

## Nonprofit Financial Stability KPI Recommendations

Indicator	Type	Based on Publically Available Data?	Benchmark Against Other Organizations?	Benchmark/ Indicator	Driving Issue	Formula	Notes
Unrestricted Cash and Cash Equivalents on Hand	Financial	No	Yes, through peer surveys	1-3 months	Liquidity	$(\text{Unrestricted Cash \& Cash Equivalents}) / ((\text{Total Operating Expense - Depreciation and Amortization and Bad Debt}) / 365)$	
Days Cash on Hand with Available Line of Credit	Financial	Yes	Yes	1-3 months	Liquidity	$(\text{Unrestricted Cash \& Cash Equivalents \& Available Line of Credit}) / ((\text{Total Operating Expense - Depreciation and Amortization and Bad Debt}) / 365)$	Exclude endowment/investments
Operating Cash Flow Margin	Financial	Yes	Yes	Positive over majority of time	Liquidity and performance	$(\text{Total Operating Revenue} - \text{Total Operating Expenses}) + \text{Depreciation} + \text{Interest} / \text{Total Operating Revenue}$	
Accounts Payable Days Outstanding	Financial	No	Yes, through peer surveys	60 days	Liquidity	$\text{Accounts Payable} / (\text{Total Expenses net of non-cash expenses}) / (\text{Days in Year Up to Fiscal Report Date})$	
Accounts Receivable Days Outstanding	Financial	No	Yes, through peer surveys	60 days	Liquidity and appropriate financial oversight	$\text{Accounts Receivable} / (\text{Government Revenue} / 365)$	
Quick Ratio	Financial	Yes	Yes	2:1	Liquidity and performance	$\text{Cash} + \text{Investments} + \text{Gov Receivables} + \text{Other Receivables} / \text{Total Current Liabilities}$	
Planned Capital Expenditures vs. Capital Cash Outlays to Date	Financial	No	No, internal benchmarking only	n/a			
Months of Liquid Unrestricted Net Assets (LUNA)	Financial	Yes	Yes	3-6 month threshold	Long term stability	$(\text{Unrestricted Net Assets} - (\text{Fixed Assets} - \text{Mortgages})) / \text{Average Monthly Expenses}$	
Excess Operating Revenue over Operating Expenses	Financial	Yes	Yes	benchmark - positive over time	Liquidity and performance	$\text{DSRIP} = \text{Total Operating Revenue} - \text{Total Operating Expenses}$ $\text{HSDP} = \text{Total Revenue and Support}$	
Government Funding as a Percentage of Revenue	Financial	Yes	Yes	If over 50%, ensure proper systems in place; over 90% flag for further review	Risk management	$\text{Government Support} / (\text{Operating and Non-Operating Income})$	Over 90% speaks to financial stability

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Cost Per Dollar Raised	Financial	No	Yes, through peer surveys	\$.35/\$1 (BBB Benchmark)	Efficiency	Fundraising Expense/Public Support	
Management and General as a Percentage of Expense	Financial	Yes	Yes	At least 15% (Executive Order 38)	Performance and regulatory	M & G Expense / Total Expense	Excluding fundraising
Liabilities Related to Employee Benefits (vacation, sick, severance, deferred compensation)	Financial	No	Yes, through peer surveys				No metric, but orgs need to be aware of and monitor separately from other liabilities
Square Footage per Person	Financial	No	Yes, through peer surveys	2015 National Average: Large (20+ FTE) = 314; Small (<20 FTE) = 479 (Source: CBRE Annual Nonprofit Real Estate Benchmarking Survey)			
Contract % Recognized vs. Budgeted and/or Actual Service Levels as a Percentage of Approved Levels	Program	No	Yes, through peer surveys	Relative to planned performance			
Staff Turnover Rate	Program	No	Yes, through peer surveys	Should be compared to peers in the sector	Inefficiencies, morale, more funds needed to recruit and train new staff	Staff Separations / Budgeted Headcount	
Vacancies as a % of Total Positions	Program	No	Yes, through peer surveys	Should be compared to peers in the sector			
Profit and Loss by Program	Financial	No	No, internal benchmarking only		Identifies those programs operating at a loss	Revenue less expense by program	
Overtime as a Percentage of Total Expense	Financial	No	Yes, through peer surveys	Should be compared to peers in the sector	Inefficiency - measures an organization's ability to contain a significant controllable cost	Overtime/Total Expense	
Benefits as a % of Salary	Financial	No	Yes, through peer surveys	25-30%			