

May 16, 2014

To: UNC Press Board of Governors
From: Robbie Dircks
Subject: Financial highlights for May 21, 2014 Board Meeting

After ten months, net book sales for FY14 totaled \$4.05 million. This is approximately \$489,000 less than the same period last year, and represents 88% of our \$4.6 million revised sales projection. Because we've been focusing on controlling expenses, the April financial report reflects a surplus of \$54,000 (including application of ten-months of state and endowment support), which is about \$224,000 better than then a year ago (FY13 ten-month deficit was \$170,000). Cost of Sales are slightly better than budgeted (as a % of net sales) and \$267,000 less than last year (consistent with the net sales decrease). Gross margin at 4/30/2014 was at budget but \$222,000 less than last year. Total departmental operating expenses were \$75,000 under budget at 4/30/2014 and \$349,500 less than last year.

Although sales are \$489,000 less than the same period last year, due to fairly significant reductions in initial print runs and reduced expenses, cash flow through April 30th remains healthy. The 4/30/14 cash balance was \$1.84 million, compared to \$1.16 million at 4/30/13. Because of reduced initial print runs, smaller reprint quantities, and greater use of print-on-demand, the April 30th inventory value was \$836,000 and should be around \$750,000 by the end of the fiscal year (this compares to a 4/30/13 inventory value of \$1.2 million).

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UNCMC earned a market gain of 0.7% for the month of March, increasing the year-to-date return to 11.2%. The 3/31/2014 investment balance was \$17.865 million, which breaks down as follows: \$16,545,150 in endowment, \$683,280 in the Press operating reserve, and \$636,400 in Journal's operating reserve.

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Net sales for all Longleaf client publishers, including UNC Press, totaled \$11.6 million. This represents 81% of budgeted net sales of \$14.3, and is \$747,000, or 6.1%, less than last year's net sales of \$12.4 million.

Expenses, primarily fees to Maple Vail, are running about \$39,000 under budget. Longleaf generated a ten-month surplus of \$13,700, compared to the ten-month deficit of \$35,000 generated last year.

Similar to the Press, despite the lower sales compared to budget and to a year ago, Longleaf had a healthy cash balance of \$496,200 at 4/30/14, compared to \$383,500 at 4/30/13.

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The Finance Committee will meet on Tuesday, May 20 to review and discuss a draft FY15 budget for the Press and Longleaf. The results of that meeting will be shared during the Board meeting.