

**The Montana District
Of**



**2022
1 January – 31 December**

Financial Statements

Unaudited

The Montana District – LCMS 2022 Financial Statements

TABLE OF CONTENTS

	<u>Page No.</u>
TABLE OF CONTENTS	2
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF CASH FLOWS	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF ACTIVITIES BY CLASS, YTD	6
STATEMENT OF FUNCTIONAL EXPENSES, YTD	7
FINANCIAL GRAPHS	8-9
NOTES TO FINANCIAL STATEMENTS	10-13

Montana District LCMS
Statement of Financial Position - UnAudited
As of December 31, 2022

	Dec 31, 22	Dec 31, 21	\$ Change	% Change
Assets				
Current Assets				
Checking/Savings	910,362.53	661,352.59	249,009.94	37.65%
Other Current Assets				
Prepaid Expenses *	25,441.68	8,775.00	16,666.68	189.93%
Undeposited Funds	10,731.40	32,937.85	(22,206.45)	(67.42%)
Total Other Current Assets	36,173.08	41,712.85	(5,539.77)	(13.28%)
Total Current Assets	946,535.61	703,065.44	243,470.17	34.63%
Fixed Assets	18,388.91	63,630.30	(45,241.39)	(71.1%)
Long Term Assets				
Prepaid Expenses *	220,833.31	125,000.00	95,833.31	76.67%
Long Term Investments	776,063.41	1,168,548.35	(392,484.94)	(33.59%)
Total Long Term Assets	996,896.72	1,293,548.35	(296,651.63)	(22.93%)
Total Assets	1,961,821.24	2,060,244.09	(98,422.85)	(4.78%)
Liabilities & Equity				
Liabilities	11,818.97	23,946.31	(12,127.34)	(50.64%)
Equity				
With Donor Restrictions **	237,913.94	289,635.59	(51,721.65)	(17.86%)
Without Donor Restrictions	1,712,088.33	1,746,662.19	(34,573.86)	(1.98%)
<i>Board Designated **</i>	<i>741,703.28</i>	<i>1,149,161.53</i>	<i>(407,458.25)</i>	<i>(35.46%)</i>
<i>Land/Bldg/Equip</i>	<i>18,388.91</i>	<i>63,630.30</i>	<i>(45,241.39)</i>	<i>(71.1%)</i>
<i>Undesignated</i>	<i>951,996.14</i>	<i>533,870.36</i>	<i>418,125.78</i>	<i>78.32%</i>
Total Equity	1,950,002.27	2,036,297.78	(86,295.51)	(4.24%)
Total Liabilities & Equity	1,961,821.24	2,060,244.09	(98,422.85)	(4.78%)

* See Note 6

** See Note 1d

Montana District LCMS
Statement of Cash Flows
January through December 2022

	Jan - Dec 22
OPERATING ACTIVITIES	
Net Income	(86,295.51)
Adjustments to reconcile Net Income to net cash provided by operations:	
Prepaid Expenses	(16,666.68)
Accounts Payable	(4,208.44)
Credit Card	(5,211.44)
In/Out Account	(1,000.00)
Payroll Liabilities:Federal Tax Withheld - Employee	(940.00)
Payroll Liabilities:Social Security w/h - Employee	(244.90)
Payroll Liabilities:Medicare Company Paid	(57.28)
Payroll Liabilities:Medicare Withheld - Employee	(57.28)
Payroll Liabilities:Social Security Company Paid	(244.90)
Payroll Liabilities:State Tax Withheld - Employee	(190.00)
Payroll Liabilities:Unemployment Ins Company Paid	26.90
Net cash provided by Operating Activities	(115,089.53)
INVESTING ACTIVITIES	
Property Plant & Equipment:District Office Building:Accum Depreciation-Building	(122,228.66)
Property Plant & Equipment:District Office Building:Office Building	123,501.23
Property Plant & Equipment:Land Improvements:Accum Depreciation-Parking Lot	(1,611.23)
Property Plant & Equipment:Land Improvements:Parking Lot	11,718.00
Property Plant & Equipment:District Office Land	31,382.25
Property Plant & Equipment:District Vehicles:Accum Depreciation-Vehicle	2,479.80
Prepaid Expenses (Long Term)	(95,833.31)
Long Term Invest.:LCEF:LCEF 40 Mo CD	40,000.00
Long Term Invest.:LCMSF:MT District Mission & Ministry:Income/Expense	1.85
Long Term Invest.:LCMSF:MT District Mission & Ministry:Principal	142,646.21
Long Term Invest.:LCMSF:MT District Mission & Ministry:Unrealized Gain/Loss	58,176.24
Long Term Invest.:LCMSF:MT District Scholarship Fund:Income/Expense	(3.71)
Long Term Invest.:LCMSF:MT District Scholarship Fund:Principal	(20,781.56)
Long Term Invest.:LCMSF:MT District Scholarship Fund:Unrealized Gain/Loss	144,180.81
Long Term Invest.:LCMSF:MT District Schools Fund:Income/Expense	(0.87)
Long Term Invest.:LCMSF:MT District Schools Fund:Principal	(5,557.55)
Long Term Invest.:LCMSF:MT District Schools Fund:Unrealized Gain/Loss	33,823.52
Net cash provided by Investing Activities	341,893.02
FINANCING ACTIVITIES	
With Donor Restrictions:Education Ministry	255.00
With Donor Restrictions:Soldiers of the Cross	(28,500.00)
With Donor Restrictions:Campus Ministry	(1,145.73)
With Donor Restrictions:Mercy Fund	1,699.56
With Donor Restrictions:MT District CW Scholarship Fund	(22,093.00)
With Donor Restrictions:MT District Schools Fund	(1,937.48)
Board Designated:Building Fund	(125,000.00)
Board Designated:Car Replacement Fund	4,000.00
Board Designated:Convention Fund	(32,468.62)
Board Designated:District School St Scholarship	29,241.00
Board Designated:MT District Mission & Ministry	(199,164.92)
Board Designated:MT District CW Scholarship Fund	(101,852.54)
Board Designated:MT District Schools Fund	(26,693.40)
Board Designated:Pastor/Teacher & Circ Conf Fees	23.10
Board Designated:Pastor Wives Retreat	35.00
Board Designated:Student Loan Repayment Fund	41,220.00
Board Designated:Technology Replacement Fund	3,202.13
Land/Bldg/Equip	(45,241.39)
Without Donor Restrictions	504,421.29
Net cash provided by Financing Activities	0.00
Net cash increase for period	226,803.49
Cash at beginning of period	694,290.44
Cash at end of period	921,093.93

See Accompanying Notes to Financial Statements

Montana District LCMS
Statement of Activities Compared to Previous Year
January through December 2022

	Jan - Dec 22	Jan - Dec 21	\$ Change	% Change
Ordinary Income/Expense				
Income				
Public Support				
Contributions	699,396.89	634,300.40	65,096.49	10.26%
Fees and Assessments	4,522.20	35.00	4,487.20	12,820.57%
Total Public Support	703,919.09	634,335.40	69,583.69	10.97%
Investment Income	(163,925.08)	105,080.30	(269,005.38)	(256.0%)
Total Income	539,994.01	739,415.70	(199,421.69)	(26.97%)
Gross Profit	539,994.01	739,415.70	(199,421.69)	(26.97%)
Expense				
Program Expense				
Synod Support, General	146,332.15	148,537.46	(2,205.31)	(1.49%)
Conventions	33,871.97	140.00	33,731.97	24,094.26%
Ecclesiastical Services				
Circuit Visitors	6,999.95	3,920.64	3,079.31	78.54%
District Conferences	7,092.93	5,889.20	1,203.73	20.44%
District President	12,095.66	25,523.66	(13,428.00)	(52.61%)
Total Ecclesiastical Services	26,188.54	35,333.50	(9,144.96)	(25.88%)
Grants & Mission Support	367,233.07	355,236.71	11,996.36	3.38%
Total Program Expense	573,625.73	539,247.67	34,378.06	6.38%
District Officers & Administration				
Board of Directors	73,046.91	22,533.11	50,513.80	224.18%
President Office Administration	149,107.18	133,329.66	15,777.52	11.83%
Treasurer	58,717.44	54,181.90	4,535.54	8.37%
Vice President	519.70	203.84	315.86	154.96%
Total District Officers & Administration	281,391.23	210,248.51	71,142.72	33.84%
Ministry Boards & Committees				
Education Ministry	0.00	1,442.73	(1,442.73)	(100.0%)
Indian Ministry	2,397.30	2,959.00	(561.70)	(18.98%)
Missions & Evangelism Ministry	898.48	198.24	700.24	353.23%
Stewardship & Human Care Ministry	318.50	16.00	302.50	1,890.63%
Youth & Campus Ministry	1,479.18	1,211.90	267.28	22.06%
Total Ministry Boards & Committees	5,093.46	5,827.87	(734.41)	(12.6%)
Total Expense	860,110.42	755,324.05	104,786.37	13.87%
Net Ordinary Income	(320,116.41)	(15,908.35)	(304,208.06)	(1,912.25%)
Other Income/Expense				
Other Income				
Insurance Proceeds	18,753.00	0.00	18,753.00	100.0%
Gain/Loss on Sale of Asset *	215,067.90	0.00	215,067.90	100.0%
Total Other Income	233,820.90	0.00	233,820.90	100.0%
Net Other Income	233,820.90	0.00	233,820.90	100.0%
Net Income	(86,295.51)	(15,908.35)	(70,387.16)	(442.45%)

* See Note 4

See Accompanying Notes to Financial Statements

Montana District LCMS
Statement of Activities (By Class) - Unaudited
January through December 2022

	Without Donor Restrictions	With Donor Restrictions	TOTAL
Ordinary Income/Expense			
Income			
Public Support			
Contributions	710,493.91	(11,097.02)	699,396.89
Fees and Assessments	4,522.20	0.00	4,522.20
Total Public Support	715,016.11	(11,097.02)	703,919.09
Investment Income	(163,925.08)	0.00	(163,925.08)
Net Assets Released From Restrictions			
Satisfaction of Program Restrictions	40,624.63	(40,624.63)	0.00
Total Net Assets Released From Restrictions	40,624.63	(40,624.63)	0.00
Total Income	591,715.66	(51,721.65)	539,994.01
Gross Profit	591,715.66	(51,721.65)	539,994.01
Expense			
Program Expense			
Synod Support, General	146,332.15	0.00	146,332.15
Conventions	33,871.97	0.00	33,871.97
Ecclesiastical Services			
Circuit Visitors	6,999.95	0.00	6,999.95
District Conferences	7,092.93	0.00	7,092.93
District President	12,095.66	0.00	12,095.66
Total Ecclesiastical Services	26,188.54	0.00	26,188.54
Grants & Mission Support	367,233.07	0.00	367,233.07
Total Program Expense	573,625.73	0.00	573,625.73
District Officers & Administration			
Board of Directors	73,046.91	0.00	73,046.91
President Office Administration	149,107.18	0.00	149,107.18
Treasurer	58,717.44	0.00	58,717.44
Vice President	519.70	0.00	519.70
Total District Officers & Administration	281,391.23	0.00	281,391.23
Ministry Boards & Committees			
Indian Ministry	2,397.30	0.00	2,397.30
Missions & Evangelism Ministry	898.48	0.00	898.48
Stewardship & Human Care Ministry	318.50	0.00	318.50
Youth & Campus Ministry	1,479.18	0.00	1,479.18
Total Ministry Boards & Committees	5,093.46	0.00	5,093.46
Total Expense	860,110.42	0.00	860,110.42
Net Ordinary Income	(268,394.76)	(51,721.65)	(320,116.41)
Other Income/Expense			
Other Income			
Insurance Proceeds	18,753.00	0.00	18,753.00
Gain/Loss on Sale of Asset	215,067.90	0.00	215,067.90
Total Other Income	233,820.90	0.00	233,820.90
Other Expense	0.00	0.00	0.00
Net Other Income	233,820.90	0.00	233,820.90
Net Income	(34,573.86)	(51,721.65)	(86,295.51)

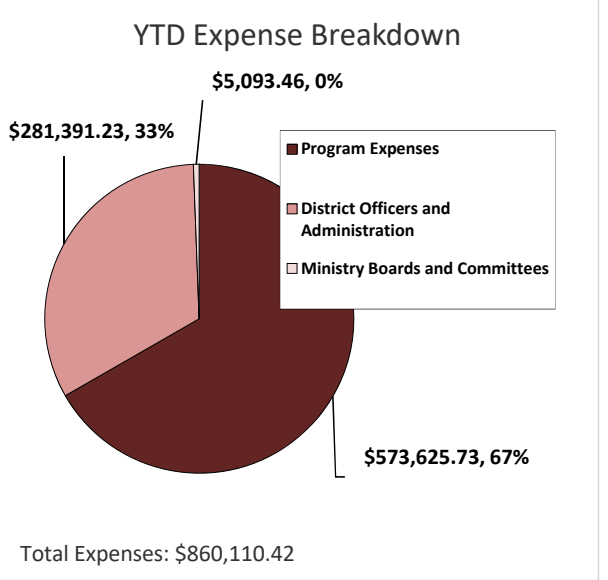
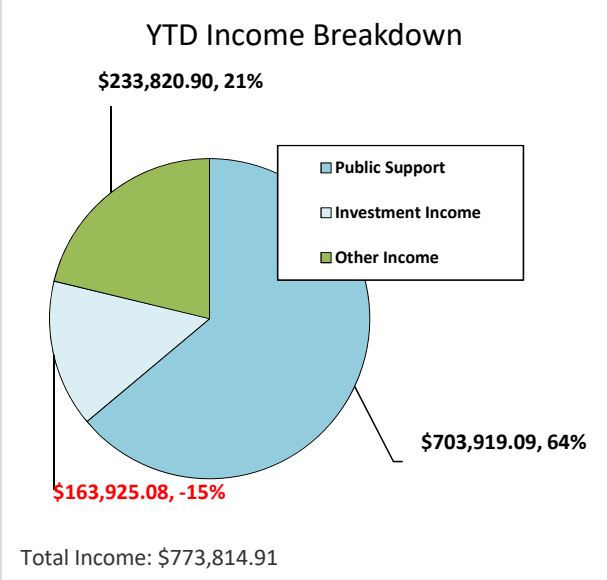
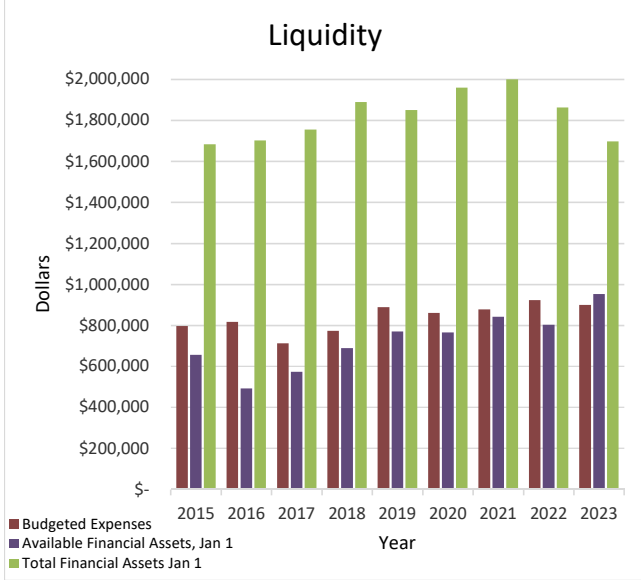
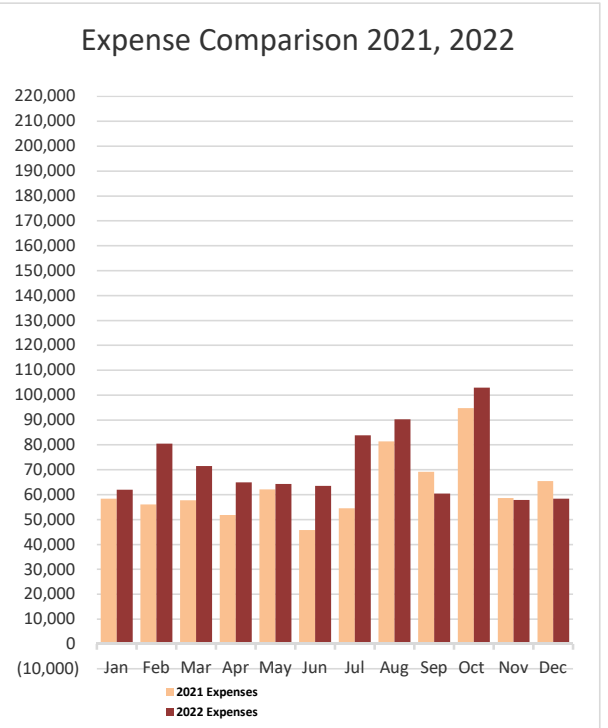
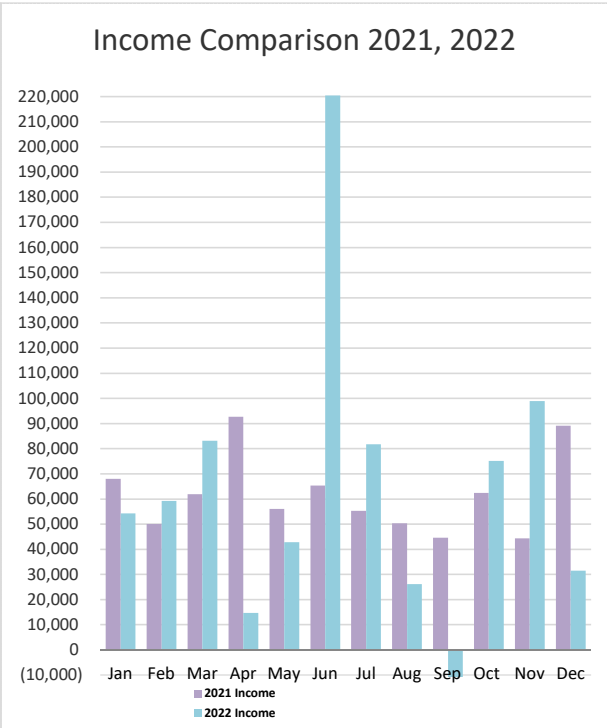
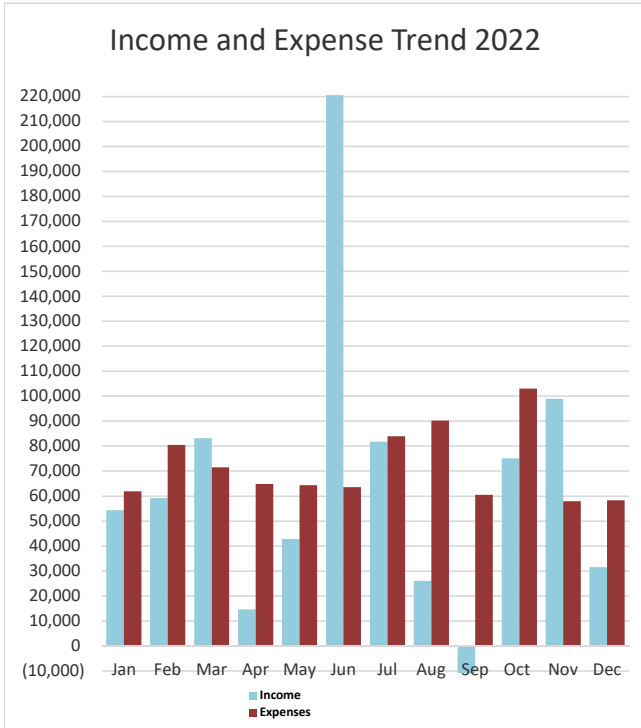
See Accompanying Notes to Financial Statements

Montana District LCMS
Statement of Functional Expenses
January 1- December 31, 2022

<i>Functional Classifications</i>	<i>Program Services</i>			<i>Support Services</i>			<i>Total Expenses</i>	
	<i>National/ International Mission</i>	<i>MT District Mission</i>	<i>Total Program Services</i>	<i>Synodical General Fund</i>	<i>Management and General</i>	<i>Fundraising</i>		<i>Total Support Services</i>
Natural Classifications								
Personnel								
Salary and Wages	15,811	41,414	57,225		95,002	108	95,110	152,335
Benefits	4,324	11,114	15,438		15,057	9	15,066	30,504
Taxes	-	69	69		4,017	8	4,025	4,094
UI/Worker's Comp/Admin Fund	-	10	10		552	1	553	563
Payroll Processing	7	19	26		100	0	100	126
Total Personnel	\$ 20,142	\$ 52,626	\$ 72,768		\$ 114,729	\$ 126	114,855	\$ 187,623
Employee Resources & Training			-		3,364		3,364	3,364
Synodical Pledge			-	146,332			146,332	146,332
Conventions		33,872	33,872				-	33,872
District Conferences		7,093	7,093				-	7,093
Board Meetings			-		5,964		5,964	5,964
Board Actions	7,270	1,146	8,416		15,777		15,777	24,193
District President	2,173	8,841	11,014		1,082	-	1,082	12,096
Circuit Visitors		7,000	7,000				-	7,000
Vice President		520	520				-	520
Congregational Support		286,955	286,955				-	286,955
Scholarships & Grants		72,278	72,278				-	72,278
Missionary Support	8,000		8,000				-	8,000
Congregational Resources		398	398				-	398
Accounting Costs			-		385		385	385
Auditing Services			-		7,500		7,500	7,500
Bank Fees			-		61		61	61
Depreciation			-		3,409		3,409	3,409
Office	-	-	-	-	3,803	-	3,803	3,803
Building			-		38,011		38,011	38,011
Property/Liability Insurance			-		6,023		6,023	6,023
Miscellaneous		41	41		97		97	139
Ministry Boards & Committees	-	4,174	4,174		919	-	919	5,093
Total Expenses	<u>\$ 37,585</u>	<u>\$ 474,944</u>	<u>\$ 512,529</u>	<u>\$ 146,332</u>	<u>\$ 201,123</u>	<u>\$ 126</u>	<u>\$ 347,582</u>	<u>\$ 860,110</u>
	4%	55%	60%	17%	23%	0%	40%	100%

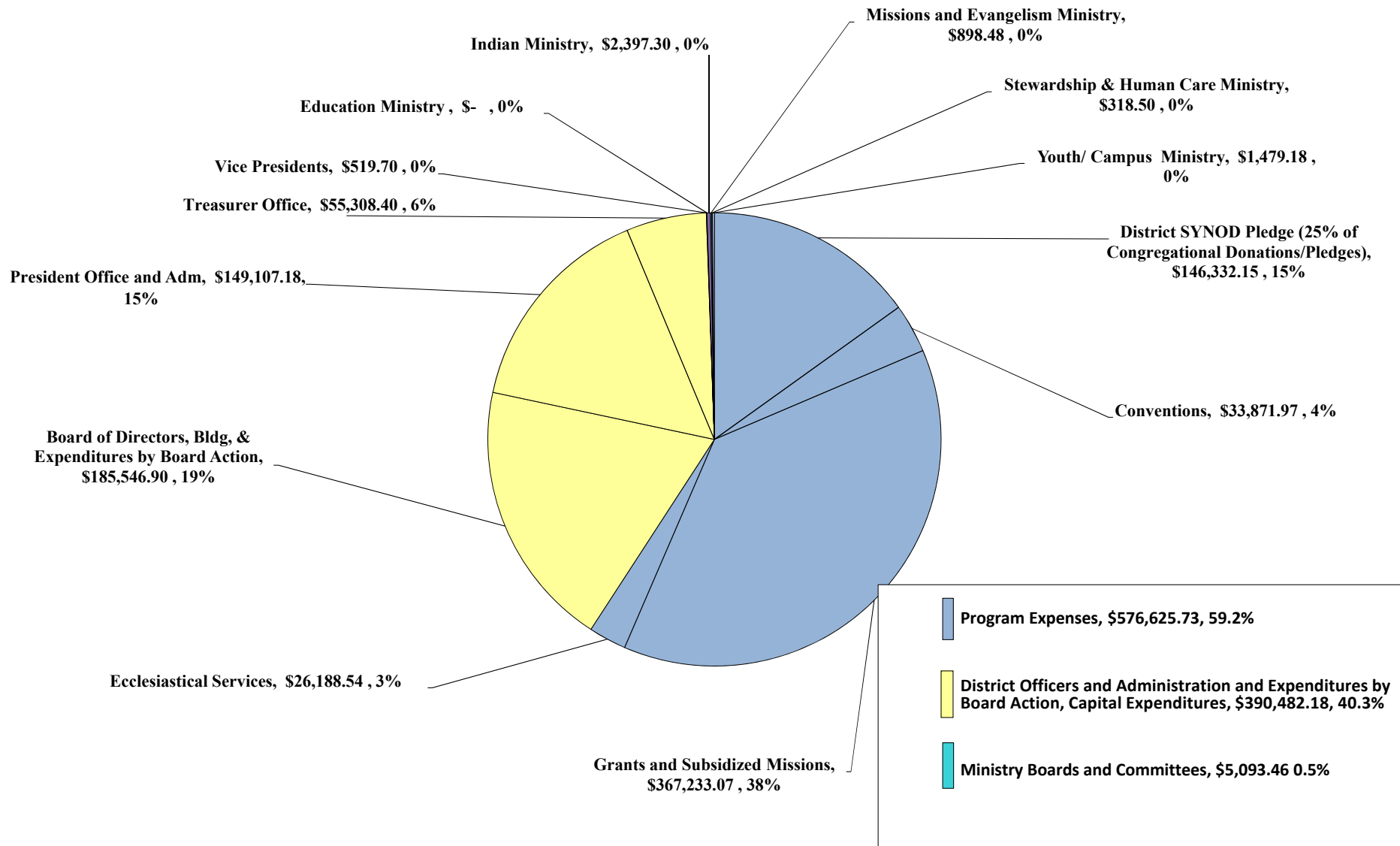
See Accompanying Notes to Financial Statements

Company Snapshot



See Accompanying Notes to Financial Statements

2022 DISTRICT EXPENDITURES YTD (as of 31 December = \$969,201.37)



Board of Directors
Montana District of the Lutheran Church - Missouri Synod
759 Newman Lane, Suite 2
Billings, Montana 59101

NOTES TO THE FINANCIAL STATEMENTS – January 1—December 31, 2022

NOTE 1. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Montana District of the Lutheran Church – Missouri Synod, a non-profit organization, is one of the 35 Districts of The Lutheran Church-Missouri Synod (the Synod). The Montana District encompasses 68 congregations in the states of Montana, Idaho and North Dakota. The Synod established its District offices to more effectively achieve its objectives and assist its congregations and their members in conserving and promoting the unity of the faith, and in carrying out their functions of worship, witness, teaching and nurture, service and support.

The District relies on donations from its member congregations for a significant portion of its support. Unrestricted support from District congregations totaled \$585,328.61 during 2022, 108.4% of total ordinary income.

The Montana District of the Lutheran Church – Missouri Synod is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes on the income from related exempt activities under Code Section 501(a). No provisions for federal income taxes have been made in the accompanying financial statements because of the exemption and there was no unrelated business income for the reporting period.

1.a. BASIS OF ACCOUNTING

The Montana District LCMS uses the accrual method of accounting in accordance with generally accepted accounting principles (GAAP) in the United States of America. With this measurement focus operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. Revenues are recognized when they are earned and expenses when they are incurred.

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restriction imposed at the time the gift was given.

Support that is restricted by the donor is reported as an increase in net assets With Donor Restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied), 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.

1.b. CASH AND INVESTMENTS

For financial statement purposes, the Montana District LCMS considers currency, demand deposits, and liquid investments with a maturity of three months or less, when purchased, to be cash and cash equivalents. At times throughout the year, the cash and cash equivalent balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Lutheran Church Extension Fund (LCEF) and LCMS Foundation are religious organizations, therefore amounts held by them are not insured by the FDIC.

1.c. FUND ACCOUNTING

To ensure observance of limitations and restrictions placed on the use of resources available to the Montana District LCMS, the accounts of the district are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund/class groups. Accordingly, all financial transactions have been recorded and reported in the net assets without donor restrictions and net assets with donor restrictions as noted below.

1.d. NET ASSET DISCLOSURE

Net Assets With Donor Restrictions

Net assets with donor restrictions contain donor-imposed restrictions that expire upon the passage of time (normally limited to 5 years) or once specific actions have been undertaken by the Montana District. Net assets with donor restrictions consist of the following as of December 31, 2022:

Subject to expenditure for specified purpose:	December 31, 2022
B Church Worker Scholarships	190,378.22
D Disaster Relief	160.00
F Education Ministry	1,272.67
G Mercy Fund	46,053.05
N Youth Ministry	50.00
Total net assets with donor restrictions	\$ 237,913.94

Net Assets Without Donor Restrictions

Net assets without donor restrictions result from receiving unrestricted contributions from donors, receiving interest from investments where there is no donor restriction on the income from a donation, and performing administrative functions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation, unless the governing board chooses to set aside a portion for specific purposes. Net assets without donor restrictions as of December 31, 2022 were \$1,712,088.33.

Net assets without donor restrictions set aside by the governing board are “board designated.” The governing board can, at its discretion, add to or release from board designations. As of December 31, 2022, The Montana District LCMS’s governing board had designated from net assets without donor restrictions \$741,703.28 as follows:

Designated for expenditure for specified purpose:	December 31, 2022
To be expended in fulfillment of the purpose specified by the governing board. The designation on the entire balance of the fund may be dissolved and the balance may be spent at any time, for any purpose, at the discretion of the governing board.	
A Car Replacement Fund	28,000.00
C Convention Fund	37,416.38
E District School Scholarship	39,474.96
J Pastor/Teacher Circuit Conference	23.10
K Pastor Wives Retreat	232.46
L Student Loan Repayment Fund	41,220.00
M Technology Replacement Fund	3,507.58
	149,874.48
Designated for long-term investment in a quasi-endowment fund:	
Income on investment increases the quasi-endowment. Principal and income to be expended in support of the specified purpose on direction of the governing board. The designation on the entire principal and income may be dissolved and the sum may be spent at any time, limited only as noted above of any net asset without donor restrictions bearing no designation, at the discretion of the governing board.	
B Church Worker Scholarships	346,061.26
H Mission and Ministry	119,938.98
I MT District School Grants	125,828.56
	591,828.80
Total net assets without donor restrictions—board designated	\$ 741,703.28

- A. Car Replacement Fund was established by the board to designate funds specifically for the replacement of the district owned vehicle.
- B. The Church Worker Scholarships Fund is to provide scholarships for members of the Montana District congregations who are enrolled at an LCMS college or university and actively pursuing studies for full-time service within the LCMS.
- C. The Convention Fund consists of the fees assessed to Montana District LCMS congregations annually which the board has designated to be set aside for the funding of the MT District Convention and the Synodical Convention as well as other collected fees associated with the conventions.
- D. Disaster Relief Fund is a donor restricted fund to assist with disaster relief, not subject to any geographic or other specifications
- E. The District School Scholarship Fund was established at the direction of the 2018 District Convention to provide relief of tuition costs to needy families whose children attend MT District schools.
- F. The Education Ministry Fund contains donations to be used for the Education Ministry Committee VBS.
- G. The Mercy Fund was created to provide relief for catastrophic health care expenses of Montana District church workers and their immediate family members.
- H. The Mission and Ministry Fund was established by the governing board to receive gifts and bequests without donor restrictions, in addition to receiving excess funds without donor restrictions, and to use them for the mission of the Montana District LCMS.
- I. The MT District School Grant Fund is to be used for the support of day schools of Montana District LCMS congregations.
- J. Pastor/Teacher Circuit Conference fees are assessed annually to Montana District congregations and set aside to fund annual conferences within the District.
- K. Pastor Wives Retreat fees are collected and held to help offset the cost of organizing the Pastor Wives Retreat.
- L. The Student Loan Repayment Fund was established to assist LCMS workers in congregations and ministries of the Montana District in repaying student loans acquired at LCMS colleges and universities in the pursuit of LCMS church-worker degrees.
- M. The Technology Replacement Fund was established by the board to designate funds specifically for the replacement of the Montana District office computers and computer accessories.
- N. The Youth Ministry Fund consists of donations to be used to assist needy families with the fees associated with attending the youth summer camp.

1.e. CAPITAL ASSETS

The District’s property, plant, equipment, and infrastructure with useful lives of more than one year and in excess of \$5,000 are stated at historical cost and comprehensively reported in the financial statements. Historical cost was established at the initial booking of the capital assets by determining actual costs. The costs of normal maintenance and repair are not capitalized. Depreciation on capital assets is provided over their estimated useful lives on the straight-line method. The useful lives of these assets have been estimated as follows:

Buildings & Improvements	10-30 Years
Automobiles & Equipment	5-10 years

1.f. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 2. CASH

At period end December 31, 2022, the carrying amount of the District's cash holdings was \$921,093.93. One local bank has cash deposits of \$178,972.21 (\$166,241.53 without donor restrictions, \$12,730.68 with donor restrictions) in checking and savings accounts that are covered by FDIC Insurance in the name of the District. An additional \$731,390.32 of cash deposits (\$697,145.28 without donor restrictions, \$34,245.04 with donor restrictions) are held as investments by a brokerage firm (LCEF) in the name of the District and are not covered by FDIC. \$10,171.40 was held in undeposited funds, without donor restrictions, as of December 31, 2022. For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 3. INVESTMENTS

As of 31 December 2022, the carrying amount of Synod investments was \$776,063.41 (\$585,685.19 without donor restrictions, and \$190,378.22 with donor restrictions). These investments were held by the Lutheran Church Missouri Synod Foundation (LCMS Foundation). The LCMS Foundation investment is in the Standard Fund Account – Moderate Balanced Fund. This is a blended portfolio that holds both fixed income (Core bond Fund, High Yield Bond Fund) and equity securities (Domestic Equity Fund, International Equity Fund), providing modest income generation and potential for growth. This fund is jointly managed by NEPC under contract with the LCMS Foundation board.

NOTE 4. PLANT, PROPERTY, AND EQUIPMENT

Capital assets are reported at historical cost. Historical cost was established at the initial booking of capital assets by determining actual costs or estimating using standard costing procedures. Donated property is recorded at fair value as of the date of the gift.

4.a. CHANGES IN CAPITAL ASSETS

The value of a capital asset is recorded at the time of acquisition. Depreciation to capital assets is recorded quarterly. The value as of December 31, 2022 along with accumulated depreciation is \$18,388.91 as shown in the Statement of Financial Position report ([page 3](#)).

A sale of the District property at 30 Broadwater Avenue, Billings, MT, was completed on June 27, 2022. The sale resulted in a gain on sale of asset of \$215,067.90.

NOTE 5. ACCOUNTS RECEIVABLE

2022 CONGREGATION ASSESSMENTS

Each congregation of The Montana District - LCMS is sent an annual Assessment Invoice in February of each year. These assessments are used to cover the costs of the tri-annual District and Synod conventions and the annual District Pastor and regional Pastor Conferences. Because the Convention Fund was fully funded on December 31, 2021, the Board of Directors directed that the 2022 convention assessment not be issued in 2022. The conference assessments were issued, and as of December 31, 2022, no assessments were outstanding.

NOTE 6. LEASES

The MT District—LCMS has entered into an agreement to lease office space under an operating lease spanning 15 years beginning on occupancy of the leased premises. The agreement maintains fixed annual lease charges for the 15 year duration for a total of \$250,000; these lease charges are not inclusive of utilities or shared services (e.g., snow removal services). The lease payments were applied in two lump sums of \$125,000 each, the first on groundbreaking for the construction of the future building, which occurred on April 11, 2021, and the second on occupancy of the building, which took place on April 1, 2022. Prepaid rent is reported in the Statement of Financial Position ([page 3](#)) as Prepaid Expenses. All prepaid expenses to be expensed within one year are reported as Current Assets; all prepaid expenses to be expensed beyond one year are reported as Long Term Assets.

Due to Montana floods in June of 2022, the short term lease entered into with Billings Lions Club for use of the Red Lodge Billings Lions Club Camp for 2022 was applied to June 2023. This lease amount, paid in 2021, previously applied to 2022 due to Montana wildfires in 2021, of \$8,775, is recorded on the Statement of Financial Position as a Current Asset, Prepaid Expense and will be resolved during the 2nd quarter of 2023.

NOTE 7. LIABILITIES

LONG-TERM PROMISES TO GIVE

Currently, the MT District – LCMS has no Long-Term Promises to Give.

NOTE 8. LIQUIDITY

The following reflects The Montana District LCMS's financial assets as of December 31, 2022, reduced by amounts not available for general use because of donor-imposed restrictions within one year. Amounts not available include amounts set aside for long term investing in the quasi-endowment and other amounts set aside by the governing board for specific purposes that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or board designated quasi-endowment and other board designations for general expenditure within one year of December 31, 2022 have not been subtracted as unavailable.

Financial assets, December 31, 2022	\$1,697,157.34
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Restricted by donor with purpose restrictions	\$(196,431.27)
Board designations:	
Quasi-endowment funds, primarily for long-term investing	\$(467,089.82)
Other designations to a future period	<u>\$(81,618.92)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$952,017.33</u>

The Montana District LCMS is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, The Montana District LCMS must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of The Montana District LCMS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, The Montana District LCMS invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, at the direction of the governing board, The Montana District LCMS could draw upon its quasi-endowment funds or other board designated funds.

NOTE 9. RISK MANAGEMENT

The Montana District of the Lutheran Church - Missouri Synod is exposed to various types of risk of loss, including: a) damage to and loss of property and contents; b) employee torts; c) professional liability, i.e. errors and omissions; d) environmental damage; e) workers' compensation, i.e. employee injuries and f) medical insurance costs of employees. Several methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and contents damage, employee torts, professional liabilities, and employee medical insurance. The Montana District of the Lutheran Church - Missouri Synod's employees are covered by the Montana State Fund, a state fund for workers' compensation. The Montana District of the Lutheran Church - Missouri Synod has no coverage for potential losses from environmental damages.