
From: Jeff Smith [REDACTED]
Sent: Wednesday, January 9, 2019 9:24 PM
To: Sharon Kostal
Subject: Statement on current Harvest governance structure

Sharon:

Here are my thoughts on the governance structure of Harvest including internal controls and reporting requirements

Harvest Bible Chapel is an organization that is staff-led and elder-governed.

Elders: Article 7 of the Bylaws outlines the structure of our governance which includes the elders and leadership of the church. This is in accordance with the Scriptures and all elders are selected in accordance with their qualifications according to 1 Pet. 5:1-5; 1 Tim. 3 and Titus 1.

Executive Committee: The Executive Committee of the Elder Board has been established to hold the Senior Staff accountable on behalf of the entire Elder Board and partners with the Senior Pastor in leading the Elder Board as a whole. Its responsibilities are spelled out in 7.02 of the Bylaws.

Finance Committee: Regarding financial matters, the Finance Committee provides wisdom and ³hands-on² accountability to the senior financial officers of the Church including the CFO. The Finance Committee also oversees the Church's adherence to the financial portions of the Church's Conflict of Interest Policy. They provide non-vocational verification that the Church is conducting its financial affairs in a transparent manner and with integrity. While the Finance Committee has standing members, any elder may (and is encouraged to) attend any Finance Committee meeting. Finance Committee meetings are typically monthly before that month's Elder Board meeting. At Elder Board meetings, the CFO and Treasurer report on Finance Committee deliberations including cash position, care of restricted gifts, revenues and expenses, and any special capital campaign matters.

Audits: The Audit Committee of the Finance Committee works annually with the external auditor to review the Church's financial practices. The annual Audit is completed typically in the March/April timeframe and is presented by the CFO and Treasurer to the Executive Committee and also to the Elder Board. This includes detail from the management letter.

Policies: The Finance Committee establishes financial policies which help guide the financial affairs of the church. These policies are submitted to the Executive Committee for review, edit and approval. They are also communicated to the Elder Board.

Budgets: Annually, the staff drafts a church-wide budget from the bottom up. This is then debated and evaluated by the Finance Committee during the late fall and then they make a recommendation for consideration by the Executive Committee. The Executive Committee then approves the budget and it is presented to the Elders in January for consent. Monthly, revenues and expenses are measured against a seasonally adjusted plan as well as against the total budget. This information is presented to the Finance Committee and a summary version is presented to the Elder board monthly along with commentary by the CFO and Treasurer.

Expense Review: Expenses are reviewed in aggregate budget categories monthly by the Finance Committee. All checks > \$500 are reviewed by the Asst. Treasurer in addition to the CFO. We are currently drafting a policy for the approval process of credit card transactions. For those expenses that are discretionary by the Senior Pastor's office, both budgeted and unbudgeted, these are reviewed monthly by the Treasurer.

External accreditation: In addition to the internal policies, practices and reviews of financial matters at Harvest, we hold ourselves accountable to ECFA (Evangelical Council for Financial Accountability) standards. These are well-documented into 7 primary areas and Harvest must attest to our adherence to these

standards regularly. The Standards cover doctrinal issues, governance, financial oversight, use of resources and compliance with laws, transparency, compensation-setting and related-party transactions, and stewardship of charitable gifts. On occasion, ECFA will also visit Harvest in person to review in detail our compliance with these standards.

Please let me know if you have additional questions.

Best,
Jeff