

# The Lutheran High School Association of Greater Milwaukee



# All Faculty Gathering

November 1, 2009

# Agenda

- Update on our financial realities
- Action items
- Your help needed
- Question & Answer Time
- Prayer

Thank you for being here

# My Style

- Relationships
- Honest
- Candid
- Transparent
- Collaboration
- Participatory

# The Financial Realities

- Debt is too high
  - \$27MM
- Operating deficits past several years
  - (\$1.4MM) last year;(\$4.2MM) LTD
  - Released \$1.4MM endowment designated funds
- Borrowed from ourselves
  - \$1.1MM from Endowment
- Debt capacity maxed
  - \$1.5MM Line of Credit fully utilized
- Current cash reserves not adequate beyond spring
- Not a sustainable model

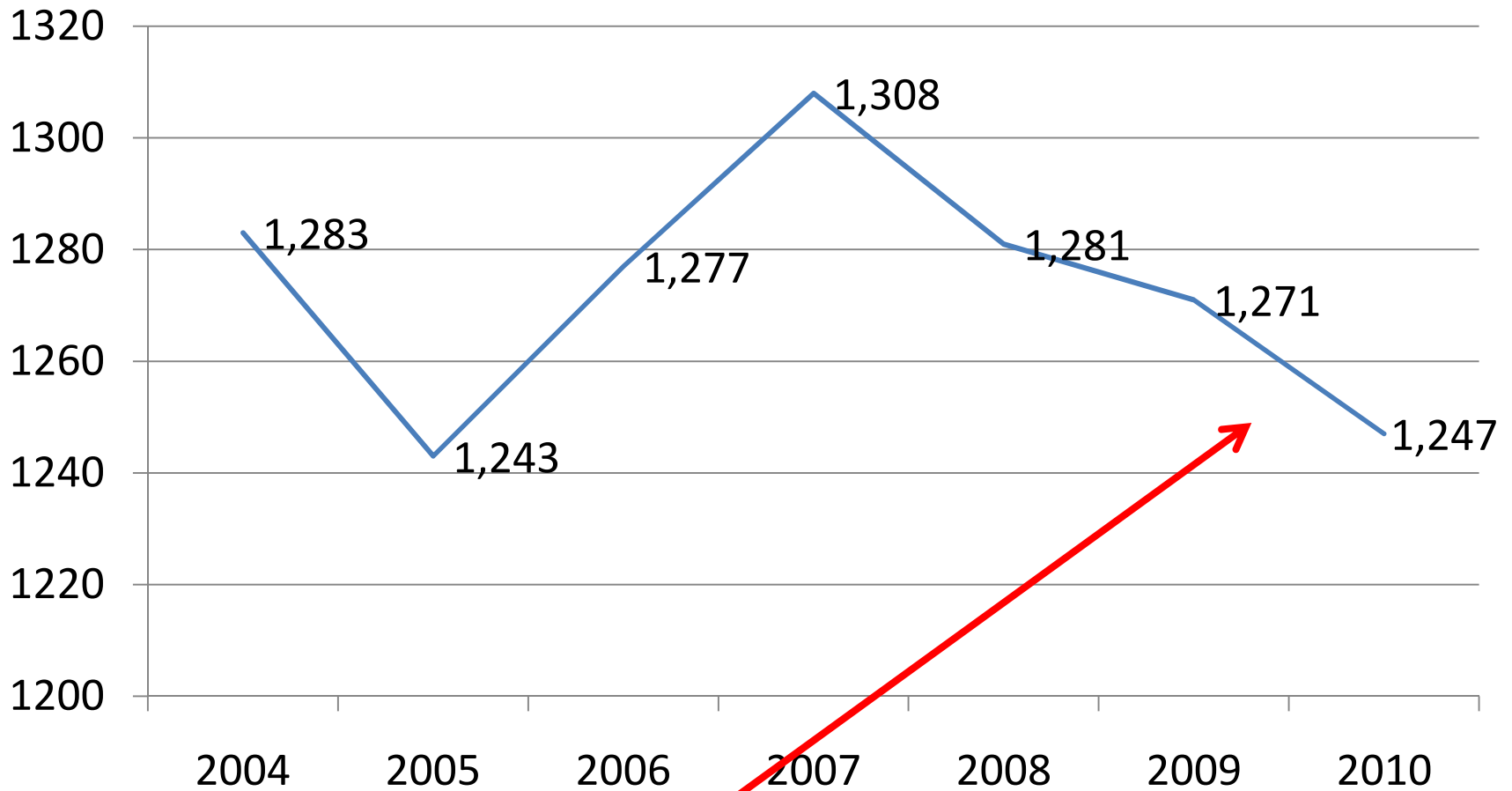
# Realities

- July 15, 2009
- May 15, 2010

Call upon me in the day of trouble and I  
will deliver you and you will honor me.

Ps. 50:15

# Total Enrollment



**27 Students = \$175,000**

# How did we get here?

- Economy
  - Individual giving down
  - Church giving is down
  - Financial aid applications up
  - Keep tuition low pressure
- Quota system is broken
- Weak development plan
  - Stepping out in faith at LCL
  - Daily activities used to “keep the lights on”
- Absence of strategic plan
- Inaccurate financial information
- Inadequate oversight

# Economic Realities

- Preliminary budget (\$900) deficit
- 6% Health Care Increase
- 13% Retirement Increase
- 5% Utilities Increase
- Declining Choice Revenue per student
- Lost Thrivent Matching Funds
- Less than 3% Tuition Increase
- Declining Church Support

# Operating Fund Action Steps

- Revenue Increase
  - Adjusted Development Efforts
  - MLHS Collaboration
  - Increased Fees (Elementary Band)
- Expense Reduction
- Deferred spending
- “People” impact
  - Six Full Time
  - Multiple Part Time
- Received Siebert \$50K grant last week
- Current FY 2010 Shortfall (\$200K)

# Campaign for Lake Country Lutheran

- \$3.0MM challenge if we can raise \$6.0MM by February 28, 2010
  - \$1.4M annual interest expense for 2010
  - \$1.6M annual interest expense for 2011
  - This is outside our operating fund
- *Challenge grant must be used for debt reduction*

# Campaign

- Even if raise \$6MM in pledges we could default on our loan
  - Cash reserves depleted
  - Debt capacity extinguished
  - Need additional \$2MM cash infusion by spring
- Our bank - Thrivent
- \$1.0MM + road construction remains (unfunded)

# FY 2011 (Operating Fund)

- Doing nothing ...
  - Forecast is (\$551K) loss
- Imperative that we have positive cash flow

With man this is impossible, but with God, all things are possible. Matt. 19:26

# Critical Organizational Goals

- Successful Lake Country Campaign
- Positive Operating Results
- Marketing Plan
- Governance / Congregational Quota
- Strategic Plan

# My Vision

Three healthy, viable and growing  
schools

# More realities

- This campaign is about “us” as an Association.
- “We” stepped out in faith at LCL
- Failure is not an option
- We could lose our schools

# Action Items

- Prayer
- “Non-essential items” spending freeze
  - Strategic Leader approval needed
- Hiring freeze
  - My approval needed
- Campaign focus change
- Blunt message to stakeholders

# More Action Items

- Large congregation meeting
- All Pastors / Principals meeting this week
- Congregation leader / interested party meeting November 12
- Future reductions are forthcoming
  - Update by December 1

You will not have to fight this battle. Take up your positions; stand firm and see the deliverance the LORD will give you, O Judah and Jerusalem. Do not be afraid; do not be discouraged. Go out to face them tomorrow, and the LORD will be with you. 2 Chronicles 20:17

# Your help is needed

- Prayer
- Trust in God
- Confidence that we will succeed
- Be a marketing machine
- Be all in
- We must be one – stop the negative comparisons
- Share ideas of what we can do

Stop dwelling on past events and brooding over days gone by. I am about to do something new; this moment it will unfold. Can you not perceive it? Isaiah 43:18-19

My vision: Three healthy, viable and growing schools

# Questions