

Analyzing Financial Information Using Ratios

This tool provides the description and calculation of 14 ratios, including a mix of balance sheet and income statement ratios. Once familiar with these ratios, you can use the [**Ratio Calculation Worksheet**](#) to get started.

Nonprofit Financial Ratios

Financial ratios are useful if they are:

- Calculated using reliable, accurate financial reports (such as an annual audit or final report)
- Calculated consistently from period to period
- Used in comparison to benchmarks or goals
- Viewed both at a single point in time and as a trend over time
- Interpreted in the context of both internal and external factors

Restricted Funds

When calculating ratios from the balance sheet, be aware of temporarily, or permanently restricted funds, and how they might affect the ratios. Calculate the ratios using only unrestricted assets to yield the most useful results.

Worksheet

A spreadsheet with these calculations is [**available to download from our website here.**](#) <https://www.propelnonprofits.org/resources/analyzing-financial-information-using-ratios/>