

The fiscal year ended June 30, 2007, was the third consecutive year of positive net operating performance at Lawrence University. The college's financial strength continues to grow due to the continued support of donors, controlled operating expenses, full enrollment, and a healthy economy.

In fiscal 2007, total operating revenues reached \$52.9 million, which compares favorably to revenues of \$54.8 million in the prior year when considering the effect of a one-time \$4.5 million debt-reducing gift to the college in fiscal 2006. Net student revenue increased \$2.6 million in fiscal 2007 compared to fiscal 2006, due to a larger number of students enrolled at the college and a decrease in financial aid expenses. Earned interest of \$300,000 on contributions invested for the Campus Center and Björklunden, and a strong year in securing government grants also contributed to operating revenue growth.

Operating expenses, including depreciation, were \$52.1 million in fiscal 2007, compared to \$49.6 million in fiscal 2006. Annual salary increases were the primary factor for the additional operating expense in fiscal 2007, and we continue to make progress with our energy saving program and utility expenditures.

Non-operating income was \$56.8 million in fiscal 2007, up 45.2 percent from the prior year's \$25.7 million, with the difference largely due to contributions for long-term purposes such as the construction of the new Campus Center and the renovations at Björklunden. Ground was broken for the Campus Center in the spring of 2007, and the project is expected to be completed in time for the beginning of the 2009-10 academic year.



As of June 30, 2007, the market value of the endowment was a record \$231.7 million versus \$200.3 million in the prior year. The college's investment committee continues to work closely with investment advisors to bolster the endowment return, which in fiscal 2007 was 19.6 percent compared to 12.1 percent in fiscal 2006. The return from the endowment and other investments was \$25.5 million in fiscal 2007, compared to \$9.5 million in the prior year, after the \$11 million distribution in each of the years.

Lawrence University is on firm financial footing, thanks to the generous support of alumni and friends, and the hard work of faculty, staff, and our board of trustees.

*Lori Glynn
Controller*

Statement of activities for the year ended June 30, 2007, with comparative totals for 2006

Lawrence University of Wisconsin

	2007	2006
Operating revenues		
Net student revenue	\$32,884,486	\$30,215,815
Auxiliary enterprises	2,077,141	2,152,914
Investment return designated for current operations	11,000,000	11,000,000
Government grants	815,890	797,414
Contribution revenue	5,371,100	10,068,933
Other income	794,059	595,910
Total operating revenues	\$52,942,676	\$54,830,986
Operating expenses		
Instruction	\$15,986,726	\$14,386,484
Research	426,458	601,569
Public service	1,743,750	1,511,872
Academic support	3,653,965	3,412,710
Student services	4,354,330	4,191,773
Institutional administration	8,375,004	7,909,295
Physical plant operations	6,005,186	6,018,559
Student financial aid	143,109	64,041
Auxiliary enterprises expense	3,416,264	3,411,609
Interest expense	2,557,751	2,504,508
Depreciation	5,405,300	5,632,230
Total operating expenses	\$52,067,843	\$49,644,650
Non-operating income (expenses)		
Investment return in excess of (less than) amounts designated for current operations	\$25,514,285	\$9,547,116
Increase in beneficial interests in trusts	577,042	127,908
Change in value of split interest agreements	(90,851)	82,038
Other non-operating items, net	(34,293)	304,812
Contributions for long-term purposes	30,798,114	15,604,127
Total non-operating income	\$56,764,297	\$25,666,001
Change in net assets before cumulative effect of change in accounting principle	\$57,639,130	\$30,852,337
Cumulative effect of change in accounting principle	–	(\$2,998,959)
Change in net assets	\$57,639,130	\$27,853,378
Net assets, beginning of year	237,006,108	209,152,730
Net assets, end of year	\$294,645,238	\$237,006,108

Statement of financial position as of June 30, 2007 and 2006

Lawrence University of Wisconsin

	2007	2006
Assets		
Assets		
Cash and cash equivalents	\$700,087	\$568,657
Receivables		
Students accounts, net of allowance for doubtful accounts of \$195,000 and \$180,000	110,751	138,821
Government grants	160,841	284,949
Accrued interest	458,397	471,208
Contributions, net of allowance for doubtful accounts of \$51,000 and \$34,000	25,947,053	10,812,992
Other	173,694	185,062
Inventories	291,201	330,983
Prepaid expenses and other assets	3,299,018	3,263,737
Student loans receivable, net	4,459,461	4,231,388
Investments	240,422,223	200,440,731
Property and equipment, less accumulated depreciation	86,807,763	84,822,353
Total assets	\$362,830,489	\$305,550,881
Liabilities and net assets		
Liabilities		
Accounts payable	\$2,937,099	\$2,295,656
Accrued liabilities	4,412,615	4,180,121
Deferred income and deposits	796,509	642,120
Line of credit	5,368,000	5,617,000
Postretirement obligation	2,077,248	2,004,620
Asset retirement obligation	3,320,187	3,173,040
Annuities payable	1,565,976	1,606,427
Long-term debt	45,736,012	47,045,591
U.S. government grants refundable	1,971,605	1,980,198
Total liabilities	\$68,185,251	\$68,544,773
Net Assets		
Unrestricted	\$109,265,178	\$83,098,374
Temporarily restricted	67,491,014	44,356,839
Permanently restricted	117,889,046	109,550,895
Total net assets	\$294,645,238	\$237,006,108
Total liabilities and net assets	\$362,830,489	\$305,550,881