

Key Reporting Definitions & Guidance

North America (NA) Sales:

The Net Invoiced Value of Sales into North America. NA Sales is meant to represent the final amount of dollars that the manufacturers receive for the products they sell to the end user or the border / dealer. Specifically, this is defined as the sum of the individual product line-item charges for a particular time period, plus or minus any adjustments, minus any kind of discounting, and less any returns and allowances. Some of these items may have to be estimated, which is acceptable as long as it is done consistently and adjusted in the future when actual results are known. Our focus is on product sales only.

This number should NOT include dealer / distributor / retail mark-up or revenue, installation or design charges, interest or late charges, freight charges, or other charges not directly related to the product. Also excluded is the value of (no-charge) warranty items. Depending on the report NA Sales is collected in either aggregate (North America) or three parts: sales into US, sales into CA and sales into MX. In either case this should represent sales based on 'ship to' NOT 'invoice to.'

Each member company should select a functional currency (US \$, CA \$ or MX pesos). All data, regardless of invoice and regardless of ship to, must be reported in this currency.

Inter-Company Transfers and Vended Products:

It is important to avoid duplication of reported shipments in the case of inter-company sales or transfers from one facility to another. A similar situation exists with "vended" products. Generally OEM, these are produced by one manufacturer for another who in turn sells the finished product to the end customer. In this case, the company for whom the product is made and is then selling to the end customer should count the shipment in their numbers to BIFMA. Correspondingly, the company producing/selling finished product to the other manufacturer, should not. Again, this is simply to avoid duplication and the resulting overstatement of industry sales.

Functional Currency:

Functional currency is selected by the member company and will serve as that company's reporting standard. Functional currency will either be US \$, CA \$ or MX pesos and should reflect the currency used for the company's standard financial reporting processes.

Product Categorization:

As you review your company's products, you may discover that some could fit into more than one category, and you will have to decide where to assign them. We recommend the category that approximates the original design intent associated with that product. Once again, reporting consistently is of prime importance.

Original Design Intent:

A means for determining the final category when conflict exists regarding its placement. Original design intent is the goal of the designer, engineer or product manager in bringing the product to market.

Acquisitions:

Companies reporting their data into BIFMA/Ed Market program should also include that of recent company acquisitions, so shipments are under “one umbrella” rather than reported as separate entities. When you begin to include the acquired company data, current year periods and previous year periods should be restated so period to period comparisons are reflected consistently and both periods include the acquisition.

Calendar Considerations:

All BIFMA reports are based on the traditional 12-month calendar and are monthly, quarterly, or annual. If your fiscal calendar is different, reporting intervals should be as parallel and consistent as possible.

Currency Conversions:

Upon receipt of NA Sales data BIFMA will convert all sales into US \$ via the exchange rate as quoted in oanda.com. Each month BDO will determine an average exchange rate using the first day of the month and the last day of the month. This average monthly exchange rate will then determine an average quarterly exchange rate $(M1 + M2 + M3 / 3)$ and the average quarterly exchange rate will determine the annual exchange rate. All Currency Conversion assumptions will be documented and made available on reports.

Data Consistency:

Ideally, your system could sort and organize all individual sales transactions according to BIFMA criteria. These individual transactions could be aggregated by month, by quarter, or for an entire year, and could be sorted by product categories, by geography, as well as by other categorization described. This would be the optimum way to manage your data to accommodate the various surveys you will be completing over the course of a year.

A common challenge for the provider is to make sure that data submitted on the monthly, quarterly, and annual survey forms have consistent subtotals and grand totals. This can be a problem when information comes from different sources. The result can be having to publish restatements if the differences are material, or just simply having less accuracy in reports already published. Another common difficulty with consistency is that the final amount paid for a product is not always known at the time of invoicing. Discounts, volume incentives, and/or other allowances do not always coincide with a particular shipment. The amount may not be known for some time, perhaps after a particular BIFMA report period has come and gone.

A way around this is to estimate these “future” adjustments, perhaps by applying a percentage factor, to approximate actual net results. For instance, from your own history you determine that volume discounts end up being X% of annual sales; so you adjust your monthly and quarterly data accordingly so they end up equaling the annual. In reality, it may simply not be possible or efficient to achieve this kind of accuracy on a monthly or quarterly basis. What we do want to achieve, however, is as much accuracy and consistency as possible. Internal member procedures to review and approve submitted data may enhance the accuracy and consistency of the data submitted.

Data Security:

Since initiating a data program in 1973, BIFMA has had safeguards in place to ensure the

absolute confidentiality of the data that companies submit. As the program has evolved to support a larger number of participants and more data points, these safeguards have evolved as well. Any company that contributes can be assured that its data will not be disclosed to any other member or entity. An independent certified public accounting firm, currently BDO, is responsible for collecting and aggregating all data.

Member Participation List:

List of the companies currently providing data. Only companies that report data to be included in the aggregate data set are eligible to receive aggregate data results.

Point of Manufacturing:

The geographical origin of BIFMA shipments is NOT pertinent. The country of ownership or location of headquarters is irrelevant. If your company has manufacturing facilities located outside the US, you should include sales to NA from those facilities.

Restatement:

Restatements of previous time periods that more accurately report a company's performance.

Service Parts:

Service parts should be reported with the associated product category. If the service part crosses multiple categories then report with the largest volume category. If it is a more generic service part, report under the Other / Miscellaneous category for the respective product category.

Shipped To:

Address where products are shipped is a means of reporting geographic sales.

Zip Codes:

BIFMA currently requests geographic shipment information by 3 digit zip codes. This means the first 3 digits (0-999 numbers) are used to report where products are shipped. Off-shore US related entities are included to the degree there is a US postal code assigned to them (US Virgin Islands/Puerto Rico & US Pacific Islands (including American Samoa, Guam, Northern Mariana Island & Palau)).