

## Financial Stress Test

There is not a standardized measure of what makes a school financially healthy. However, these factors, when considered together, can indicate whether a school is facing significant financial stress.

Financial Factor	Yes	No
Does the school have a balanced budget in the current year, without reserves?		
Did the school have a balanced budget in the prior year, without reserves?		
Does the school anticipate a balanced budget next year, without reserves?		
<i>If the school is using reserves to balance the budget, do they have a realistic plan to move beyond this?</i>		
Are there unrestricted resources available for a budget deficit?		
Does the school use deferred tuition or other revenue to pay for current year expenses?		
Does the school maximize auxiliary programs for additional revenue?		
Is the school able to meet the current year annual fund budget?		
Has the annual fund budget declined over the last 3 years?		
Does the school have a target endowment per student?		
Was the school able to realize the net tuition goals in each of the last 3 years?		
Have the net assets on the audit report increased over that of the prior year?		
Have the net assets on the audit report increased over the last several years?		
Is the school able to meet the debt service ratio?		
What are the salaries/benefits as a percentage of the operating budget? <i>(NAIS average=67%)</i>		
What is the tuition as a percentage of total revenue? <i>(NAIS average = 79%)</i>		
Is enrollment stable? <i>(In the last 6 years, enrollment at NAIS K-12 schools is up 2% and NAIS elementary schools are down 1%)</i>		
Is application volume consistent year-to-year?		
Is the acceptance rate decreasing? <i>(NAIS elementary schools are seeing a decline in applications, causing acceptance rates to climb)</i>		
Is the yield rate increasing? <i>(NAIS elementary schools are seeing increases in yield rates)</i>		
Has there been an increase in students leaving for reasons beyond relocation, or individual academic/behavior performance?		
Does the school understand the market in their draw area?		
Does the school effectively communicate their value proposition?		