

**MINUTES OF A MEETING OF THE
COUNCIL OF
CALVARY LUTHERAN CHURCH OF GOLDEN VALLEY**

NOVEMBER 12, 2019

A meeting of the council (the “Council”) of Calvary Lutheran Church of Golden Valley (“Calvary”) was held on November 12, 2019, beginning at 6:00 p.m. Central Time. The meeting was held at Calvary at 7520 Golden Valley Road, Golden Valley, Minnesota 55427, and by conference telephone.

The following Council members, representing a quorum for purposes of transacting business of the Council and Calvary, were present:

Garnet Arroyo
Heather Hosfield
Laura Jensen

Anne Kaluza
Dave Kufahl
Cory Maass

Scott Madson
Stuart McFarland
Phil Reesnes

The following members of the Calvary staff were also in attendance: Zach Thompson, Senior Pastor; Jason Beaver, Executive Director; and Candace Johnson. Mr. Mark Bergquist from the audit firm Larson Thielen was also in attendance.

Ms. Hosfield served as chair of the meeting and Mr. McFarland served as secretary. Ms. Hosfield called the meeting to order. All members of the Council could simultaneously hear one another and participate with each other during the meeting.

2019 Audited Financial Statements

Ms. Hosfield introduced the topic for the meeting, which was to review and approve the audit of Calvary’s 2019 financial statements. Mr. Bergquist highlighted for the Council his background on working with non-profits and his family history of connections with Lutheran churches. Mr. Bergquist then detailed his work and findings of the audit, including:

- As in past years, the audit went smoothly.
- The limited audit adjustments and reclassifications, as well as the additional work required from new accounting pronouncements.
- The audit always includes an analysis of any fraud and higher risk areas including revenue recognition and management override of controls. For the size of Calvary’s staff, Calvary has good segregation of duties.
- The auditor’s report, including the opinion that Calvary’s financial statements present fairly, in all material respects, the financial position of Calvary, except with respect to certain property and equipment items that are stated at cost and not depreciated over their estimated useful lives as required by GAAP, and not adopting accounting provisions related to the retirement of assets. The Council discussed these qualifications, and Mr. Bergquist confirmed that Calvary has maintained its books in

this manner for many years and that over half of the churches that his firm works with do not record depreciation. It would be very difficult and time consuming for Calvary to try to correct the depreciation of assets with little benefit. After further discussion, Mr. Bergquist indicated that the retirement of assets qualification to the opinion would be removed.

- Calvary's balance sheet, including the year-over-year changes and the new terminology for restricted and designated assets.
- Statement of activities, including the unrestricted and designated funds and the newly stated allocation of functional expenses by programs.
- Statement of cash flows, which included a large increase in cash from operating activities as a result of the vision fundraising campaign.
- Detail set forth in the notes to the financial statements.

Mr. Bergquist then reviewed with the Council the letters on internal control and significant accounting findings and estimates. The Council discussed the significant deficiency, which Calvary has had for many years and is very common for non-profits.

The Council discussed and asked questions throughout the presentation of the audited financial statements, which were answered by Mr. Bergquist. After discussion and upon a motion duly made and seconded, the Council approved Calvary's 2019 audited financial statements.

There being no further business for the Council, the Council closed the meeting at approximately 6:40 p.m. with the Lord's Prayer.

Submitted by Stuart McFarland, Secretary