

**Annual Report to the  
UNC Press Board of Governors  
22 January 2014**

At the Digital Book World conference I attended in New York City earlier this week, one of the conference organizers submitted the idea that while change continues to happen rapidly in publishing and all media industries, that going forward, the current rate of change is the slowest we will see in our lifetime. Whether that proves to be true or not, there's no arguing the fact that the pace of change remains rapid here.

The mid-point of the fiscal year being an appropriate moment to step back and self-assess, I would say that we continue to struggle with projecting the sales activity, but that we have done an excellent job of adapting our business to the new market realities. Robbie's financial report and Dino's marketing report will reflect the continued success of our publishing program, even while flying into significant headwinds.

I continue to travel significantly as part of the execution of our Mellon Grant. Since the first of the year, I attended the AHA and the aforementioned Digital Book World. During the next two months I will be presenting at a summit on Open Access co-sponsored by the Omohundro Institute and the McNeil Center in Philadelphia; I will be on a panel at the Library-Publishing Coalition Forum in Kansas City; I will be attending South by Southwest Interactive Conference in Austin; and I hope to make site visits to university presses, academic organizations, and technical partners in the Washington-Baltimore area. A little closer to home, I was invited to discuss the Press's activities at the UNC-CH Scholarly Communications Group. And while a formal announcement is still forthcoming, I will be an ex-officio member of the Advisory Panel for the newly relocated (from Charlottesville) Scholarly Communications Institute, a Mellon-funded initiative.

At the same time, we continue to explore some of our challenges on the content-creation side (e.g., the Digital First pilot for monograph publishing, two Open Access pilots, expanding the DocSouth publishing program with Wilson Library) as well as exploring efficiencies and potential collaborative models with other university presses on the operations side. We'll be reporting on these efforts in the next few months.

John Sherer  
Spangler Family Director  
-17 January 2014

To: UNC Press Board of Governors  
 From: Dino Battista  
 Date: 17 January 2014  
 Re: Marketing Report for the January 2014 meeting

### **Sales:**

Through December 31 (mid-year), book sales for FY14 totaled \$ 2,855,036 (58% of our \$4,925,000 full year sales forecast). This is \$195,000 less than our six-month forecast of \$3,050,000 and \$498,300 less than last year (remember that last August included the release of McPherson, *War on the Waters*, which totaled \$227,000).

	<u>December 2013</u>		<u>December 2012</u>		<u>December 2011</u>	
Sales to Date	\$2,855,036	57.9%	\$3,353,327	65%	\$3,307,317	61.72%
Year-End Sales	\$4,925,000	budget	\$5,155,240		\$5,358,188	

eBook thru 10/31	\$218,978	30.8%	\$232,749	46.96%	\$146,836	34.41%
eBook FY Total	\$711,000	budget	\$495,626		\$426,737	

Fiscal year returns are \$647,624 (18.5% of gross sales)—this is \$87,376 below forecast and \$112,369 less than last year's returns total of \$759,993 (18.5% of gross sales).

### **Awards:**

Award highlights since the Board last met:

- Laura E. Matthew, MEMORIES OF CONQUEST, 2012 Murdo MacLeod Prize, Latin American and Caribbean section, Southern Historical Association
- 2013 CHOICE Outstanding Academic Titles
  - Edward J. Blum and Paul Harvey, THE COLOR OF CHRIST
  - Lillian Guerra, VISIONS OF POWER IN CUBA
  - Alan M. Wald, AMERICAN NIGHT
- Paulina L. Alberto, TERMS OF INCLUSION, 2013 Warren Dean Prize, Conference on Latin American History (\$500)
- David S. Cecelski, THE FIRE OF FREEDOM, 2013 Ragan Old North State Award, North Carolina Literary and Historical Association
- Laura E. Matthew, MEMORIES OF CONQUEST 2013 Howard Cline Memorial Prize, Conference on Latin American History (\$500)
- Christopher Teuton, CHEROKEE STORIES, 2014 Storytelling World Award (embargoed until March)

**Exhibits:**

Recent exhibits include:

- American Studies Association, Washington DC, November 21-24. Mark Simpson-Vos and Brandon Proia attended
- American Academy of Religion, Baltimore MD, November 23-26. Elaine Maisner and Laura Gribbin attended
- American Historical Association, Washington DC, January 2-6. John Sherer, Mark Simpson-Vos, Chuck Grench, Brandon Proia, and Lucas Church attended
- Modern Language Association, Chicago, IL, January 9-12. Mark Simpson-Vos attended.

**Subsidiary Rights:**

Recent rights deals include:

- Amer, Sahar: WHAT IS VEILIING (2014):
  - Arabic rights in Egypt to Sutour in Cairo Advance: **\$300**
  - English reprint rights for Europe and the Commonwealth (excluding Canada) to Edinburgh University Press Advance: **\$500**
  - South Asian (reprint) rights to DEV Publishers in New Delhi Advance: **\$300**
- Gleijeses, Piero: VISIONS OF FREEDOM (2013), Portuguese rights to Mayamba Editora, Luanda, Republic of Angola Advance: **\$3,000**
- Weigl, Andrea: PICKLES AND PRESERVES (2014), Alternate selection of The Good Cook book club. Advance: **\$400**
- Hohn, Maria: GIS AND FRAULEINS (2002), simplified Chinese rights to Beijing Yanziyue Culture & Art Studio, Beijing Advance: **\$1,800**
- Shields, David S. CIVIL TONGUES AND POLITE LETTERS IN BRITISH AMERICA (1997), simplified Chinese rights to Beijing Yanziyue Culture & Art Studio, Beijing Advance: **\$1,500**
- Gates, Henry Louis, Jr. FINDING YOUR ROOTS (2014) audio rights to Blackstone Audio Advance: **\$3,000**

**Media Attention:**

Media highlights since the last Board meeting include:

- Adrian Miller, author of SOUL FOOD, interviewed on NPR's "The Splendid Table" 12/6/13
- Kathleen Purvis, author of BOURBON, Belinda Ellis, author of BISCUITS, and Sandra Gutierrez, author of LATIN AMERICAN STREET FOOD, were featured in the *New York Times*' Holiday Cookbook Guide, 12/11/13
- Louis Perez's STRUCTURE OF CUBAN HISTORY reviewed in the January/February issue of *Foreign Affairs*
- Authors appearing on "The State of Things": Sarah Bryan (*African American Music Trails of Eastern North Carolina*) 12/11/12, Pete Daniel (*Dispossession*) 12/26/13

**The University of North Carolina Press  
Board of Governors Meeting—January 22, 2014  
Development Report**

**1. Gifts for Fiscal Year 2014 To Date, Total: \$389,286**

Endowment Gifts: \$56,072

Annual Gifts: The UNC Press Club: \$60,721

Outside Title Subventions: \$10,825

Other: \$261,668

Due to a combination of new gifts and prudent guidance by the UNC Management Company, I am pleased to report that the Press endowment reached \$15,979,800 before the close of 2013, a high not seen since May 2008. While growing the endowment continues to be an important focus of the Press's development program, this report shows a remarkable, and beneficial, broadening of focus over the past several years. Surpassing the new endowment gift total thus far for fiscal year 2014, the UNC Press Club is well on its way to reaching the \$75,000 goal, funds which are unrestricted and go immediately into supporting Press staff, authors, and publications. Without a doubt, the efforts on securing grants from the Mellon Foundation and the Kenan Charitable Trust are invaluable in allowing exploration and infrastructure investments not possible in the existing budget.

I would like to provide a little detail behind the numbers. Many of the new endowment gifts have been made to the Blythe Family Fund in memory of Gloria who died in late October. Most of the title subvention support was for Catherine Bishir's *Crafting Lives*. And the "Other" category includes, as well as Mellon and Kenan grants, \$11,000 for the newly initiated Authors Fund.

**2. UNC Press Advancement Council**

- The spring 2014 Advancement Council meeting will be Sunday, April 6<sup>th</sup> and Monday, April 7<sup>th</sup> in Chapel Hill.

**3. Initiatives and Updates**

- January is the time of year when tax letters are mailed and donors reports are mailed (326 donors in 2013, and 180 additional donors who gave to endowments in previous years but not in 2013)
- Laura Gribbin is working with Chancellor Folt's office to secure a date for a UNC Press reception. Jim and Florence Peacock and Hodding Carter and Patt Derian have graciously offered to host at the Peacock's home.

January 17, 2014

To: UNC Press Board of Governors  
From: Robbie Dircks  
Subject: Financial highlights for January 22, 2014 Board Meeting

At mid-year, book sales for FY13 totaled \$2.86 million. This represents 58% of our \$4.925 million sales projection (which is significantly less than the 62% we generally achieve the first-half of the fiscal year). Because we've been focusing on controlling expenses, the December financial report reflects a surplus of \$334,000 (after six-months of state and endowment support), which is similar to a year ago. Cost of Sales are slightly better than budgeted (as a % of net sales) and \$230,000 less than last year. Gross margin at 12/31/2013 was at budget but \$270,000 less than last year. Total departmental operating expenses were \$40,000 under budget at 12/31/2013 and \$287,000 less than last year. The mid-year surplus is close to budget; however, due to lower sales each spring, the surplus will slowly erode during the second-half of the fiscal year.

Although sales are almost \$500,000 less than the same period last year, due to fairly significant reductions in initial print runs and reduced expenses, cash flow for the first-half of the fiscal year remains healthy. Because of the reduced initial print runs, smaller reprint quantities, and greater use of print-on-demand, the December 31 inventory value was \$850,000 and should be around \$750,000 by the end of the fiscal year (this compares to an inventory value of \$2.1 million at 6/30/2004 and values of \$1.5 - \$1.8 million through 6/30/2011).

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As a result of the downturn in sales, we are revising the FY14 sales projection from \$4.925 million to \$4.6 million (and possibly lower as we continue to go through the revised budget process). I've spent the past week or so reviewing cost of sales and departmental operating expenses and am continuing to work, with feedback from the department heads, on a revised budget. I expect to finalize the revised budget by the end of the month and will keep the finance committee and Board informed if we believe that we'll need to increase the draw from the operating reserve.

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UNCMC earned a gain of 2.0% for the month of November, increasing the year-to-date return to 7.4%. The 11/30/2013 investment balance increased to \$17.3 million, which breaks down as follows: \$15,979,800 in endowment, \$656,140 in the Press operating reserve, and \$662,133 in Journal's operating reserve.

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Since the November Board meeting, I've had follow-up conversations with McGladrey and have agreed to retain them for the FY14 audit. Later this spring I'll be speaking with the UNC GA staff and their auditors to see if we may be able to reduce our annual audit fees by piggy-backing onto the annual UNC GA audit engagement (or contracting with the UNC GA audit firm).

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Net sales for all Longleaf client publishers, including UNC Press, totaled \$7.7 million. This represents 53.5% of budgeted net sales of \$14.3, and is \$537,000 less than last year's net sales of \$8.2 million.

Expenses, primarily fees to Maple Vail, are running about \$76,000 under budget. Longleaf generated a mid-year surplus of \$16,000, which is \$25,000 less than last year.

I've contacted the client publishers and asked for a revised sales projection as the first step in revising the Longleaf FY14 budget.