The Composite Financial Index is a common ratio used by universities to evaluate the financial health of their institutions. Made up of four ratios, it produces an overall score that shows financial health.

**University of Manitoba’s Financial Health**

**Primary Reserve Ratio**
Compares accumulated reserves to annual operating demands in days of reserves. The minimum recommended days of reserves is 140. UM recently achieved the minimum threshold for reserves.

**Viability Ratio**
Demonstrates the amount of debt that could be repaid from reserves. Here the university needs to increase its reserves to meet the minimum threshold.

**Return on Net Assets Ratio**
Indicates whether an institution is better off financially at the end of a period than they were at the beginning of the period. Annual operating results of UM are adequate, but not excessive.

**Net Operation Revenue Ratio**
Shows whether an institution can conduct its operating activities using just the revenues generated in the period. University has exceeded the minimum threshold for most of the past few years. Exceeding the minimum threshold on this ratio has contributed to the improvement in the University’s overall financial health.

All four ratios combined = Overall Indicator
If you only look at one ratio, you don’t see the full financial picture.

**Overall Indicator**
The four ratios combined give you a financial health score out of 10.

What does UM’s Overall Indicator tell us?
UM’s financial health has improved somewhat over the past seven years. It now meets the minimum threshold for financial health for universities meaning that UM is financially viable, but does not have excessive financial resources.

*University transitioned from NPO to PSAS accounting standards in 2020*