

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE

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## Independent Auditor's Report

Board of Directors

Lutheran High School Association of Greater Milwaukee, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of Lutheran High School Association of Greater Milwaukee, Inc. and Affiliate which comprise the consolidated statements of financial position as of June 30, 2020, and 2019 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.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of Lutheran High School Association of Greater Milwaukee, Inc. and Affiliate as of June 30, 2020 and 2019, 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.

#### ***Ritz Holman LLP***

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Board of Directors  
Lutheran High School Association of Greater Milwaukee, Inc. and Affiliate

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of revenue and expenses without donor restrictions by school, consolidating statement of financial position and consolidated statement of activities are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
September 25, 2020

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 3,621,241	\$ 1,727,781	\$ 5,349,022	\$ 1,189,102	\$ 964,564	\$ 2,153,666
Accounts Receivable - Net	206,441	451,302	657,743	357,795	270,819	628,614
Pledges Receivable	---	456,357	456,357	---	456,700	456,700
Other Asset	18,056	---	18,056	17,508	---	17,508
Prepaid Expenses	314,403	---	314,403	58,426	---	58,426
<b>Total Current Assets</b>	<b>\$ 4,160,141</b>	<b>\$ 2,635,440</b>	<b>\$ 6,795,581</b>	<b>\$ 1,622,831</b>	<b>\$ 1,692,083</b>	<b>\$ 3,314,914</b>
<b>FIXED ASSETS</b>						
Land	\$ 1,994,305	\$ ---	\$ 1,994,305	\$ 1,994,305	\$ ---	\$ 1,994,305
Construction in Progress	---	5,579,919	5,579,919	---	4,859,472	4,859,472
Land Improvements	3,835,093	---	3,835,093	3,763,968	---	3,763,968
Building and Building Improvements	42,968,313	---	42,968,313	36,571,310	---	36,571,310
Furniture, Fixtures and Equipment	2,030,804	---	2,030,804	1,874,204	---	1,874,204
Vehicles	294,147	---	294,147	294,147	---	294,147
<b>Total Fixed Assets</b>	<b>\$ 51,122,662</b>	<b>\$ 5,579,919</b>	<b>\$ 56,702,581</b>	<b>\$ 44,497,934</b>	<b>\$ 4,859,472</b>	<b>\$ 49,357,406</b>
Accumulated Depreciation	(17,852,403)	---	(17,852,403)	(16,442,041)	---	(16,442,041)
<b>Net Fixed Assets</b>	<b>\$ 33,270,259</b>	<b>\$ 5,579,919</b>	<b>\$ 38,850,178</b>	<b>\$ 28,055,893</b>	<b>\$ 4,859,472</b>	<b>\$ 32,915,365</b>
<b>LONG-TERM ASSETS</b>						
Accounts Receivable	\$ 154,836	\$ ---	\$ 154,836	\$ 120,859	\$ ---	\$ 120,859
Pledges Receivable - Net	---	640,195	640,195	---	50,825	50,825
Other Asset	159,870	---	159,870	177,926	---	177,926
<b>Total Long-Term Assets</b>	<b>\$ 314,706</b>	<b>\$ 640,195</b>	<b>\$ 954,901</b>	<b>\$ 298,785</b>	<b>\$ 50,825</b>	<b>\$ 349,610</b>
<b>OTHER ASSETS</b>						
Security Deposit	\$ 15,700	\$ ---	\$ 15,700	\$ 15,000	\$ ---	\$ 15,000
Credit Card Holding	397	---	397	---	---	---
<b>Total Other Assets</b>	<b>\$ 16,097</b>	<b>\$ ---</b>	<b>\$ 16,097</b>	<b>\$ 15,000</b>	<b>\$ ---</b>	<b>\$ 15,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 37,761,203</b>	<b>\$ 8,855,554</b>	<b>\$ 46,616,757</b>	<b>\$ 29,992,509</b>	<b>\$ 6,602,380</b>	<b>\$ 36,594,889</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 249,351	\$ 1,417,166	\$ 1,666,517	\$ 585,796	\$ 207,399	\$ 793,195
Accrued Payroll	1,050,379	---	1,050,379	1,010,746	---	1,010,746
Current Portion of CARES Act PPP Loan	1,097,469	---	1,097,469	---	---	---
Current Portion of Mortgages Payable	343,218	---	343,218	384,656	---	384,656
Deferred Revenue	1,249,681	---	1,249,681	1,360,680	---	1,360,680
<b>Total Current Liabilities</b>	<b>\$ 3,990,098</b>	<b>\$ 1,417,166</b>	<b>\$ 5,407,264</b>	<b>\$ 3,341,878</b>	<b>\$ 207,399</b>	<b>\$ 3,549,277</b>
<b>LONG-TERM LIABILITIES</b>						
CARES Act PPP Loan	\$ 2,857,500	\$ ---	\$ 2,857,500	\$ ---	\$ ---	\$ ---
Less: Current Portion of CARES Act PPP Loan	(1,097,469)	---	(1,097,469)	---	---	---
Mortgages Payable	13,911,560	6,413,192	20,324,752	14,303,375	1,648,337	15,951,712
Less: Current Portion of Mortgages Payable	(343,218)	---	(343,218)	(384,656)	---	(384,656)
Accrued Payroll	657,522	---	657,522	721,484	---	721,484
Student Activities - Auxiliary	137,532	(137,532)	---	228,490	(228,490)	---
<b>Total Long-Term Liabilities</b>	<b>\$ 16,123,427</b>	<b>\$ 6,275,660</b>	<b>\$ 22,399,087</b>	<b>\$ 14,868,693</b>	<b>\$ 1,419,847</b>	<b>\$ 16,288,540</b>
<b>Total Liabilities</b>	<b>\$ 20,113,525</b>	<b>\$ 7,692,826</b>	<b>\$ 27,806,351</b>	<b>\$ 18,210,571</b>	<b>\$ 1,627,246</b>	<b>\$ 19,837,817</b>
<b>NET ASSETS</b>						
Without Donor Restrictions						
Operating	\$ 17,647,678	\$ ---	\$ 17,647,678	\$ 11,781,938	\$ ---	\$ 11,781,938
With Donor Restrictions	---	1,162,728	1,162,728	---	4,975,134	4,975,134
<b>Total Net Assets</b>	<b>\$ 17,647,678</b>	<b>\$ 1,162,728</b>	<b>\$ 18,810,406</b>	<b>\$ 11,781,938</b>	<b>\$ 4,975,134</b>	<b>\$ 16,757,072</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 37,761,203</b>	<b>\$ 8,855,554</b>	<b>\$ 46,616,757</b>	<b>\$ 29,992,509</b>	<b>\$ 6,602,380</b>	<b>\$ 36,594,889</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 ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>						
Donations	\$ 768,269	\$ 1,906,429	\$ 2,674,698	\$ 919,399	\$ 1,858,085	\$ 2,777,484
Grants	---	1,025,267	1,025,267	72,000	285,736	357,736
Tuition	17,242,432	---	17,242,432	15,919,447	---	15,919,447
Fees						
Sports Fees	64,571	---	64,571	92,896	---	92,896
Class Fees	18,579	---	18,579	16,783	---	16,783
Other Fees	65,721	---	65,721	75,811	---	75,811
Food Sales	580,329	---	580,329	578,925	---	578,925
International Student Program	219,936	---	219,936	363,942	---	363,942
Elementary Band	172,828	---	172,828	158,018	---	158,018
Partnership Income	768,490	---	768,490	800,958	---	800,958
Rent	97,979	---	97,979	135,079	---	135,079
Gate Receipts	68,294	---	68,294	87,344	---	87,344
Interest Income	34,460	673	35,133	27,252	1,588	28,840
Other Income	222,454	9,483	231,937	229,076	8,034	237,110
In-Kind Revenue	11,585	100,000	111,585	10,800	---	10,800
Net Assets Released from Restrictions	6,854,258	(6,854,258)	---	892,955	(892,955)	---
Total Revenue	<u>\$ 27,190,185</u>	<u>\$ (3,812,406)</u>	<u>\$ 23,377,779</u>	<u>\$ 20,380,685</u>	<u>\$ 1,260,488</u>	<u>\$ 21,641,173</u>
<b>EXPENSES</b>						
Program Services	\$ 17,672,696	\$ ---	\$ 17,672,696	\$ 16,820,066	\$ ---	\$ 16,820,066
Management and General	2,844,448	---	2,844,448	2,564,101	---	2,564,101
Fundraising	807,301	---	807,301	720,913	---	720,913
Total Expenses	<u>\$ 21,324,445</u>	<u>\$ ---</u>	<u>\$ 21,324,445</u>	<u>\$ 20,105,080</u>	<u>\$ ---</u>	<u>\$ 20,105,080</u>
CHANGE IN NET ASSETS	\$ 5,865,740	\$ (3,812,406)	\$ 2,053,334	\$ 275,605	\$ 1,260,488	\$ 1,536,093
Net Assets, Beginning of Year	11,781,938	4,975,134	16,757,072	11,506,333	3,714,646	15,220,979
NET ASSETS, END OF YEAR	<u>\$ 17,647,678</u>	<u>\$ 1,162,728</u>	<u>\$ 18,810,406</u>	<u>\$ 11,781,938</u>	<u>\$ 4,975,134</u>	<u>\$ 16,757,072</u>

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, 2020**

	Program Services	Management and General	Fundraising	2020 Total
Salaries and Wages	\$ 8,611,556	\$ 1,300,842	\$ 433,978	\$ 10,346,376
Retirement	749,921	163,308	3,661	916,890
Employee Benefits	2,330,767	188,800	106,622	2,626,189
Payroll Taxes	506,029	70,990	13,476	590,495
Stipends	531,617	3,750	1,700	537,067
Professional Fees	264,515	208,280	10	472,805
Supplies	852,244	112,562	46,693	1,011,499
Telephone	40,780	30,476	600	71,856
Postage	6,638.0	818	25,002	32,458
Printing	17,276	7,780	55,897	80,953
Occupancy	469,971	74,325	29,603	573,899
Equipment Rental and Maintenance	271,028	1,955	1,491	274,474
Depreciation	1,393,138	17,224	---	1,410,362
Travel	56,634	25,548	17,179	99,361
Conferences, Conventions and Meetings	21,318	12,048	---	33,366
Graduation Materials	13,761	51	---	13,812
Awards	8,388	17,611	---	25,999
Food	334,217	---	---	334,217
Promotions	27,868	8,585	3,903	40,356
International Student Program	29,621	---	---	29,621
Student Activities	90,958	---	---	90,958
Capital Outlay	56,070	8,850	---	64,920
Recruitment	50	1,571	---	1,621
Moving Fees	2,500	---	---	2,500
Write-Off	60,181	---	---	60,181
Student Aid	767,827	---	---	767,827
Interest Expense	---	384,437	---	384,437
Insurance	---	100,331	---	100,331
Membership Dues	52,595	4,509	107	57,211
Donations	14,855	1,800	13,077	29,732
School Events	---	---	31,949	31,949
Field Trips	11,523	---	---	11,523
Meals and Entertainment	30,924	80,992	21,789	133,705
Sports Fees	17,629	---	---	17,629
Testing	26,568	---	---	26,568
Other Expense	3,729	17,005	564	21,298
<b>TOTALS</b>	<b>\$ 17,672,696</b>	<b>\$ 2,844,448</b>	<b>\$ 807,301</b>	<b>\$ 21,324,445</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, 2019**

	Program Services	Management and General	Fundraising	2019 Total
Salaries and Wages	\$ 8,132,217	\$ 1,061,822	\$ 379,312	\$ 9,573,351
Retirement	686,818	108,795	34,880	830,493
Employee Benefits	2,227,960	148,531	99,020	2,475,511
Payroll Taxes	471,625	65,645	10,024	547,294
Stipends	555,655	750	2,400	558,805
Professional Fees	231,438	206,941	3,250.0	441,629
Supplies	924,482	119,347	11,253	1,055,082
Telephone	11,716	22,190	300.0	34,206
Postage	11,552	568	21,638	33,758
Printing	18,684	435	51,694	70,813
Occupancy	529,944	72,318	32,216	634,478
Equipment Rental and Maintenance	226,003	334	---	226,337
Depreciation	1,185,944	11,657	---	1,197,601
Travel	96,968	37,974	22,085	157,027
Conferences, Conventions and Meetings	54,432	38,420	837	93,689
Graduation Materials	16,460	27	---	16,487
Awards	9,559	18,245	525	28,329
Food	372,746	---	20	372,766
Promotions	11,351	1,018	7,405	19,774
International Student Program	45,738	---	---	45,738
Student Activities	4,916	---	---	4,916
Capital Outlay	92,038	10,393	---	102,431
Recruitment	29,753	3,699	---	33,452
Moving Fees	7,442	---	---	7,442
Student Aid	684,448	---	---	684,448
Interest Expense	---	391,769	---	391,769
Insurance	7,147	94,837	---	101,984
Membership Dues	67,262	11,618	63	78,943
Donations	10,953	28,539	5,539	45,031
School Events	---	---	18,134	18,134
Field Trips	9,261	---	---	9,261
Meals and Entertainment	22,934	94,162	19,631	136,727
Sports Fees	25,633	---	---	25,633
Testing	36,641	---	---	36,641
Other Expense	346	14,067	687	15,100
<b>TOTALS</b>	<b>\$ 16,820,066</b>	<b>\$ 2,564,101</b>	<b>\$ 720,913</b>	<b>\$ 20,105,080</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,053,334	\$ 1,536,093
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,410,362	1,197,601
(Increase) Decrease in Accounts Receivable	(63,106)	(224,640)
(Increase) Decrease in Pledges Receivable	(589,027)	371,975
(Increase) Decrease in Other Asset	16,808	(195,434)
(Increase) Decrease in Prepaid Expenses	(255,977)	(43,160)
Increase (Decrease) in Accounts Payable	873,322	50,374
Increase (Decrease) in Accrued Payroll	(24,329)	14,454
Increase (Decrease) in Deferred Revenue	<u>(111,000)</u>	<u>(55,756)</u>
Net Cash Provided by Operating Activities	<u>\$ 3,309,990</u>	<u>\$ 2,651,507</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<u>\$ (7,345,175)</u>	<u>\$ (5,974,998)</u>
Net Cash Used by Investing Activities	<u>\$ (7,345,175)</u>	<u>\$ (5,974,998)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Mortgages	\$ (641,814)	\$ (383,217)
Proceeds from LCEF Loans	5,014,855	1,648,337
Proceeds from CARES Act PPP Loan	2,857,500	---
Payment on Truck Loan	<u>---</u>	<u>(24,329)</u>
Net Cash Provided by Financing Activities	<u>\$ 7,230,541</u>	<u>\$ 1,240,791</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 3,195,356	\$ (2,082,700)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,153,666</u>	<u>4,236,366</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 5,349,022</u></u>	<u><u>\$ 2,153,666</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 384,437	\$ 391,769

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, 2020 AND 2019**

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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.

**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.

**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.

**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.

**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 now under the control of the Association.

**Deferred Revenue**

Deferred revenue consists of tuition and other revenue that has been prepaid for the 2020 - 2021 year.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**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 Organization 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 Organization; management costs are those for management of the Organization 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 Organization 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.

**Reclassifications**

Certain amounts in the 2019 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2020 consolidated financial statements. Net assets and changes in net assets are unchanged due to these reclassifications.

**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 Organization'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.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE A - Summary of Significant Accounting Policies (continued)**

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 Organization. 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.

**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 Organization 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 Organization 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.

**NOTE B - Accounting Changes**

The Organization's consolidated financial statements have changed to adopt the *Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued accounting updates issued to clarify the standards. The updates are effective for the year ended December 31, 2019. The updates are required and establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled.

The Organization's consolidated financial statements have changed to adopt the *Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* effective for the year ended December 31, 2019. This update is required. The goal of this update is to help organizations determine reciprocal and nonreciprocal transactions. The guidance clarifies that an exchange transaction is when the resource provider receives equal value in return for what the resource provider pays. When the general public is the recipient of the service or goods, the transaction is not considered a reciprocal transaction, it is considered a contribution. The guidance also clarifies that 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.

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

The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under Topic 606 while prior period amounts are not adjusted and continue to be reported in accordance with legacy generally accepted accounting principles.

The adoption of this new standard did not result in a material impact to the Organization's consolidated financial statements. The adoption of the new standard is the new footnote disclosure regarding tuition revenue, student activity fees, food sales, elementary band and international student program fees. There was no significant effect on the consolidated financial statements related to the adoption of this new standard which would require cumulative effect adjustment to net assets at the date of adoption under the modified retrospective method.

**Future Accounting Pronouncements**

*Accounting Standards Update 2016-02, Leases (Topic 842)* will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE D - 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, 2020 and 2019, the Association's uninsured cash balances totaled \$4,941,288 and \$1,912,318, respectively.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE E - Liquidity**

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

Cash and Cash Equivalents	\$5,349,022
Accounts Receivable	657,743
Pledges Receivable	<u>456,357</u>
<b>Total Financial Assets</b>	<b><u>\$6,463,122</u></b>

Financial assets of \$1,162,728 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 Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As more fully described in Note I, the Organization 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 F - Accounts Receivable - Net**

Accounts receivable - net consists of the following as of June 30, 2020 and 2019:

<u>Source</u>	<u>2020</u>	<u>2019</u>
Tuition	\$ 640,093	\$ 574,926
Partnership	26,451	33,227
Other	4,530	2,346
School Donations and Activities from Foundation	454,687	310,678
3in1 Thrift Store	179,754	160,859
We Play for Him	63,082	34,917
Restricted Grants	7,382	142,520
Allowance for Uncollectible Accounts	<u>(563,400)</u>	<u>(510,000)</u>
<b>Net Accounts Receivable</b>	<b><u>\$ 812,579</u></b>	<b><u>\$ 749,473</u></b>
	<u>2020</u>	<u>2019</u>
Current Gross Accounts Receivable	\$1,221,143	\$1,138,614
Long-Term Gross Accounts Receivable	<u>154,836</u>	<u>120,859</u>
<b>Total Accounts Receivable</b>	<b>\$1,375,979</b>	<b>\$1,259,473</b>
Less: Allowance for Doubtful Accounts	<u>(563,400)</u>	<u>(510,000)</u>
<b>Total Net Accounts Receivable</b>	<b><u>\$ 812,579</u></b>	<b><u>\$ 749,473</u></b>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE G - Net Pledges Receivable**

Net pledges receivable consists of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current Gross Pledges Receivable	\$ 456,357	\$ 456,700
Long-Term Gross Pledges Receivable	<u>889,333</u>	<u>220,000</u>
Total Pledges Receivable	\$1,345,690	\$ 676,700
Less: Allowance for Doubtful Accounts	<u>(249,138)</u>	<u>(169,175)</u>
<b>Total Net Pledges Receivable</b>	<b><u>\$1,096,552</u></b>	<b><u>\$ 507,525</u></b>

Gross pledges receivable are expected to be collected as follows:

<u>In the Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 456,357
2022	341,833
2023	413,500
2024	109,000
2025	<u>25,000</u>
<b>Total Gross Pledges Receivable</b>	<b><u>\$1,345,690</u></b>

**NOTE H - Officer Housing Advance**

The Association entered into an employment agreement with an officer of the Association. The terms of this agreement provide for an advance in the amount of \$200,000 for the purpose of Housing Assistance. Starting April 1, 2019, the advance requires monthly interest and principal repayments with a maturity on April 1, 2029. The monthly payments are forgiven and recognized as compensation for each month the officer remains employed. If the officer is no longer employed by the Association, the advance then becomes payable by the officer for the remaining duration of the ten year agreement. The advance is secured by the officer's home. The balance on the advance at June 30, 2020 and 2019 was \$177,926 and \$195,434, respectively. The interest rate on the advance is 3%. Interest on the advance as of June 30, 2020 and 2019 was \$5,639 and \$1,221, respectively.

Future principal payments to be received are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 18,056
2022	18,605
2023	19,171
2024	19,745
2025	20,354
Thereafter	<u>81,995</u>
<b>Total Future Payments</b>	<b><u>\$177,926</u></b>



**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE I - Line of Credit**

The Association has a \$1,500,000 revolving line of credit bearing a variable rate, which was 4.375%, which matures on September 28, 2021. As of June 30, 2020 and June 30, 2019, the line of credit did not have an outstanding balance. The line of credit is secured by the Association's real estate.

**NOTE J - 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, 2020 and June 30, 2019, was \$13,911,560 and \$14,303,375, respectively. The interest rate at June 30, 2020, was 2.625%.

The Association entered into a long-term construction mortgage loan commitment for the purpose of an expansion at Lake Country Lutheran High School. The loan has an available principal amount of \$3,674,100 of which \$2,678,766 and \$1,648,337 have been drawn as of June 30, 2020 and 2019, respectively. Interest-only payments are due monthly until the maturity date of August 9, 2023. On that date the full unpaid principal and interest are due one balloon payment. The interest rate is variable based on the weighted annual average rate of interest plus up to an additional 2.5 percentage points. As of June 30, 2020 the interest rate was 4.375%. The loan is secured by the Association's real estate.

The Affiliate entered into a long-term construction mortgage loan commitment in November 2019 for the purpose of a student housing development at Martin Luther High School. The loan has an available principal amount of \$7,862,062 of which \$3,734,426 has been drawn as of June 30, 2020. The loan carries a variable interest rate. The interest rate as of June 30, 2020 was 4.05%. The loan is set to mature on November 21, 2051.

Interest expense for the years ended June 30, 2020 and 2019, was \$384,437 and \$391,769, respectively.

Future principal payments are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 343,218
2022	336,293
2023	346,954
2024	3,036,719
2025	369,300
Thereafter	<u>12,157,842</u>
Total Future Payments	<u>\$16,590,326</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
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**NOTE K - CARES Act Paycheck Protection Program Loan**

The Organization received a CARES Act Paycheck Protection Program (PPP) Loan on April 16, 2020 in the amount of \$2,857,500. As of June 30, 2020, the interest rate was 1%. The principal and interest on the loan may be forgiven for the Paycheck Protection Program in accordance with the guidelines of the Small Business Administration. The amount of forgiveness, if any, is not known at this time.

If the loan is not forgiven, future minimum payments required under the note are as follows:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2021	\$1,097,469
2022	<u>1,760,031</u>
Total	<u>\$2,857,500</u>

In addition, the Organization has deferred payroll taxes for the remainder of 2020. Current deferred payroll taxes as of June 30, 2020 is \$46,546. Half of this amount is to be paid by December 31, 2021 and the other half by December 31, 2022.

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

**Tuition and Fees Revenue**

Tuition revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for tuition services. The Organization 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.

Beginning Deferred Revenue	\$ 1,360,680
Revenue Recognized From Prior Year Deferred	(1,360,680)
New Fee Revenue Collected	17,131,433
Revenue Recognized on Tuition and Fees	<u>(15,881,752)</u>
Ending Deferred	<u>\$ 1,249,681</u>

**Student Activity Fees**

The Organization requests annual activity fees from students for sports, classes, and other activities. 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 Organization expects to be entitled in exchange for the student activity fees. Total revenue from student activity fees for the years ended June 30, 2020 and 2019, was \$148,871 and \$185,490, respectively.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE L - Revenue From Contracts with Customers (continued)**

**Food Sales**

The Organization 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 Organization expects to be entitled in exchange for the food sales fees. Total revenue from food sales for the years ended June 30, 2020 and 2019, was \$580,329 and \$578,925, respectively.

**Elementary Band and International Student Program Fees**

The Organization 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 subsequently no deferred amounts have been recorded. Revenue for these programs are reported at the amount that reflects the consideration to which the Organization 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, 2020 and 2019, was \$392,764 and \$521,960, respectively.

**NOTE M - Operating Leases**

The Association leased eleven copiers in fiscal year 2020 with monthly payments totaling \$3,818. The lease expense for the years ended June 30, 2020 and 2019, totaled \$43,963 and \$36,795, respectively.

The Association leased five postage meters with monthly payments totaling \$707 in fiscal year 2020. The lease expense for the years ended June 30, 2020 and 2019, totaled \$6,782 and \$7,139, respectively.

The Association leased two vehicles with monthly payments totaling \$655 in fiscal year 2020. The lease expense for the years ended June 30, 2020 and 2019, totaled \$4,582 and \$0-, respectively.

In July 2016, the Association signed a lease and sublease agreement for additional office space. The sublease began September 1, 2016, and ended March 31, 2020. The lease continues from April 1, 2020, through March 31, 2025. Rent expense for the years ended June 30, 2020 and 2019 totaled \$72,818 and \$72,818, respectively.

Future payments are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$137,248
2022	121,590
2023	104,516
2024	103,126
2025	<u>71,812</u>
Total Future Payments	<u>\$538,292</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE N - Deferred Revenue**

Deferred revenue consists of the following at June 30, 2020 and 2019:

<u>Source</u>	<u>2020</u>	<u>2019</u>
Tuition	\$1,249,681	\$1,355,044
Other	<u>---</u>	<u>5,636</u>
Total	<u>\$1,249,681</u>	<u>\$1,360,680</u>

**NOTE O - 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 \$610,976 and \$721,484 at June 30, 2020 and 2019, respectively. In addition, the Organization has \$46,546 of deferred payroll taxes as discussed in Note K.

As of June 30, 2020 and 2019, the banked benefit days account contains a present value discount of \$75,202 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 3.125% and 2.625%, respectively.

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

The Association had \$1,096,552 of time and purpose net assets with donor restrictions and \$66,210 of purpose net assets with donor restrictions, which consists of the following:

<u>Source</u>	<u>2020</u>	<u>2019</u>
Pledges Receivable	\$1,096,552	\$ 507,525
Milwaukee Lutheran Metal Shop	---	57,784
Milwaukee Lutheran Career Academy	---	854,513
Milwaukee Lutheran Scholarships	66,176	184,000
Milwaukee Lutheran Donations	---	126,944
Milwaukee Lutheran Capital Projects	---	52,708
Martin Luther Band Room	---	29,334
Martin Luther Student Center	---	51,095
Martin Luther Ceiling and Lighting	---	198,422
Martin Luther Capital Projects	---	429,265
Martin Luther Donations	---	24,429
Lake Country Lutheran Donations	---	93,266
Lake Country Lutheran Soccer Field	---	62,392
Lake Country Lutheran Capital Projects	---	46,230
Student Activities - Auxiliary	---	228,490
Lake Country Lutheran Expansion	---	1,986,831
Other	<u>---</u>	<u>41,906</u>
Total Net Assets With Donor Restrictions	<u>\$1,162,728</u>	<u>\$4,975,134</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE Q - In-Kind Donations**

The Association received \$111,585 and \$10,800 of donated goods and services, which consisted of the following for the years ended June 30, 2020 and 2019:

<u>Source</u>	<u>2020</u>	<u>2019</u>
Classroom Supplies	\$ 1,765	\$ 5,000
Art	---	4,000
Sewer and Water Lines	100,000	---
Chair Lift Replacement	5,270	---
Band Equipment	<u>4,100</u>	<u>1,800</u>
Total	<u>\$111,585</u>	<u>\$10,800</u>

**NOTE R - Rental Income**

The Association leases space to other organizations in the buildings that it owns. Rental income for the year ended June 30, 2020 and 2019, totaled \$97,979 and \$135,079 respectively. The Organization receives monthly payments between \$360 and \$1,746.

**NOTE S - Retirement Plans**

The Association participates in Concordia Retirement Plan which is a defined benefit plan operated by a related party, 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. 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.

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 were \$916,890 and \$830,493 for the years ended June 30, 2020 and 2019, respectively. No amounts were due to/from Concordia Plan Services as of June 30, 2020 and June 30, 2019.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE T - Related Party Transactions**

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 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, 2020, were \$1,032,655. 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, 2020, were \$1,424,421. Total amounts receivable from the Foundation at the year ended June 30, 2020, were \$453,377.

**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, 2020 and June 30, 2019, 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.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE V - Subsequent Events**

The Association has evaluated events and transactions occurring after June 30, 2020, through September 25, 2020, the date the consolidated financial statements are available to be issued, for possible adjustments to the consolidated financial statements or disclosures. The Organization has determined that the following subsequent events need to be disclosed:

A parcel of land at Lake Country Lutheran High School to the east of Campus Drive in the northernmost section totaling 14.6 acres to be developed for single family condominiums, 11.0 acres to remain isolated natural resource area, and 1.85 acres for a public road was sold on August 12, 2020 for \$1,250,000 less agreed upon shared road construction costs of \$250,000 as well as closing costs.

The COVID-19 outbreak in the United States has caused business disruption though mandated and voluntary closings of many businesses and nonprofit organizations. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. The Organization has postponed fundraising events. It is unknown at this time what, if any, negative impact on the Organization's financial position may be.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSES WITHOUT DONOR RESTRICTIONS BY SCHOOL**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(With Summarized Totals for the Year Ended June 30, 2019)**

	2020				2019	
	Martin Luther High School	Milwaukee Lutheran High School	Lake Country High School	Association	Total	Total
REVENUE						
Donations	\$ ---	\$ ---	\$ ---	\$ 768,269	\$ 768,269	\$ 919,399
Grants	---	---	---	---	---	72,000
Tuition	5,348,569	7,514,569	4,379,294	---	17,242,432	15,919,447
Fees						
Sports Fees	31,532	10,891	22,148	---	64,571	92,896
Class Fees	5,299	340	12,940	---	18,579	16,783
Other Fees	4,878	7,318	53,525	---	65,721	75,811
Food Sales	161,836	270,666	147,827	---	580,329	578,925
International Student Program	135,373	5,206	79,357	---	219,936	363,942
Elementary Band	---	---	---	172,828	172,828	158,018
Partnership Income	---	---	---	768,490	768,490	800,958
Rent	34,873	54,111	8,995	---	97,979	135,079
Gate Receipts	19,706	14,448	34,140	---	68,294	87,344
Interest Income	---	---	---	34,460	34,460	27,252
Other Income	49,285	33,290	21,661	118,218	222,454	229,076
In-Kind Revenue	6,715	4,300	250	320	11,585	10,800
Net Assets Released from Restrictions	805,803	1,707,978	4,070,047	270,430	6,854,258	892,955
Total Revenue (Carried Forward)	<u>\$ 6,603,869</u>	<u>\$ 9,623,117</u>	<u>\$ 8,830,184</u>	<u>\$ 2,133,015</u>	<u>\$ 27,190,185</u>	<u>\$ 20,380,685</u>



**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE AND AFFILIATE**  
**CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSES WITHOUT DONOR RESTRICTIONS BY SCHOOL**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With Summarized Totals for the Year Ended June 30, 2019)

	2020					2019
	Martin Luther High School	Milwaukee Lutheran High School	Lake Country High School	Association	Total	Total
Total Revenue (Brought Forward)	\$ 6,603,869	\$ 9,623,117	\$ 8,830,184	\$ 2,133,015	\$ 27,190,185	\$ 20,380,685
<b>EXPENSES</b>						
Salaries and Wages	\$ 2,773,810	\$ 4,072,089	\$ 1,638,014	\$ 1,862,463	\$ 10,346,376	\$ 9,573,351
Retirement	240,937	376,955	131,050	167,948	916,890	830,493
Employee Benefits	692,389	1,098,528	474,984	360,288	2,626,189	2,475,511
Payroll Taxes	168,900	246,251	80,826	94,518	590,495	547,294
Stipends	193,915	224,633	101,883	16,636	537,067	558,805
Professional Fees	69,955	104,409	86,160	212,281	472,805	441,629
Supplies	232,650	459,892	170,983	147,974	1,011,499	1,055,082
Telephone	15,934	17,252	7,594	31,076	71,856	34,206
Postage	4,701	6,094	1,389	20,274	32,458	33,758
Printing	2,432	14,989	---	63,532	80,953	70,813
Occupancy	122,130	206,313	141,529	103,927	573,899	634,477
Equipment Rental and Maintenance	60,594	144,657	65,777	3,446	274,474	226,337
Travel	20,430	20,741	10,452	47,738	99,361	157,027
Conferences, Conventions and Meetings	11,838	5,413	4,056	12,059	33,366	93,689
Graduation Materials	2,352	8,273	3,135	52	13,812	16,487
Awards	3,899	3,130	834	18,136	25,999	28,329
Food	102,840	133,797	97,580	---	334,217	372,766
Promotions	11,406	12,421	6,845	9,684	40,356	19,774
International Student Program	19,156	---	10,465	---	29,621	45,738
Capital Outlay	25,868	26,217	3,985	8,850	64,920	102,431
Recruitment	---	50	---	1,571	1,621	33,452
Moving Fees	---	---	2,500	---	2,500	7,442
Student Aid	225,379	181,885	360,563	---	767,827	684,448
Interest Expense	---	---	7,221	377,216	384,437	391,769
Insurance	---	---	---	100,331	100,331	101,984
Membership Dues	13,793	16,338	22,464	4,616	57,211	78,943
Donations	670	11,547	2,638	14,877	29,732	45,031
Special Events	552	5,027	26,370	---	31,949	18,134
Field Trips	3,540	6,627	---	1,356	11,523	9,261
Meals and Entertainment	14,672	10,811	5,486	102,736	133,705	136,726
Sports Fees	6,171	4,890	6,568	---	17,629	25,633
Testing	4,584	18,020	3,964	---	26,568	36,642
Other Expense	38	---	3,690	17,570	21,298	15,101
Total Expenses	<u>\$ 5,045,535</u>	<u>\$ 7,437,249</u>	<u>\$ 3,479,005</u>	<u>\$ 3,801,155</u>	<u>\$ 19,762,944</u>	<u>\$ 18,902,563</u>
CHANGES IN NET ASSETS BEFORE ASSOCIATION ALLOCATIONS	\$ 1,558,334	\$ 2,185,868	\$ 5,351,179	\$ (1,668,140)	\$ 7,427,241	\$ 1,478,122
Association Allocations	<u>(524,108)</u>	<u>(774,186)</u>	<u>(369,846)</u>	<u>1,668,140</u>	<u>---</u>	<u>---</u>
CHANGES IN NET ASSETS AFTER ASSOCIATION ALLOCATIONS	<u>\$ 1,034,226</u>	<u>\$ 1,411,682</u>	<u>\$ 4,981,333</u>	<u>\$ ---</u>	<u>\$ 7,427,241</u>	<u>\$ 1,478,122</u>
CHANGES IN NET ASSETS RELATED TO NON-OPERATING INCOME (EXPENSE)						
Student Activities	\$ ---	\$ ---	\$ ---	\$ (90,958)	\$ (90,958)	\$ (4,916)
Write-Off	(24,689)	(10,780)	(24,712)	---	(60,181)	---
Depreciation	(154,189)	(363,176)	(875,773)	(17,224)	(1,410,362)	(1,197,601)
Total Change From Non-Operating Items	<u>\$ (178,878)</u>	<u>\$ (373,956)</u>	<u>\$ (900,485)</u>	<u>\$ (108,182)</u>	<u>\$ (1,561,501)</u>	<u>\$ (1,202,517)</u>
CHANGES IN NET ASSETS	<u>\$ 855,348</u>	<u>\$ 1,037,726</u>	<u>\$ 4,080,848</u>	<u>\$ (108,182)</u>	<u>\$ 5,865,740</u>	<u>\$ 275,605</u>
Capital Additions	\$ 423,175	\$ 1,054,963	\$ 5,131,651	\$ (6,609,789)	\$ ---	\$ ---

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020**

The Lutheran High School Association of Greater Milwaukee					
	Without Donor Restrictions	With Donor Restrictions	Spartan Development LLC	Eliminations	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 3,621,241	\$ 1,727,781	\$ ---	\$ ---	\$ 5,349,022
Accounts Receivable - Net	246,947	451,302	---	(40,506)	657,743
Pledges Receivable	---	456,357	---	---	456,357
Other Asset	18,056	---	---	---	18,056
Prepaid Expenses	314,403	---	---	---	314,403
Total Current Assets	<u>\$ 4,200,647</u>	<u>\$ 2,635,440</u>	<u>\$ ---</u>	<u>\$ (40,506)</u>	<u>\$ 6,795,581</u>
<b>FIXED ASSETS</b>					
Land	\$ 1,994,305	\$ ---	\$ ---	\$ ---	\$ 1,994,305
Construction in Progress	---	564,697	5,015,222	---	5,579,919
Land Improvements	3,835,093	---	---	---	3,835,093
Building and Building Improvements	42,968,313	---	---	---	42,968,313
Furniture, Fixtures and Equipment	2,030,804	---	---	---	2,030,804
Vehicles	294,147	---	---	---	294,147
Total Fixed Assets	\$ 51,122,662	\$ 564,697	\$ 5,015,222	\$ ---	\$ 56,702,581
Accumulated Depreciation	(17,852,403)	---	---	---	(17,852,403)
Net Fixed Assets	<u>\$ 33,270,259</u>	<u>\$ 564,697</u>	<u>\$ 5,015,222</u>	<u>\$ ---</u>	<u>\$ 38,850,178</u>
<b>LONG-TERM ASSETS</b>					
Accounts Receivable	\$ 154,836	\$ ---	\$ ---	\$ ---	\$ 154,836
Pledges Receivable - Net	---	640,195	---	---	640,195
Other Asset	159,870	---	---	---	159,870
Total Long-Term Assets	<u>\$ 314,706</u>	<u>\$ 640,195</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 954,901</u>
<b>OTHER ASSETS</b>					
Security Deposit	\$ 15,700	\$ ---	\$ ---	\$ ---	\$ 15,700
Credit Card Holding	397	---	---	---	397
Total Other Assets	<u>\$ 16,097</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 16,097</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 37,801,709</b></u>	<u><b>\$ 3,840,332</b></u>	<u><b>\$ 5,015,222</b></u>	<u><b>\$ (40,506)</b></u>	<u><b>\$ 46,616,757</b></u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 289,856	\$ 136,371	1,280,796	\$ (40,506)	\$ 1,666,517
Accrued Payroll	1,050,379	---	---	---	1,050,379
Current Portion of CARES Act PPP Loan	1,097,469	---	---	---	1,097,469
Current Portion of Mortgages Payable	343,218	---	---	---	343,218
Deferred Revenue	1,249,681	---	---	---	1,249,681
Total Current Liabilities	<u>\$ 4,030,603</u>	<u>\$ 136,371</u>	<u>\$ 1,280,796</u>	<u>\$ (40,506)</u>	<u>\$ 5,407,264</u>
<b>LONG-TERM LIABILITIES</b>					
CARES Act PPP Loan	\$ 2,857,500	\$ ---	\$ ---	\$ ---	\$ 2,857,500
Less: Current Portion of CARES Act PPP Loan	(1,097,469)	---	---	---	(1,097,469)
Mortgages Payable	13,911,560	2,678,766	3,734,426	---	20,324,752
Less: Current Portion of Mortgages Payable	(343,218)	---	---	---	(343,218)
Accrued Payroll	657,522	---	---	---	657,522
Student Activities - Auxiliary	137,532	(137,532)	---	---	---
Total Long-Term Liabilities	\$ 16,123,427	\$ 2,541,234	\$ 3,734,426	\$ ---	\$ 22,399,087
Total Liabilities	<u>\$ 20,154,030</u>	<u>\$ 2,677,605</u>	<u>\$ 5,015,222</u>	<u>\$ (40,506)</u>	<u>\$ 27,806,351</u>
<b>NET ASSETS</b>					
Without Donor Restrictions					
Operating	\$ 17,647,679	\$ ---	\$ ---	\$ ---	\$ 17,647,679
With Donor Restrictions	---	1,162,727	---	---	1,162,727
Total Net Assets	<u>\$ 17,647,679</u>	<u>\$ 1,162,727</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 18,810,406</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 37,801,709</b></u>	<u><b>\$ 3,840,332</b></u>	<u><b>\$ 5,015,222</b></u>	<u><b>\$ (40,506)</b></u>	<u><b>\$ 46,616,757</b></u>

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

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

The Lutheran High School Association of Greater Milwaukee				
	Without Donor Restrictions	With Donor Restrictions	Spartan Development LLC	Total
<b>REVENUE</b>				
Donations	\$ 768,269	\$ 1,906,429	\$ ---	\$ 2,674,698
Grants	---	1,025,267	---	1,025,267
Tuition	17,242,432	---	---	17,242,432
Fees				
Sports Fees	64,571	---	---	64,571
Class Fees	18,579	---	---	18,579
Gate Receipts	68,294	---	---	68,294
Other Fees	65,721	---	---	65,721
Food Sales	580,329	---	---	580,329
International Student Program	214,730	---	---	214,730
Elementary Band	172,828	---	---	172,828
Partnership Income	768,490	---	---	768,490
Rent	97,979	---	---	97,979
Interest Income	34,460	673	---	35,133
Other Income	227,660	9,483	---	237,143
In-Kind Revenue	11,585	100,000	---	111,585
Net Assets Released from Restrictions	6,854,259	(6,854,259)	---	---
Total Revenue	<u>\$ 27,190,186</u>	<u>\$ (3,812,407)</u>	<u>\$ ---</u>	<u>\$ 23,377,779</u>
<b>EXPENSES</b>				
Program Services	\$ 17,672,696	\$ ---	\$ ---	\$ 17,672,696
Management and General	2,844,448	---	---	2,844,448
Fundraising	807,301	---	---	807,301
Total Expenses	<u>\$ 21,324,445</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 21,324,445</u>
CHANGE IN NET ASSETS	\$ 5,865,741	\$ (3,812,407)	\$ ---	\$ 2,053,334
Net Assets, Beginning of Year	11,781,938	4,975,134	---	16,757,072
NET ASSETS, END OF YEAR	<u>\$ 17,647,679</u>	<u>\$ 1,162,727</u>	<u>\$ ---</u>	<u>\$ 18,810,406</u>

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