is the truth-teller.

## Part A - The numbers (filled in by 9:00 AM Monday)

- Actual cash, all accounts, end of last week: \$ \_\_\_\_\_
- Forecasted cash for end of last week: \$ \_\_\_\_\_
- Variance: \$ \_\_\_\_\_ (favorable / unfavorable)
- Revolver drawn / available: \$ \_\_\_\_\_ / \$ \_\_\_\_\_
- Headroom vs. floor: \$ \_\_\_\_\_
- Worst week in next 13: Week \_\_ at \$ \_\_\_\_\_ ending cash

## Part B - The variance explanation (filled in by 11:00 AM)

- Total inflow variance: \$ \_\_\_\_\_ (broken down by category)
- Customer collections: \$ \_\_\_\_\_ (top 3 names driving the variance)
- Other receipts: \$ \_\_\_\_\_ (item-level)
- Total outflow variance: \$ \_\_\_\_\_ (broken down by category)
- Payroll & related: \$ \_\_\_\_\_
- Vendor A/P: \$ \_\_\_\_\_ (top 3 names)
- Other: \$ \_\_\_\_\_ (item-level)
- Assumption that broke (if any): \_\_\_\_\_
- Action to update the model: \_\_\_\_\_

## Part C - The Friday-walk summary (from Friday's calls)

- Treasurer flagged: \_\_\_\_\_
- AR lead flagged: \_\_\_\_\_
- AP lead flagged: \_\_\_\_\_
- FP&A flagged: \_\_\_\_\_

## Part D - Action items for the week

- Call/visit/email - by name and topic: \_\_\_\_\_
- Approval / decision needed from CEO or board: \_\_\_\_\_
- Bank communication required: \_\_\_\_\_
- Any tripwire fired? If yes, escalation status: \_\_\_\_\_

## Part E - The one-paragraph CEO update

*Five sentences maximum. State the cash balance, the variance, the worst week, the covenant posture, and the single most important action you are taking this week. If you cannot say it in five sentences you do not understand the situation well enough to write the update. Write it again.*

# Connections to Other Chapters

The 13-week cash forecast is the operating backbone of the function, but it does not stand alone. Five other chapters in this guide compound its value when read in sequence.

Chapter	Why pair it with the 13-week
Ch 28 - Debt, Covenants & Banking	The 13-week is the early-warning system for covenant compliance. Chapter 28 is the credit-agreement deep-dive that tells you exactly which line items in the model translate to the covenant math, and how to run the calculation before the lender does.
Ch 27 - Cash & Treasury Management	The 13-week is one of four core treasury functions. Chapter 27 covers banking architecture, investment policy, and FX/rate exposure - the broader treasury context the 13-week operates within.
Ch 16 - Purchase Accounting (ASC 805)	Post-acquisition is the period of maximum 13-week risk: dual A/P systems, dual banks, dual lockboxes, intercompany flows. Chapter 16 covers purchase accounting; the 13-week is the weekly control that protects cash until integration is complete.
Ch 31 - Earnings Quality & IR	Public-company CFOs use the 13-week as the bridge between Wall Street guidance and the operating cash reality. Chapter 31 covers the disclosure and IR-narrative discipline; the 13-week is the internal truth that the disclosure must reconcile to.
Ch 36 - Distressed Operations & Ch 11	In distress the 13-week becomes daily and the DIP budget governs operations. Chapter 36 covers the transition from going-concern to DIP. The 13-week discipline you built in steady state is what makes the distress version executable in days, not weeks.

*Read order suggestion: start here, then Ch 28, then Ch 27. Ch 16 if you have closed an acquisition in the last 18 months. Ch 31 if you are public. Ch 36 only if you have to.*

## The bottom line

*If the CFO of a private company keeps one operating discipline and abandons every other framework in this guide, keep this one. It is the single tool that has saved more companies than any other piece of finance machinery I have used. Build it the first Monday in the seat. Update it every Monday after. The reason you do not have liquidity surprises is because the 13-week never lets them surprise you.*