

2006, Q3 Cumulative

Dollars	Net Dollars	Leads	Net Orders	AOS Net	Net Con
\$4,440	\$3,972	8	7	\$567	
\$9,990	\$6,625	22	14	\$473	
\$10,597		30	21	\$505	
		23	8	\$474	
				\$721	

Electrical Contractors Financial Performance Report 2006

	\$24,975				
10/17/2005	\$2,554	\$1,667			
10/31/2005	\$5,108	\$5,536	33	11	
11/28/2005	\$2,554	\$3,544	11	5	\$709
	\$10,216	\$10,747	53	18	\$597
11/14/2005	\$5,412	\$0	0	0	#DIV/0!
11/28/2005	\$8,118	\$2,793	10	5	\$559



2006

Financial Performance Report

(Based on 2005 Data)

Prepared for:

National Electrical Contractors' Association

3 Bethesda Metro Center, Suite 1100
Bethesda, MD 20814
(301) 657-3110 ■ (301) 215-4500 fax

Prepared by:

Industry Insights, Inc.

355 E. Campus View Blvd., Suite 180
Columbus, Ohio 43235
(614) 802-2310 ■ (614) 802-2309 fax

The Electrical Contractors' ***Financial Performance Report*** was conducted by NECA under a contract with Industry Insights, Inc. This contractor was responsible for surveying, compiling, tabulating and analyzing all data for the study while maintaining strict confidentiality of individual company responses.

Copyright © 2007. All rights reserved. This report may not be reproduced in whole or in part without written permission from the National Electrical Contractors' Association (NECA).

Industry Insights, headquartered in Columbus, Ohio, is a professional research and consulting firm providing management and marketing services to trade and professional associations and their members. The company specializes in industry operating surveys, compensation studies, educational programs and customized research services.

About This Report	1
Confidentiality	3
How to Use This Report	5
How Much Cash Do You Need?	13
Executive Summary	17
Detailed Performance Results	
All Responding Firms, High Profit Firms	27
Respondents by Revenue Volume	35
Revenues Under \$2 Million	
Revenues \$2-\$5 Million	
Revenues \$5-\$10 Million	
Revenues \$10-\$20 Million	
Revenues \$20-\$30 Million	
Revenues Over \$30 Million	
Respondents by Geographic District*	
Districts 1-5	43
Districts 6-9	49
Appendix	
Survey Methodology/Demographics	57
Accounting Methods	59
Organization Type	59
Ratio Definitions	61
Survey Questionnaire	63

*Insufficient data to report for Districts 10 and Canada.

This Electrical Contractors' **Financial Performance Report (Based on 2005 Data)** represents the most complete, accurate and up-to-date database of electrical contractor financial and operating data published anywhere. The information contained in this report is designed to provide easy-to-understand guidelines for identifying business strengths, weaknesses and performance improvement opportunities.

This report includes comparative financial ratios and statistics for all participants as well as by company sales volume and geographic district. In addition, this report includes data for a special grouping of high-profit firms.

All firms participating in the survey automatically received a confidential **Company Performance Report**, presenting a company's own ratios and data computed in a manner consistent with those appearing in the industry report, and displayed adjacent to the appropriate industry comparatives. (Representative pages from a sample **Company Performance Report** are illustrated on the following page.)

The **Financial Performance Survey** was prepared by Industry Insights, Inc. of Columbus, Ohio, working closely with key industry representatives in the design of the study. Confidential survey forms (refer to the Appendix for a sample) were sent to NECA members in the summer of 2006, and 202 completed and usable responses were received by early January of 2007.

Sample Company Performance Report

"YOUR FIRM'S" RATIOS COMPARED TO THE APPROPRIATE INDUSTRY NORMS

SUMMARY OF FINANCIAL RATIOS	YOUR FIRM	SALES \$10-20 MIL.	PROFIT LEADERS
LIQUIDITY			
Current Ratio (Current Assets/Current Liabilities)	1.13 times	1.92	2.28
PROFITABILITY RATIOS			
Gross Income Percentage	15.84%	18.37	21.99
Profit (Before Tax) on Sales	9.71%	5.09	7.01
Profit (After Tax) on Sales	8.43%	2.69	5.41
Return on Total Assets (Before Tax)	3.33%	14.25	21.40
Return on Total Assets (After Tax)	2.11%	10.55	16.65
Return on Net Worth (Before Tax)	14.92%	35.22	46.35
Return on Net Worth (After Tax)	8.24%	26.01	35.72
FINANCIAL STRUCTURE RATIOS			
Debt Ratio (Total Debt/Total Assets)	74.34%	56.07	52.63
Debt-to-Equity (Total Debt/Net Worth)	2.90 times	1.27	1.12
Total Assets/Net Worth (i.e., Leverage)	3.90 times	2.47	2.11
Times Interest Earned	2.00 times	13.43	21.68
Accounts Payable Ratio (Accounts Receivable/Accounts Payable)	1.00 times	3.78	3.55
ASSET MANAGEMENT RATIOS			
Sales/Total Assets	4.95 times	2.86	3.13
Average Collection Period (i.e., Days Receivables Outstanding)	60.15 days	66.26	61.56
Accounts Payable Period	30.80 days	18.41	22.29
Accounts Receivable Days Minus Accounts Payable Period	29.35 days	47.83	39.27

A COMPUTER GENERATED "REPORT CARD" EVALUATION OF YOUR OWN FIRM'S PERFORMANCE

SUMMARY PERFORMANCE MEASURES		
LIQUIDITY		
Current Ratio (Curr Assets/Curr Liab)	???? WEAK ????	Investigate Further
PROFITABILITY RATIOS		
Gross Income Percentage	???? FAIR ????	Some Concern Warranted
Profit (After Tax) on Sales	???? FAIR ????	Some Concern Warranted
Return on Total Assets (After Tax)	???? FAIR ????	Some Concern Warranted
Return on Net Worth (After Tax)	???? FAIR ????	Some Concern Warranted
FINANCIAL STRUCTURE RATIOS		
Debt Ratio (Total Debt/Total Assets)	???? WEAK ????	Investigate Further
Times Interest Earned	???? FAIR ????	Some Concern Warranted
ACTIVITY RATIO		
Fixed Asset Turnover (Sales/Fixed Assets)	>>>> STRONG <<<<	Congratulations
SALES GROWTH		
Sales Change From Prior Year	>>>> STRONG <<<<	Congratulations
KEY EXPENSES AS A % OF SALES		
Material	???? WEAK ????	Investigate Further
Direct Labor Wages	>>>> GOOD <<<<	Well Done
Labor Adder	???? FAIR ????	Some Concern Warranted
Total Direct Cost	???? FAIR ????	Some Concern Warranted
Compensation of Salaried Personnel	>>>> STRONG <<<<	Congratulations
Total Overhead Expenses	>>>> GOOD <<<<	Well Done

Confidentiality Assurance

The Electrical Contractors' **Financial Performance Report** is based on a confidential mail survey of NECA members conducted by Industry Insights, Inc., an objective outside firm that specializes in such studies for many industries. Upon receipt, all survey responses were assigned a confidential code number by Industry Insights, Inc., and any name or company identification removed. Survey processing was then conducted on an absolutely anonymous basis. No NECA staff member, company, or individual inside or outside the industry, other than a select few Industry Insights, Inc. associates ever viewed any individual firm's confidential information.

Statement of Confidentiality and Non-Disclosure

In completing the Electrical Contractors' **Financial Performance Report**, participating firms provided certain data that is sensitive, proprietary, and confidential. This agreement defines the responsibilities of Industry Insights, Inc. regarding the treatment of such information.

In consideration of participating companies providing certain confidential, non-public and/or proprietary data for the sole purpose of inclusion in the Electrical Contractors' **Financial Performance Report**, Industry Insights agrees as follows:

1. All information received from individual Electrical Contractors' **Financial Performance Survey** participants has been, and will be, treated in a strictly confidential manner, and will not be disclosed in any manner whatsoever to any individual, entity, organization or third party outside of Industry Insights, Inc.
2. Only the aggregate compiled results of all, or selected groups of, survey participants are published in the final industry-wide report. At no time will any individual survey participant's specific data be identified, other than to the actual participant.
3. All participant survey questionnaires will be destroyed within a reasonable period of time after the completion of the study.



Thomas J. Noon, Principal
Industry Insights, Inc.

This Electrical Contractors' **Financial Performance Report** has been designed to help industry firms evaluate their own performance relative to that of similar companies, in order to identify improvement opportunities. The statistics in this report represent broad performance "yardsticks" against which a company's performance can be measured.

Using this information, industry firms can compare their own financial and operating performance with that of the industry as a whole, firms of a comparable sales volume, firms in the same geographic area, and the highest profit firms. Spotting significant differences between your own firm's performance and the industry composites can be the first step toward improving performance. Keep in mind, however, that:

1. *A deviation between your firm's figures (for any performance measure) and numbers in the report is not necessarily good or bad. It merely indicates that additional analysis may be required.* As a rule, the larger the difference, the greater the need for further investigation.
2. In situations where large deviations do exist, it may be helpful to go back and calculate the same performance measure over the past several years to identify any trends or anomalies that may exist. As a general rule, your firm is encouraged to chart three- to five-year trends.
3. The information in this report should be used as a tool for informed decision-making, rather than as an absolute standard. Since firms differ as to their location, size, and other factors, any two firms can be successful, yet have very different experiences with regard to certain performance measures.

Understanding the Data

In order to use the information in this report to maximum advantage, it is important to understand *how the data is arranged and how to interpret it.*

The tables in this report are organized to include a number of important financial ratios for each relevant grouping of similar firms. In particular, the major groupings used include:

- All Reporting Firms--refers to the results of all firms responding to the survey
- Sales Volume
- High Profit Firms (refers to those firms whose *Profit Before Taxes as a Percent of Total Assets* is in the upper 50% of performance among all respondents)

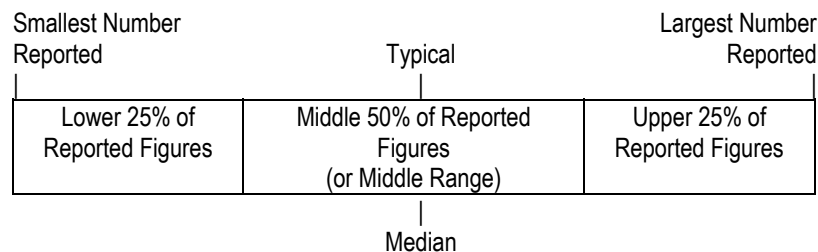
- By Geographic District, as defined below:
 - **District 1:** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont.
 - **District 2:** Delaware, District of Columbia, Kentucky, Maryland, Ohio, Pennsylvania, West Virginia.
 - **District 3:** Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia.
 - **District 4:** Illinois, Indiana, Michigan, Wisconsin.
 - **District 5:** Arizona, Arkansas, Kansas, New Mexico, Oklahoma, Texas.
 - **District 6:** Alaska, Oregon, Washington.
 - **District 7:** Iowa, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.
 - **District 8:** Colorado, Idaho, Montana, Utah, Wyoming.
 - **District 9:** California, Hawaii, Nevada.
 - **District 10:** The entire United States on all line construction work when performed for utilities, municipally owned distribution systems, rural electrical association and railroads.
 - **Canada** All Provinces.

*Note: Responses from Districts 10 and Canada were insufficient for inclusion in this report. Other instances in which sufficient data were not available are indicated by a "N/A" notation.

The table of contents shows specifically where each data table can be found.

Interpreting the Numbers

Most of the performance indicators included in this study are reported on the basis of medians rather than arithmetical averages or means. Unlike the mean, the median is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances. The "median" figure represents the mid-point of the figures for a particular measure, with one-half of the firms reporting figures above it and one-half below. Each median was computed independently based on the companies that reported for that item. As a result, **mathematical relationships do not always exist** when different ratios are used together in the calculation.



Figures reported by responding companies were not used unless they were in accordance with the survey instructions and definitions. In cases where the number of companies reporting was

considered inadequate for the computation of a meaningful figure, blank spaces appear in the tables, or a "not available" (N/A) notation is indicated.

Further insights into how to use this report are included in the Appendix in the section entitled: "Ratio Definitions." **An important point to keep in mind when using this report is that even relatively simple analysis of your company's own financials using the industry data for comparison can yield important insights into your business. You do not have to be a financial expert to benefit from this information.**

Using Ratios

While it is extremely important to analyze financial information in dollars and cents, it is essential that percentages and ratios be used if the data are to be compared to past performance or to industry standards. For example, it is necessary to know your annual "direct labor expense," but it is even more essential to compare this expenditure with the value it produces. A useful measure of **effectiveness** of compensation expense is the percentage that direct labor expense is relative to sales. Therefore, a ratio such as total direct labor wage expense as a percent of sales can be useful in determining how efficiently your firm uses its payroll dollars over time, or compared to other NECA firms in general.

In addition, just as dollar figures are not too meaningful by themselves, ratios should not be used in isolation. In combination, they can give an extremely accurate overall picture of **financial performance** and **financial position**. Financial performance refers to how well a firm performs over a period of time (generally one year) and financial position refers to financial strength at a given point in time.

The tables in this report include key ratios for comparing your firm's performance to norms for other NECA companies in the following key areas: liquidity, profitability, financial structure, asset management, activity, sales growth, income statement performance and other information.

Financial Ratio Definitions and Applications

In this report, financial ratios are classified into six types—liquidity, profitability, financial structure, asset management, activity and sales growth. All financial ratios were calculated by first computing the ratio for each individual survey response, and then computing the averages for the relevant group. The ratios are described on the following pages.

- **LIQUIDITY.** Liquidity analysis relates the amount of cash and current assets held by a firm to its current or maturing liabilities. The most commonly used liquidity ratio, the current ratio, is presented in this report.

Current Ratio. The current ratio is computed by dividing current assets by current liabilities. This ratio is indicative of a company's ability to pay its current obligations as they come due, and affords a measurement of the working capital available to finance day-to-day operations. A ratio of \$2 in current assets for every \$1 in current liabilities is generally considered a minimum requirement. However, this may be a rather lofty target for electrical contractors that are experiencing a growth situation.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- **PROFITABILITY.** Profitability analysis evaluates management effectiveness, as indicated by the return on sales and investment. Four ratios are presented to provide information on respondent profitability: gross income percentage, profit on sales, return on total assets, and return on net worth.

Gross Income Percentage (also sometimes called "gross profit" or "gross margin"). The gross income percentage ratio is calculated by dividing gross income by sales. It relates direct costs to sales, since gross income is equal to sales less total direct cost. Generally, the higher the ratio, the more favorable the firm's condition, assuming proper construction accounting has taken place.

$$\text{Gross Income Percentage} = \frac{\text{Gross Income}}{\text{Sales}}$$

Profit on Sales (Before or After Tax)*. The profit on sales ratio is calculated by dividing net profit (before or after taxes) by sales. Usually, the higher the percentage, the more favorable the firm's condition.

$$\text{Profit On Sales} = \frac{\text{Net Profit Before or After Tax}}{\text{Sales}}$$

* As a general rule, before tax numbers are more useful for peer comparisons, since after tax levels result from strategic decisions, not pure operations.

Return on Total Assets (Before or After Tax) *. The return on total assets ratio is calculated by dividing net profit (before or after taxes) by total assets. This ratio measures the return on total investment in the firm.

$$\text{Return on Total Assets} = \frac{\text{Net Profit Before or After Tax}}{\text{Total Assets}}$$

Return on Net Worth (Before or After Tax). The return on net worth ratio is calculated by dividing net profit (before or after taxes) by total net worth. This ratio measures the rate of return on the stockholder's investment. Return on net worth reflects the risk involved in electrical construction and, as such, a return of 15-30 percent is considered reasonable.

$$\text{Return on Net Worth} = \frac{\text{Net Profit Before or After Tax}}{\text{Total Net Worth}}$$

- **FINANCIAL STRUCTURE.** Financial structure, or leverage, ratios provide an indication of the extent to which the firm has been financed by debt. Three commonly used financial structure ratios are included in this report—debt, debt-to-equity, and times interest earned.

Debt Ratio. The debt ratio is calculated by dividing total liabilities (i.e., debt) by total assets. This ratio provides a relative indication of the burden of debt carried by the firm. Creditors generally prefer moderate debt ratios, while owners may seek high leverage to maximize earnings potential. In general, the higher the ratio, the greater the risk associated with conducting business.

$$\text{Debt Ratio} = \frac{\text{Total Liabilities (i.e., debt)}}{\text{Total Assets}}$$

Debt-to-Equity Ratio. This ratio indicates more clearly who “owns” the business. The closer it is to 1:1, the more likely a lender is to extend more credit.

$$\text{Debt-to-Equity} = \frac{\text{Total Liabilities (i.e., debt)}}{\text{Total Net Worth (or Equity)}}$$

* As a general rule, before tax numbers are more useful for peer comparisons, since after tax levels result from strategic decisions, not pure operations.

Times Interest Earned. The times interest earned ratio is calculated by dividing earnings before interest and taxes by total interest payments. The ratio measures the firm's ability to meet debt service charges incurred during the financial period. In general, the higher the value for this ratio, the better able the firm is to cover its interest on debt, which must be paid before taxes. Also, it is of interest to the lender that this be high enough to allow principal to be paid, especially when interest rates are higher.

$$\text{Times Interest Earned} = \frac{\text{Earnings Before Interest \& Taxes}}{\text{Interest Payments}}$$

- **ACCOUNTS PAYABLE RATIO.** Indicates the extent to which accounts receivable exceed accounts payable. Lenders typically experience 2.3 to 4.5 times.

$$\text{Accounts Payables Ratio} = \frac{\text{Accounts Receivable}}{\text{Accounts Payable}}$$

- **ASSET MANAGEMENT RATIOS.** Asset Management ratios indicate how effectively the firm is managing overall assets to generate sales, as well as how effectively the firm is collecting receivables.

Sales to Total Assets (i.e., Total Asset Turnover). This is calculated by dividing total sales by total assets. This is an overall measure of asset productivity.

$$\text{Total Asset Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

Average Collection Period. This measures the effectiveness of receivables collection policies by indicating how many days it takes, on average, to collect accounts receivables.

$$\text{Average Collection Period} = \frac{\text{Accounts Receivable} \times 365}{\text{Annual Total Sales}}$$

- **ACCOUNTS PAYABLE PERIOD.** This measures the typical time involved (in days), on average, to make payment of bills.

$$\text{Average Payables Days} = \frac{\text{Accounts Payable} \times 365}{\text{Annual Total Sales}}$$

- **ACCOUNTS RECEIVABLES DAYS MINUS ACCOUNTS PAYABLE PERIOD.** Provides an indication of the extent to which receivables days outstanding exceed payables days outstanding. A good target is 30 to 45 days maximum gap.
- **ACTIVITY.** Activity ratios measure how effectively the firm employs its fixed assets and working capital resources. Two commonly used activity ratios, the fixed asset turnover ratio and net sales to working capital, are included in this report.

Fixed Asset Turnover. The fixed asset turnover ratio is calculated by dividing sales by the firm's fixed assets. This ratio measures the intensity with which the firm's fixed assets are employed, and how well management has succeeded in employing fixed assets to generate sales revenue.

$$\text{Fixed Asset Turnover} = \frac{\text{Sales}}{\text{Fixed Assets}}$$

Net Sales to Working Capital. This ratio shows the activity, or turnover, of working capital in relation to sales. Essentially, working capital is the liquidity cushion. It limits sales growth to the extent the firm must pre-finance customer jobs. Frequently, a turnover that is too high indicates a top-heavy investment of permanent or slow-moving assets. Compute this ratio by dividing net sales by working capital (current assets minus current liabilities). Turnover of 5 to 7-1/2 times is considered reasonable.

$$\text{Net Sales to Working Capital} = \frac{\text{Net Sales}}{\text{Current Assets minus Current Liabilities}}$$

- **SALES GROWTH.** This is an indication of how successfully the firm is expanding its base of business. The most common measure, which is included in this report, is the percent change in sales versus the prior year.

$$\text{Sales Change from Prior Year} = \frac{(\text{Current Year Sales minus Prior Year Sales})}{\text{Prior Year Sales}} \times 100$$

Summary and Conclusions

The information contained in the Electrical Contractors' **Financial Performance Report** is perhaps the most comprehensive compilation of electrical contracting industry performance statistics in existence. While the quantity of information may, at first, seem overwhelming, by following the approach outlined in the preceding pages, your time and efforts can be channeled into a very effective and beneficial analysis. To summarize:

Step 1

Gather all of your financial and operating results for your latest fiscal year. If you participated in the latest financial survey, this has probably already been done.

Step 2

Calculate the various performance measures for your firm that are used in the report. (If you participated in the survey and filled the survey form out completely, most of the calculations have been already made for you.)

Step 3

Determine which data aggregation of survey respondents in this report is most comparable to your firm.

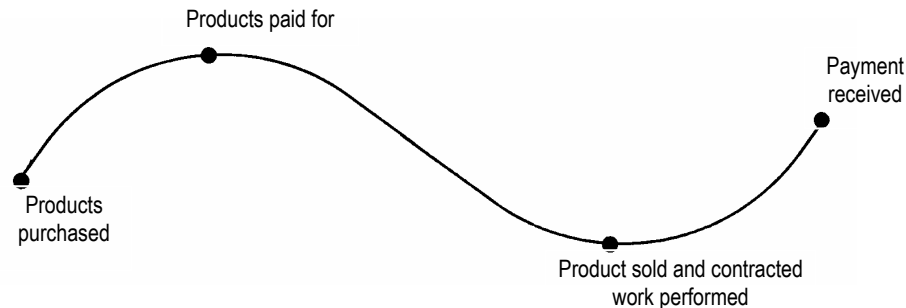
Step 4

Using the analytical guidelines for the key ratios discussed above, analyze your company's strengths and weaknesses. In cases where your firm's performance is much different from the industry norm, this does not necessarily indicate good or bad performance. Rather, these should serve as "red flags," and further investigation may be necessary to understand why the variance exists.

Even relatively simple analysis of your company's own financials using the data for comparisons can yield important insights into your business. You do not have to be a financial expert to benefit from this information.

Cash flow management (i.e., effectively satisfying short term cash obligations relative to available cash) is, to a large extent, just as important as profits to any given firm. In fact, poor cash management is one of the main causes of business failures, particularly among small to medium size firms. A cash shortage due to poor planning can set off a chain of disastrous consequences, even in a profitable firm.

The key to effective cash management is to systematically and accurately define cash needs relative to cash resources over specific time intervals. In essence, this begins with the management of working capital, in the form of **accounts receivable, inventory and payables**. **The cash flow cycle is the length of time, in days, from the initial payment of cash for products to the receipt of cash from the collection of accounts receivable (or from cash sales).** This cycle determines a firm's cash turnover and, most importantly, the **minimum cash balance** required for continuing operations.



MEASURES FOR EVALUATING CASH FLOW		
MEASURE	DEFINITION	EXAMPLE
1. Days Payables Outstanding	Accounts Payable ÷ Purchases per Day*	20
2. Days Receivables Outstanding	(Accounts Receivable ÷ Credit Sales per Day) times credit sales as a % of total sales	55
3. Average Days in Inventory	Average Inventory ÷ Cost of Goods Sold per Day	10
4. Cash Cycle (in days)	Days of Inventory + (Days of Receivables minus Days of Payables) (#2 + #3 - #1)	45
5. Cash Turnover	365 ÷ Cash Cycle (in days)	8.11
6. Minimum Cash Requirement	Annual Cash Expenditures (i.e., cost of sales plus operating expenses plus interest expense)** ÷ Cash Turnover Rate	\$616,523

*Also can be expressed as (Accounts Payable x 365) ÷ Purchases.

**Assumes, for illustration purposes, \$5,000,000 of annual cash expenditures.

In the previous chart, the first three ratios are used to calculate the next three ratios. (For illustration purposes, this example assumes that this particular company has experienced the ratios indicated.) The final ratio shown represents the **minimum cash requirement** for a hypothetical firm that pays out \$5,000,000 in annual cash expenditures. In this example, the company, on average, will need \$616,523 of cash on hand for cash flow needs given the days in payables, days in receivables and days in inventory assumptions listed. By calculating the six ratios for your own firm, you can derive your own **minimum cash requirement** figure.



Executive Summary

2006

Financial Performance Report
(Based on 2005 Data)

Confidential

Introduction

This all-new Electrical Contractors' **Financial Performance Report** is organized as a set of easily referenced industry performance tables. These include the following data aggregations:

■ **All Reporting Firms**

■ **High Profit Firms** (i.e., those firms whose "Profit Before Taxes as a Percent of Total Assets" is in the upper 50% of performance among all respondents)

■ **Respondents by Revenues Volume Size:**

- Revenues Under \$2 Million
- Revenues \$2-\$5 Million
- Revenues \$5-\$10 Million
- Revenues \$10-\$20 Million
- Revenues \$20-\$30 Million
- Revenues Over \$30 Million

■ **Respondents by Geographic District***

- **District 1:** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont.
- **District 2:** Delaware, District of Columbia, Kentucky, Maryland, Ohio, Pennsylvania, West Virginia.
- **District 3:** Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia.
- **District 4:** Illinois, Indiana, Michigan, Wisconsin.
- **District 5:** Arizona, Arkansas, Kansas, New Mexico, Oklahoma, Texas.
- **District 6:** Alaska, Oregon, Washington.
- **District 7:** Iowa, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.
- **District 8:** Colorado, Idaho, Montana, Utah, Wyoming.
- **District 9:** California, Hawaii, Nevada.
- **District 10:** The entire United States on all line construction work when performed for utilities, municipally owned distribution systems, rural electrical association and railroads.
- **Canada** All Provinces.

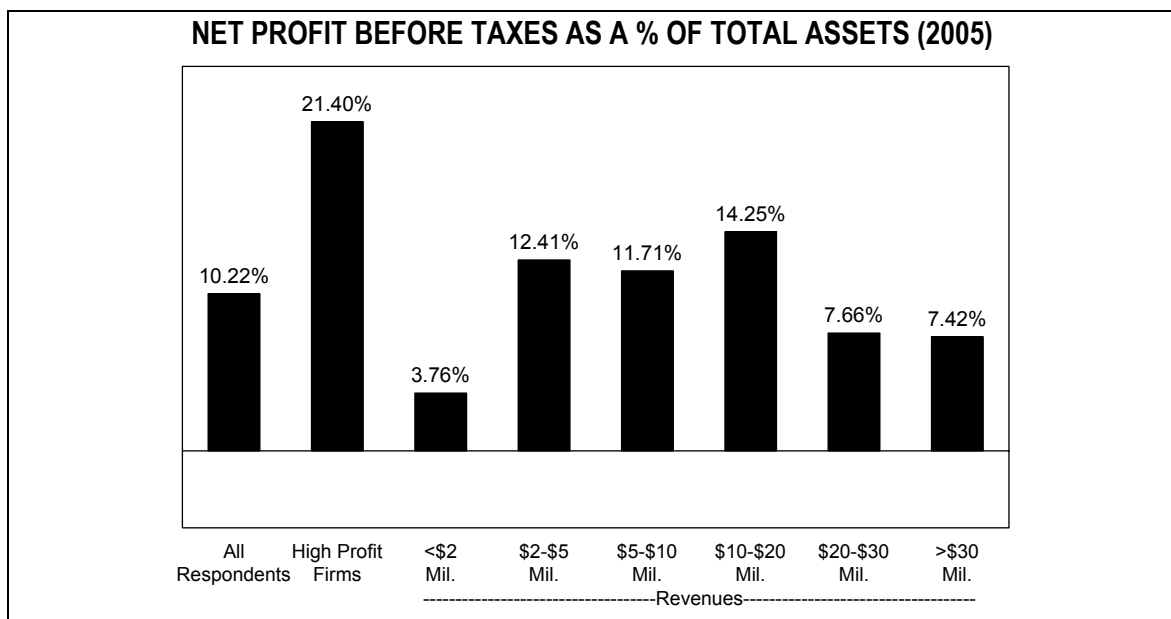
In using this study to evaluate your own business performance, you should refer to the set of data comparatives that most closely corresponds with your own operation. This detailed information should be kept handy and referenced from time to time as a tool for better controlling and managing your business.

* Insufficient data to report for Districts 10 and Canada.

The series of tables and graphs shown on the next several pages has been abstracted from the comprehensive set of statistics. This data represents a good overall gauge of industry performance in key areas of profitability, expense management, and other areas of importance.

Overall Profitability

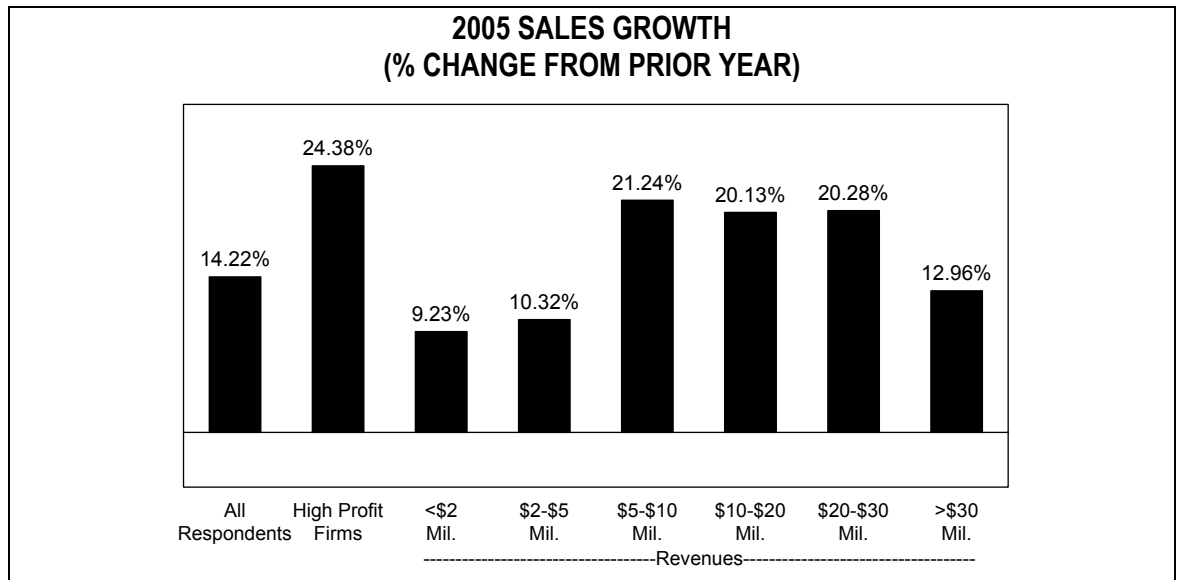
The ratio “profit before taxes as a percent of total assets” is a good overall measure of company profitability. Essentially, this is return on assets, or an indication of what profit return is being earned on the dollars invested in total assets. For the typical survey participant, this was 10.22% in 2005, while high profit firms reported an aggregate 21.40% return.



As has been true of past studies, significant differences existed in the profitability performance of industry firms by sales volume during 2005. In particular, the highest profitability was reported by companies with sales of \$10-\$20 million, while the lowest profitability was by firms in the under \$2 million sales category.

Revenue Growth

In addition to return on assets, another important indicator of performance by industry firms during 2005 is “sales growth” over the prior year. As shown below, the typical NECA survey respondent reported a 14.22% growth in sales during 2005 as compared to 2004, largely reflecting the strong economic growth situation that existed in 2005. Meanwhile, the typical high profit group firm experienced a robust 24.38% revenue advance. Among the various volume groups, the highest revenue gains, were reported among firms in the \$5-\$10 million sales volume group.



Expense Management

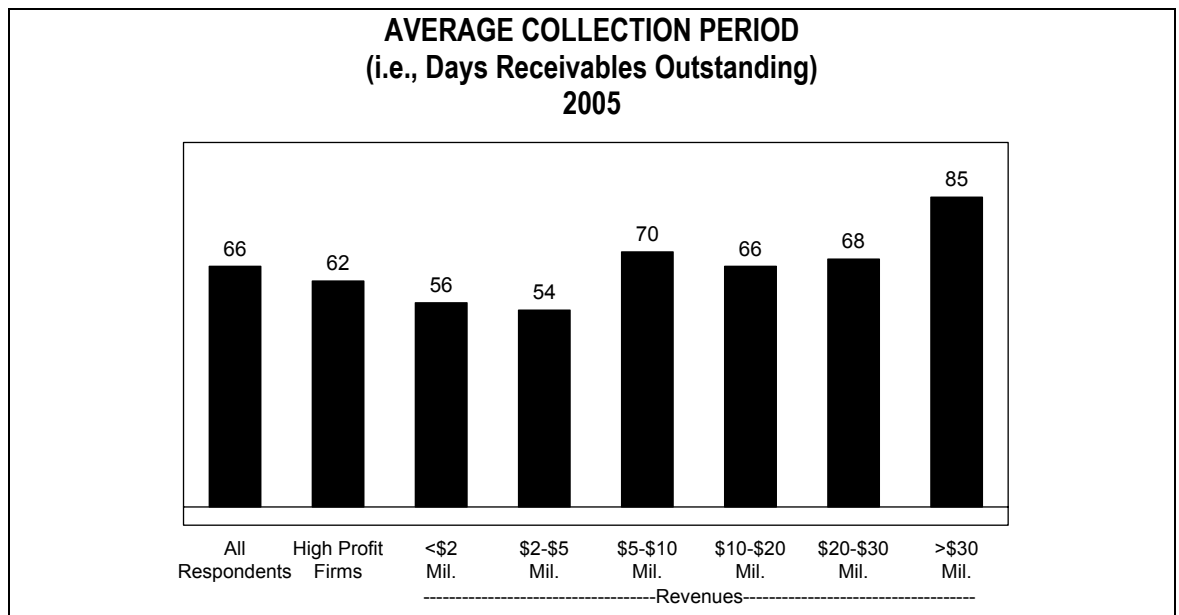
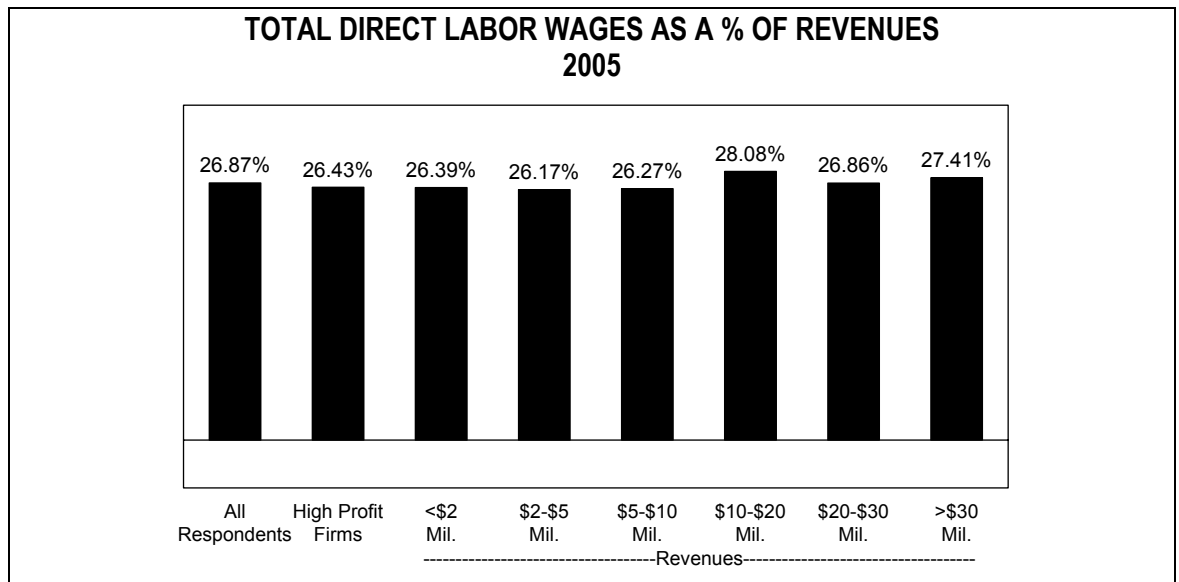
An important finding of this NECA study is that industry firms that were the most profitable in 2005 derived a significant portion of their profitability advantage from lower costs. As shown in the chart below, while the typical NECA survey participant overall reported total direct costs of 80.26% of sales and total overhead expenses of 15.72%, the high profit companies reported 78.01% and 14.64%, respectively.

KEY INCOME STATEMENT ITEMS AS A PERCENT OF SALES (2005)								
	All Respondents	High Profit Firms	Under \$2 Million	\$2-\$5 Million	\$5-\$10 Million	\$10-\$20 Million	\$20-\$30 Million	Over \$30 Million
Materials Cost	30.34%	29.29%	28.47%	29.76%	32.39%	29.91%	31.40%	29.65%
Direct Labor Wages	26.87	26.43	26.39	26.17	26.27	28.08	26.86	27.41
Labor Adder	14.35	13.46	14.35	13.24	13.15	15.43	16.49	14.76
Total Direct Cost	80.26	78.01	75.24	77.69	79.31	81.63	84.62	83.83
Gross Income	19.74	21.99	24.76	22.31	20.69	18.37	15.38	16.17
Total Overhead Expenses	15.72	14.64	22.83	18.16	16.16	12.89	12.55	12.58
Net Profit Before Tax	3.55	7.01	1.07	3.88	4.32	5.09	2.49	2.64

Personnel Management and Accounts Receivable Management

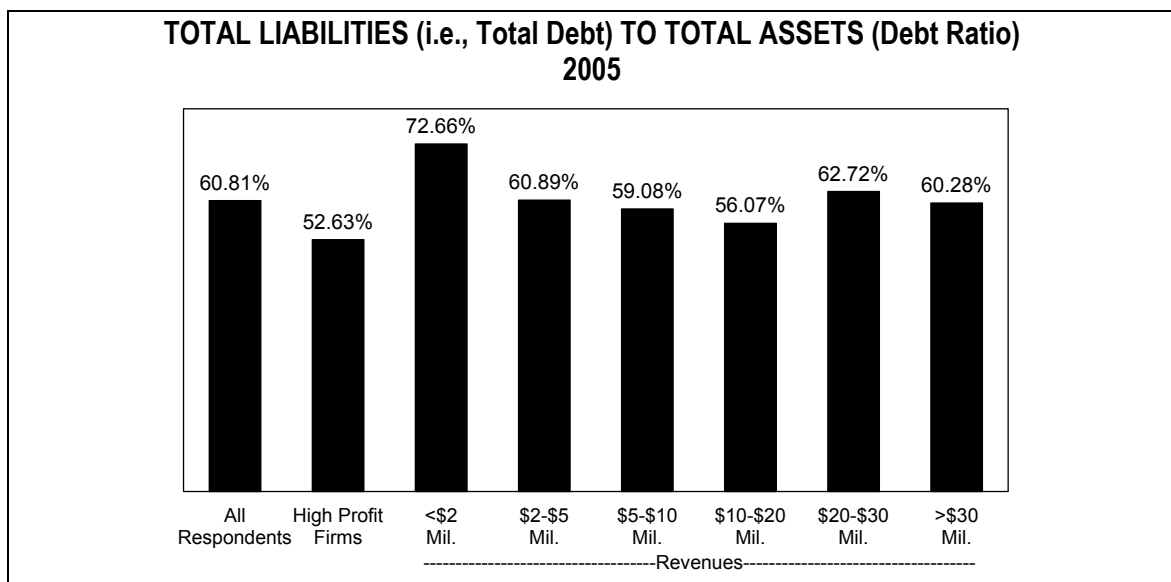
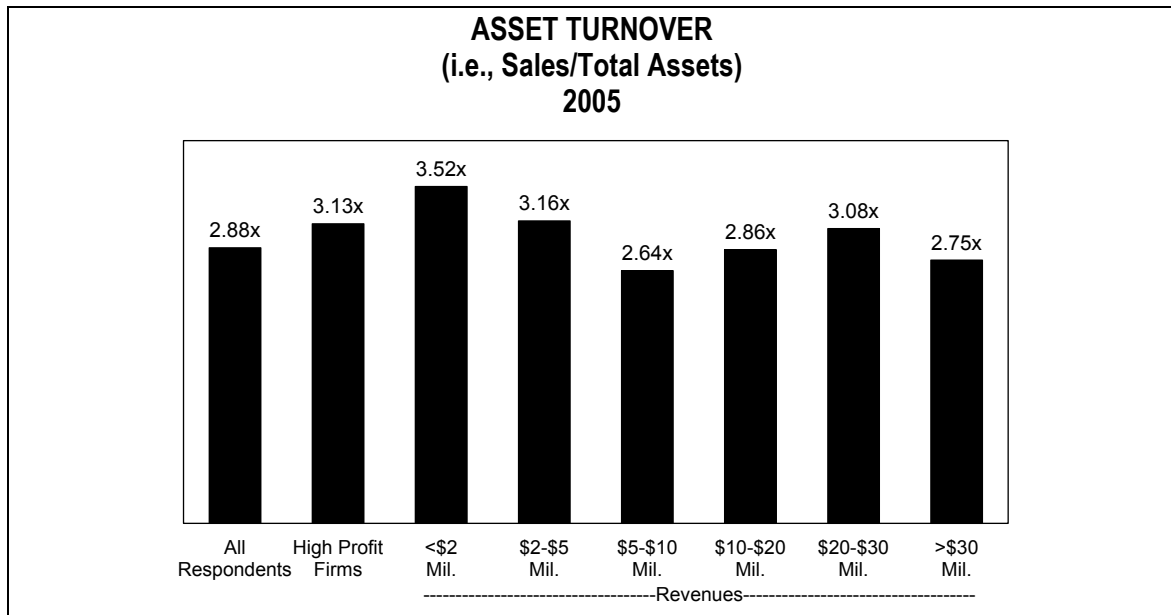
Although overall expense management and profit margins on sales are important components of overall profitability, personnel management and receivables management are also of particular significance.

As shown in the charts below, the high profit firms performed somewhat better than all respondents in general in terms of total direct labor wages as a percent of sales, as well as average collection period on receivables.

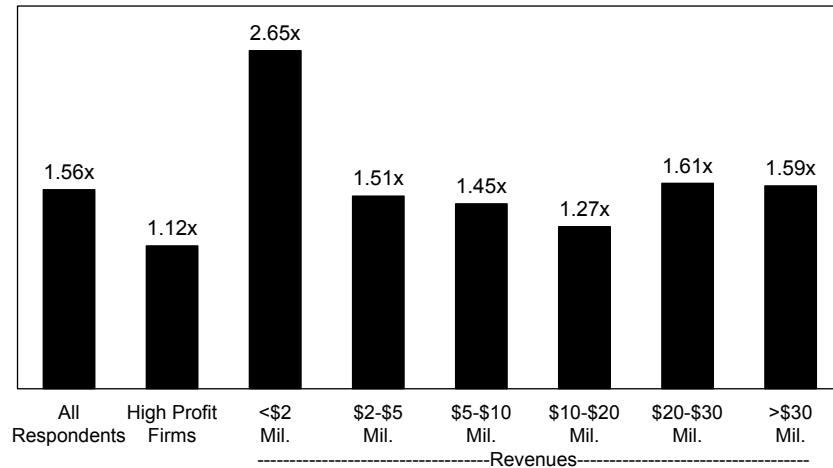


Other Important Measures

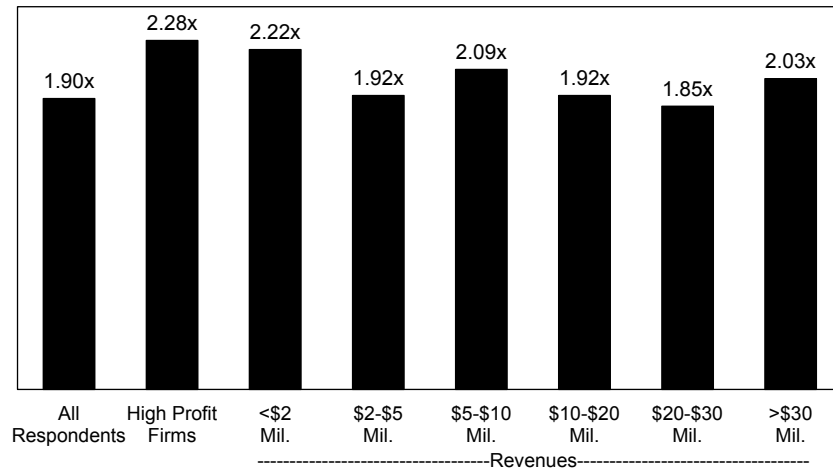
Also included in this Electrical Contractors' **Financial Performance Report** are important asset management, financial leverage and liquidity management ratios. The charts below highlight these indicators by industry sector.



DEBT-TO-EQUITY RATIO (TOTAL DEBT/NET WORTH) 2005



CURRENT RATIO (CURRENT ASSETS ÷ CURRENT LIABILITIES) 2005





Detailed Performance Results

- All Responding Firms
- High Profit Firms

2006

Financial Performance Report
(Based on 2005 Data)

Confidential

All Responding Firms High Profit Firms

SUMMARY OF FINANCIAL RATIOS

LIQUIDITY

Current Ratio (Current Assets/Current Liabilities)	1.90X	2.28X
--	-------	-------

PROFITABILITY RATIOS

Gross Income Percentage	19.74%	21.99%
Profit (Before Tax) on Sales	3.55%	7.01%
Profit (After Tax) on Sales	2.66%	5.41%
Return on Total Assets (Before Tax)	10.22%	21.40%
Return on Total Assets (After Tax)	7.66%	16.65%
Return on Net Worth (Before Tax)	26.17%	46.35%
Return on Net Worth (After Tax)	19.69%	35.72%

FINANCIAL STRUCTURE RATIOS

Debt Ratio (Total Debt/Total Assets)	60.81%	52.63%
Debt-to-Equity (Total Debt/Net Worth)	1.56X	1.12X
Total Assets/Net Worth (i.e., Leverage)	2.56X	2.11X
Times Interest Earned	8.86X	21.68X
Accounts Payable Ratio (Accounts Receivable/Accounts Payable)	3.22X	3.55X

ASSET MANAGEMENT RATIOS

Sales/Total Assets	2.88X	3.13X
Average Collection Period (i.e., Days Receivables Outstanding)	65.92 Days	61.56 Days
Accounts Payable Period	23.71 Days	22.29 Days
Accounts Receivable Days Minus Accounts Payable Period	42.21 Days	39.27 Days

ACTIVITY RATIO

Fixed Asset Turnover (Sales/Fixed Assets)	14.93X	17.36X
Net Sales/Working Capital	7.24X	7.18X

SALES GROWTH

Sales Change from Prior Year	14.22%	24.38%
------------------------------	--------	--------

All Responding Firms & High Profit Firms

All Responding Firms High Profit Firms

INCOME STATEMENT (% OF SALES)

TOTAL SALES	100.00%	100.00%
DIRECT COST:		
Material	30.34%	29.29%
Direct Labor Wages	26.87%	26.43%
Labor Adder	14.35%	13.46%
Other Direct Job Expense	4.19%	4.20%
Subcontract Expense	4.51%	4.62%
Total Direct Cost	80.26%	78.01%
Gross Income	19.74%	21.99%
OVERHEAD EXPENSES DETAIL:		
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	8.87%	8.28%
Utilities (including gas, electric, water and telephone)	0.44%	0.36%
Rent or Mortgage Costs	0.77%	0.69%
Education and Training Expenses	0.07%	0.07%
All Other Overhead Expenses	5.57%	5.24%
Total Overhead Expenses	15.72%	14.64%
Operating Profit	4.02%	7.35%
Total Interest Expense	0.45%	0.33%
Net Non-Operating Income/Expense	-0.01%	-0.01%
Net Profit Before Tax	3.55%	7.01%
Income Taxes	0.90%	1.60%
Net Profit After Tax	2.66%	5.41%

All Responding Firms & High Profit Firms

All Responding Firms High Profit Firms

INCOME STATEMENT (% OF DIRECT COST)

TOTAL SALES	125.65%	129.02%
DIRECT COST:		
Material	37.77%	37.55%
Direct Labor Wages	33.63%	33.96%
Labor Adder	17.87%	17.34%
Other Direct Job Expense	5.20%	5.29%
Subcontract Expense	5.53%	5.86%
Total Direct Cost	100.00%	100.00%
Gross Income	25.65%	29.02%
OVERHEAD EXPENSES DETAIL:		
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	11.42%	10.81%
Utilities (including gas, electric, water and telephone)	0.57%	0.48%
Rent or Mortgage Costs	1.00%	0.91%
Education and Training Expenses	0.09%	0.09%
All Other Overhead Expenses	7.25%	7.02%
Total Overhead Expenses	20.33%	19.30%
Operating Profit	5.32%	9.72%
Total Interest Expense	0.57%	0.42%
Net Non-Operating Income/Expense	0.01%	-0.02%
Net Profit Before Tax	4.75%	9.28%
Income Taxes	1.16%	2.10%
Net Profit After Tax	3.59%	7.18%

All Responding Firms & High Profit Firms

All Responding Firms High Profit Firms

INCOME STATEMENT (% OF DIRECT LABOR)

TOTAL SALES	391.48%	400.45%
DIRECT COST:		
Material	122.82%	121.58%
Direct Labor Wages	100.00%	100.00%
Labor Adder	55.05%	52.97%
Other Direct Job Expense	16.61%	17.04%
Subcontract Expense	18.48%	19.63%
Total Direct Cost	312.95%	311.22%
Gross Income	78.53%	89.23%
OVERHEAD EXPENSES DETAIL:		
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	35.17%	33.59%
Utilities (including gas, electric, water and telephone)	1.71%	1.43%
Rent or Mortgage Costs	3.04%	2.76%
Education and Training Expenses	0.28%	0.27%
All Other Overhead Expenses	22.10%	21.22%
Total Overhead Expenses	62.31%	59.28%
Operating Profit	16.23%	29.95%
Total Interest Expense	1.84%	1.31%
Net Non-Operating Income/Expense	-0.21%	-0.44%
Net Profit Before Tax	14.17%	28.20%
Income Taxes	3.60%	6.52%
Net Profit After Tax	10.57%	21.68%

All Responding Firms High Profit Firms

BALANCE SHEET (% OF ASSETS)

ASSETS:

Cash & Equivalents	12.13%	15.56%
Accounts Receivable	58.69%	58.20%
Inventory	4.03%	2.99%
All Other Current Assets	3.46%	2.36%
TOTAL CURRENT ASSETS	78.32%	79.12%
Cost in Excess of Billings	7.43%	6.64%
Tools/Equipment @ Original Book	7.73%	7.58%
Trucks, Autos, etc. @ Original Book	20.67%	19.06%
Furniture/Fixtures, etc. @ Original Book	4.46%	4.10%
Other Fixed Assets @ Original Book	4.66%	4.40%
Accumulated Depreciation (-)	27.01%	24.22%
Prepaid Items & Other Assets	3.74%	3.31%
 TOTAL ASSETS	 100.00%	 100.00%

LIABILITIES

Accounts Payable	19.95%	18.43%
Notes Payable	9.22%	6.48%
All Other Current Liabilities	11.03%	11.01%
TOTAL CURRENT LIABILITIES	40.20%	35.93%
Billings in Excess of Cost	7.46%	7.13%
Long-Term Liabilities	11.30%	8.02%
Other Liabilities/Deferred Income	1.86%	1.55%
TOTAL LIABILITIES	60.81%	52.63%
TOTAL NET WORTH	39.19%	47.37%
 TOTAL LIABILITIES AND NET WORTH	 100.00%	 100.00%



Detailed Performance Results

Respondents by Revenue Volume

- Under \$2 Million
- \$2-\$5 Million
- \$5-\$10 Million
- \$10-\$20 Million
- \$20-\$30 Million
- Over \$30 Million

2006

Financial Performance Report
(Based on 2005 Data)

Confidential

	Under \$2 Million	\$2-\$5 Million	\$5-\$10 Million	\$10-\$20 Million	\$20-\$30 Million	Over \$30 Million
SUMMARY OF FINANCIAL RATIOS						
LIQUIDITY						
Current Ratio (Current Assets/Current Liabilities)	2.22X	1.92X	2.09X	1.92X	1.85X	2.03X
PROFITABILITY RATIOS						
Gross Income Percentage	24.76%	22.31%	20.69%	18.37%	15.38%	16.17%
Profit (Before Tax) on Sales	1.07%	3.88%	4.32%	5.09%	2.49%	2.64%
Profit (After Tax) on Sales	0.60%	3.10%	3.32%	3.69%	1.87%	2.06%
Return on Total Assets (Before Tax)	3.76%	12.41%	11.71%	14.25%	7.66%	7.42%
Return on Total Assets (After Tax)	2.16%	9.24%	8.79%	10.55%	5.81%	5.71%
Return on Net Worth (Before Tax)	13.74%	31.28%	28.63%	35.22%	20.32%	19.41%
Return on Net Worth (After Tax)	7.88%	24.29%	21.48%	26.01%	15.26%	14.84%
FINANCIAL STRUCTURE RATIOS						
Debt Ratio (Total Debt/Total Assets)	72.66%	60.89%	59.08%	56.07%	62.72%	60.28%
Debt-to-Equity (Total Debt/Net Worth)	2.65X	1.51X	1.45X	1.27X	1.61X	1.59X
Total Assets/Net Worth (i.e., Leverage)	3.65X	2.54X	2.46X	2.47X	2.65X	2.63X
Times Interest Earned	2.57X	7.45X	10.57X	13.43X	7.74X	10.77X
Accounts Payable Ratio (Accounts Receivable/Accounts Payable)	4.26X	2.86X	3.11X	3.78X	3.59X	3.10X
ASSET MANAGEMENT RATIOS						
Sales/Total Assets	3.52X	3.16X	2.64X	2.86X	3.08X	2.75X
Average Collection Period (i.e., Days Receivables Outstanding)	56.41	54.07	69.59	66.26	68.12	85.18
Accounts Payable Period (Days)	26.62	20.86	24.55	18.41	24.36	29.68
Accounts Receivable Days Minus Accounts Payable Period)	29.79	33.21	44.16	47.83	43.86	55.54
ACTIVITY RATIO						
Fixed Asset Turnover (Sales/Fixed Assets)	18.62X	14.74X	13.30X	15.66X	15.38X	14.97X
Net Sales/Working Capital	6.37X	6.77X	8.48X	7.09X	8.87X	7.12X
SALES GROWTH						
Sales Change from Prior Year	9.23%	10.32%	21.24%	20.13%	20.28%	12.96%

	Under \$2 Million	\$2-\$5 Million	\$5-\$10 Million	\$10-\$20 Million	\$20-\$30 Million	Over \$30 Million
INCOME STATEMENT (% OF SALES)						
TOTAL SALES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
DIRECT COST:						
Material	28.47%	29.76%	32.39%	29.91%	31.40%	29.65%
Direct Labor Wages	26.39%	26.17%	26.27%	28.08%	26.86%	27.41%
Labor Adder	14.35%	13.24%	13.15%	15.43%	16.49%	14.76%
Other Direct Job Expense	4.00%	4.66%	3.37%	4.33%	4.20%	4.54%
Subcontract Expense	2.03%	3.86%	4.14%	3.87%	5.66%	7.46%
Total Direct Cost	75.24%	77.69%	79.31%	81.63%	84.62%	83.83%
Gross Income	24.76%	22.31%	20.69%	18.37%	15.38%	16.17%
OVERHEAD EXPENSES DETAIL:						
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	11.04%	9.56%	9.51%	7.15%	8.06%	8.27%
Utilities (including gas, electric, water and telephone)	0.96%	0.52%	0.47%	0.30%	0.32%	0.18%
Rent or Mortgage Costs	1.77%	0.93%	0.73%	0.65%	0.38%	0.34%
Education and Training Expenses	0.08%	0.08%	0.05%	0.09%	0.05%	0.07%
All Other Overhead Expenses	8.99%	7.06%	5.41%	4.70%	3.75%	3.72%
Total Overhead Expenses	22.83%	18.16%	16.16%	12.89%	12.55%	12.58%
Operating Profit	1.93%	4.15%	4.52%	5.48%	2.83%	3.60%
Total Interest Expense	0.68%	0.56%	0.45%	0.41%	0.37%	0.27%
Net Non-Operating Income/Expense	-0.18%	0.29%	0.25%	0.02%	0.03%	-0.68%
Net Profit Before Tax	1.07%	3.88%	4.32%	5.09%	2.49%	2.64%
Income Taxes	0.77%	0.77%	1.00%	1.40%	0.61%	0.58%
Net Profit After Tax	0.60%	3.10%	3.32%	3.69%	1.87%	2.06%

	Under \$2 Million	\$2-\$5 Million	\$5-\$10 Million	\$10-\$20 Million	\$20-\$30 Million	Over \$30 Million
INCOME STATEMENT (% OF DIRECT COST)						
TOTAL SALES	134.92%	129.95%	126.87%	123.22%	118.46%	119.67%
DIRECT COST:						
Material	37.53%	38.46%	40.62%	36.61%	37.03%	35.30%
Direct Labor Wages	35.28%	33.81%	33.38%	34.55%	31.75%	32.67%
Labor Adder	19.20%	16.98%	16.56%	18.85%	19.56%	17.63%
Other Direct Job Expense	5.41%	5.91%	4.25%	5.25%	4.96%	5.42%
Subcontract Expense	2.59%	4.85%	5.20%	4.75%	6.71%	8.98%
Total Direct Cost	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Income	34.92%	29.95%	26.87%	23.22%	18.46%	19.67%
OVERHEAD EXPENSES DETAIL:						
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	15.79%	12.73%	12.20%	8.84%	9.65%	10.01%
Utilities (including gas, electric, water and telephone)	1.32%	0.69%	0.62%	0.36%	0.38%	0.21%
Rent or Mortgage Costs	2.46%	1.22%	0.93%	0.80%	0.45%	0.40%
Education and Training Expenses	0.11%	0.11%	0.06%	0.11%	0.06%	0.08%
All Other Overhead Expenses	12.25%	9.41%	7.00%	6.08%	4.47%	4.50%
Total Overhead Expenses	31.93%	24.16%	20.82%	16.20%	15.01%	15.21%
Operating Profit	2.98%	5.80%	6.06%	7.02%	3.45%	4.45%
Total Interest Expense	0.87%	0.75%	0.57%	0.50%	0.43%	0.33%
Net Non-Operating Income/Expense	-0.07%	0.38%	0.33%	0.03%	0.04%	-0.87%
Net Profit Before Tax	2.04%	5.42%	5.81%	6.55%	3.05%	3.25%
Income Taxes	1.01%	1.03%	1.37%	1.78%	0.74%	0.70%
Net Profit After Tax	1.04%	4.39%	4.44%	4.77%	2.31%	2.55%

	Under \$2 Million	\$2-\$5 Million	\$5-\$10 Million	\$10-\$20 Million	\$20-\$30 Million	Over \$30 Million
INCOME STATEMENT (% OF DIRECT LABOR)						
TOTAL SALES	394.18%	405.65%	402.35%	381.10%	381.48%	376.19%
DIRECT COST:						
Material	114.49%	124.63%	136.71%	120.15%	121.65%	112.54%
Direct Labor Wages	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Labor Adder	55.74%	53.70%	52.21%	56.86%	61.60%	53.90%
Other Direct Job Expense	16.45%	18.37%	14.14%	16.77%	16.00%	17.69%
Subcontract Expense	8.03%	16.33%	16.69%	16.83%	22.82%	29.66%
Total Direct Cost	294.70%	313.03%	319.73%	310.61%	322.08%	313.79%
Gross Income	99.49%	92.62%	82.62%	70.49%	59.41%	62.40%
OVERHEAD EXPENSES DETAIL:						
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	45.94%	39.61%	37.46%	27.09%	30.89%	31.60%
Utilities (including gas, electric, water and telephone)	4.03%	2.06%	1.77%	1.15%	1.19%	0.66%
Rent or Mortgage Costs	7.06%	3.76%	2.85%	2.54%	1.47%	1.26%
Education and Training Expenses	0.33%	0.32%	0.18%	0.36%	0.18%	0.27%
All Other Overhead Expenses	36.08%	28.57%	21.84%	18.26%	14.34%	14.04%
Total Overhead Expenses	93.43%	74.33%	64.10%	49.39%	48.06%	47.85%
Operating Profit	6.06%	18.29%	18.52%	21.10%	11.35%	14.56%
Total Interest Expense	2.94%	2.55%	1.77%	1.54%	1.35%	0.96%
Net Non-Operating Income/Expense	-0.74%	1.00%	1.05%	0.01%	0.20%	-3.50%
Net Profit Before Tax	2.37%	16.74%	17.80%	19.57%	10.18%	10.10%
Income Taxes	2.67%	3.37%	4.31%	5.35%	2.56%	2.16%
Net Profit After Tax	-0.30%	13.37%	13.49%	14.22%	7.62%	7.94%

	Under \$2 Million	\$2-\$5 Million	\$5-\$10 Million	\$10-\$20 Million	\$20-\$30 Million	Over \$30 Million
BALANCE SHEET (% OF ASSETS)						
ASSETS:						
Cash & Equivalents	18.57%	13.64%	11.20%	11.84%	6.63%	11.53%
Accounts Receivable	47.73%	52.57%	57.34%	59.95%	69.42%	66.16%
Inventory	6.70%	7.35%	3.89%	3.10%	1.77%	0.93%
All Other Current Assets	7.51%	3.55%	3.94%	1.93%	2.72%	2.64%
TOTAL CURRENT ASSETS	80.52%	77.11%	76.38%	76.82%	80.53%	81.26%
Cost in Excess of Billings	3.57%	4.78%	9.00%	8.85%	10.61%	7.51%
Tools/Equipment @ Original Book	11.68%	8.95%	6.68%	8.73%	4.61%	6.21%
Trucks, Autos, etc. @ Original Book	44.89%	29.80%	19.33%	15.26%	10.89%	9.39%
Furniture/Fixtures, etc. @ Original Book	5.94%	6.59%	3.31%	4.68%	3.39%	2.84%
Other Fixed Assets @ Original Book	3.03%	6.09%	3.76%	4.68%	3.72%	5.36%
Accumulated Depreciation (-)	52.17%	37.44%	23.58%	22.06%	16.19%	16.29%
Prepaid Items & Other Assets	2.54%	4.11%	5.12%	3.05%	2.44%	3.72%
 TOTAL ASSETS	 100.00%	 100.00%	 100.00%	 100.00%	 100.00%	 100.00%
LIABILITIES						
Accounts Payable	11.90%	21.54%	20.44%	18.17%	23.09%	21.59%
Notes Payable	9.71%	10.61%	8.08%	10.09%	11.17%	6.56%
All Other Current Liabilities	14.62%	10.62%	9.39%	11.65%	8.19%	12.68%
TOTAL CURRENT LIABILITIES	36.23%	42.77%	37.91%	39.91%	42.45%	40.82%
Billings in Excess of Cost	1.42%	2.83%	7.69%	6.50%	11.92%	14.53%
Long-Term Liabilities	30.58%	12.67%	12.32%	8.46%	5.97%	4.18%
Other Liabilities/Deferred Income	4.43%	2.62%	1.16%	1.20%	2.38%	0.75%
TOTAL LIABILITIES	72.66%	60.89%	59.08%	56.07%	62.72%	60.28%
TOTAL NET WORTH	27.34%	39.11%	40.92%	43.93%	37.28%	39.73%
 TOTAL LIABILITIES AND NET WORTH	 100.00%	 100.00%	 100.00%	 100.00%	 100.00%	 100.00%



Detailed Performance Results

Respondents by Geographic District*

- **District 1:** Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont.
- **District 2:** Delaware, District of Columbia, Kentucky, Maryland, Ohio, Pennsylvania, West Virginia.
- **District 3:** Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia.
- **District 4:** Illinois, Indiana, Michigan, Wisconsin.
- **District 5:** Arizona, Arkansas, Kansas, New Mexico, Oklahoma, Texas.
- **District 6:** Alaska, Oregon, Washington.
- **District 7:** Iowa, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.
- **District 8:** Colorado, Idaho, Montana, Utah, Wyoming.
- **District 9:** California, Hawaii, Nevada.
- **District 10:** The entire United States on all line construction work when performed for utilities, municipally owned distribution systems, rural electrical association and railroads.
- **Canada** All Provinces.

*Insufficient data to report for Districts 10 and Canada.

2006 Financial Performance Report (Based on 2005 Data)

Confidential

	District 1	District 2	District 3	District 4	District 5
SUMMARY OF FINANCIAL RATIOS					
LIQUIDITY					
Current Ratio (Current Assets/Current Liabilities)	1.98X	1.97X	1.45X	1.92X	2.68X
PROFITABILITY RATIOS					
Gross Income Percentage	20.16%	19.79%	20.23%	16.78%	21.14%
Profit (Before Tax) on Sales	5.01%	3.35%	3.20%	1.76%	6.29%
Profit (After Tax) on Sales	3.67%	2.50%	2.45%	1.13%	4.32%
Return on Total Assets (Before Tax)	13.62%	8.64%	8.79%	5.18%	17.19%
Return on Total Assets (After Tax)	9.68%	6.65%	6.49%	3.03%	11.58%
Return on Net Worth (Before Tax)	31.75%	22.64%	38.19%	13.27%	32.41%
Return on Net Worth (After Tax)	23.25%	16.55%	29.08%	8.53%	22.09%
FINANCIAL STRUCTURE RATIOS					
Debt Ratio (Total Debt/Total Assets)	57.01%	61.53%	77.44%	64.13%	46.64%
Debt-to-Equity (Total Debt/Net Worth)	1.32X	1.58X	3.41X	1.67X	0.92X
Total Assets/Net Worth (i.e., Leverage)	2.33X	2.58X	4.52X	2.67X	1.87X
Times Interest Earned	8.47X	10.30X	7.57X	3.77X	25.19X
Accounts Payable Ratio (Accounts Receivable/Accounts Payable)	2.97X	3.87X	2.09X	3.73X	3.26X
ASSET MANAGEMENT RATIOS					
Sales/Total Assets	2.72X	2.62X	2.64X	2.83X	2.75X
Average Collection Period (i.e., Days Receivables Outstanding)	82.25	80.10	81.60	62.72	62.38
Accounts Payable Period (Days)	32.99	27.55	47.07	20.01	19.12
Accounts Receivable Days Minus Accounts Payable Period	49.26	52.56	33.65	42.68	43.26
ACTIVITY RATIO					
Fixed Asset Turnover (Sales/Fixed Assets)	13.64X	12.78X	15.14X	14.41X	13.00X
Net Sales/Working Capital	8.44X	6.98X	11.95X	7.06X	6.40X
SALES GROWTH					
Sales Change from Prior Year	2.17%	20.78%	22.63%	11.40%	15.80%

	District 1	District 2	District 3	District 4	District 5
INCOME STATEMENT (% OF SALES)					
TOTAL SALES	100.00%	100.00%	100.00%	100.00%	100.00%
DIRECT COST:					
Material	28.27%	32.70%	37.62%	28.62%	29.83%
Direct Labor Wages	25.22%	27.17%	21.66%	28.68%	27.93%
Labor Adder	17.97%	12.84%	9.85%	17.26%	11.46%
Other Direct Job Expense	4.54%	4.44%	4.83%	4.21%	5.07%
Subcontract Expense	3.85%	3.06%	5.82%	4.45%	4.57%
Total Direct Cost	79.84%	80.21%	79.77%	83.22%	78.86%
Gross Income	20.16%	19.79%	20.23%	16.78%	21.14%
OVERHEAD EXPENSES DETAIL:					
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	8.70%	9.75%	6.53%	7.73%	8.85%
Utilities (including gas, electric, water and telephone)	0.49%	0.38%	0.27%	0.43%	0.31%
Rent or Mortgage Costs	0.71%	0.68%	0.59%	0.81%	0.63%
Education and Training Expenses	0.05%	0.08%	0.04%	0.06%	0.11%
All Other Overhead Expenses	5.07%	5.60%	8.31%	5.25%	4.83%
Total Overhead Expenses	15.02%	16.51%	15.73%	14.29%	14.73%
Operating Profit	5.14%	3.28%	4.50%	2.49%	6.41%
Total Interest Expense	0.67%	0.36%	0.46%	0.60%	0.26%
Net Non-Operating Income/Expense	0.55%	0.42%	-0.84%	-0.14%	0.15%
Net Profit Before Tax	5.01%	3.35%	3.20%	1.76%	6.29%
Income Taxes	1.34%	0.85%	0.76%	0.63%	1.97%
Net Profit After Tax	3.67%	2.50%	2.45%	1.13%	4.32%

	District 1	District 2	District 3	District 4	District 5
INCOME STATEMENT (% OF DIRECT COST)					
TOTAL SALES	125.90%	125.55%	126.25%	120.87%	127.50%
DIRECT COST:					
Material	35.51%	40.68%	47.42%	34.31%	37.60%
Direct Labor Wages	31.54%	33.94%	26.99%	34.58%	35.87%
Labor Adder	22.63%	15.97%	12.18%	20.77%	14.66%
Other Direct Job Expense	5.64%	5.53%	6.01%	5.00%	6.29%
Subcontract Expense	4.69%	3.88%	7.39%	5.35%	5.57%
Total Direct Cost	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Income	25.90%	25.55%	26.25%	20.87%	27.50%
OVERHEAD EXPENSES DETAIL:					
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	11.04%	12.31%	8.36%	9.41%	11.43%
Utilities (including gas, electric, water and telephone)	0.64%	0.48%	0.35%	0.51%	0.40%
Rent or Mortgage Costs	0.93%	0.88%	0.77%	0.99%	0.85%
Education and Training Expenses	0.06%	0.10%	0.05%	0.07%	0.14%
All Other Overhead Expenses	6.55%	7.44%	10.75%	6.43%	6.52%
Total Overhead Expenses	19.23%	21.23%	20.27%	17.43%	19.35%
Operating Profit	6.68%	4.32%	5.98%	3.44%	8.16%
Total Interest Expense	0.86%	0.46%	0.59%	0.72%	0.31%
Net Non-Operating Income/Expense	0.72%	0.54%	-1.09%	-0.13%	0.20%
Net Profit Before Tax	6.53%	4.41%	4.30%	2.59%	8.05%
Income Taxes	1.74%	1.09%	0.99%	0.85%	2.50%
Net Profit After Tax	4.79%	3.32%	3.32%	1.74%	5.55%

	District 1	District 2	District 3	District 4	District 5
INCOME STATEMENT (% OF DIRECT LABOR)					
TOTAL SALES	415.10%	382.92%	493.27%	362.05%	419.33%
DIRECT COST:					
Material	122.65%	127.35%	192.03%	106.03%	139.36%
Direct Labor Wages	100.00%	100.00%	100.00%	100.00%	100.00%
Labor Adder	72.09%	48.60%	44.84%	62.19%	47.98%
Other Direct Job Expense	18.14%	16.59%	23.57%	15.53%	22.86%
Subcontract Expense	16.17%	12.82%	29.09%	16.93%	23.39%
Total Direct Cost	329.05%	305.36%	389.53%	300.69%	333.59%
Gross Income	86.05%	77.56%	103.74%	61.36%	85.75%
OVERHEAD EXPENSES DETAIL:					
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	36.40%	36.97%	32.18%	28.66%	37.11%
Utilities (including gas, electric, water and telephone)	2.15%	1.42%	1.26%	1.60%	1.31%
Rent or Mortgage Costs	3.03%	2.54%	3.28%	3.14%	2.49%
Education and Training Expenses	0.22%	0.26%	0.18%	0.21%	0.48%
All Other Overhead Expenses	21.27%	22.32%	43.29%	19.17%	18.42%
Total Overhead Expenses	63.08%	63.55%	80.18%	52.78%	59.82%
Operating Profit	22.97%	14.00%	23.56%	8.58%	25.93%
Total Interest Expense	2.80%	1.28%	2.55%	2.28%	1.30%
Net Non-Operating Income/Expense	2.47%	1.59%	-4.31%	-0.60%	0.03%
Net Profit Before Tax	22.62%	14.32%	16.70%	5.70%	24.66%
Income Taxes	6.06%	3.68%	3.92%	2.32%	7.45%
Net Profit After Tax	16.56%	10.64%	12.78%	3.39%	17.21%

	District 1	District 2	District 3	District 4	District 5
BALANCE SHEET (% OF ASSETS)					
ASSETS:					
Cash & Equivalents	12.57%	10.04%	10.24%	8.70%	25.48%
Accounts Receivable	64.42%	61.81%	58.32%	59.52%	46.06%
Inventory	1.77%	1.94%	2.39%	5.15%	1.06%
All Other Current Assets	1.55%	2.96%	3.84%	5.00%	2.84%
TOTAL CURRENT ASSETS	80.31%	76.75%	74.79%	78.37%	75.44%
Cost in Excess of Billings	10.43%	7.17%	10.60%	7.79%	5.78%
Tools/Equipment @ Original Book	5.22%	7.05%	8.30%	8.98%	6.16%
Trucks, Autos, etc. @ Original Book	11.49%	17.68%	23.67%	18.05%	17.27%
Furniture/Fixtures, etc. @ Original Book	2.33%	4.62%	3.64%	4.55%	2.17%
Other Fixed Assets @ Original Book	3.22%	5.38%	4.82%	3.29%	11.43%
Accumulated Depreciation (-)	15.09%	22.70%	27.16%	26.12%	21.05%
Prepaid Items & Other Assets	1.99%	4.05%	1.34%	5.08%	2.81%
 TOTAL ASSETS	 100.00%	 100.00%	 100.00%	 100.00%	 100.00%
LIABILITIES					
Accounts Payable	21.72%	17.83%	28.54%	19.14%	16.05%
Notes Payable	10.23%	10.34%	6.35%	14.97%	2.10%
All Other Current Liabilities	9.39%	10.77%	15.72%	10.40%	12.53%
TOTAL CURRENT LIABILITIES	41.34%	38.95%	50.61%	44.51%	30.68%
Billings in Excess of Cost	8.54%	9.84%	6.19%	8.07%	8.72%
Long-Term Liabilities	6.49%	10.62%	17.97%	11.01%	3.82%
Other Liabilities/Deferred Income	0.63%	2.12%	2.67%	0.54%	3.42%
TOTAL LIABILITIES	57.01%	61.53%	77.44%	64.13%	46.64%
TOTAL NET WORTH	43.00%	38.47%	22.56%	35.87%	53.36%
 TOTAL LIABILITIES AND NET WORTH	 100.00%	 100.00%	 100.00%	 100.00%	 100.00%

	District 6	District 7	District 8	District 9
SUMMARY OF FINANCIAL RATIOS				
LIQUIDITY				
Current Ratio (Current Assets/Current Liabilities)	2.24X	2.32X	1.97X	1.98X
PROFITABILITY RATIOS				
Gross Income Percentage	26.58%	20.19%	23.39%	19.93%
Profit (Before Tax) on Sales	8.94%	4.57%	3.37%	2.67%
Profit (After Tax) on Sales	7.44%	3.44%	2.61%	2.53%
Return on Total Assets (Before Tax)	34.77%	15.15%	9.41%	8.14%
Return on Total Assets (After Tax)	28.90%	11.48%	7.62%	7.29%
Return on Net Worth (Before Tax)	66.24%	31.16%	43.34%	21.40%
Return on Net Worth (After Tax)	55.47%	23.78%	33.73%	19.19%
FINANCIAL STRUCTURE RATIOS				
Debt Ratio (Total Debt/Total Assets)	49.73%	52.07%	80.29%	60.13%
Debt-to-Equity (Total Debt/Net Worth)	1.00X	1.08X	4.06X	1.52X
Total Assets/Net Worth (i.e., Leverage)	1.92X	2.07X	4.54X	2.51X
Times Interest Earned	39.00X	14.88X	5.74X	8.64X
Accounts Payable Ratio (Accounts Receivable/Accounts Payable)	2.95X	3.59X	3.18X	2.78X
ASSET MANAGEMENT RATIOS				
Sales/Total Assets	3.91X	3.34X	2.84X	3.17X
Average Collection Period (i.e., Days Receivables Outstanding)	56.88	54.65	54.46	71.64
Accounts Payable Period (Days)	16.09	15.97	19.19	32.56
Accounts Receivable Days Minus Accounts Payable Period	40.78	39.03	35.04	39.06
ACTIVITY RATIO				
Fixed Asset Turnover (Sales/Fixed Assets)	22.69X	18.77X	14.29X	18.75X
Net Sales/Working Capital	8.20X	9.33X	6.91X	6.43X
SALES GROWTH				
Sales Change from Prior Year	29.75%	12.52%	27.37%	7.11%

	District 6	District 7	District 8	District 9
INCOME STATEMENT (% OF SALES)				
TOTAL SALES	100.00%	100.00%	100.00%	100.00%
DIRECT COST:				
Material	30.82%	31.06%	29.54%	28.59%
Direct Labor Wages	26.16%	26.83%	26.40%	24.50%
Labor Adder	10.72%	14.42%	12.14%	12.91%
Other Direct Job Expense	4.14%	3.46%	3.50%	4.49%
Subcontract Expense	1.58%	4.04%	5.03%	9.58%
Total Direct Cost	73.42%	79.81%	76.61%	80.07%
Gross Income	26.58%	20.19%	23.39%	19.93%
OVERHEAD EXPENSES DETAIL:				
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	10.86%	8.71%	10.99%	9.63%
Utilities (including gas, electric, water and telephone)	0.73%	0.34%	0.70%	0.48%
Rent or Mortgage Costs	0.79%	0.80%	0.89%	0.85%
Education and Training Expenses	0.01%	0.08%	0.12%	0.07%
All Other Overhead Expenses	4.81%	5.36%	7.06%	5.16%
Total Overhead Expenses	17.21%	15.29%	19.75%	16.19%
Operating Profit	9.37%	4.90%	3.64%	3.75%
Total Interest Expense	0.23%	0.33%	0.71%	0.35%
Net Non-Operating Income/Expense	-0.20%	0.00%	0.44%	-0.73%
Net Profit Before Tax	8.94%	4.57%	3.37%	2.67%
Income Taxes	1.50%	1.13%	0.76%	0.13%
Net Profit After Tax	7.44%	3.44%	2.61%	2.53%

	District 6	District 7	District 8	District 9
INCOME STATEMENT (% OF DIRECT COST)				
TOTAL SALES	137.78%	125.87%	133.84%	125.73%
DIRECT COST:				
Material	41.46%	38.52%	38.72%	35.74%
Direct Labor Wages	35.88%	33.82%	34.92%	30.77%
Labor Adder	14.94%	18.25%	15.73%	16.18%
Other Direct Job Expense	5.72%	4.38%	4.57%	5.58%
Subcontract Expense	2.00%	5.04%	6.06%	11.74%
Total Direct Cost	100.00%	100.00%	100.00%	100.00%
Gross Income	37.78%	25.87%	33.84%	25.73%
OVERHEAD EXPENSES DETAIL:				
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	15.20%	11.14%	16.59%	12.40%
Utilities (including gas, electric, water and telephone)	1.03%	0.43%	1.11%	0.63%
Rent or Mortgage Costs	1.11%	1.03%	1.34%	1.10%
Education and Training Expenses	0.02%	0.10%	0.18%	0.09%
All Other Overhead Expenses	6.84%	6.91%	10.12%	6.60%
Total Overhead Expenses	24.19%	19.60%	29.33%	20.83%
Operating Profit	13.59%	6.26%	4.51%	4.90%
Total Interest Expense	0.34%	0.40%	1.05%	0.47%
Net Non-Operating Income/Expense	-0.26%	0.01%	0.65%	-1.00%
Net Profit Before Tax	12.99%	5.88%	4.10%	3.43%
Income Taxes	1.96%	1.45%	0.98%	0.15%
Net Profit After Tax	11.03%	4.43%	3.12%	3.28%

	District 6	District 7	District 8	District 9
INCOME STATEMENT (% OF DIRECT LABOR)				
TOTAL SALES	399.35%	386.88%	400.17%	425.20%
DIRECT COST:				
Material	124.09%	124.66%	119.89%	126.29%
Direct Labor Wages	100.00%	100.00%	100.00%	100.00%
Labor Adder	44.30%	55.53%	48.18%	53.07%
Other Direct Job Expense	17.13%	13.75%	14.53%	19.49%
Subcontract Expense	6.84%	15.87%	18.79%	41.30%
Total Direct Cost	292.36%	309.78%	301.39%	340.16%
Gross Income	106.99%	77.10%	98.78%	85.04%
OVERHEAD EXPENSES DETAIL:				
Compensation of Salaried Personnel (including all compensation as well as bonuses, taxes, profit sharing and other employee benefits/burdens)	44.05%	33.84%	47.21%	41.43%
Utilities (including gas, electric, water and telephone)	2.85%	1.28%	2.95%	2.03%
Rent or Mortgage Costs	3.12%	3.04%	3.68%	3.44%
Education and Training Expenses	0.07%	0.33%	0.55%	0.28%
All Other Overhead Expenses	18.62%	20.37%	29.63%	21.02%
Total Overhead Expenses	68.71%	58.86%	84.02%	68.19%
Operating Profit	38.29%	18.24%	14.76%	16.85%
Total Interest Expense	0.94%	1.34%	3.43%	1.39%
Net Non-Operating Income/Expense	-0.74%	0.04%	1.52%	-3.86%
Net Profit Before Tax	36.61%	16.94%	12.85%	11.60%
Income Taxes	6.20%	4.17%	3.18%	0.54%
Net Profit After Tax	30.42%	12.77%	9.67%	11.06%

	District 6	District 7	District 8	District 9
BALANCE SHEET (% OF ASSETS)				
ASSETS:				
Cash & Equivalents	17.39%	18.70%	7.95%	8.30%
Accounts Receivable	57.09%	52.60%	55.81%	67.70%
Inventory	8.66%	5.53%	6.30%	1.89%
All Other Current Assets	0.67%	1.83%	8.23%	2.80%
TOTAL CURRENT ASSETS	83.81%	78.65%	78.29%	80.69%
Cost in Excess of Billings	7.00%	6.24%	3.94%	7.78%
Tools/Equipment @ Original Book	5.11%	7.44%	10.58%	6.15%
Trucks, Autos, etc. @ Original Book	31.89%	25.59%	35.05%	16.97%
Furniture/Fixtures, etc. @ Original Book	3.91%	5.14%	6.02%	4.62%
Other Fixed Assets @ Original Book	1.95%	5.27%	8.79%	2.45%
Accumulated Depreciation (-)	34.37%	33.00%	45.32%	21.30%
Prepaid Items & Other Assets	0.71%	4.68%	2.66%	2.63%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%
LIABILITIES				
Accounts Payable	16.69%	16.86%	22.17%	26.91%
Notes Payable	9.02%	5.70%	6.72%	4.06%
All Other Current Liabilities	11.54%	11.52%	11.55%	10.07%
TOTAL CURRENT LIABILITIES	37.25%	34.09%	40.44%	41.03%
Billings in Excess of Cost	3.78%	4.89%	3.68%	10.07%
Long-Term Liabilities	8.03%	9.79%	35.43%	5.17%
Other Liabilities/Deferred Income	0.67%	3.30%	0.74%	3.85%
TOTAL LIABILITIES	49.73%	52.07%	80.29%	60.13%
TOTAL NET WORTH	50.27%	47.93%	19.71%	39.87%
TOTAL LIABILITIES AND NET WORTH	100.00%	100.00%	100.00%	100.00%



Appendix

2006

Financial Performance Report
(Based on 2005 Data)

Confidential

In the summer of 2006, the National Electrical Contractors' Association (NECA) mailed strictly confidential questionnaires to a sample of NECA members (with other members also being invited to participate, if desired). The primary intent of this survey was to collect detailed financial and operating information from member firms by specific sales volume, geographic area, and other data aggregations of importance. All responses were returned in strictest confidence to Industry Insights, Inc., the survey research firm that processed and compiled the final results.

Once the questionnaires were received by Industry Insights, all company identification, was removed and confidential company identification codes assigned. The data was then coded, keyed into the computer and edited by Industry Insights financial analysts for accuracy and consistency. Computer processing was performed on all data to ensure statistical validity and to produce the financial and operating ratios contained in this study.

In all, 202 completed and usable questionnaires were received by Industry Insights. In particular, the statistical sample consists of the following:

	Number of Reporting Firms
All Reporting Firms	202
By Sales Volume of Firm	
Revenues Under \$2 Million	23
Revenues \$2-\$5 Million	40
Revenues \$5-\$10 Million	43
Revenues \$10-\$20 Million	39
Revenues \$20-\$30 Million	24
Revenues Over \$30 Million	33
Firms by Region (based on NECA Chapter Affiliation)	
District 1	14
District 2	35
District 3	14
District 4	54
District 5	9
District 6	10
District 7	35
District 8	11
District 9	16
Canada	2
Not Designated	2

The statistical information contained in this report is believed to be representative of the financial profiles of the companies responding to the survey. All reasonable efforts were taken by Industry Insights, Inc. to assure data comparability within the limitations of accounting reporting procedures. However, the data used in this report are not necessarily based on audited financial statements, and the statistical validity of any given number varies depending upon sample sizes and the amount of consistency among responses for that particular ratio. Industry Insights and NECA, therefore, make no representations or warranties with respect to the results of this study and shall not be liable to clients, or anyone else, for any inaccuracies, or errors or omissions in contents, regardless of the cause of such inaccuracy, error or omission. In no event shall Industry Insights and/or NECA be liable for any consequential damages.

	Percentage of Companies
Cash	9.0
Accrual	91.0
If Accrual Method of reporting is used, the percentage of respondents using the following method is:	
Percentage of Completion	92.5
Completed Contract	7.5

Organization Type

	Percentage of Companies
Sole Proprietorship	1.0
Partnership	0.5
C Corporation	43.6
S Corporation	51.8
Other	3.1

The primary purpose of this Electrical Contractors' **Financial Performance Report** is to provide a basis for comparing your own firm's performance with that of industry peers. In order to do this, it is necessary to calculate your own ratios using the same formulas that were used to compute the ratios in this report. These formulas appear below.

To further clarify the computational process, this section of the report also contains a copy of the survey questionnaire used for the study.

Note: Those NECA members that participated in the NECA survey automatically received a confidential individualized "Company Performance Report." This report presents a participant's own ratios and data already computed in a manner consistent with those appearing in the industry report, which are displayed adjacent to the appropriate industry comparisons. As a result, participating firms received invaluable information about their own business performance without having to spend time and effort to make the calculations manually.

MEASURE	METHOD OF COMPUTATION
Gross Income Percentage	Total Sales) minus Direct Costs [expressed as a % of Total Sales]
Profit (Before or After) Taxes on Sales	Profit (Loss) Before (or After) Taxes [expressed as a % of Total Sales]
Return on Total Assets (Before or After Tax)	Profit (Loss) Before (or After) Taxes [expressed as a % of Total Assets]
Return on Net Worth (Before or After Tax)	Profit (Loss) Before (or After) Taxes [expressed as a % of Net Worth or Owner's Equity]
Asset Turnover (i.e., Sales ÷ Total Assets)	Total Sales ÷ Total Assets
Current Ratio	Current Assets ÷ Current Liabilities
Debt Ratio	Total Debt (or Liabilities) ÷ Total Assets [expressed as a %]
Debt-to-Equity	Total Debt (or Liabilities) ÷ Net Worth

MEASURE	METHOD OF COMPUTATION
Total Assets ÷ Net Worth	Total Assets ÷ Net Worth or Owner's Equity
Times Interest Earned	(Profit Before Tax plus Interest Expense) ÷ Interest Expense
Accounts Payable Period	Accounts Payable times 365 ÷ Total Sales [expressed in days]
Accounts Receivable Days minus Accounts Payable Period	Accounts Receivable Days minus Accounts Payable Period [expressed in days]
Accounts Payable Ratio	Accounts Receivable ÷ Accounts Payable
Average Collection Period	Accounts Receivable times 365 ÷ (Total Sales) [expressed in days]
Total Assets to Total Sales	Total Assets ÷ Total Sales
Sales to Working Capital	Total Sales ÷ (Current Assets minus Current Liabilities)
Fixed Asset Turnover	Total Sales ÷ Fixed Assets [expressed as times per year]
Sales Change from Prior Year	(Most Recent Year Sales minus Prior Year Sales) ÷ Prior Year Sales [expressed as a %]



Confidential

2006

Financial Performance Survey

(Based on 2005 Fiscal Year Results)

This year's NECA Financial Performance Survey (of 2005 industry performance) promises to be the most comprehensive profile of electrical contractor industry performance results ever published. Included in the final report will be important industry "benchmarks" against which to gauge your own firm's performance in order to identify strengths and weaknesses and improvement opportunities. These data also provide a valuable NECA "industry standard" for your use during audits, claims/change order negotiations, or with a banker/bonding agent.

It is important that we obtain a representative response sample to ensure the validity of the survey results. To encourage participation, all respondents providing usable data will receive at no cost:

- A copy of the full industry-wide report of the survey results, and
- An individual, confidential *Company Performance Report*, comparing your firm's performance to other electrical contractors most similar to your firm.

This individual report is a valuable tool in assessing the financial health of your company, one that would cost several hundred dollars if it were prepared for your firm by an outside consultant. It is our way of saying "thank you" for taking the time and making the effort to respond.

General Information

- This confidential questionnaire is designed to require a minimum of effort on your part. **If you prefer, fill out as much as possible and send your financial statements along with this form to Industry Insights.**
- Please report round numbers only; show dollar figures without pennies.
- **Report data for your calendar year 2005 or your fiscal year that ends nearest to December 31, 2005. Full, twelve month results are required.**
- If you have any questions about how to fill out this survey, please call Tom Noon of Industry Insights, Inc. at 614/802-2310, ext. 107.
- All responses will be kept in strictest confidence.

Thank you,

NECA MANAGEMENT SERVICES

Please return this confidential survey form to:

**Industry Insights, Inc.
355 E. Campus View Blvd., Suite 180
Columbus, OH 43235**

Please return by December 1, 2006.

I. Balance Sheet Information—2005

Line #		Amount (omit cents)
Assets:		
1.	Cash & Equivalents	80 \$ _____
2.	Accounts Receivable	81 \$ _____
3.	Inventory	82 \$ _____
4.	All Other Current Assets	83 \$ _____
5a.	Total Current Assets (<i>Sum of Lines 1 through 4</i>)	1 \$ _____
5b.	Costs in Excess of Billing (Work in Progress Inventory)	65 \$ _____
6.	Tools and Equipment @ Original Book Value	2 \$ _____
7.	Trucks, Autos, etc. (Rolling Stock) @ Original Book Value	3 \$ _____
8.	Furniture, Fixtures, Office Equipment @ Original Book Value	4 \$ _____
9.	Other Fixed Assets @ Original Book Value	5 \$ _____
10.	Accumulated Depreciation (express as a positive number)	6 \$ _____
11.	Prepaid Items & Other Assets Not Included Above	7 \$ _____
12.	Total Assets (<i>Sum of Lines 5a + 5b + 6 + 7 + 8 + 9 + 11 minus Line 10</i>) (<i>Must equal Line 21</i>)	8 \$ _____
Liabilities:		
13.	Accounts Payable	84 \$ _____
14.	Notes Payable	85 \$ _____
15.	All Other Current Liabilities	86 \$ _____
16a.	Total Current Liabilities (<i>Sum of Lines 13 through 15</i>)	9 \$ _____
16b.	Billings in Excess of Costs (overbillings)	66 \$ _____
17.	Long Term Liabilities	10 \$ _____
18.	Other Liabilities & Deferred Income	11 \$ _____
19.	Total Liabilities (<i>Sum of Lines 16a + 16b + 17 + 18</i>)	12 \$ _____
Net Worth:		
20.	Total Net Worth	13 \$ _____
21.	Total Liabilities & Net Worth (<i>Sum of Lines 19+ 20</i>)	14 \$ _____

Other Information

22.	Total Interest Expense in 2005 Paid to all Entities	15 \$ _____
23.	Average Accounts Receivable (<i>defined as each month's ending total receivables (including retainages) added together and divided by 12; or, beginning plus end of year total receivables divided by 2.</i>)	16 \$ _____
24.	Prior Year (2004) Total Sales	17 \$ _____
25.	Method of Reporting Please check only one:	
	67-1 ☐ Accrual. (If "Accrual" please check one box: 68-1 ☐ Percentage of Completion 2 ☐ Completed Contract)	
	2 ☐ Cash	
	3 ☐ Other (Name) _____	
Organization Type Please check only one:		
69-1 ☐ Partnership	2 ☐ Sole Proprietorship	3 ☐ C Corporation 4 ☐ S Corporation 5 ☐ Other _____

Income Statement Information—2005

Line #		Amount (omit cents)
26.	Total Sales	25 \$ _____
	Prime Costs	
27.	Material	19 \$ _____
28.	Direct Labor Wages	20 \$ _____
	Direct Job Expense	
29.	a. Labor Adder (Payroll Taxes & Fringe Benefits on Direct Labor Payroll)	
	■ Labor Relations Charge ■ National Electrical Benefits Fund (NEBF) ■ Worker's Compensation ■ Public, employers and products liability insurance ■ Federal old age and unemployment insurance (FICA, FUTA) ■ State unemployment insurance ■ Pension, welfare, vacation and other employer contributions	21 \$ _____
30.	b. Other Direct Job Expense	
	■ Permits, inspection fees, and special licenses ■ Travel expenses ■ Out-of-town expenses (room & board) ■ Equipment rental—specific job use ■ Fire insurance on material and equipment and special insurance needs, when required ■ Performance and payment bonds, when required ■ Job engineering and supervision (chargeable to project) ■ Working drawings, in-place drawings required by the job ■ Job truck—including driver's wages; and operating costs ■ Freight & drayage other than direct shipment charges ■ Transportation of men to and from job site ■ Storage and stock man; purchasing and procurement; expediting (chargeable to project) ■ Job field office expenses ■ Energy charge; temporary light and power on the job ■ Reserve for contingency of the job ■ Energy charge; temporary light and power on the job ■ Interest on borrowed money to finance the job ■ Reserve for contingency of the job	22 \$ _____
31.	Subcontract Expense	23 \$ _____
32.	Total Prime Cost (Sum of Lines 27 + 28 + 29 + 30 + 31)	24 \$ _____
33.	Gross Income (Line 26 minus Line 32)	27 \$ _____
	Overhead Expenses	
34.	Compensation (including bonuses, taxes, profit sharing and other employee benefits/burdens) of Salaried Personnel	56 \$ _____
35.	Utilities (including gas, electric, water and telephone)	45 \$ _____
36.	Rent or Mortgage Costs	53 \$ _____
37.	Education and Training Expenses	42 \$ _____
38.	All Other Overhead Expenses (i.e., not listed above)	63 \$ _____
39.	Total Overhead Expenses*	28 \$ _____
40.	Operating Profit (Line 33 minus Line 39)	29 \$ _____
41.	Total Interest Expense (express as a positive number)	30 \$ _____
42.	Other Income/Expense (net)	31 \$ _____
43.	Net Profit Before Tax (Line 40 minus Line 41 plus or minus Line 42)	32 \$ _____
44.	Income Taxes	33 \$ _____
45.	Net profit (Line 43 minus Line 44)	34 \$ _____

***Overhead Expenses Include:**

Advertising & Promotion	Heat, Light & Water	Other Overhead Expenses Not Listed	Shop Supplies & Expense
Automobiles & Trucks (including rental)	Company Insurance—General (property & casualty)	Above	Small Tools
Bad Debts	Overhead Employee insurance—	Pension & Profit Sharing Plans	Taxes & Licenses—General (exclude income tax)
Charitable Contributions	Worker's Compensation	(overhead personnel only, including officers)	Taxes—Overhead Payroll (officers & overhead salaries only)
Collection Expense	Public & Employer's Liability Insurance	Rent (office, warehouse & shop)	Telephone, Telegraph & Postage
Depreciation & Amortization	Legal & Accounting	Repairs & Maintenance	Travel (administrative)
Dues & Subscriptions	Miscellaneous	Plan, Bid Bonds, Estimating and Engineering Expense (no salaries)	
Education Expenses	Office Supplies & Expense (including office equipment rental)	Salaries & Wages—Overhead Personnel (including bonuses)	
Overhead Employee Benefits			
Freight & Express			

All responses will be kept in strictest confidence. Please fill in the information requested to receive your firm's copy of the full industry-wide survey report and individual *Company Performance Report*.

Company Name _____ Phone (_____) _____ Fax (_____) _____
 Street Address _____ City _____ State/Province _____ ZIP _____
 Person to whom report should be sent: _____
 Email address: _____



3 Bethesda Metro Center, Suite 1100
Bethesda, Maryland 20814
(301) 657-3110 • (301)215-4500 fax
www.necanet.org