Executive Action Report

For the month ending October 31, 2012
(and the prior thirteen months)

Cooler's Heating & Cooling

North American Industry Classification System (NAICS) = **238220**

Secure Data Encryption by:

NAICS Industry Data Provided by:

Cooler's Heating & Cooling

Executive Action Summary

Dear John Cooler,

Here is this month's Profit Gap report. This report covers from October 31, 2011 to October 31, 2012, in monthly periods, with a focus on the last month of October 2012. This Executive Action Summary identifies the top opportunities found from your financial data in the areas of Cash Lost and Profitability. Please look for additional details in the enclosed report. We strongly encourage you to review your financial information on at least a monthly basis to see if you are growing your company. Making a profit increases the net worth or value of your company while losses decrease the net worth. You MUST grow within your Contracting business to provide for your family, employees and customers. This is YOUR roadmap, so use it to become successful!! Also, most reports show substantial opportunity for improvement. Start with one key area and prove that you can make meaningful improvements. If you only improve your business 1% per month, that can have a dramatic impact on cash flow and profitability.

CASH LOST

The last period in this report, October 31, 2012, indicates the largest Cash Lost opportunity is Accounts Receivable based on the goal set for Receivable Days, Cooler's Heating & Cooling has $82,021 cash opportunity in Receivables. For each day you decrease your Receivable terms with your customers, Cooler's Heating & Cooling will have a positive Cash impact of $11,110.

PROFIT

As of October 31, 2012, Cooler's Heating & Cooling`s most significant Profit opportunity is Gross Margin based on the goal set for Gross Margin percentage, Cooler's Heating & Cooling is short of it's Gross Margin goal by $8,385. For each 1% increase in Gross Margin, Cooler's Heating & Cooling will have a positive Profit impact of $3,333.

Best regards,

Ron Collier PhD.
President
Collier Consulting Group, Inc.
800-858-1670

Key Performance Metrics

Cooler's Heating & Cooling

Report Period Ending 10/31/2012

Ratio	Formula	=	Calculations (For Current Month)	Actual Annualized	Two (2) Months Ago 8/31/12	Last Month 9/30/12	Current Month + Performance to Goal 10/31/12	Month-to-Month Trend	Goal	Industry Standard Top 10%	Top 25%	Median	Bottom 25%	Bottom 10%
SHORT TERM RATIOS: Liquidity & Profitability														
Current Ratio	Current Assets / Current Liabilities	=	1,176,669 / 959,908	1.1	1.1	1.1	1.2	▲	1.6	1.6	1.5	1.4	1.3	1.3
Quick Ratio	Cash + Accts. Rcv. / Current Liabilities	=	604,499 / 959,908	0.5	0.5	0.5	0.6	▲	1.2	1.2	1.2	1.1	1.1	1.0
Gross Margin	Gross Profit / Sales	=	233,653 / 414,084	46.4%	44.6%	42.1%	56.4%	▲	58.5%	58%	53%	44%	34%	21%
Net Margin	Net Profit Before Tax / Sales	=	159,067 / 414,084	6.4%	4.7%	-3.2%	38.4%	▲	2.9%	3%	2%	2%	2%	2%
CASH CONVERVSION CYCLE ELEMENTS														
Inventory Turn-Days	Inventory X 30 Days / COGS (COS)	=	51,263 X 30 / 180,432	10	9	10	9	▼	1	1	2	3	4	14
Accounts Receivable Turn-Days	Receivables X 30 Days / Sales	=	531,599 X 30 / 414,084	53	49	55	39	▼	33	33	36	39	44	50
Average Payment Period-Days	Payables X 30 Days / COGS (COS)	=	230,565 X 30 / 180,432	48	47	48	39	▼	44	44	37	30	25	19
Cash Conversion Cycle	Inv Days + Rcv Days - Payment Days	=	8.6 + 39.0 - 38.9	14	11	17	9	▼	-10	-10	1	12	23	45
RATIOS OF: Equity & Assets*														
Sales to Assets	Sales / Total Assets	=	999,875 X 4 / 1,175,919	3.0	2.9	2.9	3.4	▲	0.3	0.3	0.2	0.2	0.2	0.2
Return on Assets	Net Profit Before Tax / Total Assets	=	165,877 X 4 / 1,175,919	19%	12.0%	-2.5%	56.4%	▲	14.0%	14%	12%	11%	10%	6%
Return on Equity	Net Profit Before Tax / Equity	=	165,877 X 4 / 191,155	108%	88.2%	-19.0%	347.1%	▲	58.9%	59%	51%	48%	39%	11%
Debt to Equity	Total Liabilities / Equity	=	984,764 / 191,155	6.0	6.3	6.6	5.2	▼	1.2	1.2	2.5	3.0	3.8	4.4

***NOTE:** RATIOS OF: Equity & Assets use last 3 month rolling total annualized for the numerator.

NA designates the Metric is not of value in this company.

More Information

Goal Setting Tutorial

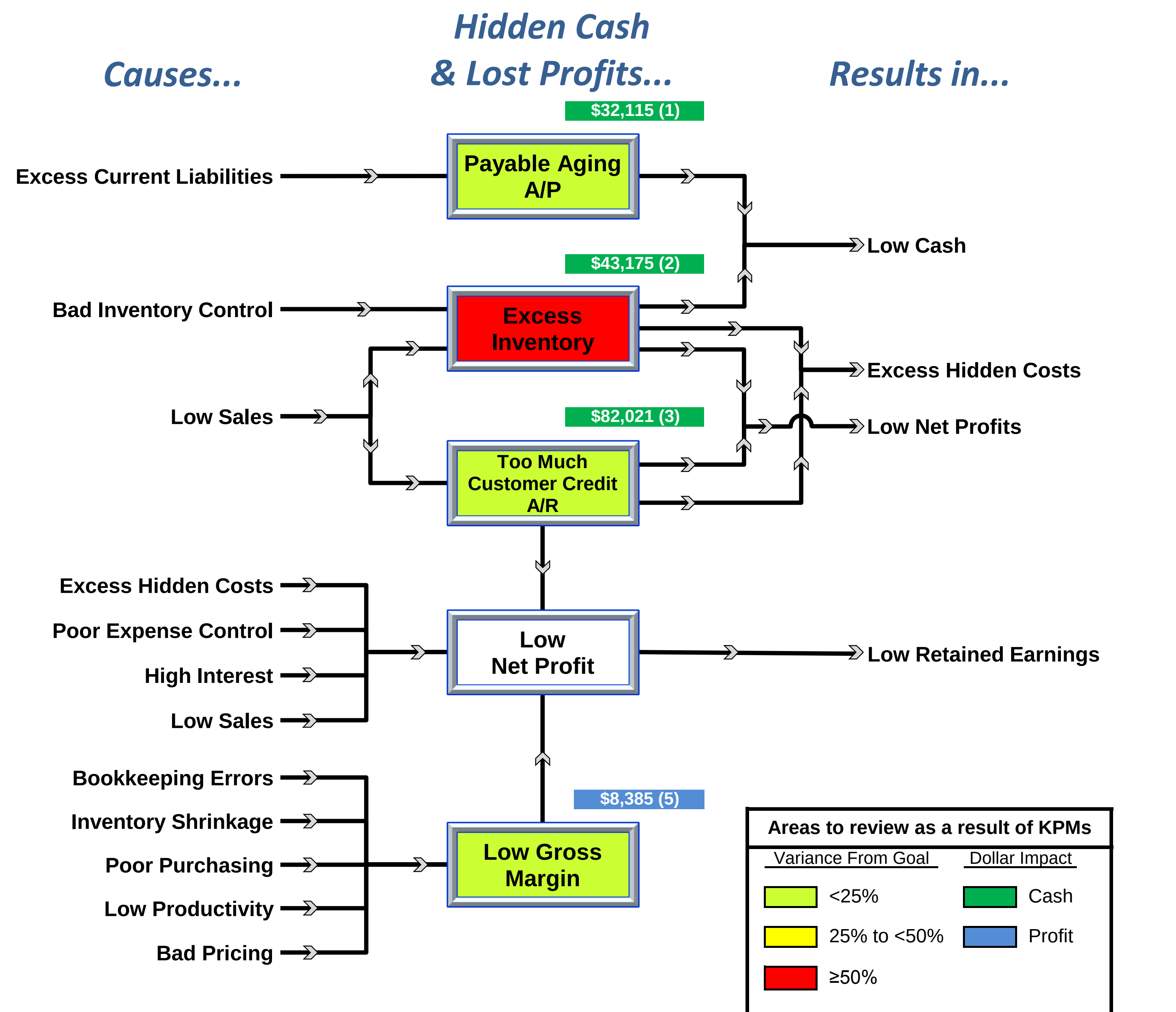
Actual Performance to Goal Key

- Better than Goal (dark green)
- ≤ 25% away from Goal (light green)
- Greater than 25% from Goal (yellow)
- Greater than 50% from Goal or **Negative** Value (red)

NAICS Industry Data Provided by: FINTEL a c-leveled company

Financial Flow
Cause and Effect
Cooler's Heating & Cooling

Period Ending
10/31/2012



Footnotes

More
Information

(1) Payments are 5 days faster than the goal of 44 days with a $32,115 negative Cash Impact.
(2) Inventory is 7 days over the goal of 1 days with a $43,175 negative Cash Impact.
(3) Customer Credit / Accounts Receivable is 6 days over the goal of 33 days with a $82,021 negative Cash Impact.

(5) Gross Margin is 2.0% under the goal of 58.5% with a $8,385 negative Profit Impact over the time period.

Financial Summary

Cooler's Heating & Cooling

Period ending 10-31-2012

Cash and Profit Impact

Issue	Cash Tied Up	Profit Opportunities
Receivables	$82,021	
Inventory	$43,175	
Payables	$32,115	
Payable Discounts		$4,611
Gross Margin		$8,385
Net Margin		
Total	**$157,310**	**$12,996**

Sensitivity Analysis

Metric		Impact
Cash Conversion Metrics		*1-Day Sensitivity**
Inventory Turn-Days	=	**$5,683 per day**
Accounts Receivable Turn-Days	=	**$11,110 per day**
Average Payable Payment Period	=	**$5,683 per day**
Margin Metrics (Month)		*1% Margin Sensitivity***
Margin (Gross or Net)	=	**$3,333 per 1%**

* Note: A 1 day of improvement in these metrics would increase the Cash of by the amount shown based on the last 3 months average.

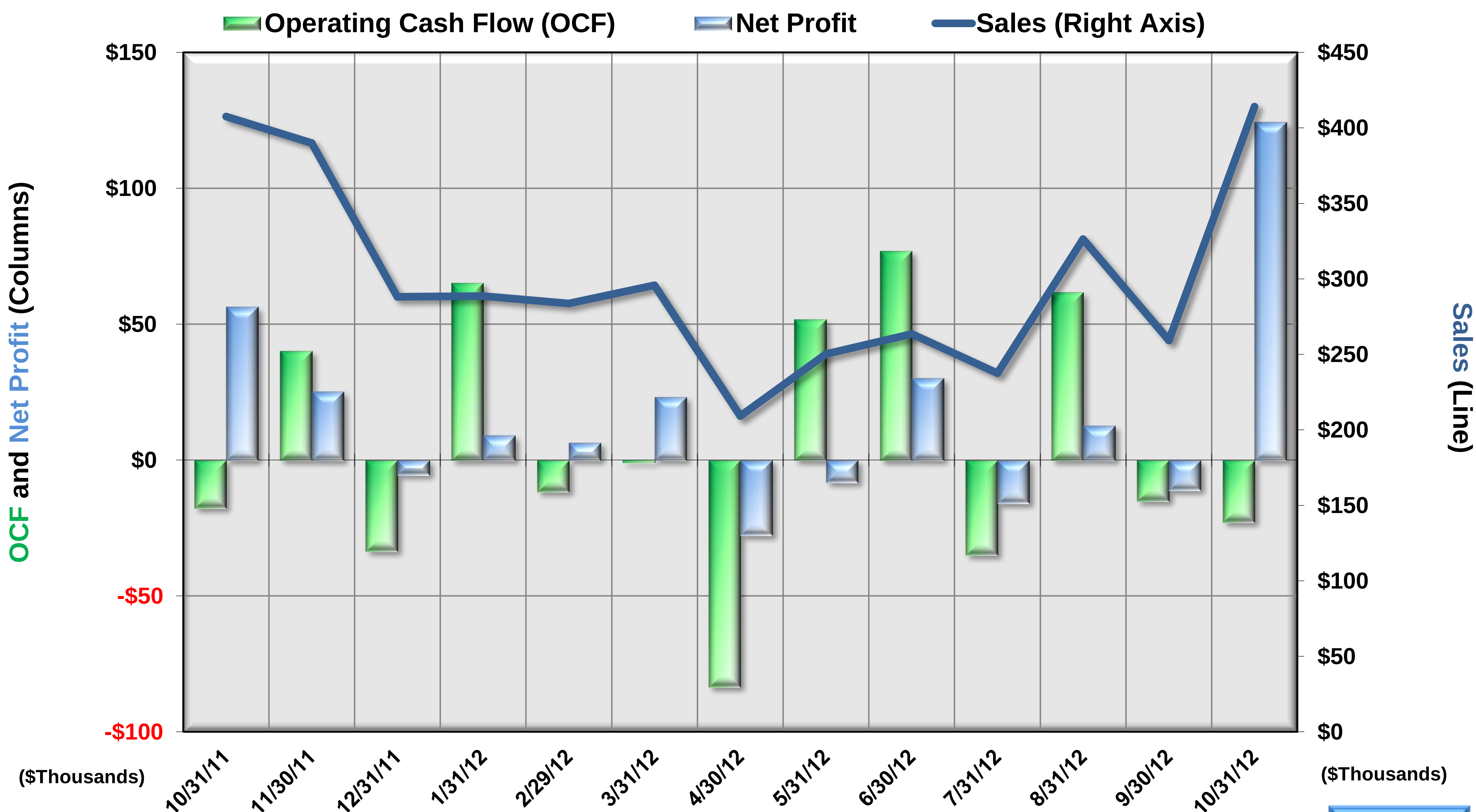
**Note: 1% improvement in margin would mean an increase in profits of $3,333 to based on the last 3 months average.

More Information

Trend Chart

Sales, Net Profit & Operating Cash Flow

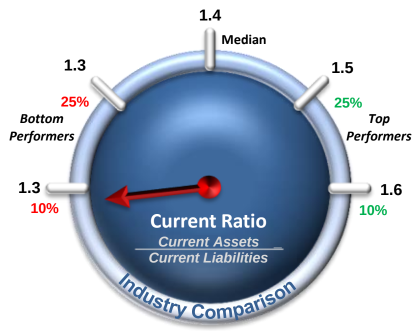
Cooler's Heating & Cooling

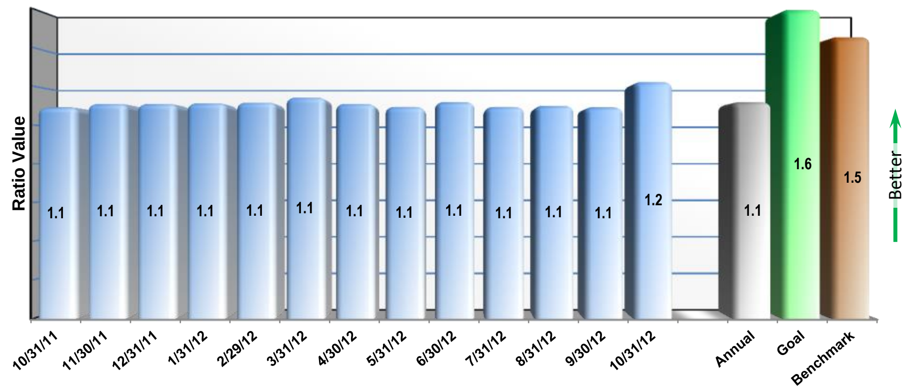


More Information

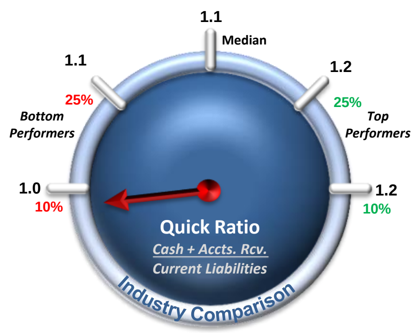
Trend Charts
Liquidity and Profits
Cooler's Heating & Cooling

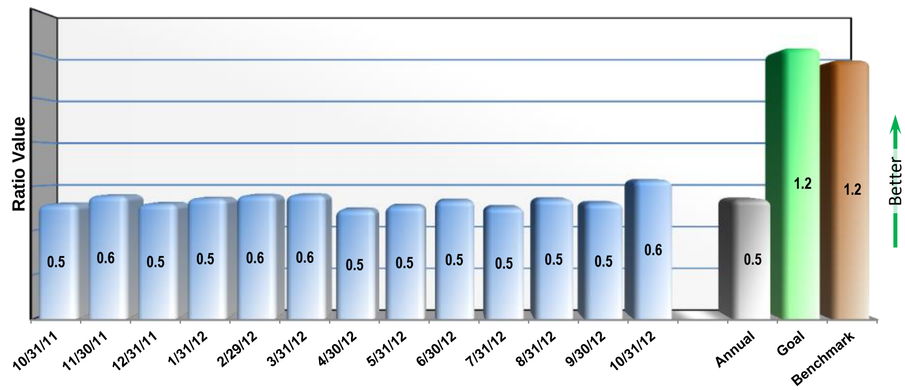
Current Ratio: *The ability to pay short term bills*



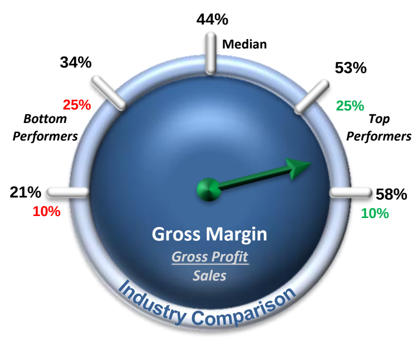


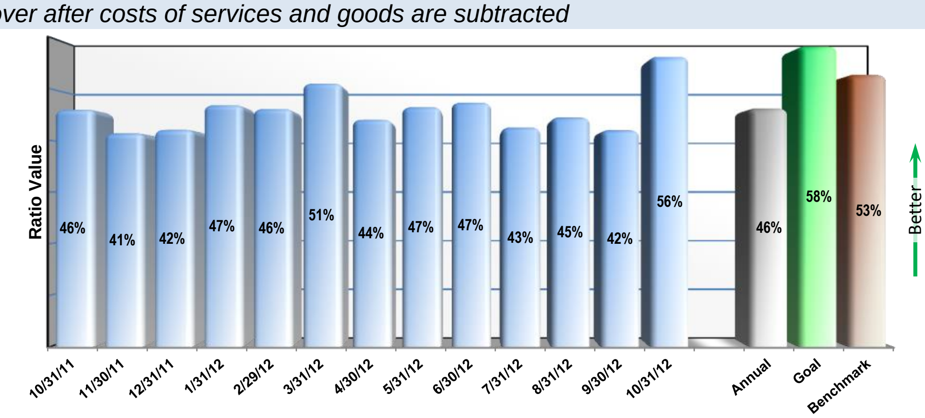
Quick Ratio: *Most Liquid Assets available to Pay Bills*





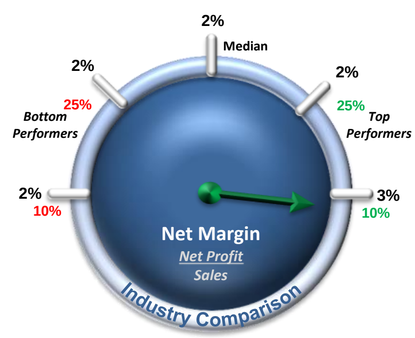
Gross Margin: *Revenue left over after costs of services and goods are subtracted*

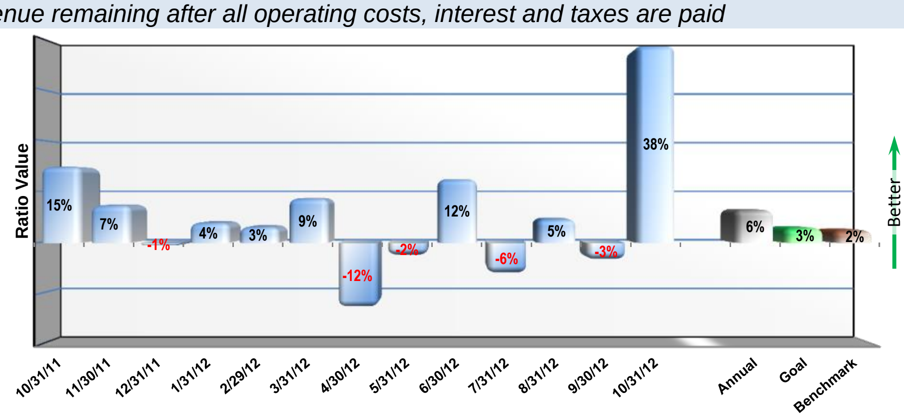




Performance to Goal: Gross Margin is 2.0% under the Goal of 58.5% with a negative $8,385 Profit Impact over the time period.

Net Margin: *Percentage of revenue remaining after all operating costs, interest and taxes are paid*





NOTE: Benchmark in charts is set to Top 25% (Quartile) of this industry NACIS code: 238220

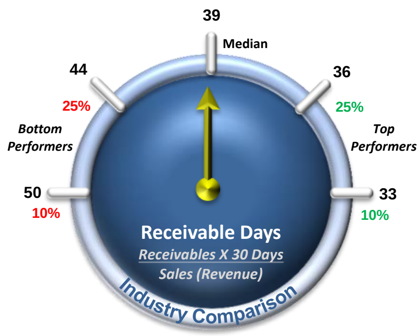
More Information

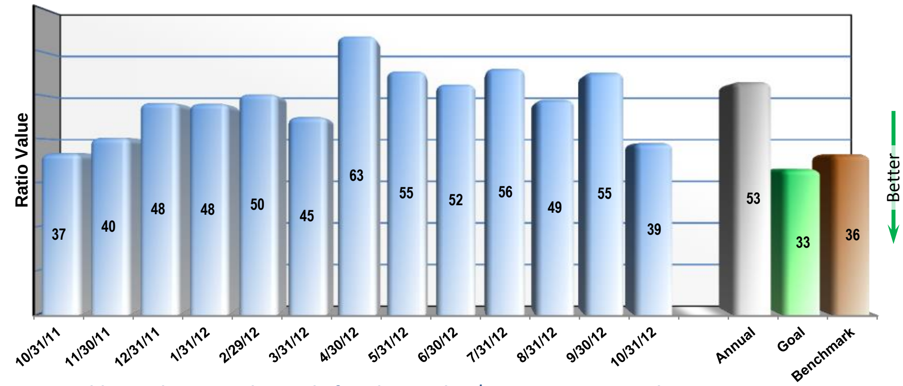
Trend Charts

Cash Conversion Cycle Elements

Cooler's Heating & Cooling

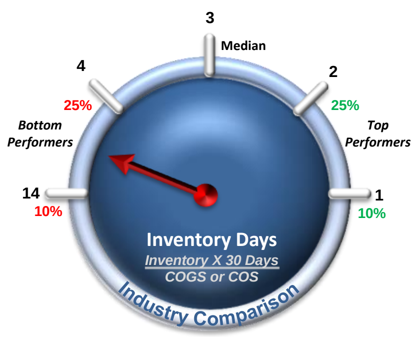
Receivable - Days: *Average time customers take to pay*

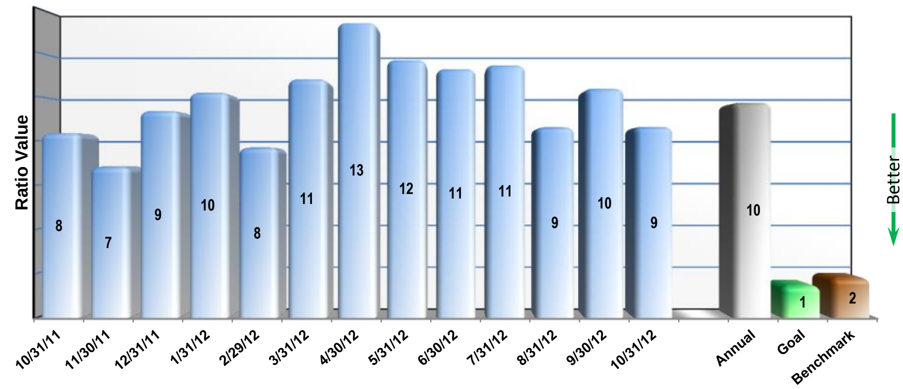




Performance to Goal: Accounts Receivable is 6 days over the Goal of 33 days with a $82,021 negative cash impact.

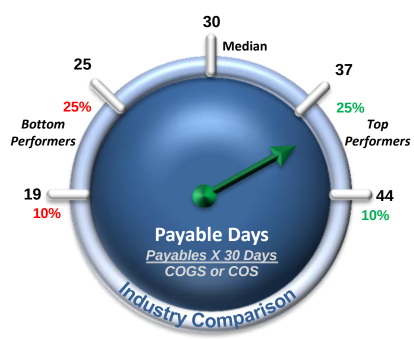
Inventory - Days: *Average days inventory remain in stock*

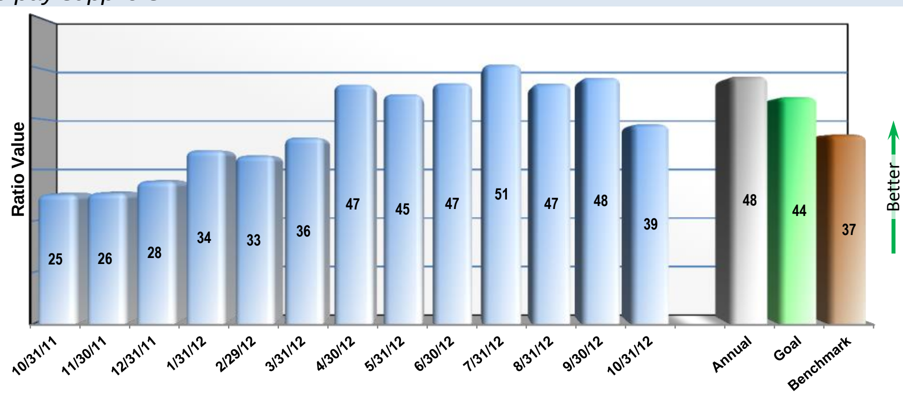




Performance to Goal: Inventory is 7 days over the Goal of 1 days with a $43,175 negative cash impact.

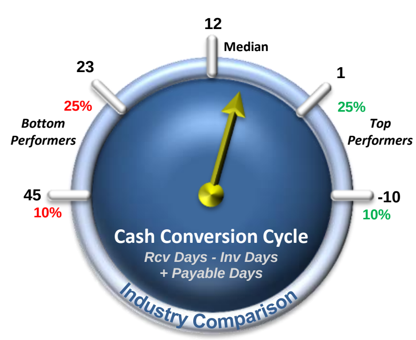
Payable - Days: *Average days to pay suppliers*

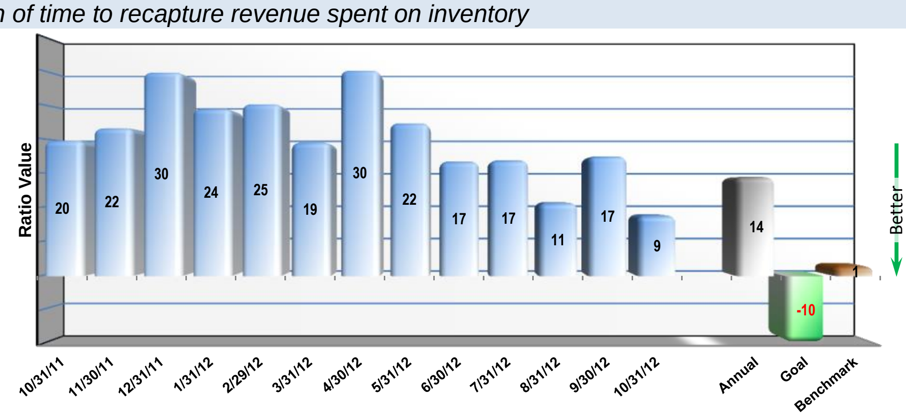




Performance to Goal: Payments are 5 days faster than the Goal of 44 days with a $32,115 negative cash impact.

Cash Conversion Cycle: *Length of time to recapture revenue spent on inventory*



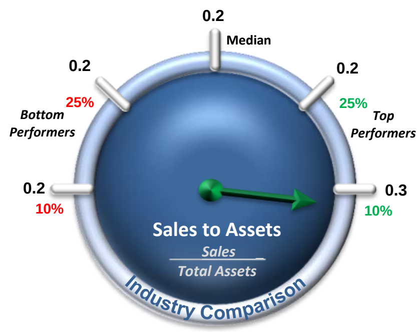


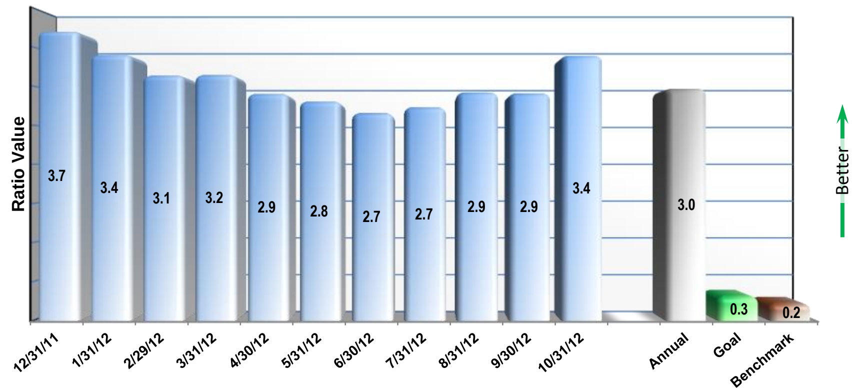
Performance to Goal: The Cash Conversion Cycle is 9 days over the Goal of -10 days.

More Information

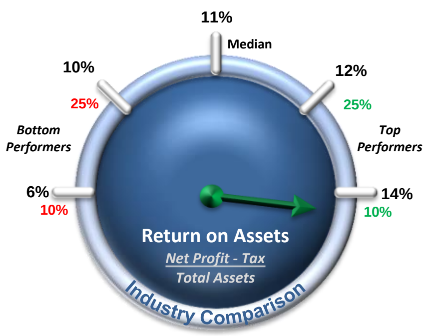
NOTE: Benchmark in charts is set to Top 25% (Quartile) of this industry NACIS code: 238220

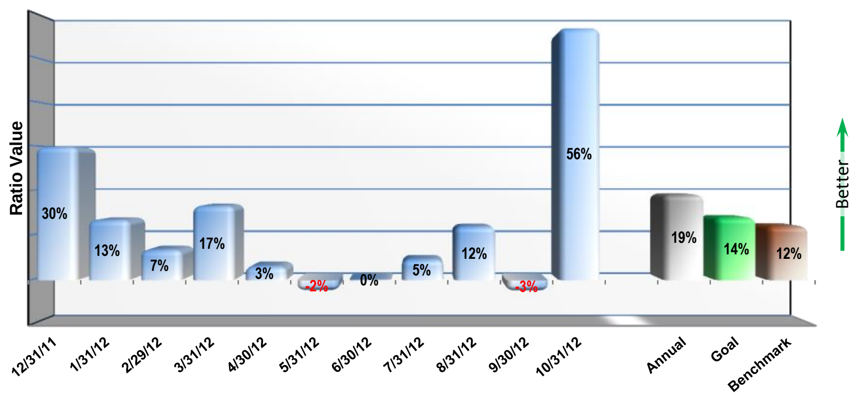
Sales to Assets: *How efficiently are you using your assets to produce revenue*



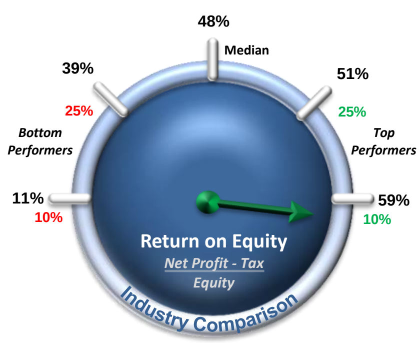


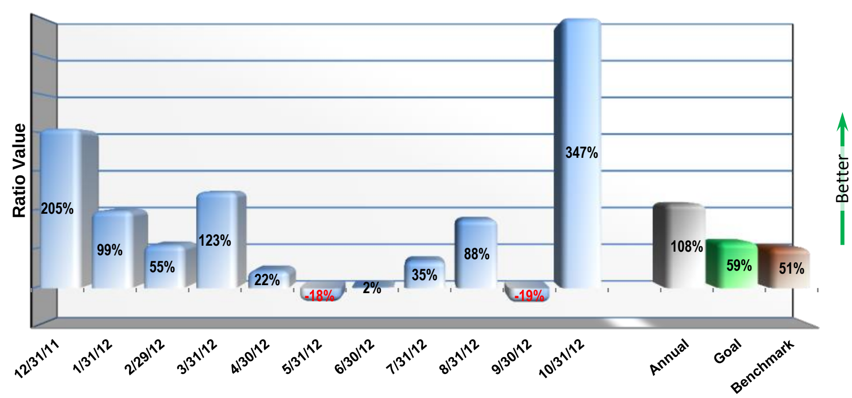
Return On Assets: *Net income generated for each dollar of assets*



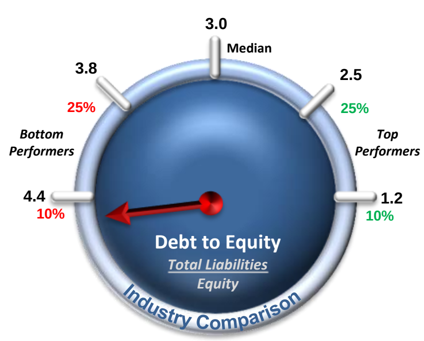


Return On Equity: *The efficiency of return on revenue invested into business*





Debt to Equity: *What is owed compared to Equity*



More Information

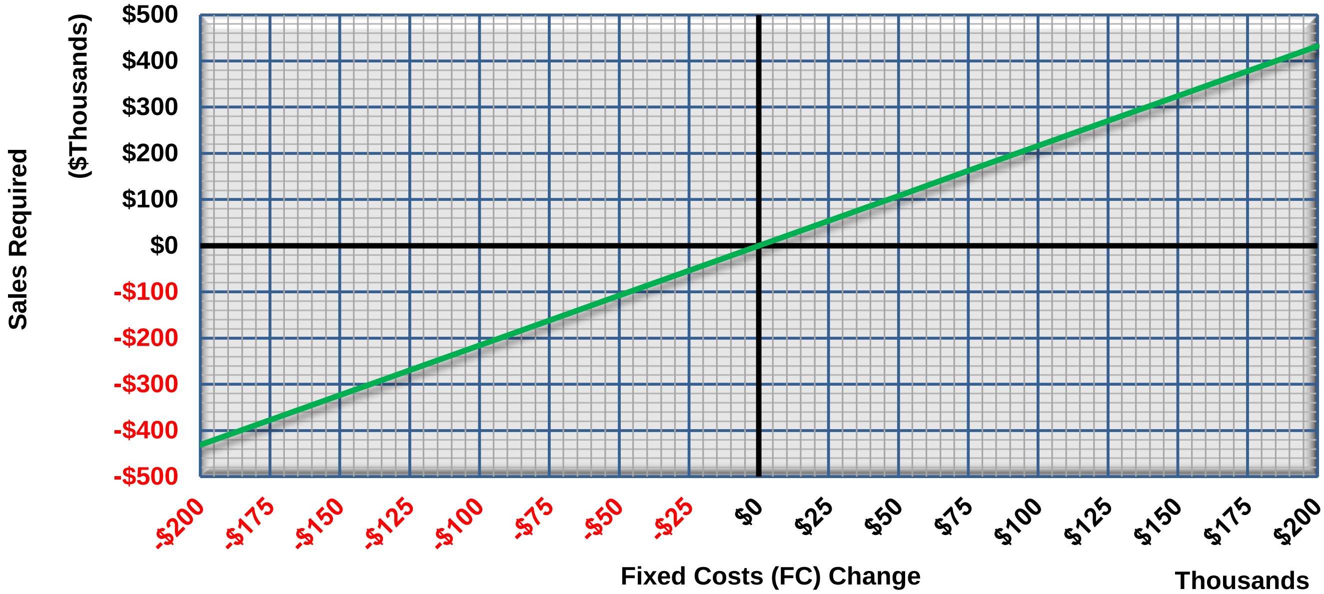
NOTE: Benchmark in charts is set to Top 25% (Quartile) of this industry NACIS code: 238220

Planning

Impacts of Fixed and Variable Cost Changes

Cooler's Heating & Cooling

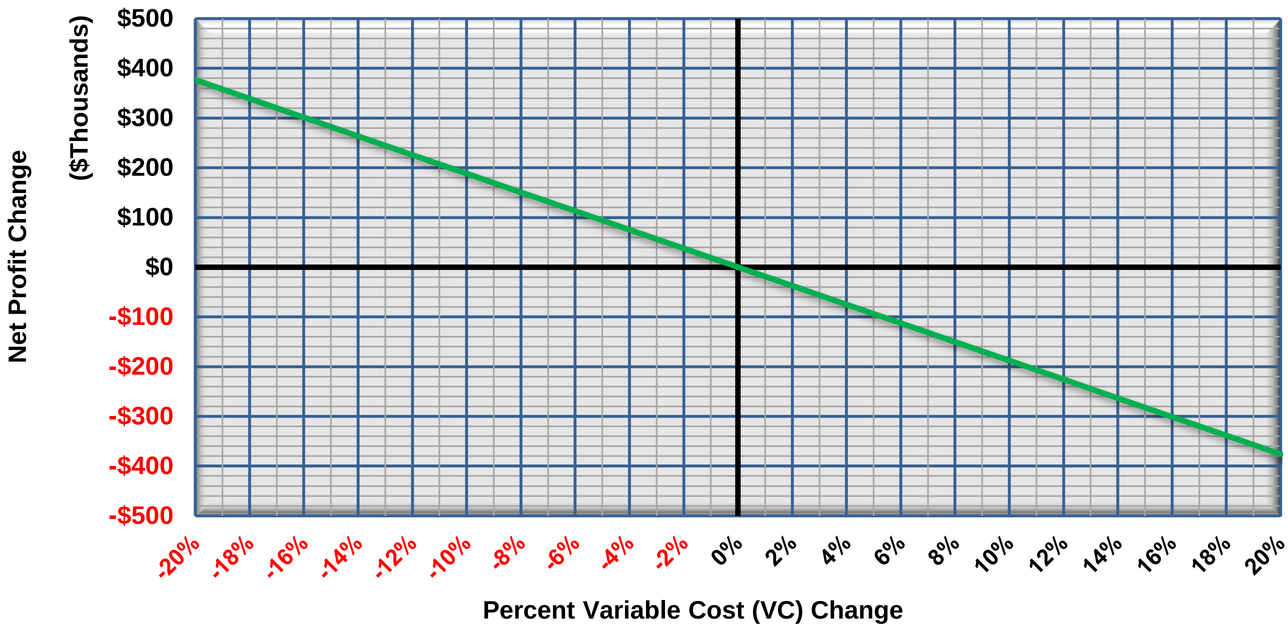
Sales Required to Support Fixed Costs Changes



For every $1 FC increase, $2.16 sales increase is needed for same Net Profit.

This chart reflects the amount of sales increase that will be needed for various changes in the fixed cost levels in your company.

Net Profit Impact with Variable Cost % Change



Every 1% VC decrease will result in $18,813 of an annual Net Profit increase, correspondingly, every 1% VC increase will result in $18,813 of an annual Net Profit decrease.

This chart shows the change in net profit resulting from selected % decrease in your variable cost.

More Information

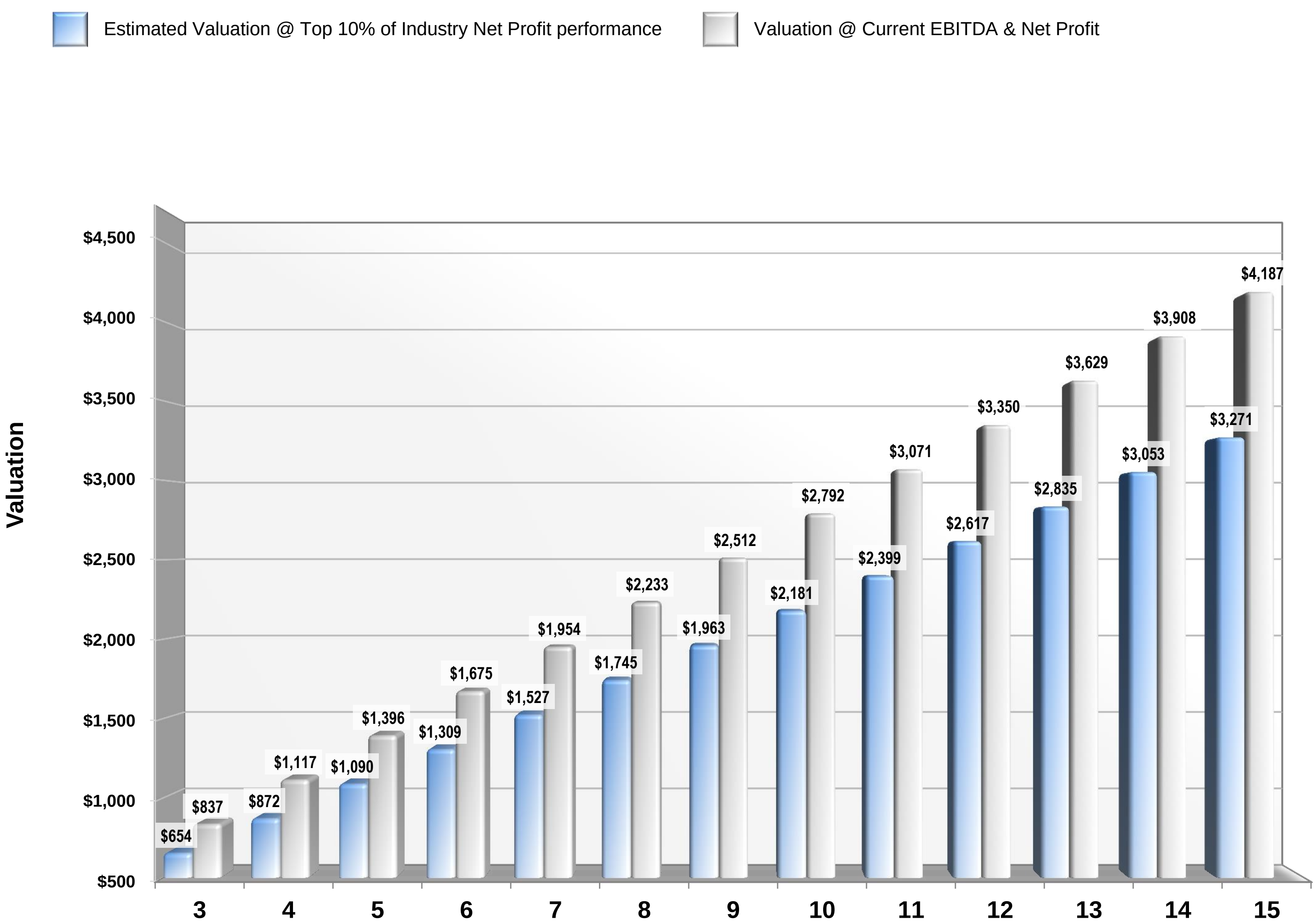
Valuation - EBITDA Method

Cooler's Heating & Cooling

Net Profit	
Current	**6.4%**
Top 10% Industry	**2.9%**

EBITDA		
Current	**$**	**279,164**
Projected @ Top 10% Industry*	**$**	**218,088**

Current Valuation vs at Industry Top 10% Net Profit



($Thousands)

EBITDA Multiplier

More Information

***Note:** This EBITDA estimate scales the company's current EBITDA based on their Net Profit against the top 10% Net Profit of the industry's NAICS code. This is only an estimate as the scaling of Interest, Taxes, Depreciation, and Amortization may not be linear.

Balance Sheet

Cooler's Heating & Cooling

Units: $1,000 ($Thousands)	Ending Period 1	Ending Period 2	Ending Period 3	Ending Period 4	Ending Period 5	Ending Period 6	Ending Period 7	Ending Period 8	Ending Period 9	Ending Period 10	Ending Period 11	Ending Period 12	Ending Period 13
Date	10/31/11	11/30/11	12/31/11	01/31/12	02/29/12	03/31/12	04/30/12	05/31/12	06/30/12	07/31/12	08/31/12	09/30/12	10/31/12
ASSETS													
Cash	$24.4	$38.3	$23.5	$61.2	$57.7	$75.2	$10.8	$22.3	$63.8	$41.3	$27.6	$47.3	$72.9
Accounts Receivable	$492.1	$516.2	$456.7	$455.5	$468.0	$437.4	$435.5	$455.6	$454.0	$437.2	$524.5	$470.0	$531.6
Inventory	$60.3	$51.3	$51.3	$51.3	$38.6	$51.3	$51.3	$51.3	$51.3	$51.3	$51.3	$51.3	$51.3
Other Current Assets	$510.2	$498.9	$491.7	$486.1	$487.2	$480.0	$503.2	$491.9	$511.4	$505.2	$515.0	$506.4	$520.9
Total Current Assets	$1,086.9	$1,104.6	$1,023.2	$1,054.1	$1,051.5	$1,043.8	$1,000.9	$1,021.0	$1,080.5	$1,035.0	$1,118.4	$1,074.9	$1,176.7
Other Assets	$76.8	$69.6	$3.2	$3.2	$3.2	$3.2	$3.2	$3.2	$3.2	$3.2	$3.2	$3.2	$3.2
Net Fixed Assets	$49.2	$49.2	$49.2	$49.2	$49.2	$49.2	$49.2	$49.2	$49.2	$49.2	$49.4	$49.4	$49.4
Total Assets	$1,213.0	$1,223.3	$1,075.6	$1,106.4	$1,103.9	$1,096.2	$1,053.2	$1,073.4	$1,132.8	$1,087.4	$1,171.0	$1,127.5	$1,229.3
LIABILITIES & NET WORTH													
Notes Payable - bank	$471.1	$459.5	$465.5	$466.1	$469.0	$465.2	$467.5	$466.1	$467.4	$465.6	$465.1	$469.0	$508.3
Accounts Payable (A/P) - trade	$182.6	$191.4	$152.4	$170.0	$164.3	$172.2	$179.2	$196.6	$213.7	$226.5	$278.4	$237.1	$230.6
Other Current Liabilities	$372.3	$379.0	$340.4	$337.5	$334.4	$300.1	$281.0	$288.7	$307.0	$277.3	$292.3	$300.9	$247.2
Total Current Liabilities	$993.7	$993.0	$920.3	$945.2	$939.4	$911.7	$899.6	$931.2	$963.7	$944.1	$1,014.9	$982.5	$959.9
Total Long-Term Liabilities	$34.2	$31.1	$27.9	$24.8	$21.6	$18.5	$15.3	$12.1	$8.9	($1.0)	($1.0)	($1.0)	($1.0)
Total Liabilities	$1,027.9	$1,024.1	$948.2	$970.0	$961.0	$930.1	$914.9	$943.3	$972.6	$943.1	$1,013.9	$981.5	$958.9
Total Equity	$185.1	$199.2	$127.3	$136.4	$142.9	$166.1	$138.4	$130.1	$160.3	$144.4	$157.1	$146.0	$270.4
Net Worth	$185.1	$199.2	$127.3	$136.4	$142.9	$166.1	$138.4	$130.1	$160.3	$144.4	$157.1	$146.0	$270.4
Total Liabilities + Net Worth	$1,213.0	$1,223.3	$1,075.6	$1,106.4	$1,103.9	$1,096.2	$1,053.2	$1,073.4	$1,132.8	$1,087.4	$1,171.0	$1,127.5	$1,229.3

Income Statement

Cooler's Heating & Cooling

	Date												
	Ending Period 1	Ending Period 2	Ending Period 3	Ending Period 4	Ending Period 5	Ending Period 6	Ending Period 7	Ending Period 8	Ending Period 9	Ending Period 10	Ending Period 11	Ending Period 12	Ending Period 13
Units: $1,000 ($Thousands)	10/31/11	11/30/11	12/31/11	01/31/12	02/29/12	03/31/12	04/30/12	05/31/12	06/30/12	07/31/12	08/31/12	09/30/12	10/31/12
Sales	$407.6	$390.0	$288.2	$288.6	$283.8	$295.9	$209.2	$250.2	$263.6	$237.6	$326.4	$259.4	$414.1
Cost of Goods Sold	$219.6	$228.2	$166.6	$153.0	$152.6	$144.4	$116.8	$133.7	$138.5	$136.3	$180.9	$150.2	$180.4
Gross Profit	$188.0	$161.8	$121.6	$135.6	$131.3	$151.5	$92.4	$116.6	$125.1	$101.3	$145.6	$109.2	$233.7
Expenses													
Marketing, Sales, G&A	$115.6	$120.6	$55.1	$122.2	$120.8	$123.6	$116.4	$120.3	$89.5	$112.2	$127.8	$116.2	$45.3
R&D	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Depreciation & Amortization	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Expense	$10.0	$10.0	$66.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
***Expenses** before Interest & Tax*	$125.6	$130.6	$121.4	$122.2	$120.8	$123.6	$116.4	$120.3	$89.5	$112.2	$127.8	$116.2	$45.3
Operating Profit	$62.5	$31.2	$0.2	$13.4	$10.5	$28.0	($23.9)	($3.7)	$35.6	($10.9)	$17.8	($7.0)	$188.3
Other Income	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($0.3)	$0.0	$0.0
Interest Expense	$2.1	$2.7	$1.8	$2.1	$1.6	$2.4	$2.2	$2.3	$3.0	$3.0	$2.3	$1.4	$29.3
Net Profit Before Taxes	$64.6	$18.5	($68.0)	$11.4	$8.9	$25.6	($26.1)	($6.0)	$32.6	($13.9)	$15.2	($8.4)	$159.1
Tax Expense	$3.9	$3.2	$3.9	$2.3	$2.5	$2.3	$1.6	$2.3	$2.5	$2.0	$2.5	$2.7	$34.7
Net Profit After Tax	$60.7	$15.3	($71.9)	$9.1	$6.4	$23.2	($27.7)	($8.2)	$30.1	($15.9)	$12.7	($11.1)	$124.3
EBITDA	$66.7	$21.2	($66.2)	$13.4	$10.5	$28.0	($23.9)	($3.7)	$35.6	($10.9)	$17.5	($7.0)	$188.3

Note: COGS=Costs of Goods Sold (Product Business); COS=Cost of Sales (Service Business)