

2022 Financial Planning & Analysis Survey Overview

Confidentiality Assurance

The 2022 ARA Financial Planning & Analysis Survey is based on a strictly confidential questionnaire conducted of American Rental Association (ARA) members by Industry Insights, an objective outside firm that has specialized in such studies for many industries since 1980.

Upon receipt, all survey responses are assigned a confidential code number by Industry Insights, and any name or company identification is removed. Survey processing is then conducted on an absolutely anonymous basis. While all individual company data is confidentially processed by Industry Insights associates, anonymous data may be shared with ARA for industry economic research and analysis.

How to Participate

- 1 Complete and submit your form via the online survey portal or return your completed PDF or Excel form.
- 2 If you have any difficulties or you just do not have time to complete the financial sections of the form, simply answer the questions in Part 1, upload your balance sheet and income statement, and we will do the rest.

To complete the survey form, you will need:

- Financial statements for your most recently completed fiscal year. Enter figures from your completed year that ended nearest to Dec. 31, 2021.
- You will use your balance sheet for Part 2 and your income statement (sometimes called the profit and loss statement or P&L) to complete Part 3.
- If possible, use figures that have been adjusted by your accountant for depreciation and other year-end adjustments and corrections. While full-year data is required, you do not need to wait for audited/adjusted results from your accountant.
- Feel free to estimate if necessary. It is better to make an educated guess than to leave blanks. However, if items are simply not available or not applicable, please leave blank.
- Start by looking at your financial statements and finding a place to put each item from the statements onto the survey form.
- Once you have entered an item on the survey, put a check mark by it or, better yet, write the line number from the survey form where you entered the amount.
- When every dollar on your financial statement has been included somewhere on the survey, you are almost done! You just need to check your totals to make sure you have included everything.

If you need help or have questions, contact Matt Chaffin of Industry Insights at 380.215.1324 or mchaffin@industryinsights.com

2022 Financial Planning & Analysis Survey Instructions

Part 1: General Information

Part 1: General Questions

This section merely asks for some overview information about your firm. Estimates are fine. It is better to estimate an item rather than leaving it blank.

Part 2: Balance Sheet

Start with your balance sheet and put each item that appears on your statement somewhere on Part 2 of the survey form. Enter all cash and bank account balances on line 1, accounts receivable from customers on line 2 and resale inventory on line 3. Then add up the rest of the items in the current assets section and put the total on line 4, Other Current Assets. Follow the same process for your fixed assets, liabilities, etc. Use these specific line instructions to help you decide where each item should go.

Line 2: Accounts Receivable

Show accounts receivable from **customers only**. (Use line 4, Other Current Assets, for accounts receivable from employees, owners, affiliated companies or any other charge that does not originate from customer revenue.) Show all amounts net of any allowance for bad

Line 4: Other Current Assets

Include prepaid expenses, short-term deposits or notes receivable, advances to employees or any other asset that will convert to cash within one year or less.

Line 6: Rental Equipment

It is extremely important to include rental equipment on line 6 and related accumulated depreciation on line 7 to facilitate measuring return on rental assets. If your financial statements do not have these breakdowns, ask your accountant for the information.

Lines 7 and 13: Accumulated Depreciation

It is important to separate your accumulated depreciation between rental equipment (line 7) and non-rental equipment (line 13). If your financial statements do not have these breakdowns, ask your accountant for the information or allocate the total accumulated depreciation proportionate to the equipment costs. In other words, find out the percentage of the total fixed assets that are rental equipment (rental equipment divided by total fixed assets at cost). Then apply that percentage to your accumulated depreciation to estimate the portion that applies to the rental equipment and record the figure on line 7. Show the rest of the accumulated depreciation on line 13.

Line 15: Other Assets

Include long-term deposits, intangible assets net of amortization, long-term notes receivable and any assets not included elsewhere.

Line 17: Accounts Payable

Include only amounts due to trade suppliers for costs of goods sold. Do not include items such as rent, payroll taxes, wages or employee benefits payable. These items should be included on line 19, Other Current Liabilities.

Line 18: Notes Payable

Include amounts due on your line of credit, any loans for less than one year, credit card balances and the current portion of long-term debt.

Line 23: Other Current Liabilities

Include any other outstanding bill that must be paid in full within the next year.

Check Your Totals!

When every dollar on your balance sheet has been included somewhere on Part 2, you are almost done! Check to make sure the total net worth amount on line 30 matches the net worth on your balance sheet. Net worth also is sometimes referred to as owner's equity, shareholder's equity, or proprietor's (or partner's) capital depending on the company type. There may be a list of items in this section of your balance sheet (such as common stock, additional paid-in capital, retained earnings, current year net income, dividends, etc.). The net worth is the total of all the items in the equity section. If the total on the survey does not match the figure on your balance sheet, you probably have left an item off of the survey form or made a math error. You may wish to go back and recheck your figures. **Also, line 16, Total Assets, must equal line 30, Total Liabilities and Net Worth.**

Part 3: Income Statement

Start with your income statement and put each item that appears on your statement where most appropriate on Part 3 of the survey form. First, put all of your revenue items onto lines 1 through 11. Then find a place on the survey form to put each of the expenses that appear on your income statement. As you find a place for an expense, check it off or reference the line you have put it on. You probably will have many items from your financial statement going to a single line on the survey form. You may need to list several items on one line and come back later to add them all up. Use these specific line instructions to help you decide where each item should go.

Revenue

Enter the amount of revenue earned from each of the activities listed.

Direct Costs

It is extremely important to include only rental equipment-related items on lines 11 through 22 so you can measure actual expenses and returns on rental investments.

Line 14: Rental Repairs, Replacements, Breakage, Damage and Maintenance

Include maintenance, cleaning or laundering, and repair expenses (parts and outside labor) related to rental equipment only. Also include replacements for breakage or damage expenses that were not capitalized as rental equipment. If related to facilities, record the expense on line 30. If related to office equipment or other, record the expense on line 33. Vehicle repairs should be included on line 32.

Payroll Expenses

Line 21: Owner Compensation, Taxes and Benefits

Include all wages, salary and bonuses paid to owners, employment taxes and any fringe benefits (at cost). Please attempt to identify owner-related fringe benefits, such as medical, life or dental insurance, owners' vehicle expenses and any other personal expenses paid on behalf of owners, so we can assess the total true compensation. Include these items on line 23 instead of any other line on the survey. (Don't include them twice by showing them here and somewhere else, like line 28, Benefits, Taxes and Other Employee Costs.)

Line 25: All Other Compensation

Include all wages, salary and bonuses for any employee who hasn't been included in any other category. Include both permanent and temporary employee costs.

Line 26: Benefits, Taxes and Other Employee Costs

Include all payroll taxes, FICA, unemployment, workers' compensation insurance, life insurance, medical and dental insurance, vacation, 401(k), uniforms, profit sharing, recruitment, etc., for all employees except owners. Exclude amounts paid on behalf of owners. They should be included on line 23, Owner Compensation, Taxes and Benefits.

Other Operating Expenses

Carefully review this listing of the items included in the expense categories. Enter all expenses from your income statement on this form where the nature of the expense seems appropriate. If you have items on your income statement that are not listed on the form (such as donations, subscriptions, dues or miscellaneous expenses), include their amounts on line 39, All Other Operating Expenses.

Line 28: Occupancy

Include rent, mortgage interest, utilities, real estate taxes, security on facilities and building maintenance.

Line 29: Advertising, Promotion, Web and Selling Expenses

Include advertising, promotional activities, sales staff travel, lodging, entertainment and trade show expenses.

Line 33: Professional Fees

Include accounting, legal, payroll services. Include IT and computer expenses related to software upgrades and professional services related to maintaining your computer systems and related supplies. Do not include depreciation on computer equipment. (Equipment depreciation

Other Income and Expenses

Include here the costs of financing (interest), interest income, and other income and expenses from investing, financing, gains or losses on asset sales or extraordinary items.

Check Your Totals!

When every dollar on your income statement has been included somewhere on Part 3, you are almost done! Check to make sure the bottom line on your income statement (net profit after tax) matches the income after tax on line 49 of Part 3. If the bottom line on the survey does not match the figure on your statement, you probably have left an item off of the survey form or made a math error. You may wish to go back and recheck your figures.