

The Lutheran High School
Association of Greater Milwaukee

Delegate Meeting

October 14, 2009

Welcome

Mr. Tom Schoewe, President

FOCUS FROM THE WORD

Mr. Paul Bahr, Principal
Milwaukee Lutheran

**SUMMARY AND APPROVAL OF THE
MINUTES OF THE MAY 13, 2009
DELEGATE MEETING**

Mr. Darryl Winston, Secretary

BOARD PRESIDENT'S REMARKS

Mr. Tom Schoewe, President

Top Priorities—2009/2010

- Attain \$6.0 LCL Challenge Goal
- Balance the budget
- Adopt Strategic Plan
- Develop and Implement Marketing Plan
- Reevaluate Governance and Quota
- Initiate Capital Improvements Campaign for MLHS & ML

WITHDRAWAL OF MEMBERSHIP

St. Stephen's Lutheran Church

UPDATE: THE CAMPAIGN FOR LAKE COUNTRY LUTHERAN

Mr. Tim Young Eagle, LHSAGM

Tim's Slides

State of the Association

Todd Moritz

CEO

Agenda

- Me
- Association
- Money
- History
- Action
- Help

About Me

- Relationships
- My Mission
 - To simplify the administrative burden of ministry
- MBA / CPA
- 28 years in Financial / Executive Management
- 11 years in LCMS ministry
- Why am I here?
 - God's calling
 - I have a passion for His Church
 - My high school experience

My Style

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

Association Strategic Leadership Team

- Todd Moritz, CEO
- Mark Bahr, LCL Principal
- Paul Bahr, MLHS Principal
- Wayne Jensen, ML Principal
- John Radewahn, Facilities
- Karen Walrath, CFO
- Tim Young Eagle, LCL Campaign

Why an Association?

- Provides “central services”. Things we can do better together including:
 - Accounting
 - Billing & Receivables
 - Development
 - Payroll
 - Information Tech.
 - Facilities Mgmt.
- Educational / Administrative Collaboration
- Financial Strength
 - Able to take sizable risk

Our Strengths

- Strong spiritual student community
- Outstanding academic education
- Passionate / dedicated faculty and staff
- Strategic Leadership Team
- Rich history

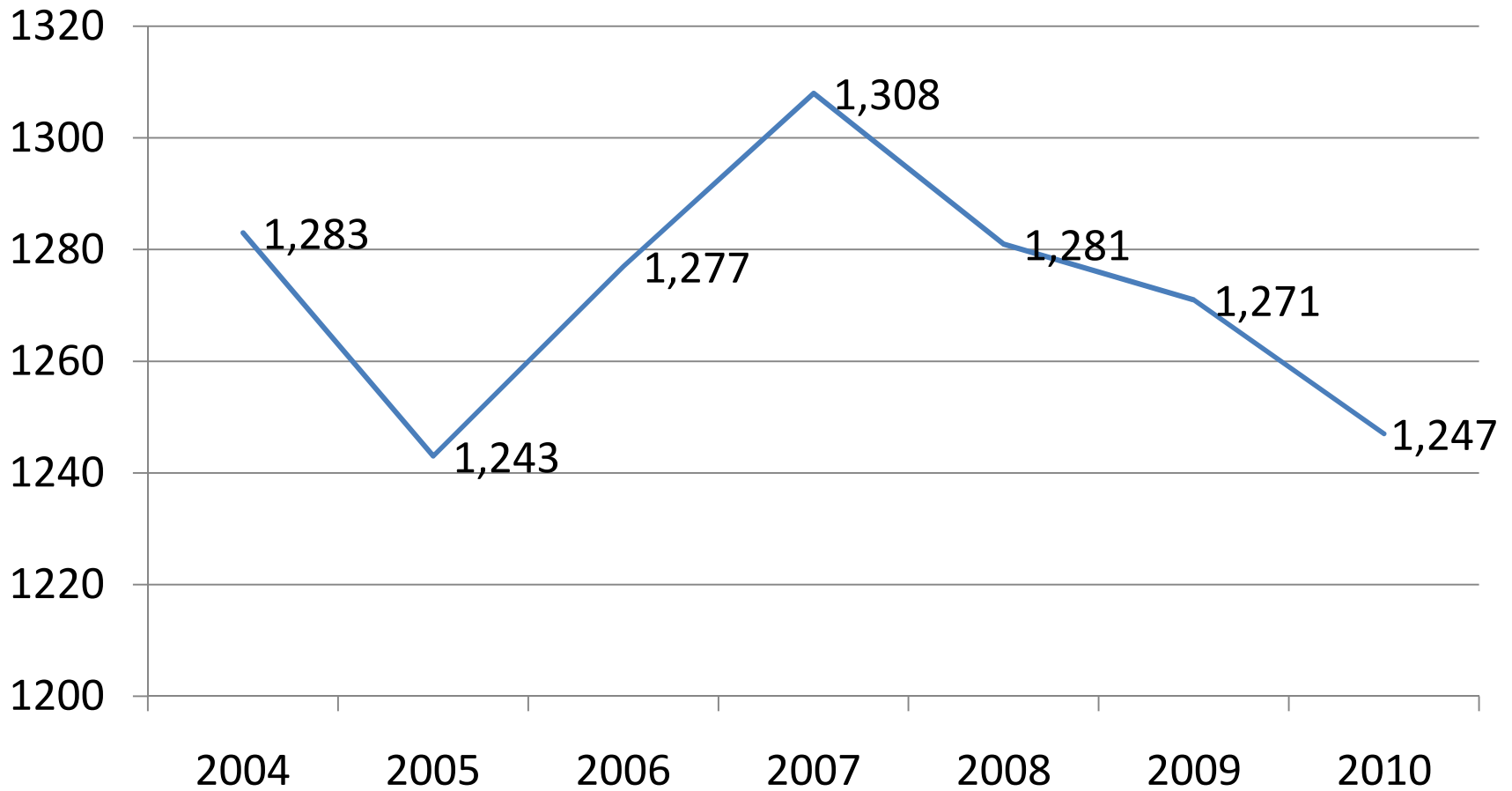
Our Challenges

- Long term sustainable financial model
 - Cost of education vs. tuition
- Technology
- Facilities

The Financial Realities

- Debt is too high
 - \$27MM
- Operating deficits past several years
 - (\$1.4MM) last year;(\$3.8MM) 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

Total Enrollment



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
 - Nominal endowment
- 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
- Current FY 2010 Shortfall (\$250K)

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
- Inability to raise funds needed could result in loan default
 - Cash reserves depleted
 - Debt capacity extinguished
- \$1.0M + road construction remains

Critical Organizational Goals

- Successful Lake Country Campaign
- Balanced Operating Results
- Capital Campaign for ML / MLHS Improvement
- Marketing Plan
- Governance / Congregational Quota
- Strategic Plan

How you can help ...

- Pray for the schools and our leadership
 - Weekly prayer meetings
- Consider your congregations role
 - Owner
 - Consumer
- Stay committed to your Quota – help us improve
- Communicate with your congregation
 - Have you or your congregation make a campaign pledge
- Tell me how we can do better

My Vision

- Spiritually Deep
- Academically Excellent
- Relationally Strong
- Technologically Relevant
- Financially Sustainable

More Information

- Financial Statements / Quota Information in back
- www.lhsagm.org
 - Click on CEO
 - Frequent Updates
- My information:
 - tmoritz@lhsagm.org
 - (414) 421-9100 ext. 222
 - (414) 408-8469 (cell)
 - Come see me 😊

Audited Financials 11/1

Questions & Answers

Quota Discussion

Tom Schoewe, President

Discussion Items

- Quota receipts in decline
- Church partnership declining
- Unproductive delegate meetings
- Some potential changes

Quota results in decline

- Delegate approved congregational quota is 14% of “adjusted” home receipts, of which
- Congregation quota was intended to and did provide 30% of operational budget
 - This equates to approximately \$3.9M in FY 2009
- Quota has been declining annually and in FY 2009 was \$1.5M which was 11.5% of operational budget

Church ownership is declining

“actual” quota percentages as of September 30:

<u>Cong.</u>	<u>%</u>	<u>Students</u>	<u>Annual \$'s per student</u>	
21	1% or less	182	\$54,286	\$298
9	2% to 6%	194	\$345,952	\$1,783
9	7% to 10%	162	\$396,479	\$2,447
<u>5</u>	11% to 14%	<u>191</u>	<u>\$652,101</u>	<u>\$3,414</u>
44		729	\$1,448,818	\$1,987

3 congregations are at 14%

Unproductive delegate meetings

- “infomercials”
- Only regular action taken was voting for Board of Directors
- Limited input
- Unclear role of delegates

Some potential changes

- “congressional” system - more input commensurate with congregation’s participation
 - % contributor (i.e. those with 1% vs. 14%)
 - number of students sent to our schools
 - average dollars contributed per student
- Limit discount per student that some congregations receive
- Input from Non-LCMS churches
 - 517 or 41% of students come from Non-Association churches
- Change delegate role?

Next Steps

- Quota system unchanged for now
 - Congregations expected to continue existing system
- January 13 Special Meeting
 - 7:00pm at Milwaukee Lutheran High School
 - Purpose to present and discuss suggested Quota, Constitution and or By-law changes.
- February 10 Regular Meeting
 - Vote on proposed changes

Input / Suggestions

Todd J. Moritz

CEO

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Questions and Answers

Closing Prayer

Depart in Peace and ...

Serve the Lord!