

THE KRESGE FOUNDATION

Instructions for Unrestricted Net Assets Tool

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Instructions for Calculating Unrestricted Net Assets for Operations

The Unrestricted Net Assets (URNA) available to support operations are calculated by subtracting the net equity position in fixed assets from unrestricted net assets. Net equity is the net fixed assets (capitalized assets less accumulated depreciation) less associated debt; this represents the amount of organizational capital that is locked up in illiquid investments, and is therefore not readily available to support the organization's operations. Organizations that have positive net assets (a positive fund balance) are better-positioned to think about their capitalization structure and needs, since the baseline financial needs of the organization are being met. The URNA worksheet requires organizations to enter data from the most recent audit and performs the above calculation to help applicants determine the URNA available for operations.

URNA – Net fixed assets + Associated Debt = URNA available for operations

Organizations with an annual expense budget over \$1 million applying to the Detroit Arts Support Program must submit a completed URNA worksheet as part of their application.

About the URNA Workbook

The URNA Workbook contains three separate worksheets: a blank template, an example of positive unrestricted net assets, and an example of negative unrestricted net assets. *The blank template is for use by the grantseeker.* Worksheets 2 and 3 are examples of how to calculate an organization's possible net assets available to support operations. Both examples (positive and negative) show the same level of unrestricted net assets.

The worksheets require Excel 2003 or a newer version. Please consult your technology department if you have compatibility issues.

When completing the blank template for your application, please use audited data from the most recently completed fiscal year.

Worksheet 1: Blank template

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This template provides space to enter data from your organization's balance sheet. Enter the required inputs in the white boxes in the left-hand column; the grayed cells will calculate automatically and be carried over to the right-hand column. Enter all values as positive numbers; calculations will be performed automatically and displayed to the right.

Worksheet 2 - Positive unrestricted net assets

In this example, the net fixed assets and associated debt taken together are less than the total unrestricted net assets, resulting in unrestricted net assets available to support operations.

Worksheet 3 - Negative unrestricted net assets

This example shows an organization with assets that are primarily tied up in fixed assets and associated debt. Together, they are larger than the unrestricted net assets, so the result is that there are negative unrestricted net assets available to support operations.