

FINANCIAL CLARITY CHEAT SHEET

DO YOU KNOW YOUR NUMBERS?

<p>Weekly Cash Flow Forecast</p> <p>An estimate of the amount of cash flowing in & out of your business weekly</p>	$\begin{array}{l} \text{Starting Cash} \\ + \text{Cash Inflows (Income)} \\ - \text{Cash Outflows (Expenses)} \\ \hline \text{Ending Cash } \checkmark \end{array}$	<p>Habit driver. Weekly survival clarity. <small>(Ending Cash / Cash Outflows = % of Outflows)</small></p> <ul style="list-style-type: none"> ● Negative Ending Cash - Critical ⚠ 0-24% of Weekly Outflows - High Risk ● 25-50% of Weekly Outflows - Stable ● 51-100% of Weekly Outflows - Strong
<p>Cash Runway</p> <p>How many months your business can operate before running out of money.</p>	$= \frac{\text{Cash On Hand}}{\text{Avg. Monthly Cash Expenses}}$	<p>“How long am I safe?”</p> <ul style="list-style-type: none"> ● 0 Months - Critical / Danger Zone ⚠ 1-3 Months - High Risk / Warning ● 4-6 Months - Moderate Risk/Caution ● 7-12 Months - Low Risk / Stable
<p>Budget to Income Ratio</p> <p>The percentage of your income spent on expenses</p>	$= \left(\frac{\text{Monthly Budgeted Expenses}}{\text{Avg. Monthly Revenue}} \right) \times 100$	<p>Are all expenses under control?</p> <ul style="list-style-type: none"> ● 96%+ Critical / Danger Zone ⚠ 90% – 95% High Risk / Warning ● 80% – 89% Stable / Monitor ● Below 80% Low Risk / Healthy
<p>Profit Margin</p> <p>The percentage of income you manage to keep as profit</p>	$= \left(\frac{\text{Net Profit}}{\text{Total Revenue}} \right) \times 100$	<p>Is the business fundamentally profitable?</p> <ul style="list-style-type: none"> ✖ Negative - 0% Critical ● 1% - 5% Poor / Low ● 7% - 15% Average / Stable ● 20%+ Healthy / Strong
<p>Payroll to Income Ratio (Total Labor)</p> <p>The percentage of your income spent on payroll & owner's draw</p>	$= \left(\frac{\text{Monthly Payroll + Owner's Draw}}{\text{Avg. Monthly Revenue}} \right) \times 100$	<p>Is my largest expense sustainable?</p> <ul style="list-style-type: none"> ● 50%+ High Risk / Critical ⚠ 40% - 49% Moderate Risk / Warning ● 30% - 39% Stable / Caution ● Below 30% - Low Risk / Strong
<p>Debt Service Coverage Ratio</p> <p>The measure of your ability to cover your business debts and get approved for loans</p>	$= \frac{\text{Net Operating Income}}{\text{Total Debt Income}}$	<p>Can my business cover its debt?</p> <ul style="list-style-type: none"> ● Below 1.0 Critical ⚠ 1.0 – 1.24 High Risk / Caution ● 1.25 - 1.49 Healthy / Acceptable ● 1.50+ Very Strong/ Low Risk