

- e. Cash Flow Forecast reporting was expanded mid-year
 - f. September contributions were up 9% year over year
 - g. The question was asked about mentioning tithing in a weekend message and it was noted that tithing will be addressed this weekend
4. 2018 Budget Version 2 Review (see handout #4)
- a. Budget has been built at \$500,000 per week in accordance with the recommendations of the Finance Committee
 - b. Cash flow reserves have not been built into the \$500,000 weekly budget. However, all contributions raised in excess of the \$500,000 budget will be used to replenish the reserve.
 - c. Finance Committee agreed that we should move forward with a \$500,000 weekly budget in 2018 and present to the EC in December.
 - d. Per the Finance Committee's request, Jeff Sharda and Scott Milholland will bring areas (buckets) that can be cut, if circumstances necessitate these cuts, to next month's meeting.
5. Discuss Financial Governance Document (see handout #5)
- a. Review and/or approve check register for all entities. Finance Committee inquired of controls around the disbursement process.
 - i. Each Wednesday a check register is given to Joe Martin and Jeff Sharda online for approval for FICA, HBC, WITW and FIBF checks
 - ii. After checks are approved they are mailed on Friday
 - iii. Bank accounts are reconciled by staff that are not involved in the disbursement process
 - iv. Blessing/Separate Fund: Jeff Smith and Scott Milholland are overseers. Scott writes the checks and Jeff Smith subsequently reviews and provides accountability surrounding the expenditures.
 - v. Wire Transfers: One of three accounting staff input wire transfer requests into the bank system and then another individual must approve in order to complete the transfer. COO and/or CFO verbally approve all wire transfers before they are processed
 - b. Paul suggested that at each meeting an Accounting Control be presented for discussion and it was agreed that this is best practice
6. Next Meeting
- a. Thursday, November 9 at 4:30pm in the Rolling Meadows Boardroom

1 Q. When being given this instruction, is
2 this when you reached out and said, hey, there's
3 more than one checking account or did you even
4 know there was more than one checking account?

5 A. I would think at that point I don't
6 know if I was even aware that it existed. This
7 is very early in my tenure, right?

8 Q. On little 4 it says, blessings slash
9 separate fund. It said Jeff Smith and Scott
10 Milholland are the overseers. Scott writes the
11 checks and Jeff Smith subsequently reviews and
12 provides accountability regarding expenditures.
13 Is this discussing the private accounts?

14 A. Yes.

15 Q. And so here the finance committee has
16 specifically delineated that Jeff Smith and
17 Scott Milholland are the overseers of the Walk
18 in the Word and the Harvest Bible Chapel private
19 accounts, correct?

20 A. Correct.

21 Q. Do you recall any discussions about
22 that responsibility?

23 A. No.

24 Q. And it says Scott writes the check and

1 Jeff Smith subsequently reviews and provides
2 accountability regarding the expenditures,
3 right?

4 A. Correct.

5 Q. Who would he provide accountability to?

6 A. To the person signing the checks, which
7 would have been Scott.

8 Q. He wouldn't be providing accountability
9 to the elder board or the finance committee?

10 A. Right. Well, I mean, he's holding the
11 check writer accountable, right?

12 Q. I don't know, I wasn't there. I'm
13 trying to get from you the --

14 A. That's my reading of it, yeah.

15 Q. And if you look on the first page, both
16 Jeff Smith and Scott Milholland were in
17 attendance at this meeting, correct?

18 A. Yes.

19 Q. If you look at handout 5 for this
20 meeting.

21 MR. BOONSTRA: What Bates?

22 MR. SCOTTI: 348.

23 BY MR. SCOTTI:

24 Q. It specifically addresses review and/or

1 Q. Okay. So it was just an understood
2 thing in the church?

3 A. Yes.

4 Q. And what did you understand it to be,
5 if you had an understanding?

6 A. It wasn't clear to me. I remember
7 that.

8 Q. All right. So the senior pastor
9 blessing fund, is it a specific account or is
10 that a term used for certain purchases of
11 expenditures from the private accounts?

12 A. I think one and the same. But that was
13 my understanding, yes, it was for those
14 expenses.

15 Q. All right. So the finance committee
16 was specifically talking about the policy around
17 the pastor blessing fund, which is included in
18 the Walk in the Word and the Harvest Bible
19 Chapel private accounts, correct?

20 A. Yes.

21 Q. And here it states, the committee wants
22 to make sure that the senior pastor's office is
23 protected from accusations regarding the use of
24 the blessing fund. And it says, currently, the

1 senior pastor's office has a level of discretion
2 and reviews are performed on expenses after the
3 fact by the board treasurer. Did I read that
4 correctly?

5 A. Yes.

6 Q. Was that in fact the senior pastor
7 blessing fund policy of the church in November
8 of 2017?

9 A. That would have been my understanding
10 of the policy, yes.

11 Q. So then this policy was known to
12 everybody on the finance committee, correct?

13 A. Correct.

14 Q. And the finance committee reports to
15 the executive -- the elders through their
16 executive committee?

17 A. Correct.

18 Q. Does the finance committee also give
19 reports to the elder board as a whole?

20 A. Yes.

21 Q. Is that every time they meet, once a
22 month, do you know?

23 A. Once a month.

24 Q. And was that the case in 2017?

- Christmas services; mention of All-Staff meeting at Niles; end of year financial needs are great-be sure as elders we are leading in generosity.

2014 Budget Presentation & Approval – Paul Inserra

- Review members of Finance Committee and Elder Finance Team (who are not involved in budget preparation but oversee the process. 8 of 29 non-staff Elders are involved in the finances of our church.
- WITW and HCA are under HBC but this budget does not include them as HCA budget is set July 31 and WITW budget set in May.
- 2012 and 2013 budget based on 500K weekly collect. 2014 budget based on 380K weekly collect (based on average weekly adult attendance of 8,500 and average giving of \$45 per adult attendee. Pre Fred Adams this per adult amount is up slightly year over year and is a good number compared to other churches which range in the mid-twenties to low thirties.
- This budget does not include 5G
- Compensation reduction reflects salaries, FICA, cell phones, insurance, education, etc.
- 65K budget for online service covers both in-house and outsourcing costs. Online giving is available but we have not yet seen that pick up. Fred Adams: the economy of the online service is plugging people into Harvests around the world.
- Call Paul Inserra if interested in attending Finance Team meeting; all are welcome.
- It's a budget so it can be adjusted as needed. We have input in the budget all year long. This group will know about changes before the changes happen.
- If giving increases (or decreases) is there a plan to increase debt reduction? Fred: no adjustments would be made until the end of the first quarter. That provides a larger window to evaluate and assess.
- Does HBC have savings account for emergencies? Fred: No long-term savings. Each year starts with a 4-5 week reserve.
- Drill-down questions to Fred Adams or Paul Inserra.
- 2014 Budget approved

Elder Board – Update on Constitutional Language & ELT Charter – Robert Jones, Policy Team

- Made sense to consider feedback from November's meeting and get clarity on constraints
- ECFA constraints:
 - Jan 2014 new set of criteria to be ECFA compliant to set staff compensation. To date we have had compensation committee set senior staff compensation.
 - Going forward senior staff compensation will be set by the Elder Leadership Team.
 - Since 2014 compensation will be set before year-end (2013) come January 2014 we will still be in compliance because compensation was set in 2013. Executive staff compensation for Calendar Year 2014 was set by the Compensation Committee in December 2013 as part of the normal budget approval process. Then Q1 or Q2 we plan to finalize and approve the ELT