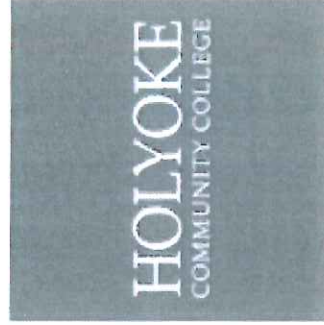
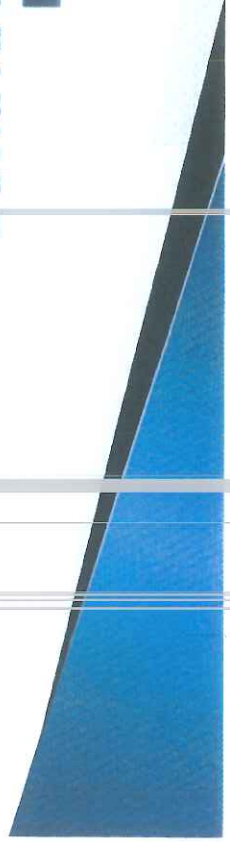


HOLYOKE COMMUNITY COLLEGE



Presented by

David A. DiIulis, CPA, MBA
Principal

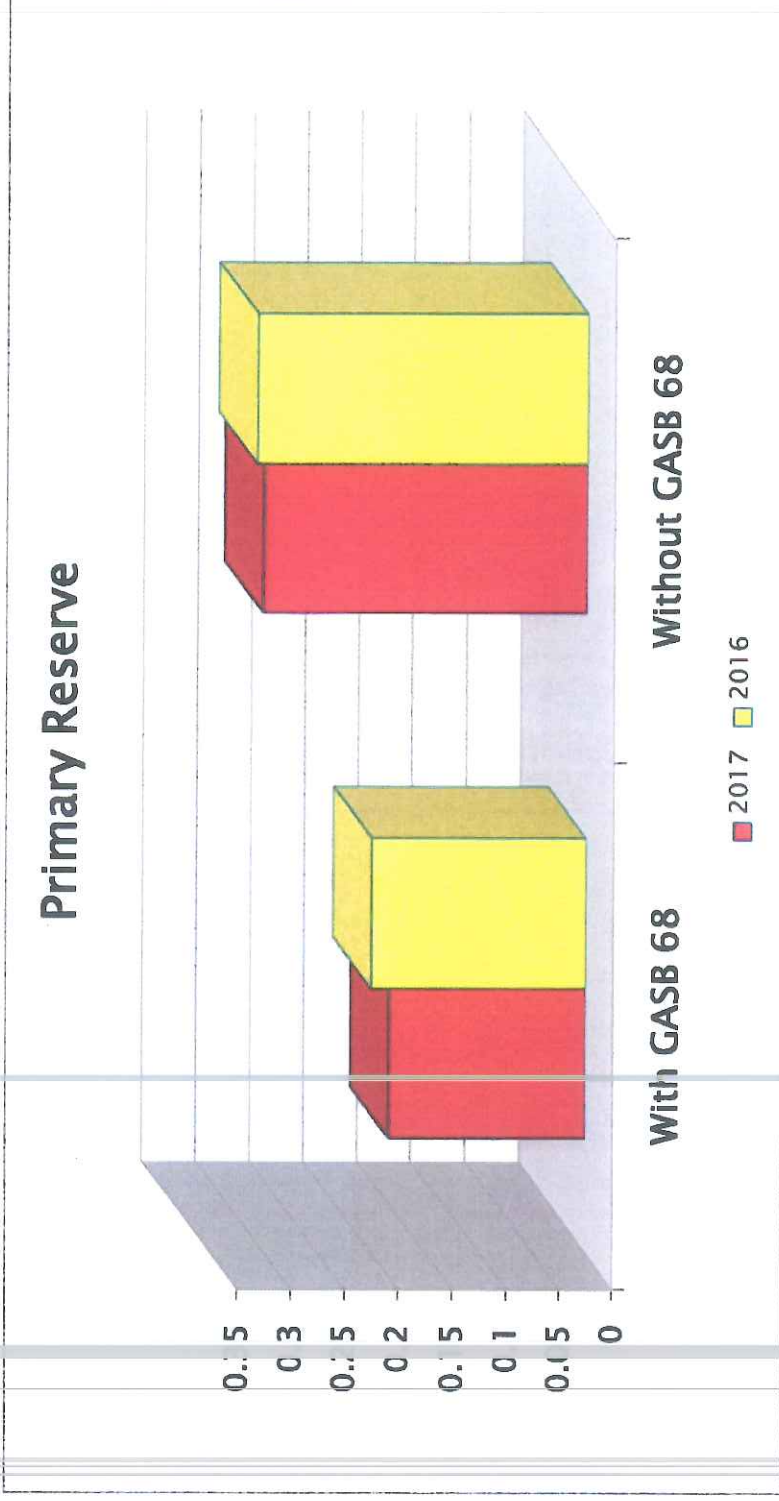


Ratio Definitions

- ▶ **Primary Reserve**–Measures financial strength of the institution by comparing expendable net assets to total expenses. This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations.
- ▶ **Viability Ratio**– Measures the availability of expendable net assets to cover debt should the institution need to settle its obligations as of the balance sheet date.
- ▶ **Net Operating Revenues**–Measures the profitability for the year.
- ▶ **Return on Net Position Ratio**–Measures whether an institution is financially better off than in previous years by calculating total economic return. This measure is more useful over a specific period of time.
- ▶ **Composite Ratio**–Measures the combination of the above four ratios into a single score , which again would be a useful indicator over a period of time.

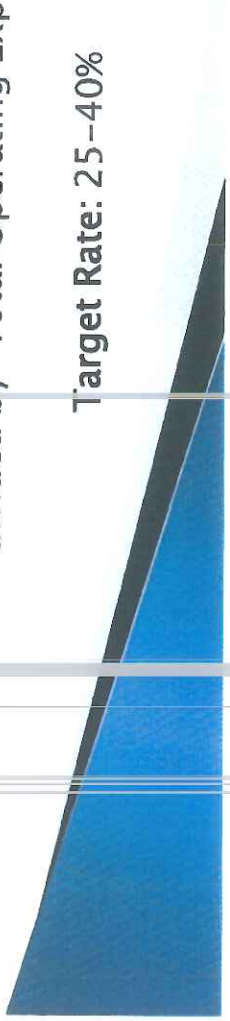


Primary Reserve

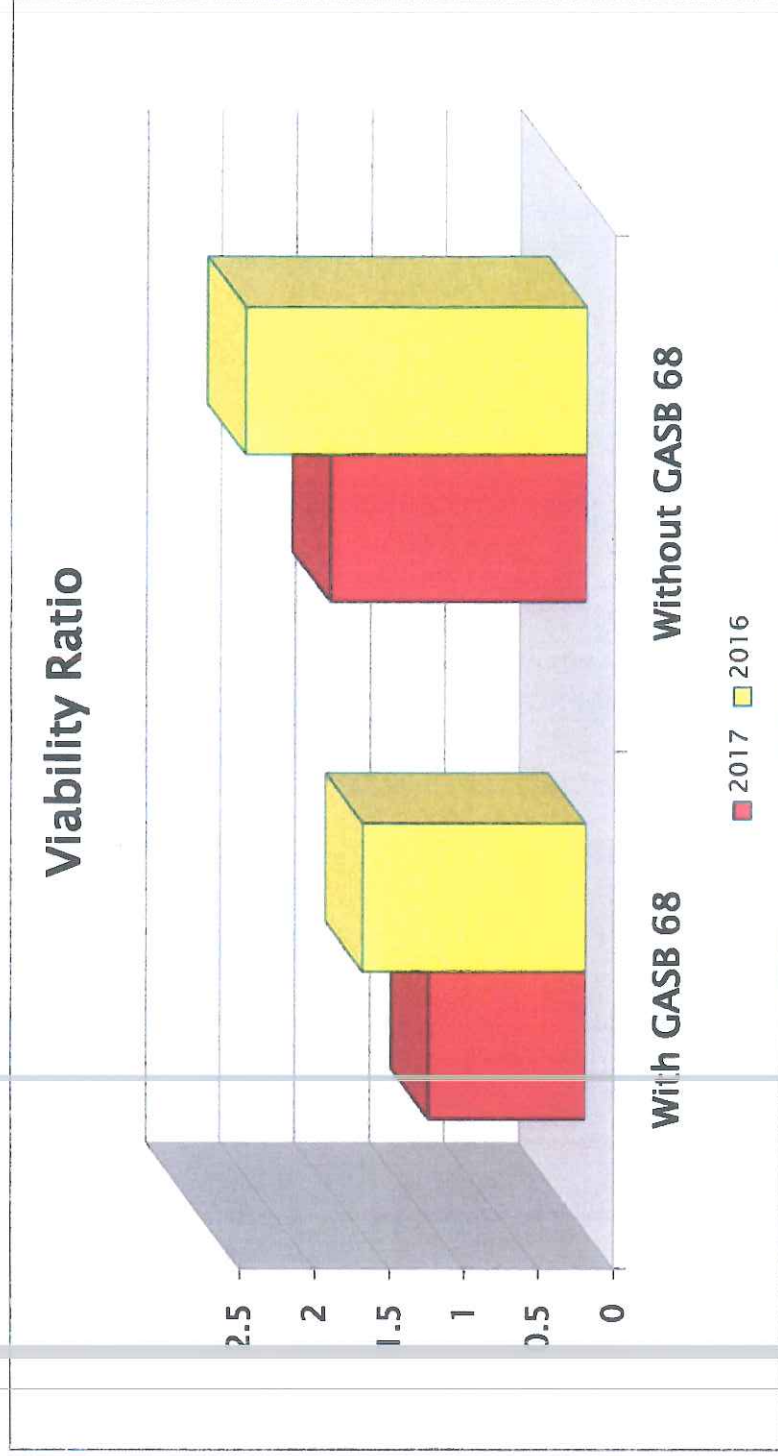


Basis for Calculation: "Expendable Net Assets (Unrestricted Net Assets + Restricted Expendable)" divided by "Total Operating Expenses" (Institution and Component Units)

Target Rate: 25-40%



Viability Ratio

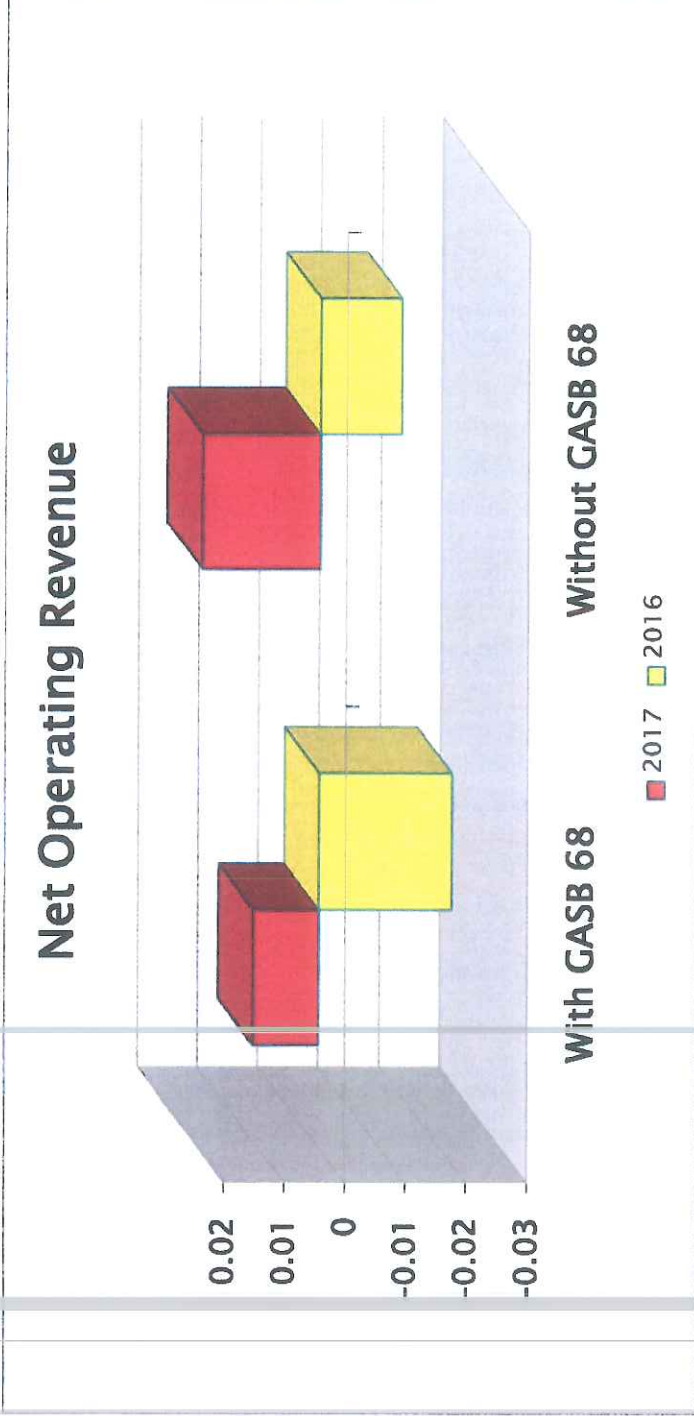


Basis for Calculation: "Expendable Net Assets" (Same figure used in Primary Reserve ratio) divided by "Long term Debt current portion + non-current portion"

Target Rate: > 1.0V



Net Operating Revenues

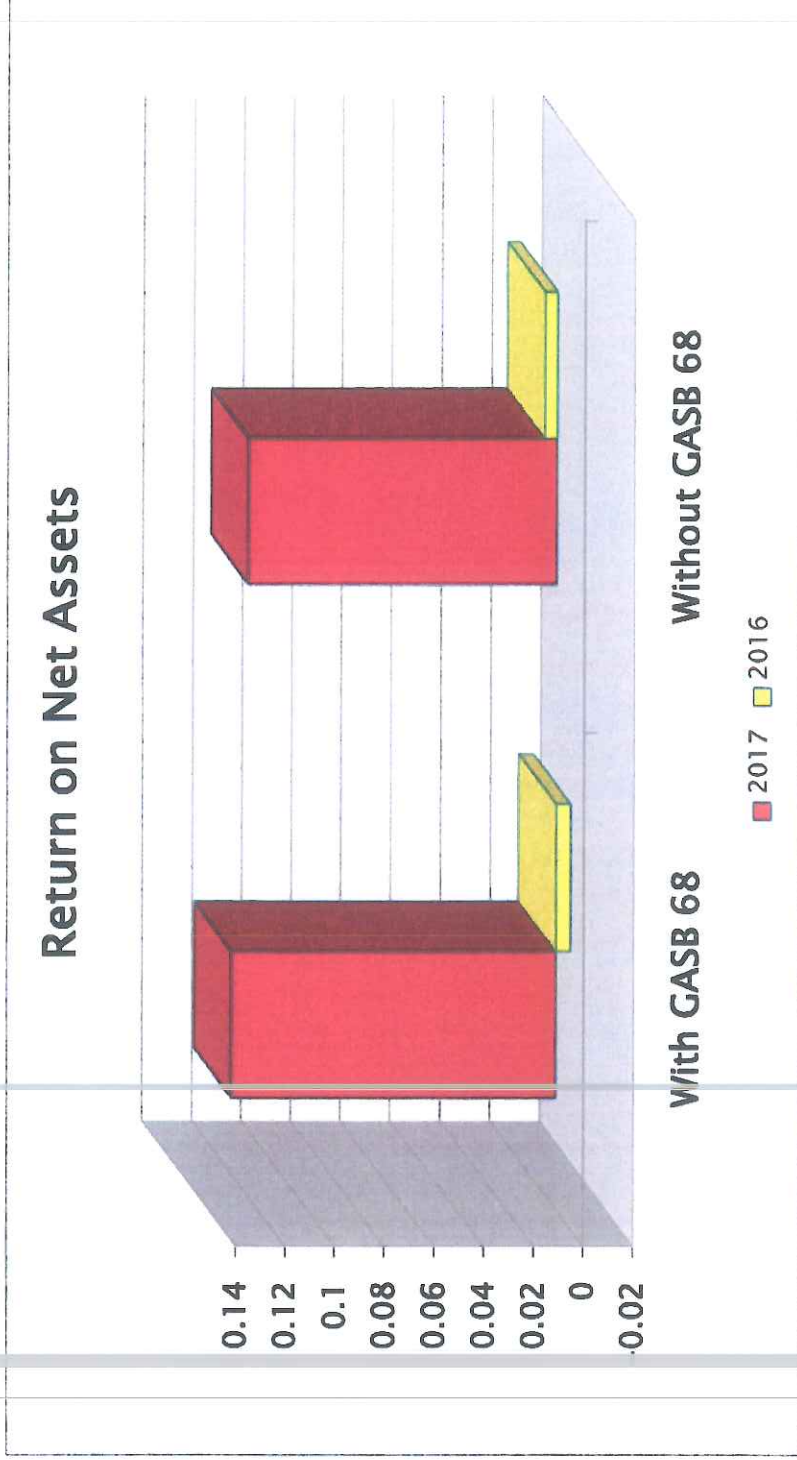


Basis for Calculation: "Operating Income (Loss) + Non-Operating Income (Expenses)" divided by "Total Operating Revenues + Non-Operating Revenues (Excluding Capital Appropriations, Gifts, and Endowments)." University and Component Unit

Target Rate: 2-4%



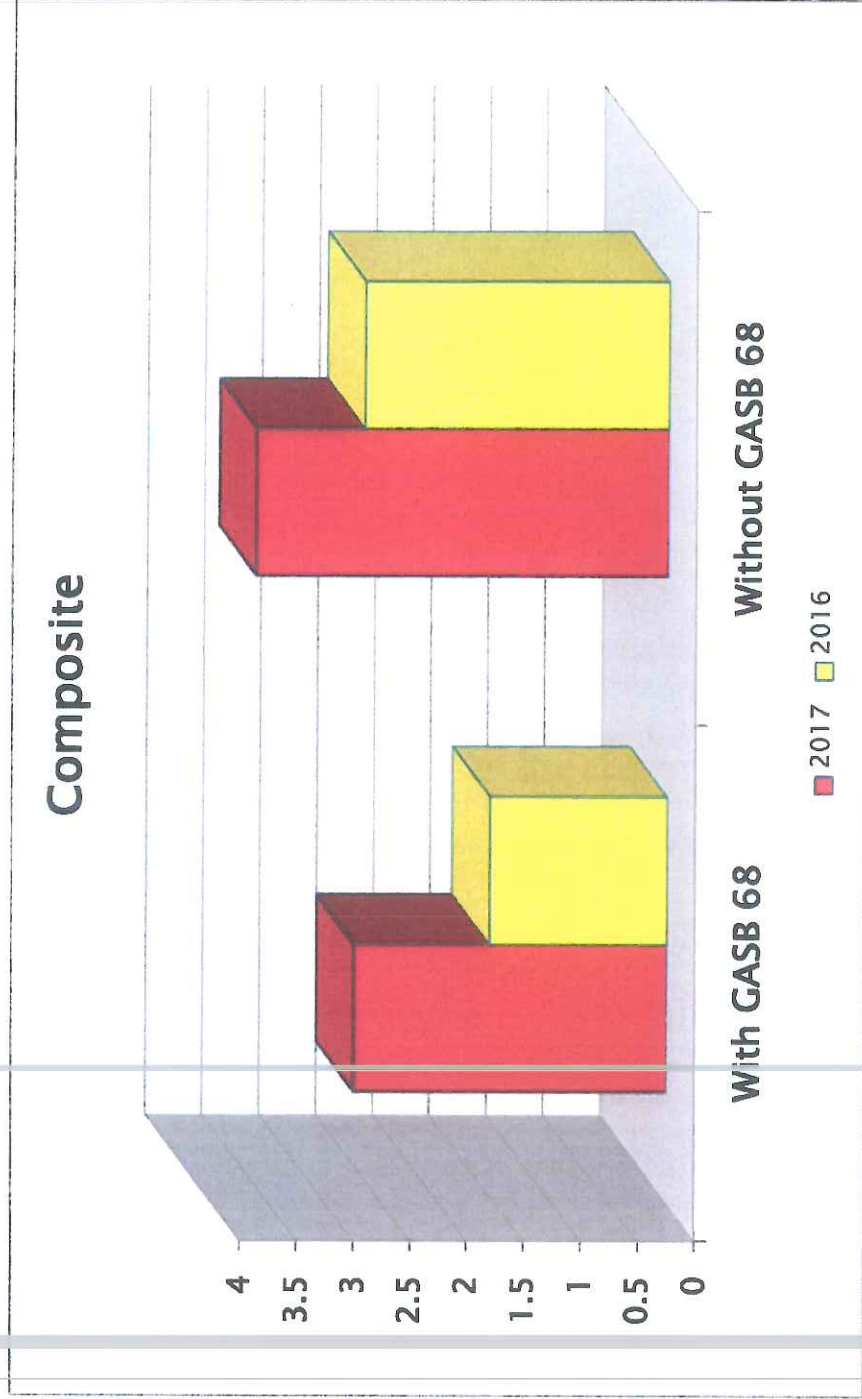
Return on Net Assets



Basis for Calculation: "Change in Total Net Assets" divided by "Net Assets at the beginning of Year".

Target Rate: 2-4%

Composite Financial Index

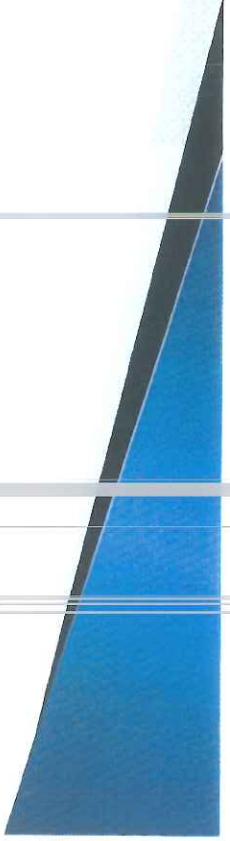


Questions & Comments

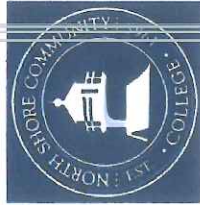
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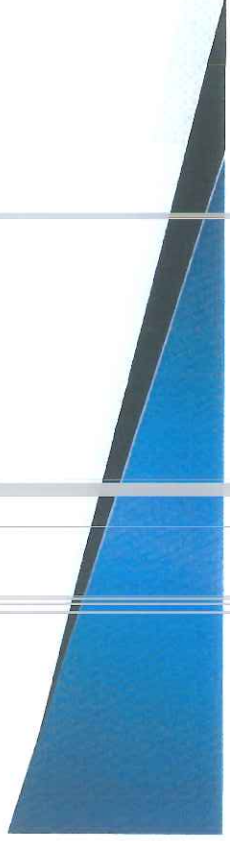


Presented by

David A. DiIulio, CPA, MBA
Principal

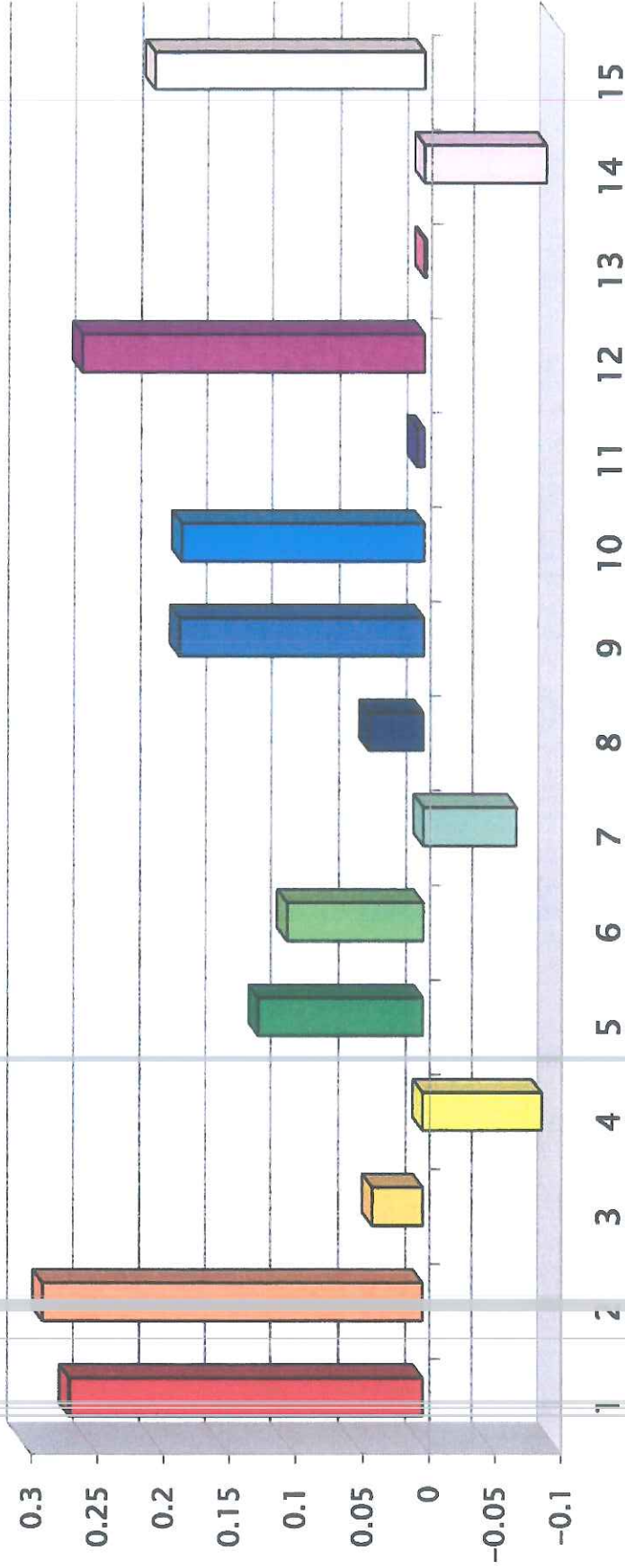
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Primary Reserve

Primary Reserve with GASB 68



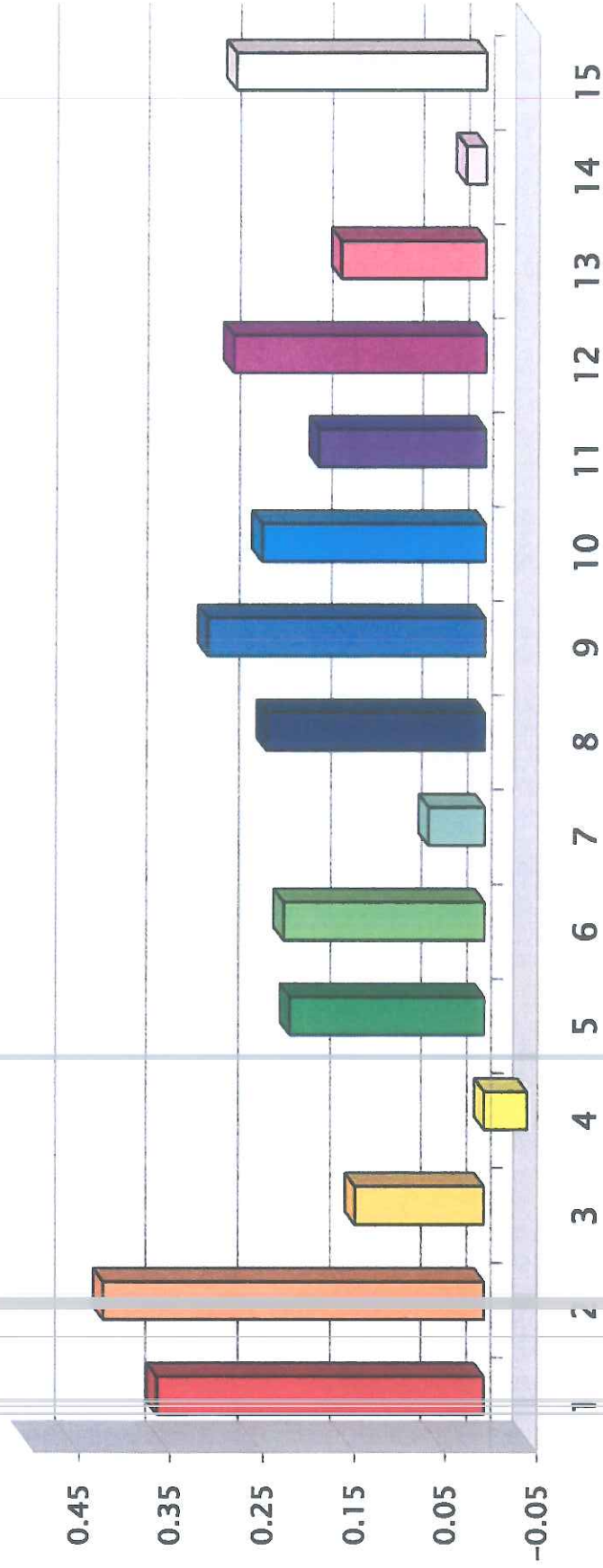
Basis for Calculation: "Expendable Net Assets (Unrestricted Net Assets + Restricted Expendable)" divided by "Total Operating Expenses" (Institution and Component Units)

Target Rate: 25-40%



Primary Reserve

Primary Reserve without GASB 68

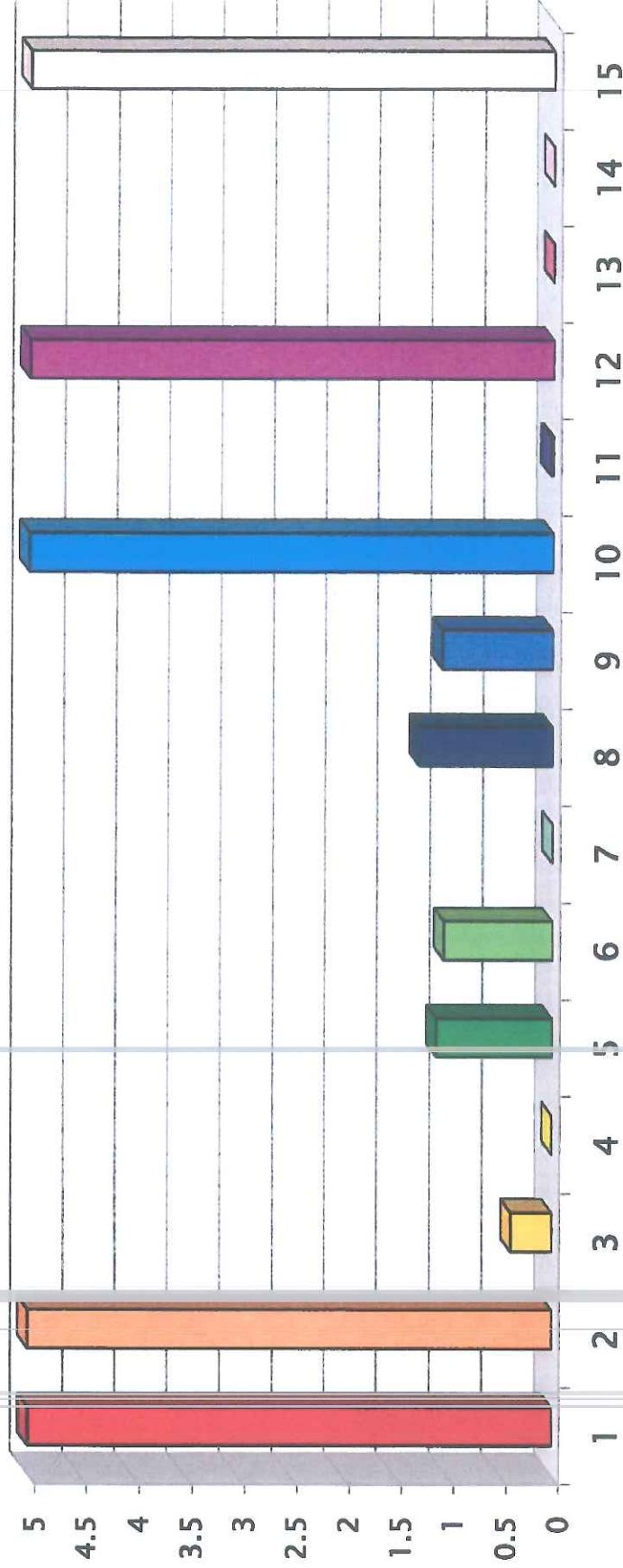


Basis for Calculation: "Expendable Net Assets (Unrestricted Net Assets + Restricted Expendable)" divided by "Total Operating Expenses" (Institution and Component Units)

Target Rate: 25-40%

Viability Ratio

Viability with GASB 68



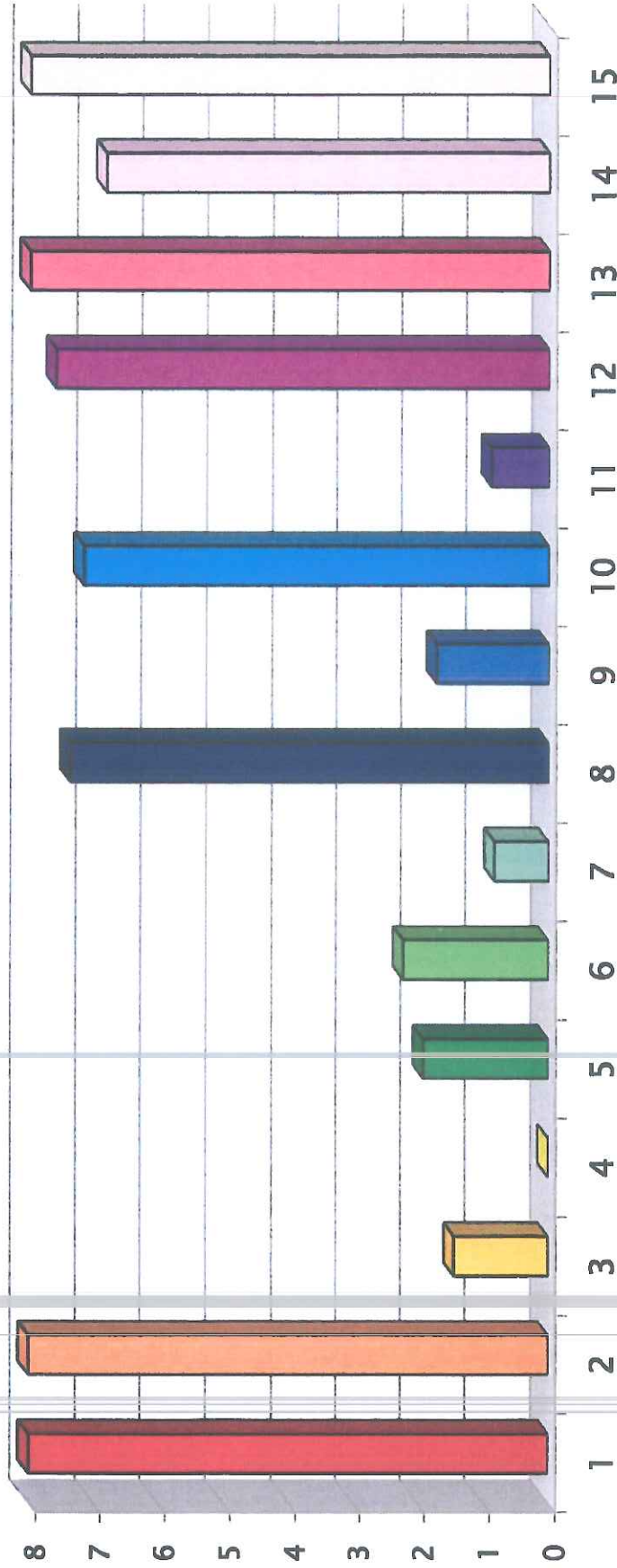
Basis for Calculation: "Expendable Net Assets" (Same figure used in Primary Reserve ratio) divided by "Long term Debt current portion + non-current portion"

Target Rate: > 1.0V



Viability Ratio

Viability without GASB 68



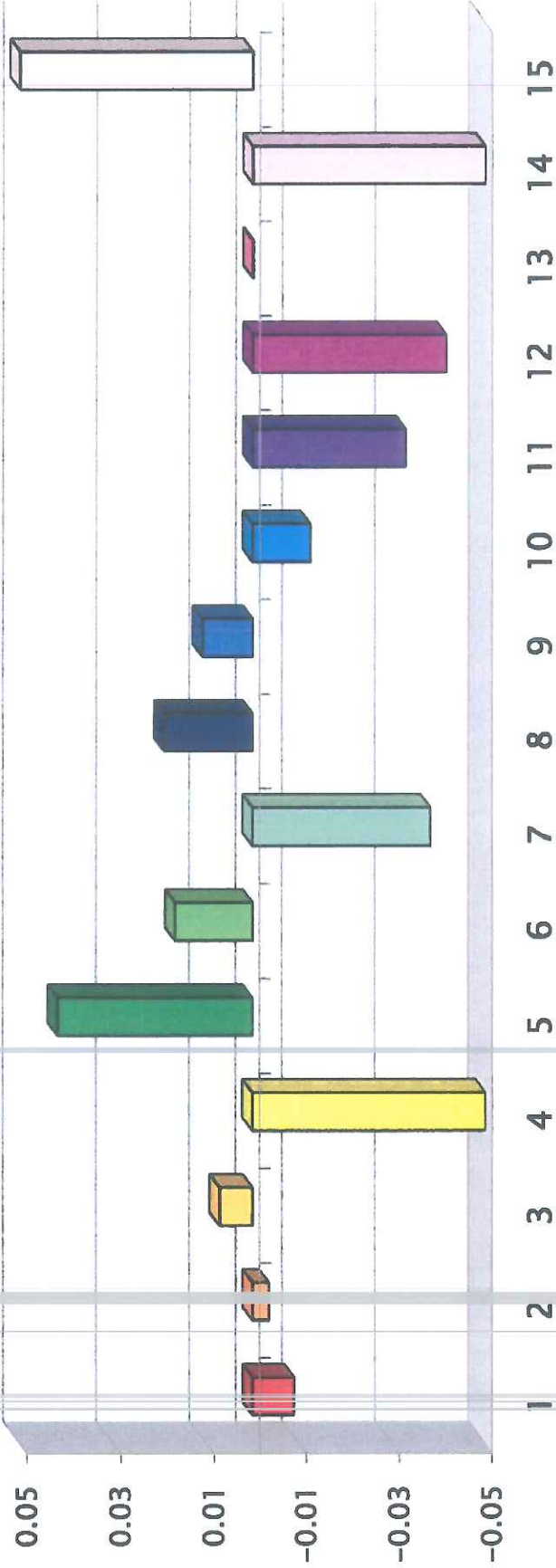
Basis for Calculation: "Expendable Net Assets" (Same figure used in Primary Reserve ratio) divided by "Long term Debt current portion + non-current portion"

Target Rate: > 1.0V



Net Operating Revenues

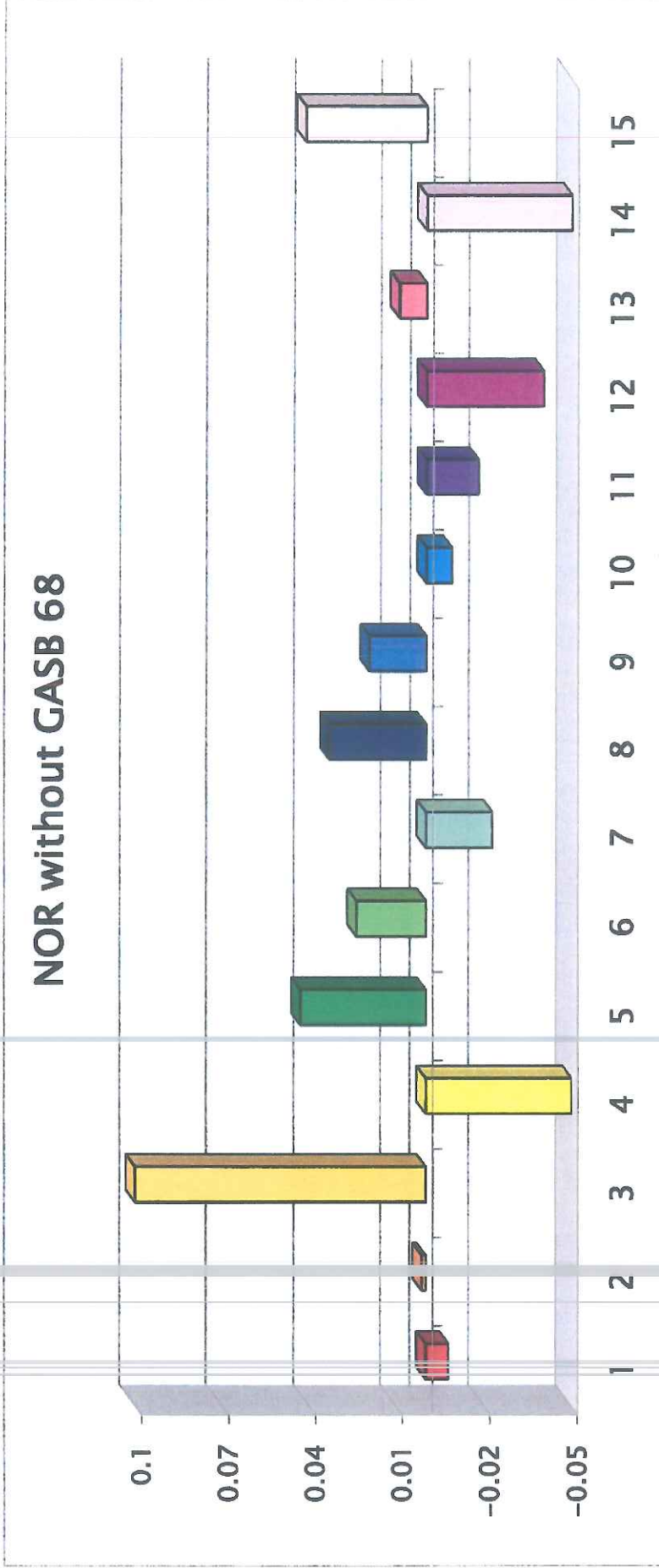
NOR with GASB 68



Basis for Calculation: "Operating Income (Loss) + Non-Operating Income (Expenses)" divided by "Total Operating Revenues + Non-Operating Revenues (Excluding Capital Appropriations, Gifts, and Endowments)." (University and Component Unit)

Target Rate: 2-4%

Net Operating Revenues



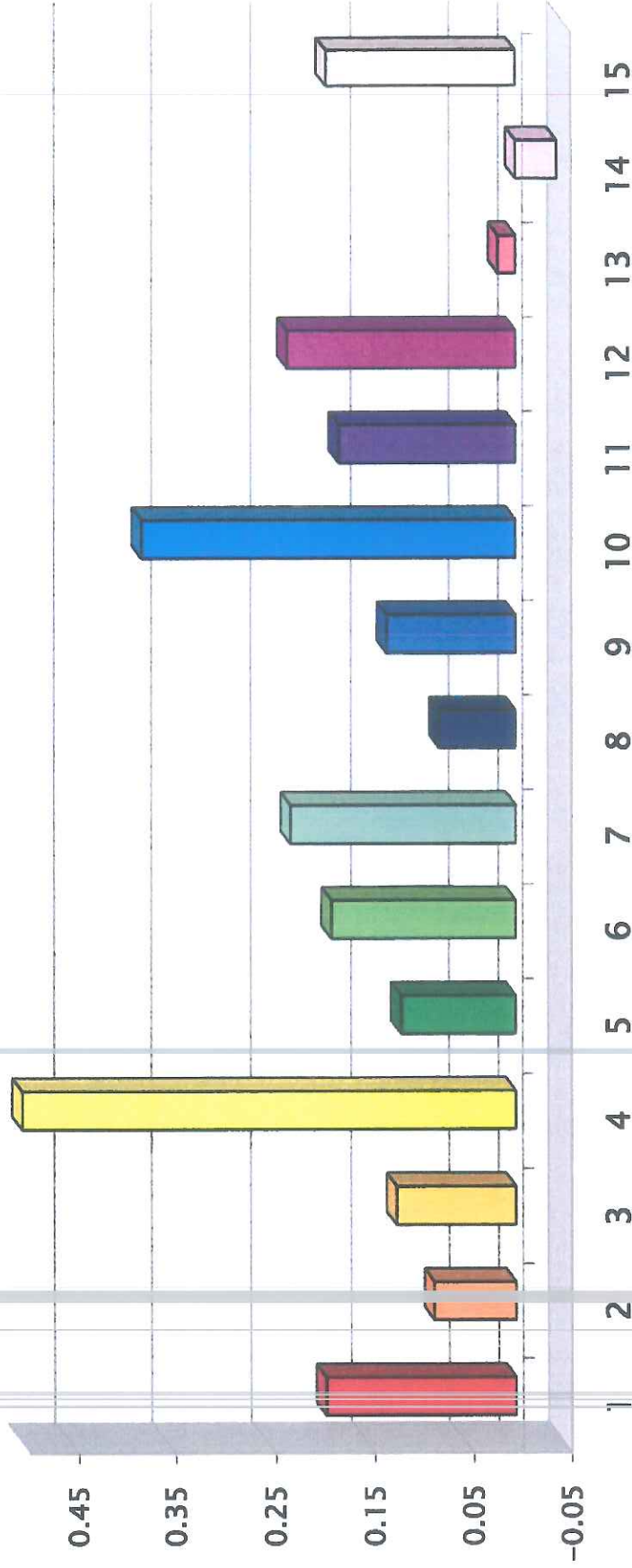
Basis for Calculation: "Operating Income (Loss) + Non-Operating Income (Expenses)" divided by "Total Operating Revenues + Non-Operating Revenues (Excluding Capital Appropriations, Gifts, and Endowments)." (University and Component Unit)

Target Rate: 2-4%



Return on Net Assets

Return on Net Assets with GASB 68



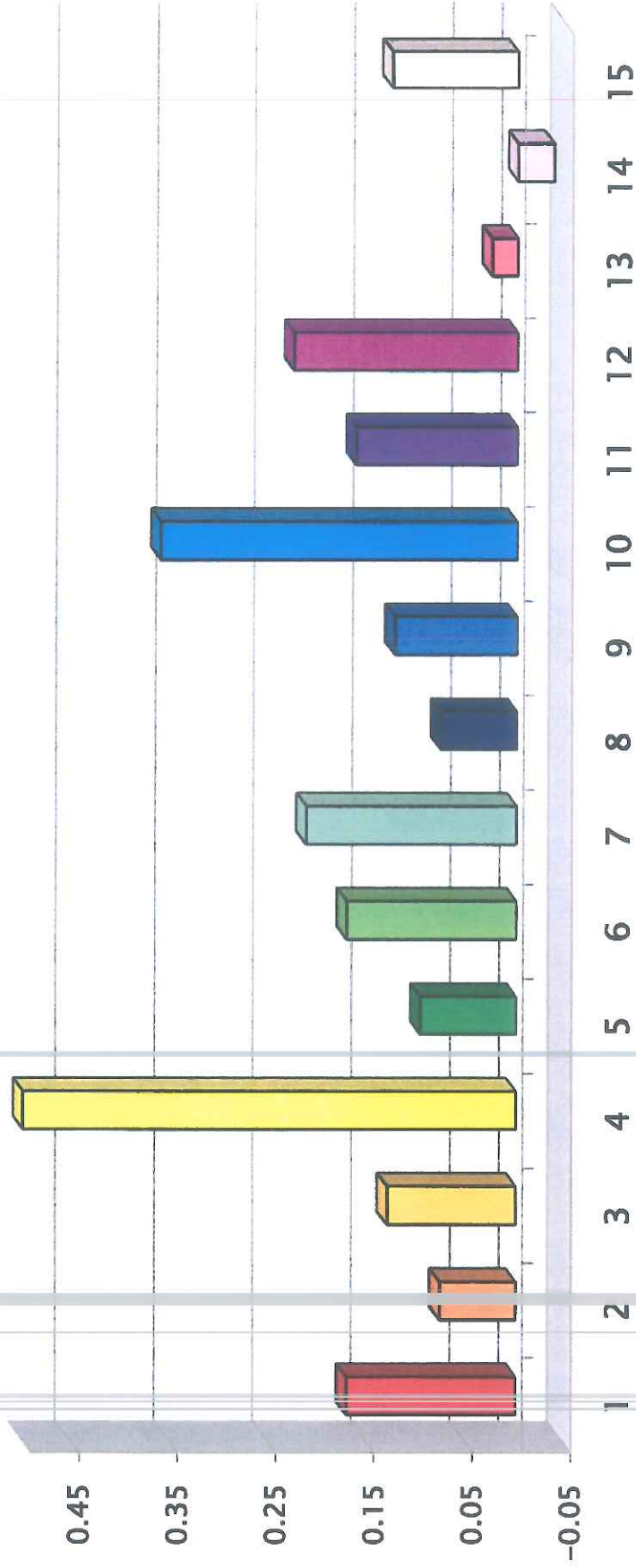
Basis for Calculation: "Change in Total Net Assets" divided by "Net Assets at the beginning of Year".

Target Rate: 2-4%



Return on Net Assets

Return on Net Assets without GASB 68

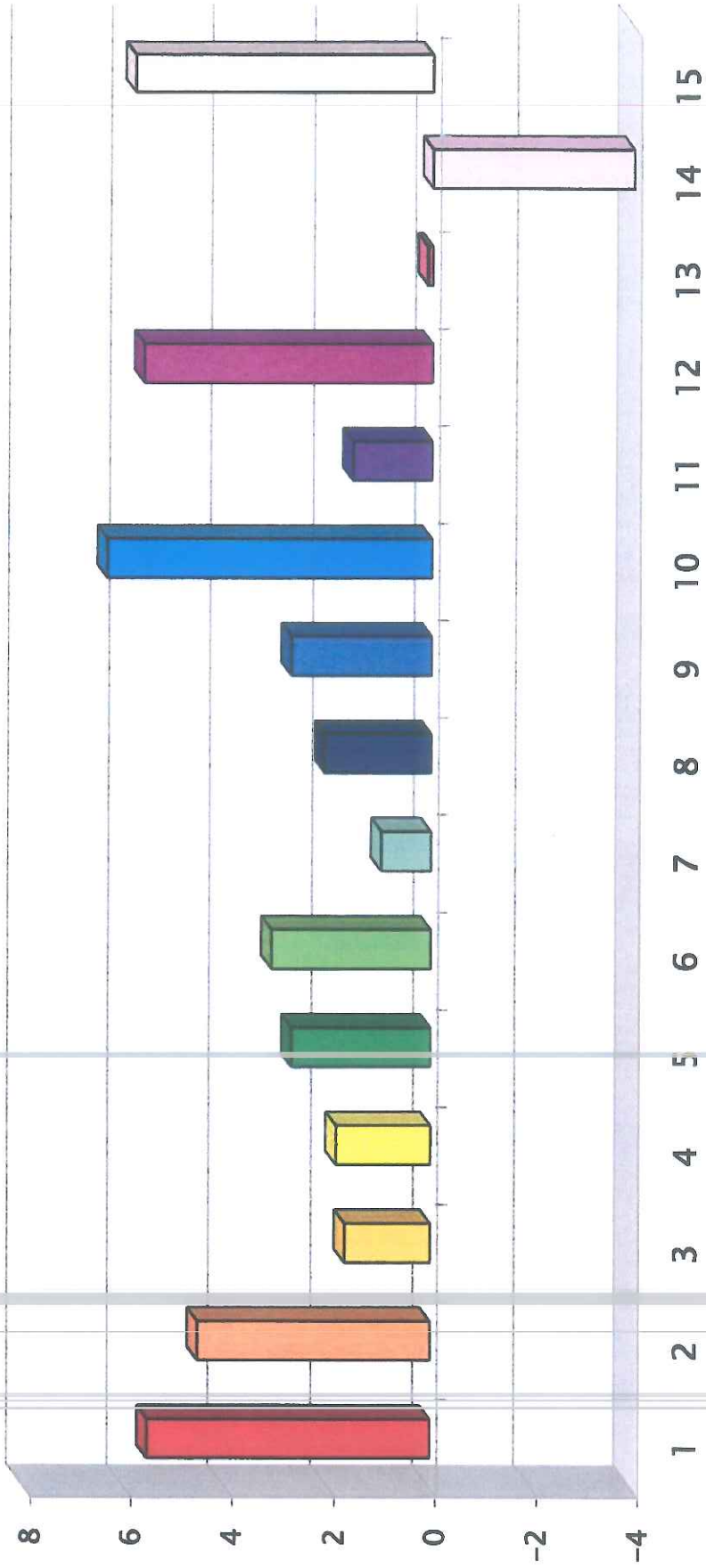


Basis for Calculation: "Change in Total Net Assets" divided by "Net Assets at the beginning of Year".

Target Rate: 2-4%

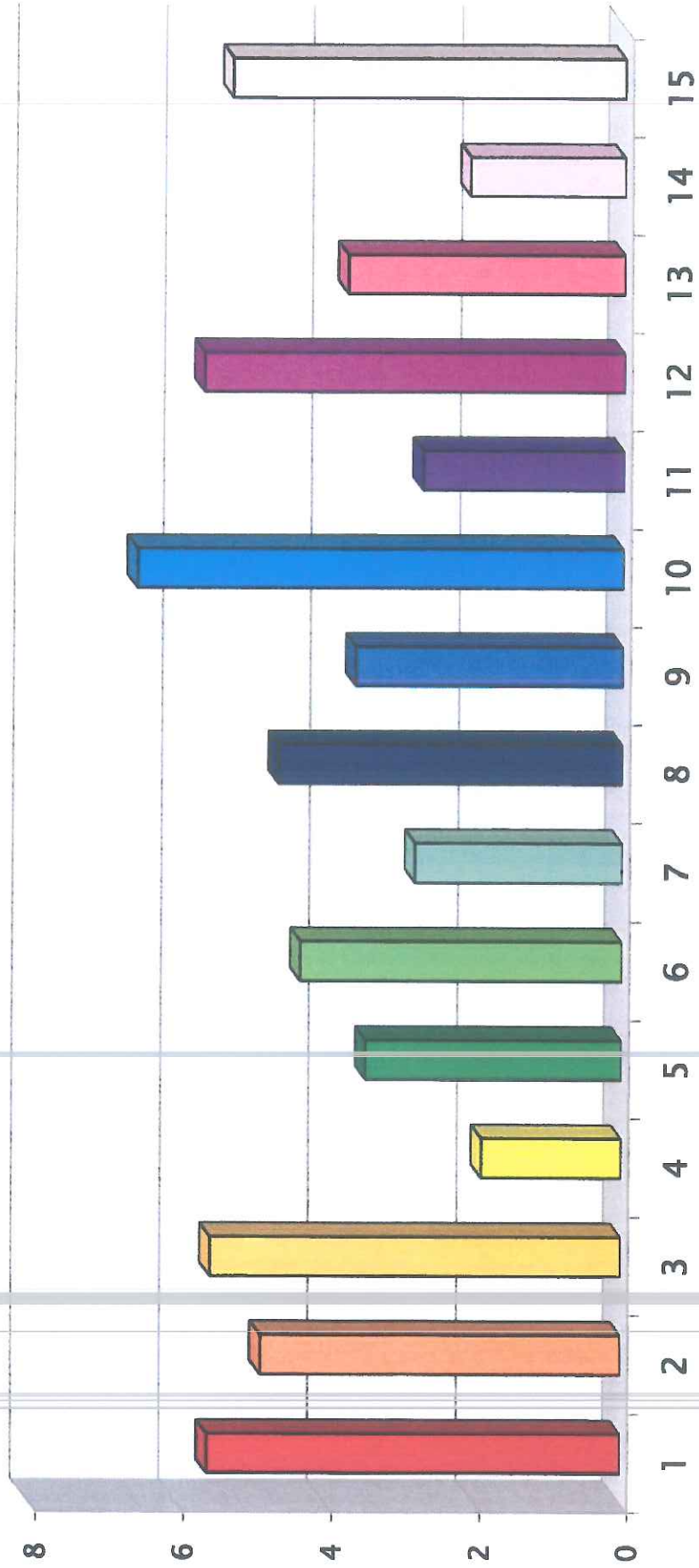
Composite Financial Index

Composite Score with GASB 68



Composite Financial Index

Composite Score without GASB 68



Questions & Comments

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Principal



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