

1) Effective immediately, the WITW subset of HBC, will transfer the bulk of its cash out of the 5/3 account and into the ECCU account with Jeff Sharda and Stephen Stewart as signatories. Question: Is this the best decision as it will cost us \$40k in annual interest income?

2) Effective February 1, 2019, no additional \$10,000 per month transfers will go from the WITW general account into the WITW private reserve account. The WITW private reserve account will be closed down and all funds transferred to the WITW ECCU operating account. Observation: This will mean all deer expenses will now flow through the WITW general account, we will not have the ability to write a check on immediate notice, and all WITW payments will be visible to the accounting staff and go through the normal approval process.

3) Sometime after the HBC audit is completed and refinance completed, possibly on July 1, 2019, assets linked to WITW as a subset of HBC will be moved into WITW the separate 501C3. Cash will be transferred into the separate 501C3 in a manner which does not put HBC at risk of violating its days-cash-on-hand requirement from the refinancing.

Please let me know if I have misstated anything.  
Thank you,

**stephenstewart**

**CFO, Walk in theWord**



**Igniting passion in the people of God through the proclamation of Truth.**



- 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 in the winter of -- you know, the time frame that  
2 James was terminated because they had some --  
3 because I had some questions.

4 He was like: "Yeah, I told them to just  
5 call Fred and ask him," and Robert said: "Nobody  
6 wanted to, so I just called you."

7 That's basically what he said.

8 He said: "What was the thing with" --  
9 you know, I think it was Mo's motorcycle or  
10 something like that, and so I told him the story  
11 behind the motorcycle.

12 He said: "Okay. Great. That's all I  
13 needed."

14 And then we talked, you know, chitchat  
15 talk, not strategy talk but chitchat talk for five  
16 minutes, you know, just catching up: "How are you  
17 doing," dah, dah, dah, dah, and probably three or  
18 four minutes on, you know, sort of like divesting  
19 everything.

20 Q. That brings me to something else. I've

21 heard of this thing called the blessing fund which  
22 was a set amount of money which James could use to  
23 bestow blessings on people in he church or related  
24 to the church to bring them closer to God or reward

1     them for good works.

2                     Is that an accurate description?

3             A.     So here's the thing, and, again, the  
4     fund, the account, it had lots of different names,  
5     right?

6                     If you go back and look at the budget  
7     sheets, like in terms of what was presented and  
8     prepared in the budget, there would be line items,  
9     for sure, for benevolences.

10                    It wouldn't be benevolence, but, for  
11     sure, on the payroll summary page there would be  
12     actual line items for development expense, for  
13     awards, for retreats, for bonuses, and I believe it  
14     was like bonuses and blessings.

15                    There would be dollar amounts on each of  
16     those line items.

17                    Where we spend the money from, whether it  
18     was the checkbook I had or out of the corporate that  
19     went through, you know, a different review process,  
20     depended a little bit or maybe a lot on who the gift  
21     was going to and for what purpose.

22                    So, for example, when Mo got his  
23     motorcycle, it was a bonus that he got from the  
24     church.

1 Q. Who is Mo now?

2 A. Mohan Zachariah was the campus pastor of  
3 Harvest Bible Chapel Niles.

4 So because it was a payroll item, that  
5 went through my account because less people saw it  
6 and only the people -- Diane Birkenstock, again, who  
7 was in charge of HR and in the accounting  
8 department, she saw the check because she reconciled  
9 the account and she would actually write the checks  
10 and I would sign them.

11 You know, so those would be the types of  
12 things. Now, you know, that one could have been a  
13 wire, but the point being, those transactions,  
14 again, were, in general, approved in the overall  
15 comp budget, right, and then specifically enacted  
16 through different accounts.

17 So, quote, unquote, the blessing account,  
18 James had a bunch of different -- like he would  
19 refer to it as the blessing account.

20 I knew I just had to carry a dollar  
21 figure sufficient cover, you know, bonuses,  
22 blessings, et cetera, you know, in that account.

23 Q. So is it fair to say that James had  
24 discretion to decide to use some of those funds in a

1 manner that he saw fit even though the specific gift  
2 or blessing wasn't authorized by the elders?

3 A. He had the ability to decide with the  
4 condition that it would be reviewed by the EC.  
5 There was no requirement for prior approval.

6 Now, I was -- and, again, I was in the  
7 room several times when I heard James talking to  
8 Jeff Smith or to Robert Jones about: "Hey, I  
9 want to get a motorcycle for Rick. What do you  
10 think?"

11 "Oh, that's a great idea."

12 That would be the answer he would get in  
13 that context, so then James would go out would and  
14 execute on getting a motorcycle.

15 It's like within the -- again, staff is  
16 authorized to spend the budget, the total budget  
17 that was approved.

18 It was within the total budget, and,  
19 again, we did a great job of managing our expenses  
20 to make sure that we always came in under-spent at  
21 the end of the year and over-collected.

22 Q. Well, I always hear that motorcycle story  
23 brought up by adversaries of James as an example of  
24 un-Godly spending.

1                   The person who that was given to, that's  
2   an employee of the church, right?

3           A.       And it was included in his Box 1 on his  
4   W-2.

5           Q.       So he had to pay taxes on it?

6           A.       Uh-huh.

7           Q.       Income tax?

8           A.       Uh-huh.

9           Q.       And it was also essentially a bonus to an  
10   employee?

11          A.       Correct.

12          Q.       And how much did the motorcycle cost?

13          A.       I'm guessing fifteen-to-twenty thousand.  
14   I don't remember.

15          Q.       And do you have a recollection of what  
16   the individual's salary was?

17          A.       I'd say 90 to 110,000, somewhere in that  
18   range.

19          Q.       So somewhere between a 10-to-15 percent  
20   bonus?

21          A.       Max 20 percent, yeah.

22          Q.       Did that raise any eyes when it was  
23   actually done by the elders or anybody that reviewed  
24   the checkbook?

1           A.       No.

2                    So James would come back -- James would  
3 meet with the EC. He'd come back and say: "Hey, I  
4 talked to the EC."

5                    We had well-established patterns of like  
6 how information was supposed to flow. I was in the  
7 room multiple times. The EC agreed.

8                    The EC meets with James, not with Scott  
9 and I, but with James.

10                   James comes back and tells us, you know,  
11 what the outcomes are or "Hey, this is what we're  
12 going to do."

13                   So James would come back. I could check  
14 anything if it sounded odd, like: "What do you mean  
15 we're buying, you know, an island in the Bahamas?  
16 I'll have to call Jeff."

17                   But, certainly, we had given multiple  
18 motorcycles away over the course of five or eight  
19 years, I think, you know, to Rick Donald, Kent Shaw,  
20 maybe Kevin Decker.

21                   So the fact of Mo getting a motorcycle  
22 was not outside of the ordinary, and, again, bonuses  
23 were not given to the same person.

24                   They were given -- in Rick's case, it was