



THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE

5201 SOUTH 76TH STREET • GREENDALE WISCONSIN 53129-1197
414.421.9100 • FAX 414.421.9120

An open letter to stakeholders of The Lutheran High School Association of
Greater Milwaukee from Todd Moritz, Chief Executive Officer - December 6, 2009

Greetings in the name of our Lord and Savior Jesus the Christ! May God bless you and your family as you prepare once again for His birth during this advent season.

Some of you have contacted me recently and have asked some very good questions. Thank you. That says to me you care and you are leaning in on what is going on with your schools. Whether through the recent "Match" newsletter sent out or the communication from principals regarding our financial plans next year, it is important to me that you are informed and get the information that you desire. Yet I don't want to bombard you with lots of needless information, so here (hopefully) is a short summary of what is happening with your Association and how you can learn more.

First, we are struggling financially with our day to day operations (excluding any building issues). We lost (\$1.4) million in the last fiscal year and have lost (\$3.8) million over the last several years. The reasons for the losses are varied including the downturn in the economy (impacting personal and congregational giving) and our slow response to the changing world of Christian education.

We have made many changes over the last six months to address our operations and restore us to good day to day financial health. Unfortunately, a number of our changes involved the reduction of staffing at all of our schools and the Association level. While we eliminated over a dozen positions (which unfortunately means many people have lost their jobs), the impact to day to day education in the classroom has been nominal. Most of our reductions have been in the form of administrative and support positions. Our current year financial forecast is to lose (\$200,000) in the current year and have a surplus of \$250,000 for the year ending June, 2011. To learn more, please go to www.lhsagm.org and click on the CEO link on the left side of the page. There you will see presentations that I have made to various groups that explain our situation.

Second, we have too much bank debt, currently at \$27 million. Most of this debt has come from our expansion into the Lake Country area. We are blessed to have an anonymous donor who has offered to gift us \$3 million should we be able to raise \$6 million in gifts and five year pledges by February, 2010. The \$3 million will go for debt reduction and the \$6 million will be used for interest payments over the next five years giving us time to develop long term plans. As of this writing, we have raised just short of \$2.5 million. To learn more about the campaign, please go to www.lhsagm.org and click on the "Campaign" link at the top of the page.

Our financial model obviously is not sustainable. Currently our projections show us running out of cash by June of 2010. We do not have any additional debt capacity. In order to continue our 106 year tradition of offering excellent spiritual and academic education, it is imperative that we are successful in our plans to produce positive cash flow and be successful in our campaign. Should we fail at either, the banks will determine our future.

I very much want to answer your questions. I do not want to cause panic, but creating a sense of urgency is important. Our future and our history are at stake. Should you like to know more information, please contact me at tmoritz@lhsagm.org or (414) 421-9100 ext. 222. I will get back to you just as soon as I can.

God's blessings to you as you serve HIM!
Todd J. Moritz