

## Excerpt from interview with Dan Devine, of World Magazine – November 15, 2018

*Only the Executive Committee of HBC Elders can answer for their silence and refusal to testify (other than Ron Duitsman), refusal to produce documents, and refusal stand up for what they knew to be true. Possibly they feared legal action and knew they needed to persevere in their relationship with HBC, as it was HBC's insurance that would cover them.*

*These men were very dear to me and served with distinction and extreme competence in their roles of financial and other oversight. Though their silence has brought great heartache to my family and the people of HBC, I hope to be reconciled to them all in God's time. Here two of them, Jeff Smith and Robert Jones, speak to a variety of the needless controversies related to gossipers outside of HBC back in 2018, when we remained a unified team undivided by fear or strife. If needed, a recording of this interview is available to confirm the accuracy of this transcript.*

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Dan from World Mag: Okay. So Pastor MacDonald, your salary has been a point of contention with some critics. And your 2014 announcement had also said that you would initiate a significant salary reduction. What is your salary now?

JM: I'm going to have Robert Jones answer that. So go ahead, Robert.

Robert Jones: Sure. I'm Robert Jones. I've been an elder at Harvest for the past 10 years. Have been attending Harvest since 1995.

I've been a part of setting Pastor James' compensation for for at least the past 10 years. We can send a copy of the ECFA standard for setting compensation to which we fully comply as this part of our annual audit keeping cross audits.

Our compensation committee minutes and publishes an opinion that it conforms to best practices for church charities. Pastor James' is entirely uninvolved in this process and setting his own compensation. He receives income only from Harvest Bible Chapel and from none of our entities like the Harvest Christian Academy, or Harvest Bible Fellowship with exception of Walk in the Word, which hasn't paid him a salary since 2010, but it does contribute to his pension.

As a matter of policy, staff salaries have always been kept confidential to the people who audit them. And this is for a variety of reasons. Dan Busby, who is president of ECFA, review Pastor James' salary in 2013 at their onsite visit. After having been told kind of the same things that *WORLD Magazine* has been told, he called Pastor James salary **unremarkable and his salary has not increased since that ECFA reviewed** – re staff reductions, the executive staff **all took a significant reduction in salary in 2014**. And that has been gradually, recently restored over time.

Dan World Magazine: Okay. And so I understand the policy a little bit. Um, uh, who, who on your either elder board or I need to get that like an executive leadership team who actually, um, um, is able to see or set, Pastor MacDonald's salary.

Jeff Smith HBC treasurer: I do, Dan. This is Jeff Smith and I'm the treasurer of the church and also on the executive committee. The way that works is, that the executive committee itself reviews all the information regarding James' salary, So that's something we take seriously and document and review every year at the same time. And that's the way it works.

Dan from World Magazine: Okay.

Jeff Smith: And, and just so you know, also, it's not something that the same group of guys does every time over years and years, we have new people come onto the executive committee. And so as a function of that, you have new eyes looking at this and so there's a refreshing of it and there's a vetting of it that we all see.

And, I can say James does not participate in that. We come to all of our assessments and conclusions just among ourselves.

Dan From World Magazine: Okay. And is that, is that policy through of all the pastoral staff? And does it work the same way with everybody?

Jeff Smith: We have an executive committee that sets the salaries for all of the executive staff.

And then, some of the staff leadership below me, the executive pastor and so on, the lead pastors that are kind of our next generation pastors, because we're already in the process of succession.

And the lead pastors, Jeff Donaldson, who just spoke is one of those, they set the compensation for all the people who are beneath them.

And, actually the executive staff and the lead pastors account directly to the executive committee of the elders and can't be dismissed for any reason, without advance knowledge and participation from the executive committee though that's never happened.

Dan World Magazine: Okay, that's helpful. Thank you. You recently filed a lawsuit against the Evangelical Christian Credit Union. Right? Can you explain the reasoning for that?

Jeff Smith: Sure. Dan. Let me take that one. That's kind of in my court as the treasurer. Just a little bit of background. I've been with, as an elder at Harvest for the past six years. And I'm currently as I said on the executive committee as the treasurer. Pastor James, by the way, is not involved in the finances of our church. We have people that do that. I'm one of them.

And the bylaws, our own bylaws, require that no legal action be taken without the full elder board approval. So as you can imagine, this goes through my finance committee and also the elder board for approval. We have a long relationship with ECCU as our lender and importantly, the people that we knew at ECCU have left the company or retired, and so I'm frankly the new team that's there surprised us on the day of the loan renewal, like backing out of their commitment.

Dan From World Magazine: Okay.

And so for refinance, they backed out of the commitment. And so as you would expect, we'd made all efforts to seek an answer about why and what happened and we were not getting the answers. They were not responsive. And so we had to protect the church. The finance committee's sought and received elder board approval to have the dispute legally mediated.

There's another piece to this because in order for ECCU insurance company to pay the financial damage that they caused, we had to show that we're going to insist that the church not be materially damaged.

Dan from World Magazine: Okay.

Jeff Smith: That was their requirement. And our church family, the family also expects us to be good stewards and carefully guard their giving. So those things are important. I think in the story of note also is that today, as we speak, we paid off the notes to ECCU on one of the campuses on the loan there, and we're in the final stage in negotiation with another bank to take out ECCU completely. And when that happens, the final amount of the damage done in our detrimental reliance on ECCU will be known and we expect, frankly, a full resolution from their insurance company.

Dan from World Magazine: Thank you. I don't want to spend too much time on, the history here. But in 2013, there were eight former elders from Harvest Bible Chapel that sent a letter to the remaining elder board there. [suggesting] MacDonald had exhibited 13 character qualities that they believe disqualified him from pastoring. I was just wondering, what did the Harvest elder board do in response to that letter? Did you feel that any of the criticisms in that letter were valid?

Robert Jones:

Well, the letter is from more than five years ago and it came from men who had left [the elder board] over the previous seven years to that point, some on their own accord, some whose term set expired or were asked to step down. So to get to the beginning, you have to go back at least 12 years. In their view that Pastor James, was not qualified to be an elder, it's the same view that the final three who were asked to step down to expressed in a private meeting, and then to the whole elder board of 30, who unanimously accepted the resignation of these three men over there divergent viewpoints. Every elder in the room that I personally witnessed, expressed their disagreement with the three who left the church and joined the five others. Then eight men wrote a letter, that only reiterated the view that the board had already heard fully, ad nauseum.

We rejected the letter from the eight elders. They had no standing in our church at that time. We discussed it at length, we rejected it, in fact the letter was never shown to Pastor James, the full board heard the content summarized by the executive committee of the elders who reviewed it all. Everyone agreed that no further response in writing was needed. I have observed Pastor James as an elder and in other roles Pastor James for over 20 years, and I know him very well. And so I can say that this character is not in question. His growth in grace is evident to all we see that clearly and so these matters are not even under review.

Dan from World Magazine: So would you say you are reconciled with these men?

Pastor Rick: Yes, I would certainly say so. I would say that XXXX and XXXXXX and XXXXX are all greatly loved. They did a lot of good work in our church. They're good men. There was a season of time when there was a dissent by a very small minority and they left over that and I think that we've been pretty public about our regrets in a way that we handled that. We had a private meeting with them that Erwin Lutzer and Collin Smith arranged and it was very tearful, very mutual. And when I heard from Collin Smith that they were concerned that we now consider this not resolved or that somehow they were potentially party to this lawsuit.

Dan from World Magazine: Okay. Now, did you help start an independent nonprofit called Churches Helping Churches for Haiti relief and can you provide any kind of financial information about that? Like 990 form or anything else?

James MacDonald: That's a fully integrated auxiliary of the church so it Wouldn't be in line for its own 990 but, Jeff Sharda who is our CFO is here and I'm going to let him answer that for you.

Jeff Sharda: As James said there is not a 990 available, but there is an annual audit that we had done by CapinCrouse for three years, that we have here on hand. That was posted online until 2015, when the final funds from Churches Helping Churches were dispersed. No gifts had been received into Churches Helping Churches since 2015 and all those monies were dispersed for charitable purposes. And only the employees of Churches Helping Churches were compensated. None of the pastors that helped raise funds for the ministry.

Dan from World magazine: Can you provide ...financial information for how much money was raised by the Summer for the City offerings in 2014 to 2015 and how that was dispersed?

Jeff Smith: Yup. This is Jeff Smith again. So try to keep the, the Jeffs straight. We've got three on the phone here. I'm the treasurer. Sure. We'll send you a detailed list of expenditures for Summer for the City and you know, our

church covered all the expenses of that effort and 100% of the offerings were distributed to the named charities within two weeks of the event.

And, you know, I think, Dan, we have to step back and just realize what God's doing here because this was an amazing outreach and it gave more than \$250,000 to local Chicago charities that's struggled with income during the summer months.

And I will tell you that we're just blessed to see the Lord work through that event and how it's done. So, thanks for the question. We couldn't be happier with the way the money was spent, but also how the Lord was honored through it.

Dan from World Magazine: Okay. Harvest Bible Fellowship, which I understand is no longer in existence, but when it was in existence, what was the procedure there for decisions on financial expenditures? Was it, was there like a board that approved expenses? How did that work?

Jeff Smith: Thank you for the question. So this follows the pattern of all ministries within our church, which is that an annual budgets approved by the elders upon the recommendation of the finance committee. And there is an extensive, an extended process of budget development, so most of the finance committee, just so you know, most of the finance committee serve on the elder board who give final approval to the budget. So there's detailed knowledge of this and more detailed elder questions are also brought directly to the finance

In the summer of 2017, CapinCrouse, our auditor, did a special audit of all of Harvest Bible Fellowship finances and they reported that all spending within Harvest Bible Fellowship was for church planting purposes and that all the designated funds were properly disbursed in accordance with the donor specification. So, there were no irregularities in spending in that whole ministry.

Dan from World Magazine: Okay. So Harvest Bible Fellowship was actually underneath Harvest Bible Chapel, correct?

Jeff Smith: yes.

Dan from World Magazine: In relation to Harvest Bible Fellowship, XXXXXXXXX I'm pronouncing his name right? Umm, had written a letter claiming that Harvest Bible Chapel owed Harvest Bible Fellowship, at one point, \$1,800,000 before the Fellowship disbanded. Is that true in what was? How would you describe that?

Jeff Smith: Thanks, Dan. I think the best way for us to answer this, no, it's not true. Just to give you the short answer.

James MacDonald: So when you say that it's not true, you seem to be saying that the other person isn't telling the truth. And what we would just say is, is that it's inaccurate, is what we're trying to say.

Dan From World Magazine: That's fair.

James MacDonald: Thanks, please be real careful because we love these brothers. So I guess having lived that, that was a little sensitive.

Dan from World Magazine: But thank you for the clarification. Pastor James. I appreciate that.

Dan from World Magazine: Can you talk about the deer preserve at Camp harvest:

Pastor James MacDonald:

Camp Harvest is 650 acres, far more than we need for a church camp, so we are looking for other ways to steward the property. The camp property was originally, a deer preserve and we made the decision, “highest and best useage for not for profit property” is an IRS term that allows profit on a piece of non profit property under certain circumstances, including original useage. And we use a large portion for the camp for pastor's retreat center and pastoral training center where we train church planters. And then there's a large area where we do a camping and retreats and there's just still so much left, our Act Like Men Palooza area, but still so much property.

And so we have a high fenced area. The whole property as originally given to us had high fence around the whole 650 acres. So we've retained a portion of that and added a little bit of fence paid for by surplus funds from Walk in the Word, my broadcast ministry. We initially made an investment in buying a few deer there too, that have now multiplied into a small herd. And Walk in the Word covers the cost of providing hundreds of kids a chance to attend a camp as a thanks for HBC support over many years. We also use the deer herd, to take high capacity donors hunting, a bit goes to for campers, but also supports many other things such as one hunter paid for more than half of the Pastors Training Center.

Dan from World Magazine: The deer. Can people actually come in and they're on property?

See, there's months where we don't have campers and retreats. And so we're looking at ways to utilize and steward the property in a way that advances the mission of the church. And so this, the hunting only goes on like in November and December, and it doesn't happen at the same time as the kids are there. This year the hunt is from December 10-12. So that's completely a dead time. And they use the facilities in the Pastor's Retreat Area. And, so that's been a really great thing for the kids to the camp and other ministry developoment ventures.

Dan from World magazine: There's a lake house there, I understand. And one criticism that's been raised is that you used it more like a personal residence rather than the camp. And so I was wondering if you could just help clear that up. Tell me like how many days maybe you spend there with your family per year compared to other people there? I mean, is it used by staff or how does it work?

Jeff Smith: Dan, also, this has to be considered for IRS reasons and we have to account for it and we have to track it. And so all of this is, very carefully accounted for, for James, his own tax purposes, and also for the use of the facility. It's broader than his family, but the part that he does use it, it's all accounted for.

Pastor James: I literally can't get my family to go there at all. I would say that my grown children haven't been there with us five days in five years. Our one son, Landon oversees the entire camp ministry. He oversees all student ministries and everything at the camp.

So he might actually stop there some while he's up there working for the camp. But if I go to the camp, it's to work there and that's why it not a personal benefit to me. Otherwise I have to pay. I would say that probably I'm not there. I don't think I will have been there 15 days, maybe even less than 15 days in 2018.

Dan fro World Magazine: And I'm wondering, sorry, you actually have to pay the camp and for you to stay there.

Yes. Because it isn't my property, it belongs to the church and for to stay, that's a taxable benefit to me. And as the Senior Pastor of the church, I have to pay every time I stayed there for personal non work reasons. I have to pay, I think, I don't know the exact number, but it's between \$100, \$150 per night.

Yeah, this is Jeff Donaldson again. I take my family up there, most every summer for a week. We have a great week together. We loved using it as a Pastors' Retreat Center. It's a nice getaway from me and my family because the phones don't really work up there. So we need some nice undistracted time at the camp. It's been a nice suite for our family to be able to use it. I'm grateful to the church for allowing us the opportunity to do that. You know, and there's another one of our pastors Trei Tatum who does the same.

