

**AN OPEN LETTER FROM THE BOARD OF DIRECTORS OF  
CALVARY CHAPEL LAKE ELSINORE,**

**May 2013**

As the Board of Directors of Calvary Chapel Lake Elsinore, it is our function to oversee the financial and legal aspects of the church. We also believe it is our God-given responsibility to protect the wellbeing and reputation of the church body when it is being challenged and criticized. We desire to be accountable and transparent about our decisions both past and present.

Recently, on multiple internet forums and elsewhere, our church's commitment and support for former pastor, John Duncan, has come into question. It has been implied both directly and indirectly that Calvary Chapel of Lake Elsinore has not, or has ceased, to support him and his wife adequately over the past 5 years, since stepping down from his role as Senior Pastor due to health issues. While it grieves us to have to do so, we feel it is time to address the issue in this way in order to inform you, the church body and the friends of CCLE, as to the agreement that was made with John Duncan, as well as the circumstances surrounding how it came about, and what that commitment will be going forward. Since we are the same Board of Directors that was in place at the time of the pastoral transition, and we were also in place when the contract with John Duncan was agreed upon, we felt it was our duty to write this letter.

At the end of 2007, John informed us that he had suffered a heart attack that made it necessary for him to take an extended break from teaching and ministering publicly, although he continued in his capacity as the Senior Pastor. John asked Steve Wright to fulfill the function of teaching on Sundays and Wednesdays in his absence. After several months, John advised us that it was determined by his doctors that he would not be able to continue on with his duties and he made the decision to retire. After prayer and seeking the Lord's will in the direction and future of the church, John and the Board asked Steve Wright to take the position of Senior Pastor, which includes the role of President of the non profit Corporation and Chairman of the Board of Directors. Steve had already been an ordained Calvary Chapel Pastor for 10 years and had 13 years of ministry experience. He had also received his Master of Divinity in preparation on his way to the Military Chaplaincy, as a means of providing for his family. He was asked to give up this path of ministry to pastor our church. Steve agreed and assumed the role of Senior Pastor in May of 2008. At that time, the only thing that John Duncan requested was that the church might be able to continue to pay him for the next 3 1/2 years, until he reached the age of 62, and that Pastor Steve not receive any pay from the church for the first 2 years, so that the church

could afford John's compensation. It was also agreed to continue to pay for John's medical reimbursements, life insurance, and other expenses, as had been done all of his time as Senior Pastor. Furthermore, John would receive a \$150,000 severance, to be paid as the church was able. \$20,000 of this was paid out at that time, in order to provide immediate funds for John to purchase a reliable car. Because the Board and Pastor Steve desired to honor his almost 30 years of service here as the founding pastor of Calvary Chapel Lake Elsinore, this was the verbal agreement gladly entered into by Pastor Steve, John Duncan, and the Board of Directors. John Duncan expressed at this time that his desire was for Pastor Steve Wright to be able to be paid full-time as soon as possible in order to not have to work a second job. John also indicated that it was his plan to try to make his own financial preparations so that he could reduce the financial burden to the church.

In the fall of 2008, at the height of the financial crisis in our country, the church's income was such that it became more difficult to cover the cost of John Duncan's salary, housing allowance, other expenses, and his medical reimbursements, which had also increased substantially over the preceding months. This was in addition to the full medical insurance coverage he continued to receive from the church. At John's insistence, the medical reimbursements were given priority over his compensation and thus, he had not been paid for a couple of months. This had become common practice during lean economic times for the church over the previous years. By March of 2009, almost a year into his retirement, and while in the process of the church making up for the previous months of back-pay, John Duncan insisted that the Board of Directors revisit the issue of his compensation and that a written contract be drafted, thereby changing what was originally agreed to by the Board, Pastor Steve, and John. John proposed an agreement that was based on his current amounts of compensation and benefits projected over a 5 year period, to start at the signing of the contract, and not including the almost 10 months of compensation totaling \$105,000 already paid since his retirement. In addition, we agreed to continue to provide the funds for 40 hours per week of paid, in-home help to assist with Debbie's needs, as had been done for several years. This amount was not included in the contract and has not been deducted from John's severance.

In order to give John peace of mind and with a desire to assure John that he and his wife, Debbie, would be taken care of, we were generous to a fault, and we agreed to the terms of the contract. We also were trusting God to provide through the generosity of the faithful believers here at CCLE, without making any plea for increased giving. By the end of this contract, the total amount that would be paid out to John Duncan would be in excess of \$700,000, plus the \$105,000 already paid from May 2008 to March of 2009, and approximately \$75,000 paid for in home care during the life of the contract.

(see the attached Contract)

The Lord has indeed been faithful over these last 5 years to provide, and the church has been able to meet the obligations of this contract. As we approach 2014 and the end of some of the provisions of our contract with John Duncan, we want to inform the body at CCLE of the decisions we have made as we move forward. We have every intention of honoring the contract as originally agreed to, so the following items will become effective on January 1st 2014 as it applies to John's further compensation. John Duncan has been informed of these decisions so as to give him ample notice before they take effect.

- The church will no longer continue to provide for 40 hours of in-home help after 2013. *(Note: This was never part of our original contract, but was provided for with the understanding that it would be reviewed each year or two)*
- The church will no longer provide a Housing Allowance for John Duncan after the end of 2013. *(John has paid off his original mortgage within the past 5 years)*
- The church will continue to pay \$2800 monthly, as a payment toward the balance of John Duncan's severance, as per our contract, until the total amount is paid out. This is estimated to take 9-10 additional years beyond 2013.

As we move forward, we will be providing a full salary and housing allowance for Pastor Steve Wright and his family, beginning January of 2014. Although the church has been able to provide a partial housing allowance for the past 3 years, by the start of 2014 Steve Wright will have been our full-time Pastor for over 5 1/2 years, and we desire to provide our Pastor with full compensation. By means of working a second job outside of the church, the Lord has been faithful to provide for Steve's needs well beyond the first agreed upon, two years, of receiving no compensation.

Finally, we need to reply to the additional criticisms from some, claiming that our church refuses to help John and Debbie in ways beyond money. In addition to financial giving, many of the saints here for years have helped with John and Debbie's needs as they are able to volunteer their time. Several women of our church especially, have sacrificed greatly in giving of their time for Debbie, because of their love for her and John. Unfortunately, John and Debbie's needs today are often beyond what these women can still reasonably provide. Their own family obligations and physical health are just some of the reasons why many are no longer able to assist as in years past, when the professional medical needs were less. Others that have helped

more recently have refused to return for their own personal reasons. Many men in the church continue to provide help with John's needs, such as rides to doctor appointments and helping with house repairs. However, our church has many other families with great personal needs. Just as there is always a limit on financial giving, there is a similar limit on just how much volunteer help can be arranged for one family. We have never discouraged anyone from volunteering to help the Duncans. However, considering the sizable financial commitment to John, coupled with the many and varied needs of our church family, we can not support any effort that would pressure our church body to give even more. In addition, many here are new enough to CCLE as to not even know the Duncans. Manipulating and pressuring the saints to give goes against everything we stand for in our leadership of the church.

We hope that this detailed explanation helps you, the faithful members of Calvary Chapel of Lake Elsinore, to be better informed and answers some of the questions you may have had in this matter. We also trust that this will give some perspective and answers to any who would seek to criticize the body of believers here at CCLE for supposedly abandoning our former pastor. It is our belief that CCLE has been generous beyond what might be expected in our effort to provide for John and Debbie. It is however, time to move forward and we look forward to what God has in store for the body here as we do.

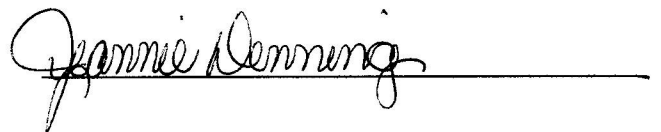
In His and your service,

The Board of Directors of Calvary Chapel of Lake Elsinore

Rick Horrmann / Director



Jeannie Denning / Director



Tony O'Berry / Director



Pastor Dave Morrow / Secretary



Pastor Gilbert Campas / Advisor to the Board



SEVERANCE PACKAGE FOR JOHN A. DUNCAN

We the undersigned, members of the Board of Directors of Calvary Chapel of Lake Elsinore, do hereby enter into the following agreement with Pastor John A Duncan, effective immediately. All parties understand this agreement to be legally binding upon Calvary Chapel of Lake Elsinore, and its future successors and/or assigns, if any. Also understood is that the undersigned are acting within their legal authority as Board members only, and no personal liability for the fulfillment of this agreement is intended upon or expected by any party herein.

Calvary Chapel of Lake Elsinore will pay to Pastor John A. Duncan, and/or his wife, Deborah L. Duncan, (as detailed below) a severance package consisting of the following:

(A) \$500,000 to be paid in monthly payments equal to current salary and benefits. It is understood that all salary and benefits will be deducted from this total amount. It is understood that if Pastor John A. Duncan is able to reduce the monthly cost to Calvary Chapel of Lake Elsinore, this will lengthen the period of time the payments will be made until the entire amount is paid. Any future reduction of monthly cost will be as Pastor John A. Duncan directs. In the unforeseen event of Pastor John A. Duncan's death, the monthly payments will continue to disburse to Deborah L. Duncan until the total amount of \$500,000 is paid. This agreement does not continue to any estate or other person in the event of the death of both John A. Duncan or Deborah L. Duncan.

It is also understood that in the event any future actions or decisions, made by the current or a future Board of Directors, would cause medical expenses for either Pastor John or Deborah Duncan to increase, said increases will not be applied to the total severance, but would be paid for additionally by Calvary Chapel of Lake Elsinore. It is understood this exception does not apply to possible premium increases or coverage changes within the existing health insurance policies, made solely by the insurance carrier, and outside of the control of the Board of Directors.

(B) Housing allowance paid monthly in the amount of \$3,500, increased three percent annually for inflation each January starting in 2010. Housing shall be paid through December 2013, at which time the Board of Directors may review the possibility of continuing a monthly housing allowance for John A. Duncan, in an amount determined and voted upon by the Board of Directors after said review.

We also recognize All of Pastor John A Duncan's former teaching as his intellectual property and will deliver into his possession all masters of recorded messages to him.

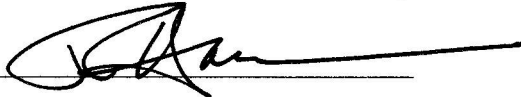
In exchange for this severance package, Pastor John A. Duncan agrees to the following. Even if health in the future allows him the ability to pastor once again, he will not do so for any church or non-profit 501c3 corporation within Riverside County, California,

The above agreement was voted upon and approved by the following members of the Board of Directors on March 8, 2009:

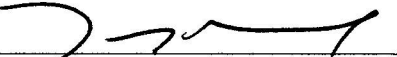
Steven Wright



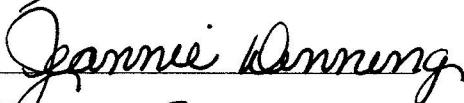
Rick Horrmann



Tony O'Berry



Jeannie Denning



Ryan Shultz



Agreed to by Pastor John A. Duncan:



Witnessed to by Dave Morrow, Secretary:

