Date: February 26, 2020

To: Members of the Finance and Investment Committee

Mr. Scott Apel

Dr. Wendy Reiboldt

Dr. Praveen Soni

From: Robert de Wit, Controller

Subject: Operating Statement – January 2020

January results were mixed with the start of the spring semester as sales got off to a slow start while keeping costs in check thereby resulting in positive operating margins.

Overall Sales came in at $3,653,867 but $308,519 7.8%) below budget. The majority of the shortfall ($279,932, 14.3%) was in Textbooks which are now running 10.1% below plan for the year. The rest of the business areas were within budget expectation.

Cost of Goods percentages continue to run a better than plan and align with total year projections of 44.4% but further post-closing reviews are being conducted. Operating Expenses came in over plan by $45,284 (3.1%) driven by payroll. In part due to the new minimum wage increase and timing of the five week payroll in January. .

The above resulted in Operating Income of $479,413 and $69,251 (16.9%) above budget.

G&A expense continues to run below plan due to reduced staffing and favorable by $65,511 while Investments went negative for the month.

Capital expenditures in January amounted to $16,962 for UDP Patio table upgrades and Micros Point of Sale systems upgrade. This amount, added to the above operating results generated positive Cash Flow of $139,115 for the month.

Table 1 below highlights the January and Year-to-Date Operating Statement summary while table 2 provides the corresponding divisional breakdown.



Table 1



Table 2

Table 3 and 4 below provides a similar comparison with prior year in summary and divisional format. Both reveal current year operating results trailing in sales and margins while operating expenses are increasing due to minimum wage hikes. The one area showing a major positive shift are investments with the markets at an all-time high.



Table 3



Table 4