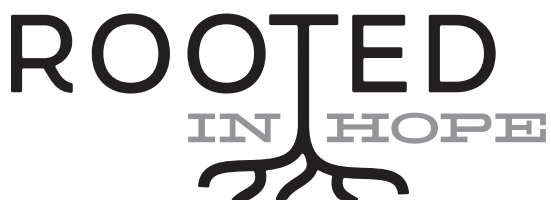




BUSINESS SESSION

GUIDE & SUPPORTING DOCUMENTS



**2023 ANNUAL MEETING
CELEBRATION**

BEMIDJI COVENANT CHURCH, BEMIDJI, MN

The Northwest Conference in its 139th Annual Meeting // April 27-29, 2023

Friday, April 28

2:00 p.m.	New Delegate Orientation	
2:30 p.m.	Business Session #1	
	Call to Order and Opening Prayer	James Volling, NWC Chair
	Host Greeting from Bemidji Covenant Church	Todd Ertsgaard, Pastor
	Approval of Minutes by NWC Executive Board from 2022 Annual Meeting	
	Approval of Agenda for 2023 Annual Meeting	
	Greetings from the Evangelical Covenant Church	Marti Burger, ECC Director of Vocational and Spiritual Development
	NWC Superintendent Report	Kara Stromberg, Superintendent
	NWC Ministry Staff Panel	
	Prayer	
4:00 p.m.	Workshops	
	<ul style="list-style-type: none">• Your Mission, Your Community: The Six Critical Questions of Context – <i>Dr. Martin Giese, President of Oak Hills Christian College</i>• We Love Our Church! How Do We Cultivate Pastoral Fortitude and Fruitfulness as a Church Staff – <i>Marti Burger, ECC Director of Vocational and Spiritual Development, Develop Leaders</i>• Trauma Informed Youth Work – <i>Ash SanFilippo, Vice President of Strategic Expansion & Technology, TreeHouse</i>	
5:15 p.m.	Dinner (Reservations Required)	
6:30 p.m.	Worship Celebration	
	Message by Rev. Colleen Nelson	
	Special Offering for Bemidji Community Food Shelf	
7:45 p.m.	Fellowship	

Saturday, April 29

8:30 a.m.	Worship	
	Devotions	Galen Nordin, Pastor, Lancaster Covenant Church
9:00 a.m.	Business Session #2	
	NWC Staff Q&A	
	The Mission & Ministry of Minnehaha Academy	Donna Harris, President
	Presentation and Vote on Amendments to Minnehaha Academy Bylaws	
	Presentation and Vote on Minnehaha Academy Budget	Mike Huray, Chief Financial Officer
	Changes to the Roster	
	Presentation and Vote on Amendment to NWC Bylaws	
	Presentation and Vote on Northwest Conference Budget	Dan Riley, NWC Treasurer
		Sandy Norris, Director of Finance
	Presentation of the Northwest Conference and Minnehaha Academy Ballot and Vote	
	Affiliate Ministry Reports	
	Camping Ministry in the Northwest Conference	Phil Tolbert
	Women Ministries	Rachel Kleinschmit
	Solid Rock School of Discipleship	Grant Wennerberg
	Covenant Ability Network	Dana Norton
	National Covenant Properties	Jill Hall
	Covenant Trust	Steve Allison
	Covenant Benefits	
	Ballot Results	
	Closing Announcements and Prayer	
	<i>Invitation to the 140th Northwest Conference Annual Meeting</i>	
	<i>Redeemer Covenant Church, Brooklyn Park, MN / April 25-27, 2024</i>	
11:30 a.m.	Lunch (Reservations Required)	

NORTHWEST CONFERENCE OF THE EVANGELICAL COVENANT CHURCH // APRIL 29-30, 2022 // MINNEHAHA ACADEMY & ONLINE // “GLIMPSES OF HOPE”

APRIL 29, 2022 - 2:30 P.M.

VIDEO

“I am hopeful ...”

CALL TO ORDER – JAMES VOLLING, NWC CHAIR

138th meeting of the Northwest Conference called to order

HOST GREETING – DONNA HARRIS, MINNEHAHA ACADEMY PRESIDENT

MOTION FOR THE NWC EXECUTIVE BOARD TO APPROVE 2022 ANNUAL MEETING MINUTES

Motion, seconded, and carried

GREETINGS FROM ECC – JOHN WENRICH, PRESIDENT

- We seek to go Deeper in Christ, Further in Mission.
- We trust that God’s purposes will prevail; God is faithful.
- Invitation to the June 23-25, 2022 Annual Meeting of the Covenant Church in Kansas City, either in person or virtually

NORTHWEST CONFERENCE SUPERINTENDENT REPORT – MARK R. STROMBERG, SUPERINTENDENT

- Opened by expressing gratitude for the opportunity to be a part of the many wonderful ministries of the Northwest Conference and the Evangelical Covenant Church.
- Expressed excitement and whole hearted support for Kara Stromberg as Superintendent elect.

SUPERINTENDENT NOMINEE – KARA STROMBERG

- Opened with gratitude for those who have been with her as she grew in her own ministry.
- Desire to build, strengthen, and grow the Northwest Conference’s ministry

PRAYER FOR MARK STROMBERG – JAMES VOLLING, NWC CHAIR

INTRODUCTION AND AFFIRMATION OF NEW CHURCHES – MIKE BROWN, NWC DIRECTOR OF CHURCH PLANTING

- God has a plan and the church has a purpose.
- New Churches: Midcurrent Covenant in Hudson, WI and Lakeside Covenant in Chanhassen, MN
- Action to move new churches forward approved
- Four new fellowship groups: En Su Presencia, Risen Life, Catalyst Covenant White Bear, Local Covenant Church
- Prayer

PROPOSED AMENDMENT TO THE NORTHWEST CONFERENCE BYLAWS

- Article IX, 9.2: Delegates may attend and vote in person or virtually
- Article III, 3.1: follow the same voting procedures as the Annual Meeting

NORTHWEST CONFERENCE BUDGET – SANDY NORRIS, DIRECTOR OF FINANCE & NICHELLE KAUL, NWC TREASURER

Balance

- Minimal liabilities
- 2 million net assets

Budget 2021-2022 Reflection

- Church Planting slowed significantly
- More income than projected
- Expenses lower than budgeted
- Surplus
- Church giving at 72% of what has been budgeted

Budget 2022-2023

- Explanation of line items and projections
- Explanation of funds set aside for congregational vitality, church planting, children, youth, and family, supporting expenses, etc.
- Questions from delegates
- Gratitude for Nichelle Kaul and Sandy Norris’ work for the conference
- Motion for 2022-2023 Budget approval carried

PRESENTATION OF THE NWC BALLOT AND VOTE – JAMES VOLLING, NWC CHAIR

Minnehaha Academy Board of Trustee Members
Northwest Conference Executive Board

- Explanation of Candidacy of James Volling and Dora Wagner, how and why we arrived at these nominations in particular
- Explanation of the Bylaws Section 5.2.b
- Voting

PRESENTATION AND VOTE ON THE REVEREND KARA JANELLE STROMBERG – JAMES VOLLING, NWC CHAIR

- Questions from delegates
- Voting

THE MISSION AND MINISTRY OF MINNEHAHA ACADEMY – DONNA HARRIS, PRESIDENT

- Promotional video
- Daily life anecdotes and encouragement
- Psalm 23: Community passage for the 2021-2022 school year
- Good work at Minnehaha: Lower, Upper, Faculty and Staff
- Record fundraising at Annual Minnehaha Spectacular
- School has paid off its debt
- Integration of faith and learning (TfT: Teaching for Transformation)
- Inaugural 'Go Serve' event Easter Monday 2022
- Strategic Plan: Implementation phase
- Leadership Institute: 170 students
- Developing Faculty and Staff

PRESENTATION OF AMENDMENT TO MINNEHAHA ACADEMY BYLAWS – JAMES VOLLING, NWC CHAIR

- Changes to Section 3.2 approved by Minnehaha Academy Board and NWC Executive Board
- Number of delegates
- Length of term
- Number of consecutive terms allowed
- Motion to approve change carried

INTRODUCTION OF THE NEED TO CHANGE 7.4 OF ARTICLE VII OF THE NORTHWEST CONFERENCE BYLAWS

- Need to change both number of and duration of delegate language

PRESENTATION & VOTE ON MINNEHAHA ACADEMY BUDGET – MIKE HURRAY, CFO

- Year ending June 30, 2021 came back with a clean audit

- Debt paid down, PPP loan forgiven
- Good fiscal year
- Solid, achievable, aspirational budget for fiscal year (FY) 2023
- Percentage staff raises and new FTE
- Securing a \$5 Million line of credit for emergency use only
- Budget approved by Minnehaha Board, NWC Executive Board
- Motion to approve budget, motion carried

BALLOT RESULTS

All Passed/Elected

Kara Stromberg is elected as the new Superintendent of the Northwest Conference

CLOSING PRAYER – JAMES VOLLING, NWC CHAIR

APRIL 30, 2022 - 8:30 A.M.

MORNING WORSHIP

REFLECTION AND PRAYER – JEFF CRAFTON, MINNEHAHA ACADEMY SACRED STUDIES TEACHER

NWC MINISTRY STAFF PANEL

- Mark Stromberg, Superintendent
- Jon Kramka, Congregational Vitality
- Mike Brown, Church Planting
- Kara Stromberg, Associate Superintendent
- Ginny Olson, Youth
- Hollis Kim, Pastoral Care & Development
- Mauricio Dell'Arciprete, Latino Ministry

What has given you hope this past year? (Mark Stromberg, moderator)

Jon Kramka

- A consistent response from pastors over the course of the pandemic.
- The participation of pastors in the antiracism cohort.
- The rural church initiative.
- People stepping into areas of need.

Kara Stromberg

- The formation of the Northwest Conference disability cohort.
- The continued faithfulness of the children and family ministry leaders.

Mike Brown

- Jesus is the same today, yesterday, and forever.
- Gratitude for his team, Mauricio Dell'Arciprete and Jeff Olson.
- Valuable coaching opportunities.
- God continues to raise strong leaders.

Ginny Olson

- Continued planning of youth activities that allow youth to encounter Jesus.
- Youth pastors who care enough to do whatever it takes to reach youth.
- Positive response to UNITE North.

Hollis Kim

- Courage of pastors during the pandemic.
- Being a part of a team that works to support pastors.
- Being in a denomination that is highly committed to its pastors.

Mauricio Dell'Arciprete

- The encouragement of Latino leaders in the Northwest Conference during this difficult time.

CALL FOR CONTINUED PRAYER

VIDEO

2021 Evangelical Covenant Church Ministry updates

EVANGELICAL COVENANT CHURCH REPORT – GAIL GIL-REATH, EXECUTIVE DIRECTOR, ADVANCEMENT

- Romans 12.2
- Advancement raises resources for the ECC
- Leadership transitions and the election process at the denominational annual meeting Gather 2022 in June

AFFILIATE MINISTRY REPORTS

David Cairns, Executive Director of Covenant Pines Ministries

- Thank you for your support and belief in the camping ministry
- Camps are in recovery phase due to the pandemic
- Approaching pre pandemic levels of activity
- Revisioning how to do camping ministry
- The loss of Brian Alnes, Lake Beauty Bible Camp Director

Rachel Kleinschmit, Ministry Consultant for Women Ministries NWC

- March 2020 Spring Renewal Conference in person
- 2021 online, canceled in person Spring Renewal

- Online cohorts launched in 2021 to strengthen and deepen relationships

• 2022 Spring Renewal Conference held in person
Grant Wennerberg, Co-Director Solid Rock School of Discipleship

- Established in 2014 to provide a 9 month discipleship opportunity for young adults 18-25
- Head, heart, soul building ministry
- Trip to Israel
- Challenges: Alnes death, pandemic travel restrictions
- Glimpses of Hope: students' hope for the future

Dana Norton, Executive Director Covenant Ability Network

- Video: Covenant Ability Network of Minnesota group homes
- Many homes that are not affiliated with the Covenant have been shut down or are short staffed.
- Staff shortage
- Seeking both staff and volunteers

Heidi Corral, Senior Investment Services Manager National Covenant Properties

- Equips Covenant with investments and loans
- New initiatives: new website, new digital signature form, work with ECC to share across conferences and ministries
- 2021 clean audit
- Investments and NCP continue to grow

Steve Allison, Financial Services Representative with Covenant Trust

- Video: investments, full service trust company

Christina Kempe, Director Covenant Benefits

- Video: Bethany Benefit Service becoming Covenant Benefits, health, life, disability, and pension
- Adding HSA and high deductible plan

MA LEADERSHIP PRESENTATION “TRUSTING THE GOOD SHEPHERD: GOD’S LEADING THROUGH THE VALLEY”– DONNA HARRIS, SARA JACOBSON & DAVID HOFFNER

CLOSING ANNOUNCEMENTS AND PRAYER – JAMES VOL- LING, NWC CHAIR

Invitation to the 139th Northwest Conference Annual Meeting Bemidji Covenant Church

April 22-24, 2023



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Executive Board and Management
Northwest Conference of the Evangelical Covenant Church
Minneapolis, Minnesota

We have reviewed the accompanying financial statements of Northwest Conference of the Evangelical Covenant Church (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Northwest Conference of the Evangelical Covenant Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

CarlsonSV JH

Amery, Wisconsin
February 15, 2023

NORTHWEST CONFERENCE OF THE EVANGELICAL COVENANT CHURCH
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS		
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 288,557	\$ 504,252
Short-term investments	811,087	889,193
Churches and other entities	22,771	25,197
Total Current Assets	<u>1,122,415</u>	<u>1,418,642</u>
OTHER ASSETS		
Endowment fund investments	1,234,115	1,150,882
PROPERTY AND EQUIPMENT		
Property and equipment	285,870	266,147
Accumulated depreciation	(260,117)	(257,829)
Property and Equipment, Net	<u>25,753</u>	<u>8,318</u>
TOTAL ASSETS	<u><u>\$ 2,382,283</u></u>	<u><u>\$ 2,577,842</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 7,713	\$ 8,468
Accrued expenses	2,398	3,076
Other liabilities	125,560	210,175
Total Current Liabilities	<u>135,671</u>	<u>221,719</u>
NET ASSETS		
Without donor restrictions	2,185,238	2,302,513
With donor restrictions	61,374	53,610
Total Net Assets	<u>2,246,612</u>	<u>2,356,123</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,382,283</u></u>	<u><u>\$ 2,577,842</u></u>

(The accompanying notes are an integral part of these financial statements.)

NORTHWEST CONFERENCE OF THE EVANGELICAL COVENANT CHURCH
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants						
Member church contributions	\$ 883,338	\$ -	\$ 883,338	\$ 895,005	\$ -	\$ 895,005
Appropriations from Evangelical Covenant Church	162,959	-	162,959	181,428	-	181,428
All other contributions	151,009	54,795	205,804	168,112	50,348	218,460
Proceeds from church closures	355,465	-	355,465	4,625	1,380	6,005
Program service revenue	251,650	-	251,650	-	-	-
Investment return, net	(302,507)	(1,180)	(303,687)	412,514	-	412,514
Miscellaneous revenue	-	-	-	165,540	-	165,540
Net assets released from restrictions	45,851	(45,851)	-	19,377	(19,377)	-
Total Support and Revenue	1,547,765	7,764	1,555,529	1,846,601	32,351	1,878,952
Expenses						
Program services	1,430,042	-	1,430,042	1,129,492	-	1,129,492
Support services						
Management and general	234,998	-	234,998	220,232	-	220,232
Total Expenses	1,665,040	-	1,665,040	1,349,724	-	1,349,724
CHANGE IN NET ASSETS	(117,275)	7,764	(109,511)	496,877	32,351	529,228
NET ASSETS, BEGINNING OF YEAR	2,302,513	53,610	2,356,123	1,805,636	21,259	1,826,895
NET ASSETS, END OF YEAR	\$ 2,185,238	\$ 61,374	\$ 2,246,612	\$ 2,302,513	\$ 53,610	\$ 2,356,123

(The accompanying notes are an integral part of these financial statements.)

NORTHWEST CONFERENCE OF THE EVANGELICAL COVENANT CHURCH

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended June 30, 2022 and 2021

	2022		
	Program Services	Management and General	Total
Salaries and benefits	\$ 770,183	\$ 192,546	\$ 962,729
Fees for services	1,113	5,400	6,513
Advertising and promotion	4,266	1,066	5,332
Ministries expenses			
Planting churches	313,846	-	313,846
Healthy churches	164,299	-	164,299
Other ministries	38,351	-	38,351
Office expenses	26,619	6,680	33,299
Information technology	7,411	1,853	9,264
Occupancy	4,674	1,169	5,843
Travel and transportation	14,586	3,646	18,232
Conferences, conventions, and meetings	72,356	18,060	90,416
Depreciation	-	3,993	3,993
Insurance	2,338	585	2,923
Other expenses	10,000	-	10,000
TOTAL	\$ 1,430,042	\$ 234,998	\$ 1,665,040

	2021		
	Program Services	Management and General	Total
Salaries and benefits	\$ 759,698	\$ 189,925	\$ 949,623
Fees for services	186	5,852	6,038
Advertising and promotion	6,197	1,549	7,746
Ministries expenses			
Planting churches	269,211	-	269,211
Healthy churches	12,563	-	12,563
Other ministries	18,054	-	18,054
Office expenses	19,323	3,927	23,250
Information technology	7,960	1,990	9,950
Occupancy	4,536	1,134	5,670
Travel and transportation	5,583	1,396	6,979
Conferences, conventions, and meetings	18,814	4,703	23,517
Depreciation	-	8,901	8,901
Insurance	6,577	1,644	8,221
Other	790	(789)	1
TOTAL	\$ 1,129,492	\$ 220,232	\$ 1,349,724

(The accompanying notes are an integral part of these financial statements.)

**Northwest Conference
Budget Proposal**

	Approved Budget 2022-2023	Proposed Budget 2023-2024
Principal released from Restriction		
For Planting	110,499	22,083
For CYF	10,995	10,443
For Vitality	42,242	10,436
For Operations	0	55,000
Total Savings/Investment Spending	<u>163,736</u>	<u>97,962</u>
Current Income		
Church Contributions	900,000	850,000
Individuals and Organizations - Undesignate	75,000	75,000
Individuals and Organizations - Designated	0	
Total donations	<u>975,000</u>	<u>925,000</u>
ECC Share - New Church Appropriations	208,367	82,300
ECC for Coaching	12,075	4,970
ECC Living Legacy	163,735	92,811
ECC Missional Vitality (offset Rural Ministry)	5,033	0
Support for Unite	30,000	0
Honoraria	0	1,000
Employee Retention Tax Credit	0	44,928
Interest/Investment Income	194,200	82,412
Total Current Income	<u>1,588,410</u>	<u>1,233,421</u>
Available to fund Mission and Ministry	<u><u>1,752,146</u></u>	<u><u>1,331,383</u></u>
Congregational Vitality		
Revitalization and Training	17,200	8,600
Compassion, Mercy & Justice	18,500	20,500
Ministry Resources	10,500	0
Leadership Training	12,100	11,500
Rural/Small Town Ministry	18,500	16,500
Latino Ministry	5,000	0
Pastoral Care and Support	18,000	15,000
Church Planting		
New Church Appropriations	424,234	172,100
Assessment and Training	12,300	4,000
New Church Support	29,590	21,630
Children, Youth and Family		
Children and Family	4,400	25,800
Youth Ministry	52,840	17,850
Supporting Expenses		
Personnel - Salaries	751,356	668,680
Personnel - Benefits	218,173	203,126
Staff Travel	23,500	20,500
Boards/Commissions/Meetings	48,750	53,000
Office	25,053	32,464
IT/Communications	45,088	34,418
Insurance	8,300	8,300
Professional Services/Consultants	8,762	11,592
Total Mission and Ministry Expense	<u><u>1,752,146</u></u>	<u><u>1,345,560</u></u>
Budget Surplus (Deficit)	<u><u>0</u></u>	<u><u>(14,177)</u></u>

AMENDMENT TO NORTHWEST CONFERENCE BYLAWS

ARTICLE III Officers

Section 3.1. The Superintendent

d. Election. A two-thirds vote of the delegates present and voting at the Annual Meeting shall be required for election of the Superintendent. ~~All voting shall be by written ballot. The election for the Superintendent will follow the same voting procedures as the Annual Meeting.~~
Should the candidate fail to receive the required vote, the position shall be filled temporarily under Section 3.1(I) of this article. A new nomination process for the permanent position shall proceed according to Section 3.1

ARTICLE IX The Annual Meeting of the Conference

Section 9.2. Delegates.

m. Delegates to the NWC Annual Meeting may participate in person or virtually, and given vote and voice accordingly. Voting may take place via written ballot or by electronic means with a printed written record.

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AMENDMENT TO MINNEHAHA ACADEMY BYLAWS

Section 3.2 Number, Election/Appointment, Tenure, Qualifications

- a) **Classes of Trustees.** The Board of Trustees shall consist of up to twenty-eight (28) members and be elected as Trustees in one of the following manners: Elected by the Member; Elected by the Trustees; and Ex-Officio.
- b) **Trustees Elected by the Member.** ~~Fifteen~~ Up to fifteen (15) members of the Board of Trustees of the Corporation shall be elected by the Corporation's Member ~~Each Trustee so elected shall serve staggered terms of five (5) years, such that three (3) Trustees shall be elected at the annual meeting of the Member, and shall serve for terms of three (3) years.~~
- c) **Trustees Elected by Trustees.** ~~Ten~~ Up to ten (10) members of the Board of Trustees of the Corporation shall be elected by the affirmative vote of a majority of the Corporation's Trustees present at a duly held meeting, and shall serve for terms of ~~five~~ three (5~~3~~) years.
- d) **Ex-Officio Trustees.** The ex-officio members of the Board of Trustees of the Corporation shall consist of the Superintendent of the Member, the President of the Corporation, and a liaison member of the Executive Board of the Member appointed by the Executive Board of the Member. Trustees who serve ex-officio shall remain Trustees for so long as they hold such position.
- e) **Trustee, Policies.** Each new Trustee shall participate in an orientation program. Each Trustee shall abide by a conflict-of-interest policy and a confidentiality policy.
- f) **Number of Terms.** At the completion of their first or second term, Trustees may be elected for another three-year term or shall rotate off the Board of Trustees. A Trustee may be elected to serve up to three (3) consecutive terms. At the end of a third consecutive term, a Trustee must rotate off the Board of Trustees for a period of at least one (1) year, with the exception of a former Board Chair, who may be elected by Corporation's Trustees to serve an additional one (1) year-term to assist the incoming Board Chair.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees and Finance Committee
Minnehaha Academy
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Minnehaha Academy (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Minnehaha Academy as of June 30, 2022 and 2021, 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 (GAAS). 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 Minnehaha Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Minnehaha Academy's ability to continue as a going concern for one year after the date 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 but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 controls 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 Minnehaha Academy'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 Minnehaha Academy'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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 27, 2022

MINNEHAHA ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 10,754,609	\$ 13,566,619
Cash - Held in Reserve	-	522,928
Accounts Receivable, Net	1,707,442	364,196
Promises to Give, Net	1,252,964	2,578,746
Investments	13,622,727	15,810,257
Inventories	21,777	18,637
Prepaid Expenses	177,254	114,085
Property, Plant, and Equipment:		
Land	1,092,952	1,092,952
Construction in Progress	230,419	135,849
Buildings and Improvements	73,998,206	74,001,929
Furniture and Equipment	5,221,682	5,468,362
Total	<u>80,543,259</u>	<u>80,699,092</u>
Less: Accumulated Depreciation	<u>(20,565,030)</u>	<u>(18,693,419)</u>
Net Property, Plant, and Equipment	<u>59,978,229</u>	<u>62,005,673</u>
 Total Assets	 <u><u>\$ 87,515,002</u></u>	 <u><u>\$ 94,981,141</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 706,114	\$ 762,243
Accrued Expenses	20,000	25,401
Accrued Salaries	430,676	778,215
Accrued PTO and Sick Pay	309,374	329,181
Prepaid Tuition and Programs	915,366	800,685
Capital Leases Payable	39,058	16,176
Notes Payable, Net	2,551	4,802,129
Total Liabilities	<u>2,423,139</u>	<u>7,514,030</u>
NET ASSETS		
Without Donor Restrictions	68,786,258	68,605,649
With Donor Restrictions	16,305,605	18,861,462
Total Net Assets	<u>85,091,863</u>	<u>87,467,111</u>
 Total Liabilities and Net Assets	 <u><u>\$ 87,515,002</u></u>	 <u><u>\$ 94,981,141</u></u>

**MINNEHAHA ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Tuition and Fees	\$ 20,002,788	\$ -	\$ 20,002,788
Less: Financial Aid and Tuition Remission	(8,071,775)	-	(8,071,775)
Net Tuition and Fees	11,931,013	-	11,931,013
Contributions	1,508,571	440,801	1,949,372
Transportation	196,010	-	196,010
Auxiliary Activities	1,040,001	-	1,040,001
Rental Income	235,681	-	235,681
Special Events	108,335	-	108,335
Interest, Dividends and Capital Gains, Net	42,768	498,962	541,730
Realized and Unrealized Losses on Investments	-	(2,471,535)	(2,471,535)
Other Income, Net	3,850,444	-	3,850,444
Net Assets Released from Restrictions	1,024,085	(1,024,085)	-
Total Revenues, Gains, and Other Support	19,936,908	(2,555,857)	17,381,051
EXPENSES			
Program Services	16,811,874	-	16,811,874
Management and General	2,111,771	-	2,111,771
Fundraising	832,654	-	832,654
Total Expenses	19,756,299	-	19,756,299
CHANGE IN NET ASSETS	180,609	(2,555,857)	(2,375,248)
Net Assets - Beginning of Year	68,605,649	18,861,462	87,467,111
NET ASSETS - END OF YEAR	<u>\$ 68,786,258</u>	<u>\$ 16,305,605</u>	<u>\$ 85,091,863</u>

**MINNEHAHA ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Tuition and Fees	\$ 18,558,254	\$ -	\$ 18,558,254
Less: Financial Aid and Tuition Remission	(7,375,705)	-	(7,375,705)
Net Tuition and Fees	11,182,549	-	11,182,549
Contributions	3,129,814	422,416	3,552,230
Transportation	156,216	-	156,216
Auxiliary Activities	690,587	-	690,587
Rental Income	106,409	-	106,409
Special Events	115,520	-	115,520
Interest, Dividends and Capital Gains, Net	28,011	343,611	371,622
Realized and Unrealized Gains on Investments	-	2,852,269	2,852,269
Other Income, Net	2,068,498	-	2,068,498
Net Assets Released from Restrictions	2,724,982	(2,724,982)	-
Total Revenues, Gains, and Other Support	20,202,586	893,314	21,095,900
EXPENSES			
Program Services	16,323,896	-	16,323,896
Management and General	1,836,035	-	1,836,035
Fundraising	807,431	-	807,431
Total Expenses	18,967,362	-	18,967,362
CHANGE IN NET ASSETS	1,235,224	893,314	2,128,538
Net Assets - Beginning of Year	67,370,425	17,968,148	85,338,573
NET ASSETS - END OF YEAR	<u>\$ 68,605,649</u>	<u>\$ 18,861,462</u>	<u>\$ 87,467,111</u>



FY2024 Proposed Operating Budget

	FY2023 Forecast	FY2024 Budget
Enrollment	881	896
<u>REVENUE</u>		
1 Net Tuition Revenue	12,239,263	13,041,515
2 Student Fee Revenue	551,377	471,134
3 Unrestricted Contributions	1,700,000	1,802,000
4 Transportation Income	216,000	231,260
5 Endowment Distribution	654,045	690,400
6 Investment Income	295,000	468,750
7 Auxillary Revenue	784,880	532,950
8 Other Revenue	671,900	621,000
9 TOTAL INCOME	17,112,465	17,859,009
<u>EXPENSES</u>		
10 Wages, Salaries & Benefits	12,155,379	12,796,256
11 Admin, Advancement, Marketing, Admissions	525,800	600,475
12 General Operations	556,230	758,661
13 Instructional & Curriculum	503,730	587,810
14 Athletics	216,200	201,600
15 Summer Program & Extended Day	300,000	274,840
16 Facilities Operations	945,600	872,500
17 Student Transportation Expense	560,911	454,000
18 Strategic Planning	671,538	734,500
19 Depreciation	2,330,078	2,393,889
20 Contingency	-	25,000
21 Other Expenses	469,515	500,500
22 TOTAL OPERATIONAL EXPENSES	19,234,981	20,200,031
23 CHANGE IN OPERATING NET ASSETS	(2,122,516)	(2,341,022)
24 Adjust for Non-Cash Items		
25 Add Depreciation	2,330,078	2,393,889
26 Less Assessment Credit Adjustment	(200,000)	-
27 ADJUSTED CHANGE IN NET ASSETS	7,562	52,867

CHANGES TO CHURCH MEMBERSHIP

CHURCHES TO BE DELETED FROM THE ROSTER OF THE NORTHWEST CONFERENCE AND THE EVANGELICAL COVENANT CHURCH

Community Covenant Church, Lake Bronson, MN

Organized: 1916

Joined the ECC and NWC: 1953

Withdrawn: 2022

The Gallery Covenant Church (DBA Last City Covenant Church), St Paul, MN

Organized: 2009

Joined the ECC and NWC: 2011

Closed: 2022

Highland Community Church (formerly Elim Mission Church), Cokato, MN

Organized: 1909

Joined the ECC and NWC: 1909

Withdrawn: 2023

Evangelical Covenant Church, Rush City, MN

Organized: 1880

Joined the ECC and NWC: 1915

Became Rush City Bible Church: 2005

Nueva Vida Covenant Church, Monticello, MN

Organized: 2005

Joined the ECC and NWC: 2010

No longer operating as a church

FELLOWSHIP GROUPS TO BE DELETED FROM THE ROSTER

The Crossing Covenant Church, Houlton, WI

Organized: 2019

Closed: 2022

The Door Covenant Church, Blaine, MN

Organized: 2015

Closed: 2022

Genesis East Covenant Church, North St Paul, MN

Organized: 2017

Withdrawn: 2023

Roots Covenant Church, St Paul, MN

Organized: 2013

Withdrawn: 2023



MARCH 2023

Dear Northwest Conference,

Greetings and grace to you all as you join together in Jesus's name to celebrate all that God has done within your conference this season.

As you gather, please know how much I appreciate your partnership in ministry and how deeply I value the stories of ministry experiences that you share with me. It is encouraging to know that we do not journey alone.

I am grateful to be surrounded by so many people praying for me and for the church. Thank you for joining in the call to prayer each month as we pray together as a church body and set ourselves in a posture of listening to God. It has been a privilege to pray with you and for you. Please continue to remain steadfast in your prayers. I truly believe we must be in a spirit of prayer to find a way forward together.

In this first year in the role of president, I have been focusing my time around three main areas:

Listening: This has centered around listening to staff, conference personnel, the ministerium, and local church members. We have conducted a global church needs survey to help inform where the needs currently are and how local churches need resource support.

Praying: As we root ourselves in a posture of prayer, we seek to create a climate in which we have space to pause, breathe, reflect, and begin to re-enter spaces of collegial respect and love for one another.

Discerning: How do we move forward together as a church body? I was tasked with identifying a path forward through the discerned position on human sexuality and its impact within the Covenant as a whole. During my president address at Gather 2023, I am looking forward to sharing how, through much prayer and a collaborative effort of our many governing bodies, this task has been going. Covenant Offices leadership has also been entering a time of discernment around re-organizing our ministry model to better align God's mission with the resources he has provided in this season for a thriving future.

Thank you for showing up in Jesus's name to be good news for God's glory and neighbor's good. I look forward to many more opportunities to share stories of how God is moving within your ministries in the coming year. To him who is able to do immeasurably more than we ask or imagine, be the glory in the church throughout all generations forever and ever.

In prayerful hope!

Tammy Swanson-Draheim, PRESIDENT, EVANGELICAL COVENANT CHURCH

MINNEHAHA ACADEMY BOARD OF TRUSTEE MEMBERS



Dave Cairns (3 Year Term)

Dave Cairns is the father of three Minnehaha graduates: Drew '17, Trent '18, and Annis '22. Married to Becky, Dave currently serves as the Executive Director of Covenant Pines Ministries. While living in Brooklyn Park, Dave often commutes physically and digitally to camp properties in McGregor and Grand Marais. Dave has served on multiple national, regional and denominational boards focusing on Christian camping. In recent years Dave has taught internationally in the areas of leadership and camping ministry. He is a graduate of Drake University and North Park Theological Seminary and attends Epiphany Covenant Church.



Milton Dodd (3 Year Term)

Milton Dodd is the father of Lauren Dodd, a sophomore at Minnehaha Academy and is a member of Plymouth Covenant Church in Plymouth, MN. He is the Sales Director of the Southern Region in the U.S. with over two decades of coaching and building high-performing teams that lead initiatives and expand market share. Milton's civic and community engagements include serving for the past nine years as Co-chair of Rites of Passage, a mentorship program, building schools in the Dominican Republic and Haiti with World Servants, a disaster and humanitarian relief organization, and serving on the board of Opportunity Partners, a nonprofit focused on finding meaningful work experiences for people with disabilities.

Milton has a business degree from Queens University of Charlotte and an MBA in data analytics from St. Mary's University of Minnesota. Milton lives in Plymouth, MN, with his wife Kendra and their 3 children.



John Schroeder (3 Year Term)

John Schroeder is a highly accomplished business professional with over 26 years of experience at Room&Board, a leading home furnishing company. He currently serves as the Director of Business Intelligence and is a minority owner of the company. With his extensive knowledge of the industry and his ability to drive results, John has become a respected leader within the organization.

In addition to his professional experience, John is an active member of his community and has served on the leadership and facilities teams at Restoration Covenant Church. He and his wife Karen have been dedicated members of the church for the past 8 years. John is also a devoted family man and has been married to his wife Karen for 37 years. Their daughter, Lydia, attended Minnehaha Academy from K-12 and is currently studying biology at North Central University. John loves spending time with his family and friends, whether it's attending sporting events, biking, or taking adventure vacations. John is dedicated in using his skills and experience to make a positive impact on the organizations and causes he supports.

NORTHWEST CONFERENCE EXECUTIVE BOARD



Rev. Dave Hugare (5 year term)

Dave has been in vocational ministry for over 20 years and is currently serving as Lead Pastor at Lakeview Covenant Church in Duluth, MN. Prior to coming to Lakeview he served at Zion Covenant Church in Ellsworth, WI; was an ECC Church Planter; and was a Youth Pastor at Crossroads Church in Woodbury, MN, and Church of the Open Door in Maple Grove, MN.

Additionally, he worked for several years between ministry positions as an Executive Team Leader with the Target Corporation. Dave received his undergraduate degree at the University of Northwestern (St Paul, MN) and received his Masters of Divinity from Bethel Theological Seminary (St Paul, MN). He is ordained in the Evangelical Covenant Church. Dave is passionate about “making disciples who make disciples.” He finds great joy in participating in and watching others deepen their relationship with Christ and share their faith with others. Dave is married to his wife Leslee and together they have two children: Ethan and Macy.



Mike Mrosko (5 year term)

Mike is a member of Excelsior Covenant Church, where he and his wife, Jaci, have worshipped for nearly 27 years. He has two children, Rachel and Jacob, who were raised at ECC. He brings significant leadership experience in operations, product, business initiatives, accounting/finance and quality from over 30 years experience in larger corporations, and he’s currently serving as the Chanhassen

Site Leader for Feed My Starving Children. Mike brings a passion for church ministry, and has served in numerous lay ministry roles at Excelsior Covenant over the years.

NORTHWEST CONFERENCE EXECUTIVE BOARD CHAIRPERSON



Nikki Kahoud (1 year term)

Nikki was born and raised in south-central Washington state. A love for both reading and animals led her to college in upstate New York where she developed a passion for science, earned a degree in Animal Science, and met her husband, Rob. His job training involved a few cross-country moves until 7 years ago they finally settled in southeastern Minnesota in the Rochester area. Her husband is a doctor connected to Mayo. They are active members at Rochester Covenant Church and, most recently, Nikki has served as the Church Chair. After working in science for nearly a decade, she is now at home with her two daughters and working to restore their new hobby farm. God’s plan to bring them to Minnesota was not what the Kahoud’s would have guessed, but they are so glad that this is where they were able to set down roots.

DEVELOPING
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