



CONFIDENTIAL

INTERNATIONAL SLEEP PRODUCTS ASSOCIATION *Cost Survey*

For the Fiscal Year Ended in 2017 or Calendar Year 2017

Due Date: April 27, 2018

This 2018 ISPA Cost Survey promises to be the most comprehensive profile of sleep products manufacturer industry performance results ever published. Included in the final report will be important industry "benchmarks" against which to gauge your own firm's performance, versus your peers in the industry, in order to identify strengths and weaknesses and improvement opportunities.

Why Should You Participate?

- ◆ For your participation in filling out this confidential questionnaire, you will receive a customized, confidential individual **Company Performance Report** of your own firm's financial ratios calculated and shown alongside the appropriate industry comparatives for firms similar to yours. This invaluable managerial tool is nowhere else available, and would cost hundreds of dollars to have prepared for your business. ***(In addition, as a survey participant, you will also receive the full industry-wide Cost Survey report and you will be eligible to receive a \$100 discount on ISPA's Business Valuation service.)***

When Will You Receive These Reports?

- ◆ By responding prior to the survey form due date shown above, you will be assured of receiving your complimentary, customized individual **Company Performance Report** and industry-wide **Cost Survey** report by early Summer.

Is Your Survey Confidential?

- ◆ Yes, the survey is completely confidential. Only Industry Insights, Inc., the firm retained by ISPA for tabulating and reporting the survey, will ever see your response. Results will be sent confidentially to a specified person in your firm.

What If You Have Questions?

- ◆ If you have any questions about how to fill out this survey, please feel free to call Tom Noon, a Principal of Industry Insights, Inc. at 614-389-2100, extension 107 (email: tnoon@industryinsights.com).

How to Respond:

- ◆ Follow the guidelines under "General Information" on the next page and use the enclosed, pre-addressed, postage-paid envelope to return this confidential survey form to:

INDUSTRY INSIGHTS, INC.
6235 EMERALD PARKWAY
DUBLIN, OH 43016,
OR EMAIL TO: TNOON@INDUSTRYINSIGHTS.COM

General Information

1. This confidential questionnaire is designed to require a minimum of effort on your part. For your reference and convenience, ISPA's Accounting Manual Account numbers appear on the survey form. All data submitted should be in strict accordance with the Manual which can be ordered from ISPA, 501 Wythe Street, Alexandria, VA 22314-1917.
2. Please complete **as much information as possible**. (The more information you complete, the more detailed will be your individual **Company Performance Report**.) If you cannot fill out the form completely, at least fill in pages 1 through 3 so that you will receive the basic components of useful information in your individual **Company Performance Report**.
3. This survey calls for figures relative to products of the mattress industry. These include mattresses; dual purpose sleep equipment; metal innerspring units, constructions and components for the mattress industry; and jobbed mattress industry items, such as headboards, legs, metal bed frames, cots, and metal bed springs. Information is not sought concerning items you may also sell that are not associated with the mattress industry, and they should not be included in this survey. This is especially important in reporting expenses. Please exclude any portion of operating expenses pertaining to business transacted outside the mattress industry.
4. Please give particular attention to the proper treatment of the following items, in order to insure uniformity of reporting.
 - a. Payments made to franchise group headquarters by members of such groups:
 1. Payments for national advertising are to be included in the advertising line, under Selling and Advertising Expenses.
 2. All other payments to franchise group headquarters are to be reported on the line "Payments to Group Headquarters, except Advertising," under Selling and Advertising Expenses.
 - b. Payroll expenses and fringe benefits: This classification represents the sum of payroll taxes, worker's compensation insurance, pension fund payments, etc. These are to be reported as applicable in the respective sections called for, such as Manufacturing Expense, Delivery Expense, etc. The amount to be shown under Manufacturing Expense is the amount relating to Direct Labor and Indirect Labor. If your books do not already show the analysis, please make the distribution on this report to each of the respective sections.
 - c. Purchase discounts: Please report "cash discounts on purchases" under Other Income. Do not net purchase discounts against Cost of Sales. Likewise, report "cash discounts allowed" under Other Expenses. (If necessary, Industry Insights will use these figures to determine net amounts.)
 - d. PM's: Please report this item separately under Selling and Advertising Expense. Do not net this item against Sales.
5. Please report round numbers only; show dollar figures without pennies. Canadian companies can report in either U.S. or Canadian dollars. Just be sure to indicate which on line 109. Non-U.S./non-Canadian companies should also indicate on line 109 the currency used for reporting purposes.
6. **Report data for your calendar year 2017 or your fiscal year which ends nearest to December 31, 2017. Full, twelve month results are required.**
7. **All responses will be kept in strictest confidence.**

Please fill in the information requested to be sure of receiving your firm's confidential individual Company Performance Report. **(No one at ISPA or any other industry member will ever have access to any individual firm's data.) CONFIDENTIALITY IS GUARANTEED.**

Company Name _____ Phone # _____ FAX _____

Street Address _____ City _____ State/Province _____ ZIP _____

Person to contact with questions about data _____ Email _____

Person to whom report should be sent (if different than above) _____ Email _____

NOTE: If your firm does not use or have an available copy of ISPA's Accounting Manual for reference, simply fill-in the information requested based on your own Chart of Accounts. If you need help regarding the individual components of the various operating expense categories listed below, refer to the detailed breakouts on Pages 2 and 3 of this form.

Line #	Income Statement Analysis (2017)	Amount (omit cents)	ISPA Account Number
	Net Sales:		
1	Manufactured Mattress Products	\$	1100-1599
2	Jobbed Commodities (including only mattress industry products, such as headboards, metal bed frames, and metal bed springs)	\$	1600-1699
3	Total Net Sales (Sum of Lines 1 + 2)	\$	
4	Cost of Sales: Raw Materials (Mattress Products) (including Freight-in)	\$	2101, 2139, 2201, 2239, 2301, 2339, 2401, 2439, 2501, 2539
5	Cost of Jobbed Commodities	\$	2600-2699
6	Direct Labor	\$	2140, 2240, 2340, 2440, 2540
7	Manufacturing Expenses	\$	3100-3999
8	Cost Transfers from (to) Other Departments	\$	2180, 2280, 2580
9	Inventory Variation (work in process and finished goods) (amount by which beginning inventory of work in process and finished goods is greater than, or less than, ending inventory)	\$	2190, 2290, 2390, 2490 and 2590
10	Total Cost of Sales (Sum of Lines 4 through 9)	\$	
11	Gross Profit on Sales (Line 3 minus Line 10)	\$	
	Operating Expenses (Please refer to #3 of the "General Instructions" which accompanies this form):		
12	Delivery Expenses	\$	4100-4999
13	Selling and Advertising Expenses	\$	5000-6999
14	General and Administrative Expenses	\$	7000-7999
15	Total Operating Expenses (Sum of Lines 12 through 14)	\$	
16	Net Operating Income (Line 11 minus Line 15)	\$	
	Other Income:		
17	Purchase Discounts	\$	9110
18	All Other Income	\$	9120-9190
19	Total Other Income (Sum of Lines 17 + 18)	\$	
	Other Expenses:		
20	Cash Discounts Allowed	\$	9510
21	Interest Expense	\$	9520
22	All Other Expenses	\$	9521-9590
23	Total Other Expenses (Sum of Lines 20 through 22)	\$	
24	Net Income Before Income Taxes (Line 16 plus Line 19 minus Line 23)	\$	
25	Provision for Income Taxes--Federal & State	\$	9600
26	Net Income After Income Taxes (Line 24 minus Line 25)	\$	
Line #	Last Fiscal Year Data (2016)	Amount (omit cents)	
27	Total Net Sales	\$	
28	Net Income Before Taxes	\$	

Line #	Manufacturing Expense Analysis*	Amount (omit cents)	ISPA Account Number
29	Indirect Labor	\$	3100-3299
30	Payroll Expenses and Fringe Benefits	\$	3300-3399
31	Factory Supplies and Expense	\$	3400-3499
32	Customer Product Services	\$	3500-3599
33	Maintenance and Repair	\$	3600-3699
34	Heat, Light, Power and Water	\$	3700-3799
35	Depreciation and Amortization	\$	3810-3814
36	Rent	\$	3850-3880
37	Insurance, Factory	\$	3910
38	Taxes, Factory	\$	3950-3990
39	Total Manufacturing Expenses (Sum of Lines 29 through 38) (Equal to Line 7)	\$	

*Inventory capitalization of expenses: For those companies that have booked capitalized inventory costs under IRC Section 263A in their financial statements: (1) the initial adjustment, at the beginning of the year of change to conform with IRC Sec. 263A, will not be reflected in this survey, since it is treated as the cumulative effect of a change in accounting principle; (2) all departmental expenses are to be reported at gross amounts before any reduction for capitalized inventory costs.

Line #	Operating Expenses Analysis	Amount (omit cents)	ISPA Account Number
40	Delivery Expenses: Salaries & Wages	\$	4100-4199
41	Payroll Expense & Fringe Benefits	\$	4200-4299
42	Truck Rental Expense	\$	4400-4499
43	Truck Operating Expenses	\$	4500-4599
44	Freight & Express Out (Net of delivery charge revenues)	\$	4600
45	Warehousing Finished Goods (Other than trucks)	\$	4700-4899
46	Total Delivery Expenses (Sum of Lines 40 through 45) (Equal to Line 12)	\$	

47	Selling Expenses: Salaries & Commissions	\$	5100-5199
48	Payroll Expense & Fringe Benefits	\$	5200-5299
49	Salesperson's Travel & Expenses	\$	5300-5399
50	Promotion Expenses & Salesperson's Selling Aids	\$	5500-5599
51	PM's	\$	5601-5602
52	Other Retail Incentives	\$	5603-5604
53	Royalties, except to Group Headquarters	\$	5901
54	Payments to Group Headquarters, except Advertising	\$	5950
55	Total Selling Expenses (Sum of Lines 47 through 54)	\$	

56	Advertising Expenses Direct (TV, Radio & Newspaper)	\$	6100-6300
57	Cooperative	\$	6800
58	National (Group Headquarters)	\$	6850
59	Other	\$	6350, 6400, 6500, 6600, 6700, 6900
60	Total Advertising Expenses (Sum of Lines 56 through 59)	\$	

61	General & Administrative Expenses: Officers Salaries & Wages	\$	7110
62	Office/Administrative Salaries & Wages	\$	7120
63	Payroll Expense & Fringe Benefits	\$	7200-7299
64	Office Supplies and Expenses	\$	7300-7399
65	Communications	\$	7400-7402
66	Bad Debts	\$	7520
67	Other General and Administrative Expenses	\$	7510-7512, 7610-7999
68	Total General & Administrative Expenses (Sum of Lines 61 through 67) (Equal to Line 14)	\$	

69	TOTAL OPERATING EXPENSES (Sum of Lines 46 + 55 + 60 + 68) (Equal to Line 15)	\$	
----	--	----	--

Line #	Balance Sheet Information	Amount (omit cents)	ISPA Account Number
70	Inventories: At End of Year	\$	300-399
71	At Beginning of Year	\$	300-399
72	Customers' Accounts Receivable: At End of Year (gross)	\$	200-299
73	At Beginning of Year (gross)	\$	200-299
74	End of Year Totals: Current Assets	\$	100-501
75	Property & Equipment (net of depreciation)	\$	600-699
76	All Other Assets	\$	700-799
77	Total Assets (Sum of Lines 74 -- 76) (Must equal Line 81)	\$	
78	Current Liabilities	\$	801-849
79	All Other Liabilities	\$	850-899
80	Stockholders' Equity	\$	901-919
81	Total Liabilities & Stockholders Equity (Sum of Lines 78 through 80) (Must equal Line 77)	\$	

Line #	Ending Inventory Analysis	Amount (omit cents)
82	Finished Goods & Work in Process	\$
83	Raw Materials	\$
84	Total (Sum of Lines 82 and 83)	\$
85	Do you use the LIFO method of valuing inventory?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Line #	Ending Accounts Receivable Aging Analysis	Amount (omit cents)
86	0-30 days	\$
87	31-60 days	\$
88	61-90 days	\$
89	91 days & over	\$
90	Total (Sum of Lines 86 through 89)	\$
91	What are your firm's standard credit terms for sales on account? (Please check only one) 1 <input type="checkbox"/> 2/15, Net 30 4 <input type="checkbox"/> 2/30, Net 31 2 <input type="checkbox"/> 2/10, Net 30 5 <input type="checkbox"/> Other (specify) _____ 3 <input type="checkbox"/> Net 30	

Line #	Additional Information	Amount (omit cents)
92	Company Data: Total Square Feet of Plant (including warehouses and offices)	sq. ft.
93	# of Pieces Sold --Mattresses and boxsprings (Note: each mattress equals one piece; each boxspring equals one piece. Do not include dual purpose pieces)	#
94	# of Employees: (Please show total number of employees in each category for a typical week during the year covered by this report. In classifying employees, follow the same rules as for reporting the corresponding dollar amounts in the various schedules of this report.) Direct Labor	#
95	Indirect Labor	#
96	Delivery	#
97	Selling (include # of independent sales reps/contractors)	#
98	General & Administrative	#
99	Total Employees (Sum of Lines 94 through 98)	#
100	Fiscal Year Ending Date:	
101	Payroll Expenses and Fringe Benefits Analysis for the Total Company: Payroll Taxes & Worker's Compensation Premiums	\$
102	Group Health Insurance Premiums	\$
103	Pension & Profit-Sharing Plan Contributions	\$
104	All Other Employee Fringe Benefits	\$
105	Total (Sum of Lines 101 through 104)	\$
106	Form of Operation (check one) 1 <input type="checkbox"/> Corporation 4 <input type="checkbox"/> Sole Proprietorship 2 <input type="checkbox"/> S-Corporation 5 <input type="checkbox"/> Other, specify _____ 3 <input type="checkbox"/> Partnership	
107	Group Affiliation: <input type="checkbox"/> Yes (If yes, specify group name _____) <input type="checkbox"/> No	
108	Total dollar amount of customer service returns (warranty and accommodations) during the most recent year	\$ 208
	If available: What percentage is accommodations? _____ % ²⁰⁹ ²¹¹ <input type="checkbox"/> estimated <input type="checkbox"/> documented What percentage is body impression related? _____ % ²¹⁰ ²¹² <input type="checkbox"/> estimated <input type="checkbox"/> documented	
109	For Non-U.S. participants, please indicate if the amounts reported on this form are reported in Canadian or U.S. dollars, or some other currency. ²¹⁵ <input type="checkbox"/> Canadian <input type="checkbox"/> U.S. <input type="checkbox"/> Other currency _____	

Comments on this new form are invited: _____