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# Church finances: Presiding Bishopric offers unique look inside financial operations of growing faith

The Church of Jesus Christ of Latter-day Saints nears \$1 billion a year in fast-growing humanitarian, welfare spending

By Tad Walch | @Tad\_Walch | Feb 14, 2020, 1:27pm MST



FILE - The Salt Lake Temple during the 188th Annual General Conference of The Church of Jesus Christ of Latter-day Saints, in Salt Lake City on Sunday, April 1, 2018. The Presiding Bishopric of the church has provided more insight into the finances of the global faith and how tithing and donations are used. | Scott G Winterton, Deseret News

**SALT LAKE CITY** — The Church of Jesus Christ of Latter-day Saints doubled its humanitarian spending over the past five years and now annually provides nearly \$1 billion in combined humanitarian and welfare aid, the church's Presiding Bishopric said this week in a rare interview.

But the church's work and missions cannot be reduced to its humanitarian spending and charity efforts, said Presiding Bishop Gérald Caussé and his counselors, Bishop Dean M. Davies and Bishop W. Christopher Waddell. Those represent just one function of a sprawling global faith that funds 30,000 congregations, more than 200 temples and educational opportunities for hundreds of thousands of students while also providing food, clothing and shelter for hundreds of thousands of people a year.

"It's no surprise we are talking about billions of dollars," Bishop Caussé said. "Nobody should be surprised, given the number of members, millions of members, 16 million members in so many countries. This is a church that has become quite large, and so there's a large budget, and we are grateful for that because that's an opportunity to expand the reach of all the good that the church can do around the world."

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The bishopric gave a unique look at the breadth and depth of the financial dealings of the global faith in a sit-down interview with the Deseret News and Church News two weeks after the bishopric spoke to The Wall Street Journal (subscription required) answering critics' charges that the church is amassing wealth.

To the contrary, church leaders said it is fulfilling its mission to care for the poor, spread the gospel of Jesus Christ around the world, strengthen the spiritual foundation of its members and live the principles of self-reliance it teaches to all.

The church's investment arm, Ensign Peak Advisors, reportedly has grown to \$100 billion, a figure claimed by the brother of a former worker at Ensign Peak. The members of the bishopric said they were aware that those reports drew both praise from some about the way church leaders are managing what they and members consider sacred donations as well as criticism and questions about what the church is doing with such a large amount of money.

They did not confirm whether that amount was accurate, but they said they expect leaner economic times will come in the future and also acknowledged that the church's needs and expenditures are accelerating as the faith grows around the world. They also rejected the notion they are hoarding money for the Second Coming of Jesus Christ. Instead, they said, they are making prudent, diverse investments to protect against economic downturns and prepare for the future.

What follows is a look at the faith's holdings through the eyes of the men tasked with receiving and distributing donations to the church.

### **'We won't have to stop'**

Bishop Caussé said the size of the fund is a proper backstop for the church's full breadth and depth of operation.



Presiding Bishop Gérald Caussé | Intellectual Reserve, Inc.

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“Most of the growth, I have to say, is because we are right now in the longest period of prosperity in the United States that has ever been recorded, and this is creating that surge of financial markets,” he said. “We are just beneficiaries of it.”

In 2008, the credit crisis and related stock market plunge reportedly obliterated 21% of the value of Ensign Peak’s holdings, according to a document produced by the former employee’s brother. The Ensign Peak fund reportedly has more than doubled in the subsequent, ongoing economic upswing.

The bishopric did not confirm those reports, but did say the church froze budgets and hiring during the crisis. The only budget item that increased in that period was humanitarian and welfare spending, because church leaders knew more people would need help.

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“There will be future downturns,” Bishop Waddell said. “How extensive, how dramatic we don’t know. But one of the comments we made to the Journal was that if that were to happen, because of the reserves being carefully watched over, protected and wisely handled, we won’t have to stop missionary work, we won’t have to stop maintaining buildings and building temples, we won’t have to stop humanitarian and welfare work, we won’t have to stop education work. What the journalist (wrote) was that we won’t have to stop missionary work, period. Well, there’s more than that.”

The Presiding Bishopric said a large reserve is necessary, specifically citing as reasons the church’s expansion into countries in which congregations are not self-sustaining, the construction of 50 more temples and the growing cost of providing educational opportunities for more and more students. The church is educating 880,500 students through its seminary and institutes program, universities and Pathway program.



FILE - BYU students participate in a campus devotional with Elder David A. Bednar in the Marriott Center on Tuesday, Dec. 4, 2018.

They said tithing and fast offerings are spiritual principles that benefit church members, shared more details about the church's farms and educational expenses and described its humanitarian donations as precision-guided aid.

"It is a church," Bishop Caussé said. "It's not a financial institution ... and because it is a church, the funds that are managed within the church are contributed by the members of the church and are really sacred. We really consider those funds as belonging to the Lord.

"It's difficult to understand the church," he added. "If you look at it as a financial institution, you will never understand it. You have to look at it as an organization of consecrated followers of Jesus Christ. This is what it is, with a mission assigned by the Lord."

## **Humanitarian and welfare spending**

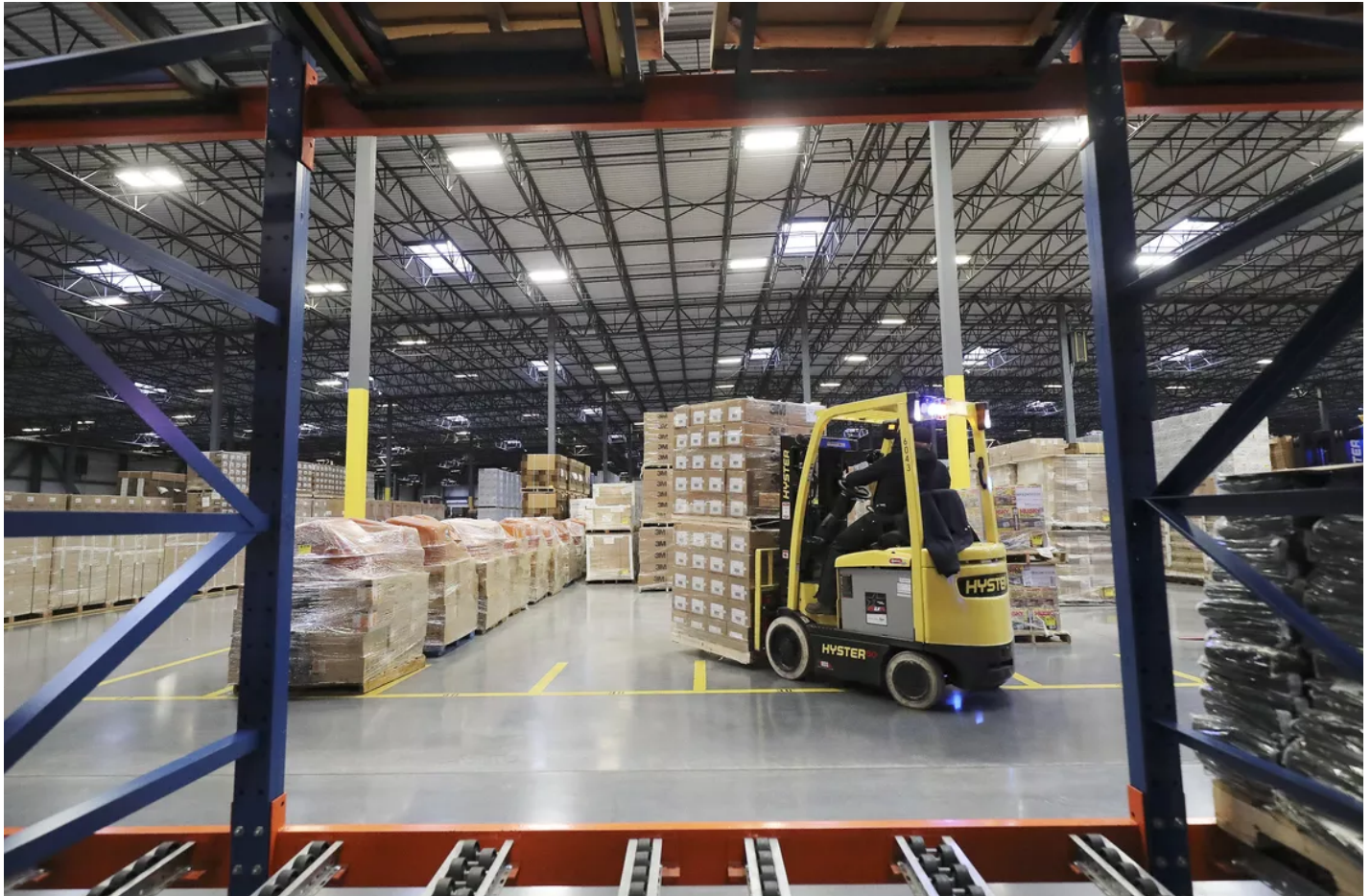
The three bishops challenged some of what they've seen in previous reports.

"The people who say we're not doing our part, that is just not true," Bishop Waddell said. "We're talking close to \$1 billion in that welfare/humanitarian area on an annual basis.

Yes, we are using our resources to bless the poor and the needy as well as all of the other responsibilities we have as a church.”

The figure includes all humanitarian and welfare expenditures, including fast offering aid.

The budget for humanitarian work “has gone up dramatically,” Bishop Waddell said.



Warehouse workers load supplies as The Church of Jesus Christ of Latter-day Saints sends aid to China in Salt Lake City on Wednesday, Jan. 29, 2020. | Jeffrey D. Allred, Deseret News

In fact, Bishop Caussé added, humanitarian expenditures have doubled in the past five years.

“And we believe they are going to increase fast,” he said.

Increases in humanitarian and welfare spending are driven first by the contributions and volunteerism of church members, the bishops said. The other major factor is how quickly the church can ensure new avenues for precise giving. For example, Latter-day Saint Charities carefully and thoroughly assesses each partner. “The last thing you want to do

is just give them money and then you really don't know where it goes," Bishop Davies said. "So we have both missionaries and area staff on the ground, feet on the ground, who actually are there, they can see that food's being distributed, or equipment, or schools are being built as part of our program."

"We have an obligation to the members of the church who pay their tithes and offerings to make sure that is going to organizations or areas that will actually meet a need," Bishop Waddell said. "The members of the church have a right to trust that it's going to be managed and handled well and not just thrown at issues."

The leaders said the church's expansion into more countries is increasing its ability and opportunities to help others.

"As the church has been established in many more countries, we develop local relationships with nongovernmental organizations and governments, and as we develop those types of relationships, we become aware of more and more needs," Bishop Caussé said. "In the past our humanitarian reach was done mostly either directly or through our partnerships with global organizations" the church trusts to ensure donations are effective. "We're going to see more and more partnerships with local organizations, because we are there and we are present and we know the people."

## **50 temples under construction**

While humanitarian spending is increasing, so are all the other costs associated with operating the church.

"The (financial) needs of the church are increasing and accelerating," Bishop Caussé said. For example, "There are 50 temples that have been announced that are either under construction or in preparation for construction right now, 50. That's huge."

The church has 167 operating temples, which come with operational and maintenance costs.





FILE - The Provo City Center Temple, which was built after a fire destroyed the Provo Tabernacle, is seen in March 2016. | Scott G Winterton, Deseret News

Among the other missions of the church is missionary work, which includes funding 399 missions and the travel and health care expenses of 67,695 missionaries.

Education is another massive expenditure that must be backstopped. Bishop Causé said the church's five universities and colleges, which educate 90,000 students, operate at a cost of \$1.5 billion a year paid for by tuition and tithing.

Previous statements by leaders show that tithing subsidizes well over half of the cost. That allows many students to graduate with little to no debt. Brigham Young University ranks No. 1 on the latest Forbes list of best value colleges.

Universities are only a portion of the church's education costs. It pays for a Seminary and Institutes program that provides religious education to more than 800,000 teens and college students around the world. The effort includes 50,000 teachers, Bishop Causé said.

The church operates 27 wheat storage facilities and funds nine refugee resettlement agencies in the United States. It also operates more than 100 bishops' storehouses full of food and commodities to help church members around the world.

Family history work is growing and the church allocates resources to obtain records and produce searchable records, Bishop Caussé said. There is urgency, because some of the records are deteriorating.



FILE - Steven Watrous scans a book at the FamilySearch free book scanning booth at the RootsTech conference on Feb. 6, 2016. | Deseret News Archives

All those growing and varied missions of the church are part of what its leaders call preparing for Christ's Second Coming.

"When we talk about preparing for the Second Coming, that doesn't mean we're hoarding money so that we have it when the Second Coming takes place," Bishop Waddell said. "In preparing for the Second Coming, we're talking about building temples

and providing places of worship and temples where people can receive sacred and exalting ordinances so we can gather Israel, we can do the missionary work in preparation for that day. And so, when we talk about preparing for it, that means all the work that's going on now.”

That work could be jeopardized by an economic disaster like the Great Depression, he said.

“There will come a time when all of these resources, reserves, will be necessary,” he said. “We don't know when, we don't know exactly in what form, but you think of the (Bible story of the) seven fat years and the seven lean years, there's so many examples in the scriptures that we strive to follow, whether it's the parable of the talents and not to bury the talent. We saw what the Lord did to that individual. We want to be ready for any contingency.”

## **Why tithe when there is a surplus?**

In the Bible and Latter-day Saint scripture, Jesus Christ commands church members to “pay one-tenth of all their interest annually” as “a standing law forever.” Church members believe scriptural promises that tithing provides spiritual and temporal blessings.

The bishopric said the law of tithing is a principle that works and, in addition to being a commandment, called it an expression of gratitude to the Lord.

“It's very valid and current in our world,” Bishop Caussé said, “and we see it over generations, how the gospel is blessing families and their lives.”



FILE - The Bishop's Storehouse at Welfare Square in Salt Lake City in 2016. | Deseret News Archives

Bishop Davies said paying tithing and fast offerings — the value of meals skipped during a 24-hour fast once a month — are spiritual commitments with promised blessings. Fast offering funds first stay within a ward or a branch to help people in the congregation. Excess funds are shared around the church.

He said the leaders of local congregations have the ability to obtain resources needed to help members of the church in their areas and reach out to strengthen others in their communities.

He and the other two bishops said they know it can be difficult for the poorest members to pay tithing, but all church leaders teach that all members should do so. They said no church member has to choose between eating and paying tithing.

Bishop Waddell said some are making an assumption that the church is bleeding the poor by having them pay tithing so it can amass reserves.

“It’s anything but,” he said. “They pay their tithing because it’s a commandment, and they are encouraged to, if they only have enough money to pay tithing or eat, ‘Pay your tithing and we’ll help with food,’ because the blessings that are associated with the payment of tithing will then be theirs, and they won’t go hungry, because we have the ability to assist them now.”



FILE - Volunteers slice and package loaves of bread at the Welfare Square bakery in Salt Lake City, Tuesday, May, 31, 2016. | Deseret News Archives

Bishop Caussé called it an act of faith to pay tithing and receive fast offering aid from other members. There is great concern that members all over the world be treated equally and fairly.

“There’s always the church reaching out to those people, making sure that nobody will be set aside and everybody will benefit from the great blessing it is to be a member of the church,” he said.

Church leaders use tithing funds and fast offerings from established areas of the church to help finance less-established areas, the bishops said.

“In these emerging countries of the church, there is no way that the tithing, although members are very faithful ... their tithing cannot cover all the expenditure, so it’s very important that members here in the United States and many other countries where the church has been established for a long time will contribute to it,” Bishop Caussé said. “There’s a great transfer of funds that happens, and it will be more and more in the future as the church develops in those countries.”

Bishop Caussé added, “In the center of everything that we do, is to care for those around us and to love our neighbor. And sometimes our neighbor can be in a faraway country.”

Bishop Davies said the number of church members who pay a full tithing is very close to the number who pay a fast offering.

## **Ensign Peaks Advisors**

The church transfers surplus tithing each year to Ensign Peaks to invest for a rainy day.

“The church practices what it preaches in terms of setting aside and having budgets,” Bishop Davies said. “We never expend more than what we estimate will be coming in terms of tithes and offerings. And also by definition we set aside a certain amount every year in reserve for those times when there will be a need, and there will be a need in the future.”

Ensign Peak invests in a diverse portfolio. Some of the money is invested in U.S. equities, which are stocks and bonds. Previous filings with the Securities and Exchange Commission have shown that Ensign Peaks’ various funds hold stock in companies such as Apple, Home Depot and Alphabet.

But that is just a portion of the reserve fund.

“In addition to the reserves that are invested by Ensign Peak, we have reserves invested in real property and commercial real estate, residential real estate and in agriculture,” Bishop Waddell said.

## **he church practices what it preaches in terms of setting aside and having budgets.” — Bishop Dean M. Davies**

That includes many large ranches and farms, which produce food to feed the hungry as well as provide long-term investment. The church recently bought a 15,000-acre, Dallas-area corn and sorghum farm with 10,000 head of cattle through one of its tax-paying agriculture companies, which include AgReserves Inc. and Farmland Reserve Inc. The property was listed for nearly \$50 million, the Dallas Morning News reported on Thursday.

“They are one of the largest cattle ranch operators in the U.S.,” Icon Global founder Bernard Uechtritz told the newspaper.

The church’s ranch holdings are public.

For example, the church owns 670,000 acres of cattle ranches, farms and timberland in Florida. It started Deseret Ranches of Florida in 1950. It shared information about the ranch in a 1975 issue of the Ensign, one of the faith’s magazines, and on its Church Newsroom website in 2016. The Deseret News wrote about the ranches in 2013 and also covered the purchase of the timberland. It is public information that the church plans to develop some of the ranch property over the next 60 years.

The church invests in stocks so it can capture the value in economic boom times. It invests in agriculture, commercial real estate, residential real estate and other financial instruments to hedge against inflation during tougher times.

“The church has an attitude of being very conservative, very prudent,” Bishop Causé said. “We really look in the long term. It’s not about having your reserves fluctuate all the time but looking into long-term care of those funds so they can be available to the church for accomplishing its mission. For example we have agricultural land that we look at with a 20- to 30-year perspective. It’s about how can we develop in a way that will be safe for the environment, that will be developing the land and the community, providing a great increase for the church or an interest of the church, but also preserving it for generations. That’s something that the church can do with its reserves that most businesses cannot do, because we are church. It’s a different way of reasoning.”



FILE - The Church Office Building in Salt Lake City.

## Blessing the receiver and the giver

The church has not released financial reports since 1959, when it ran a deficit. The financial policies it now follows, never spending more than it takes in and setting aside some money in a reserve fund each year, were established in the 1970s, prior to the tenure of any of today's church leaders. The late church leader President Gordon B. Hinckley explained the philosophy in the days after Sept. 11, 2001, which he called perilous times. "We cannot provide against every contingency," he said, "but we can provide against many contingencies. Let the present situation remind us that this we should do."

For the past four decades, media outlets have published newspaper series, magazine cover stories and books about the church's property, investments and reserves. In the latest example two months ago, a man posted information online that he said contained documents his twin brother took from Ensign Peak before he resigned last year. The man filed a complaint with the IRS alleging the church should be forced to pay taxes on the returns earned by Ensign Peak because it is not spending its funds. The Washington Post later reported that the twins have had a falling out.



Independent tax experts have told multiple publications the IRS is unlikely to act on the man's complaint because Ensign Peak is integral part of the church, legally known as an integrated auxiliary.

There have been no allegations of leaders enriching themselves, something noted in multiple reports on church finances. The church's general authorities leave their professional careers to serve as church leaders full time often at significant financial sacrifice.

Bishop Caussé said the church's work cannot be measured by dollars alone. He called the volunteer work of members an intangible, citing doctors and medical staff who train others and more.

"There are really two objectives of what we do," he said. "The first one is to bless the receiver, and the other one is to bless the giver, and both are equally important. So, we always look at 'Who is it that we can help,' but also, 'Can we provide enough opportunities for the members of the church to go and to reach out to others?'"

**Editor's note:** *The Deseret News, founded in 1850, is owned by Deseret Management Corp., which is owned by The Church of Jesus Christ of Latter-day Saints.*