



**ATTACHMENTS CONFIDENTIAL**

**APPENDIX 'A' TO REPORT NUMBER 66 OF THE AUDIT COMMITTEE**

Date: October 21, 2002  
To: Audit Committee  
For: Meeting of October 30, 2002, Item 3

**Item Identification:** University of Toronto Press: Annual Report and Financial Statements for the Year ended April 30, 2002

**Sponsor:** Felix Chee, Vice-President, Business Affairs

**Jurisdictional Information:** Pursuant to item 5.1(o) of its Terms of Reference, the Audit Committee “monitors such other financial matters as the Governing Council or the Business Board may direct.” A footnote to the Terms of Reference explains further as follows. “The Business Board, at its meeting of October 15, 1996, as one of the steps taken to streamline Board operations, delegated to the Audit Committee the Board’s stewardship responsibility with respect to two incorporated business ancillary operations: the University of Toronto Innovations Foundation and the University of Toronto Press. To carry out this responsibility, the Committee reviews the annual reports and financial statements of the corporations and recommends that the Business Board ‘accept’ the annual report and financial statements. Unless the Audit Committee reports some substantial concern, the Business Board normally places consideration of the annual reports and financial statements of those corporations on its ‘consent’ agenda. Should the Committee or the Board determine not to ‘accept’ the annual report and financial statements, this would be interpreted as a recommendation to the Governing Council that the affairs of the ancillary operation are not in good order and that the Council should reconsider its appointments to the Boards of these corporations. Because these corporations have their own boards and audit committees, the Audit Committee of the Governing Council is not expected to review the operations’ financial statements in detail.”

**Previous Action Taken:** Annual review.

**Action Sought:** Recommendation to the Business Board

THAT the annual report and audited financial statements of the University of Toronto Press for the year ended April 30, 2002 be accepted.

**Highlights**

- The mandate of the Press is to provide a successful scholarly publishing program for the University, funded by the Press’s commercial activities: printing, on-campus printing, book distribution services for other publishers, and retail stores.

- Consolidated net income for 2001-02 was \$705,000, an increase of \$693,000 from the previous year, after paying the costs of scholarly publishing and central administration. This result exceeded budget by \$465,000.

This net income enabled: (a) a distribution of \$235,000 of participating interest to the University on a \$3-million loan / basic capital funding provided to the Press; (b) a contribution of \$235,000 to the University's Scholarly Publishing Trust Fund; and (c) retained net income of \$235,000, bringing the Press's accumulated surplus to \$1,463,000. Since incorporation ten years ago, the Press has distributed \$2.687-million to the University in participating interest and contributions to the Scholarly Publishing Trust Fund.

- Current liabilities, including the loan from the University, exceeded current assets by \$1,135,000, down \$56,000 from the previous year. The loan from the University was reduced substantially.
- Operational highlights include: opening of a new, highly successful bookstore location at the Scarborough Campus; launch of an e-commerce site for student on-line orders of textbooks and supplies; attraction of several new client publishers by the Distribution service, following the bankruptcy of Stoddart's General Distribution Service; consolidation of certain on-campus printing services at a new location at 245 College Street; take-over of the business functions for the University of Ottawa Press, enabling the University of Toronto Press to offer editorial services in French; signing of two- and three-year labour contracts with five unions; receipt of 14 awards for the quality of its printing; hosting of the annual meeting of the Association of American University Presses, raising the profile of the University of Toronto Press; extraordinary success in the launch of Friedland's *History of the University of Toronto* and in publishing within a week of manuscript delivery the Faculty of Law's *Security of Freedom*, in time to inform the Parliamentary debates following the terrorist attacks of September 11, 2001.

**Financial Implications:** The Press had an outstanding year, its best since incorporation and likely its best ever, in a climate when many other publishing, printing, distribution, and book-selling business fared poorly. Having earned a profit in nine of its ten years as a separate corporation, the Press continues to be in a position to operate its world-class scholarly publishing program on the basis of earnings from its other operations. It continues to be in a position to publish all books recommended as worthy of publication by its Manuscript Review Committee, irrespective of financial considerations.