



Sole Proprietor Micro Firm Profit-Loss

release date: June 2017

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

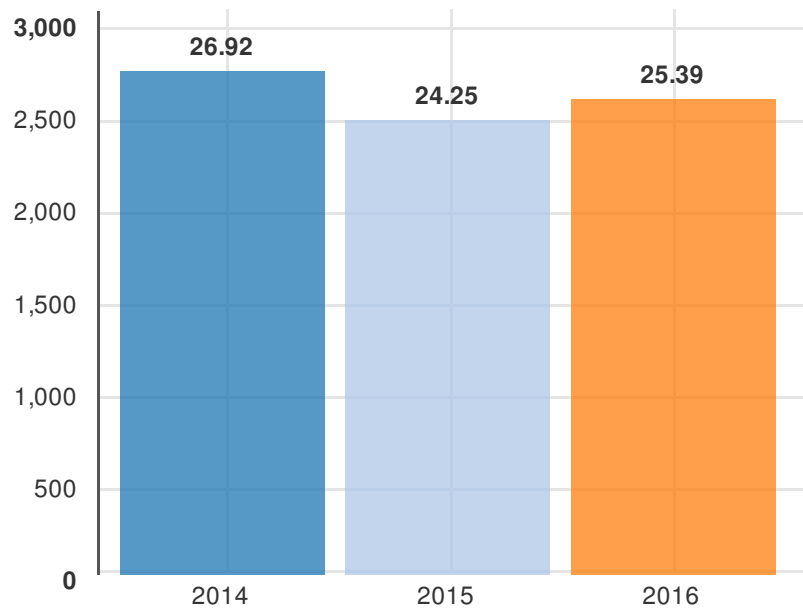
Sector: Construction

Contents

Income-Expense statement - dollar-based
Income-Expense statement - percentage-based
Annual Cash Ratios
Monthly Cash Flow
Financial Ratios - Cash Flow-Solvency
Financial Ratios - Profitability
Financial Ratios - Efficiency
About the Data

Firms Analyzed	
2012	30,093
2013	34,607
2014	39,798
2015	37,594
2016	32,925

Net Profit (%)



Annual Average Revenue, Income & Expense (\$)					
	2012	2013	2014	2015	2016
Revenue	541,604	497,530	449,609	382,168	324,843
Inventory (% Revenue)	4,894	3,714	3,040	2,592	1,694
Cost of Sales	178,226	167,164	154,305	133,700	111,542
COS-Labor Portion	40,067	34,537	30,702	28,361	20,857
Gross Profit	363,378	330,366	295,305	248,467	213,300
Salary-Wages	21,894	19,776	18,439	18,302	12,424
Contract Labor-Commissions	36,771	32,949	29,787	28,042	25,922
Rent	7,511	6,734	5,873	4,858	4,339
Advertising	3,037	2,598	2,566	1,762	1,785
Benefits-Pension	1,335	981	791	1,087	351
Insurance (non-health)	10,427	9,643	8,440	6,825	6,241
Taxes Paid	5,171	4,912	4,509	3,466	3,165
Sales, General, Admin & Misc	106,659	97,732	88,603	80,090	65,590
EBITDA	170,573	155,041	136,296	104,034	93,484
Interest paid	2,772	2,347	1,673	1,391	1,417
Home Office Expense	3,152	3,086	2,281	1,675	1,741
Amortization & Depreciation	13,979	13,155	11,236	8,284	7,836
Total Expenses	212,708	193,913	174,198	155,782	130,810
Net Profit	150,671	136,452	121,106	92,685	82,490
Total Direct Labor & NP	249,403	223,714	200,034	167,391	141,693

Annual Average Revenue, Income & Expense (%)					
	2012	2013	2014	2015	2016
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Inventory (% Revenue)	0.90%	0.75%	0.68%	0.68%	0.52%
Cost of Sales	32.91%	33.60%	34.32%	34.98%	34.34%
COS-Labor Portion	7.40%	6.94%	6.83%	7.42%	6.42%
Gross Profit	67.09%	66.40%	65.68%	65.02%	65.66%
Salary-Wages	4.04%	3.97%	4.10%	4.79%	3.82%
Contract Labor-Commissions	6.79%	6.62%	6.63%	7.34%	7.98%
Rent	1.39%	1.35%	1.31%	1.27%	1.34%
Advertising	0.56%	0.52%	0.57%	0.46%	0.55%
Benefits-Pension	0.25%	0.20%	0.18%	0.28%	0.11%
Insurance (non-health)	1.93%	1.94%	1.88%	1.79%	1.92%
Taxes Paid	0.95%	0.99%	1.00%	0.91%	0.97%
Sales, General, Admin & Misc	19.69%	19.64%	19.71%	20.96%	20.19%
EBITDA	31.49%	31.16%	30.31%	27.22%	28.78%
Interest paid	0.51%	0.47%	0.37%	0.36%	0.44%
Home Office Expense	0.58%	0.62%	0.51%	0.44%	0.54%
Amortization & Depreciation	2.58%	2.64%	2.50%	2.17%	2.41%
Total Expenses	39.27%	38.96%	38.76%	40.77%	40.27%
Net Profit	27.82%	27.44%	26.92%	24.25%	25.39%
Total Direct Labor & NP	46.05%	44.98%	44.48%	43.79%	43.62%

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.

The **Taxes** line item includes the employer portion of payroll tax on wages taken during the year as well as other paid-in tax items. Sole Proprietorships do not accrue federal business income taxes; Instead, **Net Profit** is assessed as owner's wages. As a result, the Net Profit line item represents what is commonly referred to as **Pre-tax Net Profit** or Net Profit Before Tax. Although it is a controversial measure, the **EBITDA** line item (Earnings before interest, taxes, depreciation and amortization) adds back **Interest Paid**, **Depreciation-Amortization** and **Home Office** expense to reduce the effect of "paper expenses" and accounting decisions on the bottom line of the Profit and Loss Statement. Since some firms utilized EBITDA is 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.

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

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

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.

In addition to varying proportions of overhead, administrative and supervisory wages, some generally more minor expenses, including repairs and written-off debt, are aggregated under **SG&A (Sales, General and Administrative)**.

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.

The **Time Series:** Financial reports all analyze calendar years as displayed. Our winter release reports display an additional, overlapped year running from the end of the second quarter of the prior year to the end of the second quarter of the release year.

The Sole Proprietor/Startup Profit & Loss series mirrors the more streamlined financial reports of many startup firms and sole proprietorships. Startups which are not structured as Sole Proprietorships, and SPs desiring a corporate-style balance sheet analysis, can utilize the small business and lower sales class versions of the Industrial Financial Profile series.

Dollar-based sales and other dollar-based data in this report reflect averages for sales of the industry segment, not total industry-wide averages. As a result, sales levels may vary from year to year, depending on the mix of firms that a relisted as startups (single site firms with one year or less of operation) or sole proprietorships. Because most startups are also sole proprietorships, the sole proprietor reporting format is used for our startup financial series as well. Dollar values may not sum due to rounding.

Annual Cash Ratios (\$)					
	2012	2013	2014	2015	2016
Revenue	541,604	497,530	449,609	382,168	324,843
Cost of Sales	178,226	167,164	154,305	133,700	111,542
Gross Profit	363,378	330,366	295,305	248,467	213,300
All Direct Expenses	371,031	342,489	313,313	278,133	231,359
Net Cash	167,801	152,694	134,623	102,644	92,067
Net Cash & Labor	266,533	239,955	213,550	177,350	151,269
Annual Cash Ratios (%)					
	2012	2013	2014	2015	2016
Net Cash/ Revenue	30.98%	30.69%	29.94%	26.86%	28.34%
Net Cash/ Cost of Sales	94.15%	91.34%	87.24%	76.77%	82.54%
Net Cash/ Gross Profit	46.18%	46.22%	45.59%	41.31%	43.16%
Net Cash/ All Direct Expenses	45.23%	44.58%	42.97%	36.90%	39.79%
Net Cash	100.00%	100.00%	100.00%	100.00%	100.00%
Net Cash/ Net Cash & Labor	62.96%	63.63%	63.04%	57.88%	60.86%

All Direct Expenses includes **Cost of Sales** plus **Total Expenses** from the P1 Income & Expense table, less largely non-cash **Amortization, Depreciation** and **Home Office** expenses. **Net Cash** adds back these non-cash expenses. This generally offers a more comprehensive picture of owner compensation, which will also vary with the actual proportion of owner labor.

Average Monthly Cash, Income and Expense tables on the following page are calculated on a **straight-line sales** basis. Different sales patterns alter monthly cash flow (but not annual totals).

Average Monthly Cash, Income and Expenses: 2013

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	13,983	27,967	41,950	55,934	69,917	83,901	97,884	111,867	125,851	139,834	153,818
Income	45,134	45,134	45,134	45,134	45,134	45,134	45,134	45,134	45,134	45,134	45,134	45,134
Available Cash	45,134	59,117	73,101	87,084	101,067	115,051	129,034	143,018	157,001	170,985	184,968	198,951
Cost of Sales	14,852	14,852	14,852	14,852	14,852	14,852	14,852	14,852	14,852	14,852	14,852	14,852
Gross Profit	30,282	30,282	30,282	30,282	30,282	30,282	30,282	30,282	30,282	30,282	30,282	30,282
All Direct Exp.	31,150	31,150	31,150	31,150	31,150	31,150	31,150	31,150	31,150	31,150	31,150	31,150
Net Cash	13,983	27,967	41,950	55,934	69,917	83,901	97,884	111,867	125,851	139,834	153,818	167,801
Net Cash & Labor	22,211	44,422	66,633	88,844	111,055	133,267	155,478	177,689	199,900	222,111	244,322	266,533

Average Monthly Cash, Income and Expenses: 2014

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	12,724	25,449	38,173	50,898	63,622	76,347	89,071	101,796	114,520	127,245	139,969
Income	41,461	41,461	41,461	41,461	41,461	41,461	41,461	41,461	41,461	41,461	41,461	41,461
Available Cash	41,461	54,185	66,910	79,634	92,359	105,083	117,808	130,532	143,256	155,981	168,705	181,430
Cost of Sales	13,930	13,930	13,930	13,930	13,930	13,930	13,930	13,930	13,930	13,930	13,930	13,930
Gross Profit	27,530	27,530	27,530	27,530	27,530	27,530	27,530	27,530	27,530	27,530	27,530	27,530
All Direct Exp.	28,736	28,736	28,736	28,736	28,736	28,736	28,736	28,736	28,736	28,736	28,736	28,736
Net Cash	12,724	25,449	38,173	50,898	63,622	76,347	89,071	101,796	114,520	127,245	139,969	152,694
Net Cash & Labor	19,996	39,993	59,989	79,985	99,981	119,978	139,974	159,970	179,966	199,963	219,959	239,955

Average Monthly Cash, Income and Expenses: 2015

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	11,219	22,437	33,656	44,874	56,093	67,311	78,530	89,749	100,967	112,186	123,404
Income	37,467	37,467	37,467	37,467	37,467	37,467	37,467	37,467	37,467	37,467	37,467	37,467
Available Cash	37,467	48,686	59,905	71,123	82,342	93,560	104,779	115,997	127,216	138,435	149,653	160,872
Cost of Sales	12,859	12,859	12,859	12,859	12,859	12,859	12,859	12,859	12,859	12,859	12,859	12,859
Gross Profit	24,609	24,609	24,609	24,609	24,609	24,609	24,609	24,609	24,609	24,609	24,609	24,609
All Direct Exp.	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249	26,249
Net Cash	11,219	22,437	33,656	44,874	56,093	67,311	78,530	89,749	100,967	112,186	123,404	134,623
Net Cash & Labor	17,796	35,592	53,388	71,183	88,979	106,775	124,571	142,367	160,163	177,959	195,755	213,550

Average Monthly Cash, Income and Expenses: 2016

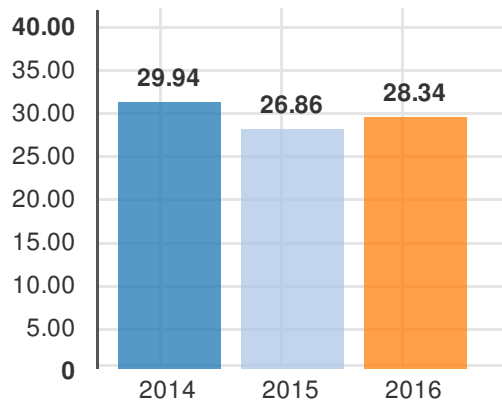
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Retained Cash	0	8,554	17,107	25,661	34,215	42,768	51,322	59,876	68,429	76,983	85,537	94,090
Income	31,847	31,847	31,847	31,847	31,847	31,847	31,847	31,847	31,847	31,847	31,847	31,847
Available Cash	31,847	40,401	48,955	57,508	66,062	74,616	83,169	91,723	100,277	108,830	117,384	125,938
Cost of Sales	11,142	11,142	11,142	11,142	11,142	11,142	11,142	11,142	11,142	11,142	11,142	11,142
Gross Profit	20,706	20,706	20,706	20,706	20,706	20,706	20,706	20,706	20,706	20,706	20,706	20,706
All Direct Exp.	23,294	23,294	23,294	23,294	23,294	23,294	23,294	23,294	23,294	23,294	23,294	23,294
Net Cash	8,554	17,107	25,661	34,215	42,768	51,322	59,876	68,429	76,983	85,537	94,090	102,644
Net Cash & Labor	14,779	29,558	44,338	59,117	73,896	88,675	103,454	118,233	133,013	147,792	162,571	177,350

financial ratios: Cash Flow - Solvency					
	2012	2013	2014	2015	2016
Net Cash/ Revenue %	30.98	30.69	29.94	26.86	28.34
Net Cash Turnover (x)	3.23	3.26	3.34	3.72	3.53

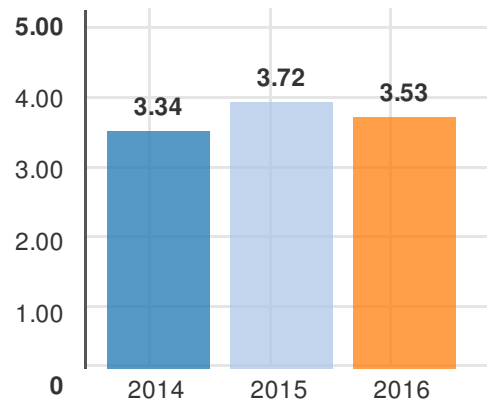
Net Cash: Revenue: (Retained Cash plus Net Profit) divided by Revenue. Adds back non-out of pocket items (e.g., depreciation, amortization, home office) which show as expenses but largely do not reduce liquid assets.

Net Cash Turnover: 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.

Net Cash: Revenue



Net Cash Turnover



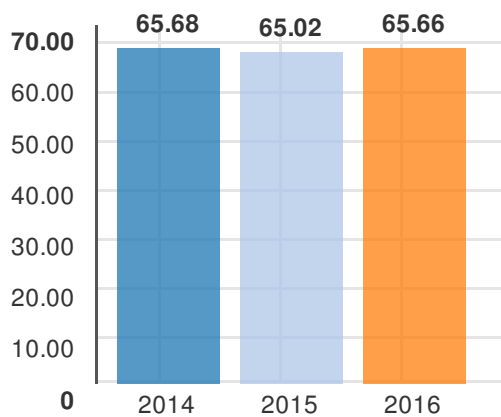
financial ratios: Profitability					
	2012	2013	2014	2015	2016
Gross Profit: Revenue	67.09	66.40	65.68	65.02	65.66
EBITDA: Revenue	31.49	31.16	30.31	27.22	28.78
Return on Revenue	27.82	27.43	26.94	24.25	25.39

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.

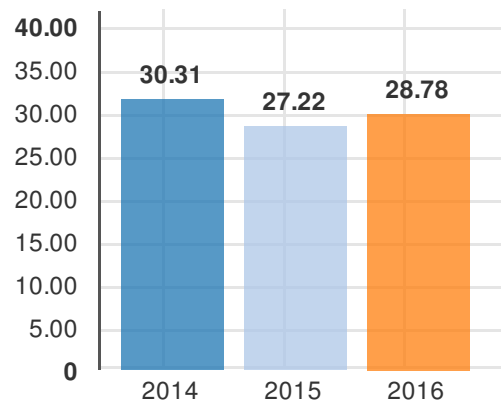
EBITDA: Revenue: Earnings Before Interest, income taxes due, Depreciation and Amortization divided by Revenue. EBITDA: Revenue is a relatively controversial (and often criticized) metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. 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: 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.

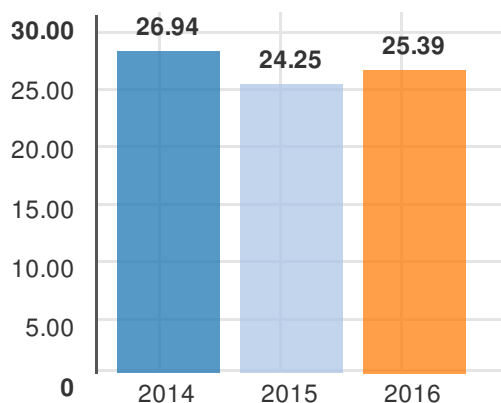
Gross Profit: Revenue



EBITDA: Revenue



Return on Revenue



financial ratios: Efficiency					
	2012	2013	2014	2015	2016
Cost of Sales: Inventory (x)	36.42	45.01	50.76	51.58	65.83
Days Inventory	10.02	8.11	7.19	7.08	5.54
EBITDA: Interest	61.54	66.05	81.47	74.81	65.97
Inventory Turnover	110.66	133.96	147.91	147.45	191.72
Total Labor: Revenue	18.23	17.54	17.55	19.55	18.23

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.

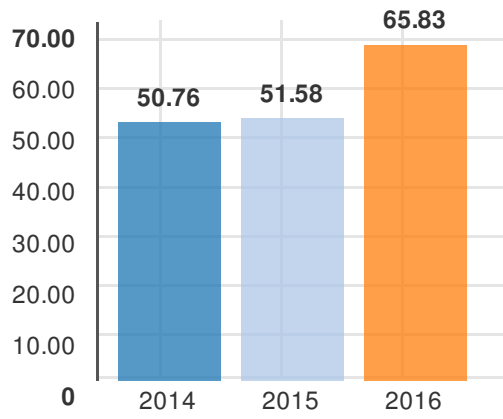
Days Inventory: 365 divided by (Cost of Sales: Inventory): Shows the average number of days of items in inventory. Positive inventory balance will align most closely with industry benchmarks.

EBITDA: Interest: 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.

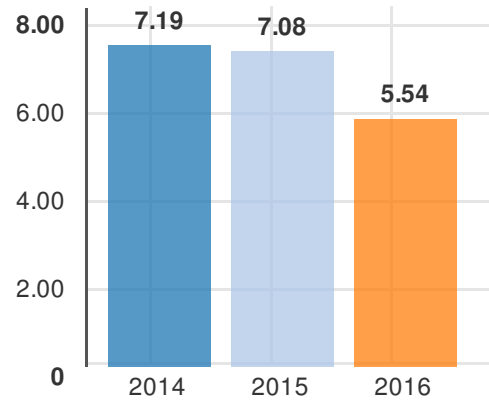
Inventory Turnover: Revenue divided by Inventory. Target at or slightly above industry level. This ratio indicates how quickly inventory turns over. Ratios below the industry norm suggest high levels of inventory. High ratios could indicate product levels insufficient to satisfy demand in a timely manner.

Total Labor: Revenue: 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.

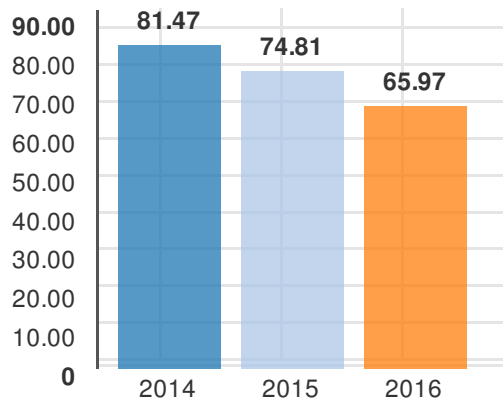
Cost of sales: Inventory



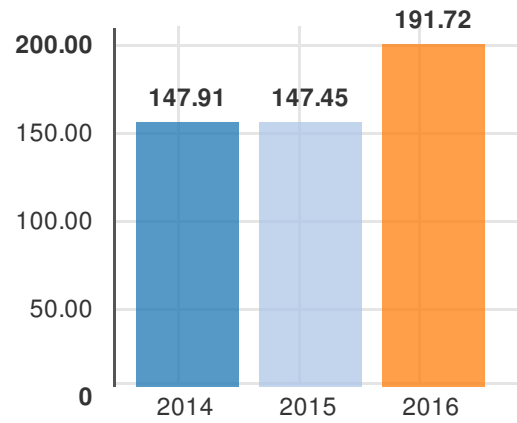
Days Inventory



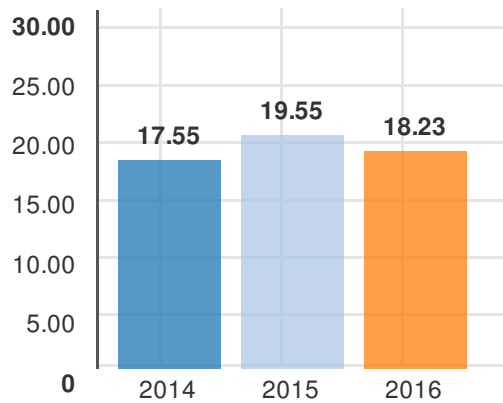
EBITDA: Interest



Inventory Turnover



Total Labor: Revenue



About the Data

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.