The Private Firm CFO: Accounting and Finance Strategies

MGT 816 — Yale School of Management — Fall–1, 2026

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Mondays and Wednesdays • September 2 – October 14, 2026 • Final exam Friday, October 16

Section 01	1:00–2:20 pm	Evans Hall 4430
Section 02	2:35–3:55 pm	Evans Hall 4430
Section G1	4:10–5:30 pm	Evans Hall 4430

Course Description

This course is about the CFO role at a private, entrepreneurial company. We cover accounting-based financial metrics, financial reporting, and managerial accounting, and we build the accounting system the way a company does: from the start-up phase through to exit. Students leave with a working command of GAAP compliance, tax considerations, and performance evaluation using accounting data. The course centers on the U.S. institutional setting, for both the entrepreneurial firm and the private capital that finances it: venture capital, private equity, and angel investors.

The course follows the life of the company. We begin with the financial and accounting infrastructure a new firm needs, move through capitalization and equity compensation, budgeting, forecasting, and performance measurement, then reporting to boards and investors, revenue recognition, and fundraising, and end with exits to strategic buyers, private equity, and the public markets. Two cases and two problem sets give students hands-on practice with the material.

What You Will Take from the Course

Public-company finance is well covered elsewhere in the curriculum. The private firm is different: there is no market price, no analyst following, and little mandated disclosure, and the owners—founders, employees, and funds—hold claims with different rights and different incentives. The CFO sits where those claims meet, and most of the finance jobs our graduates take are on one side or the other of that table.

By the end of the term you will have built these working documents yourself: a capitalization table constructed from formation through a priced Series A; a driver-based operating forecast, built with AI tools doing the analyst work and you certifying every number; a board memo on equity compensation and its tax consequences; and a critique of a board reporting package. The aim is that you can walk into a finance role at a venture- or PE-backed company—as a founder, an operator, or the investor across the table—and know what the documents should look like, what the numbers mean, and which questions to ask when they do not add up.

Selected Topics

- The financial and accounting infrastructure of a start-up; burn rate and cash runway
- Capitalization: building and maintaining the cap table from formation through Series A
- Equity compensation for founders and employees: economics, accounting (ASC 718), and taxes (83(b) elections, ISOs versus NQSOs, the AMT, 409A valuations, QSBS)

- Budgeting, forecasting, and key performance indicators, including AI-assisted forecasting and how a CFO verifies machine-drafted numbers
- Reporting to the board of directors and investors; preparing for a first audit
- Revenue recognition and margins under ASC 606, with emphasis on SaaS and marketplace models
- Fundraising: process, term-sheet economics, convertible notes and SAFEs, and venture debt
- Exits: the sale process, working capital adjustments, earn-outs, rollover equity, and IPO readiness

Prerequisites and Materials

Prerequisites: Financial Accounting and Corporate Finance.

Readings and cases are distributed via Canvas; handouts will be given as needed. The problem-set workbenches and session materials are on the course website: `https://barrios88.github.io/mgt816-private-firm-cfo/`.

The textbook is *Entrepreneurial Finance and Accounting for High-Tech Companies*, by Frank Fabozzi, MIT Press, 2016 (first edition). **The textbook is required**: assigned readings come from it nearly every week (see the class schedule), and the final exam draws on them. You do not need to buy a new copy—a rental, used copy, or e-book is fine; any format of the 2016 first edition works. Have it in hand before the second week of class.

Grades

Your grade is based on your score out of a possible 400 points. The course cannot be taken pass/fail.

Final exam (closed book; one handwritten cheat sheet)	200
Two problem sets (groups of 2–4; both count, 40 points each)	80
Two cases (groups of up to 4 students)	75
Class participation (in-class contribution and short pre-class Canvas polls)	45
Total	400

All four graded deliverables follow the same rule: they are due on Canvas at **1:00 pm**—the start of the first section—on the due date, regardless of which section you attend.

Deliverable	**Assigned**	**Due (1:00 pm)**	**Points**
Case 1 memo (FeedBurner)	Wed, Sep 2	Wed, Sep 16	37.5
Problem Set 1 (cap tables)	Wed, Sep 9	Wed, Sep 23	40
Case 2 memo (Solstice Robotics)	Mon, Sep 21	Wed, Sep 30	37.5
Problem Set 2 (AI-assisted forecast)	Mon, Sep 28	Mon, Oct 12	40
Final exam	—	Fri, Oct 16, 5:30–8:30 pm	200

Problem Sets

There are two problem sets, uploaded to Canvas. Work in groups of 2 to 4 students and turn in one submission per group. Both problem sets count; there is no drop. Problem Set 1 covers capitalization and cap-table mechanics and extends the Cap Table Lab directly; it is assigned Wednesday, September 9 and due Wednesday, September 23 at 1:00 pm. Problem Set 2 is the AI-assisted forecast: you will complete the driver-based budget model begun in the Session 7 workshop, run scenarios, and deliver a one-page board memo, together with a short verification log documenting what the AI proposed, what you checked, and what you corrected. It is assigned Monday, September 28 and due Monday, October 12 at 1:00 pm.

Cases

We will do two cases this quarter, each with a full class session devoted to its discussion:

1. *"Lather, Rinse, Repeat": FeedBurner's Serial Founding Team*, HBS case 9-809-089 (Wasserman and Olson). Distributed the first day of class, Wednesday, September 2. Memo due Wednesday, September 16 at 1:00 pm; the case is discussed in class that day.
2. *Solstice Robotics: Three Inboxes and a Tender Offer*, an original course case on the tax consequences of employee stock options. Packet distributed via Canvas on Monday, September 21. Memo due Wednesday, September 30 at 1:00 pm; the case is discussed in class that day.

Case grades are based on written answers to the questions distributed with each case. Work in groups of up to 4 students and turn in one write-up per group: four pages or less, plus calculations and exhibits. Write-ups are due on Canvas at 1:00 pm—the start of the first section—on the day the case is discussed, regardless of which section you attend.

Use of AI

AI tools are required on Problem Set 2 and welcome as study aids throughout the course. Two rules apply. First, every number you submit is yours: if you cannot reproduce and defend it, do not submit it. On Problem Set 2 you will document this discipline in a graded verification log. Second, the final exam is closed book and tests this material without AI.

Final Exam

The final exam is **Friday, October 16, 5:30–8:30 pm**, in Evans Hall classrooms 4400 and 4410 (all sections). It is closed book, but you may bring one handwritten cheat sheet (8.5×11 paper, double-sided). The exam draws most heavily from the class notes, problem sets, and cases, followed by the assigned readings.

Participation

Participation (45 points) is based on your contribution to class discussion, in particular the case discussions, attendance, and short pre-class Canvas polls tied to the assigned preparation (approximately 15 of the 45 points). Name tents are required. The polls are graded for completion, not correctness.

Laptop and Tablet Use

Tablets are permitted in class for taking notes and following the lecture materials. Laptops are allowed, but if they become a distraction I may ask you to move to the back rows of the classroom. There is one exception: laptops are required on Monday, September 28, the AI-assisted forecasting workshop—bring a laptop with Excel. Each group of 3–4 needs at least one working AI login; a free tier is sufficient, and you do not need to purchase anything.

Class Schedule

Thirteen class meetings. Yale runs a Monday schedule on Friday, September 4 (there are no classes on Monday, September 7), so the course meets that Friday for Session 0, the CFO Toolkit Bootcamp.

The bootcamp is a required class meeting, not an optional review session. The Monday lecture before each case teaches the material the case applies.

Date	**Session / Topic**	**Prepare before class**	**Handed out / Due**
Wed Sep 2	1. The private-company CFO and the financial infrastructure	Fabozzi Ch. 1 (skim); a16z podcast: *Cash, Growth, and CEO–CFO*	Case 1 out (due Sep 16)
Fri Sep 4	0. CFO Toolkit Bootcamp (Monday-makeup class): accounting and journal-entry refresher, Excel cap-table warm-up, group formation	None	—
Wed Sep 9	2. Cap Table Lab: formation through Series A, dilution, option-pool mechanics	Fabozzi Ch. 7, pp. 127–130 and 140–143	PS1 out (due Sep 23)
Mon Sep 14	3. Legal and people infrastructure: entity choice, legal documents, worker classification	Fabozzi Ch. 3; QSBS primer (Canvas)	—
Wed Sep 16	4. **Case 1: FeedBurner** — founding teams and splitting the pie	The case (HBS 9-809-089); Lebret (2017); Gimlet podcast: *How to Divide an Imaginary Pie*	**DUE: Case 1 memo, 1:00 pm**
Mon Sep 21	5. Equity compensation: instruments, accounting, and tax (83(b), ISO/NQSO, AMT, 409A, QSBS, ASC 718)	Fabozzi Ch. 4; FreshBites 409A mini-case (self-check)	Case 2 out (due Sep 30)
Wed Sep 23	6. KPIs, budgeting, and forecasting: driver-based planning and unit economics	Fabozzi Ch. 2, pp. 15–30, and Ch. 13, pp. 241–257; HBR: *The True Measures of Success*; pre-class quiz on Canvas	**DUE: PS1, 1:00 pm**
Mon Sep 28	7. AI-assisted forecasting workshop (bring a laptop with Excel—required)	Download the workshop kit; read the one-page AI-for-FP&A ground rules; verify an AI login	PS2 out (due Oct 12)
Wed Sep 30	8. **Case 2: Solstice Robotics** — taxes and employee stock options	The Solstice Robotics case packet (Canvas)	**DUE: Case 2 memo, 1:00 pm**
Mon Oct 5	9. Revenue recognition and margins: ASC 606, bookings versus revenue, SaaS models	Fabozzi Ch. 8, pp. 150–160, and Ch. 10, pp. 197–198	—
Wed Oct 7	10. Boards, board packages, and audit readiness	Sequoia: *Preparing a Board Deck*; Feld: *The Best Approach to a Board Package*	—

Date	Session / Topic	Prepare before class	Handed out / Due
Mon Oct 12	11. Fundraising: process, term sheets, SAFEs and convertible notes, venture debt	Fabozzi Ch. 6, pp. 100–103, and Ch. 7, pp. 133–136; Bessemer *Guide to Venture Debt* (skim)	**DUE: PS2, 1:00 pm**
Wed Oct 14	12. Exits: M&A, private equity, IPO readiness; course synthesis and exam guidance	Fabozzi Ch. 2, pp. 30–35; Ramsinghani Ch. 25	—
Fri Oct 16	Final exam, 5:30–8:30 pm, Evans Hall 4400 and 4410 (all sections)	One handwritten cheat sheet, 8.5×11, double-sided	—

Optional Background Readings

Fabozzi Chs. 9–11 (the financial statements); Doidge, Karolyi, and Stulz (2017), *The U.S. Listing Gap*, JFE; Ball and Shivakumar (2008) on earnings quality at IPOs; Fabozzi Ch. 26 (IPOs); Hellmann and Wasserman (2017) on the division of founder equity; Bengtsson and Hand (2009) on CEO compensation in venture-backed firms.