RubinBrown Not-for-Profit Practice – Possible Ratios to be Used for Ratio Analysis

* Suggested to be used for analysis.

Ratio	Calculation	Interpretation
Liquidity Ratios:		
Current Ratio*	Current Assets / Current Liabilities	Higher result is better
Quick Ratio	Cash + Cash Equivalents + A/R + Unconditional Promises Due in < 1 year / Current Liabilities	Higher result is better
Days Cash on Hand	Cash + Short-Term Investments / (Total Expenses – Depreciation)/365	Higher result is better
Days in Accounts Receivable	Net Account Receivable / Net Services Revenues/365	Lower result is better
Average Expense Payment Period	Current Liabilities / (Total Expenses – Depreciation)/365	Lower result is better
Reserve Ratio*	Unrestricted Net Assets Not Reserved for Capital Assets / Total Expense	Higher result is better
Expense Ratios:		
Program Expense Ratio*	Program Expenses / Total Functional Expenses	Higher result is better
Administrative Expense Ratio	General and Administrative Expenses / Total Functional Expenses	Lower result is better
Fundraising Expense Ratio	Fundraising Expenses / Total Functional Expenses	Lower result is better
Fundraising Efficiency Ratio*	Fundraising Expenses / Fundraising Revenue	Lower result is better

Ratio	Calculation	Interpretation
Revenue Ratios:		
Operating Margin	Excess of Support and Revenues (Excl. Investment Income) over Expenses / Total Support and Revenues (Excl. Investment Income)	Higher result is better
Return on Net Assets*	Excess of Support and Revenues (Excl. Investment Income) over Expenses / Unrestricted Net Assets	Higher result is better
Revenue Growth Ratio	Total Support and Revenues (Excl. Investment Income)—CY minus PY / Total Support and Revenues (Excl. Investment Income)—PY	Higher result is better
Debt Ratios:		
Debt Service Coverage	Revenues – Expenses + Depreciation + Interest Expense / Principal Payments + Interest Expense	Higher result is better
Debt to Equity Ratio*	Current and Long Term Debt / Total Net Assets	Lower result is better
Interest Expense Ratio	Interest Expense / Current and Long Term Debt	Lower result is better
Investment Ratios:		
Investment Income Ratio	Interest Income + Dividend Income + Realized Gains / Cash + Cash Equivalents + Investments	Higher result is better
Investment Spending Ratio	(BOY Investments + Investment Income – EOY Investments) / Average Investments for Year	Lower result is better
Fixed Asset Ratios:		
Average Age of Plant	Accumulated Depreciation / Depreciation Expense	Lower result is better

Evaluating Agency/Law Compliance Ratios

Ratio	Calculation	Interpretation
United Way:		
Reserve Ratio	Unrestricted Net Assets Not Reserved for Capital Assets / Total Expense	United Way recommends 25-75%
Increase in Unrestricted Net Assets	Increase in Unrestricted Net Assets	United Way recommends a positive increase in 2 of last 3 years
Better Business Bureau Wise Giving:		
Program Expense Ratio	Program Expenses / Total Functional Expenses	BBB recommends 65% or more
Fundraising Efficiency Ratio	Fundraising Expenses / Related Contributions	BBB recommends 35% or less
UPMIFA:		
Investment Spending Ratio	(BOY Investments + Investment Income – EOY Investments) / Average Investments for Year	UPMIFA includes presumption of imprudence if ratio is more than 7%

Financial Analysis:

1) Budget vs. Actual

	YTD	Budget YTD	Dollar Variance	YTD as a % of Budget	Annual Budget
Revenues					
Contributions	$ —	$ —	$ —		$ —
Government grants	—	—	—		—
Program fees	—	—	—		—
Investment income	—	—	—		—
Other	—	—	—		—
	—	—	—		—
Expenses					
Salaries	—	—	—		—
Employee benefits	—	—	—		—
Program costs	—	—	—		—
Occupancy	—	—	—		—
Insurance	—	—	—		—
	—	—	—		—
Change in Net Assets	$ —	$ —	$ —		$ —

2) Diversification of Funding Streams

3) Comparative Monthly or Annual Statement of Activities

4) Comparative Monthly or Annual Statement of Financial Position

5) Concentrations

Cash Position

Bank balances	$	—
Projected receivable collections in the next 30 days		—
Line of credit available		—
Total expected cash in the next 30 days	$	—
Monthly cash requirement	$	—

Other Metrics/Statistics:

Programmatic Metrics:

1) Clients/Members/Etc. Served
   a) # served year to date
   b) # of new clients/members/etc. this year
   c) # of new clients this month
   d) goal # of total clients/members/etc. or # in the prior year

2) Average Length of Stay/Service for Program Participants

3) % of Program Capacity

4) # of Volunteers

Fundraising Metrics

1) Number of New Donors

2) Giving by Type (Individuals, Corporations, Foundations, etc.)

3) Unrestricted vs. Restricted Giving

4) # of Grant Proposals/Donor Solicitations this month/YTD

5) Donor Retention

Staffing Metrics

1) Staff Turnover

2) # of Open Positions

3) # of New Hires