Dakotas Annual Conference of the United Methodist Church, Inc.

Independent Auditor's Report and Financial Statements

For the Year Ended December 31, 2025

Dakotas Annual Conference of the United Methodist Church, Inc.

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Independent Auditor's Report

To the Board of Trustees of
Dakotas Annual Conference of the
United Methodist Church, Inc.

Opinion

We have audited the accompanying financial statements of Dakotas Annual Conference of the United Methodist Church, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 Dakotas Annual Conference of the United Methodist Church, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dakotas Annual Conference of the United Methodist Church, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements related 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Dakotas Annual Conference of the United Methodist Church, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance 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 the 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.

- Obtaining 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 the Organization'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 the Organization'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.

ELO Prof LLC

Mitchell, South Dakota
August 20, 2026

Dakotas Annual Conference of the United Methodist Church, Inc.
Statement of Financial Position
December 31, 2025

Assets	
Current Assets	
Cash and cash equivalents	$ 489,920
Accounts receivable, apportionments and direct bill	459,448
Other receivable	5,781
Prepaid expenses	16,834
Notes and contracts receivable, current portion, less allowance for credit losses of $0	9,875
Total Current Assets	981,858
Noncurrent Assets	
Notes and contracts receivable, less current portion and allowance for credit losses of $0	8,462
Investment accounts - affiliated organizations	12,927,349
Deposit accounts - Conference Board of Pensions	55,811,997
Beneficial interest in trust funds	111,056
Total Noncurrent Assets	68,858,864
Property and Equipment - net	3,397,375
	$ 73,238,097
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 359,775
Accrued payroll	66,358
Accrued real estate taxes	9,818
Deferred camps revenue	5,807
Current portion of post-retirement benefit obligation	995,772
Total Current Liabilities	1,437,530
Noncurrent Liabilities	
Post-retirement benefit obligation	32,212,781
Total Liabilities	33,650,311
Net Assets	
Without donor restrictions	16,616,762
With donor restrictions	22,971,024
Total Net Assets	39,587,786
	$ 73,238,097

The accompanying Notes to Financial Statements are an integral part of this statement.

Dakotas Annual Conference of the United Methodist Church, Inc.

Statement of Activities

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Apportioned giving	$ 2,036,558	$ --	$ 2,036,558
Less: portion collected for/remitted to the General Church	(483,238)	--	(483,238)
Apportionments, net	1,553,320	--	1,553,320
Contributions and bequests	26,381	1,036,818	1,063,199
Investment income	11,951,920	7,435,664	19,387,584
Program fees and sales	1,022,122	--	1,022,122
Miscellaneous income	122,567	--	122,567
Net realized gain on property, plant and equipment	74,876	--	74,876
Net unrealized (loss) on long-term investments	(6,965,675)	(4,151,051)	(11,116,726)
Net assets released from restrictions	2,938,165	(2,938,165)	--
Total Revenues, Gains and Other Support	10,723,676	1,383,266	12,106,942
Expenses			
Program Services			
Conference superintendency	602,163	--	602,163
Equipping churches	918,274	--	918,274
Connectional ministries	435,922	--	435,922
Camping program	1,162,636	--	1,162,636
Total Program Service Expenses	3,118,995	--	3,118,995
Supporting Services			
Stewardship of resources	1,640,540	--	1,640,540
Pensions and insurance	2,625,435	--	2,625,435
Total Support Service Expenses	4,265,975	--	4,265,975
Total Expenses	7,384,970	--	7,384,970
Change in Net Assets	3,338,706	1,383,266	4,721,972
Net Assets, Beginning of Year	13,278,056	21,587,758	34,865,814
Net Assets, End of Year	$ 16,616,762	$ 22,971,024	$ 39,587,786

The accompanying Notes to Financial Statements are an integral part of this statement.

Dakotas Annual Conference of the United Methodist Church, Inc.

Statement of Functional Expenses

December 31, 2025

	Program Services					Supporting Services			
	Conference Superinten-dency	Equipping Churches	Connectional Ministries	Camping Program	Total Program Services	Stewardship of Resources	Pensions and Insurance	Total Supporting Services	Total Expenses
Compensation expenses									
Salaries and wages	$ 309,074	$ 108,956	$ 142,633	$ 392,295	$ 952,958	$ 578,288	$ 95,899	$ 674,187	$ 1,627,145
Fringe benefits	104,646	37,804	38,151	120,287	300,888	378,876	2,952,190	3,331,066	3,631,954
Total Compensation Expenses	413,720	146,760	180,784	512,582	1,253,846	957,164	3,048,089	4,005,253	5,259,099
Other expenses									
Travel and meeting expense	49,319	94,344	35,722	29,341	208,726	48,495	12,518	61,013	269,739
Office expense	2,591	5,312	4,726	7,730	20,359	40,257	1,143	41,400	61,759
Professional fees	279	198,339	39,943	2,845	241,406	175,341	8,831	184,172	425,578
Program supplies and materials	128,255	59,845	63,237	243,678	495,015	136,020	455	136,475	631,490
Miscellaneous	--	335	788	--	1,123	--	--	--	1,123
Occupancy	2,229	8,492	51,630	352,252	414,603	39,188	7,241	46,429	461,032
Grants to local ministries	5,770	404,847	59,092	14,208	483,917	63,746	397,574	461,320	945,237
Change in net periodic benefit	--	--	--	--	--	--	(850,416)	(850,416)	(850,416)
Depreciation	--	--	--	--	--	180,329	--	180,329	180,329
Total Expenses	$ 602,163	$ 918,274	$ 435,922	$ 1,162,636	$ 3,118,995	$ 1,640,540	$ 2,625,435	$ 4,265,975	$ 7,384,970

The accompanying Notes to Financial Statements are an integral part of this statement.

Dakotas Annual Conference of the United Methodist Church, Inc.

Statement of Cash Flows

December 31, 2025

Cash Flows From Operating Activities	
Change in net assets	$ 4,721,972
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Depreciation expense	180,329
Net realized (gain) on property, plant and equipment	(74,876)
Unrealized loss on long-term investments	11,116,726
(Increase) decrease in:	
Accounts and pledges receivable	1,141,637
Prepaid expenses	(3,306)
Increase (decrease) in:	
Accounts payable	(98,202)
Accrued expenses	(15,355)
Deferred camps revenue	(6,668)
Post-retirement benefit obligation	(850,416)
Net Cash Provided by Operating Activities	16,111,841
Cash Flows From Investing Activities	
Collections on notes and contracts receivable	50,263
Proceeds from sale of investments	15,771,365
Purchase of investments	(32,000,588)
Insurance proceeds from damage of property, plant and equipment	87,618
Purchase of property, plant and equipment	(229,486)
Net Cash (Used) by Investing Activities	(16,320,828)
Net (Decrease) in Cash and Cash Equivalents	(208,987)
Cash and Cash Equivalents, Beginning of Year	698,907
Cash and Cash Equivalents, End of Year	$ 489,920

The accompanying Notes to Financial Statements are an integral part of this statement.

1. Significant Accounting Policies:

Nature of Operations: The Conference serves local churches affiliated with the United Methodist Church in North and South Dakota. The Conference's revenues are derived primarily from apportionments collected from the local churches.

The accompanying financial statements include the assets, liabilities, net assets, and financial activities of all institutions and organizations providing services of the level of administration above the individual congregation.

The Conference was organized January 1, 1994. The Conference was formed by resolution of the South Dakota Annual Conference of the United Methodist Church and the North Dakota Annual Conference of the United Methodist Church (amended in 1993 to Dakotas Annual Conference of the United Methodist Church, Inc.) The two conferences agreed to consolidate their budgets, treasuries, liabilities, financial reports and assets under the name of and governed by the Dakotas Annual Conference of the United Methodist Church, Inc.

Description of Programs:

Conference Superintendency: This program works with the Bishop to care for the supervision of pastors and churches. There are four Conference Superintendents who have specific churches assigned to them to monitor and work with to increase their effectiveness in making disciples of Jesus Christ. The Conference Superintendency often provides the most direct connection between pastors, churches, and the other programs of the Conference.

Equipping Churches: This program provides training and other resources for those seeking to become pastors, existing pastors, and churches to promote greater effectiveness in making disciples of Jesus Christ. This program cares for approximately 130 active pastors and 160 churches in North and South Dakota.

Connectional Ministries: This program coordinates the various ministries of the Conference that are considered to be too large for an individual church to carry out alone. These ministries include campus ministry, supporting missionaries serving North and South Dakota, and holding conference-wide youth events.

Camping Program: This program provides camping facilities for children, youth and adults to encounter a Christ-centered ministry that provides places where people can experience and grow in God’s love and grace with other people. The Conference owns camping facilities in both North and South Dakota.

Stewardship of Resources: This program cares for the property, personnel, and finances of the Conference. The Conference has approximately 30 permanent employees and ministry properties in North and South Dakota.

Pensions and Insurance: This program provides employment benefits for Conference staff and licensed or ordained pastors serving United Methodist churches in North and South Dakota. These benefits include pension, health insurance, and death/disability insurance.

Income Tax Status: The Conference is exempt from Federal and North Dakota state income taxes under Section 501(c) (3) of the Internal Revenue Code. The State of South Dakota does not levy an income tax.

1. Significant Accounting Policies: (Continued)

Cash and Cash Equivalents: The Conference considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts at banks.

Promises to Give: Unconditional promises to give represent public pledges and are recorded at estimated net realizable value. Management evaluated all unconditional promises to give in order to determine the allowance for uncollectible pledges. Additionally, contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a risk-free discount rate based on the published Treasury note rate. As of December 31, 2025, the Conference had no outstanding pledges and thus, no discount rate was utilized.

Use of Estimates: In preparing financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. Unrealized gains or losses are included in the change in net assets in the accompanying Statement of Activities.

Gains and losses and investment income derived from investments, receivables and the like are accounted for as unrestricted, temporarily restricted, or permanently restricted based on restrictions, if any, imposed by donors.

With Donor Restrictions and Without Donor Restrictions Revenue and Support: Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions.

The Conference reports gifts of land, buildings, and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Conference reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Recognition: The apportionment revenues of the Conference are from affiliated churches and are considered contracts with customers under FASB Accounting Standards Codification 606. For each contract, the Conference has determined the transaction price to be 13% of the monthly operating income received by each affiliated church (cost of affiliation). In exchange for the affiliation fees, the member churches receive a bundle of services and resources. The fair value of these benefits is equal to the affiliation fees.

1. Significant Accounting Policies: (Continued)

Receivables: Accounts receivable are carried at original invoice or contract amounts less an estimate made for credit losses. The Organization provides an allowance for credit losses which is based upon a review of outstanding receivables on a collective basis where similar characteristics exist and on an individual basis when we identify specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, we consider historical collectability based on past due status and make judgments about the creditworthiness of customers based on ongoing credit evaluations. We also consider customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. Changes in the allowance are classified as administrative expenses in the statements of activities. There was no allowance for credit losses for the year ended December 31, 2025.

Subsequent Events: Subsequent events have been evaluated for potential recognition or disclosure through August 20, 2026, the date the financial statements were available to be issued.

2. Notes and Contracts Receivable:

Notes and contracts receivable consist of the following:

	Terms	
An individual - unsecured	No interest accruing; due in bi-weekly installments of $192; final payment due August 2028	$ 13,462
An organization - unsecured	No interest accruing; due on demand	4,875
		18,337
	Less current portion	(9,875)
	Long-term portion	$ 8,462

3. Property and Equipment:

A summary of property and equipment is as follows:

Land	$ 554,695
Buildings and improvements	7,654,152
Equipment and furnishings	2,644,101
Less accumulated depreciation	(7,455,573)
	$ 3,397,375

Property and equipment are stated at cost except properties acquired by gift conveyance which are carried at fair market value at time of conveyance. Depreciation is computed on the straight-line method based upon estimated service lives of the depreciable assets. It is the organization's policy to capitalize items with a useful life exceeding one year and a cost greater than $5,000.

4. Deposit Accounts – Conference Board of Pensions:

The Conference has amounts deposited with Wespath Benefits and Investments in Glenview, Illinois. These funds consist of and are summarized as follows:

	Endowment and Trust Funds	Pension Funds	Health Flex Funds	Care & Concern Fund	New Church Fund	Active Health Fund	Retiree Health Liability Fund	Pre-1982 Retirement Plan Fund	Overfundedness Fund	Disaffiliation Pension Fund	Total Wespath Benefits and Investments
Balance, January 1, 2025	$ 4,759,404	$ 1,981,394	$ 2,577,089	$ 167,554	$ 1,452,436	$ 1,552,392	$ 20,490,533	$ 18,515,688	$ 566,858	$ 797,893	$ 52,861,241
Net investment gain (loss)	3,316,548	440,894	411,052	18,940	474,942	330,596	9,861,481	3,941,421	29,777	27,245	18,852,896
Unrealized gain (loss)	(2,647,658)	(198,175)	(144,265)	(8,959)	(323,869)	(122,999)	(7,024,927)	(1,737,146)	(9,303)	32,621	(12,184,680)
Deposits	575,667	2,140,796	4,393,532	--	--	--	800,000	151,105	371,000	510	8,432,610
Withdrawals	(196,164)	(2,341,140)	(2,384,405)	--	(882,738)	(1,759,989)	(1,551,482)	(1,775,234)	(400,649)	(858,269)	(12,150,070)
Balance, December 31, 2025	$ 5,807,797	$ 2,023,769	$ 4,853,003	$ 177,535	$ 720,771	$ --	$ 22,575,605	$ 19,095,834	$ 557,683	$ --	$ 55,811,997

The Conference has amounts deposited with the Dakotas Annual Conference Board of Pensions of the United Methodist Church. These funds consist of and are summarized as follows:

	Benefits Office Reserves	Total All Funds
Balance, January 1, 2025	$ 556,776	$ 53,418,017
Net investment gain (loss)	18,895	18,871,791
Unrealized gain (loss)	--	(12,184,680)
Deposits	--	8,432,610
Withdrawals	(575,671)	(12,725,741)
Balance, December 31, 2025	$ --	$ 55,811,997

5. Fair Value Measurements:

FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, 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 under FASB ASC 820 are described as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The asset 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.

Following is a description of the valuation methodologies used for assets measured at fair value:

Investments – Affiliated Organizations, Deposit Accounts – Conference Board of Pensions: Valued at the Net Asset Value of the Organization's respective share of the underlying assets.

Beneficial interest in trust funds: Valued at the Organization's share of the underlying assets held in the trust.

The following table summarizes financial assets by ASC 820 levels as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Investments-Affiliated Organizations	$ --	$ 12,927,349	$ --	$ 12,927,349
Deposit Accounts - Conference Board of Pensions	--	55,811,997	--	55,811,997
Beneficial interest in trust funds	--	--	111,056	111,056
	$ --	$ 68,739,346	$ 111,056	$ 68,850,402

5. Fair Value Measurements: (Continued)

The following table summarizes the changes in fair values associated with ASC 820 Level 3 financial assets:

	Beneficial Interest in Trust Funds
Balance as of January 1, 2025	$ 105,697
Net investment earnings included in changes in net assets	5,359
Balance as of December 31, 2025	$ 111,056

6. Related Party Transactions - Affiliations:

The Conference is affiliated with the Dakotas United Methodist Foundation. The Foundation's purpose is to aid and give financial assistance to the causes and institutions of or related to the Dakotas Annual Conference. The Conference provides office space to the Foundation at no cost.

The Conference has placed approximately $12,927,000 with the Foundation as of December 31, 2025, to be managed with the Foundation's investment portfolio. The amount is recorded in the non-current assets section of the balance sheet with the investment accounts - affiliated organizations.

7. Trust Funds:

The Conference is the beneficiary of trust funds established by donors under a legal trust agreement. The trust is administered by outside fiscal agents. Total trust revenue in 2025 was $5,359, which was the Conference’s share of net earnings. Annual disbursements received from the trust are unrestricted. The fair value of the Conference’s beneficial interest in the trust funds was $111,056 at December 31, 2025.

8. Net Assets Without Donor Restrictions:

Net Assets Without Donor Restrictions is summarized as follows:

Unrestricted operating	$ (1,249,340)
Board designated	47,677,280
Net investment in property and equipment	3,397,375
Pension and retiree health obligation deficit	(33,208,553)
Total Net Assets Without Donor Restrictions	$ 16,616,762

9. Net Assets With Donor Restrictions:

Temporarily restricted net assets are available for the following purposes:

Equipping churches	
Scholarship and loan programs	$ 603,073
Leadership development programs	23,009
Connectional ministries	
Parish and community development programs	1,938,143
World service and conference mission projects	843,782
Camping Program	
Scholarships	73,111
Camps capital improvements funds	575,088
Maintenance	120,000
Supporting services	
Capital improvement funds	41,703
Pension and insurance	18,753,115
	$ 22,971,024

10. Net Assets Released From Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

Purpose restrictions accomplished:	
Equipping churches	$ 221,273
Connectional ministries	457,837
Camping program	110,838
Supporting services	2,148,217
Total restrictions released	$ 2,938,165

11. Concentration of Credit Risk:

At various times throughout the year ended December 31, 2025, total cash balances exceeded the maximum limit for federal deposit insurance. The Organization has experienced no related losses.

12. Accounting for Uncertain Tax Positions:

The Conference does not have an income tax filing requirement because it is a tax-exempt religious organization. The Conference includes all penalties and interest assessed by income taxing authorities in operating expenses. There were no penalties and interest expenses for the year ended December 31, 2025.

13. Post-Retirement Benefits Obligation:

The Conference sponsors a defined benefit post-retirement health care plan covering substantially all employees. The plan was amended effective January 1, 2013 to require contributions from the employer to a Health Reimbursement Account (HRA) in each participant's name. The Conference's funding policy is to contribute an established dollar amount to participant HRAs based on the earnings from a designated investment. The most recent actuarially determined liability is as of December 31, 2024. The following table provides further information about the plan as of December 31, 2024:

Fair value of plan assets	$ --
Benefit obligation	(19,389,638)
Funded Status: Underfunded	$ (19,389,638)

The Conference has designated certain investments to fund the benefit obligations. These funds totaled $22,575,605 at December 31, 2025.

Key Assumptions	
Discount rate	5.50%
Expected return on plan assets	N/A

For measurement purposes, a 6.50% annual rate of increase in the per capita cost of covered healthcare benefits was assumed at December 31, 2024. The rate was assumed to decrease gradually to 5% by 2031 and remain at that level thereafter.

Service cost	$ 205,732
Benefits paid by employer	$ 751,482

Future expected benefit payments to be made by the Conference are as follows:

2026	$ 995,772
2027	1,021,116
2028	1,043,345
2029	1,079,383
2030	1,138,749
Five years thereafter	4,592,251

14. Ministerial Pension Plan Annuities:

The Conference participates in the Ministerial Pension Plan, a multi-employer, defined contribution pension plan that is administered by Wespath Benefits and Investments. This plan covers substantially all United Methodist clergy for service with the Conference from January 1, 1982 through December 31, 2006.

Although as a defined contribution plan, there is no over or underfunding of this plan while participants are active, this changes upon their retirement. At the time of retirement, some or all of the account balance of participants in the plan is converted to an annuity contract, which is based upon past contributions plus accumulated earnings. The annuities are guaranteed by the plan sponsors of the plan, including the Dakotas Annual Conference. The legal status of the annuities plan is such that all assets of the plan are available to pay all benefits of the plan, regardless of the annual conference from which benefits came or under which benefits were accrued. The Dakotas Annual Conference does not control any provisions of the plan.

Because the funded status of the plan is the same for all annual conferences, the assets, liabilities, and funded status are not allocated among the various annual conferences. Only the required contribution, if one is required due to the existence of a negative funded status, is allocated to each annual conference.

No contribution was required to be paid by the Conference in 2025. The amounts of required contributions for years after December 31, 2025, if any, are not determinable at this time.

15. Clergy Retirement Security Program:

The Conference participates in the Clergy Retirement Security Program, a multi-employer, hybrid defined contribution/defined benefit pension plan that is administered by Wespath Benefits and Investments. The plan covers United Methodist clergy in excess of half-time employment for services on or after January 1, 2007.

The Clergy Retirement Security Program has two components: the defined contribution portion and the defined benefit portion.

<u>Defined Contribution Component</u> – Contributions to the defined contribution portion of the Clergy Retirement Security Program are based upon a percentage of the participants’ compensation. Retirement benefits provided will be in the form of annuity contracts, which will be based upon past contributions plus accumulated earnings. There are no unfunded prior service costs for the defined contribution portion of the plan.

<u>Defined Benefit Component</u> – The legal status of the defined benefit component of the Clergy Retirement Security Program is such that all assets are available to pay all defined benefits, regardless of the annual conference from which benefits came or under which benefits were accrued. The Dakotas Annual Conference does not control any of the benefit provisions of the plan; these are determined by the General Conference of the United Methodist Church. Retirement benefits provided will be in the form of annuity contracts, which will be based upon years of service.

The required contribution funded in advance for December 31, 2025 of $431,567 was paid through a redirection of surplus from Supplement One to the Clergy Retirement Security Program.

16. Supplement One to the Clergy Retirement Security Program:

The Conference participates in the Supplement One to the Clergy Retirement Security Program, which is administered by Wespath Benefits and Investments. This plan covers substantially all United Methodist clergy for service with the Conference or its predecessors before January 1, 1982. The legal status of the plan is such that all assets of the plan are available to pay all benefits of the plan, regardless of the annual conference from which the benefits came or under which benefits were accrued. The Dakotas Annual Conference controls certain benefit provisions of the plan, including the applicable past service rate and the contingent annuitant percentage. The past service rate was $850 as of January 1, 2026. The contingent annuitant percentage was 85% as of January 1, 2026.

The Conference assets, Conference liability, Conference funded status, and required contribution are disclosed below. In order to determine the required contribution for each Conference, the total available assets are allocated amongst all the Conferences. The difference between the Conference liability and Conference assets provides the funded status for the Conference. If a negative funded status exists, a contribution is required. Contributions to the plan during the year ended December 31, 2025 were $74,767, which was the required contribution paid in advance for the plan year 2026. The Conference is required to make a $73,304 advance funding contribution in December 2026 for plan year 2027. Required contributions for years after December 31, 2026, if any, are not determinable at this time.

Below is a summary of the applicable plan information as of January 1, 2026.

Fair value of plan assets	$ 13,967,828
Benefit obligation	(13,818,915)
Funded status: Overfunded	$ 148,913

The Conference liability for 2025 was determined based on a 6.00% interest rate, a 2.25% past service rate increase, and the Adjusted MP-20 Mortality Table.

In addition to Conference assets of $13,967,828, the Conference has designated certain investments of $6,454,587 to be used for making any future contributions.