



Business Financial Diagnostic

Illustrative Precision Components LLC | Fictional U.S. manufacturer

Historical period: twelve months ended September 30, 2026

SAMPLE ONLY

Every company figure and source exhibit is invented. No actual client records were analyzed. Historical inputs, calculations, internal judgments and hypothetical scenarios are distinguished throughout.

EXECUTIVE FINANCIAL CONCLUSION

Profitable Growth. Cash Flow Needs Attention.

The company is profitable but financially exposed to slow cash conversion. Revenue grew 20%, gross margin is 40%, and EBITDA is \$288,000. Yet operating cash flow of \$78,000 does not cover \$120,000 of annual principal repayments, before capital spending or owner distributions.

Only 15.6 days of cash operating costs are held in reserve. Collections average 61.6 days, \$60,000 of inventory is flagged slow-moving, and the largest customer accounts for 35% of sales. New borrowing partly supports the cash balance. These vulnerabilities warrant caution before adding fixed repayments.

ANNUAL REVENUE

\$2.40M

20% growth over prior year

NET PROFIT

\$135K

5.6% of revenue

OPERATING CASH FLOW

\$78K

Before capex and principal

ENDING CASH

\$90K

15.6 days of cash operating costs

OMEGA INTERNAL ASSESSMENT

41 / 100

Weights and thresholds: page 3

Elevated Financial Risk Liquidity and Cash Flow

Qualitative internal assessment, not a credit rating, financing approval indicator or statistical probability of default.

Immediate priorities: accelerate overdue collections, validate slow-moving stock, and establish a 13-week cash forecast. Evaluate receivables-backed structures only after verifying eligibility and repayment economics; another short-term advance is not the first answer.

Financial snapshot and cash bridge

Hypothetical historical inputs | \$000 unless stated otherwise | Source exhibit labels refer to simulated schedules only.

INCOME STATEMENT / S1

Income statement	\$000
Revenue	2,400
Cost of goods sold	1,440
Gross profit / margin	960 / 40.0%
Operating expenses	720
Depreciation included above	48
Operating income / EBITDA	240 / 288
Interest / tax expense	60 / 45
Net income / margin	135 / 5.6%

BALANCE SHEET / S2

September 30, 2026	\$000
Cash / A/R / inventory	90 / 450 / 240
Other current / fixed assets	30 / 390
Current / total assets	810 / 1,200
A/P / accruals / current debt	210 / 90 / 120
Current / long-term liabilities*	420 / 330
Total liabilities / equity	750 / 450

ANNUAL CASH BRIDGE / S1-S3 + S6

Cash movement	\$000
Net income	+135
Depreciation	+48
Increase in A/R	-90
Increase in inventory	-45
Increase in A/P	+30
Operating cash flow	=78
Capital expenditures	-60
Principal repayments	-120
Owner distributions	-48
New debt proceeds	+180
Net cash increase	=30

Opening cash \$60K + \$30K increase = ending cash \$90K.

Operations generated \$78K; capex, principal and distributions used \$228K. Before new borrowing, cash declined \$150K. The \$180K debt inflow explains the positive closing cash movement.

*Long-term liabilities shown are long-term funded debt. Assets \$1.20M = liabilities \$750K + equity \$450K. Funded debt \$450K = current debt \$120K + long-term debt \$330K; A/P and accruals are excluded.

Cash-flow method: interest and taxes are assumed paid at expense amounts and already included in operating cash flow. No other cash or working-capital movements are assumed. EBITDA = \$240K operating income + \$48K depreciation; no amortization is assumed.

Financial health scorecard

Omega Resources Internal Financial Health Assessment | Illustrative internal rubric v1.0 | 10 is strongest.

Overall weighted score: 41 / 100

The rubric emphasizes liquidity and cash repayment capacity. It uses one observable proxy per category; it does not fully measure all business risks. Weights and thresholds are Omega analytical judgments, not validated default probabilities, industry averages or lender criteria. No external reference validates the score or its risk label.

Category / measure	Input	Score	Weight	Points
Liquidity and cash reserves / cash days	15.6 days	3 / 10	20%	6.0
Profitability and margins / EBITDA margin	12.0%	7 / 10	15%	10.5
Operating cash flow / OCF margin	3.25%	3 / 10	20%	6.0
Debt burden and repayment capacity / cash coverage proxy	0.77x	3 / 10	20%	6.0
Operational efficiency / cash conversion cycle	67.3 days	5 / 10	15%	7.5
Financial stability and customer concentration / largest customer share	35.0%	5 / 10	10%	5.0

CONSISTENT THRESHOLDS - APPLY TO UNROUNDED INPUTS

Only the discrete scores **1, 3, 5, 7, 9, 10** are used; intermediate scores **2, 4, 6 and 8 are not assigned**. Every row below maps to those six scores in order. Intervals are lower-inclusive and upper-exclusive unless stated otherwise. Missing inputs remain unscored; do not impute data or issue a comparable overall score until all six measures are available.

Measure	Thresholds for scores 1 / 3 / 5 / 7 / 9 / 10
Cash reserve days	<10 / 10-20 / 20-30 / 30-45 / 45-60 / 60+
EBITDA margin (%)	<0 / 0-5 / 5-10 / 10-15 / 15-20 / 20+
OCF margin (%)	<0 / 0-5 / 5-8 / 8-12 / 12-15 / 15+
Cash coverage proxy (x)	<0 / 0-0.8 / 0.8-1.0 / 1.0-1.25 / 1.25-1.5 / 1.5+
Cash conversion cycle (days)	>120 / (90,120] / (60,90] / (45,60] / (30,45] / 30 or less
Largest customer share (%)	>60 / (40,60] / (30,40] / (20,30] / (10,20] / 10 or less

Formula: points = category score / 10 x percentage weight; overall = sum of points (maximum 100). Cash days = cash / daily cash operating costs. OCF margin = OCF / sales. Cash coverage = (OCF + interest paid) / (interest + principal paid). No rounding occurs before scoring.

Interpretation: operating profit is the strongest component; cash conversion and cash debt coverage constrain the result. Correlated measures can overlap. Concentration is a stability proxy, not a comprehensive stability rating. Recalculate consistently after verified operating changes; financing approval requires separate provider review.

Illustrative Benchmarking Framework

Calculated company metrics | TTM September 30, 2026 | Illustrative reference ranges, not verified industry benchmarks.

HYPOTHETICAL COMPARISON FRAMEWORK

The ranges below are invented for this fictional demonstration. They are not observed manufacturing averages, lender standards or approval criteria. Readouts describe position against these selected ranges only; they do not establish performance against actual peers.

Metric	Company	Illustrative range	Range-only readout
Gross profit margin	40.0%	35-45%	Within range
Net profit margin	5.63%	5-10%	Within; near lower end
EBITDA margin	12.0%	10-15%	Within range
Days sales outstanding	61.6 days	30-45 days	Slower collections
Inventory turnover	6.62x	6-8x	Within range
Current / quick ratio*	1.93x / 1.29x	1.5-2.0x / 1.0-1.5x	Both within range
Debt-to-EBITDA	1.56x	1.0-2.0x	Within; cash test still needed
Cash conversion cycle	67.3 days	40-60 days	Longer cash cycle

What the comparisons suggest

Within these hypothetical bands, margins and balance-sheet ratios look supportive. Collections and the cash conversion cycle are the clearest weaknesses. A debt-to-EBITDA result inside the selected band does not offset the 0.77x cash coverage proxy. The sample also has \$135K past-due A/R, \$60K slow-moving stock and 35% customer concentration.

For a real business: confirm primary activity, size, geography, accounting basis and reporting period before replacing these ranges with verified peer data. NAICS 332710 (machine shops) and 332721 (precision turned products) are candidates only; this sample has no confirmed six-digit classification. [B1]

DEFINITIONS AND SOURCE-SCREENING NOTES

[B1] U.S. Census Bureau, 2022 NAICS definitions: [census.gov/naics - 332710 / 332721](#). Classification reference only.
[B2] Census QFR survey methodology: [census.gov/econ/qfr/about.html](#). Its manufacturing coverage starts at \$5M domestic assets versus this sample's \$1.2M total assets. No QFR ratios were used. Both reviewed October 30, 2026. Neither source supports the invented ranges above.

*Current ratio = \$810K / \$420K. Quick ratio = (\$90K cash + \$450K A/R) / \$420K; excludes inventory and other current assets. DSO uses \$405K average A/R; inventory turns use \$217.5K average inventory. DIO is 55.1 days; DPO is 49.4 using \$195K average A/P and COGS as a purchases proxy. CCC = DSO + DIO - DPO. All sales are assumed credit sales.

90-Day Financial Outlook

Hypothetical sensitivities beginning with \$90K cash | Analytical estimates, not a forecast or guaranteed outcome.

BASE CASE \$53.0K Estimated ending cash	IMPROVEMENT \$105.6K Estimated ending cash	STRESS CASE -\$29.8K Ending cash / \$29.8K shortfall
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Historical annual flows are scaled by 90/365, with uniform activity assumed. No new borrowing is included. Each case includes \$14.8K capex, \$29.6K principal payments and \$11.8K owner distributions. Interest (\$14.8K) and tax cash payments (\$11.1K) remain in OCF. Rounding may affect displayed totals.

90-day estimated measure	Base	Improvement	Stress
Revenue	\$591.8K	\$591.8K	\$532.6K
Net cash tied up in working capital*	\$25.9K	-\$26.7K	\$85.1K
Operating cash flow	\$19.2K	\$71.8K	-\$63.6K
Ending cash before new financing	\$53.0K	\$105.6K	-\$29.8K
Cash available / scheduled debt service**	0.77x	1.95x	-1.10x
EBITDA / scheduled debt service**	1.60x	1.60x	1.07x
30-day cash-cost reserve target	\$173.6K	\$173.6K	\$161.8K
Funding gap to avoid negative ending cash	\$0.0K	\$0.0K	\$29.8K
Shortfall to reserve target (including any deficit)	\$120.6K	\$68.0K	\$191.6K

****Repayment-capacity caution:** the improvement case's 1.95x cash-available ratio includes a one-time \$52.6K working-capital release. It is not recurring debt-service capacity. EBITDA / scheduled debt service remains 1.60x. Cash available = OCF + interest paid; scheduled debt service = interest + principal paid. Neither proxy is a lender DSCR.

EXPLICIT ASSUMPTIONS

Base case: current margin, expense and annual working-capital build continue. Annual net working-capital cash use of \$105K scales to \$25.9K over 90 days. Positive OCF still falls short of capex, principal and draws.

Improvement case: versus base, a one-time five-day reduction in DSO releases \$32.9K and a five-day reduction in inventory days releases \$19.7K, both achieved within the period. Revenue, margins, A/P behavior and recurring operating earnings remain unchanged. The \$52.6K release is about half of the page 6 ten-day opportunity.

Stress case: revenue falls 10%; COGS remains 60% of sales and cash operating expenses stay fixed. Lost gross contribution reduces cash generation by \$23.7K. Collections are delayed ten further days at the stressed sales rate, absorbing another \$59.2K. No tax relief, capex deferral, draw reduction or financing cure is assumed.

Cash timing: a negative estimate is an unfunded period-end gap, not an overdraft facility. Weekly timing may produce a larger peak need. Stress EBITDA / scheduled debt service falls to 1.07x.

*Working-capital row is net cash use in A/R + inventory - A/P, not total balance-sheet working capital; a negative value is a release. Reserve target is an assumed internal 30 days of cash operating costs, not an industry standard; it excludes debt service, capex and taxes. Reserve shortfalls include, and must not be added to, the zero-cash funding gap.

Financing and cash-flow improvements

Prioritize a sustainable structure supported by verified records, eligible assets and complete provider terms.

RECEIVABLES-BACKED LINE OR FACTORING / EVALUATE

May align borrowing with eligible collections. Validate invoice acceptance, aging, disputes, customer concentration, existing liens, recourse, reserves and total fees. The \$450K receivables balance is not borrowing availability. Reducing collection delays first may reduce required borrowing.

EQUIPMENT FINANCING / MATCH DEBT TO ASSET

For future productive assets, compare an equipment loan or lease with a cash purchase. Confirm deposits, useful life, end-of-term obligations and payment fit within the weekly forecast. No sale-leaseback proceeds or refinanced capex are assumed in the scenarios.

DEBT REFINANCING / COMPARE FULL ECONOMICS

Obtain balances, payoff statements and payment schedules. Compare all costs, penalties, guarantees, collateral and remaining terms. A lower monthly payment can increase lifetime cost; the stress gap alone does not justify refinancing.

ALTERNATIVE WORKING CAPITAL / LOWER PRIORITY

Do not treat another short-term advance as the first answer to collections or stock problems. Test the full repayment burden against base and stress cash flow, identify the exit source and distinguish one-time cash releases from recurring repayment capacity.

ILLUSTRATIVE WORKING-CAPITAL OPPORTUNITY - APPROXIMATELY \$105,205

A ten-day DSO improvement: $\$2,400,000 / 365 \times 10 = \$65,753$.

A ten-day inventory reduction: $\$1,440,000 / 365 \times 10 = \$39,452$.

Combined: **\$105,205**, if achievable without overlap or operational harm. This is a one-time cash release, not additional revenue, profit or guaranteed savings. The outlook models a more modest five-day improvement in each measure.

Decision gate: before adding repayments, reconcile cash and debt, challenge invoice eligibility, and test delayed collections. A prospective facility must fund a defined business need with a credible repayment source. No borrowing amount, rate, approval or availability is assumed here.

This is an illustrative, AI-supported business assessment with analyst review, not an independent audit, valuation, tax opinion or financing commitment. All company data and exhibits are fictional. Provider eligibility, security interests and financing economics require separate verification.

90-day action plan and evidence

A practical roadmap linked to the six-category scorecard and the base, improvement and stress sensitivities.

When / owner	Problem and recommended action	Benefit / measurable indicator
Days 1-7 Owner + bookkeeper	Thin reserves and weak cash coverage. Reconcile cash and debt; prepare a weekly 13-week forecast with base and stress cases.	Identify peak funding needs early. KPI: reconciled opening cash, weekly minimum cash, forecast vs. actual variance, all debt payments mapped.
Days 8-30 Collections lead	DSO 61.6 days; \$135K past due. Verify disputes and acceptance delays; assign weekly actions and dates to the largest overdue balances.	Release cash and improve efficiency. Proposed 90-day target: five-day DSO reduction to 56.6 days; track actual cash collected, not projected releases.
Days 8-30 Operations lead	Inventory days 55.1; \$60K slow-moving. Validate demand, obsolescence and return rights; restrict avoidable reorders and agree a disposition plan.	Reduce trapped cash without disrupting orders. Proposed 90-day target: inventory days 50.1; track slow-stock balance and realized cash effects.
Days 31-60 Owner + Omega	Cash coverage 0.77x; largest customer 35%. Review concentration and compare documented financing terms against both downside cash flow and eligible collateral.	Avoid unsuitable repayment burdens. KPI: fully costed offer comparison, concentration limits checked, stress funding gap quantified. No presumed approval.
Days 61-90 Owner + finance lead	Releases may be temporary. Rebuild the cash bridge and rescore using the same unrounded inputs and time basis. Review the draw and capex plan.	Separate recurring progress from debt inflows. KPI: OCF, cash days, debt coverage, DSO, inventory days and customer share vs. baseline.

Targets are proposed actions, not achieved outcomes. Five-day operating targets match the improvement scenario. The 30-day reserve is an internal planning reference; no scenario reaches it without further action. Do not book projected cash releases or assume the score improves before results are verified.

EVIDENCE REGISTER - SIMULATED EXHIBITS, NOT UPLOADED DOCUMENTS

S1: TTM/prior-year P&L; **S2:** opening/closing balance sheets; **S3:** debt schedule (\$450K ending debt; \$120K principal and \$60K interest paid); **S4:** A/R aging, terms and customer concentration; **S5:** inventory aging; **S6:** bank/cash reconciliation and capex/distribution schedule. No exhibit is represented as independently verified.

Real-client verification: obtain the application, six months of bank statements, two years of taxes and financials, current debt and aging schedules, assets and ownership/capitalization records as applicable. Reconcile balances and flows; mark missing facts unverified. Confirm primary industry before selecting period- and size-matched benchmarks.

Scope: tax compliance, asset recoverability, legal matters, industry outlook, contract eligibility and lender acceptance are not established by this sample. A completed diagnostic supports decisions; it does not replace accounting, legal or tax advice, or provider underwriting.

Understand Your Financial Position. Strengthen Your Business. Finance Your Next Stage of Growth.

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