

Some Thoughts About Ensign Peak Advisers and the Church

DECEMBER 17, 2019 BY SAM BRUNSON

The [Religion Unplugged](#) and [Washington Post](#) stories raise (at least) three important questions. I'm going to try to address all three here (though at least one will be really quick), and I suspect that this post will be unsatisfying both to those who want to see the church vindicated and those who want to see it get its comeuppance. And that's because, contrary to popular perception, the tax law isn't an area full of clear answers and bright lines. It's also because many tax issues are fact-dependent, and we lack many of the facts. To the extent that you want more information and analysis, Peggy Fletcher Stack has been doing some [great reporting](#) on this.

The three main issues I see are these:

1. Does the church have \$100 billion in securities-type investments?
2. Should the church have \$100 billion in securities-type investments?
3. Does the \$100 billion in investments violate the tax law?

Now, I have absolutely no answer to number 1. I'm slightly skeptical, just because growing \$12 billion in 1997 to \$100 billion today (with two significant market downturns happening in those 22 years) strikes me as requiring some pretty aggressive assumptions. On the other hand, it's at least plausible. And notably, the church has the ability to tell us how much it's worth. To the extent it chooses not to do so, assertions like this will continue to find traction. Since the ball's in the church's court here, and since I have neither knowledge of nor the ability to find out the net asset value of the church's investments on my own, for purposes of this post, I'm going to assume that he's right, and that the church has \$100 billion invested in Ensign Peak Advisers.

So on to the normative question: should the church be able to amass \$100 billion? In the first instance, that's not a new question; I was at a conference a couple months ago that asked that same question about private foundations and donor-advised funds. And it's been a big question in the university context: Harvard has been described as [hedge fund with a university attached](#). According to the story in the *Post*, the Harvard endowment is worth almost \$50 billion. That \$50 billion supports (or, if it were used, would support, at least) about 23,000 students and another 16,000 staff and faculty.

I don't think you'll find anyone (well, virtually anyone) who argues that tax-exempt organizations shouldn't be able to accumulate any assets. After all, [charitable giving is at least moderately cyclical, while need is countercyclical](#). In a downturn, there is more need for charitable support, while donors often can't give as generously.

On the other hand, \$100 billion is a lot of money. That's plenty to fund a lot of rainy days. Is it too much? Probably. What is the appropriate size for an endowment for the Mormon church, with its X million members and large non-investment real estate holdings that are self-insured? I don't know. It's definitely something north of zero.

A big problem here is that the terms of this discussion are hard to frame. We don't have a sense of how much a charitable organization should be doing. How much has to be comparative to its assets, but is there an absolute amount too? The whistleblower complaint raises these important questions. And we definitely should discuss them as they relate to the church. And I hope that, as we discuss it, we don't give into the tremendously Mormon cultural idea that this is a True Answer that we can arrive at. This is something that the institutional church should be grappling with, and that we as members should be grappling with as we grapple with our relationship to the church. But you're not one scripture away from proving that the church is using its money perfectly, and you're not one exposé away from proving that the church is a corrupt and selfish institution.

And finally, the descriptive question: is Ensign Peak Advisers violating the tax law?

It's not entirely clear. The *Post* reporters talked to [Phil Hackney](#) for the story, which was a really good move on their part. Phil is a friend, and knows a ton about the law governing tax-exempt organizations. And Phil points out that, if Ensign Peak Advisers has only held and invested money, and never paid any out, that's probably a bad thing.

Were you "offended" or were you "injured"?

When it comes to expressing how we feel, most people just are not very good at it. I think that is why many of us are so attracted to poets, painters, musicians, and dancers who can express how they feel (and by proxy how we feel). Whether it is because we lack the self-awareness to [...]

1. [toddsmithson](#) on Were you "offended" or were you "injured"?
2. [mdavidhuston](#) on Were you "offended" or were you "injured"?
3. [bagofsand](#) on Were you "offended" or were you "injured"?
4. [bagofsand](#) on Were you "offended" or were you "injured"?
5. [A Non-E Mous](#) on Were you "offended" or were you "injured"?
6. [wayfarer](#) on Were you "offended" or were you "injured"?
7. [Linda K](#) on Were you "offended" or were you "injured"?
8. [Anna](#) on Were you "offended" or were you "injured"?

THE LIVING CHRIST

THE TESTIMONY OF HIS APOSTLES

After the resurrection of Jesus Christ, the apostles were gathered together in Jerusalem. They were all filled with joy and gladness, and they praised God continually for the resurrection of Jesus Christ. They were all witnesses of the resurrection, and they were all witnesses of the ascension of Jesus Christ into heaven. They were all witnesses of the coming of the Holy Spirit upon the church on the day of Pentecost. They were all witnesses of the miracles and signs that were done by Jesus Christ and the apostles in the power of the Holy Spirit. They were all witnesses of the truth of the gospel of Jesus Christ, and they were all witnesses of the love and mercy of God the Father. They were all witnesses of the power of the Holy Spirit, and they were all witnesses of the glory of God the Father. They were all witnesses of the truth of the gospel of Jesus Christ, and they were all witnesses of the love and mercy of God the Father. They were all witnesses of the power of the Holy Spirit, and they were all witnesses of the glory of God the Father.



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Quick note here: when we're talking about potential tax violations, we're not really talking about the institutional church. Rather, we're talking about [Ensign Peak Advisers](#), a separate tax-exempt entity. As best as I can tell, Ensign Peak Advisers is an investment fund/adviser that the church uses to invest its additional money. And, according to the whistleblower, while money goes into Ensign Peak, it doesn't come out. Rather, it's invested and continues to grow.[fn1]

And this is potentially a tax problem. Ensign Peak Advisers is a "supporting organization" and an "integrated auxiliary." To qualify for a tax exemption, it (probably) has to meet the requirements of [section 501\(c\)\(3\) of the Code](#) independently. And, uncontroversially, managing a securities portfolio isn't one of the tax-exempt purposes listed in section 501(c)(3).

But. In 1964, the IRS released a ruling[fn2] holding that a corporation whose sole activity was to engage in a noncharitable business could qualify as tax-exempt. In the ruling, the IRS looked at a corporation that earned most of its money from renting out a building it owned and maintained. The corporation was organized for charitable purposes, and executed those charitable purposes by making grants and contributions to other charitable organizations. To qualify, the IRS said, it had to ensure that its grants were "commensurate in scope with its financial resources."

The IRS also blessed an arrangement where a tax-exempt hospital set up and funded a trust to pay out malpractice claims. Its sole purpose was to hold money and pay out the claims, and if its assets dropped below a certain point, the hospital had to make more contributions in. The IRS determined that, by serving as a repository of funds that the hospital could use to further its exempt mission, the trust qualified for an exemption. In that case, there was no discussion of commensurate-in-scope, and no discussion of the trust actually making payments.[fn3]

And what does "commensurate in scope" mean? That's a good question. And the answer is, nobody knows, precisely. In 1981, the IRS said that the commensurate-in-scope standard is very fact-specific. In that case, the IRS was looking at an organization whose claimed charitable purpose was to donate all of the net proceeds of an annual charitable fundraiser to a charity that it chose. The IRS decided that a blanket ruling that doing so met the commensurate-in-scope rule was inappropriate; even if this particular organization qualified, that didn't mean that every organization that held a fundraiser and sent the net proceeds to a charity met the commensurate-in-scope standard for tax exemption.[fn4]

It's worth noting that the fact that there is even a question is kind of unique to this setup. If the church were to do its investing in-house, there probably wouldn't be any question about exemption, because the church's exemption rests on its religious mission. Similarly, if the church invested in a normal outside investment fund (as opposed to a tax-exempt one), there wouldn't be any tax issue. Public charities can (and do) invest in outside investment funds, and they can leave their invested money there indefinitely. A normal investment fund doesn't have to have any kind of charitable purpose because it's not charitable.

The issue here is that we have a tax-exempt investment fund/adviser, the only activities of which seem to be investing. Because that's not a charitable purpose, it may have to meet the commensurate-in-scope standard to qualify for tax exemption.

Or it may not. Like I said, there's been very little description of what the commensurate-in-scope standard requires, and even less of what it applies to. Does it apply to a supporting organization (one of the two things Ensign Peak Advisers is)? Probably.

Does it apply to an integrated auxiliary of a church (the other things Ensign Peak Advisers is)? Maybe? There are no judicial or agency pronouncements I'm aware of applying the test to integrated auxiliaries. This is likely the first time this particular question has come up, at least to this degree. And, fwiw, under the Internal Revenue Code, integrated auxiliaries of churches are, like churches, treated differently from other tax-exempt organizations. They're presumptively not private foundations and they're not required to file returns. So are they also exempt from the commensurate-in-scope rules? I sincerely don't know.

I know that many of you came to get an answer to the question whether the church broke the law. The short answer is no, it didn't. It's possible, though, that Ensign Peak Advisers doesn't qualify as tax exempt. The standards are ambiguous, both in substance and in scope, though, so it's not completely clear that it does or doesn't qualify.

As for whether \$100 billion is too much for the church to have sitting, unspent: it's an important thing to think about. It's a question that the church needs to seriously engage. It's a question that we, as members of the church and as tithepayers, need to seriously engage. And the question of how large an endowment tax-exempt organizations (including, but not limited to, churches) should have is an important question we, as society and the voting public, need to engage with.

And ultimately, as we engage, we need to understand that there's not a right and a wrong answer to this. All we have is grey, and we'll swim in the ambiguity of grey. But as we talk and argue and fight over the amount, maybe we'll start to engage questions of the relationship of money and religion, of what the purpose of money is for a church, of how we (as stakeholders) want to see the church use the money that we help contribute. We can engage with why we contribute (or why we don't). Maybe we can become self-reflective, and look at how we use our own assets.

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And then maybe we can be more mindful as we make charitable and consumption choices.

Note: I'm not going to be watching the comments super-closely. If you have questions, feel free to include them, but forgive me if I don't respond, or don't respond quickly: I really do have other work I should be doing and family I should be hanging out with. Also, please keep the comments respectful. Don't go demonizing the whistleblower or the church. That doesn't mean you can't address them critically, but, for instance, the whistleblower's motives have no bearing on whether his complaints are founded or not. So why talk about them?

[fn1] In a video that I only watched the very beginning of—because ask me about my patience for YouTube videos where someone talks at the camera—the whistleblower says the church's portfolio is ~50% US equities, 10% foreign equities, 30% bonds, and 10% other investments, iirc. (My percentages are slightly off, but they should be close.) So kind of a standard portfolio.

[fn2] Rev. Rul. 64-182.

[fn3] Rev. Rul. 78-41.

[fn4] GCM 38742.

« \$100 Billion?!? (A Placeholder)

[Options for Financial Transparency »](#)

Comments

dlorenzen says:

December 17, 2019 at 1:40 pm

Thanks, Sam. I think this is an open question because, to some extent, few other charities out there create a separate fund from which no present spending occurs. Almost all of them have to balance savings vs. active spending to some degree, as the whole concept of an endowment evolved that way. So this really is just an unusual setup.

Gary Bergera says:

December 17, 2019 at 1:42 pm

Great framing questions, Sam. Thanks.

Paula K Soper says:

December 17, 2019 at 1:52 pm

Are employees of Ensign Peak Advisers employees of the Church?

josh h says:

December 17, 2019 at 1:57 pm

The Church is under no legal obligation to be more transparent in its finances. And some (not me) would argue that the Church is under no moral or ethical obligation either. But in this day and age (Internet, social media, etc.) I think the Church has many practical reasons to be more transparent. Six years ago the Church began to publish Gospel Topic essays as a response to the new times we live in (i.e. Internet). It's probably time the Church changes its disclosure threshold with its finances. Otherwise, expect many false attacks. Note: I'm not implying that this latest attack is false, only that it very well could be because we don't have information

Stephen Hardy says:

December 17, 2019 at 2:05 pm

Sam: I was hoping you would post something. Thank you. Is it a fair question to ask how this (unproven \$100 billion) compares to other religions or churches? There are few organizations like our church. Comparisons may not be possible. Still I wonder how much Methodists or others have tucked away

christiankimball says:

December 17, 2019 at 2:06 pm

Nice work, as always. Thank you Sam. For my selfish purposes, this is where I will send everybody who asks me questions that I don't have time or interest in getting into.

Given the nice way you have framed the questions, there are two somewhat related "conversations" happening in the tax world that I think should be noted:

1. Should there be required payouts from big endowments? The new excise tax on certain educational institutions' net investment income begins to address this question. The policy decisions captured in "should?" have interesting twists and turns. As does the question where the

burden of any tax or any other enforcement mechanism falls.

2. Should or when should we treat investment income as unrelated business taxable income? I view this as the “big picture” or principled question at the heart of your “violate the tax law?” third question. In other words, it’s one thing to debate the application of current tax law, gray as it might be (IS). It’s another thing to debate whether we have drawn the lines in the best place?

Bryce Cook says:

December 17, 2019 at 2:25 pm

For too long executive church leadership has tried to hide or suppress the more difficult parts of its history, theological development, and governance, not trusting that we members could handle it. This small cadre of leaders (who I believe are good men acting in good faith) have tried to control the narrative, treating us as a parent treats its child, asking us to just trust and obey, that they would never do anything wrong, that all they do is for our own good. But we are not children. It’s time that executive leadership starts treating its members as peers who can handle the truth, even when it’s difficult, presents ambiguities and may even cause some to disagree and leave. Along with being transparent with its history, it’s time the church become transparent with its governance and finances. We members are stakeholders, and I believe we have a right to know how our donations are being used, along with the church’s long-term planning and financial strategy for those funds.

Erik L. says:

December 17, 2019 at 2:26 pm

Great work – I’m glad we finally got your thoughts, especially so quickly.

This is the part I see my corner of the world grappling with: “This is something that the institutional church should be grappling with, and that we as members should be grappling with as we grapple with our relationship to the church. But you’re not one scripture away from proving that the church is using its money perfectly, and you’re not one exposé away from proving that the church is a corrupt and selfish institution.”

Unfortunately – this ‘expose’ (waiting until we have more substantiated evidence either way) isn’t the only one that the people in my circles feel the church is misusing funds. Comparing the church’s for-profit ventures vs humanitarian aid frustrates many. Expanding beyond the church, this is reminiscent of what we see often in Western economies: wealthy people and corporations hoarding money rather than putting it either into circulation or using it to help those in need.

David says:

December 17, 2019 at 2:28 pm

Thanks for this. In the longer video, the accusation that most disturbed me was that EPA reported their total assets as “over 1 million” when it was actually in the tens of billions. Would this be considered tax fraud, if proven true?

Dsc says:

December 17, 2019 at 2:45 pm

David, if there’s some reason that the 1 million is mentioned (e.g. there is some policy or legal threshold of a million dollars), then no, absolutely not. When the question is whether an entity has enough money to meet whatever obligation is at issue, there’s no reason to state anything other than the number in question.

The video and the document are both high in rhetoric and unfortunately low in legal analysis. For example, the claim that EPA only spent money on two for-profit entities is an argument from ignorance: the author does not have information about other expenditures or does not have information indicating that the expenditures were treated as a loan. That claim only works if the claimant in fact has comprehensive information. By the whistleblower’s own admission, he did not have a complete picture.

Bryan S says:

December 17, 2019 at 2:46 pm

Sam, this is excellent, thank you. I have a few related questions, don’t know if you or others can shed some light on these?

1. HOW MUCH SHOULD THEY HOLD. Assuming the “billions” number is true, do we have any idea how long this would allow the church to continue if a serious downturn happened? I assume that’s a major consideration for the Church, and requires a perspective we necessarily do not have. But given all the holdings and assets the Church is asked to maintain, it seems plausible that 100 billion actually wouldn’t last that long. Hence, yeah, the Church could be way more generous in the short-term, but if their goal is to last 10 years during an economic downturn, then A) that value would presumably have shrunk a lot, and B) how much would that value last then?

2. SHOULD THE CHURCH BE TRANSPARENT. Bryce made an interesting point about us being “shareholders” in the church. Under this model (the Church is a business, I own “equity” in that

business, therefore I'm shareholder) then yes, transparency absolutely should happen. But. But. I'm not convinced that my relationship to the church is or should be that of shareholder-business, and therefore I'm not convinced that transparency is required or even wise. So what should my "relationship" be with the Church, if not shareholder? And what does this tell us about transparency?

3. WHAT DOES TRANSPARENCY MEAN. If the Church *were* to be transparent, what would that even look like? What information would we need to make the Church's finances "transparent"? I worry that if the Church were to be fully transparent, I wouldn't know how to interpret the data. I'm not a trained economist. What do we mean when we say we want transparency? How much would be wise? Is it everything? Some things?

4. HOW SHOULD THE CHURCH BE GIVING. If the Church were to be more generous, how would we want it to be so? There's a wide array of causes in the world: which matter the most? I'm sure there's a number of acceptable answers, but I guess that I were in the role of Prophets and Apostles; knew we had a certain amount to spare; and could spend it any way we wished, how would I even begin to assess where to put that money?

Larry Vollintine says:

December 17, 2019 at 2:46 pm

Great article and should be the basis for continuing dialog with Members, non-Members, the Church administration and General Authorities. But, per the WAPO article, the whistleblower mentioned two outlays from Ensign, viz., bailing out Beneficial Life, and investing in the City Creek development. My questions are: (1) why on earth does the Church need to run an insurance company, let alone bail one out? Certainly there are lots of insurance companies around to fill the insurance market needs in Utah and elsewhere. Further, I don't think a church should create and run an insurance company that would compete in price and coverage with a for profit enterprise. (2) I accept the rationale for the Church's investment in City Creek, that the area so close to Temple Square was supposedly in need of redevelopment and SLC needed the economic stimulus back then. But, then, I think the Church should sell its equity interest in the development, take the profits and move on to other more charitable ventures. IMHO, Thanks

Heptaparaparshinokh says:

December 17, 2019 at 2:49 pm

@Bryce Cook: I believe the term you're looking for is "milk before meat." It worked in 1970, but it doesn't work today—although, as calling tens of thousands of young people to serve proselytizing missions where they have nothing to do for half their waking hours demonstrates, many people in the Church are very emotionally vested in things that stopped working a long time ago.

Jared says:

December 17, 2019 at 2:51 pm

I believe one of the important allegations in the whistle blower's filed complaint is that Ensign Peak Advisers made significant bailouts to Beneficial Life and the City Creek Mall and that those bail outs were not properly documented/reported as loans or investments and that those bailouts could undermine EPA's 501(c)(3) status.

rah says:

December 17, 2019 at 2:54 pm

Thanks Sam for the run down on the intricacies the state of things like the commensurate requirement. One question you didn't seem to answer that seems central to the claim of tax evasion was the documented disbursements from Ensign Peak to the two for-profit entities – Beneficial Life and City Creek. If I understand correctly the fact that funds were used in this way is in and of itself a problem for the rules around non-profit tax exemption. Also the claim which is hard to verify since it is claiming an absolute without a full documentation that these were the ONLY disbursements EP made which might inform how regulatory agencies interpret where they fall within the rules. Can you comment on that?

Andrew says:

December 17, 2019 at 2:55 pm

Something to consider, David Nielsen (the whistleblower) is likely done with his career in the investment world for taking this action. That is, no future fund manager will likely hire him for breaking trust with his employer (this happens to all whistleblowers). Thus, his decision was likely very calculated. Either he's independently wealthy and has beef with the church, or his report has teeth and he's willing to play with the probabilities of a massive payout (via whistleblower incentive provisions); maybe it's some mix of those two options. Personally, I care less about Ensign Peak potentially evading taxes. I care a lot about how funds of the church are deployed for charitable cause. Something I wish we knew more about. Maybe this whole thing will spur change along these lines...

Dsc says:

December 17, 2019 at 3:03 pm

Andrew,

Have you read the report? It is clear it is based on a beef with the church. If he thought this thing had legs, he would have hired a lawyer and would have included far fewer snide, childish remarks.

lastlemming says:

December 17, 2019 at 3:03 pm

why on earth does the Church need to run an insurance company

Beneficial Life was founded in 1905, a period when the mutual distrust between Mormon Utah and the rest of America had not yet dissipated. Inertia kept it going once the Church entered the economic mainstream. After the bailout, the company stopped issuing new policies. It now exists solely to pay out claims against pre-2008 policies. It is not competing with anybody.

ChrisClarke says:

December 17, 2019 at 3:06 pm

What is the difference between a rainy day fund and hoarding? I guess it would be the number. The fact that 100B is about twice as large as the Bill and Melinda Gates Foundation – the largest private charity in the world – is telling.

I'm still processing how large the number is. Also acknowledging that these are only the holdings of EPA. The Church's assets may easily be double 100B, if we include their real estate holdings, according to the whistle blower.

Ben says:

December 17, 2019 at 3:06 pm

I believe Beneficial Life was the Church's own insurance company for its employees. I say was, because according to wikipedia, it quit writing new policies in 2009. It's a means of saving money by shortening the supply chain and keeping it in-house, and a savvy move. I've read a good essay on this somewhere (maybe here?) but can't recall.

CwB says:

December 17, 2019 at 3:11 pm

Dsc the videos are of the whistle blowers brother, not he himself. You are right that he is often snide and childish though

Nate Oman says:

December 17, 2019 at 3:15 pm

Great post.

One piece of evidence that there is no One True Answer on financial reserves: The Church itself has pursued different strategies over the course of its history. The current strategy was implemented by N. Eldon Tanner in the early 1970s. This isn't how the Church operated before then when it more or less spent all its revenue and would even take on debt to meet operating expenses.

If the point of keeping mum about its finances is that the Church wants to avoid awkward publicity, it needs to weigh that against the awkward publicity created by secrecy. As a purely PR matter, I am skeptical that the Church's current strategy, which was frankly adopted so as not to air the Church's financial embarrassments in public under the later DOM administration, makes a lot of sense. You get awkward publicity either way, but you know what generally doesn't make the news: routine disclosure statements.

Andrew says:

December 17, 2019 at 3:18 pm

Dsc,

Yes I read the report. And like CwB says above, the report we're all seeing was compiled by Lars, David's brother, who clearly has beef with the church. I think it's Lars trying to add to the list of anti-Mormon literature. We've had "Letter to a CES Director" and now we have "Letter to an IRS Director." This report is most likely not the actual whistleblower that was sent to the IRS. And I would be shocked if David Nielsen didn't hire a lawyer to navigate him through the whistleblower process. If the IRS pursues this and revokes the tax-exempt status, David Nielsen is walking with A LOT of money, and an attorney would be happy to have a chunk of that as well.

bd says:

December 17, 2019 at 3:24 pm

Some countries do require the church to report on finances, but you still only get a small glimpse, not a whole picture.

The UK reports are here: <https://beta.charitycommission.gov.uk/charity-details/?regid=242451&subid=0>

Looking at the documents, one thing that does make me wonder is in the “restricted” funds. There’s a specific amount of money that is set aside for humanitarian aid. Here’s the 2018 PDF, it is on page 31:

[Click to access 0000242451_AC_20181231_E_C.PDF](#)

As far as I can tell, there haven’t been any significant expenditures from this fund in years (see reports for previous years), and it is now sitting at 3.7 million pounds as of the end of 2018, up from 1.2 million at the beginning of 2014. Perpetual education fund (at least for the UK) is similar, money coming in but not going out.

I believe Canada and Australia has similar reports, but none of these really represent the money centers of the church.

Christopher Smith says:

December 17, 2019 at 3:29 pm

So, the return is good, but not all that exceptional. The average S&P 500 return is 10%, so if the whole \$12 billion had been put into the S&P 500, you’d have about \$97 billion 22 years later. Factor in that the Church has added \$1 billion per year (thus an additional \$22 billion), and you only need a more modest 7% rate of return to get you there.

Nate GT says:

December 17, 2019 at 3:39 pm

“We’ve had “Letter to a CES Director” and now we have “Letter to an IRS Director.””

Victimhood complex comes out. How about we truly keep an open mind about this and seriously consider the possibility that the church did indeed violate tax code and is not worthy of its tax-exempt status.

David W Fletcher says:

December 17, 2019 at 3:39 pm

Sam, this is perfect, thanks.

Steve says:

December 17, 2019 at 3:43 pm

Sam, the Revenue Rulings you cite don’t deal with integrated auxiliaries of churches and are not on point. Churches and their auxiliaries have much lesser requirements for tax-exempt status than typical charities. A better indication of the IRS’s position that squarely applies to the Ensign structure is Revenue Procedure 96-10, 1996-1 C.B. 577, where the IRS stated that an organization operated, supervised, or controlled by a church and is engaged exclusively in managing the funds of the church is exempt from any Form 990 filing. I don’t think the Church should have anything to worry about from the IRS.

Andrew says:

December 17, 2019 at 3:59 pm

Quoting Nate GT: “How about we truly keep an open mind about this and seriously consider the possibility that the church did indeed violate tax code and is not worthy of its tax-exempt status.”

What possibility has potentially greater ramifications? EPA violating the tax code and losing tax-exempt status? Or that the church has \$100b+ in idle liquid assets? To me the important question, and consistent with one of the questions raised by Sam, is “Should the church have \$100 billion in securities-type investments?” I think it’s likely the church actually has this \$ in EPA. The tax-exempt issue can be explained/forgiven away by a compound screw up by a human being(s). The \$100b question is really important to me. How much good could the church do with this money? A LOT. I’ve said many prayers hoping one day the church will be a champion for charity and caring for the fatherless and widows. Imagine the # of foster children / orphans from poor countries could be placed into quality homes with this money. Imagine the micro loans that could be extended to poorer economies and thousands of senior service missionaries sent worldwide teaching simple principles of economics/business and lifting people from poverty. Imagine the amount that could be spent in Africa on education to lift from poverty, rather than tithing as it has been suggested. Imagine the increased # of students that could be admitted to the church’s schools. Imagine... Imagine...

What good is all this \$ in the stock market if it’s being saved for Christ’s coming? The church lost

money during the last financial crisis. Who's to say they won't lose \$50-80b when the markets fail ahead of apocalyptic events (underlying assumptions here) if that's what this money is being held for...

Rosemary N. Palmer says:

[December 17, 2019 at 4:06 pm](#)

How would it be constitutional to tax tithing at all, or to require a religious entity to pay a certain percentage or anything annually. Isn't that protection how EPA is described as an integrated entity? I don't see 501c3 laws as having been designed to govern or restrict churches, even though I know that at least in the last 20 or so years, perhaps most have chosen that entity for governing itself.

Dsc says:

[December 17, 2019 at 4:12 pm](#)

Andrew, I think it's pretty clear from both WaPo's reporting and the report itself that, with a few alterations noted by Lars, this is what David submitted to the IRS. I also would be shocked if David didn't hire a lawyer, but the final product is pretty clearly not written by a lawyer (or at least not one that will retain his license for very long).

Kevin Barney says:

[December 17, 2019 at 4:14 pm](#)

I suspect the conservative psychology of this hoarding (if such it be) is grounded in memories of the extensive deficit spending from the 50s and 60s which if unchecked would have bankrupted the church. That practice is why the church stopped annual reporting in 1959. Soon the annual deficits mushroomed from \$8mm per annum to \$32mm. N. Elden Tanner ride I'm on a white horse and save the church's bacon. But just because your average member has not the slightest idea about this doesn't mean our current leaders don't still have nightmares about it.

jimbob says:

[December 17, 2019 at 4:16 pm](#)

"How about we truly keep an open mind about this and seriously consider the possibility that the church did indeed violate tax code and is not worthy of its tax-exempt status."

I've got that open mind. But at the same time, everything we "know" about this situation comes from the author, someone who very much appears to have an ax to grind. If the facts are as he presents them, then we've got a lot to sift through to understand, and I'd like to do it. But my experience tells me that someone with an ax to grind doesn't always give you all the unvarnished facts, so I'm proceeding with a fair amount of caution that not everything he's saying is objectively true. (That said, I agree with comments above that by not disclosing anything, the Church has left itself open to these very sorts of issues.)

Ronald Schneider says:

[December 17, 2019 at 4:45 pm](#)

There are multiple issues, as noted. One I haven't seen raised (apologies if I just missed it) is the at least appearance of dishonesty when the Church takes some cost-cutting measure and justifies it based upon the supposed need to use those expected-to-be-saved funds for some important purpose as though they don't have billions of other dollars that potentially could be used instead of forcing the negative consequences of the cost-cutting on the Church / members. Unlike the failure to disclose, this is to me a more problematic, at least appearance of, active dishonesty.

Lcn says:

[December 17, 2019 at 4:54 pm](#)

The Savior should have more aggressively defended himself to Pilate, Caiaphas, and the mob.

By not doing so, he exposed himself to the sorts of issues that not only led to his death, but the death of good disciples, and ultimately a million or so Jews who later revolted against the Romans and died in the process.

Critics always can play counterfactuals to their advantage. The reality is the church could spend 25% of that money and without strong generational foundations in place you'll see more more suffering.

Want a bunch of wells and schools in Africa? Within a generation those wells will become disease be vectors on a mass scale as they fall into disrepair and the school buildings will be dilapidated slums.

The church can't outgrow the underlying cultural, civic, physical and especially spiritual "infrastructure".

Know the best way to change the world? Missionary work. If there's anything I'd like to see done

if I could put on my big spender hat, it would be to call a generation of family husband and wife Missionaries and there families into the world from areas with a strong church culture of temple attendance. That's what the world needs. More of those people consecrating their lives in full time service.

Anonymous says:

December 17, 2019 at 4:57 pm

It's worth remembering that if part of the justification for hoarding that much money is to make sure private universities remain solvent, that in and of itself is a long term investment. 100 billion could have easily come from here. Is 450 million enough to keep BYU going for awhile?

<https://www.deseret.com/2012/5/1/20501847/pfizer-financial-report-notes-450-million-settlement-with-byu-in-celebex-lawsuit#pharmaceutical-giant-pfizer-and-brigham-young-university-have-settled-a-multibillion-dollar-settlement-in-a-lawsuit-involving-the-drug-celebex>

Gilgamesh says:

December 17, 2019 at 5:03 pm

Andrew said "Imagine the micro loans that could be extended to poorer economies and thousands of senior service missionaries sent worldwide teaching simple principles of economics/business and lifting people from poverty. Imagine the amount that could be spent in Africa on education to lift from poverty, rather than tithing as it has been suggested. Imagine the increased # of students that could be admitted to the church's schools. Imagine... Imagine..."

The church is already doing much of this (aside from the micro-loans) through the Perpetual Education Fund and the worldwide Pathways program. Fortunately, they have been able to create other funds to cover these needs, but I imagine, as they grow, these programs will continue to get the funding they need to be sustainable.

As for micro-loans, I would not be surprised to see the church begin such a program. But, I can also see the church getting reamed for "lending" and not giving money to those in need.

As for the OP, I have no problem with the church amassing a large rainy day fund. Yes, I tithe, and to me, it is better stewardship to hold the funds than to spend them on unsustainable projects.

Ali says:

December 17, 2019 at 5:05 pm

Good explanation of the law and why ultimately this is a complex determination for the IRS to make

As for the scale of the fund

If the Church had to double their activities with half the tithing in the case of an extended economic depression like the 1930s

That fund would be gone in about 5-10 years, depending on how its own assets changed in value and how the price of services changed

John H says:

December 17, 2019 at 5:06 pm

One thing I find interesting is that there probably should be some sort of risk adjustment to the actual figure here. If described as a rainy day fund, 100B probably isn't 100B when that rainy day hits. It probably is worth much less if liquidated at rainy day prices. So, is 100B too much? Maybe not when it gets its rainy day haircut.

Joel Wakefield says:

December 17, 2019 at 5:08 pm

Putting aside the tax implications (and if Sam says the test is fact dependent then ultimately it will depend on the decision of someone within the IRS, and we get to debate it until then), the interesting part to me is that accumulation has (somewhat understandably) become the default goal, but without a strong impulse toward charity to temper that goal.

I think I understand the "accumulation as a goal" mentality – the persecution-inspired exodus west followed by the government using very direct economic tools against the church in the late 1800s, followed by financial recovery but then a depression in the 1930s all seem to have contributed to an overall "save and hold" mentality in the 50s-70s. And when that came to a head with Harold B. Lee and N. Eldon Tanner, it flowed seamlessly in parallel with the correlated doctrine of self-reliance – it is no wonder that accumulation of assets became an important goal in and of itself.

Of course, the accumulation mentality is not unique to the church – the Catholic Church is an easy comparison on this front. Accumulation was fueled by other factors there (power, etc.), but those other factors led to a similar tendency for accumulation of wealth.

But over the Catholic Church's long history various somewhat independent movements

developed, many of which originated with a focussed mission of service and charity. The Missionaries of Charity, the Sisters of St. Francis, St. Francis de Paul etc. all emphasized helping the poor or providing health care, and those orders could have that focus without having to worry about the overall doctrinal or financial direction of the church as a whole. As a result, the accumulation mentality in the Catholic Church seems to have been tempered over the course of history by these quasi-independent charitable groups that developed and have maintained the vision of service for the poor as an important value for Catholics. Yes the institutional church continued to accumulate, but the “side ventures” kept charity alive as an additional core value.

But the LDS Church doesn't have those forces to temper the accumulation mentality. All of the funds accumulated by the Church are controlled and their expenditure directed by central leadership, without any significant outside forces that see temporal help to the poor and the needy as an independent priority to compete with accumulation. This is in no way to say that the leaders of the LDS Church aren't individually charitable, or that they only want to accumulate and affirmatively do not want to help those in need. I, for one, do not believe this is true. But there does not seem to be either a big picture charitable vision, nor is there an outside influence like the Sisters of Charity to influence church leaders (there is really no way for a Mother Theresa to develop or exist in the LDS Church). And without these factors, it is understandable that accumulation would become and remain the prime directive by default.

Interestingly, the charitable instincts are there and sometimes they percolate out to varying degrees. Someone at a very high level was able to get the “care for the poor” inserted as part of the 4 fold mission of the church (though seemingly without a specific idea of how this should be implemented beyond the distribution of fast offerings). And at some point someone in the COB came up with the idea that the church could provide wheelchairs to people who needed them and that has become a very targeted but successful bit of micro-charity (similarly with drilling wells in some areas of the world). That shows that clear and specific projects and an enthusiastic champion can generate a willingness within the Church to expend funds that will directly help the poor. The \$40M per year is small relative to the overall numbers, but I think those are real dollars and they show the church can benefit individuals when there is a clear need and a clear program.

But it seems to me that without someone in the Q12 or in the RS Presidency (a lot harder, of course) willing to essentially dedicate his or her lifetime ministry to developing and influencing a very specific and big picture vision of organizational charity – and without the ability for independent orders to develop a parallel vision such as happened in Catholicism – then the continued accumulation of assets will be the natural and default goal, and actual charitable activities will remain a side note.

Anonymous says:

December 17, 2019 at 5:23 pm

“But there does not seem to be either a big picture charitable vision, nor is there an outside influence like the Sisters of Charity to influence church leaders (there is really no way for a Mother Theresa to develop or exist in the LDS Church)”

I am personally aware of requests made to The Church by physicians in a long sustained effort to prevent blindness among leprosy patients in Yemen. The Church refused to donate even modest sums and the physicians secured their funding from private sources and the Catholic Church. So we're clear – The Church refused to help leprosy patients and left that work to others.

<http://eoisanaa.org/mother-teresa-left-a-lasting-impact-in-yemen/>

Anonymous says:

December 17, 2019 at 5:39 pm

“But there does not seem to be either a big picture charitable vision, nor is there an outside influence like the Sisters of Charity to influence church leaders (there is really no way for a Mother Theresa to develop or exist in the LDS Church)”

There very easily could have been, and The Church simply chose not to. Perhaps now, they have a better idea of what to do with their money now that it's been brought to their attention. Again.

[Click to access v56n4a12.pdf](#)

footballfever8 says:

December 17, 2019 at 5:43 pm

I have a friend who used to work at Ensign Peak that mentioned to me last year that the church was sitting on a VERY substantial war chest. It didn't surprise me in the least, but made me wonder why the church was not actively disbursing funds for charitable causes on a much more regular and generous basis.

If I were running the church (God forbid), I'd setup a \$10B fund that actively invests in charitable, not-for-profit pursuits. Acting as a sort of venture capital fund for charities and non-profits, Ensign Peak would have its pick of the litter on great initiatives without having to be involved in the day-to-day operations of each initiative. Eligibility to receive funding would not be contingent on church membership, thus becoming the primary source of non-profit funding in the world and furthering its mission in a way that is not replicated anywhere else.

Stathead says:

December 17, 2019 at 5:49 pm

One way to think about \$100B.

If we cashed out and divided that money among 15M members, how much would each member get?

Answer: ~\$7k each

Thinking about it that way does not make it seem like too crazy of an amount to save up for a rainy day.

Anonymous says:

December 17, 2019 at 5:53 pm

Just a thought, but the commensurate in scope analysis likely (read definitely) does not apply to most passive investment activity (let's set aside real estate investment). PFs have essentially a 5% distribution requirement. Type I S.O.s (which Ensign likely is) do not have such a pay out requirement. If the CIS analysis applied to passive investment activity many Type 1s, and many more PFs, would be revoked. The question here is not whether Ensign is furthering charitable activities commensurate in scope with its investment activities. It's really how many partnerships they are invested in (whose underlying activities are attributable to Ensign) compared to their overall charitable distributions (and other charitable activity). Just a thought.

Geoff-Aus says:

December 17, 2019 at 5:54 pm

A while ago I was trying to refinance a property loan. If I could borrow from this church fund up to twice the amount I paid in tithing that would do.

Alternatively it could be used for a reverse mortgage, so members can borrow against the value of their home so their retirement can be comfortable, then paid back by selling the house after death. If they have a billion sitting in Aus I would be willing to help.

I would think members would be a good risk.

Or the noble stuff mentioned above.(not meant to be snarky)

John Mansfield says:

December 17, 2019 at 5:59 pm

What public statements should be expected from IRS regarding this submission? Could this end up a one-day news splash that leaves no official trace?

John says:

December 17, 2019 at 6:07 pm

Inasmuch as Ensign Peak generates profits outside of its services for the Church, it pays taxes. The 2018 filing indicated they paid \$1.2 M to the IRS.

David W Fletcher says:

December 17, 2019 at 7:40 pm

I'm happy to know that the Church is conservative with its money, but quite disturbed when I think of how that money might have been used.

Chadwick says:

December 17, 2019 at 8:10 pm

I second Nate Oman's thoughtful comment.

Dsc: Dude, we get it. Your MO is to attack the messenger. We heard you the first time.

Daniel says:

December 17, 2019 at 9:41 pm

Interesting how once the Church's financial strength is revealed it becomes berated for managing its funds and reserves the way any person or organization would like it be. Shouldn't the Church receive praise not criticism? Imagine if the Church was in the red just \$1 billion. How would everyone judge the Church in that scenario?

I am a firm believer that the greatest acts of charity are not with funds, but with compassionate service with the hands and hearts of everyday members. Just spending money does not solve the problem of poverty, illiteracy, and disease. Look at our own health care and education system. Our own government cannot even reverse negative trends despite enormous amount of funding and programs. The Church's mission is much deeper in how it impacts lives that any metric cannot measure.

Steve says:

December 17, 2019 at 9:55 pm

So, someone tell me again why the church fired all the janitorial staff and now mandates the members clean their own churches? Seems to me people were saying "the church was falling on hard times".

Next time I get asked to clean, I'm telling them to stuff it.

ST Miller says:

December 17, 2019 at 9:56 pm

Does any other church handle its finances in the monolithic way we do? I can't think of one. I know the Catholics do not. When all your resources are in one pot it makes an easy target.

tk729 says:

December 17, 2019 at 10:12 pm

Steve: I've heard from Church leadership that the decision to have members clean the building had nothing to do with money as it could have been definitely financed. The purpose was for members to have greater respect and ownership of the worship place. As a tithe-payer and someone who has to clean a messy house full of kids, I understand the sentiment.

I actually just signed up to clean the building the first weekend of January and am happy to do my share so no worries, I got you covered my friend.

Andrew H. says:

December 17, 2019 at 11:24 pm

I like James Goldberg's take on tithing and the WaPo report.

<https://mormonmidrashim.blogspot.com/2019/12/on-churchs-investment-accounts.html>

Miles says:

December 18, 2019 at 2:47 am

1. I noticed that the Church's response chose to critique a "narrow perspective" rather than dispute the factual claims. Due to this, in combination with the previous revelation linking the church with \$32 billion in stocks, I find the \$100 billion figure to be quite believable.
2. Lets do a little math. According to the complaint the church takes in \$7 billion and spends \$6 billion annually. Suppose an extremely severe depression could cut collections in half to \$3.5 billion. That would leave the Church with a \$2.5 billion shortfall assuming that costs can't be cut. A \$100 billion rainy day fund could cover that shortfall for 40 years. Personally I would call that excessive and wonder whether any organization has ever similarly positioned itself. I find it especially excessive for an organization that bears the name of someone who made forsaking wealth (and using it to serve the poor) an important part of his teachings.
3. I'm less interested in the tax question because I don't think any organization should be tax exempt if their finances aren't made public. Did the Church violate tax law? I don't think we will ever find out. I wouldn't be surprised if the IRS spends very little, if any, time investigating.

If find Hinkley's quote interesting that the Church's financial "information belongs to those who made the contribution, and not to the world." Obviously members and tithe payers don't have access to any more information than anyone else. I imagine that if Joseph Smith set out to amass a huge sum of money that there would at least be revelation explain how and/or why. Nowadays we don't even get that.

John Mansfield says:

December 18, 2019 at 4:25 am

In equilibrium it seems that the assets of the church would be proportional to the wealth of those who have a tithing relationship with the church. If six million tithers averaged \$150,000 in savings each, including pension funds, that would total \$900 billion. A quick search pulls up a CNBC story that begins, "The average American household has \$175,510 in savings as of June 2018."

lcn says:

December 18, 2019 at 5:38 am

Miles, if 50% of us lost our jobs, do you think that \$100 billion fund will continue at that size? No. It would end up being \$30 billion, if even (many of those companies that are invested in would evaporate if their shares fell so drastically). The great depression saw unemployment rates of 25% and the market dropped from its high to its low by 40% on average. Obviously, there's a lot of unknowns, but that \$100billion could become comparatively worthless overnight if half of the people working for those companies and buying from those companies are suddenly out of work. No customers to buy products, no customers to sell shares to.

I'm amazed that some believe a global charity organization, with all the assets the church owns would be seen as having excessive wealth at \$100billion. People contrasting this with Bill Gates foundation are interesting. The church is much larger, has far more fixed assets, and affects far more people and has a stewardship responsibility far greater than Bill Gates.

\$100 billion in stock is 2x the value of the amount of CASH that Amazon has on hand. It's certainly big money, but AIG lost all of that amount in a single year. While \$100billion is certainly a lot, when you build and maintain revenue draining assets across the globe, across generations, and self-insure them, and in essence self-insure your membership if they hit hard times, it's not that much.

Latam girl says:

December 18, 2019 at 6:18 am

John Mansfield – please don't use average when discussing skewed distributions (income, savings) when trying to generalize to the population. It's misleading and unhelpful. Use the median.

I think I found the same article you did:

"The average American household has \$175,510 in savings as of June 2018.

That may sound like a lot, but an average can't tell the whole story, since millions of families have nothing put away at all while others manage to be super-savers. Indeed, as it turns out, the median American household has only \$11,700."

<https://www.cnbc.com/2018/08/28/how-much-money-americans-have-saved-at-every-age.html>

D. Fletcher says:

December 18, 2019 at 6:35 am

Couldn't they have paid for the missionaries? Talk about slave labor...

Joe says:

December 18, 2019 at 7:00 am

1. It's not the amount of money. It's that the church requires tithing from even the poorest, when it has no need of it. I'd much prefer to donate to a NFP organization that immediately needs the money and tells the public what they do with it, like our local women's shelter. Not to fund BYU (and the privileged attendees there), pay the general authorities stipends (and their kids/grandkids BYU tuitions) or be invested in a fund like this.

2. Should the church really be investing in the stock market, for the reasons noted in many comments? If there's a market downturn, whelp, there goes the Lord's money. (Disclosure – I invest. Just thinking aloud).

3. Are we supposed to pay tithing on investment income? I'm not at the point yet where I withdraw from my 401k, but when I do, am I expected to tithe the difference between what I put in and what I get out? The church won't give me back tithing if my investment loses money, but am I expected to pay tithing on the increase? If the church or EPA doesn't treat the investment income raised from tithing like tithing, should we?

John Mansfield says:

December 18, 2019 at 7:02 am

Latam girl, I thought about the average/median distinction before writing. In this case average is very relevant, somewhat by definition (mean = total/population), as I was contemplating the assets of the church in comparison with the combined wealth of all its tithers. That most of that wealth is held by a small minority does not change the sum.

No More says:

December 18, 2019 at 7:08 am

Sam Brunson is quoted here in this CNN article.

<https://www.cnn.com/2019/12/18/us/latter-day-saints-charity-funds-complaint/index.html>

nobody, really says:

December 18, 2019 at 7:56 am

>Alternatively it could be used for a reverse mortgage, so members can borrow against the value of their home so their retirement can be comfortable, then paid back by selling the house after death. If they have a billion sitting in Aus I would be willing to help.

Reverse mortgages in the United States have had an 18% historic default rate. Imagine the press when the Church Police starts the eviction process because the Elder's Quorum wouldn't fix Sister Schumer's roof.

There are lots of ways for people to give to charity – there's nothing that prevents LDS people from donating to those charities. I remember the United Way in Salt Lake City doing a big bellyache session at my workplace once claiming that while Utahns gave more money to charity than any other state, they didn't give it to "real" charities. (Now my workplace is warning us that giving to the United Way, and by extension, the Salvation Army, could get you fired if someone else in the workplace complains that you're a bigot.) Find a charity you like and support it with time, talent, or cash. Our church doesn't have a monopoly on truth or good works.

Sean Grimes says:

December 18, 2019 at 8:30 am

According to Cornelius a Lapide, Thomas Aquinas once called on Pope Innocent II when the latter was counting out a large sum of money. "You see, Thomas," said the Pope, "the church can no longer say, 'Silver and gold have I none.'" "True, holy father," was the reply; "neither can she now say, 'Rise and walk.'"

mtp says:

December 18, 2019 at 8:36 am

I disagree that charitable funds necessarily have to be used for things that become a black hole of spending without any benefit. If temple sealing are so important why can't bus trips be funded for worthy couples and families who otherwise can't get to the temple at all or without great hardship? If missionary work is so critical why not make it financially accessible to all?

Any why is the assumption that during hard times tithing and other donations will go to zero? Less, even substantially less certainly, but not zero.

For many funds are limited and the funds a person donates to our Church may be all they can do. So to turn around and say if you don't like it give even more somewhere else seems overly harsh. There's nothing wrong with wanting an accounting of where your donations are spent. Apparently President Hinkley agrees, but then he liked "mormon" so maybe some think he was just working for Satan and discount his remarks?

Frank Pellett says:

December 18, 2019 at 9:30 am

Tangentially, will the IRS have much bandwidth to invest in this? Bandwidth was limited before this administration, and has only gotten worse.

queuno says:

December 18, 2019 at 12:34 pm

Regarding BYU – the church has said that it covers 70% of the cost. Tuition is going up to \$6000/year next year, so that's about \$14K for 32K students, or \$448M a year. The Celebrex settlement covers 1 year of tuition subsidy.

Tom Russell says:

December 18, 2019 at 2:23 pm

I am not a financial analyst but as a past branch president serving overseas, my insights into this issue are these: (1) The tithing and fast offering amounts our wonderful branch members were able to contribute were very small compared to the much higher daily costs of operating our branch and the cost of our welfare needs. While my requests for funds were evaluated by area authorities, my proposed expenditures were approved, often for long periods of time. As the Church continues to grow rapidly in areas of great poverty and costs will be much higher than income, I am grateful the Church insures it has future funds to help. (2) To those who question how our Church spends money, set aside two years today, serve a senior mission and then decide if Church funds are being well spent and reserves are appropriate. The financial future of our nation is frightening. Our nation is hurdling into a devastating national debt that could well

result in economic disaster. I am grateful our Church has a “rainy day fund”. (3) Confidentiality is critically important in the distribution of funds. When it became known that our church had made a huge contribution to a very effective water project, I immediately got requests for other projects where the costs were dramatically inflated and I found that those funds passed through multiple individuals where the funds might be misused. Thank you for the opportunity to comment,

Terry H says:

December 18, 2019 at 2:50 pm

Interesting article from Forbes. Apparently, they think this is a Church issue for the members and leadership, NOT the IRS. They mention other policy considerations.

<https://www.forbes.com/sites/peterjreilly/2019/12/17/100b-in-mormon-till-does-not-merit-irs-attention/#480bc84e5d5b>

Becca says:

December 18, 2019 at 3:15 pm

So many members in my feed are so proud to belong to a church with such wealth, prudence, and wisdom(?). It feels like an indignant smirk though, “I’ll defend the church to the death,” and a refusal to carefully consider the ramifications.

I am struggling deeply with a church who asks members to pay tithing before basic needs are met, while they themselves can take our sacred and hard-earned funds and afford to invest and gain interest on money which would make them self-reliant almost perpetually. It feels like the “do unto others” mantra here got overlooked. My own parents and family members went without basic needs- and neglected their own savings to feed a church account which grew and grew.

Someone mentioned “15 million members averages to \$7k each,” is quite laughable, a.) my family has paid waaaaaay more than \$7k, and b.) I can never even imagine the church disbursing funds to us lowly members.

Dylan says:

December 18, 2019 at 5:25 pm

And as she was going to fetch it, he called to her, and said, Bring me, I pray thee, a morsel of bread in thine hand.

And she said, As the Lord thy God liveth, I have not a cake, but an handful of meal in a barrel, and a little oil in a cruse: and, behold, I am gathering two sticks, that I may go in and dress it for me and my son, that we may eat it, and die.

And Elijah said unto her, Fear not; go and do as thou hast said: but make me thereof a little cake first, and bring it unto me, and after make for thee and for thy son.

For thus saith the Lord God of Israel, The barrel of meal shall not waste, neither shall the cruse of oil fail, until the day that the Lord sendeth rain upon the earth.

And she went and did according to the saying of Elijah: and she, and he, and her house, did eat many days.

And the barrel of meal wasted not, neither did the cruse of oil fail, according to the word of the Lord, which he spake by Elijah.

Angela C says:

December 19, 2019 at 11:19 am

Geoff-Aus: I’m not sure I agree with the reverse mortgage scenario and that members would be a good bet. Members who need this type of assistance are probably no better a bet than the population at large. On the other hand, though, think of how many people would be blown away by a church that did that. I have to think it would increase our growth in the US, but maybe that wouldn’t be the growth the church desires.

Money changes everything.

Terry H: I read that Forbes article too. I think it’s interesting that they propose that the members hold the leaders accountable for how the funds are spent (as other sects often do, making changes to leadership if they feel the church’s spending priorities are out of whack). I laughed out loud.

Lcn says:

December 19, 2019 at 2:39 pm

Becca,

From an accounting balance sheet, time value of money perspective you have a point. Why should you it others go without, while the money gets parked in a fund somewhere.

But from what I understand, if 6 of 7 dollars gets spent and 1 gets invested and generates a return, that’s not greedy stockpiling.

6/7ths is practically sending everything that comes in. We should not use the fact that the church or the economy has grown that 1/7th over the years as an excuse why we should pay less now.

But more to the point, the issue of money and tithing and this world is being able and willing to part with worldly things and walking by faith. Struggling is not bad. Let's not forget the men who were called from their nets and left all behind to follow the Lord. That's who we are called to be. Paying tithing puts you a step, or two, or three in that direction. There are real transformative changes that can happen through giving of your substance. Those who have the ability to pay more than 10%, I truly hope they make their wallets hurt every fast Sunday. If they don't, Alma 34 has something to say to them.

Amy says:

December 19, 2019 at 5:12 pm

Hey Becca,

I similarly feel ill when I reflect on the sacrifice my family and other families I've known have made by paying tithing. We went without and hoped it was for a holy purpose. Was it?

I'm seeing similar threads to yours, again I feel ill. And I know what people are saying about how tithing is really about having a giving heart and giving thanks to God, but if that is true, and if I'm in a position to give, can I give my 1/10th to UNICEF or ArborDay or DoctorsWithoutBorders or any charity that is fulfilling the mission of Jesus Christ instead of amassing a war chest?

I'd be interested in your thoughts as we seem to both be struggling in similar ways. There are many people like me who are quietly scrolling their feeds and who are close to barfing when they think of the situation.

Happy Holidays!

Amy

Becca says:

December 19, 2019 at 5:35 pm

Icn, I'll disagree with you kindly and respectfully. I don't think church members being able to do likewise and be able to save a large portion for a "rainy day" as well is a bad thing. Too many people who have felt absolute fear in NOT giving a full tithe, pre-tax plus fast offering (plus missionary funding), will never have that security or blessing of being able to invest and grow money in an account. And 100 billion, not counting real estate investments and profit generating business arms really does seem like stockpiling.

Another question that looms for me is why is it okay for the church to grow and invest and exponentially grow financially, but not average individual members.

To say my parents and family needed to sacrifice rather than enjoy financial security (they did not squander money, believe me) kind of hits me in the gut pretty hard. I wonder how their life would be different if they had been counseled to save first, and give based off the interest. That's also scriptural-based, but really not emphasized. I'm sure you'd disagree and that's okay- I know our doctrine in and out.

I could be wrong, but I interpret the whole point of Christ's "giving everything" teaching was what followed in the next verses. The disciples were astonished because they HAD given up everything- Jesus taught them that you could give everything and still not inherit the kingdom of God; only God can get you the kingdom of God and here's the good news! Through Him all things are possible. That's how I changed my thought Process of telling people they should sacrifice for blessings. I think the real lesson is discipleship; how we treat each other and how we extend mercy, love, and hope to each other.

Wes says:

December 20, 2019 at 6:06 am

As an LDS CPA, there is one issue the above article did not address. Earned investment income from the excess donation is still a restricted fund under the IRS rule, transferring part of that fund to a for-profit organization is a violation of tax law. This should never happen.

Dsc says:

December 20, 2019 at 7:49 am

Wes, I don't think it's a problem if it's made as a bona fide investment. So if the money was loaned on commercially reasonable terms, then it's not a problem. I know that the Nielsens allege that that wasn't the case, but I don't think they have enough information to properly draw that conclusion, and I doubt that a fund that large and one run by the Church would be sloppy enough to not take the proper steps.

howard Lauderback says:

December 20, 2019 at 9:55 am

What bothers me is that our sister missionaries and elders have to ride Bicycles on dangerous roads. Many times I have heard that funds for more cars are not available. Also the funds available for our wards auxiliaries are ridiculously low. Presidencies have to scrap to fund many activities. Using janitors to clean our churches would free the same 20% of active members who do everything else for increased time spent on ministry work. I love our church but many items

need additional funding at the ward level. This would amount would be very small in relationship to 100 billion. And finally It would make sense to spend some of that money for local non-member charities, good public relations are important even in The True Church.

Old Man says:

December 20, 2019 at 10:28 am

I seriously doubt the Church broke the law. And my perspective on the Nielsen brothers has already been expressed by others.

I do think that this information is a bit of a PR problem, especially with so many of us (myself included) approaching the issue with an extreme level of naivete regarding future economics and needs. Becca has courteously pointed out that \$100 billion sure looks like stockpiling to her given her humble background. I would bet that many of us have similar backgrounds and balk at accumulating such levels of wealth. I suppose the best intellectual effort we could make would be to attempt to grasp the difficulties of creating a financial safety net for a global institution, especially one growing exponentially in the Third World. My guess is that if we all did so, we would not be so critical of the investment of tithing funds, nor the accumulation of billions in funds reserved for future use.

Bro. B. says:

December 20, 2019 at 12:04 pm

@Old Man, I agree with you regarding the PR issue. An open audit release by the church would accomplish that.

Jenny says:

December 20, 2019 at 7:17 pm

My thanks to Becca and Amy for sharing their thoughts. Just wanted to chime in that I, too, feel the same as you both. I sacrificed for years paying tithing while putting off saving for a rainy day, saving for retirement, paying off my student loans in a timely manner. I simply did not have enough left over at the end of the month to save prudently and invest (just like the Church had been doing with my tithing funds). I paid tithing for years, faithfully, on my gross income. And now that I'm trying to make up for lost time, I, too, feel somewhat sick to my stomach thinking of the sacrifice I made and wondering if, as Amy noted, "it was for a holy purpose".

I echo Becca's poignant comment that "the real lesson is discipleship; how we treat each other and how we extend mercy, love, and hope to each other". It is beautifully expressed and pretty much sums up how I'm feeling at this time.

Stenar says:

December 20, 2019 at 9:51 pm

Starting with \$12 Billion, adding \$1 Billion payments each year (for a total investment of \$34 Billion), they've averaged a 6.9% return over those 22 years, which is very doable. The fund has increased by only 300% over the \$34 Billion investment.

My own investments have increased 175% just in the past year and over 1300% since 2004.

Becca says:

December 21, 2019 at 10:36 am

Church email statement: "Yes, we save our pennies."

My lived experience sliiiiiigght correction: "Yes, we save a billion every year and add it to our \$100 billion bank account (after we pay all our operating expenses and business deals—and there's still a lot left over) that church members have sacrificed their own retirements, or safe cars, education, basic needs, food, career goals, educational opportunities, etc to give us so we can invest it through Ensign Peak."

I need better answers. My entire extended family's worth rests in church teachings such as, "Do you want gross blessings or not." They wouldn't dare cheat the Lord. They wouldn't DARE live with the implication that they were not faithful enough.

Church, PLEASE listen to members. You have the power to make this right, you have the power to teach members to tithe on many different ways that wouldn't even make a dent in your account, but would literally be life changing to people like me.

(Amy, Doctors Without Borders is my favorite charity. I can't look past their newsletters!)

Dave F. says:

December 21, 2019 at 12:30 pm

I don't think a diaper change is going to sooth some of us who just realized the Church has amassed \$100 Billion in liquidity by collecting tithes and by squeezing free labor out of us, while dispensing comparatively little to the less fortunate in the world. The Church has been under

pressure to emphasize the Savior's teaching more in its curriculum and this obscene amount of wealth shows they're not there yet.

Ann Porter says:

December 21, 2019 at 2:23 pm

I keep thinking of Melissa McEwan's comment on billionaires: "They are dragons, sitting on their hoarded gold."

Years ago, when I was a single mom, I got paid just once a month. I paid all my bills and had \$200 dollars left. \$200! I was going to be able to buy food and maybe even have a little extra. And then I realized I hadn't paid tithing. Poof, my food money was gone.

I lived hand to mouth, paycheck to paycheck, for years, because this was what the Lord expected of me. My non-LDS parents paid for the gas for my car for years while I paid 10% of the gross to the Corporation of the President of the Church of Jesus Christ of Latter-day Saints. And now, after all my fear and faith and sacrifices, when I no longer pay much attention to the church, I find that they are sitting on \$100 billion dollars.

Dragons, hoarding their gold. It's obscene.

Old Man says:

December 21, 2019 at 6:00 pm

Ann Porter,

As a ward clerk, I have cut many checks for food, fuel and utilities for single moms and others in need. Did you ever sit down and pound out your financial situation with your Bishop? I am stunned at the amount of money and support that flows to needy people in my lower-middle class ward.

Kristine says:

December 21, 2019 at 6:30 pm

Old Man, you get a gold star for missing the point.

Steve says:

December 21, 2019 at 10:24 pm

An active ward generates \$500,000 to \$1 million in tithes and offerings each year. The annual ward budget will be \$20,000 or less. Fast offering aid will likely amount to less than \$50,000 a year or less. Many of the active contributors are of limited means. Channeling \$100,000 to \$150,000 to Ensign Peaks each year is what we are talking about.

Wondering says:

December 22, 2019 at 6:39 am

I suspect Steve's talking about an active ward in the McMansions areas of Utah — not active wards where I come from. I wonder.

Steve says:

December 22, 2019 at 8:13 am

Out of Utah. Middle class area.

Lars Nielsen says:

December 22, 2019 at 4:51 pm

Hi Sam,

I am the author of “Letter to an IRS Director” and the source for the WaPo article. Thanks for all you do and for the time you spent on this in the past week or so. Not every entity that calls itself an “integrated auxiliary” is one, or behaves like one. Saying that you aspire to be one in the Articles of Incorporation can’t be sufficient. How can a “control,” “attentiveness,” or “responsiveness” test be passed between a religion and its “integrated auxiliary” if the first never shares a budget with the second, and the second never shares a balance sheet or income statement with the first? In other words, the IRS should look at the meeting minutes of the Investment Policy Committee (IPC) for each quarter going back 22 years. If no one inside EPA itself ever has any details, priorities, plans or activities from the COP side, and no one on the COP side itself knows what EPA resources could help them plan, improve, or expand, then there is no question that the supporting organization is not functionally integrated. It would then have to be a Type III non-FISO (despite whatever declarations it may make of itself otherwise). As you know, a Type III non-FISO does have minimum distribution requirements. If something in this thinking needs to be refined, please help me know how to refine it.

Much appreciated, Lars

Sam Brunson says:

December 22, 2019 at 7:11 pm

Hey Lars, thanks for stopping by. I totally get what you’re saying; as a policy matter, sharing budgets, etc., could certainly be a requirement to qualify as an integrated auxiliary. Current law, however, requires affiliation and internal support. The relevant regulation provide three tests for determining affiliation. My guess is EPA would meet the second (that is, operated, controlled, it supervised by a church). That test doesn’t require sharing budgets, etc.

And even if that test doesn’t apply, there’s a third facts-and-circumstances test.

Like I’ve said, you and your brother have raised a really interesting, and in many ways troubling, issue. And I think that, at least in part because of you, the church (and it’s members) are going to have to engage in some careful and comprehensive thought and moral analysis. But the tax law isn’t always intuitive, and is much more ambiguous than people think. And here, there’s probably not a tax problem. There may be, but it’s a heavy lift.

Again, thanks for stopping by, and thanks for starting a really important conversation.

Vera says:

December 22, 2019 at 11:21 pm

I read in the Salt Lake Trib that sometime before Elder Packer had died , preparing to potentially become the next prophet, he had asked to know how much the Church had financially and was told he could not be given that information. And that Packer didn’t like it but just accepted being told that. Does that even sound like Packer?? If true, which I’m dubious , then how is it possible that the First Presidency and apostles don’t know and are okay remaining in the dark? Who in the Church administration has the authority (and nerve) to tell an apostle he can’t have that information? This story makes no sense to me. Please enlighten me if I’m missing something here.

Aussie Mormon says:

December 23, 2019 at 3:15 pm

Vera, Packer was never in the first presidency.

It just sounds to me like only giving access to those that need it. A Chief Technology Officer of a company for example is unlikely to be able get access to values of the company’s investments by calling their stock broker. The CEO and CFO would likely be able to however.

My assumptions:

*As a member of the Council of Disposition of Tithes, he’d have seen the 1/7th (assuming the numbers are correct) being transferred to EPA, but would not have access to the current value of those tithes after investments etc.

*The President of the Church and Presiding Bishop would have access to the information if needed, and maybe the rest of the FP and Presiding Bishopric.

Rudy says:

December 23, 2019 at 4:26 pm

Sam, thanks for your analysis. It was very helpful as I have tried to organize my own thoughts. You didn’t mention the integral part theory in your analysis, but it seems to apply in this situation. GCM 39380 states “ the Service has long held that when an organization performs essential services for an exempt organization, the former organization may qualify for exemption, even though such activities, standing alone, would not justify exemption”. I think this is the theory that the IRS used in Rev. Rul. 78-41 that you reference. This situation meets the two factors of structural relatedness and the subsidiary activities. If the the integral part theory applied, it wouldn’t matter that there were no distributions because EPA was performing

necessary investment services for the church. Do you think this theory applies in this case or am I looking at it out of context? Thanks again!

Mike says:

January 1, 2020 at 4:21 pm

This is certainly an interesting discussion, and, if nothing else, illustrates how little many members of the church (and otherwise) understand (myself included). One hundred billion dollars seems like an awful lot of money, but I think there are assumptions being made about the purpose for the money. The church is a world-wide organization, and, while in the United States the economy has been strong for some time, I suspect we will see corrections in the future. There are no guarantees what value that money will have at any given future point.

There is also the assumption that the church could just throw that money at some issue and it would go away. Try getting money, goods, etc., to locals in countries where the government (or whatever serves as the government) is corrupt.

Regarding the cleaning of buildings, we do our share a couple times a year. It amounts to an hour on a Saturday morning. If I were to get that Saturday morning hour back, I'm not likely out doing other ministering that the cleaning prevented me from doing.

The church's mission, sort of like the Savior's, isn't solely to care for the poor. During Christ's ministry he walked, he talked, he taught, he slept, he ate, he celebrated, and he also healed. I have no doubt there were enough people in his environs who needed healing, food and clothing that he could have spent his entire ministry just taking care of those temporal needs. But he didn't.

I don't want to judge those who truly don't understand. I would only encourage people to be patient, have a little faith. Believe me or not, I would stake my life on the body of the First Presidency and the Twelve not being corrupt (as seems to be implied by some of the comments). Don't take a path that may lead you out of the church simply because you don't understand or have immediate answers.

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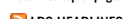
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