

TO: Isabella Aguilar, Fount NYC Finance Manager

FROM: Stan Reiff, CapinCrouse Partner and Practice Leader – Consulting; Kelsey Helmick, Executive Compensation Program Consultant

DATE: November 4, 2025

SUBJECT: AMEX Expenses 2017-2025

Based on your request and the documentation provided on October 30, 2025, we reviewed the AMEX expenses for Pastors Josh and Georgie Kelsey of Fount NYC Church for the years of 2017-2025. This was a preliminary review based on the information we were provided, but we are available to do a more comprehensive analysis if needed.

As executives of a nonprofit organization, the Pastors are subject to IRS guidelines related to excessive compensation and private inurement, so documentation related to bona fide ministry purposes of expenses incurred is essential for ensuring that their compensation falls within reasonable ranges and there is no abuse of their positions or access to corporate funds. Every expense that the church has paid for the Pastors that directly benefits the Pastors is considered to be a part of their total compensation for the year in which the expense occurred. This includes their portion of any meals, clothing, consumer goods/electronics, travel expenses beyond what had previously been approved by policy or by the governing body (including travel expenses for family members), entertainment, health, and automobile and home expenses. Particularly if the items being purchased are considered to be property of the church and the Pastors keep the items for their personal use. Additionally, all expenses should be accompanied by the receipt (if more than \$75) and a documented business purpose and should be reviewed and approved by the governing body. It is best practice for all executive expenses to be reviewed and approved by a board member that is an unrelated party (not the executive or a relative of the executive).

All expenses put on an individual's corporate card are considered to be personal expenses until they present sufficient documentation of the ministry purpose of the expense and an unrelated board member has approved the expense. We reviewed approximately 186 receipts and 20 expense reports with some receipts attached, which lacked sufficient documentation of ministry purpose and approval. It has been indicated through email communication that the Pastors consistently have not provided receipts or other documentation related to their expenses, even after repeated requests. Additionally, when they do provide receipts, the information is insufficient. The documentation we were provided was scant, with receipts present for only some of the expenses, no record of board approval of the expenses, and insufficient documentation of ministry purpose. "Pastoral lunch" and "pastoral meeting" are not descriptive enough for this purpose, as examples of the proper documentation would be "Pastor Josh lunch with Pastor of XYZ church to discuss upcoming conference" or "Pastor Josh coffee with church member who needed counsel on a personal matter." We have reviewed the Accountable Expense Reimbursement Policy that had been approved by the board, which contains good guidelines for expense reimbursements if the policy is followed. However, it is our understanding that the Pastors very rarely provided the required documentation. This policy should be expanded to encompass expenses incurred on the corporate credit cards in the Pastors' possession. All executive expenses (on corporate credit cards and for personal reimbursement) should be reviewed and approved by an independent board member. The Pastors should not approve their own expenses or direct a staff member to approve expense reports without due diligence review by an unrelated board member.

One additional item that was not evidenced by the AMEX expenses but is a matter of best practice that we frequently see churches approach incorrectly relates to the executives receiving honorariums for external speaking engagements. Best practice is that if the Pastor is keeping the honorarium personally, they should also personally pay for their travel to the speaking engagement. Consequently, they should report this income on their personal taxes. If the church pays for their travel, the honorarium should come to the church and then an independent board can determine how much of that honorarium to provide to the Pastor, which would be recorded as compensation (and would be reported as taxable income). There should also be an established board-approved policy related to how much the church will pay in honorariums to external speakers. This amount should be reasonable, consistent, and determined by an independent board.

It is also worth noting that there should be board-approved policies in place related to the use of the corporate credit cards and how the points or rewards specific to that type of credit card are to be handled. AMEX cards come with certain rewards, privileges, and discounts that would be considered to be compensation to the executives unless specifically addressed in a policy approved by the unrelated board members. Best practice would be for the points or rewards to be used for bonafide ministry purposes (e.g. to pay for flights or hotels for trips with documented business purpose and approved by unrelated board members).

Below is a summary of the categories of expenses we observed in the AMEX data we were provided:

- Total of \$1,399,467.02 in AMEX charges from 2017-2025 (October). Of this, \$483,861.40 could be considered legitimate business expenses if there were sufficient documentation and approval by an unrelated board member.
 - \$39,079.30 appears to be related to administrative expenses of the church, but we did not review receipts to validate
 - \$48,899.04 appears to be fees for services or subscriptions used by the church, but we did not review receipts to validate
 - \$174,926.99 spent on flights – it is unclear due to lack of documentation if these trips had specific ministry purposes or if they were approved by an unrelated board member
 - \$138,630.13 were charges for hotels - it is unclear due to lack of documentation if these trips had specific ministry purposes or if they were approved by an unrelated board member
 - \$83,493.17 was spent on ground transportation and travel insurance - it is unclear due to lack of documentation if these trips had specific ministry purposes or if they were approved by an unrelated board member

Here are the additional categories of expenses present:

- \$3,587.50 spent on Alcohol

Unless specifically permitted in board-approved policies, it is not best practice for alcohol to be purchased using a church credit card.

- \$25,005.74 spent on Clothing

Unless the clothing is being purchased to be donated to a nonprofit organization or the clothing is intended to remain property of the church, clothing would be considered a benefit to the executive. These expenses must be approved by an unrelated board member.

- \$145,796.86 spent on Consumer Goods (including \$78,319.17 from Amazon)

Receipts would need to be submitted for each purchase exceeding \$75 unless board-approved policies stipulate a lower threshold for requiring receipts. Each purchase (with or without receipt) would need to have a detailed documented ministry purpose (i.e. workbooks for middle school discipleship program) and must be approved by an unrelated board member.

- \$15,407.95 spent on Education

Unless stipulated by a board-approved policy stating that the church wants to pay for these services for the executives, these items are considered to be a direct benefit to the executives and must be approved by an unrelated board member.

- \$28,761.73 spent on Electronics

Unless these items remain the property of the church, these items would be considered a benefit to the executive and would need to be approved by an unrelated board member prior to purchase.

- \$67,151.69 spent on Entertainment
 - \$11,821.92 on Sports
 - \$9,392.37 on Surfing
 - \$6,507.88 on Golf
 - \$2,234.73 on Amazon Video/Music/Kids

These must be approved by an unrelated board member and should have a documented ministry purpose.

- \$118,853.31 spent on Food (including \$7,771.04 on Groceries)

The executives' portions of each of these meals and/or grocery bills are considered to be a benefit to the executive, so must be approved by an unrelated board member and would be incorporated into their total compensation.

- \$65,355.80 spent on Health
 - \$49,548.35 on Therapy
 - \$6,131.94 on Supplements
 - \$2,310.11 on Haircuts
 - \$1,665.01 on Spa

Unless stipulated by a board-approved policy stating that the church wants to pay for these services for the executives, these items are considered to be a direct benefit to the executives and must be approved by an unrelated board member.

- \$39,926.60 spent on Internet/Phone

Unless stipulated by a board-approved policy stating that the church wants to pay for these services for the executives, these items are considered to be a direct benefit to the executives and must be approved by an unrelated board member.

- \$29,802.14 spent on Parking (including \$3,514.99 on Tickets/Fines)

There should be a board-approved policy related to parking expectations (e.g. no valet services, parking at the airport should only be considered if the total cost of driving and parking a vehicle is less than the cost of a taxi, the church will not pay for any parking fees or tickets) and expenses should be approved by an unrelated board member.

- \$29,918.74 spent on Personal Flights (for family members)

Unless stipulated by a board-approved policy stating that the church wants to pay for these services for the executives, these items are considered to be a direct benefit to the executives and must be approved by an unrelated board member.

- \$68,626.19 on Housing/Rentals unrelated to Travel

Unless stipulated by a board-approved policy stating that the church wants to pay for these services for the executives, these items are considered to be a direct benefit to the executives and must be approved by an unrelated board member.

- \$8,294.19 on Personal Trading Accounts

Unless specifically permitted in board-approved policies, it is not best practice for fees for personal investment accounts to be paid for using a church credit card.

- \$48,202.23 on Vehicle Expenses
 - \$25,234.67 at Gas Stations
 - \$10,068.50 on Servicing
 - \$7,772.04 on Tesla charging
 - \$3,644.99 on Car Washes
 - \$1,482.03 on Roadside Assistance

Unless stipulated by a board-approved policy stating that the church wants to pay for these services for the executives, these items are considered to be a direct benefit to the executives and must be approved by an unrelated board member. Mileage or gas expenses can be considered a ministry expense if there is a documented business purpose for the trip, but this must be approved by an unrelated board member.

- \$222,916.79 were unable to be classified due to lack of documentation
 - \$33,832.97 paid through Venmo to various individuals and undecipherable payees
 - \$25,617.50 payment to The Pixie and the Scout
 - \$16,665.47 paid through PayPal to various individuals and undecipherable payees

These expenses should be approved ahead of time by an unrelated board member and have documented ministry purpose. One of the PayPal expenses for \$500 was a payment directly to Josh Kelsey, which should have been recorded as compensation on his W2. There was also a payment of \$1,364.73 Tithely. It is unclear the recipient of this payment, but this is a service used for church giving and a corporate card should not be used for a personal tithe.