

We are former members of Valleybrook Church, spanning several years. We are not attorneys or accountants, but we are concerned that:

1. Doug Lebsack (former Lead Pastor) and Mary Clark (former Executive Pastor) used and/or authorized use of church money for personal purposes
2. Valleybrook staff received benefits that were not reported to the IRS and so they did not pay income taxes on those additional benefits
3. Funds were raised under one pretext but the donations were actually spent on unrelated expenditures including personal expenses.

BACKGROUND

Several pastors and overseers resigned from Valleybrook Church in the spring (Feb-March) of 2015, and leaders were implicated in creating an abusive environment at the church. The denomination to which Valleybrook belonged, Converge Great Lakes (Baptist), met with past and current congregants and staff members. Converge Great Lakes released a report of their findings, the Crisis Intervention Team Executive Summary of Recommendations and Findings—which is included (1). The people interviewed voiced suspicions of mishandling of finances but nothing was verified at that time. These points are highlighted on page 6, along with Converge's recommendation to conduct an audit on page 7.

After Clifton Larson Allen began a general financial review, it was quickly revealed that a forensic audit was necessary. Valleybrook contracted Wipfli to do a forensic audit of their finances for the time frame of Jan 2014-Mar 2015.

Current leadership at Valleybrook (the TLT—Transitional Leadership Team) shared some of the results of that audit at a meeting open to the general public on October 25, 2015. From the details that were carefully chosen to be shared at that meeting, the results implied there were mishandlings of the finances, which could include criminal conduct and misconduct related to the IRS and their tax exempt status. Valleybrook was careful not to make any assessments of the information nor say whether anything illegal happened, per the counsel of their attorney.

Some examples are included in bullet points at the end of this document. We were asked not to record the meeting and Valleybrook's attorney advised them not to create any sort of handouts. So the information provided at the end is based on notes taken during the meeting and are as accurate as possible given those circumstances.

Despite the results of the forensic audit, Valleybrook confirmed in a letter sent out on Feb 3, 2016, also included (2) that they will not be pursuing any legal action. This letter seemed to verify that Valleybrook had grounds to pursue legal action but were choosing not to do so.

The two people we believe to be mainly responsible for possible financial criminal behavior were former Lead Pastor Doug Lebsack and former Executive Pastor Mary Clark as they were exclusively responsible for the financial management of Valleybrook Church.

MARY CLARK, current address: [REDACTED]

Former Executive Pastor at Valleybrook Church until her resignation around March 25th, 2015.

Mary was in charge of financial tasks and record keeping at Valleybrook—there was no bookkeeper, no treasurer, no accountant, and no finance committee. She had exclusive access to checks, etc. as evidenced in an included e-mail (3).

She was reported to be previously employed in a bookkeeping position in a retail setting. This previous experience that should have lent her some skill and competence in the area of finances.

Mary Clark lived in a parish house while on staff at Valleybrook and it is unclear whether that situation was ethical.

She is currently the head pastor at Ethos Church in Eau Claire. They collect tithes and offerings from members but are not currently a tax-exempt organization. Business information included (4). They do not have a website, only a secret Facebook page. Ethos meets on the UWEC campus on Sunday evenings but is not “open” to the public at this time. They have plans to eventually function as a regular church, but at this time they meet as a group of core people, and others are welcome by invitation only. As a side note, there are current complaints of them separating college students, as well as Altoona high school students, from their families as was common practice at Valleybrook in the past.

DOUG LEBSACK, current address: [REDACTED]

Former Lead Pastor of Valleybrook Church until his resignation in February 2015 after being in that position for 10 years. He legally adopted his Co-Lead Pastor, Nate Hagedorn (now Nate Lebsack), an adult married man, and father of four children. It is our thought that Nate is mainly a victim in a personally abusive relationship and was not a perpetrator of financial misconduct. However, he may have been a beneficiary of the misconduct. Our complaint is not aimed at him.

Doug has started a church in Grapevine, TX called The Narrow Pathway. They do have tax exempt status, see included (5). They do not have a currently functional website or a public Facebook page. They briefly opened a public website, copy included (5) but now it is a 17-page rambling letter from Nate disowning his parents.

Valleybrook had a paid bookkeeper on staff when Doug began his tenure approximately 11 years ago. She had worked in that position for 11 years and had CPA credentials. He fired her shortly after his arrival and did not ever hire another bookkeeper/accountant. His position carried sole

discretion for hiring people and setting salaries. We are unsure who set budgets. Our understanding is that written policies and job descriptions did not exist at the time of Doug's resignation.

Valleybrook was under the tax exempt umbrella of Converge until Fall 2014 when they sought to leave that covering and received their own tax exempt status. Due to the timing of votes to release Valleybrook from their organization, at the time of Doug's resignation Valleybrook was still a part of Converge, even though they were a separate tax entity.

To provide a scope of the amount of money that Doug Lebsack and Mary Clark handled at Valleybrook, this is a table of their proposed budgets for an upcoming fiscal year, the budget they reported at the end of that year, and the total income received by the church. This information was taken from the summaries provided to the congregation at Annual Meetings, included (6). While Mary Clark kept financial records in QuickBooks, the annual report was not printed out from that program but rather summarized with little detail.

This is the information that was given to the congregation at annual meetings and there is no verification of its accuracy.

Fiscal Year	Proposed Budget*	Reported Budget*	Total Income
2008-09	710,000	Do not have	Do not have
2009-10	710,000	Do not have	Do not have
2010-11	660,000	873,165	989,166
2011-12	740,000	841,003	905,774
2012-13	765,000	803,077	803,791
2013-14	755,000	777,419	749,613
2014-15**	748,000	390,000	390,000

*This includes Budgeted Ministry and Operational Expenses & Conduit of Blessings/Great Commission (charitable giving). A remodel budget was separate.

**Doug Lebsack and Mary Clark resigned before the completion of this fiscal year. The budget information for this year was provided in detail by the current leadership at Valleybrook, attached (7).

At least one staff member reported to us that they never had access to the amount of money claimed in the budget or the report for their ministry.

Unreconciled Bank Statement Balances for January 31 through April 30 2015

Jan	Feb	Mar	Apr
86,633	73,032	35,875	38,244

Revelations from the oral report read by Valleybrook on October 25, 2015:

- Financial record keeping documents were deleted, including QuickBooks and GoogleDocs. The QuickBooks interactions were specifically tied to Mary Clark’s log-in and happened in the days immediately prior to her resignation. Mary claims she did delete QuickBooks data out of anger. Doug said financial records were accidentally deleted when his Gmail account was shut down since they were stored in the Google drive affiliated with his e-mail. The Wipfli accountants explained that Google provides several warnings and a person must take several steps before deleting an entire user account. There are also several options offered for downloading information. Destroying all records would not happen incidentally while trying to delete an e-mail account.
- Tens of thousands of dollars were unsubstantiated without any records or receipts. There was very little documentation of spending related to actual church work or ministry. In 2014 there were 483 transactions and only 159 had related receipts.
- Approximately \$102,000 was spent across 12 church credit cards in that 15 month period, most of it without receipts or records tying it to ministry expenses.
- The total from the offering did not always match the deposit—sometimes more, sometimes less, sometimes reconciled the following week, sometimes not
- Mary Clark was reimbursed for expenditures at IKEA (\$457.74 for household items), PM Sleep Center (a pillowtop mattress delivered to her residence), and Ashley (\$538.02 for a sleeper sofa). Those items are not on church premises.
- Approximately \$6051 was spent by multiple staff on dining without records of ministry purposes.
- Over \$1000 was spent at clothing stores.
- \$3500 (approx.) was paid to Beyond Organic for supplements (believed to be kept in a refrigerator that was designated for Doug & Nate.)
- After Doug’s resignation in February, a church member and Overseer (Mark Degner) requested that his recent donation of \$5,000 be redirected to Doug Lebsack, so staff member Della Degner sent Doug Lebsack a check for \$5,000.
- There was a “Lead Pastor Discretionary Fund” that was not presented to the congregation at any time including the annual meeting. Items in the fund were labeled for things such a sleigh ride, chiropractor, and a \$1,000 graduation bonus for Mary Clark.

- Doug Lebsack was allowed \$10,000 as a benefit to be reimbursed for medical care for his family. He was reimbursed \$34,832.
- Verizon bills for staff and their families (including children) totaled \$29,952 for the time period and included phone service for Doug's adult married daughter.
- Valleybrook leased property to an area church. The church wrote their checks out to Mary Clark rather than Valleybrook. It is unclear whether all of that money was deposited back to Valleybrook.
- Doug's credit card and Mary's credit card had combined charges of more than \$350 to their Valleybrook credit cards for services like Hulu and iTunes. There were no explained ties to ministry purposes.
- From 2008-2014 Valleybrook reimbursed \$6,488 in parking tickets, over half of which occurred on the UWEC campus. Mary Clark attended classes there; there are no Valleybrook buildings on campus.
- Travel expenses for the Clark family were charged to Valleybrook and may or may not have been reimbursed. Mary Clark wrote a check with the word "tithe" in the memo, but then that check was recorded in Valleybrook QuickBooks as being for "Clark hotel."
- Missions/Donations—the church congregation was presented with a budget of \$75,000 that would be donated to other ministries, local charities, and missionaries. What was actually donated ended up being about 45% of that, \$33,895.
 - *As a side note, CJ Clymer (Element Church) was a former VB staff and went to work for another church. It was not a church plant or a new ministry, but an established church, so we are unclear as to why he received any support.
 - *A former Converge pastor and Valleybrook member until March 2015, Steve English was given \$1700 of support in 2013 and \$1200 of support in 2014. Reason unclear.
- Cash was found in Mary Clark's office after her resignation. There was a bag labeled "Kid's Offering" (possibly related to a drive to send shoes to children in Africa) and others labeled as donations collected for a specific group but there was no record of the donation actually being made.
- Valleybrook paid out \$7,738 in late fees, penalties and interest. These were not included in any budget items presented to the church. Valleybrook received notices from the IRS and the WI Department of Revenue of Intent to Seize Property due to their delinquency. Valleybrook had sufficient funds to pay all of their bills when they were due but did not.

Valleybrook congregants received letters from the overseers for this same time period stating that giving was \$18,000 below budget needs (attached).

- Valleybrook had several Sam's club membership cards and no one used the tax exempt number when making purchases.
- Doug's combined salary & housing allowance in 2014-2015, after he graciously agreed not to accept a raise, was \$113,033. Mary Clark's salary and housing allowance was \$65,666 (up from \$63, 514). This salary does not include the Lead Pastor Discretionary Fund, phones, or other purchases that may have been made.

We have included two letters from the Valleybrook Overseers (8) as an example of what was being communicated to us as congregants who made donations. The overseers let us know that giving was falling short of needs and they promised our money was being used responsibly.

Valleybrook Church: 412 S. Barstow St, Eau Claire, WI 54701 715.834.9993

We have no concerns about current financial mismanagement. We are disappointed in their unwillingness to report a possible crime and to not report possible tax violations to the IRS.

Current Interim Pastor: Tim Haugen

Transitional Leadership Team member who has done the most work on finances: Chris Solberg

Valleybrook's attorney: Bryan Symes, Ruder Ware 402 Graham Avenue Eau Claire, WI 54701
Phone: 715.834.3425

We request anonymity due to previous incidents of defamation and trying to silence opposition to the leaders in question. Some of us have children and they also face retribution if we are identified, because there are people with ties to both Ethos and Valleybrook involved in their school.

Supporting Documents Index (following tabs)

1. **CIT EXECUTIVE SUMMARY:** Crisis Intervention Team Executive Summary of Recommendations and Findings

2. **STATEMENT FROM THE TLT:** Statement from the Transitional Leadership Team Concerning Possible Legal Action

3. **MARY CLARK E-MAIL:** E-mail correspondence with Mary Clark; Subject: Re: Donations to Valleybrook

4. **ETHOS:** Wisconsin Department of Financial Institutions: Ethos

5. **THE NARROW PATHWAY:** Guidestar Non-profit Report: The Narrow Pathway; A Distinctive Christian Community (The Narrow Pathway)

6. **BUDGET & REPORTS:** Budgets & Financial Reports from 2008/2009-current

7. **VB CURRENT BUDGET:** Valleybrook Church—Proposed Mission Budget 2015-2016

8. **VALLEYBROOK OVERSEERS:** Communication from Valleybrook Overseers dated 12.17.14 & 1.31.14