

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE

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Independent Auditor's Report

Board of Directors
The Lutheran High School Association of Greater Milwaukee

We have audited the accompanying financial statements of The Lutheran High School Association of Greater Milwaukee which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Lutheran High School Association of Greater Milwaukee as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ritz Holman LLP
Serving businesses, nonprofits, individuals and trusts.

330 E. Kilbourn Ave., Suite 550 t. 414.271.1451
Milwaukee, WI 53202 f. 414.271.7464
ritzholman.com

Board of Directors
The Lutheran High School Association of Greater Milwaukee

Ritz Holman LLP
RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
September 27, 2017

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
BALANCE SHEET
June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
ASSETS						
CURRENT ASSETS						
Cash	\$ 1,756,810	\$ 436,487	\$ 2,193,297	\$ 1,448,425	\$ 691,304	\$ 2,139,729
Accounts Receivable - Net	220,836	17,602	238,438	52,494	---	52,494
Pledges Receivable	---	25,000	25,000	---	25,000	25,000
Prepaid Expenses	17,466	---	17,466	8,128	---	8,128
Total Current Assets	<u>\$ 1,995,112</u>	<u>\$ 479,089</u>	<u>\$ 2,474,201</u>	<u>\$ 1,509,047</u>	<u>\$ 716,304</u>	<u>\$ 2,225,351</u>
FIXED ASSETS						
Land	\$ 1,994,305	\$ ---	\$ 1,994,305	\$ 1,994,305	\$ ---	\$ 1,994,305
Land Improvements	3,458,666	---	3,458,666	3,421,688	---	3,421,688
Building and Building Improvements	35,251,725	---	35,251,725	34,251,194	---	34,251,194
Furniture, Fixtures and Equipment	1,356,153	---	1,356,153	1,206,581	---	1,206,581
Vehicles	186,365	---	186,365	110,115	---	110,115
Total Fixed Assets	<u>\$ 42,247,214</u>	<u>\$ ---</u>	<u>\$ 42,247,214</u>	<u>\$ 40,983,883</u>	<u>\$ ---</u>	<u>\$ 40,983,883</u>
Accumulated Depreciation	(14,113,482)	---	(14,113,482)	(13,093,735)	---	(13,093,735)
Net Fixed Assets	<u>\$ 28,133,732</u>	<u>\$ ---</u>	<u>\$ 28,133,732</u>	<u>\$ 27,890,148</u>	<u>\$ ---</u>	<u>\$ 27,890,148</u>
LONG-TERM ASSETS						
Pledges Receivable - Net	\$ ---	\$ 315,483	\$ 315,483	\$ ---	\$ 323,589	\$ 323,589
Total Long-Term Assets	<u>\$ ---</u>	<u>\$ 315,483</u>	<u>\$ 315,483</u>	<u>\$ ---</u>	<u>\$ 323,589</u>	<u>\$ 323,589</u>
OTHER ASSETS						
Life Insurance Cash Surrender Value	\$ ---	\$ ---	\$ ---	\$ 1,934	\$ ---	\$ 1,934
Security Deposit	15,000	---	15,000	15,000	---	15,000
Other Assets	---	---	---	8,338	---	8,338
Total Other Assets	<u>\$ 15,000</u>	<u>\$ ---</u>	<u>\$ 15,000</u>	<u>\$ 25,272</u>	<u>\$ ---</u>	<u>\$ 25,272</u>
TOTAL ASSETS	<u>\$ 30,143,844</u>	<u>\$ 794,572</u>	<u>\$ 30,938,416</u>	<u>\$ 29,424,467</u>	<u>\$ 1,039,893</u>	<u>\$ 30,464,360</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 403,056	\$ 1,348	\$ 404,404	\$ 289,763	\$ 20,408	\$ 310,171
Accrued Payroll	937,481	---	937,481	785,022	---	785,022
Current Portion of Mortgage Payable	249,612	---	249,612	---	---	---
Deferred Revenue	1,437,658	---	1,437,658	1,253,426	---	1,253,426
Total Current Liabilities	<u>\$ 3,027,807</u>	<u>\$ 1,348</u>	<u>\$ 3,029,155</u>	<u>\$ 2,328,211</u>	<u>\$ 20,408</u>	<u>\$ 2,348,619</u>
LONG-TERM LIABILITIES						
Mortgages Payable	\$ 14,973,593	\$ ---	\$ 14,973,593	\$ 15,000,000	\$ ---	\$ 15,000,000
Less: Current Portion of Mortgage Payable	(249,612)	---	(249,612)	---	---	---
Accrued Payroll	735,692	---	735,692	695,465	---	695,465
Student Activities - Auxiliary	252,685	(252,685)	---	318,036	(318,036)	---
Total Long-Term Liabilities	<u>\$ 15,712,358</u>	<u>\$ (252,685)</u>	<u>\$ 15,459,673</u>	<u>\$ 16,013,501</u>	<u>\$ (318,036)</u>	<u>\$ 15,695,465</u>
Total Liabilities	<u>\$ 18,740,165</u>	<u>\$ (251,337)</u>	<u>\$ 18,488,828</u>	<u>\$ 18,341,712</u>	<u>\$ (297,628)</u>	<u>\$ 18,044,084</u>
NET ASSETS						
Unrestricted						
Operating	\$ 11,403,679	\$ ---	\$ 11,403,679	\$ 11,082,755	\$ ---	\$ 11,082,755
Temporarily Restricted	---	1,045,909	1,045,909	---	1,337,521	1,337,521
Total Net Assets	<u>\$ 11,403,679</u>	<u>\$ 1,045,909</u>	<u>\$ 12,449,588</u>	<u>\$ 11,082,755</u>	<u>\$ 1,337,521</u>	<u>\$ 12,420,276</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,143,844</u>	<u>\$ 794,572</u>	<u>\$ 30,938,416</u>	<u>\$ 29,424,467</u>	<u>\$ 1,039,893</u>	<u>\$ 30,464,360</u>

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

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Unrestricted Operating Funds	Temporarily Restricted Funds	Total	Unrestricted Operating Funds	Temporarily Restricted Funds	Total
REVENUE						
Donations	\$ 236,231	\$ 414,591	\$ 650,822	\$ 782,416	\$ 850,946	\$ 1,633,362
Capital Campaign	---	---	---	33,226	---	33,226
Grants	124,500	214,000	338,500	158,347	---	158,347
Tuition						
High School	14,041,853	---	14,041,853	12,069,060	---	12,069,060
College Credit	---	---	---	25,435	---	25,435
Fees						
Sports Fees	178,039	---	178,039	176,123	---	176,123
Class Fees	28,058	---	28,058	18,417	---	18,417
Other Fees	102,646	---	102,646	73,721	---	73,721
Food Sales	558,628	---	558,628	479,760	---	479,760
International Student Program	445,533	---	445,533	669,850	---	669,850
Summer Programs	96,361	---	96,361	107,039	---	107,039
Instrument Rentals	140	---	140	200	---	200
Partnership Income	1,039,304	---	1,039,304	1,146,790	---	1,146,790
Ad Revenue	1,335	---	1,335	2,683	---	2,683
Rent	137,575	---	137,575	132,175	---	132,175
Special Events	---	---	---	29,190	---	29,190
Interest Income	16,738	171	16,909	17,588	1,363	18,951
Other Income	422,073	---	422,073	551,674	29,608	581,282
In-Kind Revenue	3,022	30,000	33,022	21,154	---	21,154
Net Assets Released from Restrictions	950,374	(950,374)	---	1,113,982	(1,113,982)	---
Total Revenue	<u>\$ 18,382,410</u>	<u>\$ (291,612)</u>	<u>\$ 18,090,798</u>	<u>\$ 17,608,830</u>	<u>\$ (232,065)</u>	<u>\$ 17,376,765</u>
EXPENSES						
Instructional and Student Activities	\$ 10,068,389	\$ ---	\$ 10,068,389	\$ 8,941,416	\$ ---	\$ 8,941,416
Administration and Building Maintenance	7,675,572	---	7,675,572	7,760,703	---	7,760,703
Fundraising	317,525	---	317,525	499,823	---	499,823
Total Expenses	<u>\$ 18,061,486</u>	<u>\$ ---</u>	<u>\$ 18,061,486</u>	<u>\$ 17,201,942</u>	<u>\$ ---</u>	<u>\$ 17,201,942</u>
CHANGE IN NET ASSETS	\$ 320,924	\$ (291,612)	\$ 29,312	\$ 406,888	\$ (232,065)	\$ 174,823
Net Assets, Beginning of Year	<u>11,082,755</u>	<u>1,337,521</u>	<u>12,420,276</u>	<u>10,675,867</u>	<u>1,569,586</u>	<u>12,245,453</u>
NET ASSETS, END OF YEAR	<u>\$ 11,403,679</u>	<u>\$ 1,045,909</u>	<u>\$ 12,449,588</u>	<u>\$ 11,082,755</u>	<u>\$ 1,337,521</u>	<u>\$ 12,420,276</u>

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

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 29,312	\$ 174,823
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,019,748	976,919
(Increase) Decrease in Accounts Receivable	(185,944)	52,992
(Increase) Decrease in Pledges Receivable	8,106	229,434
(Increase) Decrease in Prepaid Expenses	(9,339)	(6,627)
(Increase) Decrease in Life Insurance Cash Surrender Value	1,934	83,174
(Increase) Decrease in Security Deposit	---	650
(Increase) Decrease in Other Asset	8,338	(6,330)
Increase (Decrease) in Accounts Payable	94,233	(94,652)
Increase (Decrease) in Accrued Payroll	192,686	169,795
Increase (Decrease) in Deferred Revenue	184,232	405,879
Increase (Decrease) in Retiree Benefits	---	(5,208)
Increase (Decrease) in Due to Foundation	---	(551,051)
	<u>\$ 1,343,306</u>	<u>\$ 1,429,798</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (1,263,331)	\$ (1,028,789)
	<u>\$ (1,263,331)</u>	<u>\$ (1,028,789)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgages	\$ (26,407)	\$ (14,734,351)
Proceeds from Mortgages	---	15,000,000
Payments on Line of Credit	---	(400,000)
Proceeds from Line of Credit	---	400,000
	<u>\$ (26,407)</u>	<u>\$ 265,649</u>
Net Increase in Cash and Cash Equivalents	\$ 53,568	\$ 666,658
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,139,729</u>	<u>1,473,071</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,193,297</u>	<u>\$ 2,139,729</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 392,899	\$ 415,193

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

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE A - Summary of Significant Accounting Policies

Association

The Lutheran High School Association of Greater Milwaukee (Association) is a group of premier schools dedicated to sharing Jesus and developing future leaders by providing relevant, rigorous academics and life preparation from a Christian worldview.

Accounting Method

The accompanying 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: unrestricted net assets and temporarily restricted net assets. Assets of the restricted classes are created only by donor-imposed 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 financial statements of The Lutheran High School Association of Greater Milwaukee because the accounts are held in the Association's name. Additionally, the revenue and expenses are also included in the Association's financial statements as these activities are now under the control of the Association.

Deferred Revenue

Deferred revenue consists of tuition, band camp and summer physical education that has been prepaid for the 2017 - 2018 year.

Contributions

All contributions are considered available for the Association's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized. Contributions of donated property are recorded at their fair market value at the date of donation.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE A - Summary of Significant Accounting Policies (continued)

Estimates

The preparation of 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.

NOTE B - Concentration of Risk

The Association maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017 and 2016, the Association's uninsured cash balances totaled \$2,169,197 and \$2,027,519, respectively.

NOTE C - Accounts Receivable - Net

Accounts receivable - net consists of the following as of June 30, 2017 and 2016:

<u>Source</u>	<u>2017</u>	<u>2016</u>
Tuition	\$ 542,132	\$575,957
Partnership	30,147	60,098
Other	25,360	6,473
School Donations from Foundation	161,989	---
Band	3,810	3,662
Allowance for Uncollectible Accounts	<u>(525,000)</u>	<u>(593,696)</u>
Net Accounts Receivable	<u>\$ 238,438</u>	<u>\$ 52,494</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE D - Net Pledges Receivable

Net pledges receivable consists of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Current Gross Pledges Receivable	\$ 25,000	\$ 25,000
Long-Term Gross Pledges Receivable	<u>594,200</u>	<u>614,200</u>
Total Pledges Receivable	\$ 619,200	\$ 639,200
Less: Present Value Discount	(210,717)	(222,611)
Less: Allowance for Doubtful Accounts	<u>(68,000)</u>	<u>(68,000)</u>
Total Net Pledges Receivable	<u>\$ 340,483</u>	<u>\$ 348,589</u>

Gross pledges receivable are expected to be collected as follows:

<u>In the Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 25,000
2019	25,000
2020	25,000
2021	25,000
2022	25,000
Thereafter	<u>494,200</u>
Total Gross Pledges Receivable	<u>\$619,200</u>

The long-term pledges have been discounted at an average rate of 3.875%.

NOTE E - Line of Credit

The Association has a \$1,500,000 revolving line of credit bearing a variable rate, which was 3.875%, due on September 30, 2018. As of June 30, 2017 and June 30, 2016, the balance on the line of credit was \$-0-. The line of credit is secured by the Association's real estate.

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE F - 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 interest rate at June 30, 2017, was 2.625%

Interest expense for the years ended June 30, 2017 and 2016, was \$392,899 and \$409,783, respectively.

Future principal payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 249,612
2019	340,544
2020	349,592
2021	328,612
2022	337,343
Thereafter	<u>13,367,890</u>
Total Future Payments	<u>\$14,973,593</u>

NOTE G - Operating Leases

The Association leased one vehicle with monthly payments of \$273. The lease expense for the year ended June 30, 2017, totaled \$3,276.

The Association leases thirteen copiers with monthly payments totaling \$5,036. The lease expense for the year ended June 30, 2017, totaled \$41,214.

The Association leases four postage meters with monthly payments totaling \$235. The lease expense for the year ended June 30, 2017, totaled \$4,982.

In July 2016, the Association signed a lease and sublease agreement for additional office space. The sublease began September 1, 2016, and ends March 31, 2020. The lease continues from April 1, 2020, through March 31, 2025. Rent expense for the year ended June 30, 2017 was \$40,176.

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE G - Operating Leases (continued)

Future payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$113,451
2019	109,192
2020	110,119
2021	113,782
2022	98,677
Thereafter	<u>230,224</u>
Total Future Payments	<u>\$775,445</u>

NOTE H - Deferred Revenue

Deferred revenue consists of the following at June 30, 2017:

<u>Source</u>	<u>2017</u>	<u>2016</u>
Tuition	\$1,309,077	\$1,151,119
Band Camp and Summer PE	19,312	19,843
Credits	109,269	---
Sports Fees	<u>---</u>	<u>82,284</u>
Total	<u>\$1,437,658</u>	<u>\$1,253,246</u>

NOTE I - Rental Income

The Association leases space to other organizations in the buildings that it owns. Rental income for the year ended June 30, 2017 and 2016, totaled \$137,575 and \$132,175, respectively. The organization receives monthly payments between \$360 and \$1,746.

Future premium payments will consist of the following for the year ended June 30:

<u>Year</u>	<u>Amount</u>
2018	\$18,559
2019	<u>4,320</u>
Total Future Payments	<u>\$22,879</u>

**THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE J - 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 \$735,692 and \$695,465 at June 30, 2017 and 2016, respectively.

NOTE K - Temporarily Restricted Net Assets

The Association had \$340,483 of temporarily time-restricted net assets and \$705,426 of temporarily purpose-restricted net assets, which consists of the following:

<u>Source</u>	<u>2017</u>	<u>2016</u>
Pledges Receivable	\$ 340,483	\$ 348,589
R3 Campaign	37,166	46,127
Heartland Teacher Award	2,573	11,926
Vocational Tech Program	---	503,894
Milwaukee Lutheran Scholarships	82,500	---
Martin Luther After School Program	106,466	---
Martin Luther GPS Program	16,667	---
Martin Luther Donations	38,667	---
Milwaukee Lutheran Donations	31,035	---
Lake Country Lutheran Donations	14,482	---
Lake Country Lutheran Storage Shed	75,557	---
Student Activities - Auxiliary	252,685	318,036
50K Project	28,957	62,243
Lake Country Lutheran Transportation	---	29,608
Other	<u>18,671</u>	<u>17,098</u>
Total Temporarily Restricted Net Assets	<u>\$1,045,909</u>	<u>\$1,337,521</u>

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE L - In-Kind Donations

The Association received \$33,022 and \$21,154 of donated goods and services, which consisted of the following for the years ended June 30, 2017 and 2016:

<u>Source</u>	<u>2017</u>	<u>2016</u>
Classroom Supplies	\$ 616	\$ ---
Food	---	2,100
Lake Country Lutheran Track	30,000	---
Furniture & Equipment	406	15,025
Band Equipment	2,000	2,910
Miscellaneous	<u>---</u>	<u>1,119</u>
Total	<u>\$33,022</u>	<u>\$21,154</u>

NOTE M - Retirement Plans

The Association participates in Concordia Retirement Plan which is a multi-employer defined benefit plan operated by a related party, Concordia Plan Services. This plan includes the Concordia Retirement Plan (CRP) with Retiree Medical Supplement (RMS). Plan assets for the Concordia Retirement Plan are not segregated or restricted on a chapter-by-chapter basis. If a chapter withdraws from the pension plan, the pension obligations for its employees are retained by the pension plan, as opposed to being allocated to the withdrawing chapter. The certified zone status of the plan is green (at least 80% funded as of the most recent date available).

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 \$706,855 and 647,583 for the years ended June 30, 2017 and 2016, respectively. No amounts were due to/from Concordia Plan Services as of June 30, 2017 and June 30, 2016.

THE LUTHERAN HIGH SCHOOL ASSOCIATION OF GREATER MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE N - 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, 2017 and June 30, 2016, 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 O - Subsequent Events

The Association has evaluated events and transactions occurring after June 30, 2017, through September 27, 2017, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that no subsequent events need to be disclosed.