

Church Leadership Team Update | April 27, 2019

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Dear Harvest Family,

As of April 17, 2019, the Evangelical Council for Financial Accountability (ECFA) has terminated Harvest Bible Chapel's membership due to "significant violations of ECFA's Standards: 2, 3, 4, and 6." (You can find those standards [here](#).)

The greatest area of failure to meet ECFA's standards was in the management and control of the former Senior Pastor's discretionary account. This account was a portion of the general compensation budget and was managed and controlled exclusively by a combination of three people in 2018: the former Senior Pastor, the former Chief Operating Officer, and the former Senior Administrator to the Senior Pastor. These three people are no longer employed by Harvest Bible Chapel. Expenses of this account were handled outside of our standard accounting controls, and there was no line-item accountability presented to the elders by those people. After further review, we have found the documentation of these expenses to be insufficient and inconsistent. The funding of this discretionary account for 2018 was for the amount of \$451,000. That was comprised of \$315,000 from HBC's general fund and \$136,000 from Walk in the Word.

This naturally leads to the question of why we were found to be in full compliance of ECFA's standards at the end of last year. On December 10, 2018, ECFA requested information regarding their seven standards. ECFA did not receive the necessary information in order to accurately assess our standing as members because the detail of the usage of this discretionary account was not known. However, beginning in mid-January, information was brought forward from former employees of HBC that began to uncover more details regarding the spending and oversight of this discretionary account. On March 11, 2019, during a conference call, these new details were shared with ECFA leaders leading to the suspension of HBC's membership pending further review. On a follow up call on April 15, 2019, a clearer view of the spending and lack of oversight of this discretionary account led to the termination of HBC's membership. The Church Leadership Team agrees this membership termination was rightful and necessary.

We are addressing this both internally and externally in the following ways:

Internal Work: We have closed the bank account and eliminated any use of the credit cards that were used for expenses incurred under the former Senior Pastor's office. This discretionary account no longer exists. Furthermore, we have begun the process of identifying every expense of this account for the past four years. If items were classified as expenses rather than taxable fringe benefits, we will adjust tax documentation to be accurate. Finally, our new elder board will be responsible for amending the by-laws to ensure that something like this can never happen again.

External Work: As communicated before, we have hired a law firm to oversee the financial review of our church. **This law firm has secured an out-of-state accounting firm that specializes in not-for-profit organizations and forensic accounting to assist in this review.** The final report will be presented by the law firm to the elders, Church Leadership Team, Capin Crouse (our auditor), and the congregation at the completion of the investigation. The length and scope of this investigation will be determined by the law firm. Harvest Bible Chapel will seek reimbursement from James MacDonald if any items are deemed by the accounting firm to be unreimbursed personal expenses.

Given the changes we have made, we are eager to re-apply for membership with ECFA. We are communicating with ECFA regarding the earliest date that we can re-apply for membership.

Please pray that this process would be God-honoring every step of the way.

The Church Leadership Team