LUTHERAN BIBLE TRANSLATORS, INC.

Financial Statements
December 31, 2025 and 2024

Together With Independent Auditors' Report

JDS professional group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lutheran Bible Translators, Inc.

Opinion

We have audited the accompanying financial statements of Lutheran Bible Translators, Inc., which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Bible Translators, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lutheran Bible Translators, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Bible Translators, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance

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but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lutheran Bible Translators, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Bible Translators, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JDS Professional Group
Certified Public Accountants, Consultants and Advisors, LLC

June 4, 2026

LUTHERAN BIBLE TRANSLATORS, INC.

	2025	2024
ASSETS		
Cash and cash equivalents	$ 2,489,498	2,824,208
Grant receivable	323,904	320,572
Pledges receivable, net	655,382	647,568
Advances to field offices	53,430	80,940
Prepaids	24,579	62,132
Investments	14,081,468	10,943,087
Investments to be held in perpetuity	536,625	394,659
Beneficial interest in charitable trusts held by others	286,921	290,403
Beneficial interest in funds held by a foundation	908,937	719,166
Life insurance policies	631,490	620,125
Right-of-use asset, net of accumulated amortization of $37,437 and $23,917 respectively	154,046	62,870
Property and equipment, net	109,084	135,813
TOTAL ASSETS	$ 20,255,364	$ 17,101,543
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 269,313	57,507
Accrued liabilities	104,524	27,901
Lease liability	159,471	135,874
Total Liabilities	533,308	221,282
Net Assets:		
Without Donor Restrictions-		
Undesignated	6,594,374	6,386,094
Designated	9,784,425	7,501,675
Total Without Donor Restrictions	16,378,799	13,887,769
With Donor Restrictions	3,343,257	2,992,492
Total Net Assets	19,722,056	16,880,261
TOTAL LIABILITIES AND NET ASSETS	$ 20,255,364	$ 17,101,543

The accompanying notes are an integral part of the financial statements.

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 4,254,308	$ 39,000	$ 4,293,308
Grants	127,035	323,904	450,939
Bequests	2,659,698	623,730	3,283,428
Investment return, net	2,295,742	118,751	2,414,493
Change in value of beneficial interest in charitable trust	-	(3,482)	(3,482)
Change in value of beneficial interest in funds held at a foundation	-	189,771	189,771
Change in value of life insurance policies, net	-	26,069	26,069
Other income	22,491	-	22,491
Net assets released from restrictions:			
Satisfaction of program restrictions	966,978	(966,978)	-
Total Support and Revenue	10,326,252	350,765	10,677,017
Expenses:			
Program Services -			
Field services	4,658,559	-	4,658,559
Program ministries	866,838	-	866,838
Total Program Services	5,525,397	-	5,525,397
Supporting Services -			
General and administrative	1,391,433	-	1,391,433
Fundraising	918,392	-	918,392
Total Supporting Services	2,309,825	-	2,309,825
Total Expenses	7,835,222	-	7,835,222
CHANGES IN NET ASSETS	2,491,030	350,765	2,841,795
NET ASSETS, Beginning of Year	13,887,769	2,992,492	16,880,261
NET ASSETS, END OF YEAR	$ 16,378,799	$ 3,343,257	$ 19,722,056

LUTHERAN BIBLE TRANSLATORS, INC.

Statement of Activities
For the Year Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 4,664,128	$ 324,318	$ 4,988,446
Grants	73,208	320,571	393,779
Bequests	794,201	-	794,201
Investment return, net	970,986	31,350	1,002,336
Change in value of beneficial interest in charitable trusts	-	(198,605)	(198,605)
Change in value of beneficial interest in funds held by a foundation	-	77,063	77,063
Change in value of life insurance policies, net	-	195,660	195,660
Gain on sale of an asset	62,945	-	62,945
Other income	8,174	-	8,174
Net assets released from restrictions:			
Satisfaction of program restrictions	463,859	(463,859)	-
Total Support and Revenue	7,037,501	286,498	7,323,999
Expenses:			
Program Services -			
Field services	4,123,066		4,123,066
Program ministries	639,902	-	639,902
Total Program Services	4,762,968	-	4,762,968
Supporting Services -			
General and administrative	1,134,276	-	1,134,276
Fundraising	764,667	-	764,667
Total Supporting Services	1,898,943	-	1,898,943
Total Expenses	6,661,911	-	6,661,911
CHANGES IN NET ASSETS	375,590	286,498	662,088
NET ASSETS, Beginning of Year	13,512,179	2,705,994	16,218,173
NET ASSETS, END OF YEAR	$ 13,887,769	$ 2,992,492	$ 16,880,261

LUTHERAN BIBLE TRANSLATORS, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services		Total	Supporting Services		Total	
	Field Services	Program Ministries	Program Services	General & Administration	Fundraising	Supporting Services	Total
Salaries and related benefits	$ 1,109,091	$ 288,180	$ 1,397,271	$ 557,621	$ 374,192	$ 931,813	$ 2,329,084
Retirement plan	136,697	31,990	168,687	61,604	39,429	101,033	269,720
Other employee benefits	321,294	91,870	413,164	154,984	110,505	265,489	678,653
Payroll taxes	84,934	21,934	106,868	43,304	28,319	71,623	178,491
Newsletter	-	165,489	165,489	10,226	35,821	46,047	211,536
Direct mailings	-	-	-	-	22,012	22,012	22,012
Professional fees	308,528	23,506	332,034	110,599	76,893	187,492	519,526
Supplies	17,449	8,109	25,558	12,692	-	12,692	38,250
Telecommunications	11,474	3,392	14,866	8,419	359	8,778	23,644
Postage and shipping	2,118	5,664	7,782	11,191	13,505	24,696	32,478
Occupancy	74,747	-	74,747	-	-	-	74,747
Equipment rental and maintenance	4,166	3,699	7,865	8,921	11,334	20,255	28,120
Printing and publication	13,885	23,156	37,041	58,660	81,326	139,986	177,027
Travel	443,550	79,799	523,349	120,844	104,979	225,823	749,172
Conferences, meetings, and workshops	37,361	24,009	61,370	4,594	5,579	10,173	71,543
Missionary/national support	78,656	8,915	87,571	-	8,012	8,012	95,583
Bad debt expense	-	-	-	214,386	-	214,386	214,386
Special projects expenses	2,004,539	52,536	2,057,075	5,451	-	5,451	2,062,526
Depreciation	-	28,925	28,925	3,622	3,068	6,690	35,615
Other expenses	10,070	5,665	15,735	4,315	3,059	7,374	23,109
Total Expenses	$ 4,658,559	$ 866,838	$ 5,525,397	$ 1,391,433	$ 918,392	$ 2,309,825	$ 7,835,222

The accompanying notes are an integral part of the financial statements.

LUTHERAN BIBLE TRANSLATORS, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services		Total	Supporting Services		Total	
	Field Services	Program Ministries	Program Services	General & Administration	Fundraising	Supporting Services	Total
Salaries and related benefits	$ 1,007,227	$ 302,473	$ 1,309,700	$ 504,363	$ 331,341	$ 835,704	$ 2,145,404
Retirement plan	124,067	26,955	151,022	53,561	33,420	86,981	238,003
Other employee benefits	325,294	84,034	409,328	144,807	91,014	235,821	645,149
Payroll taxes	77,196	21,919	99,115	34,643	19,882	54,525	153,640
Newsletter	87	5,451	5,538	16,156	32,142	48,298	53,836
Direct mailings	-	3,920	3,920	11,762	23,523	35,285	39,205
Professional fees	236,136	26,950	263,086	79,696	58,872	138,568	401,654
Supplies	11,722	10,639	22,361	18,204	3,385	21,589	43,950
Telecommunications	11,674	7,756	19,430	3,420	246	3,666	23,096
Postage and shipping	2,029	4,687	6,716	9,733	4,568	14,301	21,017
Occupancy	64,564	10,707	75,271	27,492	-	27,492	102,763
Equipment rental and maintenance	4,271	3,635	7,906	9,525	13,268	22,793	30,699
Printing and publication	11,297	9,066	20,363	21,510	23,073	44,583	64,946
Travel	418,926	61,027	479,953	113,128	102,320	215,448	695,401
Conferences, meetings, and workshops	6,259	12,349	18,608	5,641	7,641	13,282	31,890
Missionary/national support	52,488	5,346	57,834	4,583	5,020	9,603	67,437
Special projects expenses	1,707,248	25,569	1,732,817	45,822	-	45,822	1,778,639
Depreciation	34,682	1,880	36,562	4,372	3,435	7,807	44,369
Other expenses	27,899	15,539	43,438	25,858	11,517	37,375	80,813
Total Expenses	$ 4,123,066	$ 639,902	$ 4,762,968	$ 1,134,276	$ 764,667	$ 1,898,943	$ 6,661,911

The accompanying notes are an integral part of the financial statements.

LUTHERAN BIBLE TRANSLATORS, INC.

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Changes in net assets	$ 2,841,795	$ 662,088
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	35,615	44,369
Amortization of right-of-use asset	13,520	32,416
Bad debt expense	214,386	-
Realized/unrealized gain (loss) on investments	(2,111,077)	(676,665)
(Gain) loss on disposal of property and equipment	-	(62,945)
Change in value of charitable trusts held by others	3,482	198,605
Change in value of funds held by a foundation	(189,771)	(77,063)
Change in value of life insurance policies	(26,069)	(195,661)
Changes in assets and liabilities, net		
(Increase) decrease in assets:		
Grant receivable	(3,332)	(198,090)
Pledges receivable	(222,200)	22,059
Advances to field offices	27,510	(71,946)
Prepaid expenses	37,553	(14,427)
Increase (decrease) in liabilities:		
Accounts payable	211,806	(20,537)
Accrued expenses	76,623	(99,529)
Lease liability	(81,099)	(8,081)
Net cash provided by (used in) operating activities	828,742	(465,407)
Cash flows from investing activities:		
Sales of investments	1,436,742	329,930
Purchases of investments	(2,606,012)	(1,154,712)
Proceeds from life insurance policy	14,704	-
Proceeds from sale of property and equipment	-	84,765
Purchases of property and equipment	(8,886)	(33,538)
Net cash (used in) investing activities	(1,163,452)	(773,555)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(334,710)	(1,238,962)
CASH AND CASH EQUIVALENTS, Beginning of Year	2,824,208	4,063,170
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,489,498	$ 2,824,208
Supplemental Disclosure of Cash Flow Information:		
Cash paid for operating leases	$ 18,524	$ 9,996

The accompanying notes are an integral part of the financial statements.

NOTE 1 – Nature of the Organization

The Lutheran Bible Translators, Inc. (the "Organization"), formerly Messengers for Christ, is a not-for-profit religious organization engaged in worldwide ministry of bible translation, literacy, and scripture use. The ministry is conducted through a worldwide staff of missionaries who work in partnership with a global network of Lutheran church bodies and indigenous translation and literacy organizations in host countries.

The ministry program is reported in two categories: field services and program ministries. Field services include activities directly related to the worldwide staff of missionaries. Program ministries include activities related to worldwide staff of missionaries but conducted through the United States offices of the Organization.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

> **Net Assets Without Donor Restrictions -** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
>
> **Net Assets With Donor Restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Estimates

The preparation of the comparative financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits in checking accounts, and savings accounts. The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents unless the cash is held to meet donor restrictions.

Investments and Fair Value Measurements

The Organization uses fair value measurements which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

> *Equities, fixed income mutual funds and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.
>
> *Alternative investments:* Valued at net asset value (NAV) per share as reported by the fund managers, which the Organization considers to be a reasonable estimate of fair value.
>
> *Beneficial interest in assets held at foundations:* Valued as reported by the foundation holding the endowment funds based on the Organization’s proportionate share of the present value of the trusts as provided.
>
> *Life insurance policies:* Valued at the cash surrender value as reported by the life insurance company.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over an estimated useful life of three to thirty years. The cost of maintenance and repairs is expensed as incurred; significant acquisitions and improvements that cost more than $1,000 are capitalized.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from the operating and non-operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Management expects that all grants receivables will be fully collectible, accordingly, there is no allowance for uncollectible grants receivables.

Conditional promises to give with a measurable performance or other barrier and a right of return/right of release and are not recognized until the conditions on which they depend have been met.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period on which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Beneficial Interest in Assets Held for Others

The Organization receives contributions in the form of irrevocable split-interest agreements that include charitable gift annuities, charitable remainder unitrusts, pooled income trusts, and donor directed endowments. A third-party foundation appointed by the donors serves as the trustee for the agreements and the Organization records its proportionate share as a beneficial interest at fair value.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the statement of financial positions. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, newsletter, advertising, professional fees, supplies, telecommunications, postage and shipping, occupancy, equipment rental and maintenance, printing and publications, travel, meetings, depreciation, and other expenses which are allocated on the basis of estimates of time and effort.

Subsequent Events

Management has performed an evaluation of subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 3 – Income Taxes

The Organization had previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Organization. Accordingly, the accompanying financial statements contain no provision for income taxes.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Organization's informational tax returns are no longer subject to U.S. Federal and state audits on its returns by taxing authorities for fiscal years ending prior to 2022 and 2021, respectively. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no material issue would arise.

NOTE 4 – Concentration of Credit Risk

The Organizations' cash demand deposits are held at financial institutions at which deposits are insured up to $250,000 by the FDIC per depositor or institution. As of December 31, 2025, the Organizations' deposits did not exceed the FDIC's insurance limit.

As of December 31, 2025, 100% of the grant receivable was from one grantor and 95% of the pledges receivable was from one donor.

NOTE 5 – Pledges Receivable

Pledges receivable consisted of the following as of December 31:

	2025	2024
Due in less than one year	$ 650,980	$ 395,459
Due in one to five years	6,250	282,417
Due in more than five years	-	23,800
	657,230	701,676
Less:		
Allowance for uncollectible receivables	(1,675)	(35,084)
Discount at 3%	(173)	(19,024)
	$ 655,382	$ 647,568

NOTE 6 – Investments

The following table presents assets measured at fair value on a recurring basis as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Investments at fair value				
Equities	$ 8,967,643	$ -	$ -	$ 8,967,643
Fixed income mutual funds	3,675,116	-	-	3,675,116
Alternative investments	-	1,656,309	-	1,656,309
Beneficial interest in funds held by a foundation	-	-	908,937	908,937
Beneficial interest in charitable trusts held by others	-	-	286,921	286,921
Life insurance policies	-	-	631,490	631,490
Total investment at fair value	$12,642,759	$1,656,309	$ 1,827,348	16,126,416
Cash and cash equivalents				319,025
Total investments				$16,445,441

The following table presents assets measured at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments at fair value				
Equities	$ 2,413,534	$ -	$ -	$ 2,413,534
Fixed income mutual funds	8,492,771	-	-	8,492,771
Beneficial interest in funds held by a foundation	-	-	719,166	719,166
Beneficial interest in charitable trusts held by others	-	-	290,403	290,403
Life insurance policies	-	-	620,125	620,125
Total investment at fair value	$10,906,305	$ -	$ 1,629,694	12,535,999
Cash and cash equivalents				431,441
Total investments				$12,967,440

The change in Level 3 investments during the years ended December 31, 2025 and 2024, was as follows:

	2025	2024
Balance, beginning of year	$ 1,629,694	$ 1,555,576
Change in beneficial interest in funds held by a foundation	189,771	77,063
Change in beneficial interest in charitable trusts	(3,482)	(198,605)
Life insurance payout	(14,704)	-
Change in value of life insurance policies	26,069	195,660
Balance, end of year	$ 1,827,348	$ 1,629,694

NOTE 7 – Endowment Funds

The Organization maintains one donor-restricted endowment fund which is the Endowment Fund. The Endowment Fund was established in accordance with general instructions from the initial donor, and is to be maintained in perpetuity. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted Endowment Fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Organization has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, after fees and expenses, to provide a pretax 10-year average annual rate of return of 6% or a net return of 3% above inflation, whichever is greater. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Typically, subject to fluctuating economic conditions and market trends, the Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy to spend, without touching principle, the lessor of the sum of the unrestricted revenue received and the prior fiscal year-end restricted cash balance, or 4% of the value of the board restricted funds at the previous December 31 year-end. In establishing this policy, the Organization considered preservation of principal on its endowment. Therefore, these funds may tend toward a more “conservative” investment strategy. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Underwater Funds

As of December 31, 2025 and 2024, no funds were underwater.

Endowment net asset composition as of December 31, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment net assets	$ 9,784,425	$ -	$ 9,784,425
Donor restricted endowment net assets		536,624	536,624
	$ 9,784,425	$ 536,624	$ 10,321,049

Endowment net asset composition as of December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment net assets	$ 7,501,675	$ -	$ 7,501,675
Donor restricted endowment net assets	-	394,659	394,659
	$ 7,501,675	$ 394,659	$ 7,896,334

Historically, the board designated endowment fund has consisted of a minimum of 15% of bequest contributions for the year. Beginning in 2016, the intention of the board is to contribute $500,000 annually to the endowment. Subsequent to year end, the board authorized the contribution to be suspended in 2026. The Board has designated net assets equal to the market value of these funds to be held for investment purposes.

The change in the endowment funds was as follows during the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 7,501,675	$ 394,659	$ 7,896,334
Contributions	461,000	39,000	500,000
Investment return, net	2,180,449	118,751	2,299,200
Appropriation of assets for expenditure	(358,699)	(15,786)	(374,485)
Endowment Net Assets, End of Year	$ 9,784,425	$ 536,624	$ 10,321,049

The change in the endowment funds was as follows during the year ended December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 6,492,768	$ 358,309	$ 6,851,077
Contributions	495,000	5,000	500,000
Investment return, net	806,262	44,494	850,756
Appropriation of assets for expenditure	(292,355)	(13,144)	(305,499)
Endowment Net Assets, End of Year	$ 7,501,675	$ 394,659	$ 7,896,334

NOTE 8 – Property and Equipment

Property and equipment consisted of the following as of December 31:

	2025	2024
Leasehold improvements	$ 192,995	$ 192,995
Field equipment	327,963	321,021
Office equipment	44,631	44,595
	565,589	558,611
Accumulated depreciation	(456,505)	(422,798)
	$ 109,084	$ 135,813

NOTE 9 – Net assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2025 and 2024 were available for the following:

	2025	2024
Subject to the passage of time:		
For periods after December 31,:		
Time restricted	$ 2,125,596	$ 2,176,398

Subject to the spending policy and appropriation:		
Investments held in perpetuity –		
Assets to be held in perpetuity		
Education and training	96,286	96,286
Translation	102,019	102,019
General purpose	148,526	109,526
Total	346,831	307,831
Endowment funds – amount above original amount	189,793	86,828
Total	536,624	394,659
Charitable trusts held by others	15,838	39,448
Funds held by a foundation	665,199	381,987
Total	681,037	421,435
Net assets with donor restrictions	$ 3,343,257	$ 2,992,492

NOTE 10 – Leases

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Organization's right to use the underlying asset for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of the future minimum lease payments over the lease term. Because the Organization does not have access to the rate implicit in the lease, the Organization's incremental borrowing rate is utilized as the discount rate. The weighted average discount rate associated with operating leases as of December 31, 2025, remeasured for the 5-year extension at 3.767% from 1.36% in 2024.

The Organization leases a facility from Saint Paul Lutheran High School. The new agreement calls for the Organization to pay rent based upon occupancy of the premises in the amount of $2,965 monthly until August 31, 2030, for the five-year extension of the original agreement. As of December 31, 2025, the weighted average remaining lease term for the Organization's operating lease was 4.75 years.

Future maturities of the lease liability are as follows:

For the Year Ending December 31,	
2026	$ 35,580
2027	35,580
2028	35,580
2029	35,580
2030	27,172
Total lease payments	169,492
Less present value discount	(10,021)
Total lease obligation	$159,471

For the years ended December 31, 2025, and 2024, total operating lease expense was $34,748 and $24,334, respectively.

NOTE 11 – Pension Plan

The Organization participates in the Concordia Retirement Plan for workers of the Lutheran Church – Missouri Synod (the Plan), a plan separate from the Organization. The Plan is a noncontributory defined benefit pension plan, covering substantially all workers of participating organization, including the Missouri Synod, each of its controlled organizations, member congregations which have adopted the Plan, and affiliated agencies that have been admitted to the Plan. For the years ended December 31, 2025 and 2024 the rate of contributions of covered payroll for each eligible employee was 8.7%. Total contributions to the Plan for the years ended December 31, 2025 and 2024 were $227,726 and $196,636, respectively.

The Organization also matches dollar for dollar up to 2% to a 403(b) plan, separate from the Organization for eligible employees (all full-time employees and part-time employees that average at least 30 hours per week). Total contributions to the Plan for the years ended December 31, 2025 and 2024, were $41,994 and $41,367, respectively.

NOTE 12 – Liquidity and Availability of Financial Assets

The Organization strives to maintain liquid financial assets sufficient to cover operating expenditures. The following table reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts that are not available to meet general expenditures because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through a board resolution.

Financial assets at year-end:

	2025	2024
Cash and cash equivalents	$ 2,489,498	$ 2,824,208
Grants receivable	323,904	320,572
Pledges receivable	650,980	395,459
Investments	14,081,468	10,943,087
	17,545,850	14,483,326

Less amounts not available to be used within one year:

Board designated net assets	8,833,048	7,201,608
Financial assets available to meet general expenditures over the next twelve months	$ 8,712,802	$ 7,281,718