



Board of Directors  
Mount Olivet Rolling Acres, Inc.  
Chanhassen, Minnesota

We have audited the consolidated financial statements of Mount Olivet Rolling Acres, Inc. (the Corporation) for the year ended December 31, 2019, and have issued our report thereon dated May 14, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant audit findings**

### ***Qualitative aspects of accounting practices***

#### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 1 to the consolidated financial statements.

As described in Note 1, the Corporation has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which implements new revenue recognition principles. The adoption of this standard did not have a significant impact on the Corporation's reported historical revenue.

As described in Note 1, the Corporation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the accounting change has been applied prospectively to the year ended December 31, 2019 and future years.

We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

#### *Accounting estimates*

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

- Management's estimate of depreciation is based on the estimated useful lives of the buildings, equipment, and furniture. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

***Qualitative aspects of accounting practices (continued)***

***Accounting estimates (continued)***

- Management's estimate of the functional allocation of expenses shared between programs, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation and total direct expenses. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

***Financial statement disclosures***

Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes the uncorrected misstatement of the consolidated financial statements. Management has determined that its effects are immaterial to the consolidated financial statements taken as a whole.

***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated May 14, 2020.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's consolidated financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Audits of group financial statements**

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

**Other information in documents containing audited consolidated financial statements**

Our auditors' opinion, the audited consolidated financial statements, and the notes to consolidated financial statements should only be used in their entirety. Inclusion of the audited consolidated financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \*

This information is intended solely for the use of the board of directors and management of Mount Olivet Rolling Acres, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 14, 2020

**MOUNT OLIVET ROLLING ACRES, INC.  
SUMMARY OF PASSED ADJUSTMENTS  
DECEMBER 31, 2019**

Account	Description	Debit	Credit
<b>Passed Journal Entries JE # 2</b>			
To pass on recording the Corporation's beneficial interest in the Fallander and Norberg Trusts.			
CLA1999	Interest in Perpetual Trusts	\$ 98,930.00	\$ -
CLA3999	Net Assets - Beginning	-	82,983.00
CLA4999	Change in Value of Perpetual Trusts	-	15,947.00
<b>Total</b>		<b><u>\$ 98,930.00</u></b>	<b><u>\$ 98,930.00</u></b>
<b>Passed Journal Entries JE # 3</b>			
Pass on recording a capital lease			
111000-0-000	Furn/Equipment	\$ 32,525.00	\$ -
21540-0-0-000	Cap. Lease	253.00	-
702300-0-000	Furn/Equip Depreciation	2,323.00	-
70370-0-2-023	Capital Lease Interest	10,962.00	-
113000-0-000	Accum Deprec	-	2,323.00
21540-0-0-000	Cap. Lease	-	32,525.00
70120-0-0-000	Equipment Lease	-	11,215.00
<b>Total</b>		<b><u>\$ 46,063.00</u></b>	<b><u>\$ 46,063.00</u></b>
Cumulative Impact			
	Assets (Overstated) Understated	\$ 129,132	
	Liabilities Overstated (Understated)	(32,272)	
	Net Assets Overstated (Understated)	(82,983)	
	Support and Revenue Overstated (Understated)	-	
	Expenses (Overstated) Understated	(13,877)	
	Changes in Net Assets Overstated (Understated)	<u>\$ (13,877)</u>	