



THE COUNCIL OF
INDEPENDENT COLLEGES

Financial Indicators Tool (FIT)

July 2009

Prepared by **The Austen Group**

Sample College



CIC FINANCIAL INDICATORS TOOL 2009

NATIONAL AND MIDWEST REGION

Sample College

SECTION	TAB NAME	PAGE
INTRODUCTION	INTRODUCTION	1-12
CIC BENCHMARKING SERVICES	SERVICES	13
FIT TRENDS	TRENDS	14
<hr/> CORE RATIOS FOR FINANCIAL HEALTH <hr/>		
Ratio Overview	RATIO OVERVIEW	15
Resource Sufficiency: Primary Reserve Ratio		
By Region	PRIMARY RESERVE REGION	16
By Financial Resources and Enrollment Size	PRIMARY RESERVE FIN AND SIZE	17
By Carnegie Classification	PRIMARY RESERVE CARNEGIE	18
Debt Management: Viability Ratio		
By Region	VIABILITY REGION	19
By Financial Resources and Enrollment Size	VIABILITY FIN AND SIZE	20
By Carnegie Classification	VIABILITY CARNEGIE	21
Asset Performance: Return on Net Assets Ratio		
By Region	RETURN NET ASSETS REGION	22
By Financial Resources and Enrollment Size	RETURN NET ASSETS FIN AND SIZE	23
By Carnegie Classification	RETURN NET ASSETS CARNEGIE	24
Operating Results: Net Operating Revenues Ratio		
By Region	NET OPERATING REGION	25
By Financial Resources and Enrollment Size	NET OPERATING FIN AND SIZE	26
By Carnegie Classification	NET OPERATING CARNEGIE	27
<hr/> COMPOSITE FINANCIAL INDEX (CFI) <hr/>		
Strength Factors	CFI STRENGTH FACTORS	28
CFI Benchmarks		
National	CFI NATIONAL	29
By Region	CFI REGION	30
By Financial Resources	CFI FINANCIAL	31
By Enrollment Size	CFI SIZE	32
By Carnegie Classification	CFI CARNEGIE	33
<hr/> INTERACTIVE TOOLS AND SUPPORTING MATERIALS <hr/>		
Data and Projections Worksheet	DATA	34
Strength Factors and Projection Tool	PROJECTION	35
Graphic Financial Profile	GRAPHIC PROFILE	36
Data Sources and Calculations	APPENDIX	37

INTRODUCTION

The Financial Indicators Tool (FIT) is a financial benchmarking report provided by the Council of Independent Colleges (CIC) to presidents of member colleges and universities. Customized for each institution and containing an institution's unique data the FIT presents a clear assessment of an institution's financial performance over time with benchmarking comparisons to similar institutions. You will notice many similarities in organization and format to CIC's Key Indicators Tool (KIT), though the indicators in the FIT focus exclusively on financial indicators measuring resource sufficiency, debt management, asset performance, and operating results. These four measures are then combined, resulting in one composite score for the overall financial health of the institution. The FIT distills the complex financial operations of a college or university into one concise report that can assist presidents in understanding, and explaining to others, the institution's fiscal state. CIC gratefully acknowledges TIAA-CREF's generous financial support of CIC's benchmarking reports.

Now in its third year, the Financial Indicators Tool is produced for CIC by The Austen Group. Data are collected from two publicly available sources, the U.S. Department of Education's Integrated Postsecondary Data System (IPEDS) and GuideStar, which provides Form 990s filed with the Internal Revenue Service (IRS). Using public sources for data minimizes the need to collect information directly from colleges and universities. The report includes four commonly used financial ratios: the primary reserve, viability, return on net assets, and net operating revenues. These four ratios are combined into a single index score, the Composite Financial Index (CFI), as described in the publication *Strategic Financial Analysis for Higher Education, Sixth Edition*. This method was developed by KPMG; Prager, Sealy & Co., LLC.; and BearingPoint, Inc. for use both in private and public higher education.

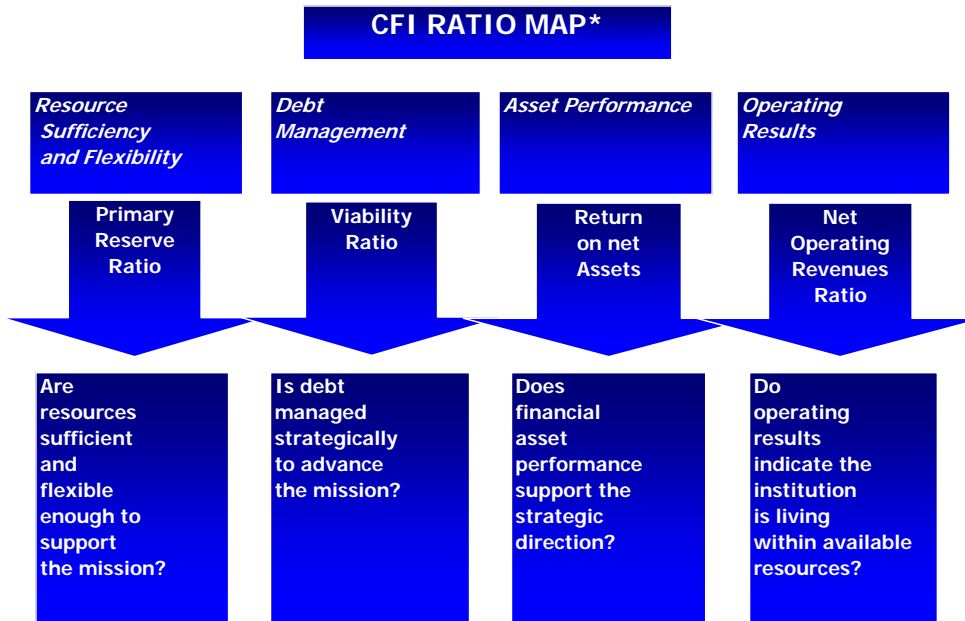
The financial indicators in this report are presented with data over a six year period from academic year 2001-2002 through academic year 2006-2007. Benchmarking comparisons for each of the four ratios and for the CFI are made with the same universe of colleges and universities found in CIC's Key Indicators Tool—all Carnegie baccalaureate and master's level private, not-for-profit institutions—and represent the first attempt to apply the CFI methodology to this entire sub-sector of institutions. Like the KIT, this report makes comparisons by region of the country, financial resources, enrollment size, and Carnegie classification. The information in the KIT and the FIT is provided to member institutions to enhance institutional effectiveness and decision-making. These confidential resources are prepared for the exclusive use of CIC member presidents, who in turn may choose to share some or all of the report with key staff, board members, or other campus constituents.

OVERALL FINANCIAL HEALTH: THE COMPOSITE FINANCIAL INDEX

The Composite Financial Index (CFI) is a single indicator of overall institutional financial health based on performance in four principal domains of finance: sufficiency and flexibility of financial resources, management of debt, performance of assets, and results from operations. Each domain is measured by a core financial ratio:

- *Primary Reserve Ratio* - A measure of financial flexibility and resource sufficiency
- *Viability Ratio* - A measure of the ability to cover debt with available resources
- *Return on Net Assets Ratio* - A measure of overall asset return and performance
- *Net Operating Revenues Ratio* - A measure of operating performance

The “ratio map” below presents these basic concepts visually and can be useful in explaining the CFI.



*Adapted from the accounting firm of Capin Crouse LLP and Strategic Financial Analysis for Higher Education, p. 47.

Once the four ratios are calculated, each ratio is then converted into a "strength factor" which falls on a scale of -1 to 10. The strength factors provide a standardized measurement of each ratio for comparative purposes. The strength factor scores are then weighted (primary reserve and viability ratios at 35 percent; return on net assets ratio at 20 percent; and net operating revenues ratio at 10 percent) and added together to create the composite score. For institutions with no long-term debt in a given year, the weighting is altered to reflect the absence of a viability ratio (primary reserve ratio at 55 percent; return on net assets ratio at 30 percent; and net operating revenues ratio at 15 percent).

The CFI score also falls on a scale of -1 to 10. A CFI score of 3.0 is considered the threshold for institutional financial health by the developers of the tool; a score of less than 3.0 suggests the need to address the institution's financial condition; and a score of greater than 3.0 indicates an opportunity for strategic investment to optimize the achievement of institutional mission. Since unique circumstances such as unusual short-term borrowing or a down-turn in the stock market can affect the CFI score, a long-term view over three to five years is recommended.

Resource Sufficiency: *The Primary Reserve Ratio*

The primary reserve ratio measures the sufficiency and flexibility of financial resources by comparing expendable net assets to total expenses. In other words, the total available resources that an institution could spend on operations are divided by the total expenses for the year. This ratio represents the portion of a year the institution could meet financial obligations with assets readily available. For example, if funds that could be spent equaled four million dollars and total expenses equaled two million dollars, the ratio would be 2.0. In this scenario an institution could operate at the same level for two years with no additional revenue before all the expendable resources would be depleted. If the reverse was true, and funds that could be spent were two million dollars and total expenses over the year were four million, the ratio would be 0.5. Under this scenario an institution could operate for six months without additional revenue.

The recommended threshold for the primary reserve ratio is 0.4 (reserves to cover 40 percent of a year, or 4.8 months), indicating sufficient cash for short-term needs, facilities maintenance, and contingency reserves. A ratio below 0.15 (15 percent of a year, or 1.8 months) indicates possible short-term borrowing and insufficient reserves for reinvestments. A ratio of 1.0 or greater indicates reserves available to cover at least one year of expenses with no additional revenue.

Debt Management: *The Viability Ratio*

The viability ratio measures the ability of an institution to adequately manage debt, indicating whether the institution can meet its entire debt obligation with expendable assets. To calculate this ratio, the total resources that an institution could spend on operations are divided by long-term debt. The numerator in the viability ratio—expendable net assets—is identical to the numerator in the primary reserve ratio, but the viability ratio compares resources that could be spent to long-term debt rather than to total expenses. When expendable funds equal long-term debt the ratio is 1.0. When expendable funds are twice the amount of long-term debt, the ratio is 2.0.

The threshold for the viability ratio falls in the range of 1.25 to 2.0. Dropping below a ratio of 1.0 would limit an institution's ability to fund new initiatives through debt and may identify the institution as a credit risk. Strategic debt can be valuable to an institution, but excessive or extended levels of debt jeopardize an institution's ability to achieve its mission. A viability ratio greater than 2.0 is an indicator of robust financial health.

Asset Performance: The Return On Net Assets Ratio

The return on net assets ratio measures asset performance, indicating whether an institution's total assets, both restricted and unrestricted, are increasing or decreasing. This ratio is calculated by dividing the change in total net assets, from the beginning of the year to the end, by the total net assets at the beginning of the year. This ratio is identical to the Change in Net Assets indicator in CIC's Key Indicators Tool (KIT).

The return on net assets ratio should fall in the range of 3 to 4 percent above the rate of inflation. In recent years the Consumer Price Index (CPI) has been around 3 percent, meaning that a healthy return on the net assets ratio should be between 6 and 7 percent. Since both unforeseen and planned events can affect asset performance, in some years the ratio may fall below the recommended level. An occasional decrease is not a cause for concern if the financial reason for the drop is understood, and if it results from an isolated financial circumstance from which the institution can recover. If, however, the return on net assets ratio is not 3 to 4 percent above inflation for a period of time, an institution should be concerned. Plant investment, a capital campaign, or a poor stock market can all affect this ratio in any given year, but the trend over time should be positive.

Operating Results: The Net Operating Revenues Ratio

The net operating revenues ratio gauges the results of institutional operations, indicating whether normal operations resulted in a surplus or a deficit. In other words, is the institution operating within available resources in its basic day-to-day function of educating students? The developers of the CFI offer two methods for calculating the net operating revenues ratio. This report uses the change in unrestricted net assets method that can be calculated using data publicly available from IPEDS and GuideStar (IRS Form 990). The ratio is calculated by dividing the change in unrestricted assets, from the beginning to the end of the year, by the total unrestricted revenue for the year. Restricted assets are not included in the calculation.

The challenge in calculating this ratio is determining what constitutes "normal operations" and what items may be exceptional or outside of normal operations. For example, faculty salaries and routine campus maintenance would be considered normal operations, but constructing a new science building would not. This ratio is also referred to as the Net Income Ratio. The similar return on net assets ratio includes everything that happened over the year—expected, unexpected, the stock market, operations, and so on—whereas the net operating revenues ratio is limited to basic operations.

The threshold for the net operating revenues ratio (using the change in net assets method included in this report) is 4 percent. A deficit in a single year does not necessarily indicate a problem, but deficits over several years are a cause for concern and suggest the need for restructuring institutional finances. Continued decline in the net operating revenues ratio may signal that the institution is reaching the stage when it will be too late to make the necessary changes in operations that would turn the institution around. One of the purposes of the net operating revenues ratio is to provide a bellwether to warn of such impending financial distress. Although the net operating revenues ratio only constitutes 10 percent of the Composite Financial Index, this small percentage is somewhat misleading since operating surpluses or deficits have an impact on all of the other three ratios over time.

TURNING KNOWLEDGE INTO STRATEGIC ACTION

CIC's Financial Indicators Tool is designed to inform decision-making and enhance institutional effectiveness. An institution's indicator scores as contained in this report are merely a reference-point for strategic decision-making. Each score needs to be considered in light of the unique institutional context and mission, as well as the trend over time. This information is ideally translated into next steps, whether taking advantage of strong market position and good financial health, or charting a responsible path during a time of financial challenge. Knowing the rate and direction of change will help determine the appropriate sense of urgency with which action should be taken. Marginal financial health that is rapidly deteriorating calls for intense measures applied quickly. In most cases, successful financial turnarounds have included well-conceived financial strategies matched with closely monitored execution.

The developers of the CFI methodology recommend a series of mission-related implications based on a range of CFI scores as follows:

CFI Performance Strategies

CFI Range	Strategy
9 to 10	Deploy resources to achieve robust mission
7 to 8	Allow experimentation with new initiatives
5 to 6	Focus resources to compete in future state
3 to 4	Direct resources to allow transformation
1 to 2	Re-engineer the institution
-1 to 0	Assess viability to survive

Adapted from Strategic Financial Analysis for Higher Education, p. 96.

These ranges suggest that small differences in CFI scores, for example, between 3.1 and 3.2, may not be meaningful, while larger differences, such as between 3.2 and 5.2, suggest different strategies for achieving missional objectives. Institutions with identical scores can have very different futures depending on the extent to which substantial investments in mission-critical objectives are needed to sustain performance. A very low CFI score may indicate financial distress and inadequate resources to accomplish missional objectives effectively. A very high CFI score may indicate that an institution's resources are not being deployed effectively, suggesting unrealized opportunities for robust achievement of mission (*Strategic Financial Analysis for Higher Education, p. 95*).

Federal Financial Responsibility Test

The US Department of Education's Financial Responsibility Test should not be confused with the Composite Financial Index used in CIC's FIT. The Financial Responsibility Test uses a composite score based upon three ratios, two of which are ratios also used in the CFI, the primary reserve ratio and the net operating revenues ratio (formerly called the net income ratio). The third ratio in the Department of Education's methodology is the equity ratio, which is a measure of financial strength indicating an institution's ability to borrow. This composite index was developed for the Department of Education by KPMG to determine eligibility for Title IV funds. Its purpose is primarily to identify institutions that are at financial risk (using a scale of -1 to 3). The CFI presents a more complete picture of an institution's financial strengths and weaknesses (using a scale of -X to 10) and is a useful strategic indicator for institutions at various levels of financial health.

FORMAT AND ANALYSES

Individually Customized. A customized FIT has been prepared for each CIC member. Each institution's unique data are plotted against national and regional backdrops. The four ratios of the CFI and the CFI itself are presented in the same manner as the indicators in CIC's Key Indicators Tool with a few exceptions. There are no regional charts by financial resources and size for the four ratios; there are two extra worksheets, one showing the impact of the strength factor for each ratio on the CFI and one showing the 25th, 50th, and 75th percentiles for the entire national group of institutions; and brief strategy descriptions from the developers of the CFI are also included.

FIT Trends. This section at the front the FIT report provides a summary or dashboard-type presentation of the indicators in the FIT. This feature was developed in response to requests from CIC member presidents for summary charts that can be used in presenting benchmarked trend data to key constituents, such as trustees. This page contains a series of compact charts and graphs showing only the trend line for your institution compared to the national and regional medians.

Medians versus Means. The FIT often uses median values (identical to the 50th percentile). The advantage of using median values instead of the mean (average) is the median is less influenced by high or low extremes, thus providing a more meaningful mid-point for comparative purposes. Only institutions with complete data for all six year of the report were used in calculating group medians.

Four Sorting Criteria. Explanations of the sorting criteria referred to in the report are found below. These criteria are identical to those used in CIC's Key Indicators Tool (KIT)

1. Region: Each institution is located in one of the six regional categories as outlined below. (Note: the regions vary slightly from those used in IPEDS.)

	States
Far West	Alaska, California, Hawaii, Nevada, Oregon, Washington
Mid East	Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania
Midwest	Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Wisconsin
New England	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Southeast	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia
West	Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming

2. Financial Resource Quartile: Each institution was placed in one of four quartiles based on an institution's financial resources. The financial resource measure was calculated by converting two, equally weighted 2006-2007 KIT indicators, Net Tuition Revenue per Student and Long-term Investments per Student, into a single percentile. The institution was then assigned to a national and regional quartile. These are the same quartiles used for the 2008 KIT.

3. Enrollment Size: Institution size utilizes four enrollment categories: 1) fewer than 750 students; 2) 750-1,500; 3) 1,501-2,250; and 4) greater than 2,250. The first indicator, Student Enrollment based on total enrollment FTE, from CIC's Key Indicators Tool (KIT) was used to determine enrollment size.

4. 2005 Basic Carnegie Classification: The 2009 FIT provides comparisons based upon the following five Basic Carnegie Classifications established in 2005: Baccalaureate Colleges-Diverse Fields, Baccalaureate Colleges-Arts & Sciences, Master's Colleges and Universities (smaller programs), and Master's Colleges and Universities (medium programs), and Master's Colleges and Universities (larger programs). These classification groups comprise 94 percent of CIC's membership. For additional information about the 2005 Basic Carnegie Classifications, including definitions of various categories, please visit the Carnegie website:

www.carnegiefoundation.org/classifications/index.asp?key=791

The following table shows the relative distribution of institutions in the FIT dataset within each region by national financial resource quartile, enrollment size category, and 2005 Carnegie classification.

	Financial Resources	%	Enrollment Size	%	Carnegie Classification	%
Far West	Quartile 1 (top)	39%	>2,250	27%	MA-Large	22%
	Quartile 2	22%	1,501-2,250	18%	MA-Medium	12%
	Quartile 3	19%	750-1,500	31%	MA-Small	18%
	Quartile 4 (bottom)	20%	<750	24%	BA-Arts & Sciences	29%
					BA-Diverse Fields	19%
Mid East	Quartile 1 (top)	31%	>2,250	41%	MA-Large	26%
	Quartile 2	32%	1,501-2,250	35%	MA-Medium	20%
	Quartile 3	24%	750-1,500	18%	MA-Small	7%
	Quartile 4 (bottom)	12%	<750	6%	BA-Arts & Sciences	31%
					BA-Diverse Fields	17%
Midwest	Quartile 1 (top)	22%	>2,250	37%	MA-Large	18%
	Quartile 2	26%	1,501-2,250	23%	MA-Medium	11%
	Quartile 3	22%	750-1,500	30%	MA-Small	11%
	Quartile 4 (bottom)	29%	<750	10%	BA-Arts & Sciences	29%
					BA-Diverse Fields	30%
New England	Quartile 1 (top)	49%	>2,250	39%	MA-Large	23%
	Quartile 2	16%	1,501-2,250	22%	MA-Medium	11%
	Quartile 3	20%	750-1,500	21%	MA-Small	7%
	Quartile 4 (bottom)	16%	<750	19%	BA-Arts & Sciences	37%
					BA-Diverse Fields	22%
Southeast	Quartile 1 (top)	13%	>2,250	23%	MA-Large	10%
	Quartile 2	24%	1,501-2,250	18%	MA-Medium	9%
	Quartile 3	30%	750-1,500	41%	MA-Small	7%
	Quartile 4 (bottom)	33%	<750	18%	BA-Arts & Sciences	34%
					BA-Diverse Fields	40%
West	Quartile 1 (top)	13%	>2,250	21%	MA-Large	17%
	Quartile 2	23%	1,501-2,250	19%	MA-Medium	14%
	Quartile 3	32%	750-1,500	32%	MA-Small	13%
	Quartile 4 (bottom)	31%	<750	28%	BA-Arts & Sciences	19%
					BA-Diverse Fields	37%
National			>2,250	32%	MA-Large	18%
			1,501-2,250	23%	MA-Medium	13%
			750-1,500	30%	MA-Small	10%
			<750	16%	BA-Arts & Sciences	30%
					BA-Diverse Fields	29%

ABOUT THE DATA

The FIT contains data from more than 800 four-year, private, not-for-profit colleges and universities in the United States belonging to the five 2005 Carnegie Basic Classification categories that represent 94 percent of CIC's membership: Baccalaureate-Diverse, Baccalaureate-Arts & Sciences, Master's-Small, Master's-Medium, and Master's-Large. The number of institutions included in each chart and table vary somewhat due to incomplete data for some institutions. For each indicator, only institutions with complete data for all years of the comparison are included.

Public sources. The FIT uses data from two publicly available sources. As with the KIT, some data are drawn from the Integrated Postsecondary Education Data System (IPEDS), the major national source of public information on postsecondary institutions provided by the U.S. Department of Education's National Center for Education Statistics. In addition, the FIT utilizes data from institutional financial statements as reported to the Internal Revenue Service on Form 990 and made publicly available by GuideStar.

Separate financial entities. A small number of private colleges and universities have foundations or other entities that contribute revenue, incur expenses, and/or house assets that need to be considered as part of the overall financial operations of the institution. In some cases, while these other entities report separately to the IRS, their activities are reflected in the institution's consolidated financial statement. Since it is important to capture a consolidated view of an institution's financial position, CIC asked that member colleges and universities identify foundations or other entities reporting on separate Form 990s that should be included in the FIT calculations. Where separate financial entities were identified and data were available, these values were incorporated into the FIT report.

Institutional aid. The guidelines for IPEDS stipulate that institutions follow NACUBO's Financial Accounting and Reporting Manual (FARM) when reporting financial information. These guidelines state that unfunded institutional aid in the form of tuition discounts should not be included in either total expense or total revenue amounts (FARM, paragraph 442). The assumption is that these guidelines were followed for the expense and revenue data in this report.

Temporarily restricted net assets. Temporarily restricted funds may include short-term funding designated for fixed assets (e.g., accumulated capital campaign funding prior to construction) or long-term funding that should not be considered as part of the financial flexibility computation (e.g., long term charitable remainder trust equity). In such circumstances, it is preferable to remove these amounts from the calculations of the primary reserve and the viability ratio computation. Otherwise, an institution's primary reserve and viability ratios may be somewhat inflated. In the Data Worksheet at the end of this report (DATA Tab or p. 34), the rows containing temporarily restricted net assets for the primary reserve ratio and for the viability ratio have been left unlocked. This allows an institution to make adjustments if local circumstances warrant. Inserting revised figures in these cells will automatically recalculate indicators throughout the report.

Missing or incorrect data. In cases where data from public sources were missing, institutions were contacted twice to supply the necessary information to CIC. In addition, data retrieved from public sources (IPEDS or GuideStar) occasionally do not agree with institutional records. Data from public sources were not altered nor were missing values imputed unless corrected information was received directly from a participating institution. The data items used in an institution's analysis are shown on the DATA worksheet (p. 34). Institutions are encouraged to review their data contained in this report and submit missing or corrected values to CIC for inclusion in future FIT reports. When institutional data is missing in a table, Microsoft Excel defaults the missing value to a zero on the chart.

Projection Tool, Graphic Profile, and Appendix. A Projection Tool, Graphic Profile, and Appendix are provided at the end of the report. The DATA worksheet (p. 34) allows an institution to project its scores through 2009 by inserting relevant values in the yellow cells. An additional column permits experimenting with various scenarios. Ratios are automatically calculated once data are entered. The PROJECTION worksheet (p. 35) charts the added data, displaying the impact of the four ratios on the CFI in a similar manner to the STRENGTH FACTORS worksheet (p. 28). The GRAPHIC PROFILE (p. 36) shows the relative strength of the ratios for each of the four years. The APPENDIX (p. 37) explains in detail the sources of the data, as well as the formulas for all calculations used in the report.

USING THE WORKBOOKS: Opening, Viewing, Printing, Copying, Formatting

The FIT is contained in an Excel workbook. To open an Excel workbook, double-click on the document's icon.

For best viewing: To enable full navigation of the Excel document, click the *maximize* button in the upper right-hand corner of the Excel document window, just to the left of the red X. This enables each page of the document to fill your entire computer screen, and insures that all scroll bars and page tabs are exposed and ready for use. Using the right-hand scroll bar, the light blue bar pictured on the right, one can adjust the view of the page by moving it up or down. The FIT report is presented in Excel 2003 but may be viewed using Excel 2007. The compatibility, however, between the two versions is not perfect. Occasionally, for example, the charts may appear slightly out of position on the page in Excel 2007. If this happens, simply close and re-open the document and the problem will be corrected.

To view different sheets: Each workbook contains multiple pages, called sheets, indicated by tabs located at the bottom of the document. To view a different sheet, click on the appropriate tab or click on the appropriate hyperlink on the table of contents page. The first sheet is a title page, followed by the table of contents and an introduction. The table of contents gives both the page number for each sheet when the report is printed and the tab name for each sheet within the workbook.

Printing: There are several options for printing the FIT.

To print the page being viewed, simply click the print icon on the Toolbar.

To print the entire report, click on "File" and then "Print" to open the print dialog box shown below. On the left side of the print dialog box, under "Print what," select the "Entire workbook" button and then click "OK." This enables you to print everything in the document, beginning with the title page and ending with the appendix. While using a color printer is recommended, a black and white printer can be used in the "grey-scale" mode.

To close an Excel workbook, click on the red X in the upper right corner of the document.

To copy tables and charts: Tables and charts are designed to be copied easily and inserted into email messages, or documents and presentations such as Word and PowerPoint. First, select or highlight the cells of the table or chart you wish to copy. Next, from the "Edit" menu on the tool bar at the top of the screen, select "Copy." Then paste the copied material into your document or program. To make a copy of an entire page of the FIT so that you can save or distribute it singly, right click on the tab for the particular worksheet, select "Move or Copy," click "Create/Make a Copy," and select "new book" from the drop down menu at the top of the page. You can then rename and save this individual page. After saving, the file can then be shared with others via email or other method.

THE COUNCIL OF INDEPENDENT COLLEGES

Founded in 1956, the Council of Independent Colleges (CIC) is an association of independent colleges and universities working together to support college and university leadership, advance institutional excellence, and enhance private higher education's contributions to society. At the time of publication, CIC's membership included 586 colleges and universities (approximately 90 percent of those eligible) as well as international, affiliate, and associate members. CIC is the major national service organization for all small and mid-sized, independent, liberal arts colleges and universities. CIC is not a lobbying organization, but rather focuses on providing services to campus leaders, as well as seminars, workshops, and other programs that assist institutions in improving educational programs, administrative and financial performance, and institutional visibility.

For questions or comments about CIC's benchmarking services, including the Financial Indicators Tool (FIT), or other programs and services, please contact Eric Godin, manager of research projects, by phone at (202) 466-7230 or by email at

egodin@cic.nche.edu

Additional information may also be found by visiting CIC on the web at

www.cic.edu.

THE AUSTEN GROUP

The Austen Group assists private colleges and universities with various institutional research functions such as program cost and demand analysis; predictive modeling for recruitment, retention, and giving; and peer benchmarking. The Austen Group provides tools to help administrators make informed decisions and institutions operate more effectively. The president, Michael Williams, serves as The Austen Group's project leader for CIC's Financial Indicators Tool initiative and may be reached at

mwilliams@austengroup.com

TIAA-CREF

The TIAA-CREF family of companies is a prominent financial services organization dedicated to providing lifetime financial security to those in the healthcare, academic, cultural and research fields; for people whose work serves others. An organization with over \$363 billion in total assets under management as of December 31, 2008, TIAA-CREF has more than 3.6 million participants in more than 23,000 plans and 15,000 public and private institutions. TIAA-CREF and its group of companies provide a broad range of products and services including retirement plans, planned giving, executive compensation arrangements, annuities, mutual funds, IRAs, Keogh plans, life insurance, and education savings plans. TIAA-CREF Individual & Institutional Services, LLC, and Teachers Personal Investors Services, Inc., members FINRA distribute securities products. The products and services referenced above are offered by various entities within the TIAA-CREF group of companies.

www.tiaa-cref.org

FOR ADDITIONAL READING

For additional information about indicators of institutional strength and performance, please consult the following publications:

Alstete, Jeffrey W. (1995). *Benchmarking in Higher Education*. ASHE-ERIC Higher Education Report No. 5. Washington, DC: The George Washington University Graduate School of Education and Human Development.

Borden, M.H. & Banta, Trudy W. (1994). *Using Performance Indicators to Guide Strategic Decision Making*. New Directions for Institutional Research, No. 82. San Francisco, CA: Jossey-Bass.

Burke, J. C., & Minassians, H. P. (2002). *Reporting Higher Education Results: Missing Links in the Performance Chain*. New Directions for Institutional Research, No. 116. San Francisco, CA: Jossey-Bass.

Chabotar, K. J. (1989). Financial Ratio Analysis Comes to Nonprofits. *Journal of Higher Education*, 60 (2), 188-208.

Chabotar, K. J. (2006). *Strategic Finance: Planning and Budgeting for Boards, Chief Executives, and Finance Officers*. Washington, DC: Association of Governing Boards.

Hartley, H. V. (2009). Benchmarking Tool Provides National Comparisons. *NACUBO Business Officer*, 42 (10), 17.

Hignite, K. (2009). Diagnosing Fiscal Fitness. *NACUBO Business Officer*, 42 (10), 14-20.

Hudack, L. R., Orsini, L. L., & Snow, B. M. (2003). How to Assess and Enhance Financial Health. *NACUBO Business Officer*, 36 (10), 31-39.

Minter, J., & Peat, Marwick, Mitchell, and Company. (1980). *Ratio Analysis in Higher Education: A Guide to Assessing the Institution's Financial Condition*. New York: Peat, Marwick, Mitchell, and Company

Prager, F. J., Cowen, C. J., Beare, J., Mezzina, L., Salluzzo, R. E., Lipnick, J. & Tahey, P. (2005). *Strategic Financial Analysis for Higher Education*. (6th ed.): KPMG, Prager, Sealy & Co., LLC, and BearingPoint, Inc.

Note: This work defines and describes the CFI and its components in depth. CIC uses the material in the FIT report with permission of the copyright holders. Please note the last paragraph on page 95 of Prager, et al: "The CFI...must be analyzed in context with...activities and plans to achieve an assessment of ...overall health, not just financial health.... When put in context of achievement of mission, a very high CFI...may indicate a failing institution."

Taylor, B. E., Meyerson, J. W., & Massy, W. F. (1993). *Strategic Indicators in Higher Education: Improving Performance*. Princeton: Peterson's Guides.

Townsley, M. K. (2002). *The Small College Guide to Financial Health: Beating the Odds*. Washington, DC: National Association of College and University Business Officers.

CIC BENCHMARKING SERVICES

CIC is pleased to offer the following benchmarking services to enhance the Financial Indicators Tool (FIT).

Comparison Group FIT

Fee: \$450

This service provides CIC members a customized FIT report with the 25th, 50th, and 75th percentiles for each ratio and for the Composite Financial Index for either one or two comparison groups selected by the institution. Customized groups permit more refined comparisons that may be useful for particular strategic objectives. Comparison groups may range in size from 5 to 25, though groups of 10 to 15 are recommended. Selecting two groups provides for multiple comparisons, perhaps of a peer and an aspirant group (see "Guidelines for Selecting Comparison Groups" available on the CIC website). Comparison institutions may be selected from among private, not-for-profit, four-year colleges or universities in the United States.

Comparison Group Selection Service

Fee: \$950

CIC has arranged with The Austen Group to consult with member colleges and universities that would like assistance in selecting one or two comparison groups. This service includes the necessary research, with multiple selection criteria the institution can choose from, and advice for creating meaningful and useful benchmark comparisons.

Online Consultations

Fee: \$600 (FIT only)

Fee: \$900 (FIT and KIT)

CIC has arranged with Mike Williams, president of The Austen Group, to provide web-based consultations using an institution's FIT report with senior staff, boards, or faculty groups. The interactive online session employs voice and shared graphics, allowing participants to engage in substantive conversation about your institution's concerns and goals in light of the FIT data. This cost-effective approach enhances the value of the FIT for your institution. It is also possible to extend what is generally a one hour consultation to 90 minutes to include the companion Key Indicators Tool (KIT) in the presentation. Consultations should be scheduled at least two-weeks in advance.

For additional information or to request any of these benchmarking services, please visit

http://www.cic.edu/projects_services/infoservices/fit.asp

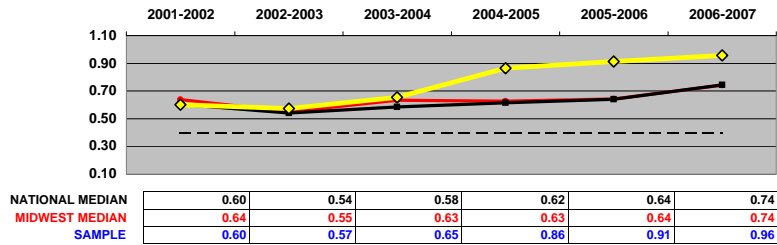
Or contact Eric Godin, manager of research projects, by phone at (202) 466-7230 or by email at

egodin@cic.nche.edu

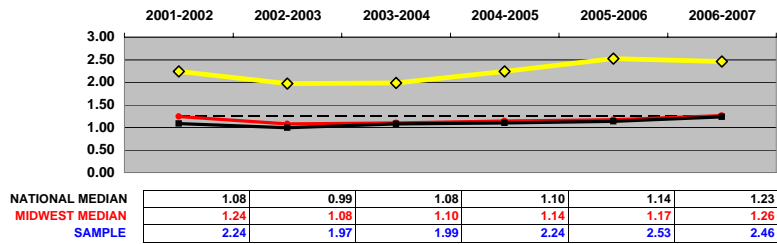
Sample College

FIT TRENDS

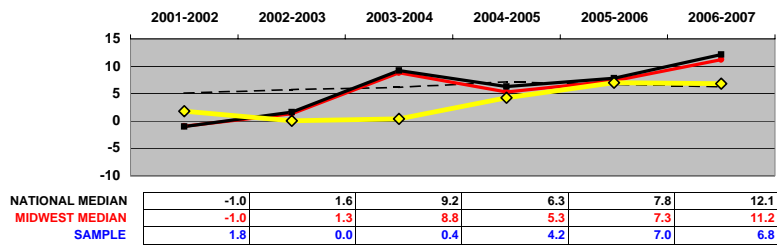
Resource Sufficiency: Primary Reserve Ratio



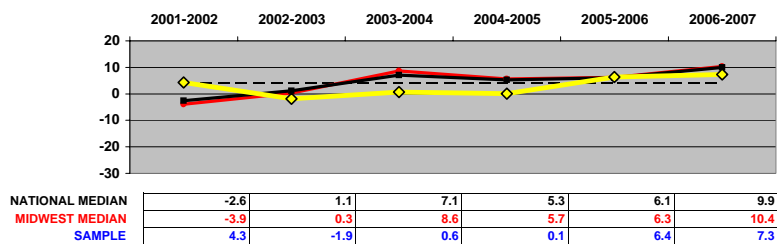
Debt Management: Viability Ratio



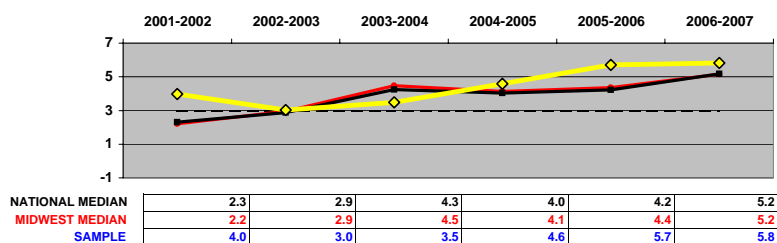
Asset Performance: Return on Net Assets Ratio (%)



Operating Results: Net Operating Revenues Ratio (%)



Overall Financial Health: The Composite Financial Index (CFI)



CORE RATIOS FOR FINANCIAL HEALTH

Sample College

Resource Sufficiency:	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Primary Reserve Ratio	0.60	0.57	0.65	0.86	0.91	0.96
<p>Definition: Measures financial strength by comparing expendable net assets to total expenses. The ratio represents the percent of a year the institution could meet financial obligations with assets readily available.</p> <p>Calculation: Expendable net assets divided by total expenses.</p> <p>Threshold: .40 -- Below .15 (15% of a year, or 1.8 months) indicates possible short-term borrowing and struggling to find reserves for reinvestments; .40 (40% of a year, or 4.8 months) indicates sufficient cash for short-term needs, facilities maintenance, and contingency reserves; 1.0 and greater, indicates reserves available to cover at least one year of expenses with no revenue.</p>						

Debt Management:	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Viability Ratio	2.24	1.97	1.99	2.24	2.53	2.46
<p>Definition: Measures the ability of the institution to meet its entire debt obligation with expendable assets.</p> <p>Calculation: Expendable net assets divided by long-term debt.</p> <p>Threshold: 1.25 -- A ratio of less than 1.0, where debt obligation and expendable assets are equal, is poor and may identify the institution as a credit risk; greater than 2.0 is a strong indicator of financial health.</p>						

Asset Performance:	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Return on Net Assets Ratio (%)	1.8	0.0	0.4	4.2	7.0	6.8
<p>Definition: Indicates whether the institution's total assets, restricted and unrestricted, are increasing or decreasing.</p> <p>Calculation: Change in net assets divided by total net assets.</p> <p>Threshold: 3-4% above the inflation rate -- If, for example, the CPI is around 3%, a healthy return on net assets ratio would be around 6-7%. Plant investment, a capital campaign, or a poor stock market can all affect this ratio in any given year, but a positive trend is desirable.</p>						

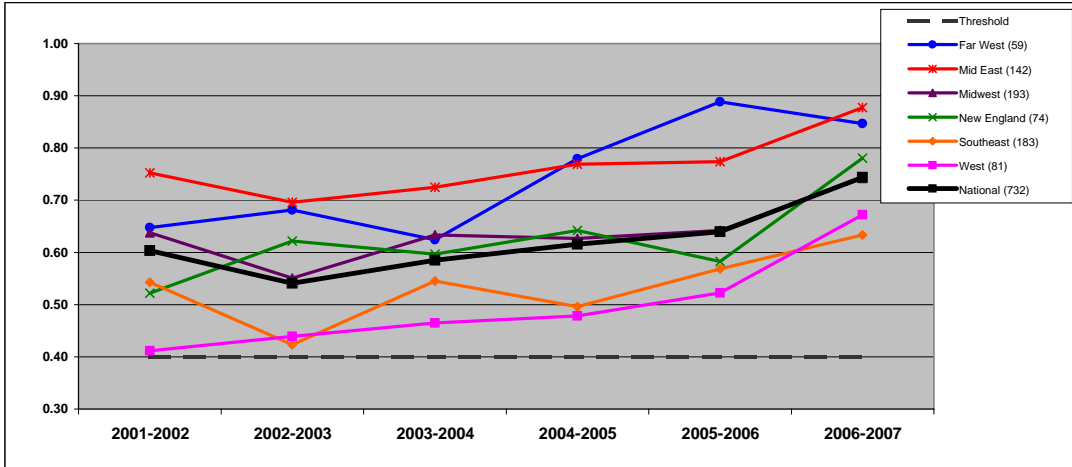
Operating Results:	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Net Operating Revenues Ratio (%)	4.3	-1.9	0.6	0.1	6.4	7.3
<p>Definition: Indicates whether institutional operations resulted in a surplus or a deficit for the year.</p> <p>Calculation: Change in unrestricted net assets divided by total unrestricted revenue.</p> <p>Threshold: 4% -- A deficit in a single year is not necessarily a problem, but deficits over a number of years indicate trouble and suggest the need for restructuring.</p> <p>Note: There are two methods for computing the Net Operating Revenues Ratio. This report uses the change in unrestricted net assets method that can be calculated from publicly available IPEDS and IRS Form 990 data.</p>						

PRIMARY RESERVE RATIO: BY REGION

DEFINITION: Measures financial strength by comparing expendable net assets to total expenses. The ratio represents the percent of a year the institution could meet financial obligations with assets readily available. A ratio of .40 is considered the threshold for financial health.

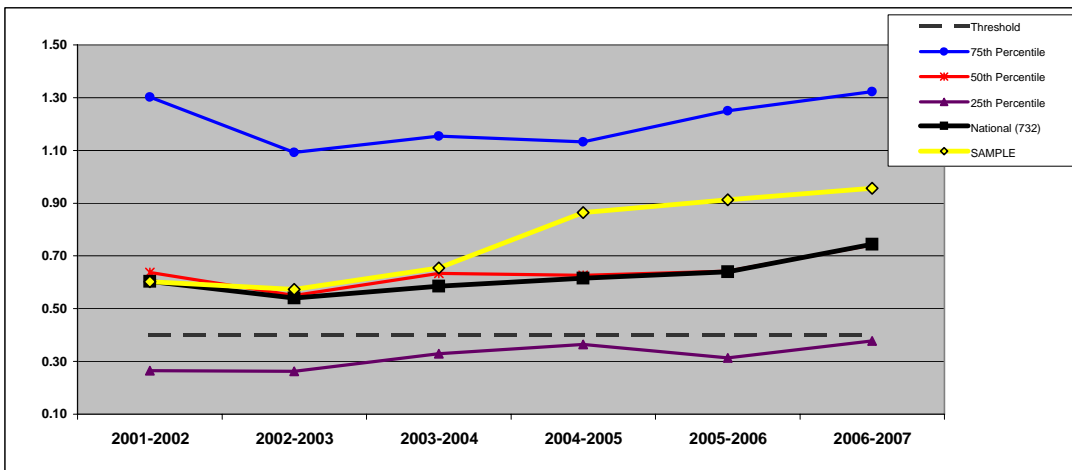
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	0.60	0.57	0.65	0.86	0.91	0.96

NATIONAL: BY REGION (n=732). This chart displays the median values of the ratio by year for each geographic region, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Far West (59)	0.65	0.68	0.62	0.78	0.89	0.85
Mid East (142)	0.75	0.70	0.72	0.77	0.77	0.88
Midwest (193)	0.64	0.55	0.63	0.63	0.64	0.74
New England (74)	0.52	0.62	0.60	0.64	0.58	0.78
Southeast (183)	0.54	0.42	0.55	0.50	0.57	0.63
West (81)	0.41	0.44	0.47	0.48	0.52	0.67
National (732)	0.60	0.54	0.58	0.62	0.64	0.74

MIDWEST REGION (n=193). In addition to the median, or 50th percentile, this chart shows the 25th and 75th percentiles for your region.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
75th Percentile	1.30	1.09	1.15	1.13	1.25	1.32
50th Percentile	0.64	0.55	0.63	0.63	0.64	0.74
25th Percentile	0.27	0.26	0.33	0.36	0.31	0.38
National (732)	0.60	0.54	0.58	0.62	0.64	0.74
SAMPLE	0.60	0.57	0.65	0.86	0.91	0.96

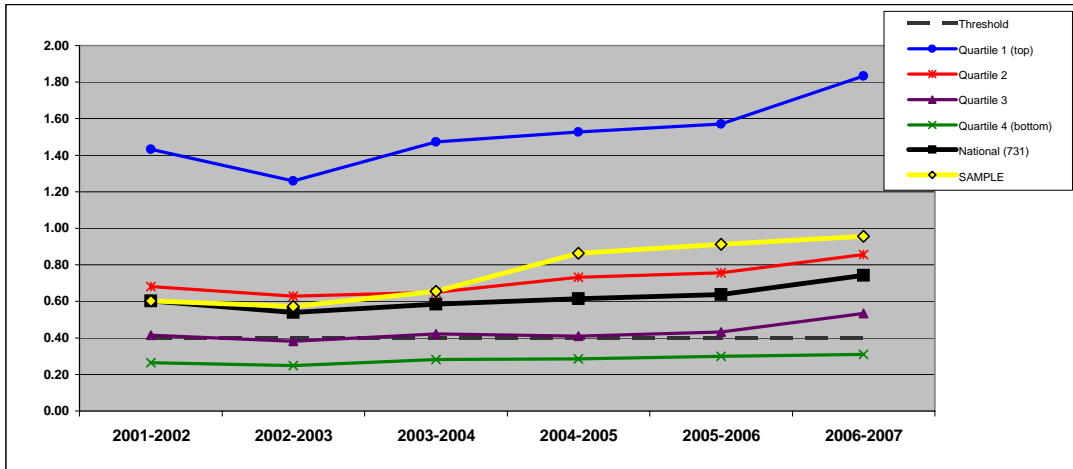
PRIMARY RESERVE RATIO: BY FINANCIAL RESOURCES AND BY SIZE

DEFINITION: Measures financial strength by comparing expendable net assets to total expenses. The ratio represents the percent of a year the institution could meet financial obligations with assets readily available. A ratio of .40 is considered the threshold for financial health.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	0.60	0.57	0.65	0.86	0.91	0.96

FINANCIAL RESOURCES QUARTILE
4

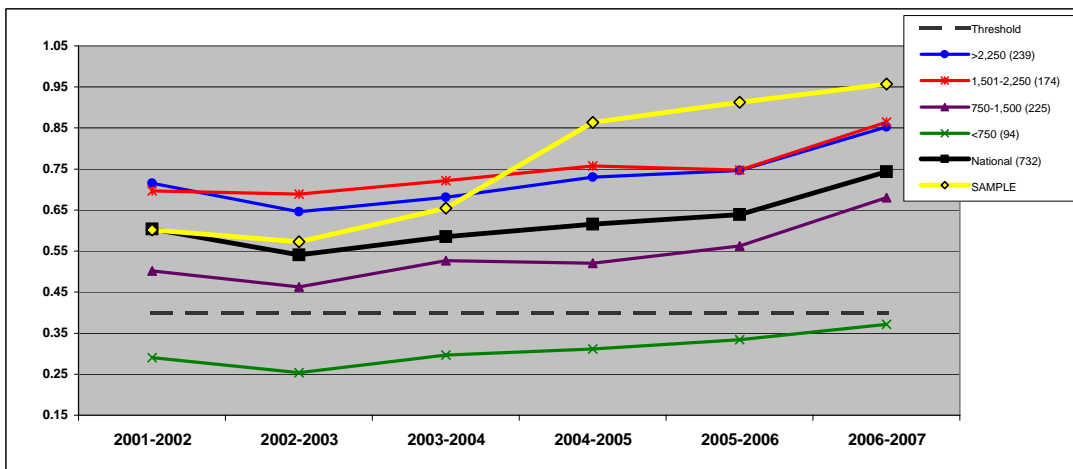
NATIONAL: BY FINANCIAL RESOURCES (n=731). This chart displays the median values of the ratio by year for each financial resource quartile as defined in CIC's Key Indicators Tool (KIT), as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Quartile 1 (top)	1.43	1.26	1.47	1.53	1.57	1.83
Quartile 2	0.68	0.63	0.65	0.73	0.76	0.86
Quartile 3	0.42	0.38	0.42	0.41	0.43	0.53
Quartile 4 (bottom)	0.26	0.25	0.28	0.29	0.30	0.31
National (731)	0.60	0.54	0.58	0.61	0.64	0.74
SAMPLE	0.60	0.57	0.65	0.86	0.91	0.96

SIZE
750-1,500

NATIONAL: BY ENROLLMENT SIZE (n=732). This chart displays the median values of the ratio by year for four size groupings based on full-time equivalent (FTE) enrollment, as well as the national median.



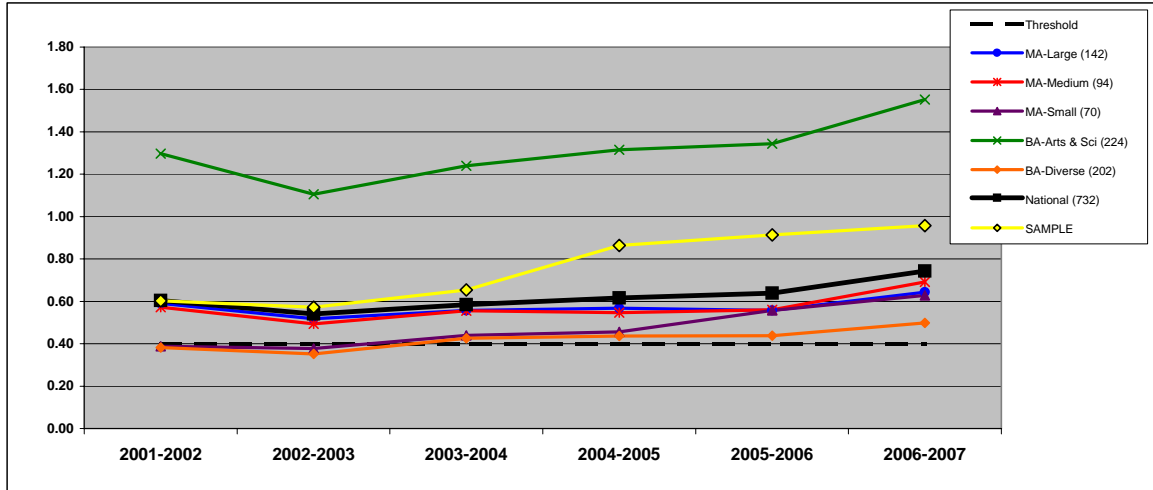
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
>2,250 (239)	0.72	0.65	0.68	0.73	0.75	0.85
1,501-2,250 (174)	0.70	0.69	0.72	0.76	0.75	0.86
750-1,500 (225)	0.50	0.46	0.53	0.52	0.56	0.68
<750 (94)	0.29	0.25	0.30	0.31	0.33	0.37
National (732)	0.60	0.54	0.58	0.62	0.64	0.74
SAMPLE	0.60	0.57	0.65	0.86	0.91	0.96

PRIMARY RESERVE RATIO: BY CARNEGIE CLASSIFICATION

DEFINITION: Measures financial strength by comparing expendable net assets to total expenses. The ratio represents the percent of a year the institution could meet financial obligations with assets readily available. A ratio of .40 is considered the threshold for financial health.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	CARNEGIE
SAMPLE	0.60	0.57	0.65	0.86	0.91	0.96	MA-Small

NATIONAL: BY CARNEGIE CLASSIFICATION (n=732). This chart displays the median values of the ratio by year for each of the five basic Carnegie baccalaureate (BA) and master's (MA) level classifications and the national median.



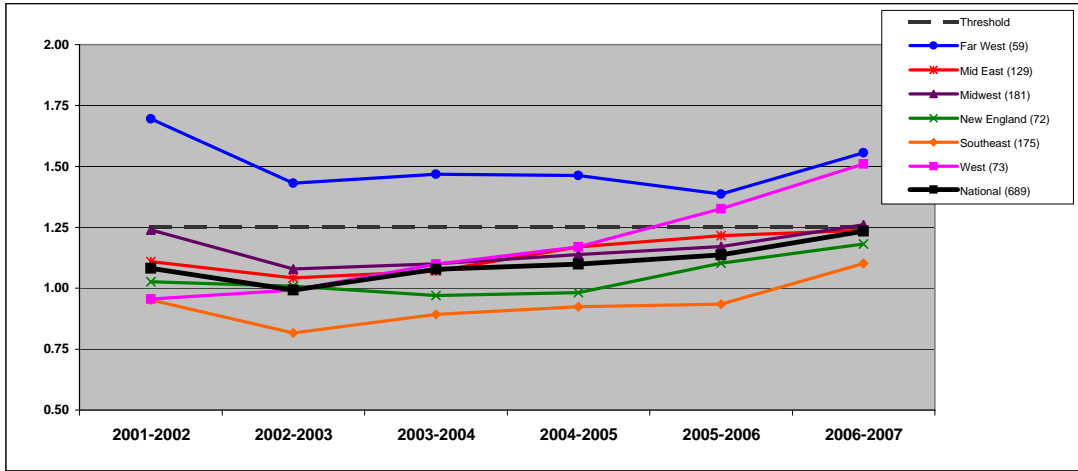
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
MA-Large (142)	0.59	0.52	0.56	0.57	0.56	0.64
MA-Medium (94)	0.57	0.49	0.56	0.55	0.56	0.69
MA-Small (70)	0.39	0.38	0.44	0.46	0.56	0.63
BA-Arts & Sci (224)	1.30	1.11	1.24	1.32	1.34	1.55
BA-Diverse (202)	0.38	0.35	0.43	0.44	0.44	0.50
National (732)	0.60	0.54	0.58	0.62	0.64	0.74
SAMPLE	0.60	0.57	0.65	0.86	0.91	0.96

VIABILITY RATIO: BY REGION

DEFINITION: Measures the ability of the institution to meet its entire debt obligation with expendable assets. A ratio of 1.25 is considered the threshold for financial health.

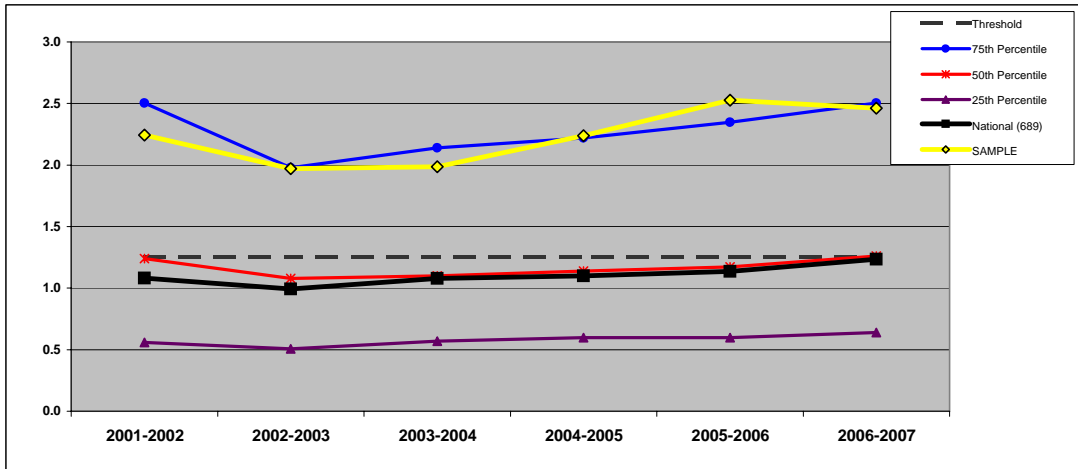
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	2.24	1.97	1.99	2.24	2.53	2.46

NATIONAL: BY REGION (n=689). This chart displays the median values of the ratio by year for each geographic region, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Far West (59)	1.70	1.43	1.47	1.46	1.39	1.56
Mid East (129)	1.11	1.04	1.07	1.17	1.22	1.24
Midwest (181)	1.24	1.08	1.10	1.14	1.17	1.26
New England (72)	1.03	1.01	0.97	0.98	1.10	1.18
Southeast (175)	0.95	0.82	0.89	0.92	0.93	1.10
West (73)	0.96	0.99	1.10	1.17	1.33	1.51
National (689)	1.08	0.99	1.08	1.10	1.14	1.23

MIDWEST REGION (n=181). In addition to the median, or 50th percentile, this chart shows the 25th and 75th percentiles for your region.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
75th Percentile	2.50	1.98	2.14	2.22	2.35	2.50
50th Percentile	1.24	1.08	1.10	1.14	1.17	1.26
25th Percentile	0.56	0.51	0.57	0.60	0.60	0.64
National (689)	1.08	0.99	1.08	1.10	1.14	1.23
SAMPLE	2.24	1.97	1.99	2.24	2.53	2.46

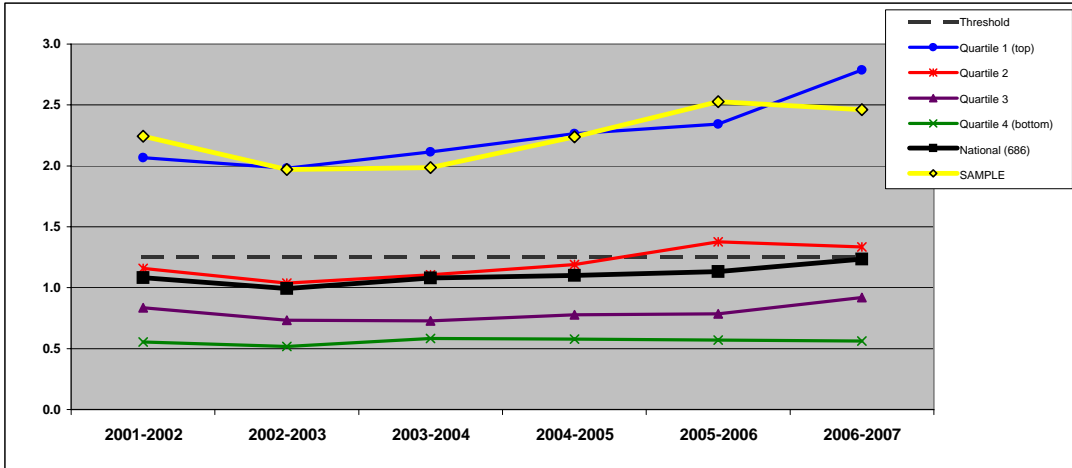
VIABILITY RATIO: BY FINANCIAL RESOURCES AND BY SIZE

DEFINITION: Measures the ability of the institution to meet its entire debt obligation with expendable assets. A ratio of 1.25 is considered the threshold for financial health.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	2.24	1.97	1.99	2.24	2.53	2.46

FINANCIAL RESOURCES QUARTILE
4

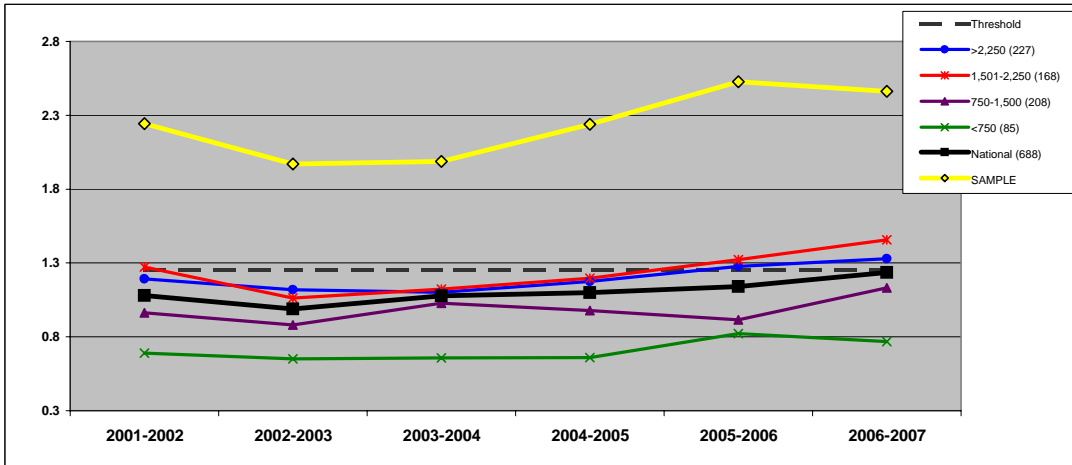
NATIONAL: BY FINANCIAL RESOURCES (n=686). This chart displays the median values of the ratio by year for each financial resource quartile as defined in CIC's Key Indicators Tool (KIT), as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Quartile 1 (top)	2.07	1.98	2.12	2.27	2.34	2.79
Quartile 2	1.16	1.04	1.11	1.19	1.38	1.33
Quartile 3	0.84	0.73	0.73	0.78	0.79	0.92
Quartile 4 (bottom)	0.56	0.52	0.58	0.58	0.57	0.56
National (686)	1.08	0.99	1.08	1.10	1.13	1.24
SAMPLE	2.24	1.97	1.99	2.24	2.53	2.46

SIZE
750-1,500

NATIONAL: BY ENROLLMENT SIZE (n=688). This chart displays the median values of the ratio by year for four size groupings based on full-time equivalent (FTE) enrollment, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
>2,250 (227)	1.19	1.12	1.10	1.18	1.28	1.33
1,501-2,250 (168)	1.27	1.06	1.12	1.20	1.32	1.46
750-1,500 (208)	0.96	0.88	1.03	0.98	0.92	1.13
<750 (85)	0.69	0.65	0.66	0.66	0.82	0.77
National (688)	1.08	0.99	1.08	1.10	1.14	1.24
SAMPLE	2.24	1.97	1.99	2.24	2.53	2.46

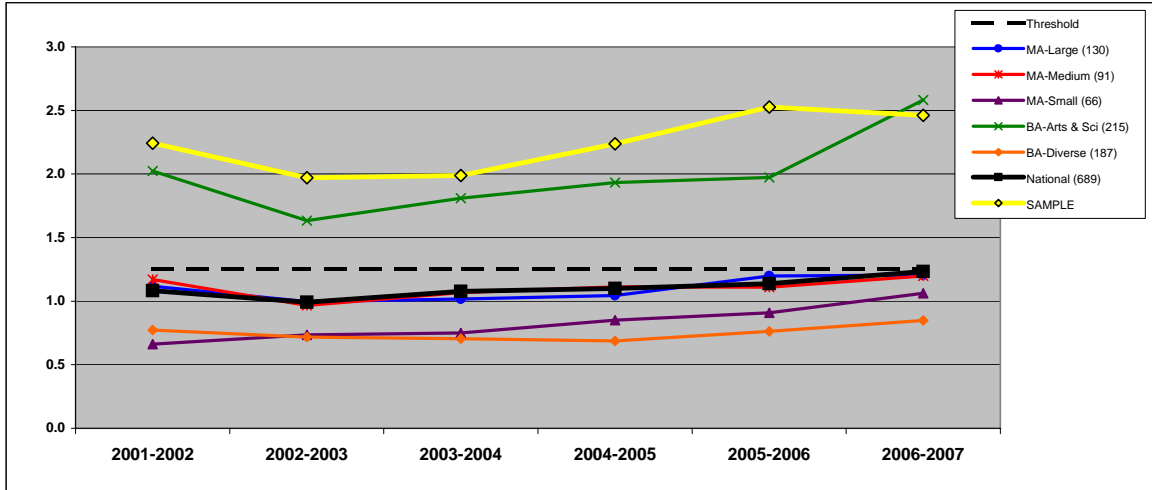
VIABILITY RATIO: BY CARNEGIE CLASSIFICATION

DEFINITION: Measures the ability of the institution to meet its entire debt obligation with expendable assets. A ratio of 1.25 is considered the threshold for financial health.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	2.24	1.97	1.99	2.24	2.53	2.46

CARNEGIE
MA-Small

NATIONAL: BY CARNEGIE CLASSIFICATION (n=689). This chart displays the median values of the ratio by year for each of the five basic Carnegie baccalaureate (BA) and master's (MA) level classifications and the national median.



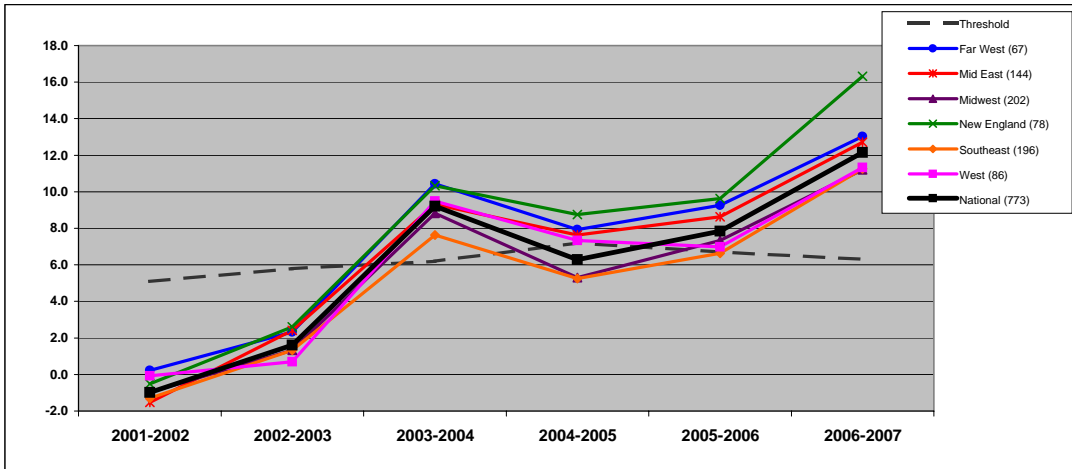
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
MA-Large (130)	1.12	1.00	1.02	1.04	1.20	1.21
MA-Medium (91)	1.17	0.97	1.07	1.11	1.11	1.20
MA-Small (66)	0.66	0.74	0.75	0.85	0.91	1.06
BA-Arts & Sci (215)	2.02	1.63	1.81	1.93	1.97	2.58
BA-Diverse (187)	0.77	0.72	0.71	0.69	0.76	0.85
National (689)	1.08	0.99	1.08	1.10	1.14	1.23
SAMPLE	2.24	1.97	1.99	2.24	2.53	2.46

RETURN ON NET ASSETS RATIO (%): BY REGION

DEFINITION: Indicates whether the institution's total assets, restricted and unrestricted, are increasing or decreasing. A ratio that is 3-4% above inflation is considered the threshold for financial health. For purposes of comparison 3.5% is used on the charts below.

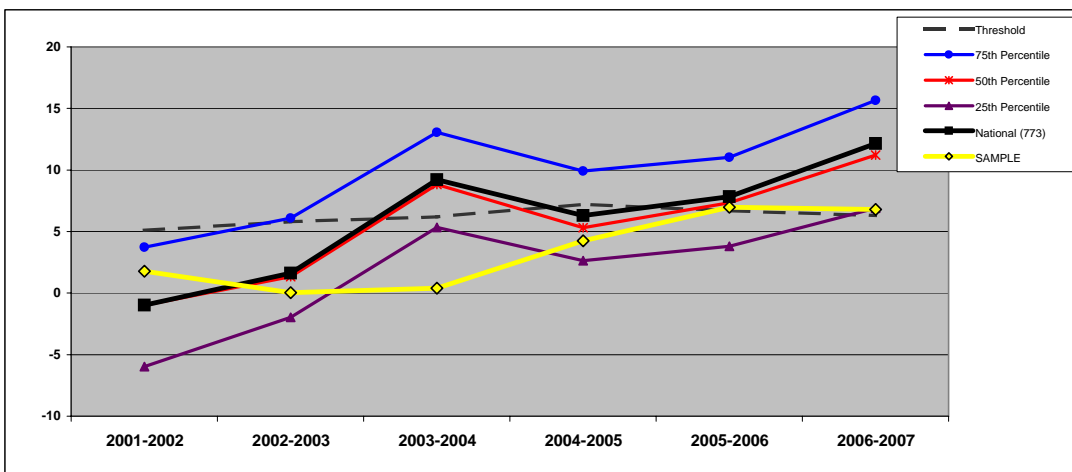
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	1.8	0.0	0.4	4.2	7.0	6.8

NATIONAL: BY REGION (n=773). This chart displays the median values of the ratio by year for each geographic region, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Far West (67)	0.2	2.3	10.4	7.9	9.3	13.0
Mid East (144)	-1.5	2.4	9.3	7.6	8.6	12.7
Midwest (202)	-1.0	1.3	8.8	5.3	7.3	11.2
New England (78)	-0.5	2.6	10.3	8.8	9.6	16.3
Southeast (196)	-1.3	1.3	7.6	5.2	6.6	11.3
West (86)	-0.1	0.7	9.5	7.3	7.0	11.3
National (773)	-1.0	1.6	9.2	6.3	7.8	12.1

MIDWEST REGION (n=202). In addition to the median, or 50th percentile, this chart shows the 25th and 75th percentiles for your region.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
75th Percentile	3.7	6.1	13.1	9.9	11.0	15.7
50th Percentile	-1.0	1.3	8.8	5.3	7.3	11.2
25th Percentile	-6.0	-2.0	5.3	2.6	3.8	6.9
National (773)	-1.0	1.6	9.2	6.3	7.8	12.1
SAMPLE	1.8	0.0	0.4	4.2	7.0	6.8

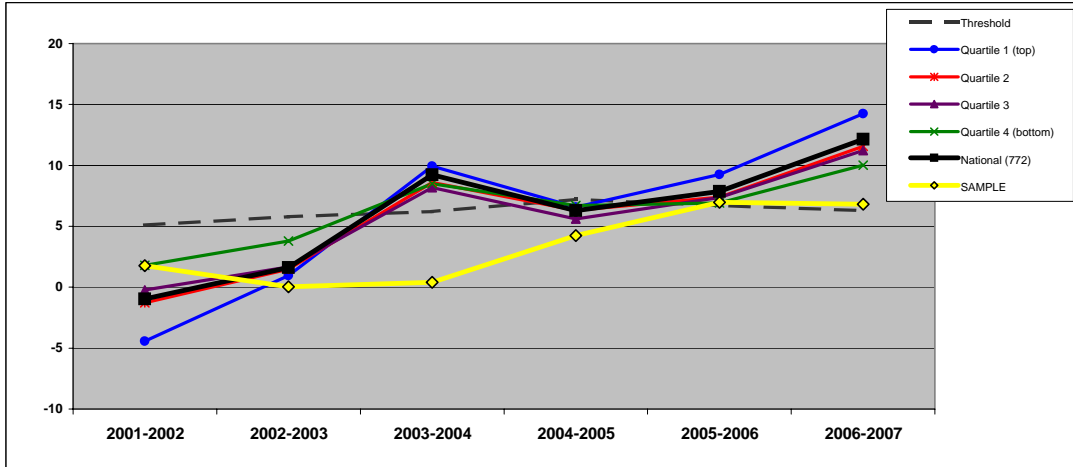
RETURN ON NET ASSETS RATIO (%): BY FINANCIAL RESOURCES AND BY SIZE

DEFINITION: Indicates whether the institution's total assets, restricted and unrestricted, are increasing or decreasing. A ratio that is 3-4% above inflation is considered the threshold for financial health. For purposes of comparison 3.5% is used on the charts below.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	1.8	0.0	0.4	4.2	7.0	6.8

FINANCIAL RESOURCES QUARTILE
4

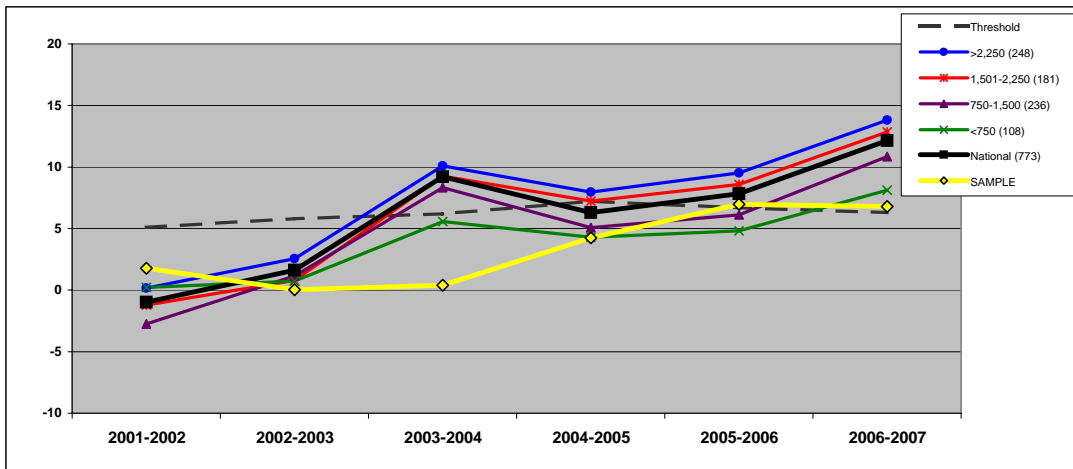
NATIONAL: BY FINANCIAL RESOURCES (n=772). This chart displays the median values of the ratio by year for each financial resource quartile as defined in CIC's Key Indicators Tool (KIT), as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Quartile 1 (top)	-4.4	0.9	9.9	6.6	9.3	14.2
Quartile 2	-1.3	1.5	8.6	6.3	7.4	11.6
Quartile 3	-0.2	1.7	8.2	5.6	7.4	11.2
Quartile 4 (bottom)	1.8	3.8	8.5	6.7	6.9	10.0
National (772)	-1.0	1.6	9.2	6.3	7.9	12.1
SAMPLE	1.8	0.0	0.4	4.2	7.0	6.8

SIZE
750-1,500

NATIONAL: BY ENROLLMENT SIZE (n=773). This chart displays the median values of the ratio by year for four size groupings based on full-time equivalent (FTE) enrollment, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
>2,250 (248)	0.2	2.6	10.1	8.0	9.5	13.8
1,501-2,250 (181)	-1.2	0.8	9.3	7.2	8.6	12.8
750-1,500 (236)	-2.7	1.1	8.3	5.1	6.1	10.8
<750 (108)	0.2	0.7	5.6	4.3	4.8	8.1
National (773)	-1.0	1.6	9.2	6.3	7.8	12.1
SAMPLE	1.8	0.0	0.4	4.2	7.0	6.8

RETURN ON NET ASSETS RATIO (%): BY CARNEGIE CLASSIFICATION

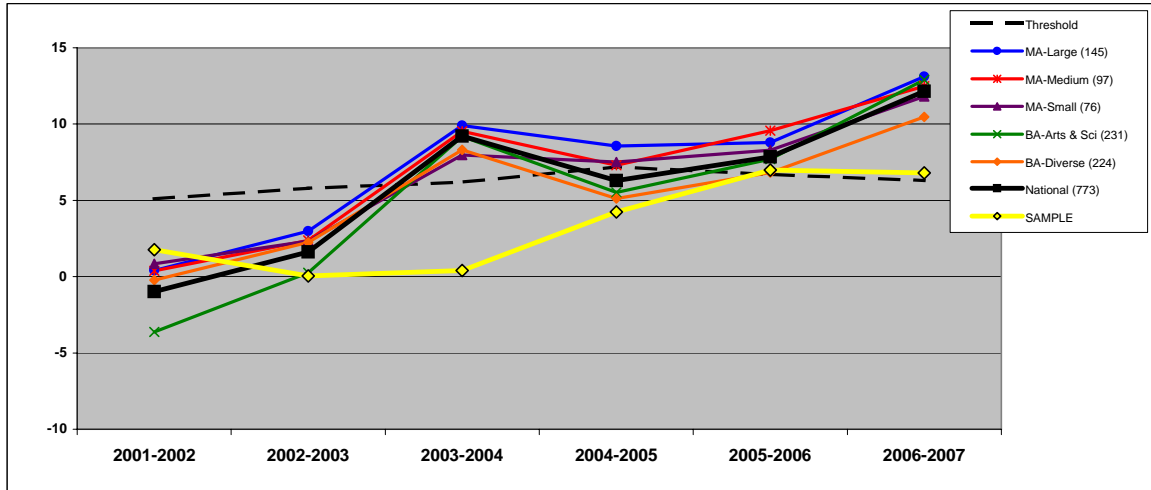
DEFINITION: Indicates whether the institution's total assets, restricted and unrestricted, are increasing or decreasing. A ratio that is 3-4% above inflation is considered the threshold for financial health. For purposes of comparison 3.5% is used on the charts below.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	1.8	0.0	0.4	4.2	7.0	6.8

CARNEGIE

MA-Small

NATIONAL: BY CARNEGIE CLASSIFICATION (n=773). This chart displays the median values of the ratio by year for each of the five basic Carnegie baccalaureate (BA) and master's (MA) level classifications and the national median.



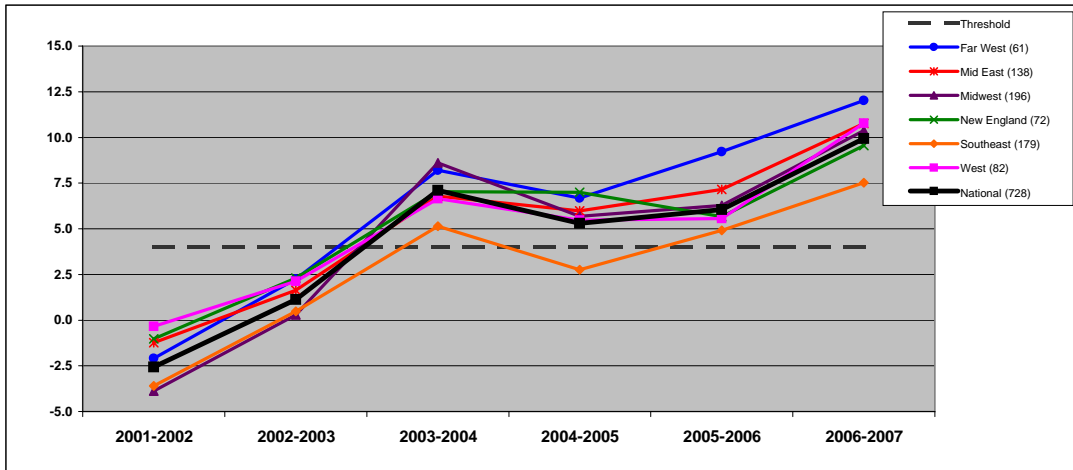
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
MA-Large (145)	0.4	3.0	9.9	8.6	8.8	13.1
MA-Medium (97)	0.4	2.4	9.5	7.3	9.6	12.5
MA-Small (76)	0.9	2.3	8.0	7.5	8.3	11.8
BA-Arts & Sci (231)	-3.6	0.3	9.2	5.5	7.7	12.9
BA-Diverse (224)	-0.2	2.2	8.3	5.1	6.8	10.5
National (773)	-1.0	1.6	9.2	6.3	7.8	12.1
SAMPLE	1.8	0.0	0.4	4.2	7.0	6.8

NET OPERATING REVENUES RATIO (%): BY REGION

DEFINITION: Indicates whether institutional operations resulted in a surplus or a deficit for the year. The threshold for financial health is 4 percent.

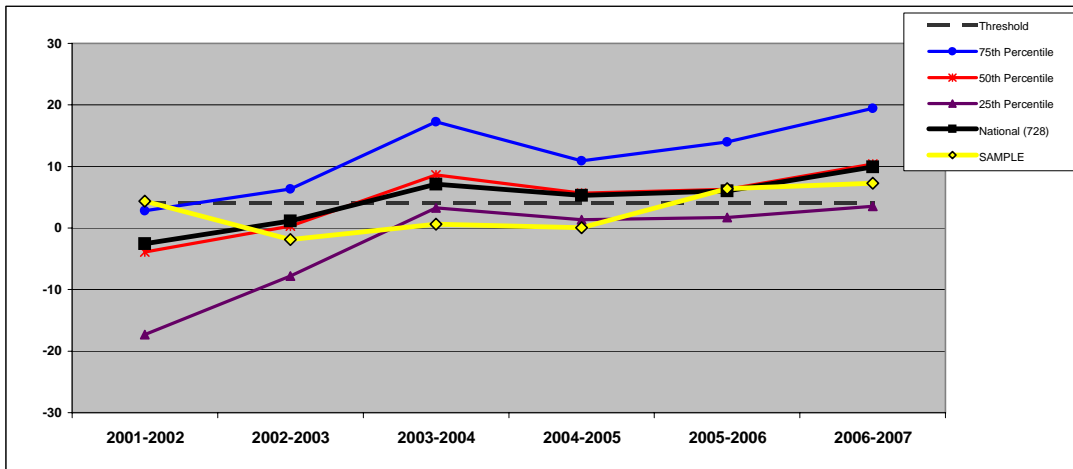
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	4.3	-1.9	0.6	0.1	6.4	7.3

NATIONAL: BY REGION (n=728). This chart displays the median values of the ratio by year for each geographic region, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Far West (61)	-2.1	2.3	8.2	6.7	9.2	12.0
Mid East (138)	-1.2	1.6	6.8	6.0	7.2	10.8
Midwest (196)	-3.9	0.3	8.6	5.7	6.3	10.4
New England (72)	-1.0	2.3	7.0	7.0	5.7	9.5
Southeast (179)	-3.6	0.5	5.1	2.7	4.9	7.5
West (82)	-0.3	2.1	6.6	5.5	5.6	10.8
National (728)	-2.6	1.1	7.1	5.3	6.1	9.9

MIDWEST REGION (n=196). In addition to the median, or 50th percentile, this chart shows the 25th and 75th percentiles for your region.



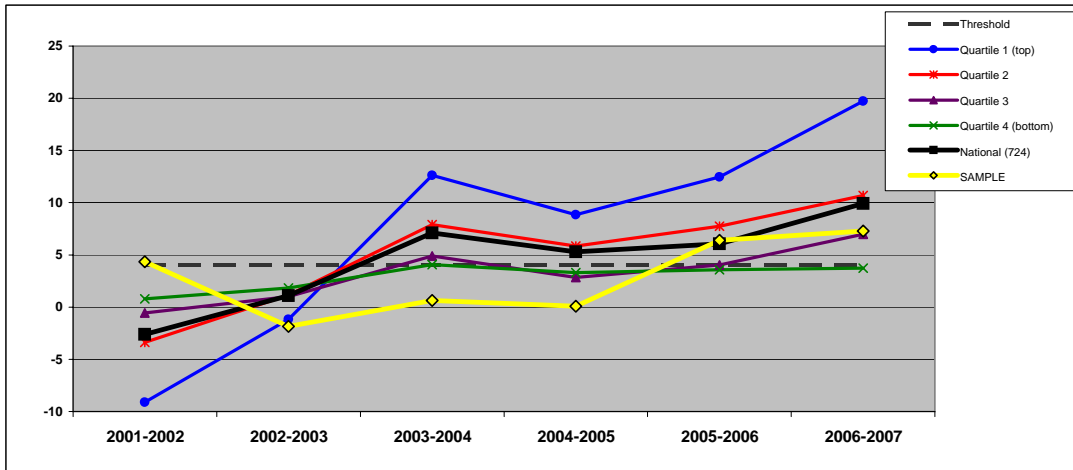
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
75th Percentile	2.8	6.3	17.3	10.9	14.0	19.5
50th Percentile	-3.9	0.3	8.6	5.7	6.3	10.4
25th Percentile	-17.3	-7.8	3.3	1.3	1.7	3.6
National (728)	-2.6	1.1	7.1	5.3	6.1	9.9
SAMPLE	4.3	-1.9	0.6	0.1	6.4	7.3

NET OPERATING REVENUES RATIO (%): BY FINANCIAL RESOURCES AND BY SIZE

DEFINITION: Indicates whether institutional operations resulted in a surplus or a deficit for the year. The threshold for financial health is 4 percent.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	FINANCIAL RESOURCES QUARTILE
SAMPLE	4.3	-1.9	0.6	0.1	6.4	7.3	4

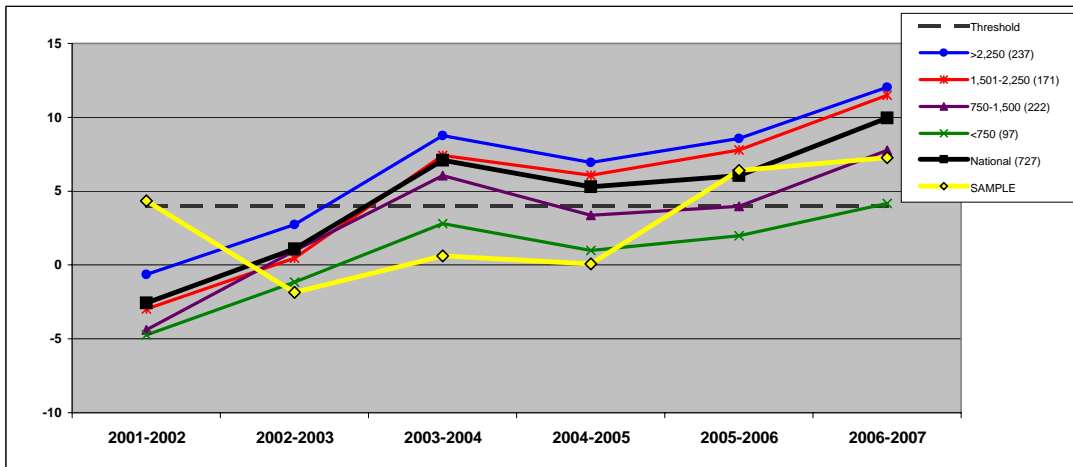
NATIONAL: BY FINANCIAL RESOURCES (n=724). This chart displays the median values of the ratio by year for each financial resource quartile as defined in CIC's Key Indicators Tool (KIT), as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Quartile 1 (top)	-9.1	-1.2	12.6	8.8	12.5	19.7
Quartile 2	-3.4	1.2	7.9	5.8	7.8	10.7
Quartile 3	-0.6	1.0	4.9	2.8	4.0	7.0
Quartile 4 (bottom)	0.8	1.8	4.1	3.3	3.6	3.7
National (724)	-2.6	1.1	7.1	5.3	6.1	9.9
SAMPLE	4.3	-1.9	0.6	0.1	6.4	7.3

SIZE
750-1,500

NATIONAL: BY ENROLLMENT SIZE (n=727). This chart displays the median values of the ratio by year for four size groupings based on full-time equivalent (FTE) enrollment, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
>2,250 (237)	-0.6	2.7	8.8	6.9	8.6	12.0
1,501-2,250 (171)	-3.0	0.5	7.4	6.1	7.8	11.5
750-1,500 (222)	-4.4	1.0	6.1	3.4	4.0	7.8
<750 (97)	-4.7	-1.2	2.8	1.0	2.0	4.2
National (727)	-2.6	1.1	7.1	5.3	6.1	9.9
SAMPLE	4.3	-1.9	0.6	0.1	6.4	7.3

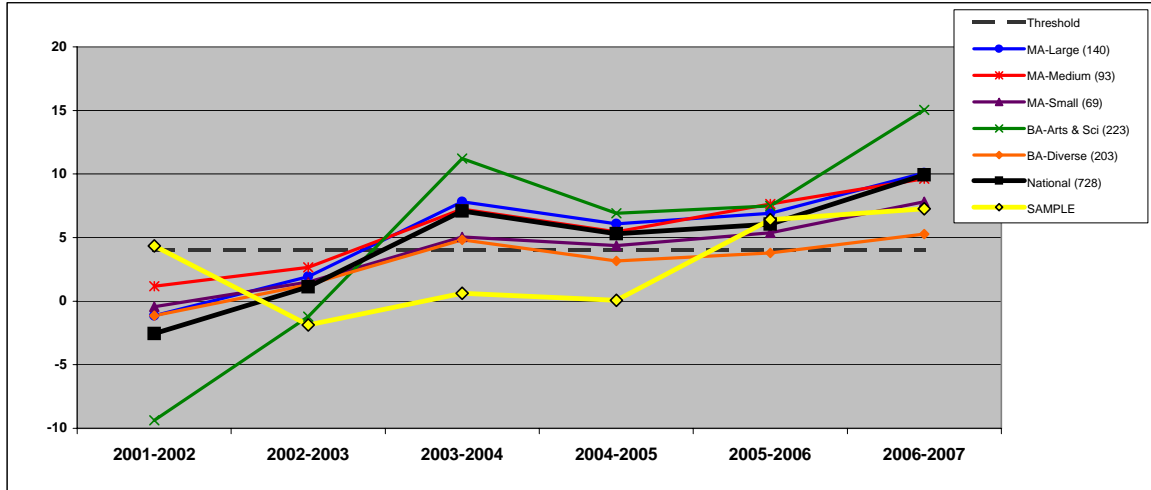
NET OPERATING REVENUES RATIO (%): BY CARNEGIE CLASSIFICATION

DEFINITION: Indicates whether institutional operations resulted in a surplus or a deficit for the year. The threshold for financial health is 4 percent.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	4.3	-1.9	0.6	0.1	6.4	7.3

CARNEGIE	
MA-Small	

NATIONAL: BY CARNEGIE CLASSIFICATION (n=728). This chart displays the median values of the ratio by year for each of the five basic Carnegie baccalaureate (BA) and master's (MA) level classifications and the national median.



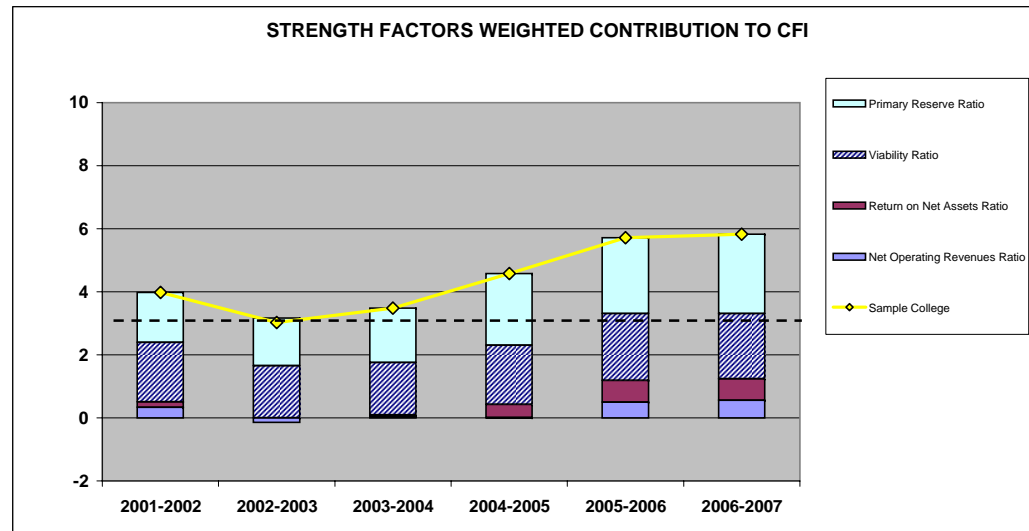
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
MA-Large (140)	-1.1	1.9	7.8	6.1	6.9	10.1
MA-Medium (93)	1.2	2.7	7.3	5.5	7.7	9.6
MA-Small (69)	-0.4	1.5	5.1	4.4	5.4	7.8
BA-Arts & Sci (223)	-9.4	-1.2	11.2	6.9	7.5	15.0
BA-Diverse (203)	-1.1	1.3	4.8	3.2	3.8	5.3
National (728)	-2.6	1.1	7.1	5.3	6.1	9.9
SAMPLE	4.3	-1.9	0.6	0.1	6.4	7.3

COMPOSITE FINANCIAL INDEX (CFI): STRENGTH FACTORS

Sample College

		2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
<i>Weight in CFI</i>		<i>Strength Factor</i>					
<i>Primary Reserve Ratio</i>	35%	4.5	4.3	4.9	6.5	6.9	7.2
<i>Viability Ratio</i>	35%	5.4	4.7	4.8	5.4	6.1	5.9
<i>Return on Net Assets Ratio</i>	20%	0.9	0.0	0.2	2.1	3.5	3.4
<i>Net Operating Revenues Ratio</i>	10%	3.3	-1.4	0.5	0.1	4.9	5.6
<i>CFI Score</i>		4.0	3.0	3.5	4.6	5.7	5.8

Note: The strength factors are standardized scores that allow direct comparisons among the four ratios. Strength factors are capped at 10, but may go below zero. The primary reserve and viability ratios are weighted the most heavily, followed by the return on net assets ratio and the net operating revenues ratio.



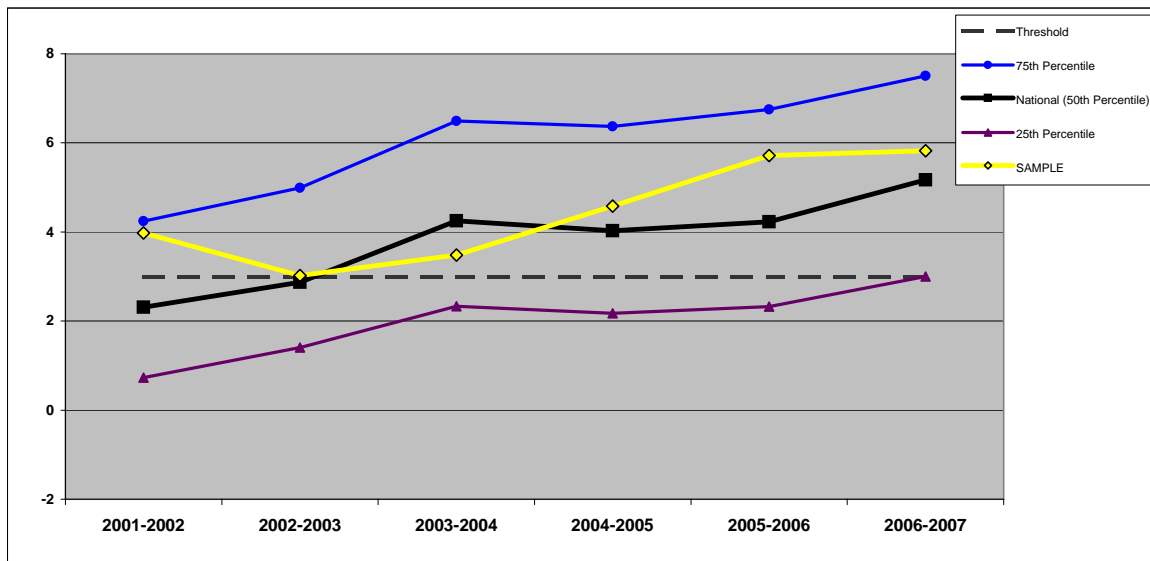
DEFINITION: The Composite Financial Index (CFI) is a measure of the overall financial health of the institution based on the sufficiency and flexibility of resources, the management of debt, the performance of assets, and the results of operations. A score of 3.0 is considered the threshold for financial health.

COMPOSITE FINANCIAL INDEX (CFI): NATIONAL PERCENTILES

DEFINITION: The Composite Financial Index (CFI) is a measure of the overall financial health of the institution based on the sufficiency and flexibility of resources, the management of debt, the performance of assets, and the results of operations. A score of 3.0 is considered the threshold for financial health.

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

NATIONAL (n=705). In addition to the national median, or 50th percentile, this chart shows the 25th and 75th percentiles.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
75th Percentile	4.2	5.0	6.5	6.4	6.7	7.5
National (50th Percentile)	2.3	2.9	4.3	4.0	4.2	5.2
25th Percentile	0.7	1.4	2.3	2.2	2.3	3.0
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

CFI PERFORMANCE STRATEGIES

2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	Range	Strategy
						9 to 10	Deploy resources to achieve robust mission
						7 to 8	Allow experimentation with new initiatives
				5.7	5.8	5 to 6	Focus resources to compete in future state
4.0	3.0	3.5	4.6			3 to 4	Direct resources to allow transformation
						1 to 2	Re-engineer the institution
						-1 to 0	Assess viability to survive

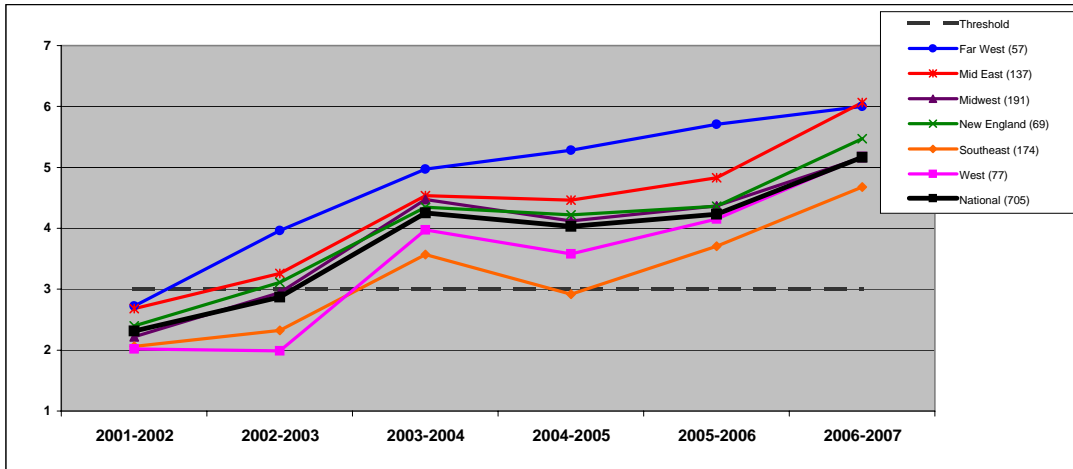
Adapted from Prager, et al. (2005), *Strategic Financial Analysis for Higher Education*, p. 96.

COMPOSITE FINANCIAL INDEX (CFI): BY REGION

DEFINITION: The Composite Financial Index (CFI) is a measure of the overall financial health of the institution based on the sufficiency and flexibility of resources, the management of debt, the performance of assets, and the results of operations. A score of 3.0 is considered the threshold for financial health.

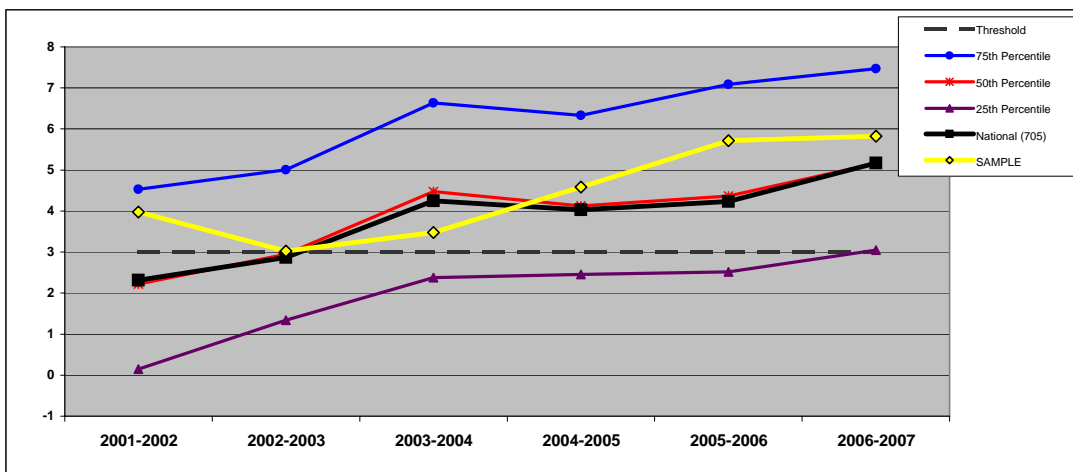
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

NATIONAL: BY REGION (n=705). This chart displays the median values of the CFI by year for each geographic region, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Far West (57)	2.7	4.0	5.0	5.3	5.7	6.0
Mid East (137)	2.7	3.3	4.5	4.5	4.8	6.1
Midwest (191)	2.2	2.9	4.5	4.1	4.4	5.2
New England (69)	2.4	3.1	4.3	4.2	4.4	5.5
Southeast (174)	2.1	2.3	3.6	2.9	3.7	4.7
West (77)	2.0	2.0	4.0	3.6	4.2	5.2
National (705)	2.3	2.9	4.3	4.0	4.2	5.2

MIDWEST REGION (n=191). In addition to the median, or 50th percentile, this chart shows the 25th and 75th percentiles for your region.



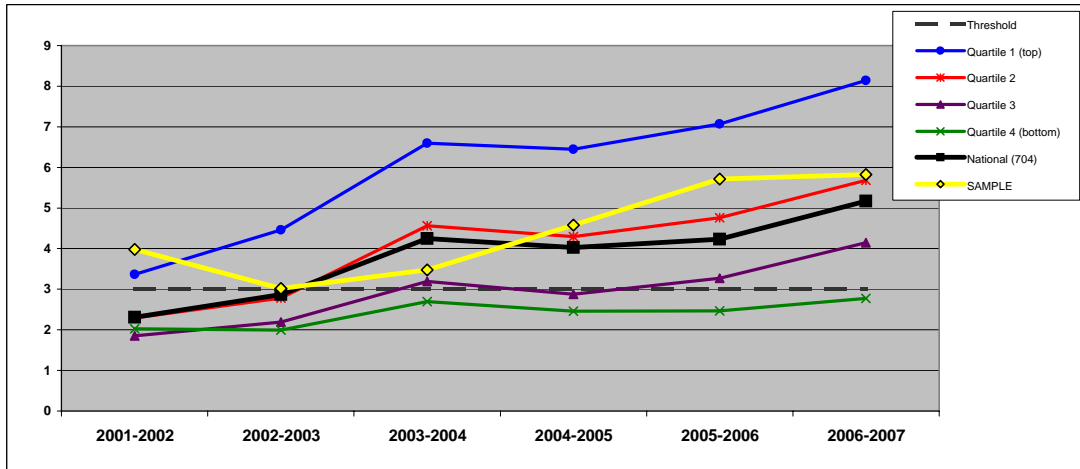
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
75th Percentile	4.5	5.0	6.6	6.3	7.1	7.5
50th Percentile	2.2	2.9	4.5	4.1	4.4	5.2
25th Percentile	0.1	1.3	2.4	2.5	2.5	3.0
National (705)	2.3	2.9	4.3	4.0	4.2	5.2
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

COMPOSITE FINANCIAL INDEX (CFI): BY FINANCIAL RESOURCES

DEFINITION: The Composite Financial Index (CFI) is a measure of the overall financial health of the institution based on the sufficiency and flexibility of resources, the management of debt, the performance of assets, and the results of operations. A score of 3.0 is considered the threshold for financial health.

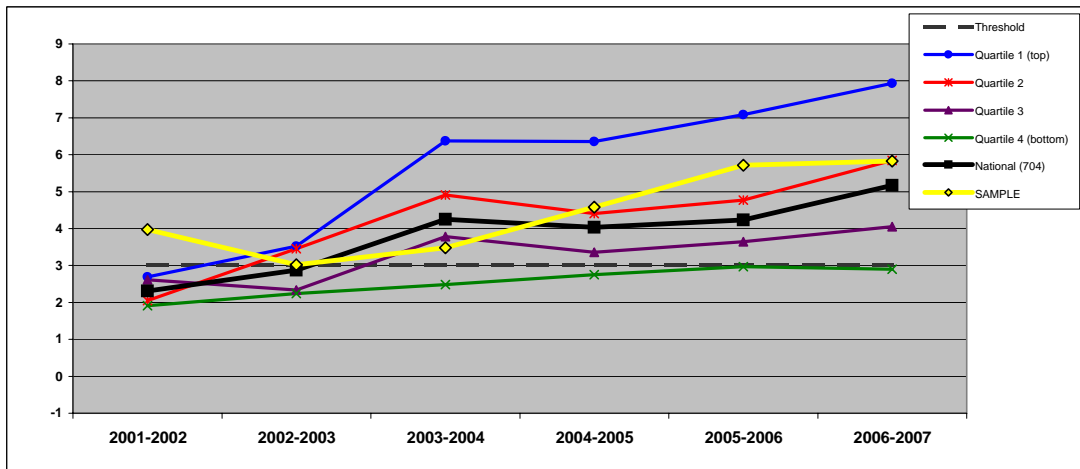
SAMPLE	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	RESOURCES QUARTILE	
	4.0	3.0	3.5	4.6	5.7	5.8	NATIONAL	REGIONAL
							4	4

NATIONAL: BY FINANCIAL RESOURCES (n=704). This chart displays the median values of the CFI by year for each national financial resource quartile as defined in CIC's Key Indicators Tool (KIT), as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Quartile 1 (top)	3.4	4.5	6.6	6.4	7.1	8.1
Quartile 2	2.3	2.8	4.6	4.3	4.8	5.7
Quartile 3	1.9	2.2	3.2	2.9	3.3	4.1
Quartile 4 (bottom)	2.0	2.0	2.7	2.5	2.5	2.8
National (704)	2.3	2.9	4.3	4.0	4.2	5.2
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

MIDWEST REGION: FINANCIAL RESOURCES (n=191). This chart displays the median values of the CFI by year for each regional financial resource quartile as defined in CIC's Key Indicators Tool (KIT), as well as the national median.



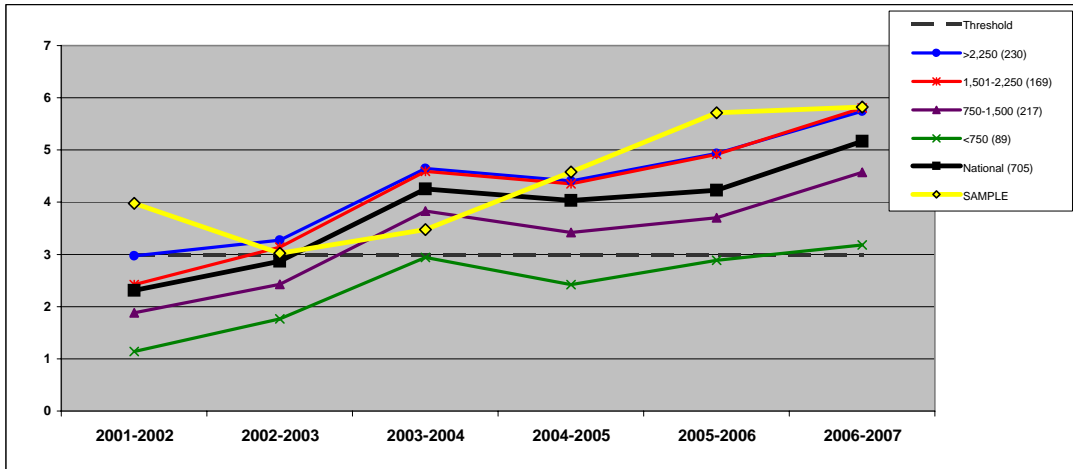
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Quartile 1 (top)	2.7	3.5	6.4	6.4	7.1	7.9
Quartile 2	2.1	3.5	4.9	4.4	4.8	5.8
Quartile 3	2.6	2.3	3.8	3.4	3.6	4.0
Quartile 4 (bottom)	1.9	2.2	2.5	2.7	3.0	2.9
National (704)	2.3	2.9	4.3	4.0	4.2	5.2
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

COMPOSITE FINANCIAL INDEX (CFI): BY ENROLLMENT SIZE

DEFINITION: The Composite Financial Index (CFI) is a measure of the overall financial health of the institution based on the sufficiency and flexibility of resources, the management of debt, the performance of assets, and the results of operations. A score of 3.0 is considered the threshold for financial health.

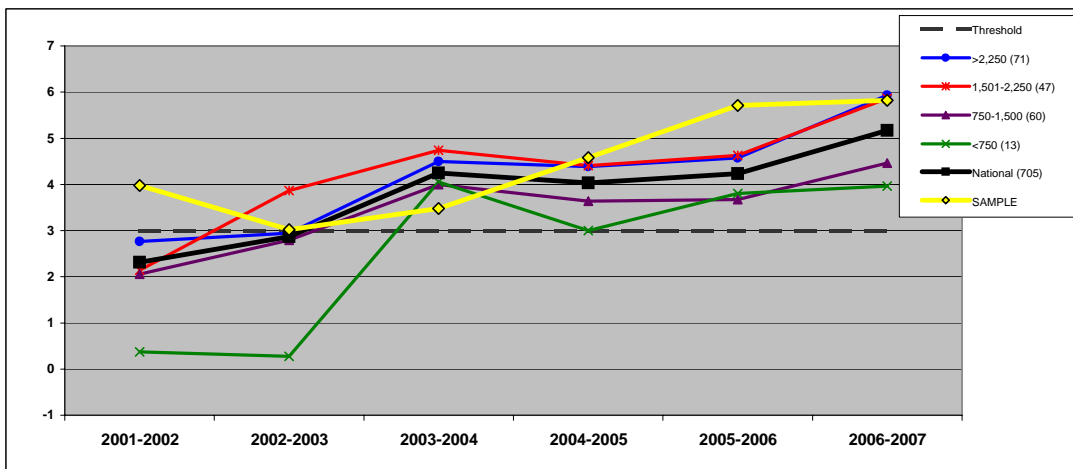
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	SIZE
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8	750-1,500

NATIONAL: ENROLLMENT SIZE (n=705). This chart displays the median values of the CFI by year for four size groupings based on full-time equivalent (FTE) enrollment, as well as the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
>2,250 (230)	3.0	3.3	4.6	4.4	4.9	5.7
1,501-2,250 (169)	2.4	3.1	4.6	4.4	4.9	5.8
750-1,500 (217)	1.9	2.4	3.8	3.4	3.7	4.6
<750 (89)	1.1	1.8	2.9	2.4	2.9	3.2
National (705)	2.3	2.9	4.3	4.0	4.2	5.2
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

MIDWEST REGION: ENROLLMENT SIZE (n=191). This chart displays the median values of the CFI by year for four size groupings based on full-time equivalent (FTE) enrollment, as well as the national median.



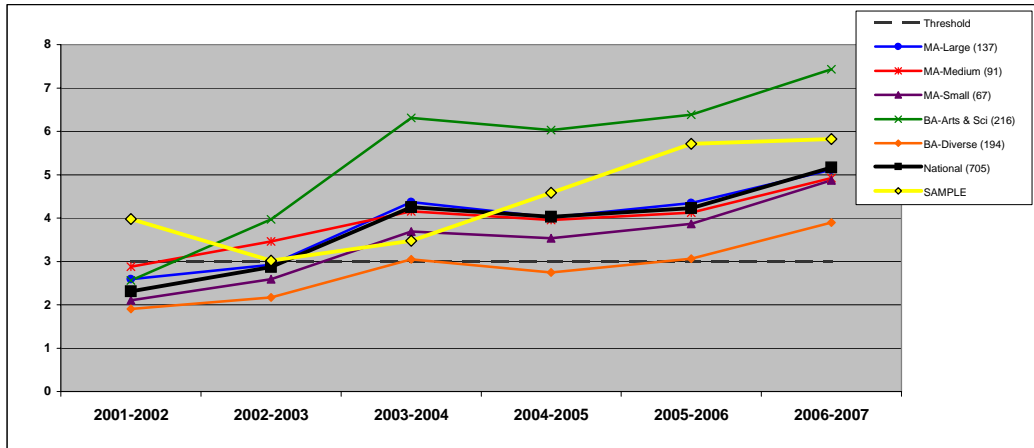
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
>2,250 (71)	2.8	2.9	4.5	4.4	4.6	5.9
1,501-2,250 (47)	2.1	3.9	4.7	4.4	4.6	5.9
750-1,500 (60)	2.1	2.8	4.0	3.6	3.7	4.5
<750 (13)	0.4	0.3	4.1	3.0	3.8	4.0
National (705)	2.3	2.9	4.3	4.0	4.2	5.2
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

COMPOSITE FINANCIAL INDEX (CFI): BY CARNEGIE CLASSIFICATION

DEFINITION: The Composite Financial Index (CFI) is a measure of the overall financial health of the institution based on the sufficiency and flexibility of resources, the management of debt, the performance of assets, and the results of operations. A score of 3.0 is considered the threshold for financial health.

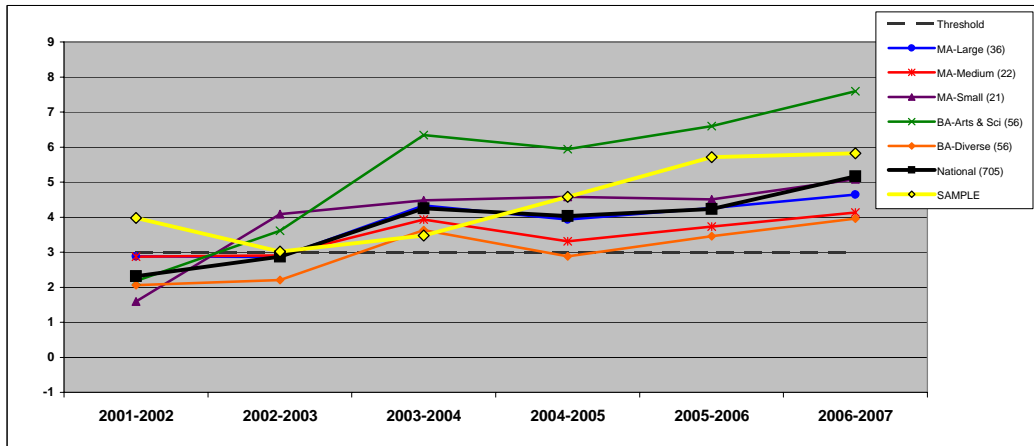
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	CARNEGIE
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8	MA-Small

NATIONAL: BY CARNEGIE CLASSIFICATION (n=705). This chart displays the median values of the ratio by year for each of the five basic Carnegie baccalaureate (BA) and master's (MA) level classifications and the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
MA-Large (137)	2.6	2.9	4.4	4.0	4.3	5.1
MA-Medium (91)	2.9	3.5	4.2	4.0	4.1	4.9
MA-Small (67)	2.1	2.6	3.7	3.5	3.9	4.9
BA-Arts & Sci (216)	2.6	4.0	6.3	6.0	6.4	7.4
BA-Diverse (194)	1.9	2.2	3.0	2.7	3.1	3.9
National (705)	2.3	2.9	4.3	4.0	4.2	5.2
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

MIDWEST REGION: CARNEGIE CLASSIFICATION (n=191). This chart displays the median values of the ratio by year for each of the five basic Carnegie baccalaureate (BA) and master's (MA) level classifications and the national median.



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
MA-Large (36)	2.9	2.9	4.3	3.9	4.3	4.6
MA-Medium (22)	2.9	2.9	3.9	3.3	3.7	4.1
MA-Small (21)	1.6	4.1	4.5	4.6	4.5	5.1
BA-Arts & Sci (56)	2.2	3.6	6.3	5.9	6.6	7.6
BA-Diverse (56)	2.1	2.2	3.6	2.9	3.5	4.0
National (705)	2.3	2.9	4.3	4.0	4.2	5.2
SAMPLE	4.0	3.0	3.5	4.6	5.7	5.8

INSTITUTIONAL DATA AND CALCULATIONS BY YEAR*
Sample College

COLOR KEY

	CALCULATED FIELD
	DATA ENTRY FIELD

COMPOSITE FINANCIAL INDEX (CFI)

2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	SCENARIO
4.0	3.0	3.5	4.6	5.7	5.8				

PRIMARY RESERVE RATIO

2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	SCENARIO
\$22,233,102	\$21,723,042	\$21,877,907	\$21,891,629	\$23,368,252	\$25,297,641				
\$6,769,383	\$7,131,937	\$7,054,542	\$8,270,768	\$8,270,768	\$9,157,250				
\$18,873,610	\$20,952,459	\$20,937,980	\$20,759,254	\$20,382,345	\$20,393,714				
\$8,150,130	\$8,147,990	\$8,097,601	\$7,595,845	\$7,376,450	\$9,614,281				
\$30,375,275	\$28,022,939	\$24,594,746	\$19,676,462	\$20,407,776	\$24,737,864				
0.60	0.57	0.65	0.86	0.91	0.96				
4.5	4.3	4.9	6.5	6.9	7.2				
1.6	1.5	1.7	2.3	2.4	2.5				

+ unrestricted net assets EOY (990)
+ temporarily restricted net assets EOY (990)
-- land, building, and equipment, net of depreciation EOY (990)
+ long-term debt EOY (990)
total expenses (IPEDS)

ratio
strength factor
weighted value

VIABILITY RATIO

2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	SCENARIO
\$22,233,102	\$21,723,042	\$21,877,907	\$21,891,629	\$23,368,252	\$25,297,641				
\$6,769,383	\$7,131,937	\$7,054,542	\$8,270,768	\$8,270,768	\$9,157,250				
\$18,873,610	\$20,952,459	\$20,937,980	\$20,759,254	\$20,382,345	\$20,393,714				
\$8,150,130	\$8,147,990	\$8,097,601	\$7,595,845	\$7,376,450	\$9,614,281				
\$8,150,130	\$8,147,990	\$8,097,601	\$7,595,845	\$7,376,450	\$9,614,281				
2.24	1.97	1.99	2.24	2.53	2.46				
5.4	4.7	4.8	5.4	6.1	5.9				
1.9	1.7	1.7	1.9	2.1	2.1				

+ unrestricted net assets EOY (990)
+ temporarily restricted net assets EOY (990)
-- land, building, and equipment, net of depreciation EOY (990)
+ long-term debt EOY (990)
long-term debt EOY (990)

ratio
strength factor
weighted value

RETURN ON NET ASSETS RATIO (%)

2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	SCENARIO
\$518,460	\$12,354	\$119,510	\$1,264,109	\$2,171,322	\$2,263,207				
\$29,197,712	\$29,716,172	\$29,728,526	\$29,848,037	\$31,112,146	\$33,283,468				
1.8	0.0	0.4	4.2	7.0	6.8				
0.9	0.0	0.2	2.1	3.5	3.4				
0.2	0.0	0.0	0.4	0.7	0.7				

change in net assets (IPEDS)
total net assets EOY (IPEDS)

ratio
strength factor
weighted value

NET OPERATING REVENUES RATIO (%): Using Change in Unrestricted Net Assets

2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	SCENARIO
\$1,375,135	-\$510,060	\$154,865	\$13,722	\$1,476,623	\$1,929,389				
\$31,638,349	\$27,424,755	\$24,758,211	\$19,683,309	\$23,040,617	\$26,527,800				
4.3	-1.9	0.6	0.1	6.4	7.3				
3.3	-1.4	0.5	0.1	4.9	5.6				
0.3	-0.1	0.0	0.0	0.5	0.6				

change in unrestricted net assets (990)
total unrestricted revenue = total revenue -
((change in permanently restricted assets) +
(change in temporarily restricted assets)) (990)

ratio
strength factor
weighted value

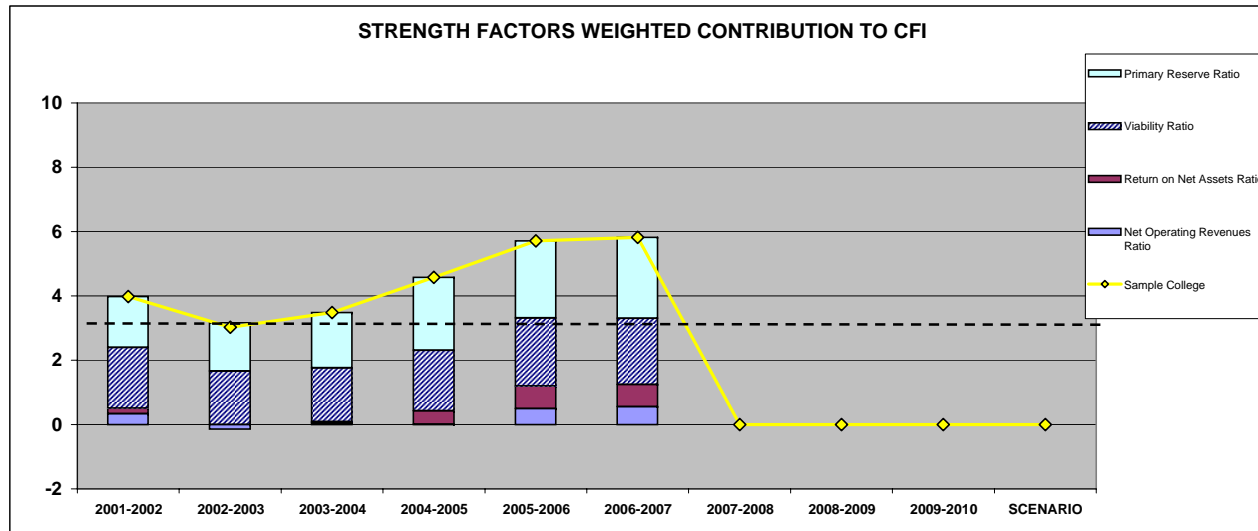
Note: There are two methods for computing the Net Operating Revenues Ratio. This report uses the change in unrestricted net assets method that can be calculated from publicly available IPEDS and IRS Form 990 data.

*See APPENDIX for additional detail on CFI data sources and calculations. In the description of the data elements above, "990" and "IPEDS" indicate the sources of the data.

COMPOSITE FINANCIAL INDEX (CFI): STRENGTH FACTORS AND PROJECTION TOOL
Sample College

		2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	SCENARIO
<i>weight in CFI</i>		<i>strength factor</i>									
<i>Primary Reserve Ratio</i>	35%	4.5	4.3	4.9	6.5	6.9	7.2				
<i>Viability Ratio</i>	35%	5.4	4.7	4.8	5.4	6.1	5.9				
<i>Return on Net Assets Ratio</i>	20%	0.9	0.0	0.2	2.1	3.5	3.4				
<i>Net Operating Revenues Ratio</i>	10%	3.3	-1.4	0.5	0.1	4.9	5.6				
<i>CFI Score</i>		4.0	3.0	3.5	4.6	5.7	5.8				

The primary reserve and viability ratios are weighted the most heavily; then the return on net assets ratio, followed by the net operating revenues ratio. Strength factors are capped at 10, but may go below zero. Strength factors allow direct comparisons among the four ratios. Data for years 2007-2008, 2008-2009, 2009-2010, and SCENARIO will be displayed in the table above and on the chart below once data have been entered on the DATA worksheet.



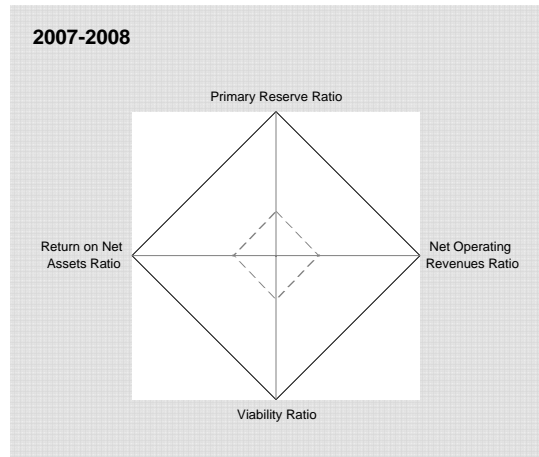
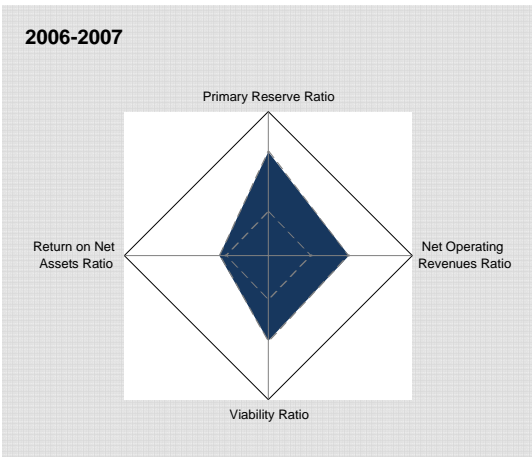
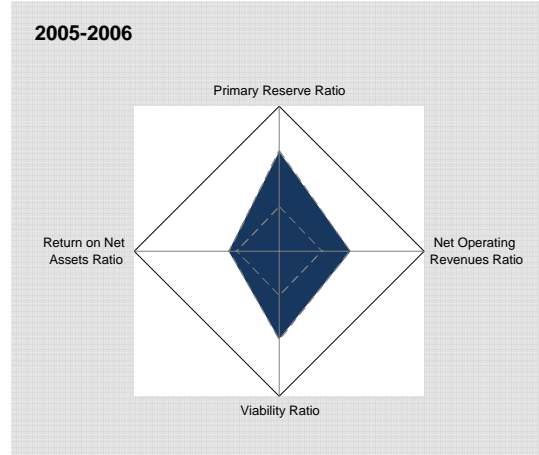
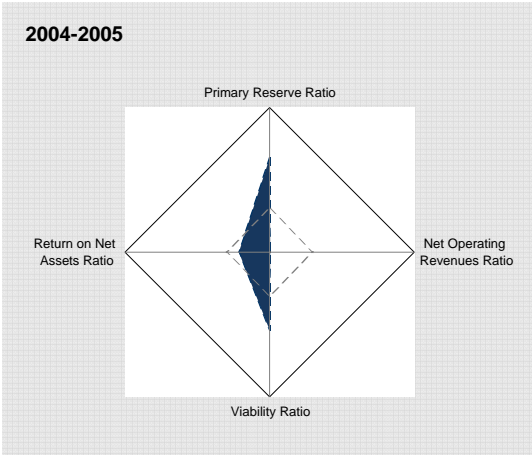
DEFINITION: The Composite Financial Index (CFI) is a measure of the overall financial health of the institution based on the sufficiency and flexibility of resources, the management of debt, the performance of assets, and the results of operations. A score of 3.0 is considered the threshold for financial health.

GRAPHIC FINANCIAL PROFILE

Sample College

STRENGTH FACTORS (UNWEIGHTED)

	2004-2005	2005-2006	2006-2007	2007-2008
Primary Reserve Ratio	6.5	6.9	7.2	
Net Operating Revenues Ratio	0.1	4.9	5.6	
Viability Ratio	5.4	6.1	5.9	
Return on Net Assets Ratio	2.1	3.5	3.4	



Graphic profiles demonstrate visually the strengths or weakness of the four ratios that comprise the Composite Financial Index (see pp. 100-105, *Strategic Financial Analysis for Higher Education* (6th ed., KPMG, Prager, Sealy & Co., LLC, and BearingPoint, Inc.)). Whereas the strength factor for each ratio is weighted in the CFI (primary reserve ratio, 35%; viability ratio, 35%; return on net assets ratio, 20%; and net operating revenues ratio, 10%) the diamonds above present unweighted strength factors.

The range for strength factors in the graphic profiles is 0 to 10. The small diamond in the middle of each graph is set at 3 and represents the threshold for financial health for each ratio. The strength factors for 2007-2008 will be displayed once data have been entered for that year on the DATA worksheet.

There is a correlation between the primary reserve and the viability ratios and between the return on net assets and the net operating revenues ratios. A tall and narrow shaded area indicates that an institution is strong in expendable assets but weak in asset and operational performance; and a short, wide shaded area indicates the opposite. Strong asset and operational performance over time can contribute to an institution's expendable assets, increasing the vertical size of the shaded area.

DATA SOURCES AND CALCULATIONS FOR THE COMPOSITE FINANCIAL INDEX (CFI)

Note: BOY = beginning of year; EOY = end of year

PRIMARY RESERVE RATIO

DATA ELEMENTS

Unrestricted Assets EOY
Temporarily Restricted Assets EOY
Land, Building, and Equipment EOY
Long-term Debt EOY:
 Tax Exempt Bonds EOY
 Mortgage EOY
Total Expenses

SOURCE

IRS Form 990, Part IV, Line 67 B
IRS Form 990, Part IV, Line 68 B
IRS Form 990, Part IV, Line 57 C
IRS Form 990, Part IV, Line 64 A
IRS Form 990, Part IV, Line 64 B
IPEDS Finance: Assets and Liabilities

RATIO CALCULATION

Primary Reserve Ratio = (Unrestricted Assets EOY + Temporarily Restricted Assets EOY - Land, Building, and Equipment + (Tax exempt bonds + Mortgage)) / Total Expenses

STRENGTH FACTOR CALCULATION

Primary Reserve Ratio / .133

VIABILITY RATIO

DATA ELEMENTS

Unrestricted Assets EOY
Temporarily Restricted Assets EOY
Land, Building, and Equipment EOY
Long-term Debt EOY:
 Tax Exempt Bonds EOY
 Mortgage EOY

SOURCE

IRS Form 990, Part IV, Line 67 B
IRS Form 990, Part IV, Line 68 B
IRS Form 990, Part IV, Line 57 C
IRS Form 990, Part IV, Line 64 A
IRS Form 990, Part IV, Line 64 B

RATIO CALCULATION

Viability Ratio = (Unrestricted Assets EOY + Temporarily Restricted Assets EOY - Land, Building, and Equipment + (Tax Exempt Bonds + Mortgage)) / (Tax Exempt Bonds + Mortgage)

STRENGTH FACTOR CALCULATION

Viability Ratio / .417

RETURN ON NET ASSETS RATIO (%)

DATA ELEMENTS

Change in Net Assets
Total Net Assets BOY

SOURCE

IPEDS Finance: Assets and Liabilities
IPEDS Finance: Assets and Liabilities

RATIO CALCULATION

Return on Net Assets Ratio = Change in Net Assets / Total Net Assets BOY

STRENGTH FACTOR CALCULATION

Return on Net Assets Ratio / .02

NET OPERATING REVENUES RATIO (%)

DATA ELEMENTS

Change in Unrestricted Net Assets:
 Unrestricted Assets End of Year EOY
 Unrestricted Assets BOY
Total Revenue
Change in Permanently Restricted Assets:
 Permanently Restricted Assets EOY
 Permanently Restricted Assets BOY
Change in Temporarily Restricted Assets:
 Temporarily Restricted Assets EOY
 Temporarily Restricted Assets BOY

SOURCE

IRS Form 990, Part IV, Line 67 B
IRS Form 990, Part IV, Line 67 A
IRS Form 990, Part IV-A, Line A
IRS Form 990, Part IV, Line 69 B
IRS Form 990, Part IV, Line 69 A
IRS Form 990, Part IV, Line 68 B
IRS Form 990, Part IV, Line 68 A

RATIO CALCULATION

Net Operating Revenues Ratio = (Unrestricted Assets EOY - Unrestricted Assets BOY) / (Total Revenue - ((Permanently restricted EOY - Permanently Restricted BOY) + (Temporarily Restricted EOY - Temporarily Restricted BOY)))

STRENGTH FACTOR CALCULATION

Net Operating Revenues Ratio / .013

Note: There are two methods for computing the Net Operating Revenues Ratio. This report uses the change in unrestricted net assets method that can be calculated from publicly available IPEDS and IRS Form 990 data.

COMPOSITE FINANCIAL INDEX (CFI)

CALCULATION WITH DEBT

CFI = (Primary Reserve Ratio strength factor x .35) + (Net Operating Revenues Ratio strength factor x .10) + (Return on Net Assets Ratio strength factor x .20) + (Viability Ratio strength factor x .35)

CALCULATION WITHOUT DEBT

CFI = (Primary Reserve Ratio strength factor x .55) + (Net Operating Revenues Ratio strength factor x .15) + (Return on Net Assets Ratio strength factor x .30)