

**Deadline: April 30, 2007**

## WHY PARTICIPATE?

Your participation in the Cost of Doing Business Survey couldn't be easier. In return for your participation, you'll receive, for free, a Company Performance Report (CPR) containing invaluable financial and statistical data about your business and industry. The CPR will allow you to compare your store's performance against that of music stores of similar type, size and location. More importantly, the report is a resource tool that both you and your advisors can use to better manage every financial aspect of running your business, including profit, inventory, sales, expense and cash flow management.

## IT'S EASY...

1. With the correct detailed information in hand, **we estimate it will take you no more than 30 minutes to fill out this form!!**
2. Simply fill out pages 2, 3 and 4 of this survey. This will also help you better understand the data needed to financially run your business. If you have any difficulty completing the financial statement section on page 3 of this survey, don't worry!! You can simply fill out pages 2 and 4 only, and attach your most recently completed financial statements or tax return. Full year data is required, although it does not matter when your fiscal year ends.
3. Fill out the form carefully and be as complete and accurate as possible. Estimate only if necessary.
4. Dollar amounts should be rounded to the nearest dollar; do not use cents.
5. Make sure items add up where they should. The form indicates what items should add to a total.
6. If the answer to an item is zero, enter a zero. If it does not apply to your company, enter "N/A".
7. On page 3, enclose all negative amounts in parentheses ( ), rather than using minus signs.
8. Mail, or fax (614) 802-2309, this completed form no later than **April 30, 2007** to:

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

## ...AND COMPLETELY CONFIDENTIAL

Because all survey and financial data is compiled, tabulated, analyzed and sent directly to Industry Insights, Inc., **all aspects of your financial data are kept completely confidential.** Industry Insights has a long history of conducting confidential research for the music products industry. The NAMM Cost of Doing Business Survey has been conducted by Industry Insights annually for over 20 years! In addition, Industry Insights has compiled monthly trend-tracking surveys and compensation and benefits surveys for NAMM. Their reputation and success is dependent on their ability to keep your financial information completely confidential.

## PICK YOUR TYPE OF STORE

For purposes of this survey, there are five distinct types of music stores as described below by the products and services you provide. Make sure you check off the correct type of store that you operate on the next page.

- |                        |  |
|------------------------|--|
| <b>Full-line</b>       | The majority of dollar revenues is accounted for by piano, organ, band and orchestra, drum and percussion, guitar, amplifier, electronic keyboard, recording equipment, sound reinforcement, sheet music and accessory sales, as well as instrument rentals, repair service and music lessons. |
| <b>Keyboard</b>        | The majority of dollar revenues is accounted for by piano, organ and electronic keyboard sales.  |
| <b>School Music</b>    | The majority of dollar revenues is accounted for by band and orchestra instrument and print music sales, as well as instrument rentals, repair service and music lessons.  |
| <b>Combo/Pro Audio</b> | The majority of dollar revenues is accounted for by guitar, amplifier, electronic keyboard, synthesizer, drum and percussion, recording equipment, sound reinforcement and accessory sales.  |
| <b>Print Music</b>     | The majority of dollar revenues is accounted for by print music sales.   |

# YOUR CONFIDENTIAL SURVEY ID

Store type: 202-1  Full Line 2  Keyboard 3  School Music 4  Combo/ProAudio 5  Print

203 Region  
Office Use Only

End of Fiscal Year for Which this Data Applies: \_\_\_\_\_ (Month/Day/Year)

Company Name \_\_\_\_\_ Phone # \_\_\_\_\_ Fax \_\_\_\_\_

Street Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Person to contact with questions about data \_\_\_\_\_ E-Mail: \_\_\_\_\_

Person to whom report should be sent \_\_\_\_\_ E-Mail: \_\_\_\_\_

## GENERAL STORE INFORMATION

Line #	SALES TRENDS	Amount in \$
1	Current Year Sales	\$ 69
2	Previous Year Sales	70
3	3rd Latest Year Sales	71
4	4th Latest Year Sales	72
5	5th Latest Year Sales	73

Line #	EMPLOYEE DATA	
6	Total number of employees (in full-time equivalents)	155
7	Number of selling employees (in full-time equivalents)	156

Line #	E-COMMERCE/TECHNOLOGY	
8a.	Does your business currently have a web site? <input type="checkbox"/> Yes <input type="checkbox"/> No	352
8b.	If yes, does your web site support e-commerce (i.e., direct ordering and sales through the site)? <input type="checkbox"/> Yes <input type="checkbox"/> No	353
8c.	If your web site supports e-commerce, approximately what percent of total sales came from e-commerce during the most recent year? _____%	354

8d. Please fill in the number of computers in each area of your store:

Sales Floor, Point of Sale, Staff Use \_\_\_\_\_ 355  
 Sales Floor, Customer Demo \_\_\_\_\_ 356  
 Back Office, Accounting \_\_\_\_\_ 357  
 Warehouse, Shipping/Receiving \_\_\_\_\_ 358

8e. Do you use Point-of-Sale software?  Yes  No 359  
 If so, which one? \_\_\_\_\_ 360

8f. How do you use manufacturer applied (UPC/EAN) bar codes?  
 Don't Use 361  Shipping/Receiving 362  POS 363  
 Inventory 364  Other \_\_\_\_\_ 365

Line #	ADVERTISING	Percent
<b>Please estimate the percent of advertising expense by media.</b>		
9	Newspaper	% 147
10	Radio	% 148
11	Television	% 149
12	Direct Mail	% 150
13	Yellow Pages	% 151
14	Other	% 152
15	TOTAL (LINES 9 THROUGH 14)	100.0% 153

Line #	PHYSICAL FACILITIES	Downtown Stores In Metropolitan Areas	Stores In Small Shopping Centers	Stores In Major Malls	Freestanding Stores (Other Than Downtown)	All Stores (Total)
16	Number of Stores	74	75	76	77	78
17	Annual Revenue Sales, Rentals, service income, lessons, net leased department income	\$ 79	80	81	82	83
18	Annual Rent and Shopping Center Common Area Charges	\$ 84	85	86	87	88
19	Total Store Area (Sq. Ft.)	94	95	96	97	98

Line #	NUMBER OF LOCATIONS	Number of Stores You Operated on January 1 (B-O-Y)	Number of Stores Added During Year	Number of Stores Closed During Year	Number of Stores in Operation on Dec. 31st (E-O-Y)
<b>Please answer the following questions for the calendar year 2006 and what you are planning for 2007.</b>					
20	Actual 2006	211	213	215	217
21	Anticipated for 2007	212	214	216	218

**BALANCE SHEET**

Assets			Liabilities and Net Worth		
Line #			Line #		
22	Cash	\$ 27	31	Open Accounts Payable	\$ 37
23	Accounts Receivable (net)	28	32	Floor Plan Payable	38
24	Inventory <i>(excluding rentals assets in rental instrument lease pools)</i>	29	33	Short-Term Debt	39
25	Other Current Assets	32	34	Other Current Liabilities	40
26	<b>TOTAL CURRENT ASSETS</b> (ADD LINES 22 THROUGH 25)	33	35	<b>TOTAL CURRENT LIABILITIES</b> (ADD LINES 31 THROUGH 34)	41
27	Rental instruments in Lease Pools (net of depreciation)	30	36	Long Term Debt and Liabilities	42
28	Fixed assets (store fixtures, furniture, vehicles, etc., net of depreciation)	154	37	Net Worth Equity (LINE 30 LESS LINES 35 AND 36)	43
29	Other Assets	34	38	<b>TOTAL LIABILITIES &amp; NET WORTH</b> (ADD LINES 35 THROUGH 37) <i>Must Equal Line 30</i>	44
30	<b>TOTAL ASSETS</b> (ADD LINES 26 THROUGH 29) <i>Must Equal Line 38</i>	35			

**INCOME STATEMENT**

Line #		
39	<b>NET SALES</b> <i>(Do not include income from lessons, service, rentals, finance charges or other non-sales revenue)</i>	\$ 4
40	<b>COST OF GOODS SOLD</b> <i>(Be sure to reduce cost of goods sold by any vendor discounts or rebates)</i>	5
41	<b>GROSS PROFIT</b> (LINE 39 MINUS LINE 40)	6
42	<b>Instrument Rental Income</b> <i>Rental revenues less depreciation and direct costs (i.e. repairs and refurbishment)</i>	301
43	<b>Lesson/Studio Rental Income</b> <i>Lesson/studio rental revenues less direct costs (i.e. cost of teachers, supplies)</i>	16
44	<b>Repair and Service Income</b> <i>Repair and service revenues less direct costs (i.e. repair wages, contractors and parts)</i>	22
45	<b>Other Operating Income</b> <i>Delivery, tuning/set-up charges and other sources of operating income</i>	18
46	<b>TOTAL OPERATING PROFIT</b> (ADD LINES 41 THROUGH 45)	64
	<b>OPERATING EXPENSES</b>	
47	Owners' Compensation <i>(officer wages if corporation, owner draws if sole proprietorship, partnership or LLC)</i>	7
48	Selling Salaries and Commissions	8
49	Administrative and Other Salaries and Wages <i>(do not include service, delivery, etc. wages included above )</i>	9
50	Fringe Benefits <i>(payroll taxes, health, life and disability insurance, pension contributions, etc. )</i>	31
51	Advertising and Promotion <i>(net of vendor co-op allowances)</i>	10
52	Occupancy <i>(Rent, maintenance, and utilities)</i>	11
53	Computer, Technology and E-Commerce <i>(internet access, website, software, hardware maintenance, etc.)</i>	20
54	Other Operating Expenses <i>(telephone, office supplies, travel, professional fees and all other operating exp.)</i>	12
55	<b>Total Operating Expenses</b> (ADD LINES 47 THROUGH 54)	13
56	<b>INCOME FROM OPERATIONS</b> (LINE 46 MINUS LINE 55)	14
	<b>NON-OPERATING OTHER INCOME AND EXPENSE (Please use parentheses for negative amounts)</b>	
57	Interest Income and Finance Charges	15
58	Other Non-Operating Income <i>(i.e. gain on sale of fixed asset)</i>	19
59	Interest Expense <i>(including interest paid on floor planning programs)</i>	21
60	Other Non-Operating Expense <i>(i.e. loss on sale of fixed asset)</i>	23
61	<b>Total Other Income (Expense)</b> (LINE 57 PLUS 58, LESS 59 AND 60)	24
62	<b>Net Profit Before Income Tax</b> (LINE 56 PLUS LINE 61)	25

## SALES ACTIVITY BY MERCHANDISE CATEGORY

Line #			Do You Handle This Product Category?		Annual Net Sales* by Category	Annual Cost of Goods Sold by Category	Average Inventory** by Category
			(✓) Yes	(✓) No			
63	Pianos: Vertical Pianos	104	<input type="checkbox"/>	<input type="checkbox"/>	\$ 105	\$ 106	\$ 107
64	Pianos: Grand Pianos	219	<input type="checkbox"/>	<input type="checkbox"/>	220	221	222
65	Pianos: Digital Pianos	225	<input type="checkbox"/>	<input type="checkbox"/>	226	227	228
66	Organs	110	<input type="checkbox"/>	<input type="checkbox"/>	111	112	113
67	Portable Electronic Keyboards and Synthesizers	185	<input type="checkbox"/>	<input type="checkbox"/>	186	187	188
68	Band and Orchestra Instruments	116	<input type="checkbox"/>	<input type="checkbox"/>	117	118	119
69	Drums and Percussion Instruments	169	<input type="checkbox"/>	<input type="checkbox"/>	170	171	172
70	Electric Guitars	136	<input type="checkbox"/>	<input type="checkbox"/>	137	138	139
71	Acoustic Guitars	177	<input type="checkbox"/>	<input type="checkbox"/>	178	179	180
72	Amplifiers	132	<input type="checkbox"/>	<input type="checkbox"/>	133	134	135
73	Sound Reinforcement and Public Address Equipment	173	<input type="checkbox"/>	<input type="checkbox"/>	174	175	176
74	Recording Equipment	181	<input type="checkbox"/>	<input type="checkbox"/>	182	183	184
75	Sheet Music: Method Books	128	<input type="checkbox"/>	<input type="checkbox"/>	129	130	131
76	Sheet Music: Pop Titles	165	<input type="checkbox"/>	<input type="checkbox"/>	166	167	168
77	Sheet Music: Choral	108	<input type="checkbox"/>	<input type="checkbox"/>	109	114	115
78	Sheet Music: band arrangements and orchestral scores <sup>120</sup>		<input type="checkbox"/>	<input type="checkbox"/>	121	122	123
79	Sheet Music: other	223	<input type="checkbox"/>	<input type="checkbox"/>	224	229	230
80	Accessories	124	<input type="checkbox"/>	<input type="checkbox"/>	125	126	127
81	Other Miscellaneous Products	140	<input type="checkbox"/>	<input type="checkbox"/>	141	142	143
82	TOTALS (ADD LINES 63 THROUGH 81)				144	145	146

**FOR STORES WITH RENTAL PROGRAMS:** Percentage of band & orchestra instruments returned for the most recent fiscal year \_\_\_\_\_% <sup>351</sup>

**IMPORTANT TO BEAR IN MIND:**

\* Do not include rental income, repairs, lessons and other sources of income in this sales category.

\*\*Only include "for sale" inventory; do not include rental instruments in lease pools. Also, report "average" inventory rather than year-end inventory. You can calculate "average inventory" by simply adding beginning and ending inventory and then dividing by 2.

*Congratulations on taking charge of your financial future!*

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