



Financial Performance

LRC's projected financial statements are an integral part of each year's business plan, which is approved approximately six months prior to the commencement of the year. The following financial review and analysis compare the actual results for the year to the projections in the business plan. The review and analysis should be read in conjunction with the summary as presented below.

| | 2015/2016 Actual | 2014/2015 Actual | Variance From Last Year | 2015/2016 Budget | Variance From Budget |
|--------------------------------------|---------------------|---------------------|----------------------------|---------------------|-------------------------|
| Sales Revenue | \$7,214,619 | \$7,096,654 | \$117,965 | \$7,718,404 | \$(503,785) |
| Cost of Goods Sold | 6,297,839 | 6,235,290 | 62,549 | 6,766,957 | (469,118) |
| Gross Profit on Sales | 916,780 | 861,364 | 55,416 | 951,447 | (34,667) |
| Salaries & Benefits | 433,325 | 418,360 | 14,965 | 425,642 | 7,683 |
| Operating Expenses | 462,544 | 476,678 | (14,134) | 507,801 | (45,257) |
| Interest – Working Capital | 29,800 | 30,110 | (310) | 40,600 | (10,800) |
| Total Administrative Expenses | 925,669 | 925,148 | 521 | 974,043 | (48,374) |
| Net Income (Loss) | \$(8,889) | \$(63,784) | \$54,895 | \$(22,596) | \$13,707 |

Review of Operation

Sales increased by \$117,965 over 2014/2015 and the gross profit percentage increased slightly from 12.1% to 12.7%. Administrative expenses increased for 2015/2016 by .1% (\$521) compared to 2014/2015 and were well below budget by 5.0% (\$48,374) for the period. LRC realized a net loss of \$8,889.

LRC continues to strive for efficiencies in its operations by updating and utilizing the capabilities of its accounting and inventory management software (Microsoft Dynamics GP). This software continues to contribute to the reduction of required staffing levels and respective costs.

Salaries and employee benefits expense was \$14,965 higher than 2014/2015 due to a new MGEU Collective Agreement, which resulted in a 4% cumulative increase in salaries, maternity



leave top-up, and increased costs in benefits. Salaries and employee benefits expenses exceeded budget by \$7,683, even though the number of hours worked were as planned.

Review of Financial Position

LRC had listed over 13,500 different learning resource titles and other support materials as of March 31, 2016. The total inventory value at March 31, 2016, was \$2,374,224 as compared to \$2,510,503 at March 31, 2015.

The accounts receivable balance decreased by \$29,482 compared to March 31, 2015. The average days in receivables in 2015/2016 increased to 43.5 days from 36.8 days in 2014/2015.

The LRC financial position is stable; the current ratio (current assets/current liabilities) is unchanged from 2014/2015 at 1.20.