

FINANCIAL DIAGNOSTIC REPORT

Cascade Fabricators

Period covered October 1 through December 31, 2024

Revenue has slid from \$2,500,000 in October to \$2,000,000 in December, and December net income was $-\$178,000$, while cash of \$285,000 sits against \$2,330,000 of debt due within 12 months.

● RISK

3 at risk

1 on watch

1 stable

SignalScope · 5 of 5 diagnostic dimensions assessed

Important: This report is a rules-based pattern-detection diagnostic. When available, its written narrative is generated by AI. It reflects a point-in-time snapshot for the reporting period October 1 through December 31, 2024 and does not update automatically. It is not professional financial, accounting, or legal advice. Recipients should review findings with a qualified advisor before making decisions.

01 Executive Summary

AI-generated analysis based on the company's financial data

Results are deteriorating, and the pressure is broad. Revenue went from \$2,500,000 in October to \$2,300,000 in November and \$2,000,000 in December, a movement of -20% from October to December. Operating expenses stayed level at \$739,000 in October and \$738,000 in December. Net income was $-\$39,000$ in October, $-\$93,000$ in November and $-\$178,000$ in December. In plain terms, sales shrank while the cost of running the business did not, and the gap widened each month.

The cash position is thin. Cash is \$285,000, which covers 12 days of operating expense. Operating cash flow over the three months was $-\$584,000$, and the supplied runway at the current burn rate is 1.5 months. That runway excludes debt. Debt due within 12 months is \$2,330,000, so meeting it requires more cash than the business holds today, for example from collecting receivables, improving results, or financing. These are areas to explore with a lender, investors or an advisor.

The business looks well-off on paper but is cash-poor. Working capital is \$4,746,000, yet less-liquid assets are \$7,960,000, or 75% of current assets. Inventory is \$6,200,000. Receivables more than 30 days past due total \$2,360,000 of the \$3,898,000 total. Payables are \$2,900,000. The books are on an accrual basis, so profit and cash can move differently. The owner may want to explain to lenders or advisors why revenue declined, as the statements do not show the reason.

This summary was written by AI and checked against the figures, but AI can make mistakes. Scores and figures come directly from the submitted statements.

02 Key Financial Metrics

WORKING CAPITAL \$4,746,000 45% of current assets available after current liabilities	CASH RUNWAY 1.5 months At the current operating burn rate only, excluding debt due within 12 months	LESS-LIQUID ASSET SHARE 75% of current assets in slower-to-convert categories (inventory, aging receivables, prepaids)
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03 Results at a Glance

		Pressure score	
Cash Lockup	● RISK		60%
Asset Liquidity Gap	● RISK		85%
Burn Rate Discipline	● RISK		100%
Cash Timing Alignment	● WATCH		51%
Cost Structure Flexibility	● STABLE		20%

04 Dimension Detail

Cash Lockup High confidence	● RISK		Pressure 60%
- Inventory plus prepaid and other current assets total \$6,380,000, representing 60% of current assets. - A large share of current assets is tied up in less-flexible components, reducing near-term liquidity flexibility.			
Asset Liquidity Gap High confidence	● RISK		Pressure 85%
- Less-liquid assets total \$7,960,000, representing 75% of current assets. - Liquid assets total \$2,603,000, with cash representing 3% of current assets. - A large share of current assets is concentrated in less liquid categories, increasing the risk of delayed cash conversion. - Cash is a small share of current assets while less-liquid assets are elevated, increasing asset-conversion pressure.			

Burn Rate Discipline

High confidence

● RISK

Pressure 100%

- Monthly operating burn is \$194,667, with burn intensity at 9% of recent monthly revenue (\$2,266,667/month).
- Available cash runway is creating liquidity pressure.
- Debt due within 12 months is creating liquidity pressure.
- Debt due within 12 months totals \$2,330,000, equal to 8.2x available cash.
- Near-term debt maturities materially constrain liquidity even if trailing operating burn appears modest.

Cash Timing Alignment

High confidence

● WATCH

Pressure 51%

- AR over 60 days is approximately 40.5% of receivables, while AP over 60 days is approximately 32.4% of payables.
- Cash covers approximately 4.9% of current liabilities.
- The share of receivables aged over 60 days exceeds the comparable payables share by approximately 8.1 percentage points.
- The combined receivable and payable aging profile indicates moderate timing exposure.
- Low cash coverage combined with broad timing stress increases near-term funding pressure.

Cost Structure Flexibility

High confidence

● STABLE

Pressure 20%

- Revenue moved from \$2,500,000 to \$2,000,000, while operating expenses moved from \$739,000 to \$738,000.
- Recent revenue movement and the operating cost load do not indicate elevated cost-structure pressure.

05 Suggested Focus Areas: Next 90 Days

Illustrative, not predictive. AI-generated suggestions based on the diagnostic results, not a financial plan or projection. Review with a qualified advisor.

30 DAYS

Map cash against debt due

Lay out cash of \$285,000 next to debt of \$2,330,000 due within 12 months. Consider opening a conversation with your lender or advisor about options, and prepare a short explanation of the revenue decline from \$2,500,000 to \$2,000,000.

60 DAYS

Review aged receivables by relationship

Receivables more than 30 days past due total \$2,360,000, and one relationship is 21% of that group across 9 counterparties. Review each balance and the practical steps to turn it into cash.

90 DAYS

Examine inventory and cost levels

Inventory is \$6,200,000 while operating expenses held near \$738,000 a month as revenue declined. Review inventory levels and how costs line up with current sales, and document how payables of \$300,000 over 90 days past due fit into this plan.

06 Scenario to Model

Explore stronger receivable collections

Receivables more than 30 days past due total \$2,360,000 while cash is \$285,000. Modeling a lower receivables balance shows how cash could respond.

Receivables balance	Decrease
Cash on hand	Increase

07 Data Coverage

Company	Cascade Fabricators (fictional)
Accounting basis	Accrual
Entity type	Sole Prop.
Period covered	October 1 through December 31, 2024
Dimensions assessed	5 of 5
Report types included	Profit & Loss, Balance Sheet, A/R Aging Summary, A/P Aging Summary, Cash Flow Statement

Important notice: This report was generated by SignalScope, an AI-assisted financial diagnostic instrument. The findings are based solely on the financial data provided and are intended to surface patterns and areas for further review, not to constitute professional financial, accounting, legal, or investment advice. Results should be reviewed in context with your accountant, CFO, or qualified financial advisor before taking action. SignalScope makes no representation as to the completeness or accuracy of the underlying data as submitted.

Sample report for illustration. Cascade Fabricators is a fictional company; figures come from a SignalScope analysis of fictional statements. · ceosightline.com