

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**

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## Independent Auditor's Report

Board of Directors  
The Lutheran High School Association of Greater Milwaukee and Affiliate

### **Opinion**

We have audited the accompanying consolidated financial statements of The Lutheran High School Association of Greater Milwaukee and Affiliate (a nonprofit organization) which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lutheran High School Association of Greater Milwaukee and Affiliate as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Lutheran High School Association of Greater Milwaukee and Affiliate and to meet other ethical responsibilities in accordance with the ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lutheran High School Association of Greater Milwaukee and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Ritz Holman LLP**

*Serving businesses, nonprofits, individuals and trusts.*

330 E. Kilbourn Ave., Suite 222  
Milwaukee, WI 53202

t. 414.271.1451  
f. 414.271.7464  
ritzholman.com

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Lutheran High School Association of Greater Milwaukee and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lutheran High School Association of Greater Milwaukee and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
October 15, 2025

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2025 AND 2024**

	2025			2024		
	Without	With	Total	Without	With	Total
	Donor Restrictions	Donor Restrictions		Donor Restrictions	Donor Restrictions	
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 2,902,281	\$ ---	\$ 2,902,281	\$ 604,838	\$ 1,789,246	\$ 2,394,084
Accounts Receivable - Net	1,295,186	98,603	1,393,789	1,017,302	132,940	1,150,242
Pledges Receivable	---	816,433	816,433	---	191,750	191,750
Investments	2,003,123	---	2,003,123	6,065,384	---	6,065,384
Prepaid Expenses	317,054	---	317,054	94,889	---	94,889
Inventory	35,642	---	35,642	45,576	---	45,576
Other Asset	31,340	---	31,340	30,315	---	30,315
Total Current Assets	<u>\$ 6,584,626</u>	<u>\$ 915,036</u>	<u>\$ 7,499,662</u>	<u>\$ 7,858,304</u>	<u>\$ 2,113,936</u>	<u>\$ 9,972,240</u>
<b>FIXED ASSETS</b>						
Land	\$ 1,733,453	\$ ---	\$ 1,733,453	\$ 1,733,453	\$ ---	\$ 1,733,453
Construction in Progress	---	2,892,791	2,892,791	---	272,916	272,916
Land Improvements	5,564,718	---	5,564,718	5,564,718	---	5,564,718
Building and Building Improvements	52,656,050	---	52,656,050	50,891,466	---	50,891,466
Furniture, Fixtures and Equipment	3,215,764	---	3,215,764	3,364,662	---	3,364,662
Vehicles	663,161	---	663,161	599,549	---	599,549
Total Fixed Assets	<u>\$ 63,833,146</u>	<u>\$ 2,892,791</u>	<u>\$ 66,725,937</u>	<u>\$ 62,153,848</u>	<u>\$ 272,916</u>	<u>\$ 62,426,764</u>
Accumulated Depreciation	<u>(26,320,678)</u>	<u>---</u>	<u>(26,320,678)</u>	<u>(24,718,603)</u>	<u>---</u>	<u>(24,718,603)</u>
Net Fixed Assets	<u>\$ 37,512,468</u>	<u>\$ 2,892,791</u>	<u>\$ 40,405,259</u>	<u>\$ 37,435,245</u>	<u>\$ 272,916</u>	<u>\$ 37,708,161</u>
<b>RIGHT-OF-USE ASSETS</b>						
Right-of-Use Assets - Operating	\$ 1,145,217	\$ ---	\$ 1,145,217	\$ 760,388	\$ ---	\$ 760,388
Right-of-Use Assets - Finance	47,442	---	47,442	---	---	---
Total Right-of-Use Assets	<u>\$ 1,192,659</u>	<u>\$ ---</u>	<u>\$ 1,192,659</u>	<u>\$ 760,388</u>	<u>\$ ---</u>	<u>\$ 760,388</u>
<b>LONG-TERM ASSETS</b>						
Accounts Receivable	\$ 746,368	\$ ---	\$ 746,368	\$ 143,953	\$ ---	\$ 143,953
Pledges Receivable - Net	---	3,435,538	3,435,538	---	462,091	462,091
Investments	---	---	---	2,000,000	---	2,000,000
Other Asset	160,695	---	160,695	192,035	---	192,035
Total Long-Term Assets	<u>\$ 907,063</u>	<u>\$ 3,435,538</u>	<u>\$ 4,342,601</u>	<u>\$ 2,335,988</u>	<u>\$ 462,091</u>	<u>\$ 2,798,079</u>
<b>OTHER ASSETS</b>						
Security Deposit	\$ 15,700	\$ ---	\$ 15,700	\$ 15,700	\$ ---	\$ 15,700
Total Other Assets	<u>\$ 15,700</u>	<u>\$ ---</u>	<u>\$ 15,700</u>	<u>\$ 15,700</u>	<u>\$ ---</u>	<u>\$ 15,700</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 46,212,516</b></u>	<u><b>\$ 7,243,365</b></u>	<u><b>\$ 53,455,881</b></u>	<u><b>\$ 48,405,625</b></u>	<u><b>\$ 2,848,943</b></u>	<u><b>\$ 51,254,568</b></u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 776,262	\$ 903,271	\$ 1,679,533	\$ 2,709,718	\$ 5,863	\$ 2,715,581
Accrued Payroll	1,218,782	---	1,218,782	861,941	---	861,941
Current Portion of Mortgages Payable	594,879	---	594,879	575,301	---	575,301
Deferred Revenue	1,485,104	---	1,485,104	1,262,183	---	1,262,183
Student Activities - Auxiliary	(561,336)	561,336	---	(391,958)	391,958	---
Current Portion of Lease Liabilities - Operating	308,808	---	308,808	278,137	---	278,137
Current Portion of Lease Liabilities - Finance	12,417	---	12,417	---	---	---
Total Current Liabilities	<u>\$ 3,834,916</u>	<u>\$ 1,464,607</u>	<u>\$ 5,299,523</u>	<u>\$ 5,295,322</u>	<u>\$ 397,821</u>	<u>\$ 5,693,143</u>
<b>LONG-TERM LIABILITIES</b>						
Mortgages Payable	\$ 19,235,318	\$ ---	\$ 19,235,318	\$ 19,818,135	\$ ---	\$ 19,818,135
Less: Current Portion of Mortgages Payable	(594,879)	---	(594,879)	(575,301)	---	(575,301)
Accrued Payroll	467,149	---	467,149	627,077	---	627,077
Lease Liabilities - Operating	724,724	---	724,724	430,491	---	430,491
Lease Liabilities - Finance	36,063	---	36,063	---	---	---
Total Long-Term Liabilities	<u>\$ 19,868,375</u>	<u>\$ ---</u>	<u>\$ 19,868,375</u>	<u>\$ 20,300,402</u>	<u>\$ ---</u>	<u>\$ 20,300,402</u>
Total Liabilities	<u>\$ 23,703,291</u>	<u>\$ 1,464,607</u>	<u>\$ 25,167,898</u>	<u>\$ 25,595,724</u>	<u>\$ 397,821</u>	<u>\$ 25,993,545</u>
<b>NET ASSETS</b>						
Without Donor Restrictions						
Operating	\$ 19,522,012	\$ ---	\$ 19,522,012	\$ 19,822,688	\$ ---	\$ 19,822,688
Board Designated	2,987,213	---	2,987,213	2,987,213	---	2,987,213
Total Without Donor Restrictions	<u>\$ 22,509,225</u>	<u>\$ ---</u>	<u>\$ 22,509,225</u>	<u>\$ 22,809,901</u>	<u>\$ ---</u>	<u>\$ 22,809,901</u>
With Donor Restrictions						
Total Net Assets	<u>\$ 22,509,225</u>	<u>\$ 5,778,758</u>	<u>\$ 28,287,983</u>	<u>\$ 22,809,901</u>	<u>\$ 2,451,122</u>	<u>\$ 25,261,023</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 46,212,516</b></u>	<u><b>\$ 7,243,365</b></u>	<u><b>\$ 53,455,881</b></u>	<u><b>\$ 48,405,625</b></u>	<u><b>\$ 2,848,943</b></u>	<u><b>\$ 51,254,568</b></u>

The accompanying notes are an integral part of these financial statements.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>						
Donations	\$ 1,757,747	\$ 5,023,376	\$ 6,781,123	\$ 1,339,532	\$ 1,546,451	\$ 2,885,983
Grants	---	460,577	460,577	---	219,765	219,765
Tuition	28,949,891	---	28,949,891	25,489,519	---	25,489,519
Fees						
Sports Fees	131,376	---	131,376	108,959	---	108,959
Class Fees	15,880	---	15,880	15,985	---	15,985
Uniform Fees	63,506	---	63,506	102,924	---	102,924
Other Fees	72,520	---	72,520	53,247	---	53,247
Food Sales	1,092,221	---	1,092,221	1,035,871	---	1,035,871
International Student Program	610,700	---	610,700	889,300	---	889,300
Elementary Band	203,627	---	203,627	224,761	---	224,761
Partnership Contributions from Churches	523,050	---	523,050	739,578	---	739,578
Rent	118,338	---	118,338	147,081	---	147,081
Gate Receipts	113,685	---	113,685	92,647	---	92,647
Interest Income	339,802	---	339,802	462,906	---	462,906
Student Activities Income	---	---	---	---	29,253	29,253
Other Income	1,035,412	117,639	1,153,051	885,624	1,670	887,294
In-Kind Revenue	8,961	---	8,961	2,710	---	2,710
Net Assets Released from Restrictions	2,273,956	(2,273,956)	---	1,228,638	(1,228,638)	---
<b>Total Revenue</b>	<b>\$ 37,310,672</b>	<b>\$ 3,327,636</b>	<b>\$ 40,638,308</b>	<b>\$ 32,819,282</b>	<b>\$ 568,501</b>	<b>\$ 33,387,783</b>
<b>EXPENSES</b>						
Program Services	\$ 30,910,556	\$ ---	\$ 30,910,556	\$ 24,936,065	\$ ---	\$ 24,936,065
Management and General	5,434,341	---	5,434,341	6,158,928	---	6,158,928
Fundraising	1,266,451	---	1,266,451	1,076,673	---	1,076,673
<b>Total Expenses</b>	<b>\$ 37,611,348</b>	<b>\$ ---</b>	<b>\$ 37,611,348</b>	<b>\$ 32,171,666</b>	<b>\$ ---</b>	<b>\$ 32,171,666</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (300,676)</b>	<b>\$ 3,327,636</b>	<b>\$ 3,026,960</b>	<b>\$ 647,616</b>	<b>\$ 568,501</b>	<b>\$ 1,216,117</b>
Net Assets, Beginning of Year	22,809,901	2,451,122	25,261,023	22,162,285	1,882,621	24,044,906
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 22,509,225</b>	<b>\$ 5,778,758</b>	<b>\$ 28,287,983</b>	<b>\$ 22,809,901</b>	<b>\$ 2,451,122</b>	<b>\$ 25,261,023</b>

The accompanying notes are an integral part of these financial statements.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 14,649,145	\$ 1,405,591	\$ 668,446	\$ 16,723,182
Retirement	1,056,442	125,678	62,217	1,244,337
Employee Benefits	3,196,094	332,156	162,388	3,690,638
Payroll Taxes	893,316	76,143	26,350	995,809
Stipends	845,734	38,696	1,575	886,005
Professional Fees	2,890,007	1,176,030	---	4,066,037
Supplies	768,631	286,619	124,486	1,179,736
Telephone	20,406	44,948	2,400	67,754
Postage	5,118	653	44,679	50,450
Printing	26,399	6,192	50,321	82,912
Occupancy	807,322	183,563	30,909	1,021,794
Equipment Rental and Maintenance	398,589	86,018	3,115	487,722
Depreciation	1,854,143	67,385	---	1,921,528
Travel	147,169	63,873	29,017	240,059
Conferences, Conventions and Meetings	80,570	10,900	---	91,470
Graduation Materials	41,206	15	---	41,221
Awards	11,608	4,421	---	16,029
Food	565,492	225	---	565,717
Promotions	49,971	9,781	---	59,752
International Student Program	67,192	---	---	67,192
Student Activities	169,378	---	---	169,378
Capital Outlay	68,029	17,474	---	85,503
Recruitment	897	10,952	---	11,849
Bad Debts	28,273	---	---	28,273
Student Aid	1,493,891	---	---	1,493,891
School Uniforms	60,963	---	---	60,963
Interest Expense	---	659,242	---	659,242
Insurance	2,721	147,363	---	150,084
Membership Dues	157,585	34,283	3,602	195,470
Donations	202,277	416,454	8,962	627,693
School Events	16,102	---	9,780	25,882
Field Trips	86,670	225	---	86,895
Meals and Entertainment	43,923	172,527	37,289	253,739
Sports Fees	168,971	15,746	---	184,717
Testing	36,322	---	---	36,322
Other Expense	---	41,188	915	42,103
<b>TOTALS</b>	<b>\$ 30,910,556</b>	<b>\$ 5,434,341</b>	<b>\$ 1,266,451</b>	<b>\$ 37,611,348</b>

The accompanying notes are an integral part of these financial statements.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 11,310,249	\$ 1,363,064	\$ 526,554	\$ 13,199,867
Retirement	834,681	89,468	45,170	969,319
Employee Benefits	2,710,232	290,505	146,669	3,147,406
Payroll Taxes	607,038	142,153	17,251	766,442
Stipends	869,277	11,848	1,525	882,650
Professional Fees	1,847,016	818,090	---	2,665,106
Supplies	871,035	146,585	121,669	1,139,289
Telephone	54,705	26,371	1,775	82,851
Postage	2,238	593	32,421	35,252
Printing	18,146	8,466	60,422	87,034
Occupancy	760,233	168,638	30,203	959,074
Equipment Rental and Maintenance	455,289	108,694	4,463	568,446
Depreciation	1,766,100	47,560	---	1,813,660
Travel	140,238	80,343	26,534	247,115
Conferences, Conventions and Meetings	59,781	22,470	---	82,251
Graduation Materials	22,077	1,563	---	23,640
Awards	22,724	6,265	---	28,989
Food	496,319	---	---	496,319
Promotions	186,784	74,220	63	261,067
International Student Program	12,923	---	---	12,923
Capital Outlay	83,057	1,887	---	84,944
Recruitment	4,003	19,310	---	23,313
Bad Debts	60,608	---	---	60,608
Student Aid	1,068,084	---	---	1,068,084
School Uniforms	123,541	---	---	123,541
Interest Expense	---	680,568	---	680,568
Insurance	10,401	179,340	---	189,741
Membership Dues	127,068	17,296	3,601	147,965
Donations	39,493	1,600,711	5,375	1,645,579
School Events	7,484	---	10,472	17,956
Field Trips	94,581	---	---	94,581
Student Housing Expenses	---	---	---	---
Meals and Entertainment	65,945	204,890	42,506	313,341
Sports Fees	179,667	---	---	179,667
Testing	25,048	360	---	25,408
Other Expense	---	47,670	---	47,670
<b>TOTALS</b>	<b>\$ 24,936,065</b>	<b>\$ 6,158,928</b>	<b>\$ 1,076,673</b>	<b>\$ 32,171,666</b>

The accompanying notes are an integral part of these financial statements.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,026,960	\$ 1,216,117
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,921,528	1,813,659
Amortization	5,516	---
Unrealized/Realized Gain on Investments	(39,769)	(418,487)
(Increase) Decrease in Accounts Receivable	(845,962)	(612,696)
(Increase) Decrease in Pledges Receivable	(3,598,130)	(402,790)
(Increase) Decrease in Other Asset	30,315	(100,255)
(Increase) Decrease in Inventory	9,934	(45,576)
(Increase) Decrease in Prepaid Expenses	(222,164)	75,697
(Increase) Decrease in Right-of-Use Assets - Operating	(384,829)	(207,067)
Increase (Decrease) in Accounts Payable	(1,036,048)	1,386,527
Increase (Decrease) in Accrued Payroll	196,913	109,586
Increase (Decrease) in Lease Liabilities - Operating	324,904	155,307
Increase (Decrease) in Deferred Revenue	222,920	(253,256)
	<b>\$ (387,912)</b>	<b>\$ 2,716,766</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	\$ (4,618,626)	\$ (1,381,082)
Purchases of Investments	(196,436)	(19,126,687)
Sales of Investments	6,298,466	18,196,054
	<b>\$ 1,483,404</b>	<b>\$ (2,311,715)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Mortgages	\$ (582,817)	\$ (560,613)
Principal Payments on Finance Leases	(4,478)	---
	<b>\$ (587,295)</b>	<b>\$ (560,613)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 508,197	\$ (155,562)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,394,084	2,549,646
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b>\$ 2,902,281</b>	<b>\$ 2,394,084</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 659,242	\$ 680,568
Lease Assets Obtained in Exchange for Lease Liabilities - Finance	52,958	---
Lease Assets Obtained in Exchange for Lease Liabilities - Operating	731,270	437,527
Taxes Paid	---	338,825
Donated Stock	---	72,552

The accompanying notes are an integral part of these financial statements.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE A - Summary of Significant Accounting Policies**

**Association**

The Lutheran High School Association of Greater Milwaukee and Affiliate (Association) is a group of premier schools dedicated to sharing Jesus, shaping lives and developing leaders; built on Jesus Christ and His Word, ensuring exceptional experiences in four pillars of focus: Spiritual Growth, Academics, Athletics, and the Arts.

On June 20, 2025, the Association signed a separation agreement with Trinity Lutheran Classical High School (TLCHS). As part of the agreement, the Association received a final payment of \$35,000 from TLCHS to resolve all remaining liabilities and obligations.

**Consolidated Financial Statements**

The consolidated financial statements include the accounts of Lutheran High School Association of Greater Milwaukee and Spartan Development, LLC. The Association owns a 56% controlling interest in Spartan Development, LLC. The minority share is owned by Burow Holdings, LLC. Certain transactions between the entities have been eliminated for financial statement presentation.

**Accounting Method**

The accompanying consolidated financial statements of The Lutheran High School Association of Greater Milwaukee have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

**Deferred Revenue**

Deferred revenue consists of tuition and other revenue that has been prepaid for the 2025 - 2026 year.

**Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Expenses**

The Association allocates costs based on their functional and natural classification in the statement of functional expenses. Program costs are those associated with carrying out the mission of the Association; management costs are those for management of the Association including accounting, office expense, human resources, budgeting or board of directors costs; and fundraising costs are those attributed to the solicitation of contributions. Whenever possible, the Association allocates costs directly to program, management or fundraising. The cost of individuals that participate in more than one function are allocated to each function based on that individual's time in each function. Other costs that relate to more than one function are allocated based on their estimated share in each function.

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**NOTE A - Summary of Significant Accounting Policies (continued)**

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Association's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying consolidated financial statements.

**Pledges and Grants Receivable**

Pledges and grants receivable are recorded at net realizable value if they are due in less than one year from the statement of financial position date. Net realizable value is the undiscounted expected future cash flows that will be received and is considered a reasonable estimate for fair value. If pledges and grants receivable are expected to be collected in more than one year, they are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of discounts is included in contribution revenue in the statement of activities. If the Association's expectation of the ability to collect receivables changes, an allowance for uncollectible accounts is recognized in the period in which the expectation changes. The Association determines the allowance for uncollectible accounts based on historical experience, an assessment of economic conditions and review of subsequent receipts. As of June 30, 2025 and 2024, the Association recorded an allowance for expected credit losses in the amount of \$528,510 and \$76,925, respectively.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE A - Summary of Significant Accounting Policies (continued)**

**Accounts Receivable and Credit Losses**

Accounts receivable on trade and other receivables are stated at unpaid balances, less an allowance for credit losses. The expected credit losses are updated by management at each reporting date to reflect changes in credit risk since the financial instrument was initially recognized. The expected credit losses on trade or other receivables are estimated based on historical credit loss experience, aging analysis, and management's assessment of current conditions and reasonable and supportable expectations of future conditions. The Association assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The expense associated with the allowance for expected credit losses is recognized in bad debts expense. As of June 30, 2025 and 2024, the Association recorded an allowance for expected credit losses in the amount of \$196,041 and \$176,784, respectively.

**Government Grants and Contract Revenue**

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Association is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Association records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the consolidated financial statements.

**Agency Accounts and Student Activities**

The cash of auxiliary groups and student organizations is included on the consolidated financial statements of The Lutheran High School Association of Greater Milwaukee and Affiliate. The groups and student organizations' cash is included in the cash of the Association. Additionally, the revenue and expenses are also included in the Association's consolidated financial statements as these activities are under the control of the Association.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less. The cash equivalents of investments are included in the total of investments.

**Inventory**

Inventory is valued at the lower of cost or fair market value and includes items available for resale.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Association capitalizes assets with an original cost of \$5,000 or greater.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Leases**

The Association recognizes operating and finance leases in accordance with the *FASB Accounting Standards Codification (ASC) 842*. A lease exists when an organization has the right to control the use of property, plant or equipment over a lease term.

The lessee classifies a lease as either a finance or operating lease. The accounting of a finance lease is similar to when an asset is purchased. An operating lease is when the right-of-use of an asset exists over the lease-term, but that the lease doesn't meet the definition of a finance lease.

The Association has elected to establish a threshold to exclude lease assets and obligations that are immaterial to the financial statements. The Association recognizes individual lease assets and liabilities when they are greater than \$5,000. However, if the combined lease assets or liabilities for individually insignificant leases are greater than \$10,000, the Association recognizes the lease assets and obligations. The Association has elected not to apply the recognition requirements in ASC 842 to short-term leases (those with a term of 12 or less months) and no expected purchase at the end of the term.

**NOTE B - Concentration of Risk**

The Association maintains its cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2025 and 2024, the Association's uninsured cash balances totaled \$2,652,739 and \$2,444,981, respectively.

As of June 30, 2025 and 2024, one source comprised 45% and 40% of the Association's accounts receivable balance, respectively.

**NOTE C - Liquidity**

The Association has financial assets available to meet cash needs for general expenditure consisting of the following:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$2,902,281	\$2,394,084
Investments	2,003,123	6,065,384
Accounts Receivable	1,393,789	1,150,242
Pledges Receivable	<u>816,433</u>	<u>191,750</u>
Available for Use	<u>\$7,115,626</u>	<u>\$9,801,460</u>

Financial assets of \$2,343,220 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The accounts and pledges receivable are subject to implied time restrictions but are expected to be collected within one year. The Association structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Association regularly monitors the availability of financial assets to meet operational needs and other contractual commitments.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE C - Liquidity (continued)**

As more fully described in Note H, the Association also has committed lines of credit in the amount of \$1,500,000, which it could draw upon in the event of an unanticipated liquidity need.

**NOTE D - Net Accounts Receivable**

Net accounts receivable consists of the following as of June 30, 2025 and 2024:

<u>Source</u>	<u>2025</u>	<u>2024</u>
Tuition	\$ 205,351	\$ 191,638
Partnership	83,500	90,674
Other	58,853	14,671
Advertising Receivable	140,000	140,000
School Donations and Activities from Foundation	549,365	326,878
3in1 Thrift Store	165,160	163,953
TRIUN3 and TRIUN3 Staffing Solutions	983,871	539,939
Britestar	158,467	---
Mount Calvary Lutheran Church	1,106	1,660
Trinity Lutheran Church	---	1,566
Present Value Discount	(9,475)	---
Allowance for Uncollectible Accounts	<u>(196,041)</u>	<u>(176,784)</u>
Net Accounts Receivable	<u>\$2,140,157</u>	<u>\$1,294,195</u>
	<u>2025</u>	<u>2024</u>
Current Gross Accounts Receivable	\$1,599,305	\$1,327,026
Long-Term Gross Accounts Receivable	<u>746,368</u>	<u>143,953</u>
Total Accounts Receivable	\$2,345,673	\$1,470,979
Less: Present Value Discount	(9,475)	---
Less: Allowance for Doubtful Accounts	<u>(196,041)</u>	<u>(176,784)</u>
Total Net Accounts Receivable	<u>\$2,140,157</u>	<u>\$1,294,195</u>

Accounts due beyond one year were discounted using the borrowing rate of 6.50% as of June 30, 2025 and 3.875% as of June 30, 2024. Accounts receivable are expected to be collected as follows:

<u>In the Year Ending June 30,</u>	<u>Amount</u>
2026	\$1,599,305
2027	568,386
2028	72,822
2029	20,000
2030	20,000
Thereafter	<u>65,160</u>
Total Gross Accounts Receivable	<u>\$2,345,673</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
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JUNE 30, 2025 AND 2024**

**NOTE E - Net Pledges Receivable**

Net pledges receivable consists of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Current Gross Pledges Receivable	\$ 816,433	\$191,750
Long-Term Gross Pledges Receivable	<u>4,468,667</u>	<u>577,500</u>
Total Pledges Receivable	\$5,285,100	\$769,250
Less: Present Value Discount	(504,619)	(38,484)
Less: Allowance for Doubtful Accounts	<u>(528,510)</u>	<u>(76,925)</u>
Total Net Pledges Receivable	<u>\$4,251,971</u>	<u>\$653,841</u>

Pledges were discounted using the borrowing rate of 6.50% as of June 30, 2025 and 3.875% as of June 30, 2024. Gross pledges receivable are expected to be collected as follows:

<u>In the Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 816,433
2027	1,830,334
2028	1,489,583
2029	775,250
2030	<u>373,500</u>
Total Gross Pledges Receivable	<u>\$5,285,100</u>

**NOTE F - Fair Value Measurements**

The Association has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
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**NOTE F - Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2025 and 2024:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2025 -				
LCEF Investment	\$2,000,000	\$ ---	\$ ---	\$2,000,000
Total at Fair Value	\$2,000,000	\$ ---	\$ ---	\$2,000,000
Cash	<u>3,123</u>			
Total	<u>\$2,003,123</u>			
2024 -				
Fixed Income	\$6,064,939	\$6,064,939	\$ ---	\$ ---
LCEF Investment	<u>2,000,000</u>	---	---	<u>2,000,000</u>
Total at Fair Value	\$8,064,939	<u>\$6,064,939</u>	<u>\$ ---</u>	<u>\$2,000,000</u>
Cash	<u>445</u>			
Total	<u>\$8,065,384</u>	<u>\$6,064,939</u>	<u>\$ ---</u>	<u>\$2,000,000</u>

The Association's LCEF Investment is managed by Lutheran Church Extension Fund (LCEF). The fair values is measured based on the statement provided by LCEF. The table below presents information about recurring fair value measurement (Level 3 measurements):

	<u>2025</u>	<u>2024</u>
Beginning Net Asset Value as of July 1	\$2,000,000	\$ ---
Purchases	---	2,000,000
Interest & Dividends	124,487	71,405
Distributions	<u>(124,487)</u>	<u>(71,405)</u>
Ending Net Asset Value as of June 30	<u>\$2,000,000</u>	<u>\$2,000,000</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
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**NOTE G - Officer Housing Advances**

The Association entered into an employment agreement with two officers of the Association. The terms of this agreement provide for an advance in the amount of \$200,000 and \$120,000 for the purpose of housing assistance. Starting April 1, 2019 and July 1, 2024, the advance requires monthly interest and principal repayments with a maturity on April 1, 2029 and July 1, 2034. The monthly payments are forgiven and recognized as compensation for each month the officers remains employed. If the officers are no longer employed by the Association, the advance then becomes payable by the officers for the remaining duration of the ten-year agreement. The advances are secured by the officers' homes. The balance on the advance at June 30, 2025 and 2024, was \$192,035 and \$222,350, respectively. Interest on the loan originating in April 2019 has an interest rate of 3%; the loan originating in 2024 has an interest rate of 4%. Interest on the advance as of June 30, 2025 and 2024, was \$7,412 and \$4,586, respectively.

Future principal payments to be received are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 31,340
2027	32,400
2028	33,495
2029	28,830
2030	12,162
Thereafter	<u>53,808</u>
Total Future Payments	<u>\$192,035</u>

**NOTE H - Line of Credit**

The Association has a \$1,500,000 revolving line of credit that matures on July 22, 2025, and bears a variable rate, that was 6.5% as of June 30, 2025. As of June 30, 2025 and June 30, 2024, the line of credit did not have an outstanding balance. The line of credit is secured by the Association's real estate.

**NOTE I - Mortgages Payable**

The Association entered into a long-term mortgage loan commitment for \$15,000,000. The loan requires monthly interest only payments beginning on October 30, 2015, and continuing through September 30, 2017. Starting October 30, 2017, the loan requires monthly interest and principal payments with the loan maturity on September 30, 2035. Payments are due monthly for 20 years with a final balloon payment while the loan is amortized over 30 years. The loan is secured by the Association's real estate. The balance of the mortgage at June 30, 2025 and June 30, 2024, was \$11,913,017 and \$12,337,751, respectively. The interest rate at June 30, 2025 and 2024, was 3.125% and 3.125%, respectively.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE I - Mortgages Payable (continued)**

The Affiliate entered into a long-term mortgage loan commitment for \$7,862,062 in November 2019, for the purpose of a student housing development at Martin Luther High School. The balance of the loan was \$7,322,302 and \$7,480,384 as of June 30, 2025 and 2024, respectively. The loan carries a variable interest rate. The interest rate as of June 30, 2025 and 2024, was 3.80% and 3.80%, respectively. The loan is set to mature on November 21, 2051. The loan is secured by the Association's real estate.

Interest expense for the years ended June 30, 2025 and 2024, was \$659,242 and \$680,568, respectively. Future principal payments are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 594,879
2027	614,882
2028	635,563
2029	656,945
2030	679,054
Thereafter	<u>16,053,996</u>
Total Future Payments	<u>\$19,235,319</u>

**NOTE J - Revenue From Contracts with Customers**

**Tuition Revenue**

Tuition revenue is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for tuition services. The Association bills the student's family for tuition at the beginning of the semester the services will be provided. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied over the time period the services are performed. For the years ended June 30, 2025 and 2024, the Association had net accounts receivables of \$205,351 and \$191,638, respectively.

Year Ending June 30, 2025:

Beginning Deferred Revenue	\$ 1,240,799
Revenue Recognized From Prior Year Deferred	(1,240,799)
New Fee Revenue Collected	29,192,300
Revenue Recognized on Tuition and Fees	<u>(27,709,092)</u>
Ending Deferred	<u>\$ 1,483,208</u>

Year Ending June 30, 2024:

Beginning Deferred Revenue	\$ 1,499,261
Revenue Recognized From Prior Year Deferred	(1,499,261)
New Fee Revenue Collected	25,231,057
Revenue Recognized on Tuition and Fees	<u>(23,990,258)</u>
Ending Deferred	<u>\$ 1,240,799</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
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**NOTE J - Revenue From Contracts with Customers (continued)**

**Student Activity and Student Uniform Fees**

The Association requests annual activity fees from students for sports, classes, and other activities. The Association also sells school uniforms at Milwaukee Lutheran High School. The fees are recorded as revenue at the point in time when the fee is used for a specific purpose. Activity fee revenue is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for the student activity fees. Total revenue from student activity fees for the years ended June 30, 2025 and 2024, was \$283,282 and \$281,115, respectively. For the years ended June 30, 2025 and 2024, the Association had net accounts receivables of \$205,351 and \$191,638 and obligations of \$-0- and \$-0-, respectively related to student activity and student uniform fees.

**Elementary Band and International Student Program Fees**

The Association collects revenue from individuals seeking to participate in the elementary band program and international student program. Revenue is recognized as it is earned as collected and accordingly no deferred amounts have been recorded. Revenue for these programs are reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for the access to these programs. Total revenue from elementary band and international student program fees for the years ended June 30, 2025 and 2024, was \$814,327 and \$1,114,061, respectively. For the years ended June 30, 2025 and 2024, the Association had net accounts receivables of \$4,838 and \$7,295 and obligations of \$1,896 and \$15,684, respectively related to elementary band and international student program fees.

**Food Sales**

The Association requests money from students for lunch and other food services. The fees are recorded as revenue at the point in time when the money is collected. Food sales revenue is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for the food sales fees. Total revenue from food sales for the years ended June 30, 2025 and 2024, was \$1,092,221 and \$1,035,871, respectively. For the years ended June 30, 2025 and 2024, the Association had no assets or obligations related to food sales.

**Gate Receipts**

The Association charges gate receipt fees from spectators for sports and other activities. The gate receipts are recorded as revenue at the point in time when the sports event or other activity occurs. Gate receipts revenue is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for the gate receipts. Total revenue from gate receipts for the years ended June 30, 2025 and 2024, was \$113,685 and \$92,647, respectively. For the years ended June 30, 2025 and 2024, the Association had no assets or obligations related to gate receipts.

**NOTE K - Leasing Activities**

**Operating Leases**

The Association leases office space at 10427 West Lincoln Avenue, West Allis, WI under an operating lease. The initial term of the lease ended March 31, 2025 and was renewed for a term of five years ending February 28, 2030 at which point the lease converts to year-to-year.

The Association leases a building at 2862 N 53rd Street, Milwaukee, WI under an operating lease. The initial term of the lease is from July 1, 2021 through June 30, 2024. In 2024, the Association renewed the lease for an additional three years, until June 30, 2027.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
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**NOTE K - Leasing Activities (continued)**

**Operating Leases (continued)**

The Association leases twenty-five copiers, four postage meters, one system wide printing and copying monitoring system, four vehicles, three door security detectors and furniture under operating leases. The earliest initial term for these leases is July 2020 and the latest lease extends until April 2030.

For all leases entered into during the year ended June 30, 2025, the Association uses their incremental borrowing rate of 6.5% to determine the value of their right-of-use assets and obligations for operating leases. For leases initiated prior to the year ended June 30, 2024, the Association used their then-current incremental borrowing rate of 3.88% to determine the value of their right-of-use assets and obligations for operating leases.

**Finance Leases**

The Association leases \$52,958 of various weight room equipment under a finance lease. The initial term of the lease is February 2025 through January 2029. The Association has determined the lease meets the requirements of a finance lease, including an option to purchase the equipment at the end of the term, and accordingly have recorded a Finance Right-of-Use Asset and Finance Lease Liability on the Statement of Financial Position.

**Lease Term and Discount Rate**

For the year ended June 30, 2025:

The weighted average discount rate for operating leases is:	5.57%
The weighted average remaining lease term in years for operating leases is:	3.68 years
The weighted average discount rate for finance leases is:	6.5%
The weighted average remaining lease term in years for finance leases is:	3.58 years

For the year ended June 30, 2024:

The weighted average discount rate for operating leases is:	3.88%
The weighted average remaining lease term in years for operating leases is:	2.34 years

**Lease Cost and Cash Flow Information**

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating Lease Costs:		
Fixed Lease Payments	\$372,241	\$314,025
Finance Lease Costs:		
Fixed Lease Payments	\$ 6,876	\$ ---
Interest	\$ 1,359	\$ ---

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
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**NOTE K - Leasing Activities (continued)**

The following summarizes cash flow information related to leases for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating Cash Flows from Operating Leases	\$337,776	\$320,793
Operating Cash Flows from Finance Leases	\$ 1,359	\$ ---
Financing Cash Flows from Finance Leases	\$ 4,479	\$ ---

The maturities of lease liabilities as of June 30, 2025 were as follows:

Year Ending June 30:	<u>Operating</u>	<u>Finance</u>
2026	\$362,654	\$15,120
2027	333,327	15,120
2028	192,434	15,120
2029	160,362	8,821
2030	<u>99,549</u>	<u>---</u>
Total Lease payments	\$1,148,326	\$54,181
Less: Present Value Discount	<u>(114,794)</u>	<u>(5,701)</u>
Present Value of Lease Liabilities	<u>\$1,033,532</u>	<u>\$ 48,480</u>

**Other Leasing Activity**

The Association signed a lease with Spartan Development LLC to occupy the second, third and basement floors of the Spartan Condominium. The lease began on August 12, 2020, and ends on July 1, 2035. Rent expense for the years ended June 30, 2025 and 2024, totaled \$475,878 and \$464,271, respectively. All transactions are eliminated with this lease. None of the rent to Spartan Development LLC was included in the schedule of revenue and expenses by school.

**NOTE L - Deferred Revenue**

Deferred revenue consists of the following at June 30, 2025 and 2024:

<u>Source</u>	<u>2025</u>	<u>2024</u>
Tuition	\$1,483,208	\$1,240,799
Elementary Band	1,896	15,684
Athletic Sponsorship	<u>---</u>	<u>5,700</u>
Total	<u>\$1,485,104</u>	<u>\$1,262,183</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
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**NOTE M - Long-Term Accrued Payroll**

Long-term accrued payroll consists of banked benefit days and paid time off accrual. The value of banked benefit days and paid time off accrual was \$467,149 and \$627,077 at June 30, 2025 and 2024, respectively.

As of June 30, 2025 and 2024, the banked benefit days account contains a present value discount of \$77,010 and \$62,765 respectively which was calculated based on the expected age of retirement for beneficiaries, the expected rate of growth in Medicare Part B, and a net present value rate of 3.875% and 3.875%, respectively.

**NOTE N - Net Assets With Donor Restrictions**

The Association had \$4,251,971 of time and purpose net assets with donor restrictions and \$1,526,787 of purpose net assets with donor restrictions, which consists of the following:

<u>Source</u>	<u>2025</u>	<u>2024</u>
Pledges Receivable	\$ 4,251,971	\$ 653,841
Milwaukee Lutheran Free Enterprise	17,815	100,000
Milwaukee Lutheran School Donations	151,578	244,894
Milwaukee Lutheran Office to Classroom	359,497	---
Lake Country Lutheran School Donations	45,208	83,599
Lake Country Lutheran Multi-Purpose Stage	635,907	501,145
Lake Country Lutheran Athletic Training Facility	142,883	---
Milwaukee Lutheran Security	---	123,000
Mount Calvary Lutheran School Donations	20,423	22,734
Milwaukee Lutheran Elevator	---	538,444
Martin Luther Library	54,000	35,077
Martin Luther School Donations	29,421	91,420
Wauwatosa Lutheran School Donations	48,350	---
Milwaukee Lutheran Scholarships	<u>21,705</u>	<u>56,968</u>
Total Net Assets With Donor Restrictions	<u>\$5,778,758</u>	<u>\$2,451,122</u>

**NOTE O - Ground Lease Asset**

The Association signed a ground lease with Spartan Development, LLC to lease land to build a student residence. The lease period is 98 years after the date of completion of construction, which was August 12, 2020. The initial rent was \$1,100,000 capital contribution from Spartan Development, LLC. The yearly lease payment is \$1 per year. The value of the ground lease asset was \$1,100,000 and \$1,100,000 as of June 30, 2025 and 2024, respectively. The transactions are eliminated with this lease.

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**NOTE P - In-Kind Donations**

The Association utilized \$8,961 and \$2,710 of donated goods and services for various programs in the Association in the years ended June 30, 2025 and 2024, respectively. The goods and services were valued using the fair market value given current market rates. The donated goods and services consisted of the following for the years ended June 30, 2025 and 2024:

<u>Source</u>	<u>2025</u>	<u>2024</u>
Athletic Equipment - Association	\$1,500	\$ ---
Printing – Association	1,000	---
Athletic Equipment – Milwaukee Lutheran	1,530	---
Wrestling Room Enhancements – Lake Country Lutheran	2,509	---
Branded Backdrop - Martin Luther	1,222	---
Band Equipment - Martin Luther	100	---
Industrial Tools – Milwaukee Lutheran	200	2,210
Banner – Lake Country Lutheran	700	---
Lawn Mower – Lake Country Lutheran	200	---
Band Equipment – Milwaukee Lutheran	<u>---</u>	<u>500</u>
Total	<u>\$8,961</u>	<u>\$2,710</u>

**NOTE Q - COVID Funding**

Congress has passed stimulus bills related to COVID funding. These bills included the following funding that was available to the schools:

The Emergency Assistance for Non-Public Schools (EANS) program was established in the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act) to provide services or assistance to eligible non-public schools to address educational disruptions caused by COVID-19. The American Rescue Plan (ARP) Act continued the program with some changes. The school was reimbursed for certain expenses through the EANS program. The following chart provides information on these reimbursed expenses:

School Year	Amount Reimbursed	Amount Related to K-12 Grade Educational Programming	Amount of Reimbursement Used for Fixed Assets	Included in Financial Statements	Reserve Balance Schedule
2024-2025	18,504	18,504	{-0-}	Expense excluded from financial statements	N/A
2023-2024	8,292	8,292	{-0-}	Expense excluded from financial statements	N/A

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**NOTE Q - COVID Funding (continued)**

Total amounts of reimbursements by school are

<u>School</u>	<u>2025</u>	<u>2024</u>
Lake Country Lutheran High School	\$ 1,920	\$ ---
Martin Luther High School	6,930	1,362
Milwaukee Lutheran High School	8,292	---
Mount Calvary Lutheran School	<u>1,362</u>	<u>6,930</u>
Total	<u>\$18,504</u>	<u>\$8,292</u>

Additionally, the school received services and assistance directly from a Cooperative Educational Service Agency (CESA) or contracted by a CESA and TRIUN3 Staffing Solutions, LLC. The expenses and revenues associated with these direct services are not reflected in the financial statements or PSCP Reserve Balance Schedule.

**NOTE R - Retirement Plans**

The Association participates in Concordia Retirement Plan which is a defined benefit plan operated by Concordia Plan Services. This plan includes the Concordia Retirement Plan (CRP) with Retiree Medical Supplement (RMS).

Employees are eligible for the plan if they are hired to work over 20 hours per week for more than five consecutive months. Pension benefits are based on years of service and compensation. Employees are vested in the retirement plan after five years. Employees are eligible to receive the RMS benefit upon retirement if he/she completed 15 years or more of credible service and the employee is either age 60 or older or the employee's age plus years of creditable service equals or exceeds 85. Concordia Plan Services determines the percentage of salary for eligible workers that the Association is required to pay into the plan which is based on years of tenure and age. Contributions for the defined benefit plan are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

Newly enrollees to the CRP, who are non-faculty/non-LCMS called church workers are enrolled in the Account Option rather than the Traditional CRP. The Account Option provides a Retirement Cash Account (RCA) that vests after three (3) years. Employees receive compensation credits that are deposited into their RCA annually with amount of contribution based on years of service. The RCA is portable upon termination of employment once an employee is vested.

The Association also participates in Concordia Retirement Savings Plan (CRSP) which is a defined contribution plan. Employees are eligible to contribute to the plan if they are hired to work over 20 hours per week for more than five consecutive months. The Association matches 50% of an employee's contribution to the plan, not to exceed 1% of the employee's regular, annual compensation.

The total retirement expense for the Concordia Plans was \$1,244,337 and \$969,319 for the years ended June 30, 2025 and 2024, respectively. No amounts were due to/from Concordia Plan Services as of June 30, 2025 and June 30, 2024.

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**NOTE S - Rental Income**

The Association leases space to other organizations in the buildings that it owns. Rental income is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing the use of the Association's property. Rental income for the years ended June 30, 2025 and 2024, totaled \$118,338 and \$147,081, respectively. The Association, receives monthly payments between \$310 and \$1,842. Future payments will consist of the following for the year ended June 30:

<u>Year</u>	<u>Amount</u>
2026	\$ 9,725
2027	<u>4,200</u>
Total Future Payments	<u>\$13,925</u>

**NOTE T - Related Party Transactions**

The Association entered into an agreement with an independent contractor that is a relative of the CEO for other professional services. Total payments during the year ended June 30, 2025 and 2024, were \$9,000 and \$15,000, respectively. The Association entered into an agreement with an independent contractor that is a relative of the head of schools for professional branding and marketing services. Total payments during the year ended June 30, 2025 and 2024, were \$156,750 and \$127,000 respectively.

The Lutheran High School Association of Greater Milwaukee Foundation (the "Foundation") was created to support the charitable activities of the Association. Governance within the Foundation consists of nine (9) board members consisting of three (3) key employees of the Association (Chief Executive Officer, Chief Financial Officer, and the most senior member of Mission Advancement), three (3) members as appointed by the Association and up to six (6) other members as elected by the Foundation Board of Directors. The Association provides office facilities, management, event planning, record keeping, accounting services, and related overhead costs to the Foundation for which is it paid a management fee. The Foundation makes donations to the Association each year as approved by the Foundation Board primarily for the purpose of funding student aid, scholarships, and other costs associated with advancement efforts for the benefit of the Association. Each month, the Association invoices the Foundation. Total payments by the Foundation to the Association during the year ended June 30, 2025 and 2024, were \$2,333,142 and \$1,909,012 respectively. The Foundation receives all donations and passes them on to the Association if the donation is designated for a specific school in the Association. Total donations received by the Association from the Foundation during the year ended June 30, 2025 and 2024, were \$1,147,327 and \$1,123,924 respectively. Total amounts receivable from the Foundation at the year ended June 30, 2025 and 2024, were \$549,365 and \$326,878 respectively. The Association has a goal to build up its investment holdings in the Foundation and donated \$400,000 and \$1,600,000 during the years ended June 30, 2025 and 2024, respectively, to the Foundation.

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**NOTE T - Related Party Transactions (continued)**

The Association contracts services for the CFO position. The Association entered into an agreement with a company owned by the CFO where they share employees to perform services to benefit both parties. The employees of the CFO's company are participants in the Association employee benefit packages. Accounts receivable as of June 30, 2025 and 2024 was \$983,871 and \$539,939, respectively.

**NOTE U - Income Taxes**

The Association is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions taken in previous fiscal years and those expected to be taken in future fiscal years. As of June 30, 2025 and June 30, 2024, the Association had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Association does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE V - Subsequent Events**

The Association has evaluated events and transactions occurring after June 30, 2025, through October 15, 2025, the date the consolidated financial statements are available to be issued, for possible adjustments to the consolidated financial statements or disclosures. The Association has determined that the following subsequent events need to be disclosed:

On August 8, 2025, the Association signed an agreement for a line of credit of up to \$10,000,000 to provide financing for various high school facilities expansions and improvement projects, and working capital.