

The Arc New York

Key Ratios and Indicators

- Key Ratios and Indicators – Are used to assist management in understanding how their organization performance is doing.
- They should be tracked over a period of time to understand trends in your business and in some cases compared to industry benchmarks.
- Large variances in ratios and indicators should be investigated to understand causes and if necessary to take corrective action.
- In reviewing your trends overtime its important to understand what's happening in the industry and your geographical region (i.e. population trends, unemployment, state budget).

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Key Financial Ratios and Indicators

<u>Financial Ratios</u>	<u>Target</u>
Current ratio is the measure of the Organization's ability to pay its current liabilities as they come due.	>1.5:1
Days cash and investments on hand is a measure of how many days the Organization can operate without converting other assets to cash.	30-60
Days revenue in accounts receivable Days' revenue in accounts receivable is a measure of the effectiveness in collection of accounts receivable	<45
Days outstanding in accounts payable is a measurement of the Organization's aging of its trade payables	<35
Total liabilities to net assets is a measure of how assets have been acquired and an indication of capacity to incur additional debt	<2:1
Debt service ratio is a measure of the Organization's ability to pay debt as it comes due (i.e. monthly principal)	>1.25
Days cash, investments and Line-of-credit available balance on hand is the measure of the maximum amount of days operating expenses can be covered without converting other assets to cash. (worst case scenario)	>45
Organization Administrative Expense as a percentage of its total expenses, is a measurement an Organizations operational efficiency. NYS EO-38 requires a Tax-exempt that is paid by NYS for services to have a max rate of 15%.	10-12%
Government Based Revenue as a % of total revenue, measures dependency of government payors for services provided (Medicaid, Fed/State Grants, SSI and Food Stamps).	<90%

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Key Operational Ratios and Benchmarks

<u>Operational Ratios</u>	<u>Target</u>
Units of Service Utilization Rate is a measurement of actual units compared to Capacity, by Program (i.e. IRA, Day Hab). Also number of vacant slots as a percentage of total slots is similar tool. This should be done program and by site.	>95%
Cost Per Unit Of Service – how much does it cost to provide a unit of service, including the Organization's general and administrative costs. This compared to amount paid per unit of service by government sources.	varies
Number of days it takes to fill an open participant slot in a program (i.e. vacant bed, day hab slot), including vetting referrals and final placement notification	varies
Number of vacant Direct Care Open Positions, should also be done by site, and could also be expressed as total actual positions compared total approved positions.	
Residential Direct Care Overtime hours worked, by program and by site, as a percentage of total program site hours.	<10%

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- Questions and Answers