

The Montana District Of



2026
1 January – 30 June

Financial Statements

Unaudited

The Montana District – LCMS 2026 Financial Statements

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Montana District LCMS
Statement of Financial Position-Unaudited
As of June 30, 2026

	Jun 30, 26	Mar 31, 26	\$ Change
ASSETS			
Current Assets			
Checking/Savings ⁱ	528,057.88	521,439.87	6,618.01
Accounts Receivable ⁱⁱ	385.99	5,539.17	(5,153.18)
Total Current Assets	528,443.87	526,979.04	1,464.83
Fixed Assetsⁱⁱⁱ	39,213.88	40,533.62	(1,319.74)
Other Assets			
Beneficial Int in Perp Trusts ^{iv}	153,035.49	153,035.49	0.00
Operating Lease ROU Asset ^v			
Prepaid Rent-Office Space	179,166.29	183,332.96	(4,166.67)
Total Operating Lease ROU Asset	179,166.29	183,332.96	(4,166.67)
Long Term Invest ^{vi}	1,331,579.80	1,230,390.46	101,189.34
Total Other Assets	1,663,781.58	1,566,758.91	97,022.67
TOTAL ASSETS	2,231,439.33	2,134,271.57	97,167.76
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	6,576.09	6,151.13	424.96
Credit Cards	2,641.67	1,586.17	1,055.50
Other Current Liabilities			
Payroll Liabilities	72.45	0.00	72.45
Promises to Give Payable-CL ^{vii}	51,937.04	57,000.46	(5,063.42)
Total Other Current Liabilities	52,009.49	57,000.46	(4,990.97)
Total Current Liabilities	61,227.25	64,737.76	(3,510.51)
Total Liabilities	61,227.25	64,737.76	(3,510.51)
Equity^{viii}			
Beneficial Interest in Perpetual Trust	153,035.49	153,035.49	0.00
With Donor Restrictions	200,486.50	205,162.83	(4,676.33)
Without Donor Restrictions			
Board Designated	1,053,321.20	977,458.78	75,862.42
Net Invest Prop/Equip/Intang	39,213.88	40,533.62	(1,319.74)
Undesignated	724,155.01	693,343.09	30,811.92
Total Without Donor Restrictions	1,816,690.09	1,711,335.49	105,354.60
Total Equity	2,170,212.08	2,069,533.81	100,678.27
TOTAL LIABILITIES & EQUITY	2,231,439.33	2,134,271.57	97,167.76

i. See notes 1b and 2

ii. See note 5

iii. See notes 1e and 4

iv. See notes 1b and 3

v. See notes 1g and 6

vi. See notes 1b and 3

vii. See note 7

viii. See note 1d

Montana District LCMS
Statement of Cash Flows - Unaudited
April through June 2026

	Apr - Jun 26
OPERATING ACTIVITIES	
Net Income	100,678.27
Adjustments to reconcile Net Income	
to net cash provided by operations:	
AR--Congregational Assessments	153.18
AR--LCEF	5,000.00
Accounts Payable	424.96
Credit Card	1,055.50
Payroll Liabilities:Concordia Plan Services	72.45
Promises to Give Payable-CL	(5,063.42)
Net cash provided by Operating Activities	102,320.94
INVESTING ACTIVITIES	
Intangible Assets:Accumulated Amortization	170.29
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	(2,702.03)
Long Term Invest.:LCMS Foundation Funds:Principal	(34,375.60)
Long Term Invest.:LCMS Foundation Funds:Unrealized Gain (Loss)	(64,111.71)
Net cash provided by Investing Activities	(95,702.93)
FINANCING ACTIVITIES	
With Donor Restrictions (Temp):LCEF Grant	250.00
With Donor Restrictions:Mercy Fund	345.00
With Donor Restrictions (Temp):MT Dist Student Ln Rpymt Grant	(3,333.00)
With Donor Restrictions (Temp):W/P/G Fund	(1,888.33)
With Donor Restrictions (Temp):Youth Ministry	(50.00)
Board Designated:Car Replacement Fund	2,000.00
Board Designated:Convention Fund	(1,658.70)
Board Designated:MT District CW Scholarship Fund	67,632.19
Board Designated:MT District Mission & Ministry	(16,760.46)
Board Designated:MT District Schools Fund	17,529.49
Board Designated:MT Dist Student Ln Rpymt Grant	1,679.08
Board Designated:W/P/G Fund	4,240.82
Board Designated:Youth Ministry	1,200.00
Net Invest Prop/Equip/Intang	(1,319.74)
Without Donor Restrictions	(69,866.35)
Net cash provided by Financing Activities	0.00
Net cash increase for period	6,618.01
Cash at beginning of period	521,439.87
Cash at end of period	528,057.88

Montana District LCMS
Statement of Activities - Unaudited
April through June 2026

	Apr - Jun 26	Apr - Jun 25
Ordinary Income/Expense		
Income		
PUBLIC SUPPORT		
Contributions		
District Congregations	157,266.63	131,935.00
Individual Donations	200.00	1,296.00
In Kind Contribution	543.70	1,067.73
District Subsidized Ministries	300.00	425.00
Mercy Fund	345.00	300.00
Thrivent Choice Dollars	25.00	56.00
Trust Income Wegner Found	590.28	543.97
Miscellaneous-Restricted	46,386.50	64.22
Total Contributions	205,657.11	135,687.92
Fees and Assessments	3,350.00	2,380.00
Total PUBLIC SUPPORT	209,007.11	138,067.92
INVESTMENT INCOME	104,037.72	60,865.56
Total Income	313,044.83	198,933.48
Gross Profit	313,044.83	198,933.48
Expense		
PROGRAM EXPENSE		
SYNOD SUPPORT	31,453.32	31,346.49
CONVENTIONS	1,658.70	39,252.15
ECCLESIASTICAL SERVICES	5,492.24	2,769.09
GRANTS & MISSIONS SUPPORT	94,705.19	48,480.43
Total PROGRAM EXPENSE	133,309.45	121,848.16
DISTRICT OFFICERS AND ADMIN		
BOARD OF DIRECTORS	7,531.37	8,036.60
PRESIDENT OFFICE ADM	51,152.90	55,511.36
TREASURER	20,309.25	16,003.16
Total DISTRICT OFFICERS AND ADMIN	78,993.52	79,551.12
MINISTRY BOARD AND COMMITTEES		
INDIAN MINISTRY	0.00	450.45
STEWARDSHIP/HUMAN CARE MINISTRY	63.59	0.00
YOUTH & CAMPUS MINISTRY	0.00	(524.61)
Total MINISTRY BOARD AND COMMITTEES	63.59	(74.16)
Total Expense	212,366.56	201,325.12
Net Ordinary Income	100,678.27	(2,391.64)
Other Income/Expense		
Other Income	0.00	(1,296.51)
Net Other Income	0.00	(1,296.51)
Net Income	100,678.27	(3,688.15)

Montana District LCMS
YTD Statement of Activities By Class - Unaudited
January through June 2026

	Without Donor Restrictions	With Donor Restrictions	TOTAL
Ordinary Income/Expense			
Income			
PUBLIC SUPPORT			
Contributions			
District Congregations	302,749.21	0.00	302,749.21
Individual Donations	222.00	0.00	222.00
In Kind Contribution	2,266.33	0.00	2,266.33
District Subsidized Ministries			
Redeemer Lutheran, Anaconda	0.00	300.00	300.00
Emmaus Lutheran Mission (B/T/L)	0.00	299.99	299.99
Mt Calvary/Circle of Life Dual	0.00	550.01	550.01
Total District Subsidized Ministries	0.00	1,150.00	1,150.00
Mercy Fund	0.00	970.00	970.00
Thrivent Choice Dollars	163.00	0.00	163.00
Trust Income Wegner Found	1,171.22	0.00	1,171.22
Miscellaneous-Restricted	0.00	48,509.50	48,509.50
Total Contributions	306,571.76	50,629.50	357,201.26
Fees and Assessments	30,111.75	0.00	30,111.75
Total PUBLIC SUPPORT	336,683.51	50,629.50	387,313.01
INVESTMENT INCOME	89,352.55	0.00	89,352.55
Net Assets Released frm Restriction			
Satisfaction of Program Restr	83,429.63	(83,429.63)	0.00
Total Net Assets Released frm Restriction	83,429.63	(83,429.63)	0.00
Total Income	509,465.69	(32,800.13)	476,665.56
Gross Profit	509,465.69	(32,800.13)	476,665.56
Expense			
PROGRAM EXPENSE	256,469.08	0.00	256,469.08
DISTRICT OFFICERS AND ADMIN	173,613.99	0.00	173,613.99
MINISTRY BOARD AND COMMITTEES	6,813.59	0.00	6,813.59
Total Expense	436,896.66	0.00	436,896.66
Net Ordinary Income	72,569.03	(32,800.13)	39,768.90
Net Income	72,569.03	(32,800.13)	39,768.90

Montana District LCMS
Statement of Activities - Unaudited
January through June 2026

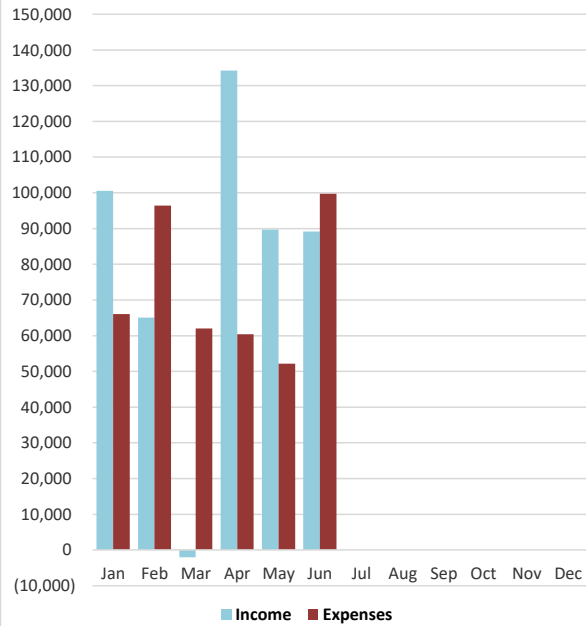
	Jan - Jun 26	Jan - Jun 25	\$ Change
Ordinary Income/Expense			
Income			
PUBLIC SUPPORT			
Contributions			
District Congregations	302,749.21	291,684.30	11,064.91
Individual Donations	222.00	1,446.00	(1,224.00)
In Kind Contribution	2,266.33	1,678.00	588.33
District Subsidized Ministries	1,150.00	1,450.00	(300.00)
Mercy Fund	970.00	600.00	370.00
Thrivent Choice Dollars	163.00	134.00	29.00
Trust Income Wegner Found	1,171.22	1,088.65	82.57
Miscellaneous-Restricted	48,509.50	20,064.22	28,445.28
Total Contributions	357,201.26	318,145.17	39,056.09
Fees and Assessments	30,111.75	27,950.90	2,160.85
Total PUBLIC SUPPORT	387,313.01	346,096.07	41,216.94
INVESTMENT INCOME	89,352.55	72,441.54	16,911.01
Net Assets Released frm Restrict			
Satisfaction of Program Restr	0.00	0.00	0.00
Total Net Assets Released frm Restrict	0.00	0.00	0.00
Total Income	476,665.56	418,537.61	58,127.95
Gross Profit	476,665.56	418,537.61	58,127.95
Expense			
PROGRAM EXPENSE			
SYNOD SUPPORT	60,549.84	71,283.82	(10,733.98)
CONVENTIONS	19,550.16	39,252.15	(19,701.99)
ECCLESIASTICAL SERVICES	14,821.62	12,450.37	2,371.25
GRANTS & MISSIONS SUPPORT	161,547.46	89,475.91	72,071.55
Total PROGRAM EXPENSE	256,469.08	212,462.25	44,006.83
DISTRICT OFFICERS AND ADMIN			
BOARD OF DIRECTORS	22,286.63	22,252.16	34.47
PRESIDENT OFFICE ADM	110,686.11	99,341.08	11,345.03
TREASURER	40,641.25	31,064.69	9,576.56
Total DISTRICT OFFICERS AND ADMIN	173,613.99	152,657.93	20,956.06
MINISTRY BOARD AND COMMITTEES			
INDIAN MINISTRY	0.00	900.90	(900.90)
STEWARDSHIP/HUMAN CARE MINISTRY	63.59	0.00	63.59
YOUTH & CAMPUS MINISTRY	6,750.00	8,250.39	(1,500.39)
Total MINISTRY BOARD AND COMMITTEES	6,813.59	9,151.29	(2,337.70)
Total Expense	436,896.66	374,271.47	62,625.19
Net Ordinary Income	39,768.90	44,266.14	(4,497.24)
Other Income/Expense			
Other Income	0.00	(1,296.51)	1,296.51
Net Other Income	0.00	(1,296.51)	1,296.51
Net Income	39,768.90	42,969.63	(3,200.73)

Montana District LCMS
Statement of Functional Expenses
January 1 - June 30, 2026

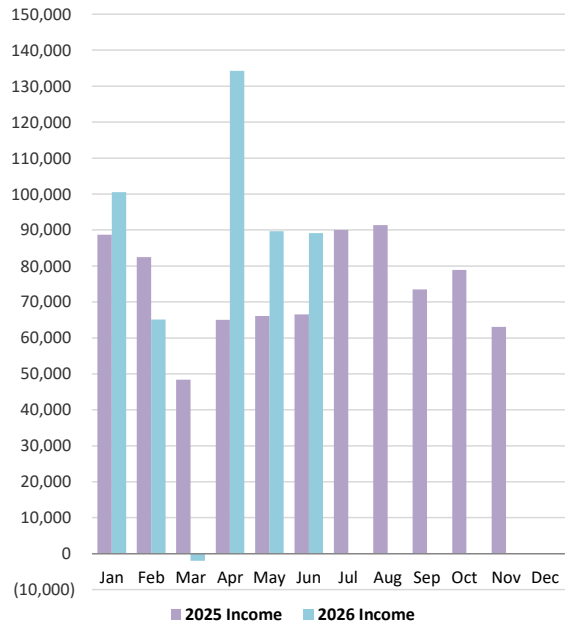
<i>Functional Classifications</i>	<i>Program Services</i>			<i>Support Services</i>			Total Expenses
	National/ International Mission	MT District Mission	Total Program Services	Synodical General Fund	Management and General	Total Support Services	
<i>Natural Classifications</i>							
Personnel							
Salary and Wages	\$14,349	\$41,173	\$55,522		\$58,316	\$58,316	\$113,837
Benefits	4477	10801	15278		11383	11383	26661
Taxes		827	827		2275	2275	3103
UI/Worker's Comp		84	84		244	244	327
Total Personnel	18826	52885	71710		72218	72218	143928
Employee Resources & Training			0		1448	1448	1448
Synodical Pledge			0	60550		60550	60550
Conventions			0		19550	19550	19550
District Conferences		6135	6135			0	6135
Board Meetings			0		4346	4346	4346
District President	2419	4953	7372		614	614	7986
Circuit Visitors		700	700			0	700
Congregational Support		145201	145201			0	145201
Scholarships & Grants	9013	3333	12346			0	12346
Missionary Support	4000		4000			0	4000
Accounting Costs			0		157	157	157
Bank Fees			0		100	100	100
Depreciation/Amortization			0		2639	2639	2639
Office			0		3054	3054	3054
Building			0		11351	11351	11351
Property/Liability Insurance			0		6589	6589	6589
Ministry Boards & Committees		6814	6814			0	6814
Total Expenses	<u>\$ 34,257</u>	<u>\$ 220,022</u>	<u>\$ 254,279</u>	<u>\$ 60,550</u>	<u>\$ 122,068</u>	<u>\$ 182,618</u>	<u>\$ 436,897</u>
	8%	50%	58%	14%	28%	42%	100%

Company Snapshot

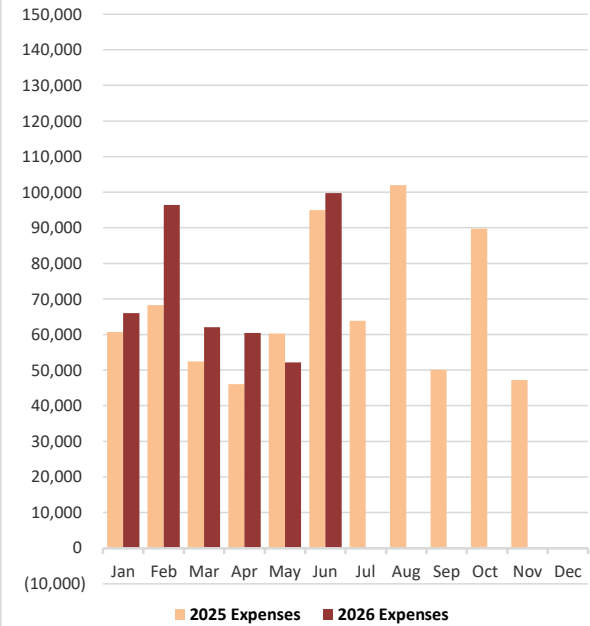
Income and Expense Trend 2026



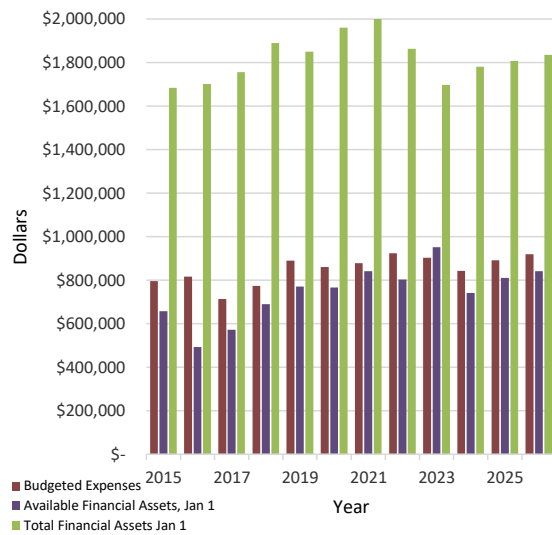
Income Comparison 2025, 2026



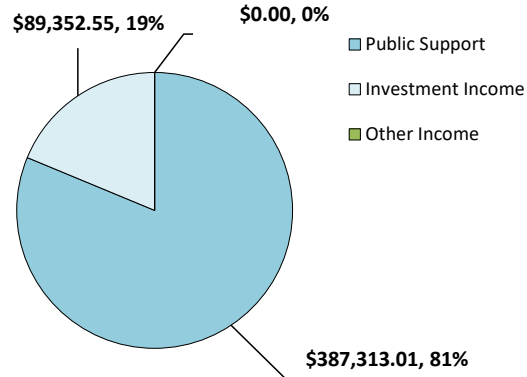
Expense Comparison 2025, 2026



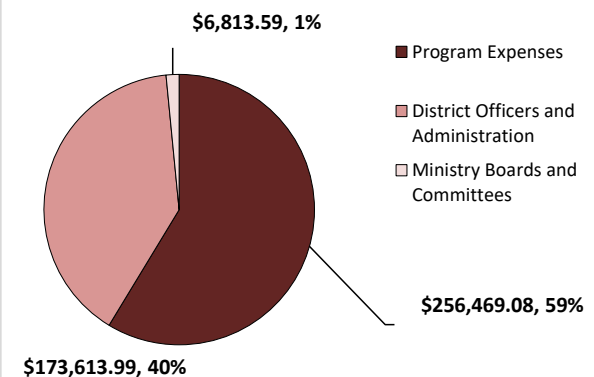
Liquidity



YTD Income Breakdown

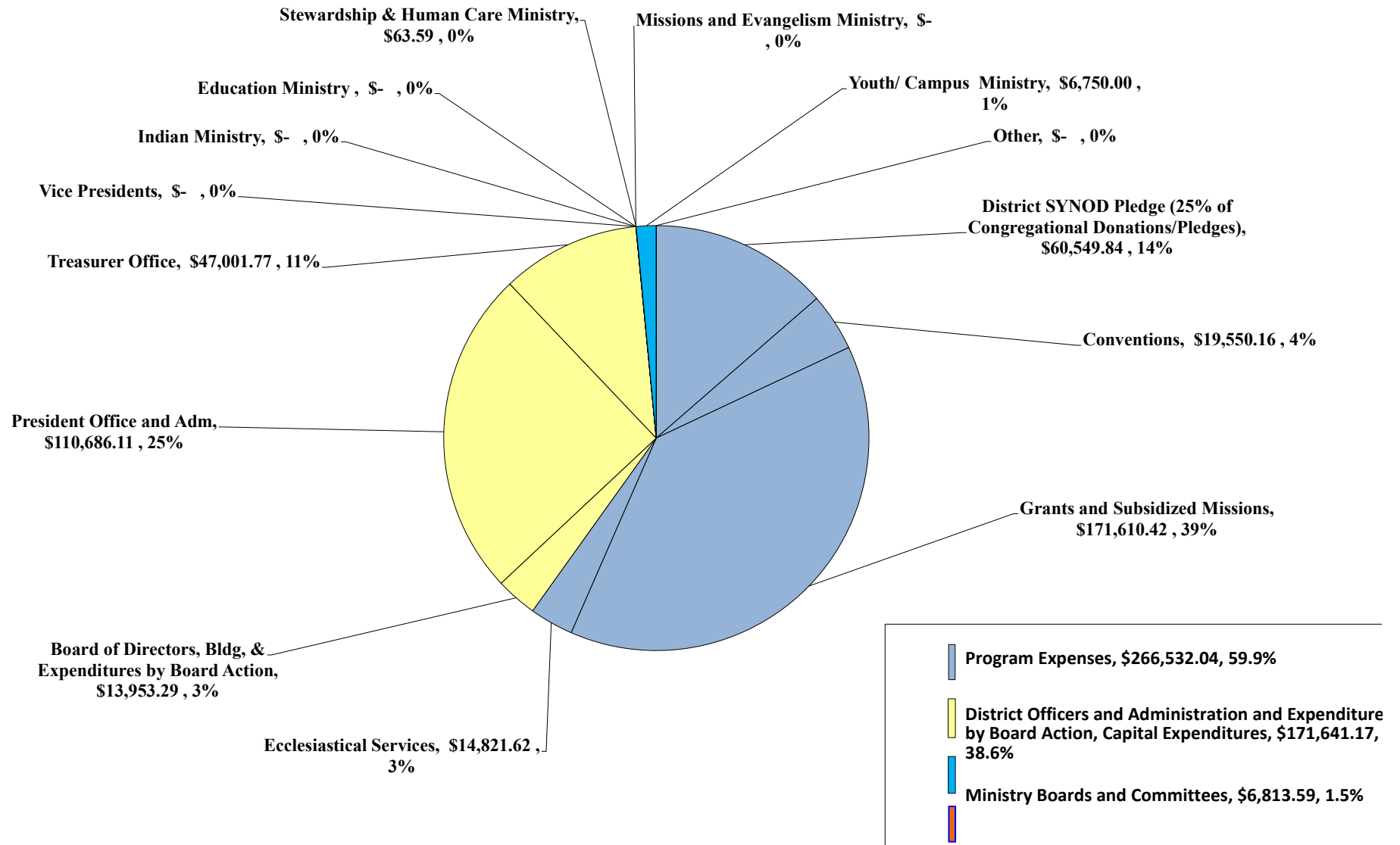


YTD Expense Breakdown



MT District LCMS
Graph of Expenditures YTD

2026 DISTRICT EXPENDITURES YTD (as of 30 June = \$444,986.80)



NOTES TO THE FINANCIAL STATEMENTS – January 1—June 30, 2026

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 \$302,749.21 from January 1-June 30, 2026, or 63.5% 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-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:

Subject to expenditure for specified purpose:

June 30, 2026

B	Church Worker Scholarships	93,449.22
E	Education Ministry	255.00
F	Mercy Fund	43,402.62
J	Student Loan Repayment Fund	57,515.51
M	W/P/G Fund	5,614.15
N	LCEF Grant	250.00
Total net assets with donor restrictions		\$200,486.50

Net assets with perpetual donor-imposed restrictions:

Beneficial Interests in Perpetual Trusts: \$153,035.49

Total Net Assets With Donor Restrictions \$358,198.32

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 June 30, 2026, were \$1,816,690.09.

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 June 30, 2026, The Montana District LCMS’s governing board had designated from net assets without donor restrictions \$1,053,321.20 as follows:

Designated for expenditure for specified purpose:

June 30, 2026

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	13,438.00
C	Convention Fund	45,188.37
D	District School Scholarship	29,474.96
K	Technology Replacement Fund	8,808.01
M	W/P/G Fund	28,699.35
L	Youth Ministry	1,200.00
		\$126,808.69

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	601,230.17
G	Mission and Ministry	142,975.77
H	MT District School Grants	180,860.41
J	Student Loan Repayment Fund	1,446.16
		926,512.51
Total net assets without donor restrictions—board designated		\$1,053,321.20

- 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 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 and fees collected to cover the costs of the Summer Camp.
- M. W/P/G Fund consists of donations to be used to assist the Tri parish Wolf Point/Plentywood/Glasgow with readying a parsonage and acquiring a vehicle for their future pastor to use in travel for the tri parish.
- N. LCEF has provided a grant in support of expenses of the Pastor's Conference in October 2026.

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

The Montana District LCMS leases 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 June 30, 2026, the carrying amount of the district's cash holdings was \$528,057.88. One local bank has cash deposits of \$126,806.85 (\$76,367.27 without donor restrictions, \$50,439.58 with donor restrictions) in checking and savings accounts that are covered by FDIC Insurance in the name of the district. An additional \$401,251.03 in cash deposits (\$395,986.88 without donor restrictions, \$5,264.15 with donor restrictions) are held as investments by a brokerage firm (LCEF) in the name of the district and are not covered by FDIC. 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

Fair Value Measurements

The following table presents financial instruments that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall, as well as the non-leveled instruments at June 30, 2026:

	Total	Fair Value Measurements Using			Investments Measured at Cost or NAV
		Level 1	Level 2	Level 3	
Long-Term Investments-					
LCEF Notes	\$273,345.60				\$273,345.60
LCMS Foundation:					
Moderate Balanced	\$166,239.73				\$166,239.73
Aggressive Balanced	\$891,994.47				\$891,994.47
	<u>\$1,058,234.20</u>				<u>\$1,058,234.20</u>
Beneficial Interests in -					
Perpetual Trusts	<u>\$153,035.49</u>			<u>\$153,035.49</u>	

The fair values of beneficial interests in charitable and perpetual trusts are based on the fair values of the trust investments as reported by the trustee, the LCMS Foundation. These are considered to be Level 3 measurements.

The District uses the net asset value (NAV) per share as a practical expedient to estimate the fair values of investments in LCMS Foundation common funds, which do not have readily determinable fair values. These investments are not classified within the fair value hierarchy as shown in the above tables. All investments measured at fair value based on NAV per share as of June 30, 2026, are summarized below:

LCMS Foundation Common Funds:	
Fair Value	\$1,058,234.20
Redemption Frequency	Daily
Redemption Notice Period	Daily

The LCMS Foundation carries out its investment management services through various common funds to invest the assets entrusted to it. A common fund pools the assets of numerous smaller accounts to provide for greater diversification and ease of investment management. Holders of a common fund are called participants; the District is such a participant. Participants buy and sell units of the common fund asset. In order to determine the price per unit of a common fund, all assets held by the common fund (which can include individual securities or units of other common funds) are valued as of the end of the month the valuation date). This value is divided by the total number of units held by the participants in the common fund to determine the per-unit value. Transactions in the common fund (either purchases or redemptions) are calculated based on the per-unit value on the valuation date.

During the valuation process, the common funds accrue income and expenses for the valuation period. The net income to the funds is divided by the total number of units held by participants for the valuation period to establish the income per unit factor. Each participant receives an allocation of the net income determined by multiplying the income per unit factor times the number of units held by the participant of the common fund. Net realized and termination gains in LCMS Foundation common funds are also calculated and distributed annually to the participants.

The LCMS Foundation Moderate Balanced Fund is a moderate risk investment focused on providing modest income generation with a potential for growth; the portfolio holds both fixed and income bonds (50%) and domestic and international equity securities (50%). Aggressive Balanced Fund is an aggressive risk investment focused on providing more aggressive income generation and potential for growth; the portfolio holds both fixed and income bonds (25%) and domestic and international equity securities (75%).

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 June 30, 2026, along with accumulated depreciation is \$31,891.20 as shown in the Statement of Financial Position report (page 3). 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 June 30, 2026 was \$4,597.80.

4.b. CHANGES IN INTANGIBLE

Amortization of capital assets is recorded quarterly. The value as of June 30, 2026, along with accumulated amortization is \$7,322.68 as shown in the Statement of Financial Position report (page 3). Accumulated amortization as of June 30, 2026 was \$2,894.94.

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 June 30, 2026, the Montana District had \$385.99 in receivables.

5.a. 2026 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 June 30, 2026, \$335.99 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 11 years remaining as of June 30, 2026.

MT District has no finance leases.

There were no future minimum lease payments under non-cancellable leases as of June 30, 2026.

As of June 30, 2026, 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 June 30, 2026, the operating lease ROU assets and operating lease liabilities related to this agreement were (rounded) \$179,166 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 \$8,333, \$16,667, \$16,667, \$16,667, \$12,500 and \$0 for fiscal years 2026, 2025, 2024, 2023, 2022 and 2021 respectively.

NOTE 7. LIABILITIES

LONG-TERM PROMISES TO GIVE

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

SHORT-TERM PROMISES TO GIVE

In December 2025, The Montana District LCMS entered into an agreement promising support of \$62,000 for the Wolf Point/Plentywood/Glasgow Tri parish parsonage purchase and preparation to place in service. This support will be funded through restricted donations to the WPG Fund and through the 2025 District Convention Resolution 1-02 to reserve 5% of unrestricted congregational giving to this purpose until the parsonage is prepared to place in service. As of June 30, 2026, \$51,937 remains outstanding. There is no specified end date for the payment of this support; the intention of the Board of Directors at the time of agreement was to settle the balance in full, including any additional accruing interest, by December 31, 2026.

NOTE 8. LIQUIDITY

The following reflects The Montana District LCMS's financial assets as of June 30, 2026, 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 June 30, 2026, have not been subtracted as unavailable.

Financial assets, June 30, 2026	\$2,013,059.16
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Restricted by donor with purpose restrictions	\$(124,367.35)
Board designations:	
Quasi-endowment funds, primarily for long-term investing	\$(861,498.51)
Other designations to a future period	<u>\$(56,459.50)</u>
Less Beneficial Interest in Perpetual Trust	\$(153,035.49)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$817,698.31</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.