

Developed By: Main Street Accounting

Developed For: Foundation Plumbing



Sole Proprietorship Financial Report

[238220] Plumbing, Heating, and Air-Conditioning Contractors

Sector: Construction
Release date: Dec 2020

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INTRODUCTION

GET THE MOST OUT OF YOUR SOLE PROPRIETOR FINANCIAL REPORT

The Bizminer Sole Proprietorship Financial Report presents detailed information to help you understand any firm's position relative to the financial performance of similar firms in the industry. If you input your firm financials, comparison of dollar, percentage and financial ratio performance become an even more powerful benchmark of firm performance against industry standards. The results can help you understand your industry and become an important part of your toolkit that helps to guide management decisions. If you aren't already, consider working with a qualified advisor to obtain personalized guidance.

To assist you, the report includes definitions of most line items and ratios; and (if you take advantage of the inputs tool) a simple scoring interface that compares your firm and the industry peer group you selected.

YOUR INDUSTRY PEER GROUP

When you accessed your Sole Proprietorship Financial Report, you selected a comparison peer group that most closely represents the character of your firm.

Firms Analyzed	
2015	37,594
2016	32,925
2017	30,735
2018	31,834
2019	23,876
2020q2	21,264

Your peers are determined through a series of criteria and can include your selections of:

- Industry Segment (of 5000 classifications)
- Time Series (1-5 year display options)

YOUR INDUSTRY IN CONTEXT: THE NAICS CLASSIFICATION SYSTEM

The industry your selected fits within the official NAICS (North American Industry Classification System) and Bizminer's proprietary taxonomy, which breaks out more detailed industries classifications than NAICS by adding up to eight decimal digits after the NAICS-6 code. The industry you selected fits into this industry hierarchy:

- NAICS 23: Construction
- NAICS 238: Specialty Trade Contractors
- NAICS 2382: Building Equipment Contractors
- NAICS 238220: Plumbing, Heating, and Air-Conditioning Contractors

RATIO CATEGORIES

The Bizminer Industry Financial Report is based on selected financial ratios that are typically considered to be Key Performance Indicators (KPIs) which includes:

Cash Flow/Solvency: Cash Flow ratios indicate a company's ability to meet various levels of demand on cash and easily obtainable cash resources against current and anticipated near-term payments due.

Profitability: Profitability ratios compare levels of return against various expense and balance sheet components to measure your performance against reasonable industry peer group standards, indicating bottom line performance.

Efficiency: Efficiency ratios measure your success in marshalling resources at hand to effectively manage various components of your business operations. These indicators often point most specifically toward actions that could enhance your bottom line.

If you submit corresponding inputs, ratios will be scored against industry values for the most recent three calendar years.

CUSTOMIZE YOUR REPORT

Customize any Bizminer Sole Proprietorship Financial Report with these options: Co-brand with your name and logo (and/or your client's); input and benchmark firm financials; specify tables, ratios and years you want to display. Display options are On by default.

SUMMARY SCORES





SUMMARY PERFORMANCE SCORES

Based on your inputs, the Sole Proprietorship Financial Report calculates the percentage difference (variance) between client ratios and sole proprietorship industry average for the selected industry. Your firm performance on each ratio is scored on a 1-5 scale (5 being best) for each year displayed in the report. The scoring approach depends on the specific scored ratio. You can find a detailed explanation for each at the end of this report.

The value of peer comparisons with your business depends on the accuracy and completeness of the firm financial information that is being entered. The more detail that you provide, the more comprehensive and meaningful the benchmark.

For each ratio, the score for those years selected from the most recent three calendar years is averaged and integrated into a Ratio Category Score. The Score for each of the three categories (Cash Flow/Solvency; Profitability; Efficiency) are then averaged to produce an Overall Score.

Summary Scores (2015-2016-2017-2018-2019-2020q2) (Scale 1-5)

OVERALL TOTAL SCORE:		3.42
RATIO CATEGORY SCORES		
CASH FLOW / SOLVENCY:		4.00
PROFITABILITY:		3.60
EFFICIENCY:		2.67

RATIO CATEGORIES

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WORTH YOUR FOCUS:

Ratio Category scores are simply a reflection of the more focused individual ratios that they include. Any ratios that score below 3.0 should be examined closely for weaknesses in management or performance that could be improved with reasonable effort and expense. While you should work with a qualified advisor to obtain specific guidance, we've flagged these areas for attention:

 Days Inventory	1.00
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PROFIT LOSS (\$): INCOME & EXPENSE - INDUSTRY

	Industry					
	2015	2016	2017	2018	2019	2020q2
Revenue	382,168	324,843	373,569	280,177	350,221	437,776
Inventory	2,592	1,694	2,290	1,689	2,346	2,933
Cost of Sales	133,700	111,542	127,809	95,648	117,394	148,143
COS-Labor Portion	28,361	20,857	49,496	35,515	43,085	55,247
Gross Profit	248,467	213,300	245,760	184,528	232,827	289,633
Salary-Wages	18,302	12,424	11,807	8,747	9,036	11,382
Contract Labor-Commissions	28,042	25,922	33,671	24,940	32,360	40,713
Rent	4,858	4,339	4,892	3,626	5,218	6,567
Advertising	1,762	1,785	1,995	1,467	1,996	2,495
Benefits-Pension	1,087	351	352	249	280	350
Insurance (non-health)	6,825	6,241	7,233	5,370	6,339	7,968
Taxes paid	3,466	3,165	3,911	2,906	3,572	4,509
Sales, General, Admin & Misc	80,090	65,590	71,693	53,119	63,880	80,376
EBITDA	104,034	93,484	110,206	84,104	110,144	135,273
Interest Paid	1,391	1,417	1,459	1,096	1,471	1,795
Home Office Expense	1,675	1,741	1,750	1,333	1,926	2,408
Amortization & Depreciation	8,284	7,836	9,913	7,317	10,121	13,790
Total Expenses	155,782	130,810	148,675	110,171	136,201	172,352
Net Profit	92,685	82,490	97,085	74,358	96,626	117,280
Total Direct Labor & NP	167,391	141,693	164,706	124,459	157,564	224,623
Owner Earnings	94,362	84,233	98,837	75,693	98,555	119,691

PROFIT LOSS DEFINITIONS

Inventory (% Revenue): The stockpile of unsold products. Unlike corporate reports which show inventory as a percent of total assets, the sole proprietorship financial format displays Inventory as a percent of Revenue.

Cost of Sales includes materials and labor involved in the direct delivery of a product or service. Other costs are included in the cost of sales to the extent that they are involved in bringing goods to their location and condition ready to be sold. Non-production overheads such as development costs may be attributable to the cost of goods sold. The costs of services provided will consist primarily of personnel directly engaged in providing the service, including supervisory personnel and attributable overhead.

COS-Labor Portion: This reporting format details labor from the materials and delivery portion of the total Cost of Sales.

Gross Profit represents direct operating expenses plus net profit. In addition to the labor portion of Cost of Sales, wage costs are reflected in the Officers Compensation and Wages-Salary line items. The Contract Labor-Commissions line item is reserved for non-employee labor, sales and related costs. In many cases, SG&A (Sales, General and Administrative) costs also include some overhead, administrative and supervisory wages.

Compensation and Wages-Salary line items. In many cases, SG&A (Sales, General and Administrative) costs also include some overhead, administrative and supervisory wages.

Rent covers the rental cost of any business property, including land, buildings and equipment.

Advertising includes advertising, promotion and publicity for the reporting business, but not on behalf of others.

Benefits-Pension includes, but is not limited to, employee health care and retirement costs.

Insurance (non-health) costs include business liability and property insurance, but exclude employee health insurance, which is covered under the Benefits-Pension line item.

The **Taxes Paid** line item includes payroll other paid-in tax items, but not business income taxes due for the period. Although it can be calculated in many ways and is a controversial measure, the EBITDA line item (Earnings before Interest Expense, income tax due, Depreciation and Amortization) adds back interest payments, depreciation, amortization and depletion allowances, and excludes income taxes due to reduce the effect of accounting decisions on the bottom line of the Profit and Loss Statement. Since some firms utilize EBITDA to "add back" non-cash and flexible expenses which may be altered through credits and accounting procedures (such as income tax), paid-in income taxes from the **Taxes Paid** line item are not added back in the EBITDA calculation.

In addition to varying proportions of overhead, administrative and supervisory wages, some generally more minor expenses are aggregated under **Sales, General and Administrative & Miscellaneous** Expenses.

EBITDA: Business Revenue: Earnings Before Interest, (income) Taxes due, Depreciation and Amortization divided by Business Revenue. EBITDA: Business Revenue is a relatively controversial (and often criticized) metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. Tax credits and deferral procedures and non-cash expenditures (Amortization and Depreciation) are not deducted from the profit equation, as are interest expenditures.

Pre-Tax **Net Profit** represents net profit before income tax due. Income Tax calculates the federal corporate tax rate before credits, leaving After-Tax Profit at the bottom line.

The **Total Direct Labor & NP** line is developed to indicate overall labor costs, aggregating them as a percentage indicator for one-person sole proprietorships as well as larger operations. Total Direct Labor & NP sums the labor portion of Cost of Sales, Salary-Wages, Contract Labor-Commissions and Net Profit line items.

Discretionary **Owner Earnings** sums Officer Compensation, Depreciation and related non-cash expenses and Net Profit before business taxes to represent a practical measure of total return to owners. The D.O.E. metric is mainly used for small businesses.

PROFIT LOSS (\$): INCOME & EXPENSE - Foundation Plumbing

Foundation Plumbing						
	2015	2016	2017	2018	2019	2020q2
Revenue	1,718,455	1,736,918	1,749,451	1,612,441	1,599,085	1,718,455
Inventory	29,507	27,448	32,955	23,224	24,285	29,507
Cost of Sales	534,937	572,026	580,916	569,529	492,732	534,937
COS-Labor Portion	28,361	20,857	22,143	16,414	19,086	25,306
Gross Profit	1,183,518	1,164,892	1,168,535	1,042,912	1,106,353	1,183,518
Salary-Wages	147,964	153,195	160,814	158,955	130,815	147,964
Contract Labor-Commissions	106,289	110,225	116,091	98,334	80,661	106,289
Rent	33,167	34,324	35,928	34,635	27,157	33,167
Advertising	13,824	14,367	15,130	22,990	18,289	13,824
Benefits-Pension	44,597	46,010	48,075	39,258	27,463	44,597
Insurance (non-health)	6,825	6,241	7,233	5,370	6,234	10
Taxes paid	54,620	56,438	59,117	48,163	42,448	54,620
Sales, General, Admin & Misc	162,061	164,133	171,385	138,237	129,912	162,061
EBITDA	614,171	579,959	554,762	496,970	643,374	620,986
Interest Paid	6,729	7,055	7,401	6,902	5,728	6,729
Home Office Expense	1,675	1,741	1,750	1,333	1,508	52,111
Amortization & Depreciation	19,099	19,760	20,652	24,189	14,160	19,099
Total Expenses	596,850	613,489	643,576	578,366	484,375	640,471
Net Profit	586,668	551,403	524,959	464,546	621,978	543,047
Total Direct Labor & NP	869,282	835,680	824,007	738,249	852,540	822,606
Owner Earnings	588,344	553,145	526,710	465,881	623,487	595,159

PROFIT LOSS (\$): VARIANCE FROM INDUSTRY

	2015	2016	2017	2018	2019	2020q2
Revenue	349.66 %	434.70 %	368.31 %	475.51 %	356.59 %	292.54 %
Inventory	1,038.45 %	1,519.94 %	1,338.86 %	1,275.42 %	934.95 %	906.00 %
Cost of Sales	300.10 %	412.83 %	354.52 %	495.44 %	319.72 %	261.09 %
COS-Labor Portion	-0.00 %	-0.00 %	-55.26 %	-53.78 %	-55.70 %	-54.20 %
Gross Profit	376.33 %	446.13 %	375.48 %	465.18 %	375.18 %	308.63 %
Salary-Wages	708.44 %	1,133.10 %	1,262.04 %	1,717.25 %	1,347.76 %	1,199.96 %
Contract Labor-Commissions	279.03 %	325.22 %	244.78 %	294.28 %	149.26 %	161.07 %
Rent	582.78 %	691.01 %	634.44 %	855.15 %	420.42 %	405.08 %
Advertising	684.43 %	704.80 %	658.30 %	1,467.08 %	816.16 %	454.00 %
Benefits-Pension	4,003.17 %	13,002.13 %	13,557.17 %	15,658.46 %	9,702.03 %	12,633.96 %
Insurance (non-health)	-0.00 %	0.00 %	-0.00 %	0.00 %	-1.66 %	-99.87 %
Taxes paid	1,475.85 %	1,683.46 %	1,411.57 %	1,557.11 %	1,088.27 %	1,111.33 %
Sales, General, Admin & Misc	102.35 %	150.24 %	139.05 %	160.24 %	103.37 %	101.63 %
EBITDA	490.35 %	520.39 %	403.39 %	490.90 %	484.12 %	359.06 %
Interest Paid	383.89 %	397.90 %	407.36 %	529.47 %	289.41 %	274.90 %
Home Office Expense	-0.01 %	0.01 %	0.02 %	0.01 %	-21.71 %	2,064.29 %
Amortization & Depreciation	130.57 %	152.18 %	108.34 %	230.59 %	39.90 %	38.50 %
Total Expenses	283.13 %	368.99 %	332.87 %	424.97 %	255.63 %	271.61 %
Net Profit	532.97 %	568.45 %	440.72 %	524.75 %	543.70 %	363.03 %
Total Direct Labor & NP	419.31 %	489.78 %	400.29 %	493.17 %	441.07 %	266.22 %
Owner Earnings	523.49 %	556.68 %	432.91 %	515.49 %	532.63 %	397.25 %

PROFIT LOSS (%): INCOME & EXPENSE - INDUSTRY

Industry						
	2015	2016	2017	2018	2019	2020q2
Revenue	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Inventory	0.68 %	0.52 %	0.61 %	0.60 %	0.67 %	0.67 %
Cost of Sales	34.98 %	34.34 %	34.21 %	34.14 %	33.52 %	33.84 %
COS-Labor Portion	7.42 %	6.42 %	13.25 %	12.68 %	12.30 %	12.62 %
Gross Profit	65.02 %	65.66 %	65.79 %	65.86 %	66.48 %	66.16 %
Salary-Wages	4.79 %	3.82 %	3.16 %	3.12 %	2.58 %	2.60 %
Contract Labor-Commissions	7.34 %	7.98 %	9.01 %	8.90 %	9.24 %	9.30 %
Rent	1.27 %	1.34 %	1.31 %	1.29 %	1.49 %	1.50 %
Advertising	0.46 %	0.55 %	0.53 %	0.52 %	0.57 %	0.57 %
Benefits-Pension	0.28 %	0.11 %	0.09 %	0.09 %	0.08 %	0.08 %
Insurance (non-health)	1.79 %	1.92 %	1.94 %	1.92 %	1.81 %	1.82 %
Taxes paid	0.91 %	0.97 %	1.05 %	1.04 %	1.02 %	1.03 %
Sales, General, Admin & Misc	20.96 %	20.19 %	19.19 %	18.96 %	18.24 %	18.36 %
EBITDA	27.22 %	28.78 %	29.50 %	30.02 %	31.45 %	30.90 %
Interest Paid	0.36 %	0.44 %	0.39 %	0.39 %	0.42 %	0.41 %
Home Office Expense	0.44 %	0.54 %	0.47 %	0.48 %	0.55 %	0.55 %
Amortization & Depreciation	2.17 %	2.41 %	2.65 %	2.61 %	2.89 %	3.15 %
Total Expenses	40.77 %	40.27 %	39.79 %	39.32 %	38.89 %	39.37 %
Net Profit	24.25 %	25.39 %	26.00 %	26.54 %	27.59 %	26.79 %
Total Direct Labor & NP	43.79 %	43.62 %	44.10 %	44.42 %	44.99 %	51.31 %
Owner Earnings	24.69 %	25.93 %	26.46 %	27.02 %	28.14 %	27.34 %

PROFIT LOSS (%): INCOME & EXPENSE - Foundation Plumbing

Foundation Plumbing						
	2015	2016	2017	2018	2019	2020q2
Revenue	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Inventory	1.72 %	1.58 %	1.88 %	1.44 %	1.52 %	1.72 %
Cost of Sales	31.13 %	32.93 %	33.21 %	35.32 %	30.81 %	31.13 %
COS-Labor Portion	1.65 %	1.20 %	1.27 %	1.02 %	1.19 %	1.47 %
Gross Profit	68.87 %	67.07 %	66.79 %	64.68 %	69.19 %	68.87 %
Salary-Wages	8.61 %	8.82 %	9.19 %	9.86 %	8.18 %	8.61 %
Contract Labor-Commissions	6.19 %	6.35 %	6.64 %	6.10 %	5.04 %	6.19 %
Rent	1.93 %	1.98 %	2.05 %	2.15 %	1.70 %	1.93 %
Advertising	0.80 %	0.83 %	0.86 %	1.43 %	1.14 %	0.80 %
Benefits-Pension	2.60 %	2.65 %	2.75 %	2.43 %	1.72 %	2.60 %
Insurance (non-health)	0.40 %	0.36 %	0.41 %	0.33 %	0.39 %	0.00 %
Taxes paid	3.18 %	3.25 %	3.38 %	2.99 %	2.65 %	3.18 %
Sales, General, Admin & Misc	9.43 %	9.45 %	9.80 %	8.57 %	8.12 %	9.43 %
EBITDA	35.74 %	33.39 %	31.71 %	30.82 %	40.23 %	36.14 %
Interest Paid	0.39 %	0.41 %	0.42 %	0.43 %	0.36 %	0.39 %
Home Office Expense	0.10 %	0.10 %	0.10 %	0.08 %	0.09 %	3.03 %
Amortization & Depreciation	1.11 %	1.14 %	1.18 %	1.50 %	0.89 %	1.11 %
Total Expenses	34.73 %	35.32 %	36.79 %	35.87 %	30.29 %	37.27 %
Net Profit	34.14 %	31.75 %	30.01 %	28.81 %	38.90 %	31.60 %
Total Direct Labor & NP	50.59 %	48.11 %	47.10 %	45.78 %	53.31 %	47.87 %
Owner Earnings	34.24 %	31.85 %	30.11 %	28.89 %	38.99 %	34.63 %

PROFIT LOSS (%): VARIANCE FROM INDUSTRY

	2015	2016	2017	2018	2019	2020q2
Revenue	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Inventory	153.18 %	202.97 %	207.25 %	138.99 %	126.67 %	156.28 %
Cost of Sales	-11.02 %	-4.09 %	-2.94 %	3.46 %	-8.07 %	-8.01 %
COS-Labor Portion	-77.76 %	-81.30 %	-90.45 %	-91.97 %	-90.30 %	-88.33 %
Gross Profit	5.93 %	2.14 %	1.53 %	-1.80 %	4.07 %	4.10 %
Salary-Wages	79.79 %	130.62 %	190.84 %	215.76 %	217.08 %	231.17 %
Contract Labor-Commissions	-15.71 %	-20.47 %	-26.38 %	-31.49 %	-45.41 %	-33.49 %
Rent	51.84 %	47.94 %	56.83 %	65.97 %	13.98 %	28.67 %
Advertising	74.45 %	50.52 %	61.92 %	172.29 %	100.65 %	41.13 %
Benefits-Pension	812.51 %	2,350.39 %	2,816.28 %	2,638.18 %	2,046.77 %	3,143.97 %
Insurance (non-health)	-77.76 %	-81.30 %	-78.65 %	-82.62 %	-78.46 %	-99.97 %
Taxes paid	250.45 %	233.55 %	222.77 %	187.94 %	160.25 %	208.59 %
Sales, General, Admin & Misc	-55.00 %	-53.20 %	-48.95 %	-54.78 %	-55.46 %	-48.63 %
EBITDA	31.29 %	16.03 %	7.49 %	2.67 %	27.93 %	16.95 %
Interest Paid	7.61 %	-6.88 %	8.34 %	9.38 %	-14.71 %	-4.49 %
Home Office Expense	-77.76 %	-81.30 %	-78.64 %	-82.62 %	-82.85 %	451.35 %
Amortization & Depreciation	-48.72 %	-52.84 %	-55.51 %	-42.56 %	-69.36 %	-64.72 %
Total Expenses	-14.81 %	-12.29 %	-7.55 %	-8.78 %	-22.11 %	-5.33 %
Net Profit	40.81 %	25.02 %	15.43 %	8.55 %	40.98 %	17.96 %
Total Direct Labor & NP	15.51 %	10.31 %	6.81 %	3.06 %	18.50 %	-6.71 %
Owner Earnings	38.66 %	22.81 %	13.79 %	6.95 %	38.55 %	26.67 %

FINANCIAL RATIOS: CASH FLOW-SOLVENCY

Financial Ratios: Cash Flow-Solvency

Industry

	2015	2016	2017	2018	2019	2020q2
Net Cash/ Revenue %	26.86	28.34	29.11	29.63	31.03	30.49
Net Cash turnover (X)	3.72	3.53	3.44	3.38	3.22	3.28

Financial Ratios: Cash Flow-Solvency

Foundation Plumbing

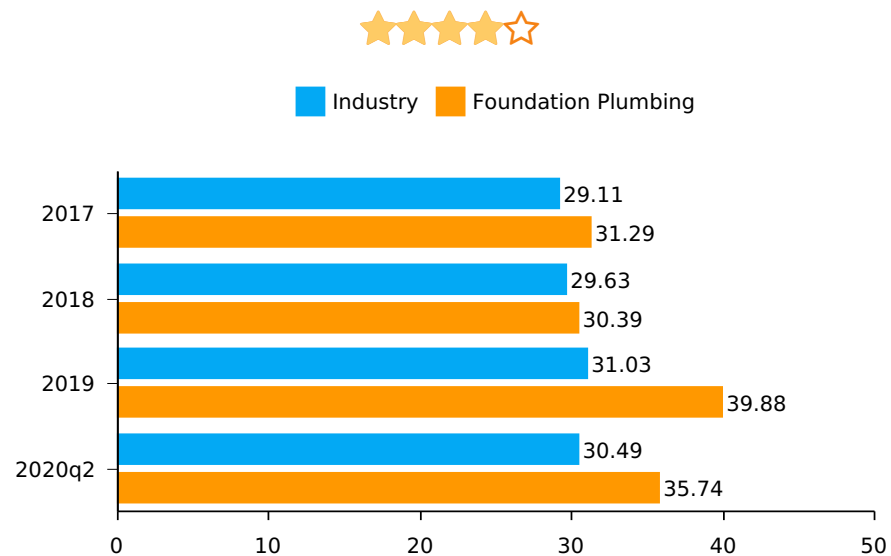
	2015	2016	2017	2018	2019	2020q2
Net Cash/ Revenue %	35.35	32.98	31.29	30.39	39.88	35.74
Net Cash turnover (X)	2.83	3.03	3.20	3.29	2.51	2.80

FINANCIAL RATIOS: CASH FLOW-SOLVENCY - VARIANCE FROM INDUSTRY

Financial Ratios: Cash Flow-Solvency	Industry					
	2015	2016	2017	2018	2019	2020q2
Net Cash/ Revenue %	31.61%	16.38%	7.48%	2.59%	28.51%	17.23%
Net Cash turnover (X)	-24.02%	-14.07%	-6.96%	-2.52%	-22.18%	-14.70%

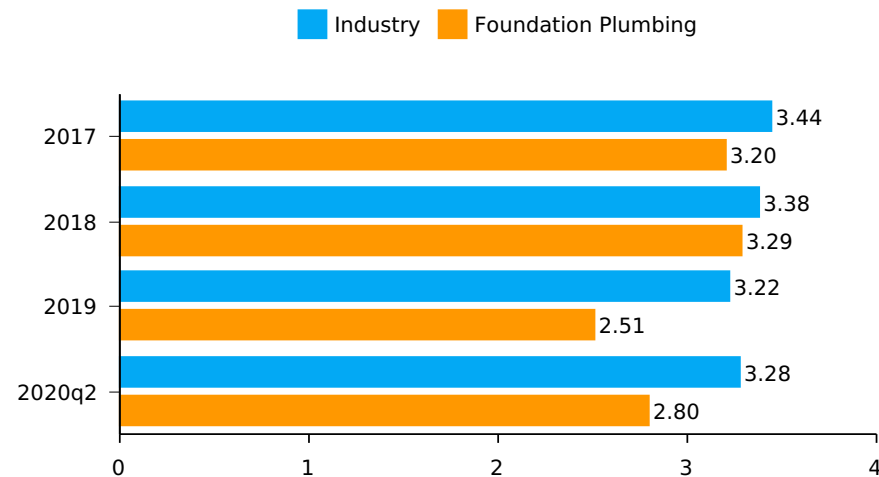
FINANCIAL RATIOS: CASH FLOW-SOLVENCY

Net Cash/ Revenue %



Notes: Net Cash: Revenue: (Retained Cash plus Net Profit) divided by Revenue. Adds back non-out of pocket items (e.g., depreciation, amortization, home office) which show as expenses but largely do not reduce liquid assets.

Net Cash turnover (X)



Notes: Net Cash Turnover: Revenue divided by Cash. Cash totals taken from the Cash Flow table less out of pocket expenses. Results too far from the benchmark may indicate overly conservative or aggressive liquidity policies.

FINANCIAL RATIOS: PROFITABILITY

Financial Ratios: Profitability	Industry					
	2015	2016	2017	2018	2019	2020q2
Gross Profit: Revenue	65.02%	65.66%	65.79%	65.86%	66.48%	66.16%
EBITDA: Revenue	27.22%	28.78%	29.50%	30.02%	31.45%	30.90%
Return on Revenue (%)	24.25	25.39	25.99	26.54	27.59	26.79
Profit per Employee	\$457	\$475	\$496	\$529	\$575	\$568
Owner Earnings per Employee	\$466	\$485	\$504	\$538	\$587	\$580

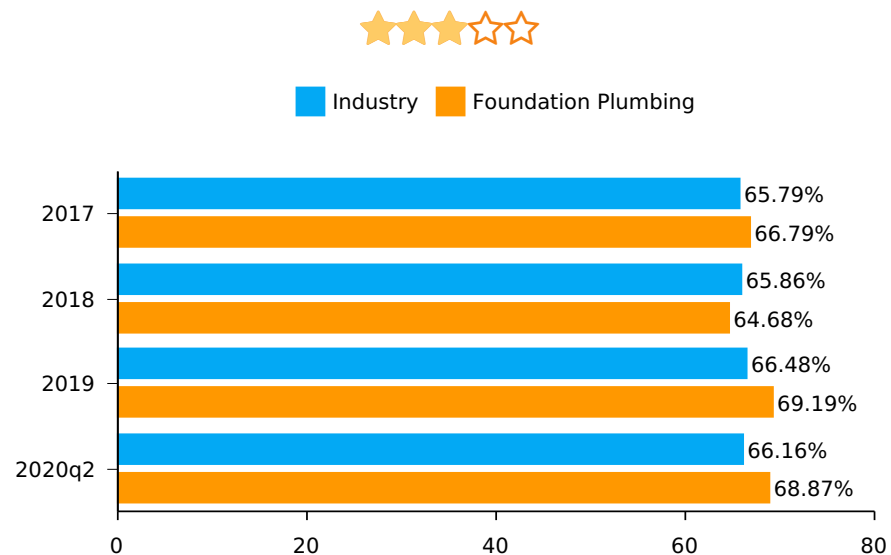
Financial Ratios: Profitability	Foundation Plumbing					
	2015	2016	2017	2018	2019	2020q2
Gross Profit: Revenue	68.87%	67.07%	66.79%	64.68%	69.19%	68.87%
EBITDA: Revenue	35.74%	33.39%	31.71%	30.82%	40.23%	36.14%
Return on Revenue (%)	34.14	31.75	30.01	28.81	38.90	31.60
Profit per Employee	\$587	\$551	\$525	\$465	\$622	\$543
Owner Earnings per Employee	\$588	\$553	\$527	\$466	\$623	\$595

FINANCIAL RATIOS: PROFITABILITY - VARIANCE FROM INDUSTRY

Financial Ratios: Profitability	Industry					
	2015	2016	2017	2018	2019	2020q2
Gross Profit: Revenue	5.93%	2.14%	1.53%	-1.80%	4.07%	4.10%
EBITDA: Revenue	31.29%	16.03%	7.49%	2.67%	27.93%	16.95%
Return on Revenue (%)	40.77%	25.01%	15.46%	8.56%	40.98%	17.96%
Profit per Employee	28.28%	16.15%	5.94%	-12.16%	8.15%	-4.42%
Owner Earnings per Employee	26.36%	14.10%	4.41%	-13.46%	6.29%	2.64%

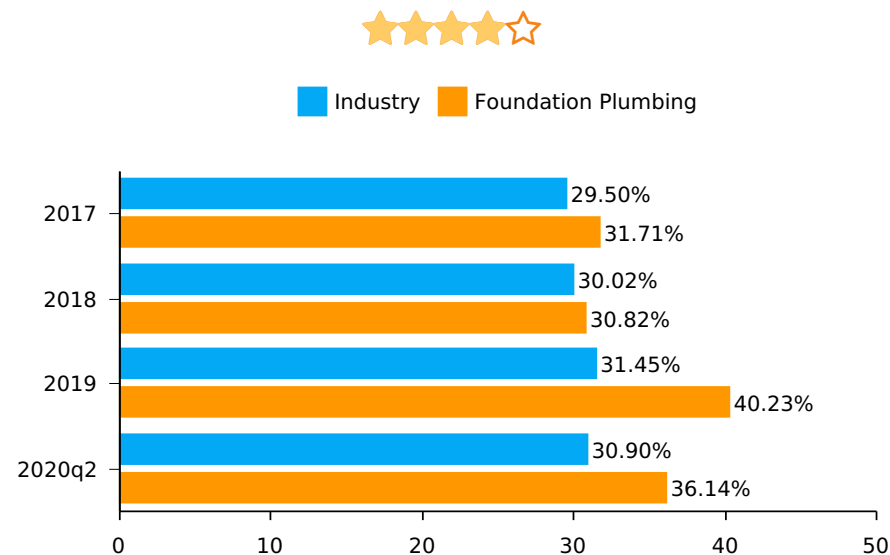
FINANCIAL RATIOS: PROFITABILITY

Gross Profit: Revenue



Notes: Gross Profit/Revenue: Gross Profit divided by Annual revenue. This is the profit ratio before direct expenses. This ratio can indicate the 'play' in other expenses which could be adjusted to increase the Net Profit margin.

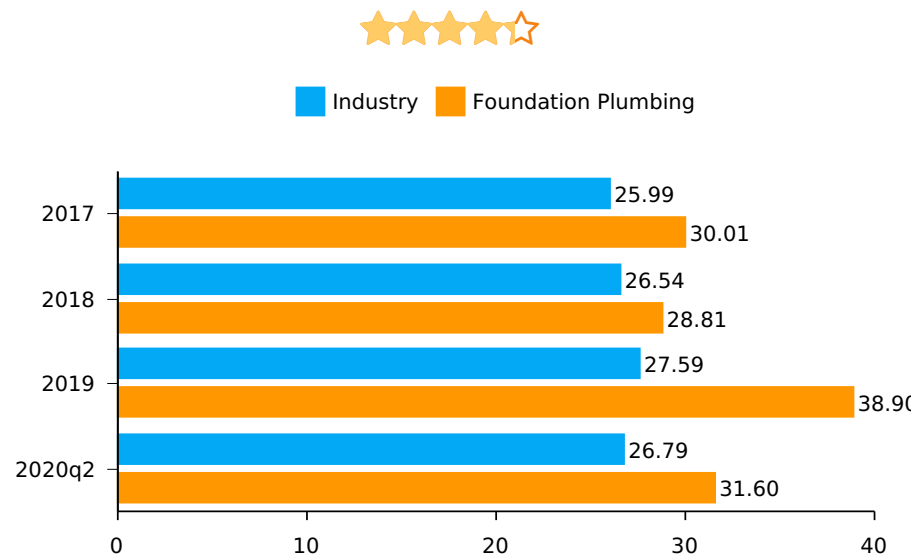
EBITDA: Revenue



Notes: EBITDA: Revenue: Earnings Before Interest, income taxes due, Depreciation and Amortization divided by Revenue. EBITDA: Revenue is a relatively controversial (and often criticized) metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. Tax credits and deferral procedures and non-cash expenditures (Amortization and Depreciation) are not deducted from the profit equation, as are interest expenditures. In the case of sole proprietor reporting formats, the "before tax" refers to owner federal income taxes resulting from Net Profit, rather than federal corporate income taxes.

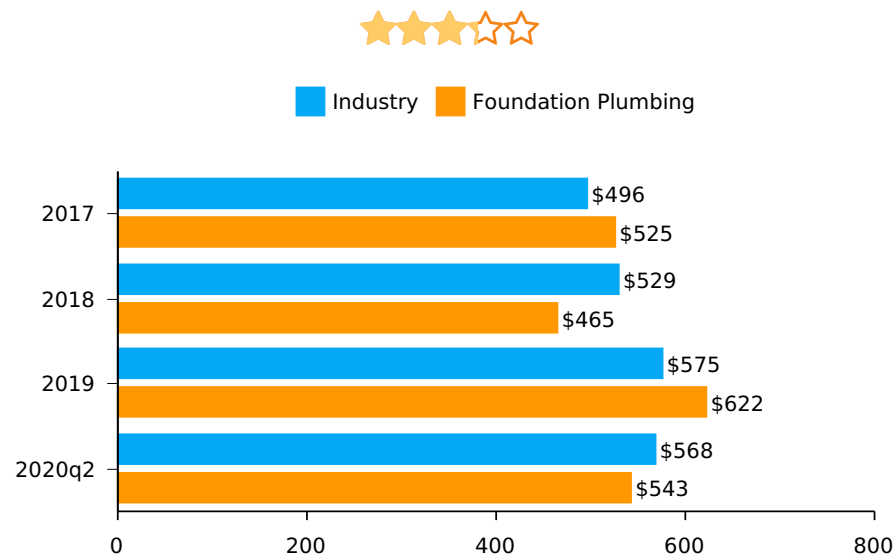
FINANCIAL RATIOS: PROFITABILITY

Return on Revenue (%)



Notes: Return on Revenue: Net Profit divided by Annual Net Revenue, indicating the level of profit from each dollar of Revenue. Income taxes attributable to the Net Profit portion of proprietor income have not been deducted from Net Profit. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. The ratio is often higher for startups and sole proprietorships due to owner compensation draws accounted as net profit.

Profit per Employee



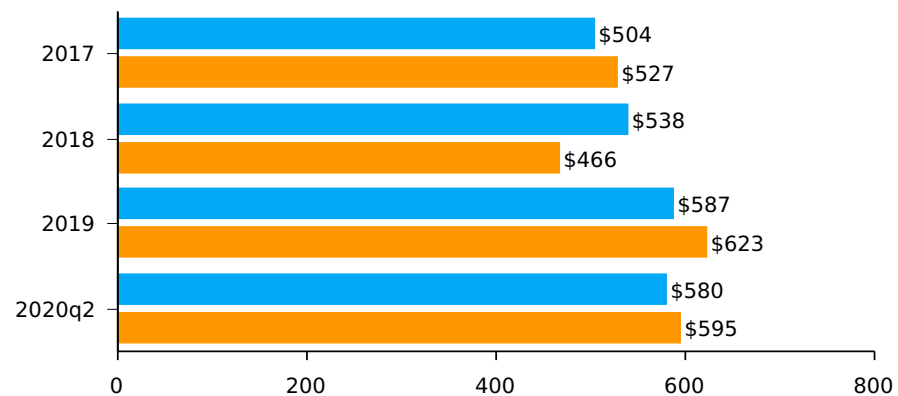
Notes: Pre-Tax Net Profit/Full-time Employees. Higher is better.

FINANCIAL RATIOS: PROFITABILITY

Owner Earnings per Employee



Industry Foundation Plumbing



Notes: Discretionary Owner Earnings (Officers' Compensation+Depreciation+Pre-Tax Net Profit)/Full-time Employees. Higher is better.

FINANCIAL RATIOS: EFFICIENCY

Financial Ratios: Efficiency	Industry					
	2015	2016	2017	2018	2019	2020q2
Cost of Sales: Inventory (x)	51.58	65.83	55.80	56.65	51.67	50.51
Days Inventory	7.08	5.54	6.54	6.44	7.06	7.23
EBITDA: Interest	74.81	65.97	75.55	76.70	74.88	75.37
Inventory Turnover	147.45	191.72	163.11	165.93	149.25	149.25
Total Labor: Revenue	19.55%	18.23%	18.10%	17.88%	17.40%	24.52%

FINANCIAL RATIOS: EFFICIENCY

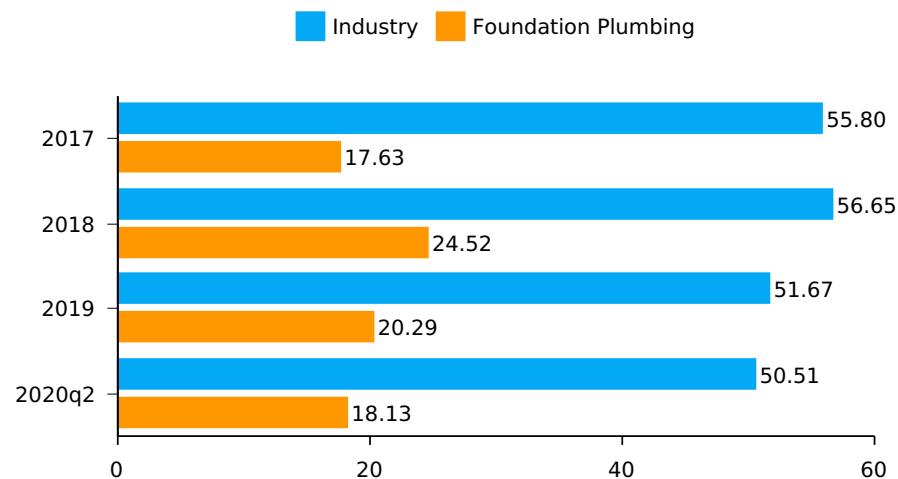
Financial Ratios: Efficiency	Foundation Plumbing					
	2015	2016	2017	2018	2019	2020q2
Cost of Sales: Inventory (x)	18.13	20.84	17.63	24.52	20.29	18.13
Days Inventory	20.13	17.51	20.71	14.88	17.99	20.13
EBITDA: Interest	91.27	82.21	74.96	72.00	112.32	92.29
Inventory Turnover	58.24	63.28	53.09	69.43	65.85	58.24
Total Labor: Revenue	16.45%	16.37%	17.09%	16.97%	14.42%	16.27%

FINANCIAL RATIOS: EFFICIENCY - VARIANCE FROM INDUSTRY

Financial Ratios: Efficiency	Industry					
	2015	2016	2017	2018	2019	2020q2
Cost of Sales: Inventory (x)	-64.86%	-68.34%	-68.41%	-56.71%	-60.73%	-64.11%
Days Inventory	184.54%	215.88%	216.57%	130.99%	154.67%	178.60%
EBITDA: Interest	22.00%	24.60%	-0.78%	-6.13%	50.00%	22.45%
Inventory Turnover	-60.50%	-66.99%	-67.45%	-58.16%	-55.88%	-60.98%
Total Labor: Revenue	-15.87%	-10.20%	-5.57%	-5.08%	-17.14%	-33.65%

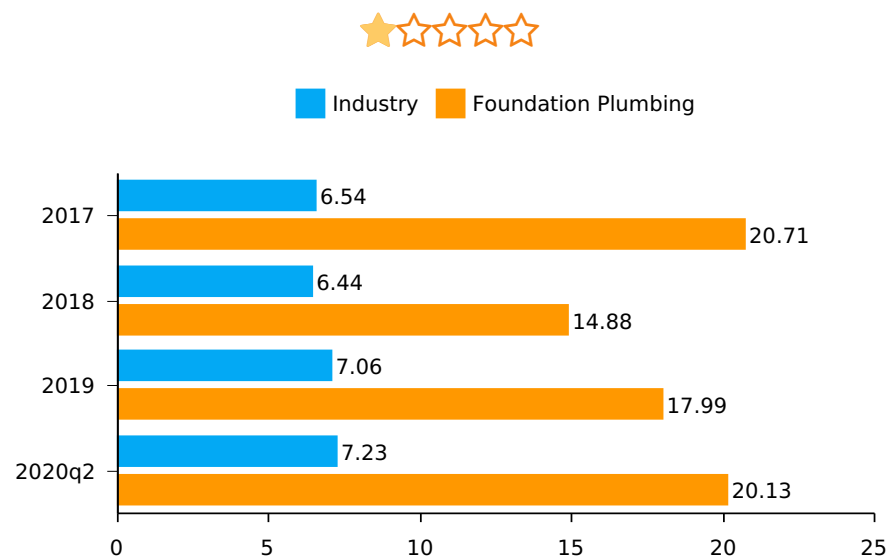
FINANCIAL RATIOS: EFFICIENCY

Cost of Sales: Inventory (x)



Notes: Cost of Sales: Inventory: Cost of Sales divided by Inventory. This ratio reflects the number of times inventory is turned over during the course of the year. High levels can mean good liquidity or sales, or shortages requiring better management. Low levels may indicate poor cash flow or overstocking.

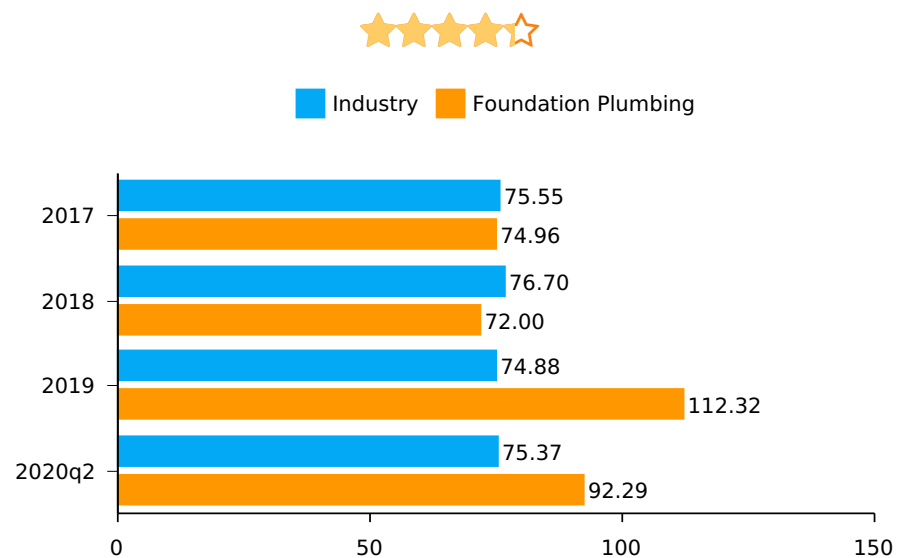
Days Inventory



Notes: Days Inventory: 365 divided by (Cost of Sales: Inventory): Shows the average number of days of items in inventory. Positive inventory balance will align most closely with industry benchmarks.

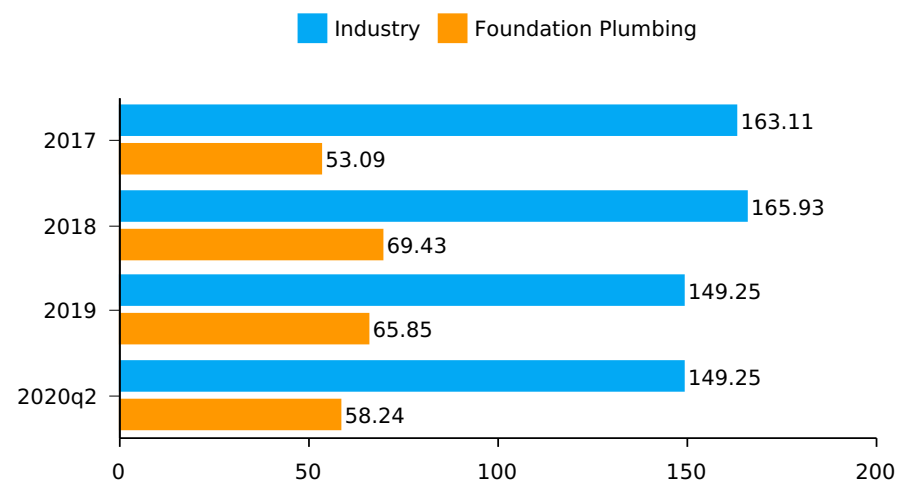
FINANCIAL RATIOS: EFFICIENCY

EBITDA: Interest



Notes: EBITDA: Interest: Earnings before Interest, income axe due, Depreciation and Amortization divided by Interest expense. This ratio assesses financial stability by examining whether a company is at least profitable enough to pay interest expense. A ratio >1.00 indicates it is. See cautions in the listing for EBITDA.

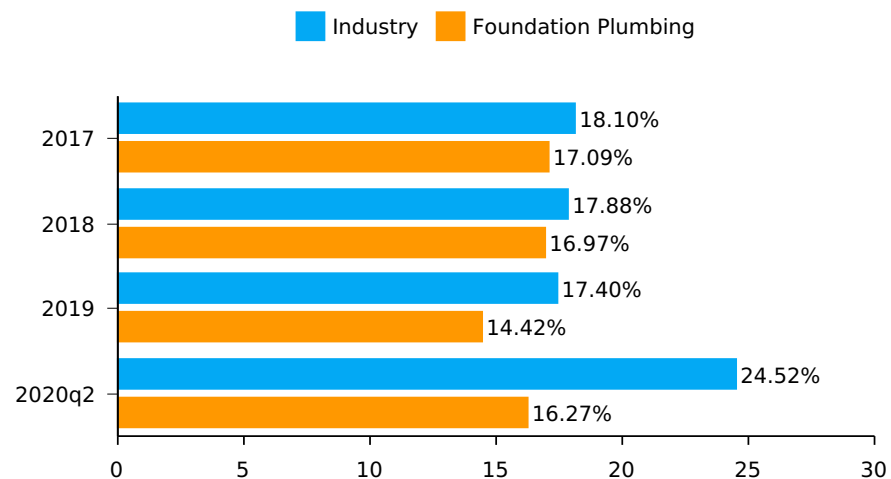
Inventory Turnover



Notes: Inventory Turnover: Revenue divided by Inventory. Target at or slightly above industry level. This ratio indicates how quickly inventory turns over. Ratios below the industry norm suggest high levels of inventory. High ratios could indicate product levels insufficient to satisfy demand in a timely manner.

FINANCIAL RATIOS: EFFICIENCY

Total Labor: Revenue



Notes: Total Labor: Revenue: All direct compensation costs as a percentage of sales, including the labor cost portion of cost of sales, salary & wages, contract labor and commissions. Net Profit is also included for sole proprietorship and most startup operations because it is considered owner compensation.

RATIO DEFINITIONS

Cash Flow/Solvency

Net Cash/ Revenue %: Net Cash: Revenue: (Retained Cash plus Net Profit) divided by Revenue. Adds back non-out of pocket items (e.g., depreciation, amortization, home office) which show as expenses but largely do not reduce liquid assets.

Net Cash turnover (X): Net Cash Turnover: Revenue divided by Cash. Cash totals taken from the Cash Flow table less out of pocket expenses. Results too far from the benchmark may indicate overly conservative or aggressive liquidity policies.

Profitability

Gross Profit: Revenue: Gross Profit/Revenue: Gross Profit divided by Annual revenue. This is the profit ratio before direct expenses. This ratio can indicate the 'play' in other expenses which could be adjusted to increase the Net Profit margin.

EBITDA: Revenue: EBITDA: Revenue: Earnings Before Interest, income taxes due, Depreciation and Amortization divided by Revenue. EBITDA: Revenue is a relatively controversial (and often criticized) metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. Tax credits and deferral procedures and non-cash expenditures (Amortization and Depreciation) are not deducted from the profit equation, as are interest expenditures. In the case of sole proprietor reporting formats, the "before tax" refers to owner federal income taxes resulting from Net Profit, rather than federal corporate income taxes.

Return on Revenue (%): Return on Revenue: Net Profit divided by Annual Net Revenue, indicating the level of profit from each dollar of Revenue. Income taxes attributable to the Net Profit portion of proprietor income have not been deducted from Net Profit. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. The ratio is often higher for startups and sole proprietorships due to owner compensation draws accounted as net profit.

Profit per Employee: Pre-Tax Net Profit/Full-time Employees. Higher is better.

Owner Earnings per Employee: Discretionary Owner Earnings (Officers' Compensation+Depreciation+Pre-Tax Net Profit)/Full-time Employees. Higher is better.

Efficiency

Cost of Sales: Inventory (x): Cost of Sales: Inventory: Cost of Sales divided by Inventory. This ratio reflects the number of times inventory is turned over during the course of the year. High levels can mean good liquidity or sales, or shortages requiring better management. Low levels may indicate poor cash flow or overstocking.

Days Inventory: Days Inventory: 365 divided by (Cost of Sales: Inventory): Shows the average number of days of items in inventory. Positive inventory balance will align most closely with industry benchmarks.

EBITDA: Interest: EBITDA: Interest: Earnings before Interest, income tax due, Depreciation and Amortization divided by Interest expense. This ratio assesses financial stability by examining whether a company is at least profitable enough to pay interest expense. A ratio >1.00 indicates it is. See cautions in the listing for EBITDA.

Inventory Turnover: Inventory Turnover: Revenue divided by Inventory. Target at or slightly above industry level. This ratio indicates how quickly inventory turns over. Ratios below the industry norm suggest high levels of inventory. High ratios could indicate product levels insufficient to satisfy demand in a timely manner.

Total Labor: Revenue: Total Labor: Revenue: All direct compensation costs as a percentage of sales, including the labor cost portion of cost of sales, salary & wages, contract labor and commissions. Net Profit is also included for sole proprietorship and most startup operations because it is considered owner compensation.

CASH TABLES**Annual Cash Ratios (\$)**

	2015	2016	2017	2018	2019	2020q2
Revenue	382,168	324,843	373,569	280,177	350,221	437,776
Cost of Sales	133,700	111,542	127,809	95,648	117,394	148,143
Gross Profit	248,467	213,300	245,760	184,528	232,827	289,633
All Direct Expenses	278,133	231,359	263,363	196,073	240,076	302,503
Net Cash	102,644	92,067	108,747	83,007	108,674	133,478
Net Cash & Labor	177,350	151,269	176,368	133,109	169,612	240,821

Annual Cash Ratios (%)

	2015	2016	2017	2018	2019	2020q2
Net Cash/ Revenue	26.86 %	28.34 %	29.11 %	29.63 %	31.03 %	30.49 %
Net Cash/ Cost of Sales	76.77 %	82.54 %	85.09 %	86.78 %	89.63 %	90.10 %
Net Cash/ Gross Profit	41.31 %	43.16 %	44.25 %	44.98 %	46.68 %	46.09 %
Net Cash/ All Direct Expenses	36.90 %	39.79 %	41.29 %	42.34 %	45.27 %	44.12 %
Net Cash	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Net Cash/ Net Cash & Labor	57.88 %	60.86 %	61.66 %	62.36 %	64.07 %	55.43 %

ABOUT THE DATA: DATA-SOURCES

ABOUT THE DATA

BizMiner data is widely accepted for industry analytical work, benchmarking, valuations, forensics and litigation. BizMiner content is accepted in US Tax Court (Bauer vs. IRS: T.C. Memo. 2012-156) and is utilized by state, provincial and national taxing agencies in the US and Canada.

Raw data analyzed for BizMiner reports is sourced from an array of the nation's government and private statistical sources. None of these raw data sources creates the final measures reflected in BizMiner industry profiles. In total, BizMiner accesses over a billion sourced data points from 15 million business operations for each of its twice annual updates covering a 3-5 year time series. Historical data and BizMiner algorithms are used to inform and test projections for non-reporting firms. Data elements are sourced specifically from:

- IRS SOI Corporation Tax Book
- IRS Statistics of Income
- US Economic Census
- US Census Quarterly Financial Reports
- US Census County Business Patterns
- Bureau of Labor Statistics Monthly Employment Reports
- Bureau of Labor Statistics Monthly Unemployment Reports
- Bureau of Labor Statistics Annual Wage Survey
- Bureau of Labor Statistics Industry Productivity Reports
- Bureau of Labor Statistics Price Indices
- National Agricultural Statistical Service
- US Census Quarterly Financial Reports
- US Census Retail Trade Report
- InfoGroup, Inc.
- Credit Reporting Agencies
- Business Directories
- American Community Survey

While 100% firm coverage is desirable for analysis purposes, the greatest value of BizMiner reports rests in discerning patterns of activity, which are reflected in the large samples used to develop our reports. The overall current coverage of the databases surpasses 13 million active business operations at any point in time.

As is the case with any databases this large, some errors are inevitable. Some firms are missed and specific information on others is lacking from the database. Not all information received is uniform or complete, resulting in the need to develop projection algorithms for specific industry segments and metrics in some report series. No representation is made as to the accuracy of the databases utilized or the results of subsequent analyses. Neither the Brandow Company nor its resellers has undertaken independent primary research to confirm the accuracy of the data utilized in the Profile analyses. Neither the Brandow Company nor its resellers are responsible for conclusions drawn or decisions made based upon this data or analysis. In no event will the Brandow Company or its resellers be liable for any damages, direct, indirect, incidental or consequential resulting from the use of the information contained in BizMiner reports.

ABOUT THE DATA: SCORING

OUR APPROACH TO SCORING

Sole Proprietorship Financial reports offer two types of scoring. The Variance shown for each ratio measures the percentage difference between client ratios and the industry average for the selected industry, sales class and market. The Variance results in a Score of 1-5 (5 being best) for each year of each selected ratio. The application of the Variances to the Score depends on the specific ratio involved; in some cases (which we call Standard Scoring) higher is better; in some, lower (Reverse Scoring) is better; in a few, closest to the industry average (Balanced Scoring) is best. You can find the detailed approach for each Industry Financial ratio below.

For each ratio, the score for all selected years is averaged to determine the overall Ratio Score. The Ratio Scores for each of the three ratio categories (Cash Flow/Solvency; Profitability; Efficiency) reflect the average Ratio Scores in each category. (P1 also provides Category Scores for each year as well as the average of all selected years.) The Overall Total Score on P1 of the Sole Proprietorship Financial report reflects the average of the Category Scores.

Scoring for ratios is calculated in one of three ways:

- Standard (higher is generally better)
- Reverse (lower is generally better)
- Balanced (middle is generally good, too high or too low is not)

All three types are based on a scale of 1-5, with 5 being "best" and 1 being "worst". All percentages are shown as a deviation from the industry average.

Standard (basically higher is better)

- +/-10% from average= 3
- +11% to +20% above average= 4
- >20% above average= 5
- +11% to +20% below average= 2
- >20% below average= 1

Reverse (lower is better)

- +/-10% from average= 3
- +11% to +20% above average= 2
- >20% above average= 1
- +11% to +20% below average= 4
- >20% below average= 5

Balanced (middle is good, too high or too low is not)

- +/-10% from average= 5
- 11% to 15% above or below average= 4
- +16% to +25% above or below average= 3
- 25%-30% above or below average= 2
- 30% above or below average= 1

See the next page for Ratio Scoring details.

The corresponding applications for each ratio are highlighted below. Individual ratio scores are averaged for all selected years.

CASH FLOW/SOLVENCY Summary: Average selected ratios for this category

- **Net Cash/ Revenue %**: STANDARD SCORING

PROFITABILITY Summary: Average selected ratios for this category

- **Gross Profit: Revenue**: STANDARD SCORING
- **EBITDA: Revenue**: STANDARD SCORING
- **Return on Revenue (%)**: STANDARD SCORING
- **Profit per Employee**: STANDARD SCORING
- **Owner Earnings per Employee**: STANDARD SCORING

EFFICIENCY Summary: Average selected ratios for this category

- **Days Inventory**: BALANCED SCORING
- **EBITDA: Interest**: STANDARD SCORING