

SECTION I: Ratio and Ratio Terms

Primary Reserve Ratio $\frac{\text{Expendable Net Assets}}{\text{Total Expenses without Donor Restrictions and Losses without Donor Restrictions}}$

Equity Ratio $\frac{\text{Modified Net Assets}}{\text{Modified Assets}}$

Net Income Ratio $\frac{\text{Change in Net Assets without Donor Restrictions}}{\text{Total Revenue without Donor Restrictions and Gains without Donor Restrictions}}$

Definitions:

Expendable Net Assets = (net assets without donor restrictions) + (net assets with donor restrictions) - (net assets with donor restrictions: restricted in perpetuity)* - (annuities, term endowments and life income funds with donor restrictions)** - (intangible assets) - (net property, plant and equipment)*** + (post-employment and defined benefit pension plan liabilities) + (all long-term debt obtained for long-term purposes, not to exceed total net property, plant and equipment)**** - (unsecured related party receivables)*****

Total Expenses without Donor Restrictions and Losses without Donor Restrictions = All expenses and losses without donor restrictions from the Statement of Activities less any losses without donor restrictions on investments, post-employment and defined benefit pension plans and annuities. (For institutions that have defined benefit pension and other post-employment plans, total expenses include the nonservice component of net periodic pension and other post-employment plan expenses, and these expenses will be classified as non-operating. Consequently, such expenses will be labeled non-operating or included with "other changes—nonoperating changes—in net assets without donor restrictions" when the Statement of Activities includes an operating measure).

Modified Net Assets = (net assets without donor restrictions) + (net assets with donor restrictions) - (intangible assets) - (unsecured related party receivables)

Modified Assets = (total assets) - (intangible assets) - (unsecured related party receivables)

Change in net assets without donor restrictions is taken directly from the audited financial statements

Total Revenue without Donor Restriction and Gains without Donor Restrictions = total revenue (including amounts released from restriction) plus total gains. With regard to gains, investment returns are reported as a net amount (interest, dividends, unrealized and realized gains and losses net