

# WORKSHEET FOR CALCULATING YOUR OWN RATIOS

To calculate the ratios, you will need the following figures from the last three months of practice:

**TOTAL RECEIVABLES** (A) \$ \_\_\_\_\_  
This is the total dollars owed to you in ALL accounts.

**TOTAL BALANCES OVER 90 DAYS** (B) \$ \_\_\_\_\_  
The total dollars owed to you that are over 90 days old.

**TOTAL CHARGES LAST 3 MONTHS** \$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
TOTAL (C) \$ \_\_\_\_\_

Example: If the last month billed is July, fill in July, June and May's total dollars billed (services).

**TOTAL RECEIPTS LAST 3 MONTHS** \$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
TOTAL (D) \$ \_\_\_\_\_

Note: Take only the monies deposited into the bank. Do NOT factor insurance adjustments, etc. into these figures.

## TO CALCULATE COLLECTION RATIO:

The formula is...

$$(\text{RECEIPTS (D)} / \text{CHARGES (C)}) \times 100 = \text{(E)} \quad \text{COLLECTION RATIO}$$

Take total receipts (calculated in step D) and divide that number by the total charges (calculated in step C). Multiply your answer by 100. This gives your average collection ratio for the preceding 3 month period. This ratio tells you for every \$100 billed you receive (E) dollars in payments (revenue).

## TO CALCULATE PERCENTAGE OVER 90 DAYS:

The formula is...

$$(\$ > 90 \text{ DAYS OLD (B)} / \$ \text{ TOTAL A/R (A)}) \times 100 = \text{(F)} \quad \text{Percentage} > 90 \text{ days}$$

Take total balances over 90 days old (from step B) and divide that number by total \$'s receivable (from step A). Multiply your answer by 100. The answer (F) is the percent of your receivables that are over 90 days old.

## TO CALCULATE DAYS of REVENUE OUTSTANDING (DRO):

The formula is...

$$\$ \text{ TOTAL A/R (A)} / (\$ \text{ LAST 3 MONTHS CHARGES (C)} / 3) \times 30.44 = \text{(G)} \quad \text{DRO}$$

First step is to divide your last 3 months charges (from step C) by 3, giving you your average charges per month. Divide your total A/R (from step A) by average charges per month (from prior step). Multiply your answer by 30.44 (the average days in a month). This gives you your answer for Days of Revenue Outstanding. This number could also be thought of as "How long does it take me to get paid on the average?"