



LANCASTER
MENNONITE

FAITH • EDUCATION • COMMUNITY



2020 Financial Report

A current snapshot, based on our fiscal year ending June 30, 2020 review by Brown, Schultz, Sheridan & Fritz, as printed in *Bridges* Spring edition 2021.

FINANCIAL REPORT

TRANSFORMATIONS! *By Dr. Pam Tieszen, LM Superintendent*

I am excited to share LM's financial data with you for the fiscal year ending on June 30, 2020. LM strives for transparency and accuracy so that the Finance Committee and Board of Directors are able to make the best financial decisions based on data.

The Business and Advancement Departments underwent dramatic transformations in the past year, and all personnel in both departments are in new positions, but not all are new to LM. We implemented new software for the Business Office that is more user-friendly for our staff and for our families paying tuition. Our accounting processes underwent a transformation with a new chart of accounts and fund shifts.

We are grateful for your generous support of students and staff because LM values transforming students into World Changers, and there could not be more valuable work at this time. Join LM in transforming student work in our world!

We welcome dialogue and questions about the financial report and the steps LM has been taking. Please reach out to me for more information: tieszenpk@lancastermennonite.org or (717) 740-2422.

This is a high-level view of our financials. If you are interested in more detail, please contact us for the full report.

REVENUE & EXPENSES

\$11,534,204
2019/2020 REVENUE

■ CLASS/LAB FEES	\$68,235
■ STATE FUNDS (ACT 90/195)	\$163,363
■ EDUCATIONAL IMPROVEMENT TAX CREDIT (EITC)	\$500,001
■ GIFTS	\$883,820
■ PROGRAM REVENUE	\$1,097,370
■ OTHER SOURCES	\$1,553,170
■ TUITION	\$7,268,245

2019-20 Funds Total

\$12,433,102
2019/20 EXPENSES

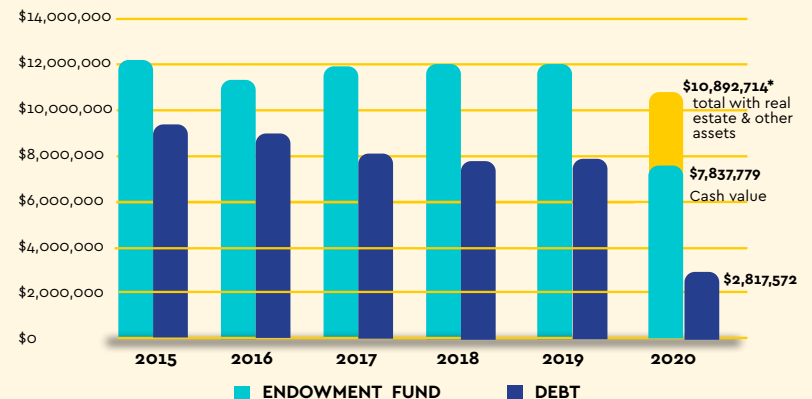
■ FUNDRAISING	\$218,481
■ MANAGEMENT & GENERAL	\$4,062,367
■ PROGRAM	\$8,152,254

BOARD GOALS

1. Strategic Financial Planning to strengthen LM's position and vision into the future.
2. Clearly identify LM's target market and growth opportunities.
3. Revise curriculum to include more STEAM (Science, Technology, Engineering, Art and Math) and Faith development opportunities.
4. Diversity Goals (NEW this year)
 - Each Board member to take the Harvard Implicit Bias test on Race.
 - New processes to increase hiring diversity.
 - Seek to add or maintain diversity for the LM Board - that is racial/ethnic, gender, age and reflective of a variety of gifts and expertise. It is the goal of the board to have at least 40% of its members from each gender, and at least 20% ethnic/racial diversity.

ENDOWMENT AND DEBT

An additional LM board goal focuses on eliminating debt and growing the endowment.



* The endowment value is reported differently for the fiscal year ending June 30, 2020 due to recommended changes by our accountants after working through our financial review process.

Notes:

- Real estate portion of endowment reduced due to the sale of the Hershey campus and the Millstream home.
- Cash value portion increased due to positive investment gains.
- Overall debt was reduced by:
 - Selling real estate
 - Reduced FTE at all campuses including the system office
 - Intentional reduction of expenses

Payroll Protection Program (PPP) loan was acquired in April 2020 to enable LM to avoid having to furlough employees at the end of the 2019-2020 school year. The PPP loan also helped to cover some of our most significant losses from tuition, rental income and the residence hall.



FINANCIAL AID

35% of our students were awarded need-based financial aid in the '19-'20 school year.

AVERAGE COST OF TUITION TO EDUCATE A STUDENT LOCALLY

PUBLIC SCHOOL COSTS

Based on data from 10 local public school districts - Conestoga Valley, Ephrata, Hempfield, Lampeter-Strasburg, School District of Lancaster, Manheim Township, Penn Manor, Pequea Valley, Solanco, and Warwick School Districts.

AVERAGE TOTAL EXPENDITURES	AVERAGE # OF STUDENTS	AVERAGE COST PER STUDENT
\$80,834,800	4,955	\$16,369

**Data from National Center for Education Statistics; Common Core of Data - 2018-19 school year; fiscal data from 2016-17.*

LANCASTER MENNONITE SCHOOL COSTS

TOTAL EXPENDITURES	# OF TOTAL STUDENTS	COST PER STUDENT
\$12,433,102	850	\$14,627 <i>(actual high school tuition charged \$10,164)</i>

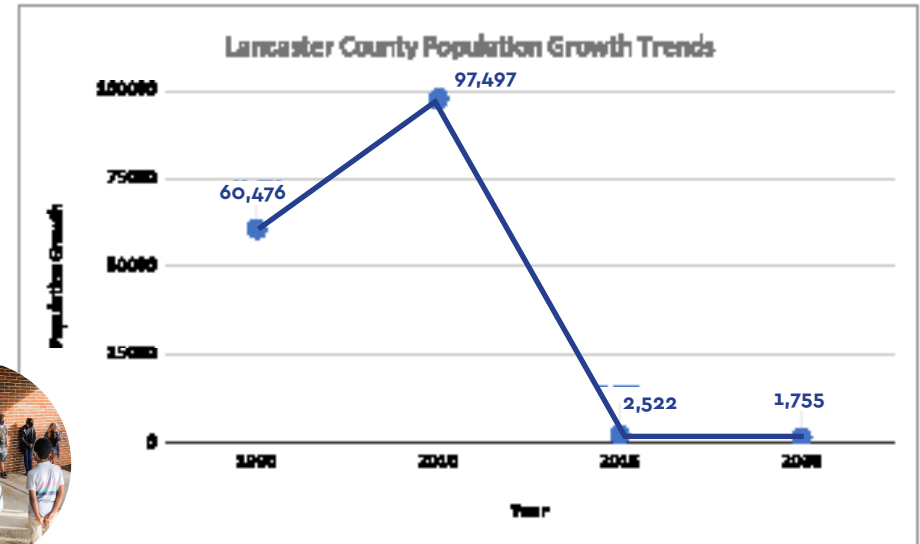
**Data from 2019-20 school year and fiscal year*



Lancaster Mennonite School is providing education at a much lower cost per student than public schools.

COUNTY AND STATE POPULATION DEMOGRAPHICS

Lancaster County population growth rates are declining. The average family size is now 3.13.



**Data from World Population Review website*

Over the past 20 years LM has fluctuated in how much square footage we've maintained based on the properties we have owned. Currently LM maintains 358,915 square feet at \$12.4M in expenses to operate.

With declining population trends and enrollment numbers, the LM Board has chosen to streamline expenses and unify campuses.

LM ENROLLMENT, SQUARE FOOTAGE AND EXPENSES

YEAR	ENROLLMENT (SYSTEM WIDE)	BUILDINGS SQU. FOOTAGE	TOTAL EXPENSES	NOTES
2000	858	244,661	\$4,420,897	Lancaster Campus - no Rutt Academic Center or Fieldhouse
2005	1,311	319,474	\$9,292,673	Lancaster, New Danville & Locust Grove Campuses
2010	1,481	420,833	\$13,190,822	Lancaster, New Danville, Locust Grove & Kraybill Campuses
2015	1,597	529,833	\$15,622,092	Lancaster, New Danville, Locust Grove, Kraybill & Hershey Campuses
2020	850	358,915	\$12,433,102	Lancaster, New Danville & Locust Grove Campuses



PLANS TO UNIFY GRADES PREK-12TH IN ONE LOCATION AT THE 90+ ACRE LANCASTER CAMPUS ON LINCOLN HIGHWAY

We want to share some exciting news with you! On February 12, 2021, the LM School Board and Administration announced in Town Hall meetings to faculty, staff, and families that we will be uniting our three campuses: Locust Grove and New Danville on the Lancaster Campus (Lincoln Highway) beginning in the 2022-23 school year.

The impact of changing demographics, combined with aging school facilities, increased school choice, historical debt, changes in churches and conferences, and declining international attendance caused the Board to wrestle with the question of the best future for LM for the past several years.

Board Chair, Kathy Beiler, said, ***"We are excited to announce that we have envisioned a campus where we can bring the best of our school together for every student. It will make the most effective use of our space with expanded programming, outdoor education, and a shared curriculum. Uniting teachers and programs will allow us to collaborate and educate our students together."***

Facility Plans & Renovations

The finer details have not yet been determined, but here are the plans

that we can share with you now:

Grades PreK-5th: Elementary students will be located in the Rutt Building with two elementary streams - one English track and one Spanish Immersion track. Rutt is the newest building on campus (2008) and is filled with natural light, tall ceilings, beautiful common areas and will include a new makerspace, library and playgrounds.

Grades 6-8th: Middle school students will be located in the newly renovated lower level of the '64 education building.

Grades 9-12th: High school students will move to a newly renovated 2nd floor of the '64 education building and the south end of the lower level with larger classrooms. New science labs will be built in the current media center space, and there will be a new space for the media center, yet to be determined. The Family and Consumer Science department will move to newly renovated classrooms on the second floor of the Book Building.

A beautiful new playground space will also be built off the west side of the Rutt Building. There will be a new pick-up and drop-off lane created off of Greenland Drive at the west side of the Rutt Building for the elementary students.



There is plenty of room to accommodate all grades at the 90+ acre Lancaster campus, along with room for expansion, and it will provide the opportunity to reimagine and remodel existing buildings to accommodate the unique needs of each grade level.

More information: lancastermennonite.org/future-together

"Lancaster Mennonite is fiscally healthy and strong, and we are putting this plan in place to remain healthy. Allocating our resources in a united and updated campus will benefit our entire student body and staff," said Beiler.

What are the Next Steps?

The sale of the two campuses will provide for a stronger and more sustainable future by paying down debt and building the endowment. Some of the proceeds will also go toward renovations and development of the Lancaster Campus so that we can serve all students more effectively. We also anticipate launching a

capital campaign to help fund exciting program expansions and facility upgrades. Your support of this campaign will provide all LM students with high quality Christ-centered education in enhanced facilities for many years into the future. We look forward to sharing more about this with you soon!

Questions

This is an exciting transition for Lancaster Mennonite! If you have questions or concerns, you can direct them to the following individuals:

- **Dr. Pam Tieszen, Superintendent:**
tieszenpk@lancastermennonite.org; 717-740-2422
- **Jon Heinly, Director of Advancement:**
heinlyjd@lancastermennonite.org; 717-740-2425
- **Kathy Beiler, LM Board Chair:** beilerkr@lancastermennonite.org

Invitation to Prayer

There is a year before this transition takes place, and there are still many details to be figured out. In the meantime we ask that you join us in prayer together over the next year for LM faculty and staff and families during the planning and transition phase.

RENOVATIONS: IN PROGRESS AND TO COME

'64 Wing Updates

Updates completed during Phase 1:

- Air conditioning, new ceilings, lighting, and updated technology
- New smart projectors (2nd floor)
- Created two new large classrooms
- New blinds...and more!

Planned Phase 2 updates include:

- Renovated bathrooms (including additional ADA compliant stalls)
- Updated classroom furniture
- New smart projectors (1st floor)
- New flooring...and more!

These renovations will transform the '64 Wing into an enhanced facility that is healthy and productive for student learning, cost effective, and versatile.

Total gifts and pledges towards project: \$1,528,658

An anonymous donor has generously provided a Match Challenge Fund of \$950,000 towards this project. We still have \$419,177 remaining to meet this match challenge - can we count on you to close the gap?



Campus Unification NEW Features by Fall 2022

Elementary Classroom Building (Rutt Building)

- Classroom upgrades to make spaces appropriate for PreK-5th
- Add bathrooms between classrooms for PreK & Kindergarten
- New MakerSpace
- New Playgrounds
- New Elementary Offices for Principal and Admin Assistant
- New driveway and gates to improve security and traffic flow



(Above image) Example idea for new elementary classrooms in the Rutt Building.

Middle School and High School ('64 Education Classroom Building)

See above '64 wing updates, plus:

- New Offices at the front of campus
- New Science Labs in the former Media Center
- New Family & Consumer Science rooms in the G. Parke Book Building
- New Media Center

Want all the updates as we go? Email Jon Heinly to be added to the update list: heinlyjd@lancastermennonite.org

For more details visit our site or scan this code!
lancastermennonite.org/future-together

