

The Montana District Of



2025
1 January – 31 March

Financial Statements

Unaudited

The Montana District – LCMS 2025 Financial Statements

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Montana District LCMS
Statement of Financial Position - UnAudited
As of March 31, 2025

| | Mar 31, 25 | Dec 31, 24 | \$ Change |
|---|---------------------|---------------------|--------------------|
| ASSETS | | | |
| Current Assets | | | |
| Checking/Savings ⁱ | 702,976.94 | 629,484.36 | 73,492.58 |
| Accounts Receivable ⁱⁱ | 570.85 | 427.36 | 143.49 |
| Other Current Assets | 0.00 | 47,494.27 | (47,494.27) |
| Total Current Assets | 703,547.79 | 677,405.99 | 26,141.80 |
| Fixed Assets ⁱⁱⁱ | 20,983.50 | 21,773.74 | (790.24) |
| Other Assets | | | |
| Operating Lease ROU Asset | | | |
| Prepaid Rent-Office Space ^{iv} | 199,999.64 | 204,166.31 | (4,166.67) |
| Total Operating Lease ROU Asset | 199,999.64 | 204,166.31 | (4,166.67) |
| Long Term Investment ^v | 1,136,247.51 | 1,130,315.80 | 5,931.71 |
| Total Other Assets | 1,336,247.15 | 1,334,482.11 | 1,765.04 |
| TOTAL ASSETS | 2,060,778.44 | 2,033,661.84 | 27,116.60 |
| LIABILITIES & EQUITY | | | |
| Liabilities | | | |
| Current Liabilities | 9,554.47 | 20,595.65 | (11,041.18) |
| Total Liabilities | 9,554.47 | 20,595.65 | (11,041.18) |
| Equity ^{vi} | | | |
| With Donor Restrictions | 225,307.27 | 205,007.27 | 20,300.00 |
| Without Donor Restrictions | | | |
| Board Designated | 1,048,500.81 | 1,039,363.95 | 9,136.86 |
| Net Invest Prop/Equip/Intang | 20,983.50 | 21,773.74 | (790.24) |
| Undesignated | 756,432.39 | 746,921.23 | 9,511.16 |
| Total Without Donor Restrictions | 1,825,916.70 | 1,808,058.92 | 17,857.78 |
| Total Equity | 2,051,223.97 | 2,013,066.19 | 38,157.78 |
| TOTAL LIABILITIES & EQUITY | 2,060,778.44 | 2,033,661.84 | 27,116.60 |

i. See Note 1.b. and Note

ii. See Note

iii. See Note 1.e. and Not

iv. See Note 1.g. and Note

v. See Note

vi. See Note 1.c. and Note 1

Montana District LCMS
Statement of Cash Flows
January through March 2025

| | Jan - Mar 25 |
|---|--------------------------|
| OPERATING ACTIVITIES | |
| Net Income | 38,157.78 |
| Adjustments to reconcile Net Income | |
| to net cash provided by operations: | |
| AR--Congregational Assessments | (570.85) |
| AR--LCMS Reimbursements Due | 427.36 |
| Accounts Payable | (7,633.14) |
| CHASE Credit Card | (3,005.76) |
| In/Out Account | (300.00) |
| Payroll Liabilities:Unemployment Ins Company Paid | (102.28) |
| Net cash provided by Operating Activities | <u>26,973.11</u> |
| INVESTING ACTIVITIES | |
| Intangible Assets:Accumulated Amortization | 170.29 |
| Property Plant & Equipment:District Vehicles:Accum Depreciation-Vehicle | 619.95 |
| Operating Lease ROU Asset:Prepaid Rent-Office Space | 4,166.67 |
| Long Term Invest.:LCEF:Fixed Rate Note (1yr6/7/2025) | (1,610.08) |
| Long Term Invest.:LCEF:Fixed Rate Note(1yr2/2026) | (1,025.49) |
| Long Term Invest.:LCMS Foundation Funds:MT District Mission & Ministry:Income/Expense | 0.24 |
| Long Term Invest.:LCMS Foundation Funds:MT District Mission & Ministry:Principal | (834.09) |
| Long Term Invest.:LCMS Foundation Funds:MT District Mission & Ministry:Unrealized Gain (Loss) | 311.65 |
| Long Term Invest.:LCMS Foundation Funds:MT District Scholarship Fund:Income/Expense | 2.77 |
| Long Term Invest.:LCMS Foundation Funds:MT District Scholarship Fund:Principal | (3,542.92) |
| Long Term Invest.:LCMS Foundation Funds:MT District Scholarship Fund:Unrealized Gain/Loss | 1,323.21 |
| Long Term Invest.:LCMS Foundation Funds:MT District Schools Fund:Income/Expense | 0.26 |
| Long Term Invest.:LCMS Foundation Funds:MT District Schools Fund:Principal | (889.70) |
| Long Term Invest.:LCMS Foundation Funds:MT District Schools Fund:Unrealized Gain/Loss | 332.44 |
| Net cash provided by Investing Activities | <u>(974.80)</u> |
| FINANCING ACTIVITIES | |
| With Donor Restrictions:W/P/G Fund | 20,000.00 |
| With Donor Restrictions:Mercy Fund | 300.00 |
| Board Designated:Convention Fund | 22,388.70 |
| Board Designated:MT District Mission & Ministry | (18,976.32) |
| Board Designated:MT District CW Scholarship Fund | 2,216.94 |
| Board Designated:MT District Schools Fund | 557.00 |
| Board Designated:Pastor/Teacher & Circ Conf Fees | 923.15 |
| Board Designated:Technology Replacement Fund | 2,027.39 |
| Net Invest Prop/Equip/Intang | (790.24) |
| Without Donor Restrictions | (28,646.62) |
| Net cash provided by Financing Activities | <u>0.00</u> |
| Net cash increase for period | <u>25,998.31</u> |
| Cash at beginning of period | 676,978.63 |
| Cash at end of period | <u><u>702,976.94</u></u> |

Montana District LCMS
Statement of Activities (unaudited)
January through March 2025

| | Jan - Mar 25 | Jan - Mar 24 |
|-------------------------------------|------------------|------------------|
| Ordinary Income/Expense | | |
| Income | | |
| PUBLIC SUPPORT | | |
| Contributions | 182,457.25 | 156,884.68 |
| Fees and Assessments | 25,570.90 | 26,431.43 |
| Total PUBLIC SUPPORT | 208,028.15 | 183,316.11 |
| INVESTMENT INCOME | 11,575.98 | 33,212.90 |
| Total Income | 219,604.13 | 216,529.01 |
| Gross Profit | 219,604.13 | 216,529.01 |
| Expense | | |
| PROGRAM EXPENSE | | |
| SYNOD SUPPORT - 25% Cong Spt | 39,937.33 | 37,516.52 |
| ECCLESIASTICAL SERVICES | | |
| CIRCUIT VISITORS | 97.04 | 242.79 |
| DISTRICT CONFERENCES | 2,649.88 | 1,738.96 |
| DISTRICT PRESIDENT | 6,934.36 | 5,649.81 |
| Total ECCLESIASTICAL SERVICES | 9,681.28 | 7,631.56 |
| GRANTS & MISSIONS SUPPORT | 40,917.48 | 61,735.74 |
| Total PROGRAM EXPENSE | 90,536.09 | 106,883.82 |
| DISTRICT OFFICERS AND ADMIN | | |
| BOARD OF DIRECTORS | 14,293.56 | 29,066.75 |
| PRESIDENT OFFICE ADM | 43,829.72 | 39,562.18 |
| TREASURER | 23,561.53 | 13,812.97 |
| Total DISTRICT OFFICERS AND ADMIN | 81,684.81 | 82,441.90 |
| MINISTRY BOARD AND COMMITTEES | | |
| INDIAN MINISTRY | 450.45 | 450.45 |
| YOUTH & CAMPUS MINISTRY | 8,775.00 | 1,100.00 |
| Total MINISTRY BOARD AND COMMITTEES | 9,225.45 | 1,550.45 |
| Total Expense | 181,446.35 | 190,876.17 |
| Net Ordinary Income | 38,157.78 | 25,652.84 |
| Net Income | 38,157.78 | 25,652.84 |

Montana District LCMS
YTD Statement of Activities (By Class) - Unaudited
January through March 2025

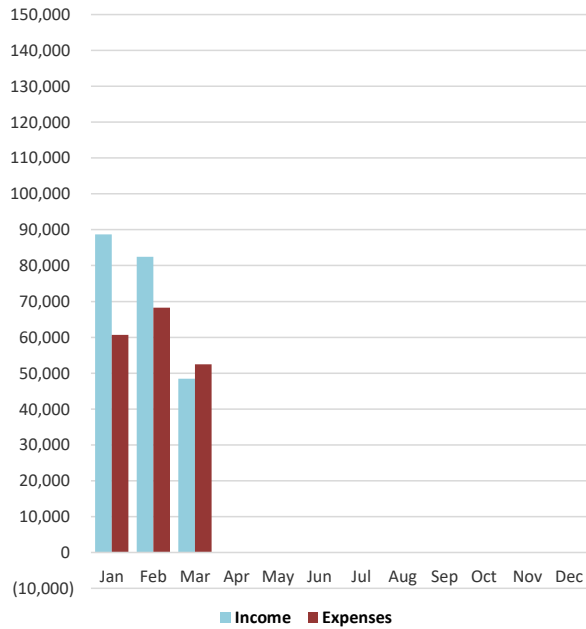
| | Without Donor Restrictions | With Donor Restrictions | TOTAL |
|--------------------------------------|-------------------------------|----------------------------|-------------------|
| Ordinary Income/Expense | | | |
| Income | | | |
| PUBLIC SUPPORT | | | |
| Contributions | 161,132.25 | 21,325.00 | 182,457.25 |
| Fees and Assessments | 25,570.90 | 0.00 | 25,570.90 |
| Total PUBLIC SUPPORT | 186,703.15 | 21,325.00 | 208,028.15 |
| INVESTMENT INCOME | 11,575.98 | 0.00 | 11,575.98 |
| Net Assets Released frm Restric | 1,025.00 | (1,025.00) | 0.00 |
| Total Income | 199,304.13 | 20,300.00 | 219,604.13 |
| Gross Profit | 199,304.13 | 20,300.00 | 219,604.13 |
| Expense | | | |
| PROGRAM EXPENSE | 90,536.09 | 0.00 | 90,536.09 |
| DISTRICT OFFICERS AND ADMIN | 81,684.81 | 0.00 | 81,684.81 |
| MINISTRY BOARD AND COMMITTEES | 9,225.45 | 0.00 | 9,225.45 |
| Total Expense | 181,446.35 | 0.00 | 181,446.35 |
| Net Ordinary Income | 17,857.78 | 20,300.00 | 38,157.78 |
| Net Income | 17,857.78 | 20,300.00 | 38,157.78 |

Montana District LCMS
Statement of Functional Expenses
January 1- March 31, 2025

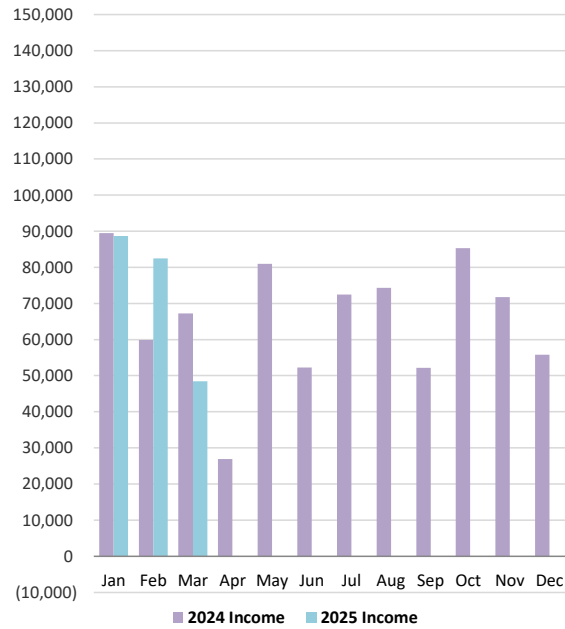
| <i>Functional Classifications</i> | <i>Program Services</i> | | | <i>Support Services</i> | | | <i>Total Support Services</i> | <i>Total Expenses</i> |
|--|--|--------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|--------------------|-------------------------------|-----------------------|
| | <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> | | |
| Natural Classifications | | | | | | | | |
| Personnel | | | | | | | | |
| Salary and Wages | 4,874 | 15,269 | 20,143 | | 25,489 | 58 | 25,547 | 45,690 |
| Benefits | 1,299 | 3,621 | 4,920 | | 4,362 | 6 | 4,368 | 9,288 |
| Taxes | - | 213 | 213 | | 948 | 4 | 952 | 1,165 |
| UI/Worker's Comp/Admin Fund | - | 37 | 37 | | 172 | 1 | 173 | 210 |
| Total Personnel | \$ 6,173 | \$ 19,139 | \$ 25,312 | | \$ 30,972 | \$ 69 | 31,041 | \$ 56,353 |
| Employee Resources & Training | | | - | | 945 | | 945 | 945 |
| Synodical Pledge | | | - | 39,937 | | | 39,937 | 39,937 |
| Conventions | | - | - | | | | - | - |
| District Conferences | | 2,650 | 2,650 | | | | - | 2,650 |
| Board Meetings | | | - | | 1,768 | | 1,768 | 1,768 |
| Board Actions | 78 | - | 78 | | - | | - | 78 |
| District President | 1,109 | 3,266 | 4,375 | | 1,007 | - | 1,007 | 5,382 |
| Circuit Visitors | | 97 | 97 | | | | - | 97 |
| Vice President | | - | - | | | | - | - |
| Congregational Support | | 34,492 | 34,492 | | | | - | 34,492 |
| Scholarships & Grants | 4,425 | - | 4,425 | | | | - | 4,425 |
| Missionary Support | 2,000 | | 2,000 | | | | - | 2,000 |
| Congregational Resources | | 1,552 | 1,552 | | - | | - | 1,552 |
| Benevolence | | - | - | | | | - | - |
| Accounting Costs | | | - | | 62 | | 62 | 62 |
| Auditing Services | | | - | | 8,500 | | 8,500 | 8,500 |
| Bank Fees | | | - | | 10 | | 10 | 10 |
| Depreciation/Amortization | | | - | | 790 | | 790 | 790 |
| Office | - | - | - | - | 732 | - | 732 | 732 |
| Building | | | - | | 6,052 | | 6,052 | 6,052 |
| Property/Liability Insurance | | | - | | 6,396 | | 6,396 | 6,396 |
| Miscellaneous | | | - | | - | | - | - |
| Ministry Boards & Committees | - | 9,225 | 9,225 | | - | - | - | 9,225 |
| Total Expenses | <u>\$ 13,785</u> | <u>\$ 70,422</u> | <u>\$ 84,207</u> | <u>\$ 39,937</u> | <u>\$ 57,234</u> | <u>\$ 69</u> | <u>\$ 97,239</u> | <u>\$ 181,446</u> |
| | 8% | 39% | 46% | 22% | 32% | 0% | 54% | 100% |

Company Snapshot

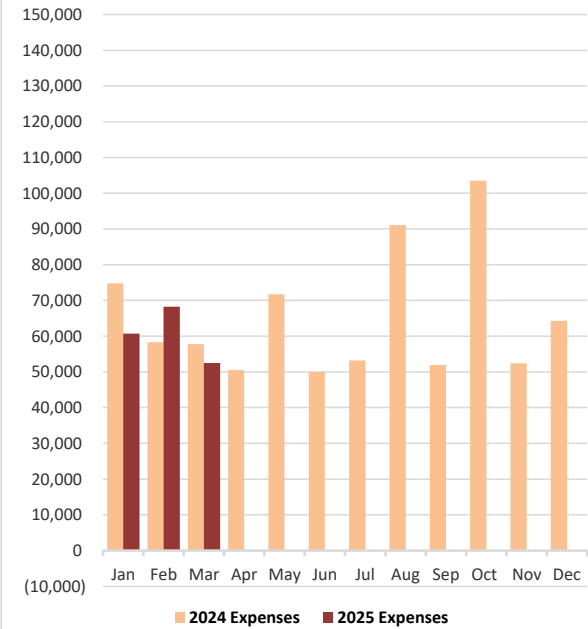
Income and Expense Trend 2025



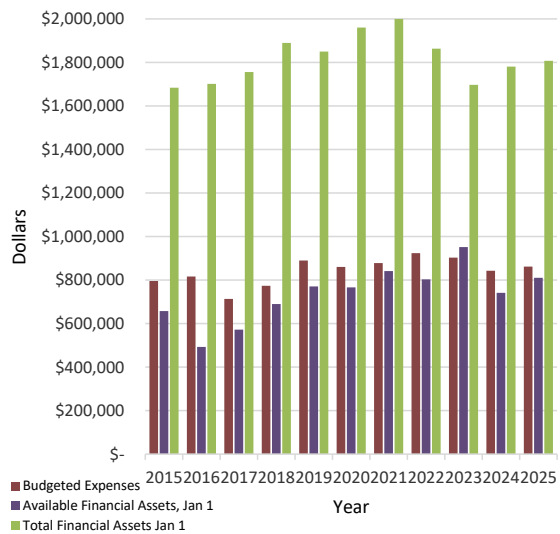
Income Comparison 2024, 2025



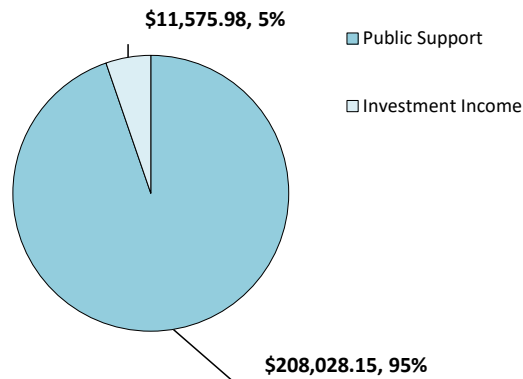
Expense Comparison 2024, 2025



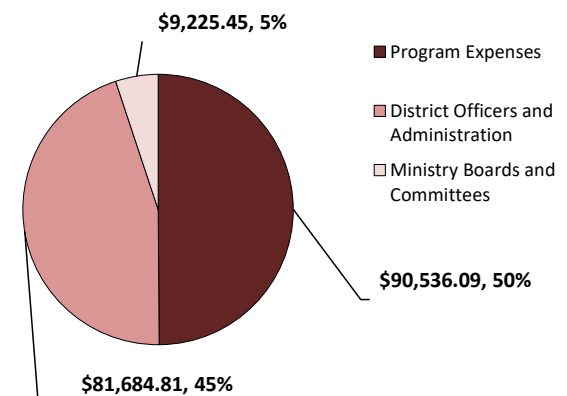
Liquidity



YTD Income Breakdown

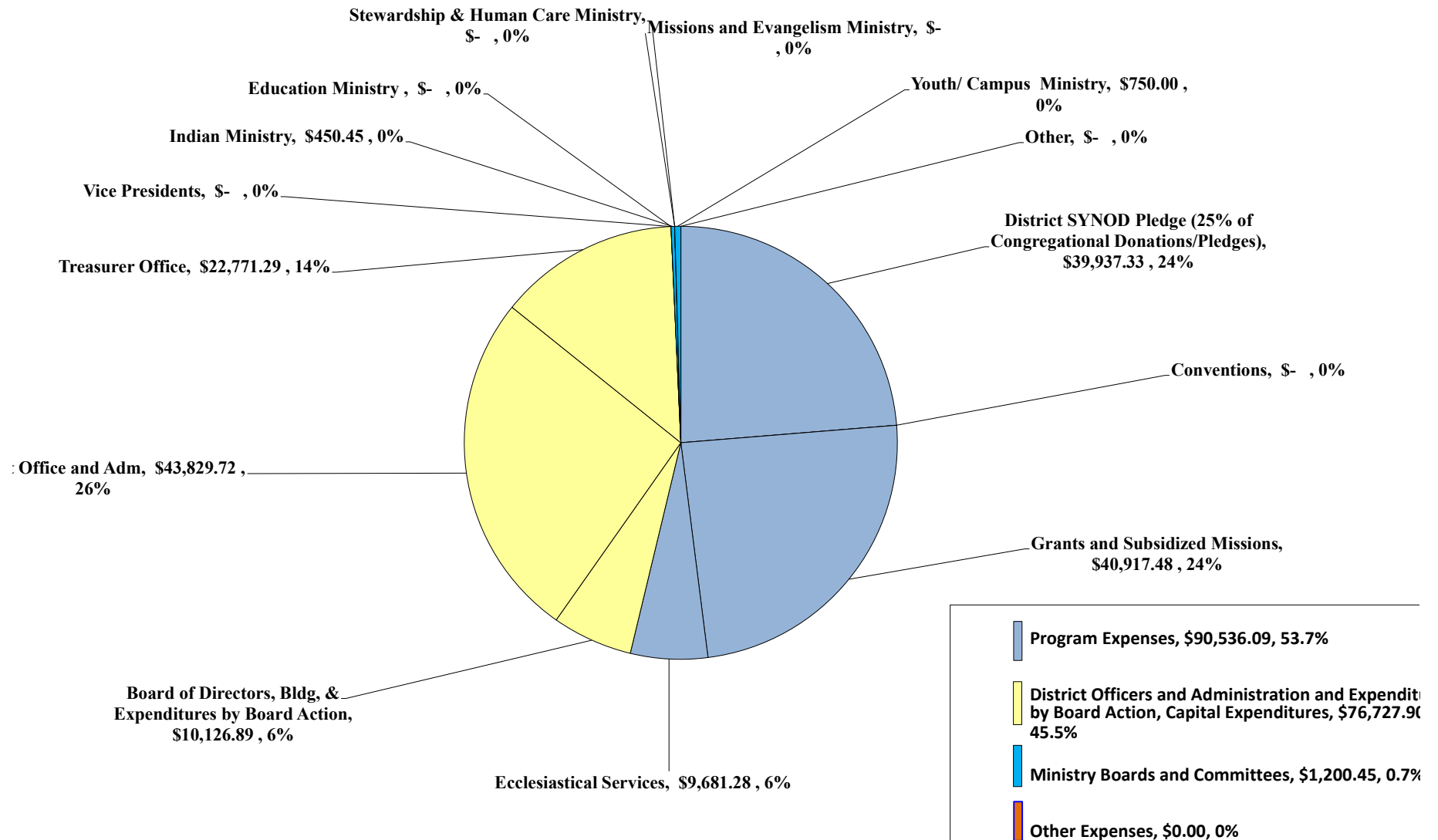


YTD Expense Breakdown



MT District LCMS
Graph of Expenditures YTD

2025 DISTRICT EXPENDITURES YTD (as of 31 March= \$168,464.44)



NOTES TO THE FINANCIAL STATEMENTS – January 1—March 31, 2025

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 69 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 \$159,749.30 from January 1-March 31, 2025, or 72.7% of total 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 (e.g. equity). 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.

All investments are reported in the statement of financial position at their fair market values. Unrealized gains and losses are included in the change in net assets (equity).

Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Contributed financial assets are recognized at their fair value, defined as the price representing the amount that would be received to sell an asset. Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability.

Montana District LCMS adheres to the establishment of a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted prices in an active market;
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions based on reasonable and commonly accepted assertions

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 March 31, 2025:

| Subject to expenditure for specified purpose: | | March 31, 2025 |
|---|-----------------------------|----------------|
| B | Church Worker Scholarships | 130,949.22 |
| E | Education Ministry | 255.00 |
| F | Mercy Fund | 49,053.05 |
| J | Student Loan Repayment Fund | 5,000.00 |
| L | Youth Ministry | 50.00 |
| M | W/P/G Fund | 40,000.00 |
| Total net assets with donor restrictions | | \$ 225,307.27 |

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 March 31, 2025, were \$1,825,916.70.

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 March 31, 2025, The Montana District LCMS’s governing board had designated from net assets without donor restrictions \$1,048,500.81 as follows:

| Designated for expenditure for specified purpose: | | March 31, 2025 |
|--|-----------------------------------|-----------------|
| 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 | 36,000.00 |
| C | Convention Fund | 84,026.88 |
| D | District School Scholarship | 32,474.96 |
| I | Pastor/Teacher Circuit Conference | 923.15 |
| J | Student Loan Repayment Fund | 40,000.00 |
| K | Technology Replacement Fund | 10,000.00 |
| | | 203,424.99 |
| 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 | 458,407.25 |
| G | Mission and Ministry | 238,596.57 |
| H | MT District School Grants | 148,072.00 |
| | | 845,075.82 |
| Total net assets without donor restrictions—board designated | | \$ 1,048,500.81 |

- 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. 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.
- E. The Education Ministry Fund contains donations to be used for the Education Ministry Committee VBS.
- F. The Mercy Fund was created to provide relief for catastrophic health care expenses of Montana District church workers and their immediate family members.
- G. 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.
- H. The MT District School Grant Fund is to be used for the support of day schools of Montana District LCMS congregations.
- I. Pastor/Teacher Circuit Conference fees are assessed annually to Montana District congregations and set aside to fund annual conferences within the district.
- J. 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.

- K. 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.
- L. The Youth Ministry Fund consists of donations to be used to assist needy families with the fees associated with attending the youth summer camp.
- M. W/P/G Fund consists of donations to be used to assist the triparish Wolfpoint/Plentywood/Glasgow

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 or amortization of 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.

1.g. LEASES

We lease office space, commencing April 1, 2022. We determine if an arrangement is a lease at inception.

Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our statements of financial position. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use the risk-free rate (the rate of a zero-coupon US Treasury instrument for the same period of time as the lease term) based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

We have a lease agreement with a single lease component. For certain leases, such as office space right of use, we account for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of utilities and common area maintenance that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligations for those payments are incurred and are excluded from any measurement of lease liability.

NOTE 2. CASH

At period end March 31, 2025, the carrying amount of the district's cash holdings was \$702,976.94. One local bank has cash deposits of \$173,132.66 (\$119,299.65 without donor restrictions, \$53,833.01 with donor restrictions) in checking and savings accounts that are covered by FDIC Insurance in the name of the district. An additional \$529,844.28 in cash deposits (\$524,844.28 without donor restrictions, \$5,000.00 with donor restrictions) are held as investments by a brokerage firm (LCEF) in the name of the district and are not covered by FDIC. As of March 31, the district had no un deposited funds. 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 March 2025, the carrying amount of Synod investments was \$1,136,247.51 (\$1,171,772.55 without donor restrictions, and \$166,474.26 with donor restrictions). These investments were held by the Lutheran Church Missouri Synod Foundation (LCMS Foundation) and LCEF. 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. The LCEF investments are certificates of deposit, fixed rate, one at 4%, 1 year term, maturing in February 2026, the second at 4.25%, 1 year term, maturing in June of 2025.

March 31, 2025 investment valuation using level 1 and level 2 inputs and stated at fair value:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Total | Cost | Unrealized Appreciation Gain (Loss) |
|------------------------|---|---|----------------|----------------|---|
| Certificate of Deposit | | \$260,006.06 | \$260,006.06 | \$260,006.06 | |
| Mutual Funds | \$876,241.45 | | \$876,241.45 | \$856,593.92 | \$19,647.53 |
| | \$876,241.45 | \$260,006.06 | \$1,136,247.51 | \$1,116,599.98 | \$19,647.53 |

Investment return is summarized as follows as of March 31, 2025:

| | January 1- March 31, 2025 |
|-------------------------------------|---------------------------|
| Interest and dividend income | \$14,761.03 |
| Investment management fees | \$(1,217.75) |
| Realized gains (losses) | \$0.00 |
| Unrealized gains (losses) | \$(1,967.30) |
| Total Investment return (loss), net | \$11,575.98 |

NOTE 4. CHANGES IN CAPITAL ASSETS

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. The value of a capital asset is recorded at the time of acquisition.

4.a. CHANGES IN PROPERTY, PLANT, AND EQUIPMENT

Depreciation of capital assets is recorded quarterly. The value as of March 31, 2025, along with accumulated depreciation is \$12,809.36 as shown in the Statement of Financial Position report ([page 3](#)).

4.b. CHANGES IN INTANGIBLE

Amortization of capital assets is recorded quarterly. The value as of March 31, 2025, along with accumulated amortization is \$8,174.14 as shown in the Statement of Financial Position report ([page 3](#)).

The district office was moved to the new physical location of 759 Newman Lane, Suite 2, Billings, MT, in April of 2022. \$10,217.62 was invested in Leasehold Improvements to prepare the office space. The amortization of these improvements will occur over the 15-year term of the lease.

NOTE 5. ACCOUNTS RECEIVABLE

As of March 31, 2025, the Montana District had \$570.85 in receivables.

5.a. 2025 CONGREGATIONAL 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 triennial District and Synod conventions and the annual District Pastor and Circuit (regional) Pastor Conferences. As of March 31, 2025, \$570.85 in assessments were outstanding.

NOTE 6. LEASES

The MT District—LCMS has entered into an agreement to lease office space under an operating lease, right of use, 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 and common area maintenance, which we pay in variable amounts on a monthly basis, billed by the lessor. 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 commencement, which took place on April 1, 2022. These advanced payments are reflected in the Statement of Financial Position under Long Term Assets: Operating Lease ROU Asset: Prepaid Rent-Office Space. Rental expense is recognized on a monthly basis. All lease components of our lease obligations having been satisfied, no liability for future lease payments is recorded. Our operating lease has 12 ¼ years remaining as of March 31, 2025.

MT District has no finance leases.

There were no future minimum lease payments under non-cancellable leases as of March 31, 2025.

As of March 31, 2025, there are no operating or financial leases that have yet to commence.

We lease certain office space from Christ the King Lutheran Church of Billings, MT, under an operating lease agreement with a lease term of 15 years. As of March 31, 2025, the operating lease ROU assets and operating lease liabilities related to this agreement were (rounded) \$200,000 and \$0, respectively; the entirety of the lease obligation was prepaid as of the commencement date of the lease (April 1, 2022), leaving no remaining liability balance. The total rent expense under this agreement was \$16,667, \$16,667, \$12,500 and \$0 for fiscal years 2024, 2023, 2022 and 2021 respectively, and \$4,167 during the first quarter of 2025.

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 March 31, 2025, 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 March 31, 2025, have not been subtracted as unavailable.

| | |
|--|-----------------------|
| Financial assets, March 31, 2025 | \$1,839,795.30 |
| Less those unavailable for general expenditures within one year, due to: | |
| Donor-imposed restrictions: | |
| Restricted by donor with purpose restrictions | \$(145,002.27) |
| Board designations: | |
| Quasi-endowment funds, primarily for long-term investing | \$(774,158.30) |
| Other designations to a future period | <u>\$(107,501.84)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$813,132.89</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.