

The Montana District Of



**2025
1 January – 30 September**

Financial Statements

Unaudited

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

The Montana District – LCMS 2025 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 ACTIVITIES YTD, COMPARED TO 2024	7
STATEMENT OF FUNCTIONAL EXPENSES, YTD	8
FINANCIAL GRAPHS	9-10
NOTES TO FINANCIAL STATEMENTS	11-15

Montana District LCMS
Statement of Financial Position-Unaudited
As of September 30, 2025

	Sep 30, 25	Jun 30, 25	\$ Change	% Change
ASSETS				
Current Assetsⁱ				
Checking/Savings	665,637.88	674,755.80	(9,117.92)	(1.4%)
Accounts Receivable	791.92	4,601.24	(3,809.32)	(82.8%)
Total Current Assets	666,429.80	679,357.04	(12,927.24)	(1.9%)
Fixed Assetsⁱⁱ				
Intangible Assets	7,833.56	8,003.85	(170.29)	(2.1%)
Property Plant & Equipment	35,339.55	0.00	35,339.55	100.0%
Total Fixed Assets	43,173.11	8,003.85	35,169.26	439.4%
Other Assets				
Operating Lease ROU Assetⁱⁱⁱ				
Prepaid Rent-Office Space	191,666.30	195,832.97	(4,166.67)	(2.1%)
Total Operating Lease ROU Asset	191,666.30	195,832.97	(4,166.67)	(2.1%)
Long Term Invest.^{iv}	1,210,238.51	1,191,291.88	18,946.63	1.6%
Total Other Assets	1,401,904.81	1,387,124.85	14,779.96	1.1%
TOTAL ASSETS	<u>2,111,507.72</u>	<u>2,074,485.74</u>	<u>37,021.98</u>	<u>1.8%</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	0.00	261.11	(261.11)	(100.0%)
Credit Cards	954.19	1,545.27	(591.08)	(38.3%)
Other Current Liabilities				
Refundable Advance^v				
Grant 8420, LCMS	25,000.00	25,000.00	0.00	0.0%
Total Refundable Advance	25,000.00	25,000.00	0.00	0.0%
Payroll Liabilities	133.00	143.54	(10.54)	(7.3%)
Total Other Current Liabilities	25,133.00	25,143.54	(10.54)	(0.0%)
Total Current Liabilities	26,087.19	26,949.92	(862.73)	(3.2%)
Total Liabilities	26,087.19	26,949.92	(862.73)	(3.2%)
Equity^{vi}				
With Donor Restrictions	261,505.84	243,086.84	18,419.00	7.6%
Without Donor Restrictions				
Board Designated	1,048,771.35	1,053,802.82	(5,031.47)	(0.5%)
Net Invest Prop/Equip/Intang	43,173.11	8,003.85	35,169.26	439.4%
Undesignated	731,970.23	742,642.31	(10,672.08)	(1.4%)
Total Without Donor Restrictions	1,823,914.69	1,804,448.98	19,465.71	1.1%
Total Equity	2,085,420.53	2,047,535.82	37,884.71	1.9%
TOTAL LIABILITIES & EQUITY	<u>2,111,507.72</u>	<u>2,074,485.74</u>	<u>37,021.98</u>	<u>1.8%</u>

i. See Note 1b, Note 2, & Note 5

ii. See Note 1e & Note 4

iii. See Note 1g & Note 6

v. See Note 7

vi. See Note 1d

Montana District LCMS
Statement of Cash Flows - Unaudited
July through September 2025

Jul - Sep 25

OPERATING ACTIVITIES	
Net Income	37,884.71
Adjustments to reconcile Net Income to net cash provided by operations:	
AR-Miscellaneous Invoice	3,673.12
AR--Congregational Assessments	136.20
Accounts Payable	(261.11)
Credit Card, DP Wendt	954.19
Credit Card, DP Forke	(1,545.27)
Payroll Liabilities:Unemployment Ins Company Paid	(10.54)
Net cash provided by Operating Activities	40,831.30
INVESTING ACTIVITIES	
Intangible Assets:Accumulated Amortization	170.29
Property Plant & Equipment:District Vehicles:District Vehicle, 2026 Equinox	(36,489.00)
Property Plant & Equipment:District Vehicles:Accum Depreciation-Vehicle	1,149.45
Operating Lease ROU Asset:Prepaid Rent-Office Space	4,166.67
Long Term Invest.:LCEF:Fixed Rate Note (1yr6/7/2026)	(1,581.65)
Long Term Invest.:LCMS Foundation Funds:MT District Mission & Ministry: Principal (Cash)	0.14
Long Term Invest.:LCMS Foundation Funds:MT District Mission & Ministry:Principal	(958.67)
Long Term Invest.:LCMS Foundation Funds:MT District Mission & Ministry:Unrealized Gain (Loss)	(5,675.37)
Long Term Invest.:LCMS Foundation Funds:MT District Scholarship Fund:Principal (Cash)	(218.07)
Long Term Invest.:LCMS Foundation Funds:MT District Scholarship Fund:Principal	(13,303.53)
Long Term Invest.:LCMS Foundation Funds:MT District Scholarship Fund:Unrealized Gain/Loss	13,006.60
Long Term Invest.:LCMS Foundation Funds:MT District Schools Fund:Principal (Cash)	(41.20)
Long Term Invest.:LCMS Foundation Funds:MT District Schools Fund:Principal	(10,804.90)
Long Term Invest.:LCMS Foundation Funds:MT District Schools Fund:Unrealized Gain/Loss	5,630.02
Long Term Invest.:LCMS Foundation Funds:MT Dist Student Loan Repayment:Principal	(5,000.00)
Net cash provided by Investing Activities	(49,949.22)
FINANCING ACTIVITIES	
With Donor Restrictions:Mercy Fund	300.00
With Donor Restrictions:MT District CW Scholarship Fund	(37,500.00)
With Donor Restrictions:W/P/G Fund	55,619.00
Board Designated:Car Replacement Fund	(34,489.00)
Board Designated:Convention Fund	(4,310.05)
Board Designated:District School St Scholarship	(3,000.00)
Board Designated:MT District CW Scholarship Fund	38,015.00
Board Designated:MT District Mission & Ministry	(14,301.63)
Board Designated:MT District Schools Fund	6,016.08
Board Designated:W/P/G Fund	7,038.13
Net Invest Prop/Equip/Intang	35,169.26
Without Donor Restrictions	(48,556.79)
Net cash provided by Financing Activities	0.00
Net cash increase for period	(9,117.92)
Cash at beginning of period	674,755.80
Cash at end of period	<u>665,637.88</u>

Montana District LCMS
Statement of Activities (unaudited)
July through September 2025

	Jul - Sep 25	Jul - Sep 24	\$ Change	% Change
Ordinary Income/Expense				
Income				
PUBLIC SUPPORT				
Contributions	201,475.25	138,686.16	62,789.09	45.27%
Fees and Assessments	675.00	0.00	675.00	100.0%
Total PUBLIC SUPPORT	202,150.25	138,686.16	63,464.09	45.76%
INVESTMENT INCOME				
	51,656.40	60,215.45	(8,559.05)	(14.21%)
Total Income	253,806.65	198,901.61	54,905.04	27.6%
Gross Profit	253,806.65	198,901.61	54,905.04	27.6%
Expense				
PROGRAM EXPENSE				
SYNOD SUPPORT	28,152.48	33,766.67	(5,614.19)	(16.63%)
CONVENTIONS	5,268.05	0.00	5,268.05	100.0%
ECCLESIASTICAL SERVICES				
DISTRICT PRESIDENT	3,164.97	8,655.08	(5,490.11)	(63.43%)
Total ECCLESIASTICAL SERVICES	3,164.97	8,655.08	(5,490.11)	(63.43%)
GRANTS & MISSIONS SUPPORT	84,819.00	87,439.00	(2,620.00)	(3.0%)
Total PROGRAM EXPENSE	121,404.50	129,860.75	(8,456.25)	(6.51%)
DISTRICT OFFICERS AND ADMIN				
BOARD OF DIRECTORS	12,992.23	11,756.06	1,236.17	10.52%
PRESIDENT OFFICE ADM	62,487.19	39,026.25	23,460.94	60.12%
TREASURER	16,346.11	13,356.67	2,989.44	22.38%
Total DISTRICT OFFICERS AND ADMIN	91,825.53	64,138.98	27,686.55	43.17%
MINISTRY BOARD AND COMMITTEES				
INDIAN MINISTRY	365.15	656.45	(291.30)	(44.38%)
STEWARSHIP/HUMAN CARE MINISTRY	19.00	18.50	0.50	2.7%
YOUTH & CAMPUS MINISTRY	2,307.76	1,533.02	774.74	50.54%
Total MINISTRY BOARD AND COMMITTEES	2,691.91	2,207.97	483.94	21.92%
Total Expense	215,921.94	196,207.70	19,714.24	10.05%
Net Ordinary Income	37,884.71	2,693.91	35,190.80	1,306.31%
Net Income	37,884.71	2,693.91	35,190.80	1,306.31%

Montana District LCMS
Statement of Activities (By Class) - Unaudited
July through September 2025

	Without Donor Restrictions	With Donor Restrictions	TOTAL
Ordinary Income/Expense			
Income			
PUBLIC SUPPORT			
Contributions	143,881.25	57,594.00	201,475.25
Fees and Assessments	675.00	0.00	675.00
Total PUBLIC SUPPORT	144,556.25	57,594.00	202,150.25
INVESTMENT INCOME			
Net Assets Released frm Restrictions			
Satisfaction of Program Restrictions	39,175.00	(39,175.00)	0.00
Total Net Assets Released frm Restrictions	39,175.00	(39,175.00)	0.00
Total Income	235,387.65	18,419.00	253,806.65
Gross Profit	235,387.65	18,419.00	253,806.65
Expense			
PROGRAM EXPENSE			
DISTRICT OFFICERS AND ADMIN	121,404.50	0.00	121,404.50
MINISTRY BOARD AND COMMITTEES	91,825.53	0.00	91,825.53
Total Expense	2,691.91	0.00	2,691.91
Net Ordinary Income	215,921.94	0.00	215,921.94
Net Income	19,465.71	18,419.00	37,884.71
	19,465.71	18,419.00	37,884.71

Montana District LCMS
YTD Statement of Activities Compared to Previous Year
January through September 2025

	Jan - Sep 25	Jan - Sep 24	\$ Change	% Change
Ordinary Income/Expense				
Income				
PUBLIC SUPPORT				
Contributions	519,620.42	440,128.76	79,491.66	18.1%
Fees and Assessments	28,625.90	28,186.43	439.47	1.6%
Total PUBLIC SUPPORT	548,246.32	468,315.19	79,931.13	17.1%
INVESTMENT INCOME				
124,097.94	107,157.63	16,940.31	15.8%	
Total Income	672,344.26	575,472.82	96,871.44	16.8%
Gross Profit	672,344.26	575,472.82	96,871.44	16.8%
Expense				
PROGRAM EXPENSE				
SYNOD SUPPORT	99,436.30	107,265.03	(7,828.73)	(7.3%)
CONVENTIONS	44,520.20	0.00	44,520.20	100.0%
ECCLESIASTICAL SERVICES				
CIRCUIT VISITORS	232.84	2,032.63	(1,799.79)	(88.5%)
DISTRICT CONFERENCES	3,039.88	3,682.55	(642.67)	(17.5%)
DISTRICT PRESIDENT	12,342.62	17,130.65	(4,788.03)	(28.0%)
Total ECCLESIASTICAL SERVICES	15,615.34	22,845.83	(7,230.49)	(31.6%)
GRANTS & MISSIONS SUPPORT	174,160.91	207,934.74	(33,773.83)	(16.2%)
Total PROGRAM EXPENSE	333,732.75	338,045.60	(4,312.85)	(1.3%)
DISTRICT OFFICERS AND ADMIN				
BOARD OF DIRECTORS	35,378.39	48,891.07	(13,512.68)	(27.6%)
PRESIDENT OFFICE ADM	161,828.27	118,141.13	43,687.14	37.0%
TREASURER	55,910.80	40,752.07	15,158.73	37.2%
Total DISTRICT OFFICERS AND ADMIN	253,117.46	207,784.27	45,333.19	21.8%
MINISTRY BOARD AND COMMITTEES				
INDIAN MINISTRY	1,266.05	1,557.35	(291.30)	(18.7%)
MISSIONS/EVANGELISM MINISTRY	0.00	189.56	(189.56)	(100.0%)
STEWARSHIP/HUMAN CARE MINISTRY	19.00	1,092.49	(1,073.49)	(98.3%)
YOUTH & CAMPUS MINISTRY	10,558.15	10,657.49	(99.34)	(0.9%)
Total MINISTRY BOARD AND COMMITTEES	11,843.20	13,496.89	(1,653.69)	(12.3%)
Total Expense	598,693.41	559,326.76	39,366.65	7.0%
Net Ordinary Income	73,650.85	16,146.06	57,504.79	356.2%
Other Income/Expense				
Other Income				
GAIN/LOSS ON DISPOSAL OF ASSET	(1,296.51)	0.00	(1,296.51)	(100.0%)
Total Other Income	(1,296.51)	0.00	(1,296.51)	(100.0%)
Net Other Income	(1,296.51)	0.00	(1,296.51)	(100.0%)
Net Income	72,354.34	16,146.06	56,208.28	348.1%

Statement of Functional Expenses

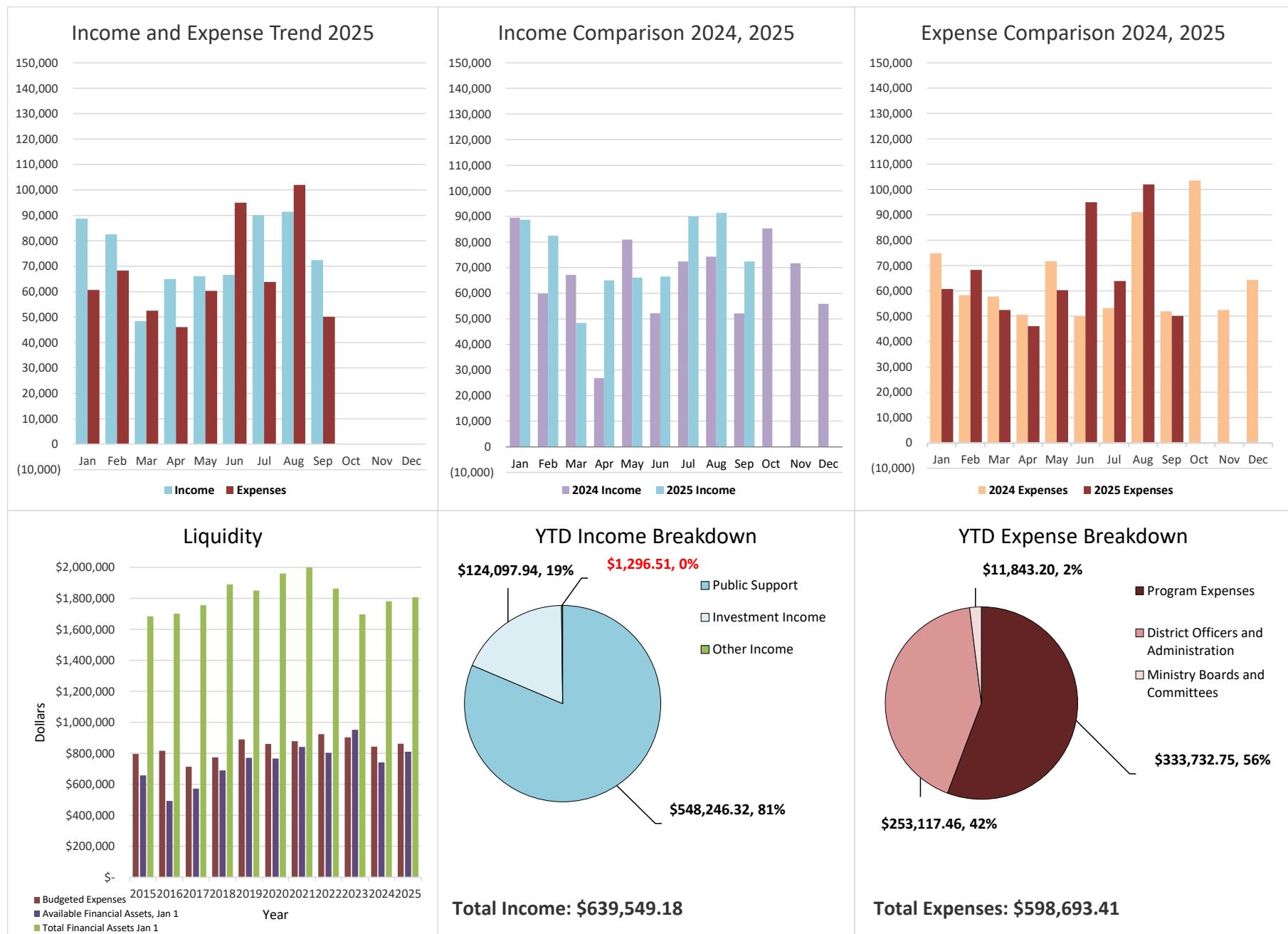
January 1- September 30, 2025

Functional Classifications	Program Services			Support Services			Total Support Services	Total Expenses
	National/International Mission	MT District Mission	Total Program Services	Synodical General Fund	Management and General	Fundraising		
Natural Classifications								
Personnel								
Salary and Wages	18,221	55,597	73,818		89,882	185	90,067	163,885
Benefits	4,755	13,063	17,818		15,395	18	15,412	33,231
Taxes	-	681	681		3,130	14	3,144	3,825
UI/Worker's Comp/Admin Fund	-	85	85		399	2	401	486
Total Personnel	\$ 22,977	\$ 69,426	\$ 92,403		\$ 108,806	\$ 218	\$ 109,024	\$ 201,427
Employee Resources & Training					2,127		2,127	2,127
Synodical Pledge					99,436		99,436	99,436
Conventions		44,520	44,520					44,520
District Conferences		3,040	3,040					3,040
Board Meetings					6,537		6,537	6,537
Board Actions	134		134		5,527		5,527	5,661
District President	831	9,264	10,095		2,247		2,247	12,343
Circuit Visitors		233	233					233
Congregational Support		105,050	105,050					105,050
Scholarships & Grants	13,275	42,315	55,590					55,590
Missionary Support	6,000		6,000					6,000
Benevolence		7,520	7,520					7,520
Accounting Costs					62		62	62
Auditing Services					8,500		8,500	8,500
Bank Fees					70		70	70
Depreciation/Amortization					2,866		2,866	2,866
Office	-	-			2,510		2,510	2,510
Building					16,527		16,527	16,527
Property/Liability Insurance					6,598		6,598	6,598
Miscellaneous					231		231	231
Ministry Boards & Committees	-	11,843	11,843					11,843
Total Expenses	\$ 43,217	\$ 293,212	\$ 336,429	\$ 99,436	\$ 162,610	\$ 218	\$ 262,264	\$ 598,693
	7%	49%	56%	17%	27%	0%	44%	100%

See accompanying notes to financial statements.

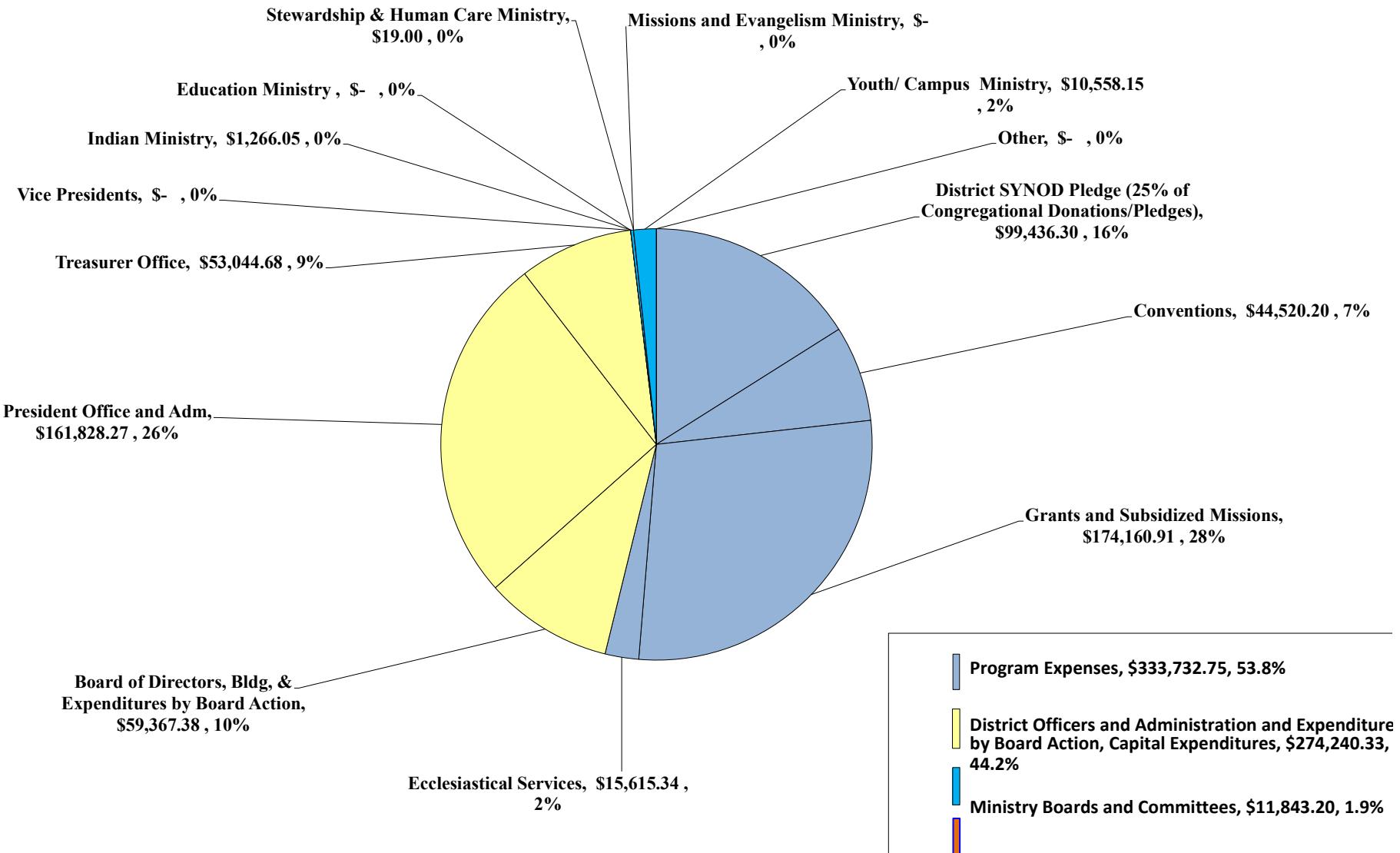
Page 8 of 15

Company Snapshot



MT District LCMS
Graph of Expenditures YTD

2025 DISTRICT EXPENDITURES YTD (as of 30 September = \$619,816.28)



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—September 30, 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 \$432,446.72 from January 1-September 30, 2025, or 64.3% 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 September 30, 2025:

Subject to expenditure for specified purpose:		September 30, 2025
B	Church Worker Scholarships	93,449.22
E	Education Ministry	255.00
F	Mercy Fund	42,132.62
J	Student Loan Repayment Fund	5,000.00
L	Youth Ministry	50.00
M	W/P/G Fund	120,619.00
Total net assets with donor restrictions		\$261,505.84

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 September 30, 2025, were \$1,823,914.69.

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 September 30, 2025, The Montana District LCMS’s governing board had designated from net assets without donor restrictions \$1,048,771.35 as follows:

Designated for expenditure for specified purpose:		September 30, 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	10,438.00
C	Convention Fund	41,194.68
D	District School Scholarship	29,474.96
I	Pastor/Teacher Circuit Conference	923.15
J	Student Loan Repayment Fund	40,000.00
K	Technology Replacement Fund	10,000.00
M	W/P/G Fund	9,571.39
		\$141,602.18

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	531,650.18
G	Mission and Ministry	212,580.13
H	MT District School Grants	162,938.86
		907,169.17
Total net assets without donor restrictions—board designated		\$1,048,771.35

- 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 September 30, 2025, the carrying amount of the district's cash holdings was \$665,637.88. One local bank has cash deposits of \$160,581.78 (\$147,669.20 without donor restrictions, \$12,912.58 with donor restrictions) in checking and savings accounts that are covered by FDIC Insurance in the name of the district. An additional \$505,056.10 in cash deposits (\$385,437.10 without donor restrictions, \$119,619.00 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 September 30, the district had no undeposited 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 30 September 2025, the carrying amount of Synod investments was \$1,210,238.51 (\$1,081,264.25 without donor restrictions, and \$128,974.26 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%, 1 year term, maturing in June of 2026.

September 30, 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		\$264,256.04	\$264,256.04	\$264,256.04	
Mutual Funds	\$945,982.47		\$945,982.47	\$914,795.73	\$31,186.74
	\$945,982.47	\$264,256.04	\$1,210,238.51	\$1,179,051.77	\$31,186.74

Investment return is summarized as follows as of September 30, 2025:

	<u>January 1- September 30, 2025</u>
Interest and dividend income	\$45,658.15
Investment management fees	\$(3,724.83)
Realized gains (losses)	\$20,962.18
Unrealized gains (losses)	\$61,202.44
Total Investment return (loss), net	<u>\$124,097.94</u>

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 September 30, 2025, along with accumulated depreciation is \$35,339.55 as shown in the Statement of Financial Position report ([page 3](#)). In June of 2025, the district vehicle was sold at a loss on sale of asset of \$(1,296.51). A new district vehicle was purchased and placed in service in July 2025 with a value of \$36,489.00 upon purchase. Accumulated depreciation as of September 30, 2025 was \$1,149.45.

4.b. CHANGES IN INTANGIBLE

Amortization of capital assets is recorded quarterly. The value as of September 30, 2025, along with accumulated amortization is \$7,833.56 as shown in the Statement of Financial Position report ([page 3](#)). Accumulated amortization as of September 30, 2025 was \$2,384.06.

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 September 30, 2025, the Montana District had \$791.92 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 September 30, 2025, no 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 11 ½ years remaining as of September 30, 2025.

MT District has no finance leases.

There were no future minimum lease payments under non-cancellable leases as of September 30, 2025.

As of September 30, 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 September 30, 2025, the operating lease ROU assets and operating lease liabilities related to this agreement were (rounded) \$196,000 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 \$12,500.01 from January 1 – September 30, 2025.

NOTE 7. LIABILITIES

LONG-TERM PROMISES TO GIVE

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

GRANT LIABILITIES, REFUNDABLE ADVANCE

In May 2025, The Montana District LCMS signed a grant agreement, and in June 2025 received a donor restricted, restricted by purpose, refundable advance grant from The Lutheran Church—Missouri Synod, Office of National Mission (ONM) in the amount of \$25,000. This grant was awarded with measurable barriers and a right of return. The term of the grant spans June 12, 2025 through September 30, 2025, with final reporting due October 10, 2025. Upon fulfillment of the measurable barriers, the grant liability will be resolved and revenue recognized. In the event that the barriers cannot be fulfilled, the grant liability will be resolved and the grant monies returned to ONM.

NOTE 8. LIQUIDITY

The following reflects The Montana District LCMS's financial assets as of September 30, 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 September 30, 2025, have not been subtracted as unavailable.

Financial assets, September 30, 2025	\$1,876,668.31
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Restricted by donor with purpose restrictions	\$ (135,886.84)
Board designations:	
Quasi-endowment funds, primarily for long-term investing	\$ (881,392.17)
Other designations to a future period	\$ (92,607.64)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$766,781.66</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.