

Lindenwood College
President's Report
to the
Board of Directors
October 15, 1985

One is tempted to cover too many subjects in a report like this on the status of Lindenwood in the fall of 1985. So much has happened and is transpiring that it is difficult to choose what to include and what to leave out. In an effort to provide the Board an overview of finances and enrollment, I have attached two charts that present comparative financial data over a five year period and a report on Fall enrollment and the consequences of this enrollment for our current budget.

The five year comparison reveals that we've about got our revenues and expenditures balanced, but only by the use of such nonrecurring income as profit from the sale of the Commerce Bank property this past year and proceeds from the settlement of the lawsuit over the stadium astroturf the year previous. Gift income has doubled but the increase has been more than consumed by additional student aid. We've been able to grant modest salary increases only by cutting programs, holding up on needed equipment purchases and deferring maintenance on our campus grounds and buildings.

I am pleased to report a positive reaction from the college's constituency to the sale of 50 acres of the Farm for the construction of a retirement complex to be known as the Lindenwood Village. I recommend to the Board that the Farm Committee, composed of Walter L. Metcalfe, Jr., Raymond Harmon, Harvey Friedman, Robert McKelvey, and Robert Kaplan be dissolved with the appreciation of the entire college community for their excellent leadership in securing a laudable use of the farm land. I suggest that those members of the Farm Committee who are willing be asked to join the Facilities Committee. I also recommend that the Board instruct the Facilities Committee to work with the administration and the developers of the Village to finalize a master plan for the 30 acres the college has retained and the area adjacent to the drive that exits on First Capitol.

I am also pleased to report that this fall we have our largest enrollment in history, nearly 2,100. Because we've had fewer students than projected in our high cost areas (full-time day and LCIE) we will suffer a net income loss this first semester of \$117,410. We still project we'll complete the fiscal year on June 30, 1986 with a small surplus of under \$50,000.

Several expenditures over which the administration has no control may put us in the red. Legal and audit fees were budgeted at \$80,000 and we've already spent \$35,000 on the audit and about \$40,000 in legal fees. The lawsuits I inherited when I became your President are a heavy burden both financially and time-wise. Our legal fees may well run another \$40,000 before the year's end for a total of \$115,000 instead of the \$80,000 budgeted for legal and audit expenses.

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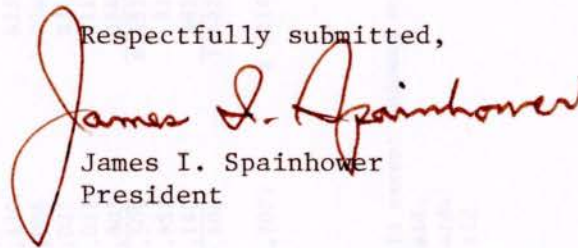
Insurance costs have increased by \$50,000 above our budget allowance. We had already taken into account our interest savings from the sale of the Farm but interest costs remain high and, of course, we are paying 1 percent over prime because of our poor credit rating.

In the immediate future we must do a minimum of \$750,000 repair on our roofs, tuckpointing, and general maintenance. Actually we could and should be spending \$3 million just to get our current buildings and grounds into good condition.

Lindenwood's salary scale is sadly lacking and as a consequence we have a high turnover in faculty, administration, and staff. Turnover is costly but, in the foreseeable future, we must be prepared to pay its price until we can garner the income for the massive salary increments that both equity and competition demand.

I believe that the ultimate solution to most of the financial shortages I have listed above lies in these two areas: (1) Continuation of a strong development program under the guidance of Tom Gossage and his Fund Raising and Development Committee and (2) Filling our residence halls as quickly as possible with quality students. That is why the college is launching the "Full House Residential Program". I appeal to every member of the Board to support this program enthusiastically because its success and, indeed, that of the college, depends on the college making the fullest use possible of all its facilities, faculty and staff.

Respectfully submitted,



James I. Spainhower
President