

Statement Studies:  
It's what you make of it.



# ANNUAL STATEMENT STUDIES

Manually Prepared  
Paper Based

SUBMISSIONS  
HANDBOOK

# HIGHLIGHTS OF WHAT YOU NEED TO DO, WHAT YOU CAN EXPECT, *AND WHEN*

## February

- Read and review the Submissions Handbook.
- Respond to RMA staff via e-mail with any questions.

## March–April

- Expect to hear from an RMA Statement Studies staff person who will verify your contact information and your level of commitment for this year.
- Organize your collection process.

## May

- If you have not already done so, start collecting your paper-based submissions.

## June

***Deadline for paper submissions is Friday, June 25, 2010.***

- Make plans to submit your full allotment of *paper-based* submissions during the week of June 21-25. Don't forget to include a transmittal form.

## July-August

- Enjoy what's left of the summer, while we process all the data and make preparations for the product.

## November

- Final product will be shipped. Access to eStatement Studies will be provided.

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# Introduction

On behalf of the Board of Directors, the Executive Committee of RMA, the Statement Studies Committee, and the Statement Studies staff, we thank you for accepting the Statement Studies contact position within your institution. The success of this year's campaign, as it is every year, is very much related to your dedication and perseverance.

Last year, 280 institutions submitted statements to RMA. Nearly 95% of all submissions were received via the RMA Bridge software spreadsheet program or by some other electronic means. Ideally, we would like to see all statements submitted in this fashion. This method is much easier for you, and the quality and quantity of the submissions increases accordingly. For more information on electronic submissions, please contact us.

Your individual bank's goal for the new year will be your actual number of submissions from the prior year *plus 10%* (that is, 2010's goal is 110% of the actual number of usable submissions we received from you in 2009).

Our credo is "Contribute every statement you have." We would like to continue this approach in 2010 and look forward to similar increases in submissions and participation. Remember, the *Annual Statement Studies* is what you make of it, so contribute every statement you have.

The Statement Studies staff of RMA will contact you and be available throughout the collection process to answer any questions. In most cases, you can expect the staff person to discuss with you a goal for number of submissions. This goal is a target minimum. Again, the *Annual Statement Studies* is what you make of it, so contribute every statement you have, regardless of your target minimum.

The deadline for paper-based submissions is Friday, June 25, 2010.

As always, help is available. Please feel free to contact the Statement Studies staff in Philadelphia. One last favor: Please keep the Statement Studies staff informed of any changes in contact names, mergers, and so forth. In many instances, you may be the first to know, and communication is critical to ensure accurate reporting and the product's continued success.

RMA Statement Studies Unit  
Ten Penn Center  
1801 Market Street, Suite 300  
Philadelphia, PA 19103  
215/446-4087 (phone)  
215/446-4101 (fax)  
[studies@mahq.org](mailto:studies@mahq.org)

## GENERAL FACTS ON PREPARING SUBMISSIONS

1. Submit as many statements as possible, regardless of your goal. In other words, if your commercial loan portfolio contains 50 customers for whom you have statements that meet the data criteria, send them all in, even if your goal is just 35.
2. All types of statements/companies are welcome:
  - All industries—all NAICS/SIC codes. **Please note: We prefer NAICS codes.**
  - All asset or sales sizes.
  - All loan grades or risk ratings.
  - All types of statements—CPA prepared, company prepared, tax forms, etc.
3. RMA will reject paper-based submissions that do not follow these parameters:
  - The fiscal year must fall within the current period—only 12-month fiscal statements falling within 4/1/09 to 3/31/10 are acceptable.
  - The balance sheet must balance.
  - A valid NAICS or SIC code must be present. RMA accepts either an SIC code (four-digit) or a NAICS code (six-digit). **Please note: We strongly encourage submission via NAICS.**
  - The income statement must be complete.
4. Supply the state and zip code for each statement/company. This information is critical to our ability to create regionalized data for you.
5. Blank submission and transmittal forms may be photocopied.
6. The due date for paper submissions is Friday, June 25, 2010.
7. All industry formats are acceptable (e.g., general, service, middle market, corporate, and small business).

**Note: This year, the NAICS Supplemental Guide will be available via the Annual Statement Studies information page:**

<http://www.estationmentstudies.org/submissioninfo.aspx>

### Statement of Confidentiality

*RMA shall treat the data and information received in the course of the Statement Studies as confidential and shall take all reasonable steps to protect the source of information and identity of its subject from unauthorized discovery. The borrower/company name of a statement submitted need not be part of the transmitted data. This obligation shall survive the conclusion of the 2010 campaign and remain in effect indefinitely.*

## ANSWERS TO FREQUENTLY ASKED QUESTIONS

*When do I use the transmittal form?*

Complete and send a transmittal form with every batch of submissions, even when returning forms sent back to you because of errors or omissions. Please see the back cover of this handbook for important information on completing the transmittal form. Be sure that the transmittal accurately identifies the bank, location, RMA chapter, and member number that should receive credit for the submissions. Please identify the software product being used if your submissions are done on a PC. See the sample transmittal form on p. 16.

*What happens if an institution consolidates its submissions into one location? For example, Bank ABC has offices in three states, but this year it intends to submit from one location.*

Once so notified, we will adjust each institution's goal accordingly. In other words, the goal of the institution submitting the statements on behalf of all its offices will increase. The goals of the offices no longer submitting will be reduced to zero. If you become aware of such a situation, please inform RMA as quickly as possible.

*Will RMA notify me and give me the opportunity to correct and resubmit statements that have been deemed unusable?*

RMA will typically contact you if the following two conditions exist:

- The total number of unusable submissions exceeds 10% of your total submissions.
- The net amount of your submissions (gross minus unusable) does not equal or exceed your goal.

*What is the involvement of the RMA chapter network this year?*

Chapter leaders have told us they have less time to devote to RMA activities and would like to focus more on events for the local chapter. With more banks submitting via the Bridge program, RMA headquarters will now handle all questions and concerns related to Statement Studies. We may be reached via phone (215-446-4087), e-mail ([studies@rmahq.org](mailto:studies@rmahq.org)), or fax (215-446-4101).

*Once a goal has been set, is it etched in stone?*

Absolutely not. Mergers and consolidations are excellent examples of when it makes sense to modify a goal. If you think your situation merits a change in goal, please call. There is no checklist of acceptable reasons. Each situation will be reviewed on its own merits. Please notify us as soon as you believe you need to modify your goal. It is far better to learn of a problem in May, in the middle of the campaign, than in August, when the process is over and there is nothing we can do to mitigate the problem.

## GOALS

This year's goal is the number of usable submissions received from your institution in 2009 *plus 10%*. In other words, if you submitted 35 usable statements in 2009, your 2010 goal will be 39.

**Note: If a bank normally submits to the Statement Studies but failed to do so last year because of system changes, personnel changes, or some other reason, the goal will be the number of submissions in 2008 plus 10%.**

## AWARDS AND INCENTIVES

### Awards for Submitting Institutions

This year, submitting institutions are eligible to receive the *Annual Statement Studies: Financial Ratio Benchmarks* and *Industry Default Probabilities and Cash Flow Measures* books based on one simple criterion: Meet the assigned goal for submissions. Based on positive feedback from submitters, we are planning to migrate to *eStatement Studies* as the primary incentive for submitting institutions in the following year.

Please note:

- Only usable statements will count toward the goal.
- Each institution's goal is based on usable number of statements submitted last year + 10%.

Each August we send out a broadcast fax to verify your contact information for the shipment of books and ask you for the number of books you need. Our intent is to move from the printed books to *eStatement Studies* as the primary method of providing access to the Statement Studies for participants in the submission process. Nonetheless, we understand that many will also prefer to receive some quantity of books and we will always provide you with the books you need.

For institutions that **meet their goal**, the free-to-member distribution of the *Annual Statement Studies* will be based on the following:

# of Usable Statements	Number of eStatement Studies Users	Maximum # of Books
1-250	Unlimited	1
251-500	Unlimited	10
501-999	Unlimited	20
1,000 & Over	Unlimited	30

### *Example*

*An institution with a goal of 260 submissions submits 260 usable statements. This institution has two choices:*

- 1. Receive up to ten books.*
- 2. Receive up to ten books and eStatement Studies.*

Be assured that when it comes to distribution of books and/or *eStatement Studies*, we intend to be reasonable when dealing with the submissions goals and with submitters unable to meet their targets. It is impossible to predict the reasons for not meeting goals, and there is no checklist of acceptable reasons for missing goals. Nevertheless, you need to notify RMA as soon as you realize you will not be able to meet your goal.

### **eStatement Studies Access**

This year, submitting institutions are eligible to receive the complimentary access to eStatement Studies, the online version of the Annual Statement Studies, for one year. If you have received eStatement Studies in the past, you previously had to submit lists of names for individual usernames and passwords.

eStatement Studies now has an IP-login capability. Instead of having to maintain a user list, your institution will have access to eStatement Studies without needing usernames and password. You'll simply go to the URL for IP-logins, and you'll automatically be logged in to eStatement Studies. You will no longer have to send requests to RMA to add or delete users. eStatement Studies will be accessible to everyone in your institution.

Please coordinate with your IT staff and determine the addresses or ranges that make up your IP-addresses. We will be able to input them into eStatement Studies, providing you easy access for your entire institution.

There are no security risks with providing your external IP address (this is the address that your network broadcasts to the internet, every time it is connected- accessible through <http://www.whatismyip.com/>). You can then post the IP-login link (which we will provide you) on your intranet, or communicate to your staff via e-mail, and everyone at your institution will have easy access to eStatement Studies, without having to remember usernames or passwords.

**Please note that all submitting institutions that request eStatement Studies will only receive access only through IP, and not through individual usernames and passwords.**

With questions, please contact our Statement Studies department at (215)-446-4087 or [studies@rmahq.org](mailto:studies@rmahq.org)

# PAPER/MANUAL SUBMISSIONS: PRE-SUBMISSION CHECKLIST

*For “proofing” hard-copy submissions*

## Why a checklist?

The Statement Studies database is a compilation of the data our members provide on an annual basis. To make it a reliable reference, the data on the hard-copy submission forms must be complete and accurate. Forms lacking significant information will be returned.

## For each Statement Studies data submission form, be sure to check that:

- \_\_\_\_\_ Contractor data (percentage-of-completion accounting method) is supplied on the correct submission form or a computer reproduction of same.
- \_\_\_\_\_ The product or service is fully described under **6**.
- \_\_\_\_\_ Fiscal-year-end data is given under **9**.
- \_\_\_\_\_ Type of financial statement **11** is checked.
- \_\_\_\_\_ Parentheses are used to indicate loss, credits, etc.
- \_\_\_\_\_ Data are rounded to thousands. Decimals are not used.
- \_\_\_\_\_ Asset fields add up to total given. The same applies to Liabilities + Net Worth. Total Assets = Total Liabilities + Net Worth.
- \_\_\_\_\_ Operating Profit is not the same as or greater than Gross Profit.
- \_\_\_\_\_ If the submission forms are being generated by computer, verify that the program is working properly by doing a random manual check of the math on a small sample.

## ...and finally:

- \_\_\_\_\_ A transmittal form must accompany the forms being mailed to RMA headquarters.

Note: To be a valid submission, the financial statement data must be compiled per the attached form.

## ACCOUNT TITLES AND LINE PLACEMENT FOR NONCONTRACTOR ASSETS

Below are various asset account titles that may be found in a financial statement. The number following each title corresponds to the proper placement of that item on the form. This guide will assist you in completing lines **12 – 19** on the form for noncontractor industries.

<u>Account Title</u>	<u>Line Placement</u>	<u>Account Title</u>	<u>Line Placement</u>
Accounts Receivable from		Foreign Assets - Restricted . . . . .	18
-Customers (net of allowances) . . . . .	13	Formulas* . . . . .	17
-Affiliates & subsidiaries. . . . .	18	Franchises * . . . . .	17
-Directors, employees, officers. . . . .	18	Furniture* . . . . .	16
-Partners. . . . .	18	Goodwill* . . . . .	17
-Miscellaneous . . . . .	18	Interest Income, accrued . . . . .	18
Advances		Inventory	
-for inventory . . . . .	12	-advances on merchandise. . . . .	12
-for travel. . . . .	18	-finished goods . . . . .	12
-to affiliates & subsidiaries . . . . .	18	-in-transit. . . . .	12
-to employees. . . . .	18	-on consignment. . . . .	12
Bills Receivable (same as Accounts Receivable). . . . .	13	-raw materials. . . . .	12
Bond & Debenture Discount.		-supplies (misc. office). . . . .	18
(offset to related liability). . . . .	18	-work in process. . . . .	12
Bonds. . . . .	12	Investments in Subs & Affiliates. . . . .	18
Brands - Trade* . . . . .	17	Land . . . . .	16
Buildings*. . . . .	16	Lasts. . . . .	17
Cash		Leaseholds Improvements . . . . .	16
-in bank. . . . .	12	Leaseholds . . . . .	17
-in sinking fund . . . . .	18	Machinery . . . . .	16
-on hand . . . . .	12	Magazine Titles. . . . .	17
-restricted . . . . .	18	Mailing Lists . . . . .	17
Cash Surrender Value, Life Insurance		Mineral Land*. . . . .	16
(net of loans). . . . .	18	Mines*. . . . .	16
Catalogues*. . . . .	17	Models* . . . . .	17
Contracts*. . . . .	17	Mortgages Receivable. . . . .	18
Copyrights*. . . . .	17	Motor Vehicles. . . . .	16
Deferred Charges . . . . .	18	Municipal Bonds. . . . .	12
Delivery Equipment* . . . . .	16	Municipal Bonds in Default . . . . .	18
Deposits with		Notes Receivable - Trade. . . . .	13
-factor . . . . .	17	Organization Expense*. . . . .	17
-mutual insurance co. . . . .	18	Packaging and Shipping Items*. . . . .	16
-workman's compensation comm . . . . .	18	Patents* . . . . .	17
Designs* . . . . .	17	Patterns*. . . . .	17
Development Expense*. . . . .	17	Plant & Property*. . . . .	16
Dies* . . . . .	17	Prepaid Items	
Drawings* . . . . .	17	-insurance . . . . .	18

\* All items placed on lines **16** or **17** must be shown net of accumulated depreciation, depletion, or amortization.

Emergency Plan Facilities* . . . . .	16	-interest . . . . .	18
Equipment* . . . . .	16	-rent . . . . .	18
Financing Expense* . . . . .	17	-royalties . . . . .	18
Fixed Assets* . . . . .	16	-supplies . . . . .	18
Fixtures* . . . . .	16	-taxes . . . . .	18
Processes* . . . . .	17	Sinking Fund. . . . .	18
Quarries* . . . . .	16	Subscription Lists* . . . . .	17
Real Estate. . . . .	16	Supplies (see inventory) . . . . .	18
-not held for resale * . . . . .	12	Tax Refund Receivable. . . . .	18
-held for resale. . . . .	12	Timber* (standing or uncut). . . . .	16
Research & Development		Tools* . . . . .	16
-expense* . . . . .	17	Tracings* . . . . .	17
Rights* . . . . .	17	Trade Acceptances. . . . .	13
Securities		Trade Marks & Trade Names* . . . . .	17
-readily marketable. . . . .	12	Unamortized Mortgage or Bond	
-not readily marketable. . . . .	18	Expense* . . . . .	17
Ships* . . . . .	16	U.S. Government Securities. . . . .	12

\* All items placed on lines **16** or **17** must be shown net of accumulated depreciation, depletion, or amortization.

## Liabilities and Net Worth

Below are various liability and net worth account titles that may be found in a financial statement. The number following each title corresponds to the proper placement of that item on the form. This guide will assist you in completing lines **20 – 29** on the form for noncontractor industries.

<u>Account Title</u>	<u>Line Placement</u>	<u>Account Title</u>	<u>Line Placement</u>
Accounts Payable		Deferred Credits or Income. . . . .	27
-for merchandise . . . . .	22	Deposits from	
-for services . . . . .	22	-customers. . . . .	24
-to directors, employees, officers. . . . .	24	-employees. . . . .	24
-to factor . . . . .	22	-officers . . . . .	24
-to partners . . . . .	24	Dividends Payable. . . . .	24
-to related concerns . . . . .	24	Floor Planning. . . . .	20
-miscellaneous . . . . .	24	Income Taxes - State & Federal. . . . .	23
Accruals		Loan Payable. . . . .	20
-commissions . . . . .	24	Minority Interest. . . . .	30
-interests . . . . .	24	Mortgages Payable	
-miscellaneous . . . . .	24	-amount maturing within one year . . . . .	21
-payroll & related taxes . . . . .	24	-amount maturing after one year. . . . .	25
-rent . . . . .	24	Net Worth (of proprietorship or partnership) . . . . .	30
-salaries . . . . .	24	Notes Payable to:	
-taxes (non-income) . . . . .	24	-banks (short term & demand). . . . .	20
Advances		-individuals (unsubordinated) . . . . .	24
-from customers . . . . .	24	-officers, partners, directors. . . . .	24
-from officers & stockholders . . . . .	24	-stockholders. . . . .	24
Bills & Notes Payable-Trade. . . . .	22	-trade. . . . .	22
Bonds		Renegotiation Reserve. . . . .	24
-amount maturing within one year . . . . .	21	Stockholder's Equity	
-amount maturing after one year. . . . .	25	-additional paid-in capital . . . . .	30
Capital Stock . . . . .	30	-capital stock. . . . .	30
Conditional Bill of Sale. . . . .	24	-deficit retained earnings. . . . .	30
Contracts Payable. . . . .	24	-donated surplus. . . . .	30
Customer Deposits & Credit		-retained earnings . . . . .	30
Balances. . . . .	24	-treasury stock (contra account, deduct). . . . .	30
Debentures		Subordinated Debt. . . . .	27
-amount maturing within one year . . . . .	21	Trade Acceptances Payable . . . . .	22
-amount maturing after one year. . . . .	25	Unearned Income. . . . .	27



# ACCOUNTING INFORMATION PERTINENT TO STATEMENT STUDIES SUBMISSIONS

## 11 Type of Financial Statement

Always check the appropriate box at the top of the column for which you are supplying data. The letter codes beside each box are interpreted as follows:

U = Unqualified  
R = Reviewed  
C = Compiled

T = Tax Return  
O = Other

Here are definitions for each type of statement:

Unqualified Opinion – An unqualified opinion requires performance of all the necessary auditing tests and procedures. The auditor must be satisfied that the company’s financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP), are applied on a consistent basis, and include all informative disclosures.

Reviewed Financial Statements – A review entails limited analytical and inquiry procedures by the preparer. The preparer therefore provides only limited assurances that no material modifications need to be made for the statements to conform to GAAP. A review generally does not evaluate internal controls, test accounting records, confirm accounts, or follow completely other auditing procedures to the degree necessary for the CPA to render an opinion.

Compiled Financial Statements – A compilation does not involve verification, review, or audit services. The preparer is merely engaged to present the management-provided information in the format of financial statements. As such, the statements are solely the representations of management, and the preparer expresses no assurances or opinions on compiled statements.

Tax Returns – Includes any return filed with the appropriate “tax” or “revenue” authorities. This could include returns for a corporation, proprietorship, partnership, or other (including Subchapter S Corporations).

Other – Includes limited or qualified audits, company-prepared statements, and any other types of financial statements. In a qualified opinion, the auditors express certain reservations concerning the scope of the audit and/or the financial statements. In this type of opinion, it is normal to see such words as “except for” or “subject to.”

# SAMPLE STATEMENT STUDIES SUBMISSION TRANSMITTAL FORM

**Complete and Mail with Your Submission**

DATE: April 15, 2010

BANK NAME:

First American National Bank

BANK ADDRESS: 123 Market Street

P.O. Box 10895

Richmond, VA 23219

RMA CHAPTER #: 2

RMA MEMBER #: 551249

BANK'S 2010 SUBMISSIONS

GOAL\*: 75

SUBMISSIONS ENCLOSED:

# Handwritten or typed: 0

# Hard copy, computer generated: 95

# Bridge program: 0

# Microsoft® Access table, etc.: 0

Software used to generate submissions:

(Vendor & Version)

Total: 95

Name of person completing this form: Laura Jones

(804) 555-9581

(804) 555-9582 (F)

**Phone and fax numbers (including area code)**

Ljones @famb.com

**E-mail address**

\*Please contact the RMA Statement Studies staff (215-446-4087) if you have questions about your goal.

# STATEMENT STUDIES SUBMISSION TRANSMITTAL FORM

## Complete and Mail with Your Submission

DATE: \_\_\_\_\_

MAIL TO: **RMA, Statement Studies Unit, Ten Penn Center, Suite 300  
1801 Market Street, Philadelphia, PA 19103-1628**

BANK NAME: \_\_\_\_\_

BANK ADDRESS: \_\_\_\_\_

RMA CHAPTER #: \_\_\_\_\_

RMA MEMBER #: \_\_\_\_\_

BANK'S 2010 SUBMISSIONS GOAL\*: \_\_\_\_\_

### SUBMISSIONS ENCLOSED:

# Handwritten or typed: \_\_\_\_\_

# Hard-copy, computer generated: \_\_\_\_\_

# RMA Bridge program: \_\_\_\_\_

# Microsoft® Access table, etc.: \_\_\_\_\_

Software product used to generate submissions: \_\_\_\_\_  
(Vendor and Version)

Total: \_\_\_\_\_

---

**Name of person completing this form**

---

**Phone and fax numbers (including area code)**

---

**E-mail address**

\*Please contact the RMA Statement Studies staff (215-446-4087) if you have questions about your goal.