

● AURA STARTUP PARTNERS · FRACTIONAL CFO TEAM

Cash flow & **runway**, managed like a funded company.

What your bank balance isn't telling you. A working guide for early-stage founders.

THE PROBLEM

How most founders calculate runway

Almost every founder computes it the same way: cash on hand divided by last month's spend. That formula isn't wrong. It's **incomplete**. It assumes next month looks exactly like this one, and for an early-stage company that breaks constantly:

- A customer pays quarterly instead of monthly.
- An annual insurance bill lands unexpectedly.
- A contractor invoice was late last month and won't repeat.

The result: this one-line number is wrong far more often than founders expect, and almost never in the direction that would make them feel safer.

Cash ÷ Burn

Simple. Fast. And systematically incomplete for any company where cash flow isn't perfectly smooth month to month.

THE CORE DISTINCTION

Cash flow is not your P&L

A company can be profitable on paper and dead in the bank at the same time.

The P&L example

A company invoices \$50,000 in December and recognizes it as December revenue. On paper, December looks great: strong top line, healthy margins.

The bank account reality

The client doesn't wire the cash until February. In the bank account, December is a crisis. Payroll is due. Rent is due. The money isn't there.

TWO DOCUMENTS, TWO JOBS

What each one actually tells you

P&L tells you

Whether your business model works: revenue, costs, margin, profitability over time.

Cash flow tells you

Whether you'll make payroll: the actual dollars in the account, right now.



You need both. Under pressure, read the cash flow statement first.

GET THE VOCABULARY RIGHT

Three numbers founders confuse

Related, but not interchangeable. Treating them as the same number leads to materially different decisions.

1

Gross burn

Total cash going out, no netting. Every dollar spent, regardless of what came in. Shows your true cost structure.

2

Net burn

Gross burn minus cash collected. Your real monthly cash trajectory, what's actually happening in the bank account.

3

Runway

Cash on hand ÷ net burn. Valid only for the month you calculated it. Collections or payments shift and it's already stale.

A WORKED EXAMPLE

Why the simple number lies

THE NAIVE CALCULATION

CASH ON HAND

\$180K

NET BURN

\$30K

$\$180K \div \$30K = 6 \text{ months of runway}$. Clean, simple, reassuring.

NOW ADD TWO REAL DETAILS

Last month's collections flattered you

\$25,000 of it was a one-time catch-up payment. Collections that actually repeat are \$15,000, so the burn that repeats is **\$55,000** — not \$30,000.

Annual insurance lands next month

\$18,000, once. It comes off the balance, not off the monthly rate: **\$162,000** left to spend.



$\$162,000 \div \$55,000 = 2.9 \text{ months}$, not six. Not a math error. The one-line formula cannot tell a number that repeats from one that doesn't, and both kinds were hiding in it.

TAKE THIS WITH YOU

The Aura Real Runway Worksheet

A standalone tool you can build in a spreadsheet in five minutes. A materially more accurate number than the one-line calculation most founders default to.

01 Starting cash

Your actual bank balance today. Not an estimate, not last week's number.

02 This month's collections

Only cash actually received. Not invoiced, not expected, not promised.

03 This month's payments

Every dollar going out. Mark the ones that won't repeat — they belong in Line 5, not here.

04 Net burn

Line 3 minus Line 2, counting only what repeats. Your real monthly rate.

05 Known one-time items

The annual bill, the late payment, the deposit. Each lands once, off the balance.

06 Runway

$(\text{Line 1} - \text{Line 5}) \div \text{Line 4}$. Recalculate every single month.

Important distinction

This worksheet is not the full 13-week rolling forecast. The gap, weekly cadence, scenario sensitivity and continuous updates, is real, and it's what a working finance function maintains on an ongoing basis.

This is your starting point. Use it now, and upgrade to the full model as you scale.

TRY IT YOURSELF

The Aura Real Runway Calculator

YOUR SIX-LINE WORKSHEET

1 · Starting cash (bank balance today)

\$ 180,000

2 · This month's collections (cash received)

\$ 40,000

3 · This month's payments (everything out)

\$ 70,000

4 · Net burn (payments – collections)

\$30,000

Add the real-world factors most formulas miss

A one-time item comes off your balance once. An ongoing one changes the burn rate. Treating the first like the second is the mistake this guide is about.



A major customer pays late

Expected cash that won't arrive

-\$25,000

ONE-TIME



An annual bill lands

Insurance, taxes, renewal

-\$18,000

ONE-TIME



A key hire falls through

Contracted out at ~1.5× cost

+\$15,000

EVERY MONTH

THE WORKING

Starting cash \$180,000

Known one-time items – \$43,000

Cash to spend = \$137,000

Payments out \$70,000

Collections in – \$40,000

Ongoing changes + \$15,000

Burn, each month = \$45,000

\$137,000 ÷ \$45,000 =

YOUR REAL RUNWAY

3.0

months



\$43,000 comes off the balance once, and **\$15,000** is added to the monthly burn. That takes you from **6.0 months** to **3.0** — 49% shorter.

THE PROFESSIONAL-GRADE VERSION

A 13-week rolling cash forecast

A startup doesn't die on a quarterly average. It dies on a specific week when payroll is due and the account is short.

01

Actual cash in

Tracked week by week, not projected averages.
Real collections as they arrive.

02

Actual cash out

Every payment, payroll run and vendor transfer
logged against the forecast.

03

Continuously refreshed

Real numbers replace estimates every week. It
gets more accurate, not less, over time.



This is what an ongoing fractional CFO function maintains: not a one-time snapshot, a living document that improves every week.

MINDSET SHIFT

Runway is something you **actively manage through decisions you control, not a fixed countdown clock happening to you.**

Founders who know which levers they can pull, and how fast each one works, make better decisions under pressure. The number isn't a verdict. It's the start of a conversation about what you'll do about it.

WHEN RUNWAY TIGHTENS

The five levers, ranked by speed

Most founders reach for new capital first. It's almost always the slowest.

1

Headcount timing **FASTEST**

The fastest lever, and the hardest emotionally. Delaying a single hire by 60 days adds meaningful runway immediately.

2

Vendor & contract renegotiation **FAST · UNDERUSED**

A net-60 vendor moved to net-30 adds weeks of runway with one phone call. No layoffs, no fundraise.

3

Pricing & collections terms **COMPOUNDS**

Earlier invoicing, shorter payment windows, deposits upfront. Medium speed, compounds over time.

4

Revenue mix shift **STRUCTURAL**

Prioritizing faster-collecting channels. Slower to move, but structurally valuable.

5

New capital **SLOWEST**

The slowest lever and the least in your control, despite usually being the first one founders reach for.

PLAN FOR RANGE, NOT A POINT

Plan three scenarios, not one

A single-scenario forecast is a single point of failure.

Base case

What you genuinely expect. Reasonable assumptions, no optimism baked in to make the number feel better.

Downside case

A named, specific risk: a customer churns, a raise slips three months, a key contract doesn't renew. Generic downsides don't change behavior. Specific ones do.

Upside case

A contract lands early, a partnership accelerates revenue. Useful for capital planning and showing investors range.



Your **downside case** should drive your real decisions, not your base case.

THE REFRAME THAT CHANGES EVERYTHING

Runway to your next milestone, not to zero

THE WRONG QUESTION

"How many months until we're out of cash?"

A defensive posture: watching a countdown, hoping the number doesn't hit zero before something saves you. Anxiety-driven, not decision-driven.

THE RIGHT QUESTION

"Does cash last until the metric that unlocks our next round?"

Build every forecast around a specific milestone: a revenue threshold, a sustained growth rate, a product milestone your next investors care about.

KEEP THIS

The full framework at a glance

Know your three numbers

Gross burn, net burn and runway are distinct. Never conflate them.

Read cash flow before P&L under pressure

Profitability on paper means nothing if payroll can't clear.

Use the six-line worksheet

Separate what repeats from what lands once, then divide. Every month.

Build three scenarios

Name the specific risk. A concrete downside changes behavior.

Know your five levers and their speed

Capital is slowest. Headcount timing and vendor renegotiation are fastest.

Forecast to your next milestone

Reframe runway as distance to the metric that unlocks your next round.

Questions founders always ask

How often should I recalculate runway?

At minimum once a month, but immediately whenever a large payment lands, a large collection comes in, or a significant new expense is confirmed. The number decays fast.

When does a founder actually need a fractional CFO?

Typically when preparing for a raise, hitting \$500K ARR, managing payroll for more than five people, or when your bookkeeper can no longer answer the cash question with confidence.

Is a 13-week forecast overkill for early stage?

No. It's most valuable when cash is tightest. Weekly visibility is exactly what you need when you have less than six months of runway.

ABOUT AURA

Who's behind this

Bookkeeping, financial analysts and CFO-level strategy under one roof, matched to your stage. An ongoing finance function, not a software tool or a one-off consultant.



Operational Finance

Bookkeeping, billing, payroll and monthly close, the foundation for everything else.



Fundraising & IR

Data rooms, investor-presentation coaching and curated introductions at the right stage.



Strategic FP&A

Budgets, forecasting, KPI dashboards and scenario planning, the discipline behind this guide.



Systems & Infrastructure

Process design and a dedicated finance lead end to end, so nothing slips as you scale.

Book a Cash Health Check

A 20-minute working session with Aura's fractional CFO team. Bring your worksheet and your real runway number, and we'll pressure-test it with you. This isn't a sales call.

✓ Free, no commitment ✓ Bring your actual numbers ✓ Leave with specific feedback

[Book your session →](#)

THE ONE THING TO TAKE AWAY

Runway is **what you decide** it is.

The founders who run out of money are rarely the ones who didn't know the formula. They're the ones who calculated it once, felt okay, and stopped looking.

The founders who raise on their terms treat cash as a living, managed number: updated weekly, stress-tested against real risks, attached to a milestone that matters to investors.