

**Net Income Ratio (Annual Operating Margin)**

This ratio determines whether the institution is financially better off than in previous years by measuring total economic return. This ratio furnishes a broad measure of the change in an institution's total wealth over a single year and is based on the level and change in total net assets, regardless of asset classification. Thus, the ratio provides the most comprehensive measure of the growth or

**Operating Results - Do operating results indicate the institution is living within available resources?**

A **Net Income Ratio** that is positive indicates the institution experienced an operating surplus for the year. Generally speaking, the larger the surplus, the stronger the institution's financial performance. However, if surpluses are obtained by under spending on mission-critical investments, the surplus should be questioned. A negative ratio indicates losses for the year. <sup>(1)</sup>

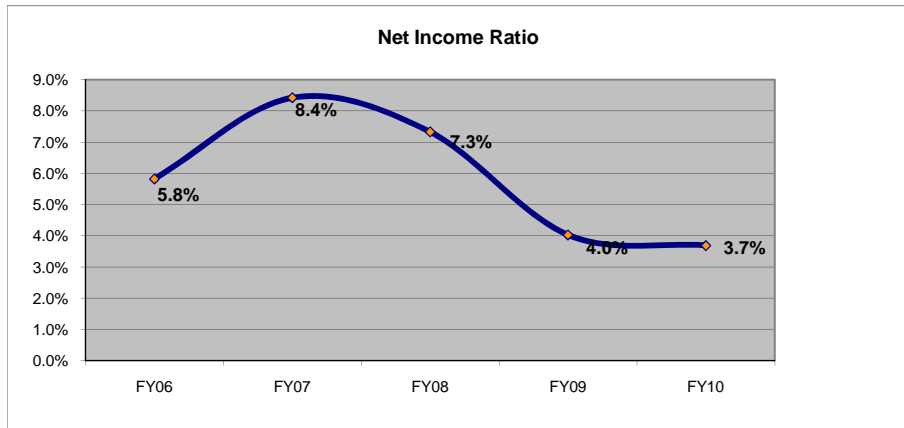


**UTSA's CONDITION:** Future and continued decline may be expected as UTSA expends funds for mission critical needs per the strategic plan.

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	Change
<b>Net Income Ratio</b>	3.3%	3.6%	5.8%	8.4%	7.3%	4.0%	3.7%	-8%
<i>Data</i>								
Change in Total Net Assets	\$ 8,157,359	\$ 10,246,258	\$ 18,774,685	\$ 29,536,101	\$ 28,292,360	\$ 16,836,579	\$ 16,969,482	\$ 132,903
Beginning of the Year Total Net Assets	\$ 247,630,451	\$ 288,017,718	\$ 322,767,182	\$ 350,954,812	\$ 386,416,766	\$ 418,242,753	\$ 460,335,201	\$ 42,092,449

**Formula**

$$\frac{\text{Change in Total Net Assets}}{\text{Beginning of the year total Net Assets}}$$



(1) "Ratio Analysis in Higher Education-Measuring Past Performance to Chart Future Direction", 1999, Fourth Edition, KPMG LLP and Prager, McCarthy & Sealy, LLC, pages 14 - 16.