



Software Selection Guide

Debt Management



The new capital stack reality

As traditional bank lending has tightened, there has been a massive structural shift toward the private credit ecosystem and highly structured, bespoke loan provisions.

Many organizations initially relied on legacy spreadsheets or rigid ERP modules to manage these liabilities, only to find that manual workbooks are entirely unsustainable for ongoing compliance.

Complex multi-tranche structures, volatile reference rates, and aggressive cross-default clauses introduce severe operational friction that breaks traditional workflows.

Whether you are looking to replace an underperforming system or eliminate key-person dependency, this guide equips you to evaluate modern debt technology.

Modern Debt: Why the complexity explosion is shaking up finance

For a corporate finance leader, the true challenge of a contemporary debt portfolio hits when you look at the sheer data granularity and ongoing maintenance required to protect corporate control:



The threat of the technical default: A technical default represents a contractual breach of covenants embedded within a credit agreement, completely independent of fundamental cash flow or operational viability—making it a failure of visibility rather than financial health.



The mid-period blindness trap: Relying on the traditional cadence of checking covenant adherence during month- or quarter-end close cycles creates severe blindness. Discovering an error weeks late triggers a boardroom crisis and legally empowers lenders to freeze revolving credit or execute acceleration demands.



The non-standard debt accounting grind: Managing Payment-in-Kind (PIK) interest toggles and embedded warrants requires sophisticated modeling that spreadsheets fail to execute under the mandatory GAAP Effective Interest Method (EIM).



M&A consolidation fractures: Executing roll-up or buy-and-build strategies forces teams to aggregate mismatched day-count conventions (e.g., 360 vs. 365 days) and conflicting lender-specific definitions of financial metrics like EBITDA.





The Debt Management readiness audit: Is your current setup fit for purpose?

Before diving into vendor demos, ruthlessly audit your current debt accounting environment—whether it is a complex matrix of home-grown Excel models or a basic ERP module.

If you answer “No” to more than two of the following questions, your current process is exposing the business to significant corporate distress.

1

Continuous Covenant Governance

When your enterprise operates with a thin buffer from its minimum Debt Service Coverage Ratio (DSCR), does your platform actively alert you the moment you come within 10% of a breach threshold, or do you rely on lagging, retrospective close reports?

- **The Risk:** Finding a violation weeks after the legal breach has occurred forces the immediate reclassification of long-term liabilities to current liabilities under US GAAP, giving creditors massive leverage.

2

Complex Structural Mastery

Can your accounting setup natively track floating reference rates like SOFR, centralize data for Borrowing Base Certificate reporting, and execute the GAAP ASC 470 10% Test to determine debt modifications versus extinguishments without offline calculations?

- **The risk:** Executing these complex assessments manually via unstandardized spreadsheets introduces massive financial misstatement risks and regulatory compliance exposures.

3

Frictionless Consolidation & Roll-Up

Can your current tracking system instantly harmonize mismatched subsidiary payment calendars, multi-currency spot rates, and heterogeneous lender covenant definitions into a single consolidated source of truth?

- **The risk:** An overlooked covenant breach or a minor missed payment inside a localized subsidiary term loan can instantly trigger cross-default clauses, causing a chain-reaction default across the entire holding company.

4

Audit-Defensiveness and Controls

When your annual external audit begins, can you instantly provide read-only access where every automated journal entry is permanently, digitally linked straight back to the primary source credit agreement PDF?

- **The risk:** Disconnected financial systems force your team into an exhausting, dragged-out cycle of repeated PBC (Provided-by-Client) requests, manual sampling paperwork, and expensive retroactive remediation.

Audit-ready tip:

Auditors do not just audit your numbers; they audit the controls around your numbers. Relying on an Excel workbook means your internal controls are inherently weak. Moving to a platform backed by SOC compliance immediately gives your audit team the institutional confidence they require.

Evaluation matrix: Choosing your debt compliance path

To help structure your business case and evaluate the market objectively, here is how the three primary debt administration methods compare across critical compliance and operational metrics:

Feature	Spreadsheets	Legacy ERP Debt Modules	FinQuery
Long-Term Sustainability	Low. Breeds severe key-person dependency; if a single specialist leaves, the firm's institutional knowledge walks out the door.	Moderate. Suffers from structural rigidity, forcing a general ERP to perform complex debt math it simply wasn't designed to handle.	High. Purpose-built to natively manage modern debt portfolios, complex private credit capital structures, and multi-subsidiary layouts.
Audit Defense & Controls	High Risk. No automated audit trails, zero version controls, and highly vulnerable to compounding manual entry flaws.	Complex. Typically requires custom database scripting or external developer billable hours to extract specific historical views.	Built-in. Features Read-Only Auditor Access where AI-extracted journal entries link directly to the underlying contract source PDF.
Handling Complex Variations	Manual. Multi-tranche instruments, PIK interest toggles, and variable rate adjustments require manual formula rebuilding.	Rigid. Struggles to absorb highly nuanced private credit innovations or flexible bespoke loan provisions.	Intuitive. Natively tracks PIK toggles, handles embedded warrants, and streamlines updates for volatile floating-rate revolvers.
The Reporting Gap	Time-Consuming. Wastes 40% to 60% of accounting bandwidth downloading statements and forcing manual bank reconciliations.	Incomplete. Functions merely as a glorified digital filing cabinet that still requires users to manually drive compliance reports.	One-Click. Delivers high-frequency, granular visibility and automated disclosures (Maturity Schedules, Rollforwards, Service Requirements).
Source Contract Linkage	None. Explodes into a structural gap where financial software and legal loan documents do not talk to each other.	Manual. Requires your team to manually type in pages of dense credit agreements and manually run compliance reports.	100% Traceable. Employs AI source document extraction to ingest credit agreements and automatically populate covenant metadata.
Technical Support	None. Your specialized, overworked accounting team is left to act as their own software support line.	IT-Focused. Help desks understand basic software code, not technical GAAP debt modification subtleties.	Accountant-Backed. Direct access to a specialized technical support team that understands the operational realities of complex debt.



Why specialized tech wins the long-term debt business case

Forward-thinking finance leaders are increasingly shifting away from all-in-one ERP models in favor of specialized technical mastery:



The business case shortcut: When presenting your software strategy to the board, remember that the ERP route often carries a hidden tax in the form of specialized IT consultants or external developer billable hours every time you amend a credit facility. FinQuery delivers a predictable SaaS cost with zero developer dependencies, ensuring a significantly lower cost of ownership.



Accountant-first UI (goodbye, ERP screen fatigue): Legacy ERP screens are rigid and design-heavy for IT. FinQuery replaces screen fatigue with intuitive point-and-click dashboards designed specifically for corporate finance and treasury teams to track compliance.



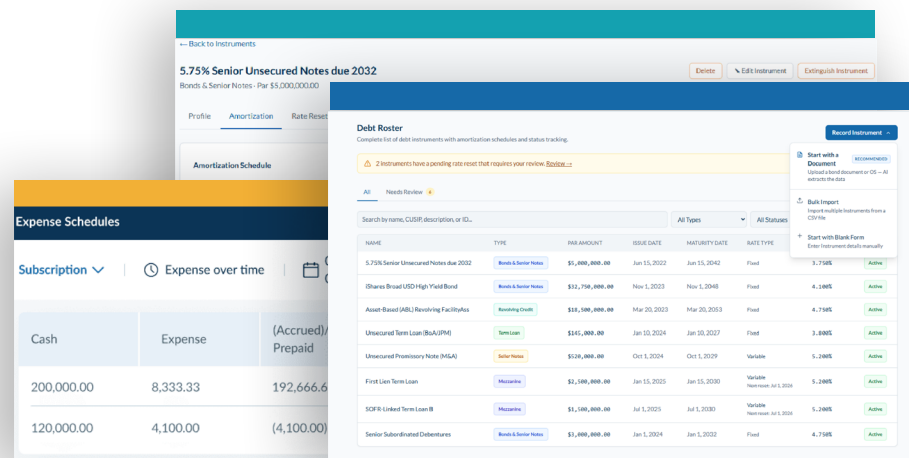
FinQuery Inbox and autonomous data integrity: Stop manual data entry errors before they start. Our proprietary AI, trained on financial source documents, eliminates the hidden inefficiencies of manual data extraction by automatically reading credit agreements, extracting critical parameters, and flagging anomalies in under 72 hours.



True GL integration without the IT overhead: Choosing a dedicated platform does not mean sacrificing your single source of truth. FinQuery processes complex debt math independently and utilizes automated connections to push clean, automated journal entries and disclosure reports straight back into your core general ledger (e.g., NetSuite, Workday, Sage Intacct).

The Debt Management Software Evaluation Checklist

Use these eight diagnostic questions to stress-test any potential debt management platform to ensure it meets the mathematical demands of modern credit instruments:



NAME	TYPE	ORIG AMOUNT	ISSUE DATE	MATURITY DATE	RATE TYPE
5.75% Senior Unsecured Notes due 2032	Bonds & Senior Notes	\$1,000,000.00	Jun 15, 2022	Jun 15, 2042	Fixed
Shares BroadVest High Yield Bond	Bonds & Senior Notes	\$12,750,000.00	Nov 1, 2023	Nov 1, 2048	Fixed
Asset Based (ABX) Revolving Facilities	Revolving Credit	\$10,500,000.00	Mar 20, 2023	Mar 20, 2029	Fixed
Unsecured Term Loan (B/L/PLM)	Term Loan	\$145,000.00	Jan 10, 2024	Jan 10, 2027	Fixed
Unsecured Promissory Note (M/LA)	Senior Notes	\$120,000.00	Oct 1, 2024	Oct 1, 2029	Variable
First Lien Term Loan	Mortgages	\$2,500,000.00	Jan 15, 2025	Jan 15, 2030	Variable
SCFR Linked Term Loan II	Mortgages	\$1,500,000.00	Jul 1, 2025	Jul 1, 2030	Variable
Senior Subordinated Debentures	Bonds & Senior Notes	\$1,000,000.00	Jan 1, 2024	Jan 1, 2032	Fixed



Does it feature AI source document extraction?

The technical need: When you acquire a new loan or amend a credit facility, the software should automatically extract terms and build populated amortization schedules rather than forcing your team to manually transcribe pages of agreements.



Does it natively execute the GAAP Effective Interest Method (EIM)?

The technical need: The system must master complex accounting structures natively, automating the amortization of multi-tranche instruments and issuance costs without relying on offline Excel templates.



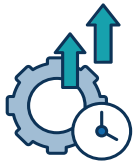
Is there a continuous, autonomous early warning system?

The technical need: The platform must test financial and leverage metrics (including DSCR, Cash Balance, and Leverage Ratios) 24/7 or every 60 seconds, and actively alert you before an undetected violation reaches the Board.



Can it automate the GAAP ASC 470 10% modification test?

The technical need: Under US GAAP, every alteration to a debt agreement requires a formal accounting assessment; the tool must automate this calculation to protect against reporting restatements.



Does it integrate with benchmark market rates for floating-rate debt?

The technical need: To eliminate spreadsheet risk, variable-rate structures should integrate directly with benchmark market rates (like FRED) to easily track and apply rate updates across floating-rate revolvers without manual entry errors.



Does it offer read-only auditor access?

The technical need: To completely shorten audit cycles, external auditors must be given direct, isolated access where entries are permanently linked back to the source contract PDF, breaking the manual PBC request grind.



Does it streamline payment application and cash reconciliation?

The technical need: The platform should integrate with banking feeds (like Plaid) to give visibility into live transactions and feature a dedicated “Record Actuals” workflow to quickly reconcile actual cash payments against debt schedules.



Does it track covenants on an individual entity and facility level?

The technical need: For finance teams managing complex multi-entity or roll-up structures, the platform must provide clear, granular visibility into individual covenant terms across distinct entities to prevent localized breaches before they impact the broader organization.

Getting Started: Supported Every Step of the Way

Switching from a legacy spreadsheet or an underperforming module doesn't have to disrupt your reporting close. Transitioning historical debt schedules requires precision, which is why our dedicated Professional Services team handles the heavy lifting to ensure a seamless setup:

1

Guided historical setup:

Our team works alongside you to gather historical debt agreement details, ensuring all past terms, balances, and amortization schedules are accurately populated without burdening your internal team.

2

Flexible migration timelines:

Whether you are mid-fiscal year or mid-loan, our implementation experts help structure your data so you can begin tracking and reporting with total confidence from day one.

3

Expert data validation:

Financial specialists validate your historical calculations against current liability balances, ensuring fully populated amortization schedules and live dashboards match your system of record.

4

Review and go-live:

Confirm your new schedules align with your historical reporting and move forward with total confidence in an automated, audit-defensible system.



About FinQuery

FinQuery automates financial contract management and accounting logic for the modern enterprise. The FinQuery platform simplifies compliance across complex subledgers—including lease accounting standards (ASC 842, IFRS 16, FRS 102, GASB 87 & 96, and SFFAS 54), active debt management, and continuous prepaid and accrual expense automation.

Built specifically for corporate accounting and finance teams, FinQuery is trusted by more than 8,700 organizations to accelerate the month-end close, strengthen internal financial controls, and eliminate compliance risk. Learn more at [FinQuery.com](https://finquery.com).

