

Metrics

MVNU has selected the following ratios in evaluating debt levels:

Debt Service Ratio: measures the % of debt service & leases to total expenses

$$\frac{\text{Annual Debt Service (P\&I) + Lease Payments}}{\text{Total Expenses}}$$

Debt Leverage Ratio: measures the % of net assets leveraged by debt & leases

$$\frac{\text{Net Assets}}{\text{Annual Debt Service (P\&I) + Lease Payments}}$$

Operating Cash Flow to Debt Service & Lease Obligations: measures the ability to meet debt service & lease payments from operating cash flow

$$\frac{\text{Net Cash Provided by Operations + Interest Expense}}{\text{Debt Service (P\&I) + Lease Payments}}$$

Interest Risk Ratio: measures the impact of interest payments on total expenses

$$\frac{\text{Interest Expense}}{\text{Total Expenses}}$$

Sources: Queens University (Canada), Lakehead University (Canada), Auburn University (AL), Berea College (KY), Rockhurst University (KS)