Sales grew. Cash fell.

Monthly Executive Financial Summary | December 2024

LumenTrail Commerce Demo LLC | USD | Accrual basis

Fictional standalone demonstration. All figures and close-status facts are invented. Independent of the annual LumenTrail dataset and other portfolio cases. No real client results are claimed.

1. Executive overview

December sales increased 10%, but profit before income tax fell to $4,700 from $8,500. Product gross margin narrowed while advertising and other operating costs increased. Shopify sales grew, although Amazon contributed most of the revenue increase and remains the larger channel. Cash fell $23,300 to $26,700, with inventory growth absorbing funds before distributions and debt repayments. The immediate priority is to protect cash and understand product and channel profitability before committing to more spending.

2. Financial performance

Measure	November	December	Change
Net revenue	$120,000	$132,000	+$12,000
Product COGS	$57,000	$66,000	+$9,000
Gross profit	$63,000	$66,000	+$3,000
Gross margin	52.5%	50.0%	-2.5 pp
Operating expenses	$54,000	$60,800	+$6,800
Profit before income tax	$8,500	$4,700	-$3,800
Profit margin before income tax	7.1%	3.6%	-3.5 pp

Gross margin includes landed product costs. Marketplace fees, outbound fulfillment, advertising, overhead and depreciation are below gross profit. Interest is $500 each month. No income tax provision is modeled.

3. Revenue and channel concentration

Amazon net sales rose from $80,000 to $90,000 and Shopify from $40,000 to $42,000. Amazon supplied $10,000 of the $12,000 increase and represented 68.2% of December revenue. Both channels grew, but the larger Amazon share makes channel-level contribution and settlement visibility important. The available totals do not distinguish sales volume, pricing or product mix.

4. What changed in profitability

At November's gross margin, the extra revenue would add $6,300 of gross profit. December's lower margin rate removes $3,300 of that benefit, leaving a $3,000 gross-profit increase. Higher operating expenses then reduce profit by $6,800, producing the $3,800 decline. This identifies the movement; SKU-level quantities and costs are needed to establish the cause of the margin change.

5. Expenses that deserve attention

Advertising rose $4,000 to $22,000, increasing from 15.0% to 16.7% of net revenue. Fees and outbound fulfillment rose $1,800 combined, holding at 8% and 7% of revenue respectively. Other operating expenses rose $1,000. Advertising effectiveness cannot be concluded from these totals; campaign data, returns and contribution after product and channel costs are needed.

Profit is only the start of the cash story

6. Cash flow and financial position

December cash bridge	Cash effect
Profit before income tax	$4,700
Depreciation added back	$1,000
Inventory and marketplace clearing increases	($22,000)
AP increase less accrued expense decrease	$5,000
Operating cash flow	($11,300)
Distributions $8,000 + loan principal $4,000	($12,000)
Net cash movement	($23,300)
Opening cash → closing cash	$50,000 → $26,700

Inventory grew $18,000 to $98,000; clearing grew $4,000 to $16,000. AP grew $6,000 to $41,000; accruals fell $1,000 to $6,000. Loan principal fell to $36,000. Distributions and principal repayments reduce cash, not profit. No new borrowing, owner funding or capital expenditure is assumed.

7. What is working

Both sales channels grew. December retained $66,000 after product costs, with a positive result after the listed operating expenses and interest. Fees and fulfillment stayed proportional to revenue. These strengths provide a base to protect while addressing the weaker margin and cash conversion.

8. Areas for attention

Product margin is lower, advertising consumes a larger revenue share, and more funds sit in inventory and unsettled marketplace activity. The records do not establish slow-moving stock, supplier cost inflation or an ineffective campaign. SKU aging, settlement timing and campaign economics need to be reviewed before those conclusions are drawn.

9. Three priorities for the next close

Product and channel contribution. Compare SKU quantities and landed unit costs, then assess advertising after refunds, product costs, fees and fulfillment before increasing spend.

Inventory commitments. Review aging, sell-through and open purchase orders before approving replenishment. Distinguish stock needed for demand from excess commitments.

Cash and owner withdrawals. Review upcoming supplier payments, loan payments and expected settlements before agreeing further distributions. The cash bridge explains history; it is not a forecast or a cash-runway assessment.

10. Owner insight and reporting status

More sales did not leave more cash available. Preserve the sales base while testing the weaker product margin, reviewing inventory commitments and aligning withdrawals with upcoming obligations.

Illustrative close status: bank cash, marketplace receivables, inventory, AP and accrual totals agree to the invented schedules; statements and the cash bridge are internally consistent. Information still needed: SKU aging and unit costs, campaign contribution data, open orders and payment commitments. No real statements, invoices or campaigns were inspected.