Shepherd University Composite Financial Index (CFI)[1]

HLC Report Year	2021	2022	2023	2024	2025
CFI Value[2]	0.64	2.00	0.88	1.26	2.71

The **Composite Financial Index** (CFI) is a "score" that measures the relative financial health of an institution.

The CFI is composed of a set of four financial ratios (calculated from audited financial statements):

- The Primary Reserve Ratio answers the financial question: *Are resources sufficient and flexible enough to support the mission?*
- The Viability Ratio answers the financial question: *Are debt resources managed strategically to advance the mission?*
- The Return on Net Assets Ratio answers the financial question: *Does asset performance and management support the strategic direction?*
- The Net Operating Revenues Ratio answers the financial question: *Do operating results indicate the institution is living within available resources?*

From the Higher Learning Commission (HLC) perspective:

- CFI Scores from 1.1 – 10.0: "Above the Zone": No Follow-up Required
- CFI Scores from 0.0 – 1.0 : "In the Zone": Institutional Response Required
- CFI Scores from -4.0 – -0.1: "Below the Zone": HLC Panel Review Imposed

[1]Framework for the CFI is laid out in *Strategic Financial Analysis for Higher Education Identifying, Measuring & Reporting Financial Risks*, Seventh Edition by Prager, Sealy & Co., LLC ; KMPG LLP

[2]Per HLC guidelines, the CFI values presented exclude considerations of accounting standards GASB 68 and GASB 75 (Statements on Accounting and Financial Reporting for Pensions issued by the Governmental Accounting Standards Board).