

## **Notes from the meeting with Harvest leaders on Thursday, April 11.**

### **CURRENT JMAC ISSUES**

**When are we going to get a forensic audit of JMac? Greg Bradshaw promised it. If there are no records to audit, what is church's plan?**

It is undetermined when that will happen. Plante Moran left over negative social media pressure which is different than the version explained by the Harvest 2020 committee. Harvest is doing a self-audit and is reviewing expenses James charged to church. Church is doing a self-audit to avoid the costly expense of a forensic audit based on the experience with the Jeff Parham matter. Trying to handle it all in-house. We may still have a third-party auditor review our results.

**Harvest has since contracted with a law firm who has hired an auditor who wishes to remain anonymous. The scope of the audit has not been revealed by the church CLT to date.**

**Is HBC seeking reimbursement from JMac for all his personal expenses that were paid by the church?**

Yes, we are seeing some things that are not valid expenses. Not seeing anything that shows intent to defraud. But there are expenses that are clearly not ministry related. For example, having a bear stuffed and shipped from Alaska. All of that will be considered income to JMac.

**Did JMac file suit like he threatened? Any repentance by him?**

No and no. JMac knows that filing suit could create problems for him and he probably won't do it.

**Will JMac be rebuked for his sin and the entire congregation told to have nothing to do with him?**

All the elders and Harvest staff feel disqualified in some way. Their thought is "Who can consider themselves good enough to say that sort of thing about another person?" The new elders can decide to rebuke and do something different if they like.

**Is Abbey MacDonald still on payroll? What do the staff think of having her there?**

Yes, she is still on staff. Abbey hasn't done anything wrong. The staff feel for her and the situation she is in.

### **MONEY**

**How did the ECFA give HBC a clean bill of health every year?**

The ECFA review is a very high-level review and they did not do a detailed analysis of how the church spent money. The church Executive Committee had control of 10% of the total church budget. No one had insight into this Executive Committee spend—everyone just saw the total dollars being spent. Jacob's letter that was released referencing how the expense accounts worked is not an accurate version of the final picture. The church's policies tightened shortly after that. Some things were spent as "church" expenses that were questionable. Other expenses charged to church were clearly inappropriate. For example, after JMac shot a bear in Alaska, he expensed the cost of having the bear stuffed and shipped from Alaska to his home.

**Did ECFA see an accurate record of our finances?**

ECFA and Capin Crouse did a real review of the church's income and expenses. They did not approve or disapprove of how each dollar was spent. Capin Crouse will be releasing the 2018 financials late this calendar year. Capin Crouse's review will probably be done in September/October 2019. Every fourth-year auditors get peer-reviewed by another audit firm and have their work critiqued. This year is Capin Crouse's peer review year. One of their peers will be reviewing their work and there has been lots of public scrutiny on them.

**The Elgin project steel only accounted for \$2.3M of the overspending. How did we overspend \$23M+?**

My information is too old. No comment. The church can get someone to look at.

**Why are our expenses still so high for each month with so little tithing going on?**

The church is paying severance through June for all the people fired or laid off. About 50 total staff have been let go. Everyone that resigned did not receive severance. The elders wanted to offer Jeff Donaldson severance after his resignation, but the CLT said no. Elders deferred to CLT and no severance was paid to Jeff Donaldson.

**Why do we still have the CLOSER campaign going on when we are struggling to make ends meet?**

CLOSER had 5 areas of focus related to personal growth in the Lord. Only one of the five areas were related to financial. Remember, half of the money that was pledged will go toward debt. The congregation is still making pledges and paying money toward their CLOSER campaign commitments. For example, \$170K has been given in the last two weeks.

**Did Ed Stetzer and Mo Zechariah really pay the money back for the car and Harleys? Has this been confirmed?**

Yes, both did pay, and both have been confirmed.

**Who knew about the VW Beetle, the Rolexes, the Harleys, etc.? Would that have been Jeff Smith?**

Sharon Kostal and JMac definitely knew about the Beetle to Ed Stetzer. It is unclear if both of them knew about all the different gifts. JMac made some statements about the Beetle that seemed to indicate he may have thought that the car may have been a legitimate ministry expense. Unclear. It is possible that Sharon may have coordinated the whole Beetle car purchase on JMac's behalf for Ed Stetzer.

**Did any of the church staff have similar expense accounts like JMac?**

None of the staff had similar expenses accounts. Jeff Parham was the only other staff member that had an expense account (but still not as big as JMac's). But Jeff's was only because of the nature of his job.

**LEGAL**

**At one point, someone from Harvest said the church would waive the Non-Disclosure / Non-Disparagement Agreements. When are you going to publicly do that?**

No one from the church is silencing anyone. All the staff are fine to share truthful statements about the church that would not violate their non-disparagement obligations. It is not disparagement if the statements are true. It is up to the current or future elders to decide what should happen with the confidentiality obligations.

**How do you think Harvest's culture influenced the church staff and what are the staff doing to change the current culture?**

The church's staff tended to believe JMac when they were told that "bad" people were actually bad. We have since learned that perhaps the person villainizing the "bad" people was the problem. We also tended to not ask questions about the motive behind the actions when we were told to do something. Now, if someone has questions around motive, real answers are given to help everyone understand and feel comfortable with what we are doing.

**Can we see who all the owners are for the LLCs and who set them up?**

No. Aurora and Deerfield Road are only relevant LLCs. These entities were created by rich donors for the purpose of helping the church not add more debt. The men included former elders and others. Harvest's attorney set them all up. Sustend LLC was set up for JMac only. Only reason Sharon Kostal was recently added as a manager on the Sustend LLC listing was because she accidentally added herself as an officer when she filled out the annual report. It wasn't intentional.

**Is the church preventing public repentance statements from Harvest pastors and staff? If they want to do so, are they able to?**

No one from the church is preventing any public statements. Anyone can make public comments. Harvest prefers that the staff communicate to the church staff and congregation first. After communicating it internally, they are then free to post on social media or talk to news reporters or bloggers if they desire.

**When are the Executive Committee elders going to individually and publicly repent?**

Please direct those questions to them.

**Was Harvest's legal team involved in helping re-write the bylaws that gave JMac and the Executive Committee all the power on the elder board?**

No.

**From what you know, will Harvest's legal team be involved in re-writing the new bylaws with the new elder board?**

Yes, they will be.

**Is Harvest's legal department involved in the new elder selection process in any way? For example, in creating the process, doing the background checks on people, or anything else?**

No, not involved in any way.

## **LAWSUITS**

**Who paid for the lawsuit against Julie Roys and the Elephant's Debt?**

Sperling and Duitsman

**Why no public apology to Julie Roys and the Elephant's Debt guys for the lawsuit? Did the church reimburse attorney fees?**

Scott Bryant and Julie Roys both had their attorney fees reimbursed plus some extra. Ryan Mahoney is asking for more than what Bryant and Roys received and consequently we are still negotiating. There will not be any apology to anyone with whom the church is currently still in negotiations. Next elder board can decide on apologizing to Bryant and Roys.

**What happened with the Jeff Parham situation? Has HBC pressed charges?**

Parham set up fake companies and told everyone internally that these were valid vendors from whom the church needed services. The payments were approved and ultimately went to Parham. We did a forensic audit and have provided all the information to the authorities. Yes, the church has pressed charges and Parham will be prosecuted. Case will proceed based on the priority it is given by the police.

**When will there be an internal investigation within Harvest of the video that JMac made mocking a prominent Christian leader on her upcoming marriage ceremony?**

The church believes that all of the people are gone that participated in the video. If anyone knows of anyone still on staff that participated in the video, they can raise it with the church, and we will deal with it appropriately.

## **APOLOGY**

**When will apologies be included to Mike Bryant (Elephant's room fiasco)?**

That happened a long time ago. No apology.

**RT Maldaner?**

There was equal fault on both sides there. Church was wrong and he was wrong. No apology planned.

## **Jon Secrest?**

Naples church wanted Jon Secrest gone and approached Harvest for help. Harvest took action to remove him as requested and paid him \$60K in severance. No apology is required.

## **Anyone else over the years that has been damaged by this church or who tried to stand up to the rampant sin? Cornings, Marquardts, anyone else?**

Cornings – No apology required there, equally culpability.

Marquardt, Slabaugh, Phelps – will probably receive an apology soon. The CLT is handling and will issue a public apology shortly. **(Public apologies issues since interview)**

## **TRANSPARENCY**

### **Will there be a full investigation of existing staff and terminations for misconduct as a result of the old Harvest culture?**

It is believed there was no illegal conduct committed. If anyone has a complaint, they need to raise it with the church, and it will be addressed.

### **Are any PR firms still working for Harvest?**

No PR firms are involved in any way. Swicegood was not helpful at all. His rate was \$3,700/month and we bought him out early on the remaining 4 months of his deal for half the price.

### **Why no transparency? Where is Rick Korte's promise of transparency?**

Church is trying to be transparent. Giving some updates on the website. Interactions with media result in words being twisted or things taken out of context. The church does need to do better.

### **Why is leadership seemingly continuing to cover sin and taking so long to answer even basic questions?**

We believe there is no more sin. Church is trying to be transparent, but what we've done so far doesn't seem to help.

### **Is the Michigan camp for sale? If not, why not?**

No, the camp is not for sale. Harvest is looking at all the properties. Our loans are collateralized, but we can still sell individual properties. If giving stays up, we can remain 7 campuses. If giving goes down, then it's not sustainable. Except for Rolling Meadows, none of the campuses can stand on their own giving. Rolling Meadows accounts for 46% of the giving across all 7 campuses. We would be better to run as 7 separate churches, but they can't survive. Giving is down 30% in total, but after June the church will no longer be running a monthly deficit when staff severance payments are complete.

### **Are any non-staff from Harvest 2020 still performing any services for the church?**

No.

## **PAST ISSUES**

### **Why won't the church say that Luke MacDonald and Landon MacDonald are disqualified?**

Elders can decide on Luke. Know of no reason for Landon.

### **How much were Rick Donald, Luke MacDonald, and Landon MacDonald getting paid? Other income for staff or MacDonald family members?**

Rick's salary was about \$300K/year. Not sure about Luke. Landon \$160K. James still getting paid for Vertical Church song royalties for two more years because of Harvest's contract with Sony. Have already told Sony that he will be off

everything going forward. Kathy MacDonald was never salaried, but she did receive a one-time payment of about \$10K.

**Are JMac and Luke MacDonald still getting royalties for Vertical Music? If yes, why?**

Yes. JMac getting royalties for next 2 years because of contract terms with Sony since he was listed as a producer. Luke is only getting royalties on songs he helped write.

**People have said that JMac has a lot of books from his office. Are you going to give them back to JMac?**

We are trying to return the books to JMac, but he has said he doesn't want them. There are a lot of books. The boxes of them would fill a conference room. The church is having a yard sale at the Elgin campus this summer and we may sell them all at that yard sale.

**Is JMac allowed back on the Harvest property? Will he be arrested if he shows up?**

He is not invited on the property, but we won't stop him from coming. JMac was seen driving around on the Elgin campus Thursday morning, April 11 at around 11 AM. In some ways, JMac still believes he works for the church.

**Have the codes been changed so that JMac, Luke MacDonald and Landon MacDonald can't get on camp property?**

All of the codes to access the camp have been changed. No MacDonald will be allowed in. Any of JMac's personal belongings from the camp house have been boxed up and returned to the Elgin campus.

**Did JMac really fund \$100K of Sharon Kostal's house, and was that from his personal expense account?**

JMac may have paid the \$100K. But if he did help pay for her house, he likely paid for all of it outright. When he did things like that, he usually paid for the whole thing.

**General comments:** JMac picked elders that were wealthy and influential so that he could have connections and influence through them. Church has about \$6M in the bank. The church re-financed the loans and the two payments coming due in next few months are now being spread out over next 5 years. Church is in good place with ECCU since the lawsuit was filed and all is reconciled.