

Letter to an IRS Director

Executive Summary

Ensign Peak Advisors, Inc. (EPA) is ostensibly a 501c3 supporting organization to the Corporation of the President of the Church of Jesus Christ of Latter-day Saints (COP). However, it is functionally not so. Its owned assets under management (OAUM) have grown from \$10 billion to ~\$101 billion in 22 years without making a single religious, educational or charitable distribution. It has garnered tens of billions of dollars in tax breaks from the Internal Revenue Service (IRS) without any activity towards any tax-exempt mission. In addition, it has engaged in two unlawful distributions per its Articles of Incorporation (AOI) and the Internal Revenue Code (IRC). Top COP and EPA leaders have made public statements concerning church finances and reserves that are disingenuous, specious, and false for the purpose of misleading the IRS, church members, and the public because they were afraid of losing their tax-exempt status. Finally, as will be shown, the COP fails a common-sense commensurate test, which should disqualify it and all its supporting organizations—especially EPA—from tax-exempt status.

Specific Grievances:

- 1) EPA has made 0 religious, educational, or charitable distributions in 22 years.
- 2) EPA unlawfully distributed \$600 million to bail out a for-profit business in violation of EPA's AOI and of IRS rules.
- 3) EPA unlawfully distributed \$1.4 billion towards a non-legitimate purpose as per EPA's AOI and per IRS rules.
- 4) These two distributions may also have been unlawful on the basis that they inured a trustee, who is also the sole proprietor of the COP and ultimate owner of the two for-profit businesses benefited thereby.
- 5) The COP created EPA intentionally to defraud or evade taxes and to hide the magnitude of its growing assets from the IRS, the COP's members, and the public.
- 6) Representations from trustees and directors of the COP and EPA indicate a sustained intent to deceive the IRS, church members, and the public regarding their use (and non-use) of tithing dollars as well as the size and purpose of their reserves; they did benefit from that deceit materially, which is the basis of fraud.
- 7) Despite any affirmations to the contrary, EPA does not behave as an "integrated auxiliary," except on paper.
- 8) EPA is not "charitable" in the generally accepted legal sense.
- 9) EPA has violated the public trust.

Call to Action for the IRS:

- 10) Conduct a full and formal investigation of the COP's and EPA's balance sheets, charitable activities, and legal/governance structures.
- 11) Exact taxes and penalties and mandatory interest for inactivity, disqualified distributions, and any unpaid capital gains.
- 12) Perform and publicize the results of a commensurate test on the COP together with all its supporting organizations, including EPA.
- 13) Render a judgment as to whether the COP and/or EPA should lose their 501c3 tax-exempt status for a time or indefinitely.

- 14) Prevent capital flight by seizing or freezing EPA assets, pending investigations.
- 15) Impose any other fines or sanctions, or further relief to the public.

Call to Action for Congress and the Senate:

- 16) Provide the COP and EPA leadership an opportunity to publicly explain EPA's acceptance of tax breaks without any legitimate activity in 22 years.
- 17) Hold the COP and EPA leaders personally accountable for their public misstatements.
- 18) Require each 501c3 classified as a religion (or an integrated auxiliary to one) above a threshold size to disclose and file to the IRS everything that any typical 501c3 must disclose and file—including distributions or a lack of distributions.
- 19) Classify supporting organizations to (religious) public charities above a threshold size as private foundations for the purposes of regulating minimum distributions and reporting.
- 20) Protect smaller, well-behaving religious organizations from cumbersome regulations or additional red tape that seem to be necessary for behemoth, unchecked religions.
- 21) Create a "Church-Offender Registry" listing corporations and offending trustees.

Call to Action for the COP/EPA:

- 22) Stipulate that you've not given a dollar to a charitable purpose in 22 years. Come clean. You don't need to wait for an investigation to own up to this behavior.
- 23) Apologize to membership for hoarding \$124 billion of widow's mites.
- 24) Become transparent with all finances. Reveal other stores of hidden wealth.
- 25) Commit to distributing the minimum of 5% of investments/assets each year, as all typical private foundations must.
- 26) Apologize for deliberately misrepresenting the church's financial position to make it seem smaller than it was through carefully worded statements, and for decades of illusive and dodgy representations about how moneys are spent.
- 27) Cooperate with the IRS. Pay the fines immediately. Adopt honest governance structures for your supporting organizations in which the supporting and supported are actually "attentive" and "responsive."
- 28) Repent of fiscal gluttony. Right the wrong by being generous with the IRS and the public.

Call to Action for the COP membership:

- 29) Learn where your tithing goes (and does not go).
- 30) Hold COP leadership to the same standard of full truth and honesty in their dealings with the IRS that the COP requires of members to attend a temple.

Call to Action for the Public:

- 31) Contact your Senators and Representatives; pressure them to legislate.
- 32) Use social media to share your views concerning this whistleblower report.

From the Author

Two months ago a former employee of EPA, the “reserve of the reserves” for the COP, asked me to write an exposé on its practices. I learned that the COP brings in around \$7 billion per year in tithing donations and stockpiles \$1–\$2 billion in its reserves each year. With more than \$7 billion in investment returns per year and having garnered tens of billions in tax breaks from the IRS (and the American public), I was shocked that a church could amass more than \$100 billion dollars without anyone knowing about it. Of course, the story turned out to be much bigger and more serious.

Misapplication of funds.

Tax evasion.

Fraud.

It's all in there.

“Our only responsibility is to the truth,” a hero of mine has said.

To this ugly, tar-covered truth I am also bound. Trust me, I would infinitely prefer to publish another article on the mechanisms of small-molecule catalysis or write another case to be used in business school.

I wrote every word and composed every exhibit of “Letter to an IRS Director” and solely produced the online exposé that goes by the same name. I did so with information that the whistleblower freely supplied, and with his permission I filed his claim (Form 211), notarized cover letter, and my full analysis to the IRS Whistleblower Office from my home state, which was done under penalty of perjury. And there it might never see the light of day for a good seven years.

On behalf of all the widows and orphans who shouldn't have to wait seven years, and to whatever hearts at the COP and EPA these words may someday prick:

For I was an hungred, and ye gave me no meat. I was thirsty, and ye gave me no drink. I was a stranger, and ye took me not in.

NOTE: The original page 4 (of 74) that was sent to the IRS had personal information in it that could be used to identify the whistleblower. This page serves to replace what I wrote on the original page 4.

Letter to an IRS Director

Blowing the Whistle on the Mormon Gigachurch

The largest branch of modern Mormonism, the Utah sect that in the financial world goes by the Corporation of the President of the Church of Jesus Christ of Latter-day Saints¹ (COP), is not unlike your typical megachurch; it needs a place to park its cash.

Megachurch scandals involving private jets, offshore islands and imprudent investments are a dime a dozen, but not when it comes to gigachurches—because there is only one of those. And they no longer like being called “Mormon.”

So where does the COP—also called “Mormons, Inc.” by Time Magazine in August 1997²—park its leftover cash? Ensign Peak Advisors, Inc.³ (EPA), a so-called 501c3 organization. Rightly-called 501c3 organizations make good on their obligation to perform a public service that governments can’t or shouldn’t get done on their own—like feeding the poor, clothing the naked, sheltering the homeless, or baptizing the dead. And for their charitable services, you, Jane and John Q. Taxpayer, give them a break on their donations and their investment returns.

No one knows how much you gave the COP, nor how much you gave their members when they paid tithes to it; they are too big. But you should know how much you gave their EPA slush fund since the COP created it in September 1997: at least \$18.4 billion.^a What did they do with this tax break? “Nada,” said a whistleblower. What have they done with the rest of Mormon, Inc.’s leftovers since 1997? Zilch. And how big are those leftovers now? \$124 billion (**Exhibit A^b**).

At this point, you might be asking: “I’m no economist, but is \$124 billion reasonable for a global church?” Let’s put this into perspective. Harvard University has its land, its buildings, its intellectual property, etc., which is worth X. Then, it has its endowment, which is worth \$39.2 billion.⁴ It draws down and replenishes its endowment to accomplish its mission—with a liability stream, a schedule of activities, plans for use, and a way to model the future.

The COP has its 18,000 churches,⁵ 217 temples,⁶ dozens of office and apartment buildings,⁷ four universities,⁸ three media companies,⁹ two tabernacles,¹⁰ and a seagull in a for-profit mall, which is worth X. Then, it has its “endowments,” one of

^a Various methods for determining this figure are discussed in **Exhibit Q**.

^b **Exhibit A** contains the full financial picture of EPA as of February 2018. Various funds have grown since that time via capital gains, interest income, and capital contributions from the COP. The \$124 billion figure is the whistleblower’s best present approximation.

37 which, EPA, is worth \$124 billion.^{c,11} The COP does not draw down on it, and it has no
38 mission—no liability stream, no schedule of activities, no plans for use, and no efforts
39 to even model the future.

40
41 “To put it mildly, EPA is the reserve of the reserves,” according to the whistleblower.
42 The COP has many legal entities and affiliates (**Exhibit B**), which have their own vast
43 monetary assets: working capital, treasuries, endowments, and reserves^d (**Exhibit**
44 **H.2**). When capital exceeds defensible limits in those areas, they soak up less tithing
45 in the next year and more tithing surplus flows to EPA (**Exhibit C**).^e There it gets
46 merged, sliced, and diced into portfolios and limited liability companies (LLCs)
47 designed to fly under radars and reporting limits. More on that later.

48
49 According to the U.S. Internal Revenue Code, 501c3 private foundations must
50 distribute at least five percent of the fair-market value of their total assets,¹² or face a
51 severe tax penalty. Moreover, the foundation’s outflows must go to the dedicated
52 charitable purpose for which the foundation obtained its tax-exempt status—its
53 “exempt purpose.”

54
55 EPA is a 501c3 and 509a3 supporting organization.¹³ It made 0 distributions in the
56 first 12 years of its existence. It has made 0 distributions in the past five years. It did
57 have two outflows in 22 years. Neither was planned, and neither went to the
58 furtherance of EPA’s exempt purpose nor that of its parent.

59
60 Before going into further financial details, this analysis and exposé is not a legal
61 conclusion; notwithstanding, it has been informed by considerable legal opinion
62 prior to whistleblower action. Any legal wrongdoing is for the IRS, the SEC, and
63 Senate Oversight Committees to determine through subpoenas, hearings, and
64 depositions. “My job is to tell the truth as fully and carefully as I can. The COP, EPA,
65 and their apologists may attack me, but they can’t attack the facts,” declared the
66 whistleblower.

^c Technically, EPA itself currently owns between \$99 and \$101 billion, but it also closely manages the assets in a broader allocation mandate that includes Agricultural Reserves, Inc. (ARI) and Property Reserves, Inc. (PRI), which brings its total assets-under management (AUM) to approximately \$124 billion at years-end 2019—the “EPA Universe.”

^d For example, Deseret Management Company (DMC) Reserve Trust, Deseret Trust Company (DTC) reserves, Bonneville Holding Corporation, The Church of Jesus Christ of Latter-day Saints Foundation, City Creek Reserve, Inc. (CCRI), Perpetual Education Fund (PEF), HRI, SLR, ARI, and PRI...and how many more?

^e All of the owned-assets-under-management (OAUM) in EPA are purchased directly from recent tithing surplus or accrue from the capital gains in having invested tithing. They do not come from any other source including any for-profit business, affiliates, universities, etc.

68 The first unplanned outflow was in 2009. While the federal government was bailing
69 out the COP's preferred bank, Zions Bancorporation,¹⁴ as part of the Troubled Asset
70 Relief Program (TARP), the COP was silently bailing out Beneficial Financial Group
71 (BFG) to the tune of \$600 million (**Exhibit D**).¹⁵ The value of EPA's assets in 2009,
72 even after the crash of 2008, was \$35 billion. EPA, if acting in the spirit of a private
73 foundation, should have spent at least \$1.8 billion in 2009 on its exempt purpose—or
74 alternatively pay a 30% excise penalty on that year's investment growth to the IRS
75 for not performing sufficient public service. Instead, EPA paid \$600 million
76 exclusively using tithing dollars,^f presumably to avoid the publicity and humiliation
77 of a failed, church-owned, for-profit life insurance company. Is this outflow to BFG
78 part of the dedicated charitable purpose for which EPA obtained its tax-exempt
79 status? No.

80
81 The second unplanned outflow was a series of payments between 2010 and 2014.
82 EPA paid \$1.4 billion (**Exhibit D**) to shore up cost over-runs (also on the heels of the
83 financial crisis) in the construction of the opulent City Creek Mall¹⁶—with an award-
84 winning retractable roof,¹⁷ luxury storefronts, and a fish-filled river. Raising capital
85 from the usual sources of project finance would have been untenable.^g From 2010 to
86 2014, if EPA were honest in its dealings and comparable to peer foundations, it
87 should have spent at least \$9.8 billion on its exempt purpose. EPA paid \$1.4 billion
88 exclusively using tithing dollars^h on a for-profit mall. Is the religious, educational, or
89 charitable activity of the mall >95% per IRS requirements? No.¹⁸

^f This check was cut from the EPA Treasury account, not from any liquidation of allocated capital. Only never-invested tithing surplus enters the EPA Treasury account.

^g All capital has a cost, except when it doesn't. 100% of EPA's capital comes from tithing in excess of the church's operating budget together with returns from investing that tithing. Rather than raise money from capital markets, at a cost of equity, or from banks, at a cost of debt, they raised it from tithing. So, the project's cost of capital was zero. It may never have been economically viable without that free capital.

^h These checks were cut from the EPA Treasury account, not from any liquidation of allocated capital. Only never-invested tithing surplus enters the EPA Treasury account. The COP-owned Ensign Magazine published in 2006 referring to the City Creek Mall: "No tithing funds will be used in the redevelopment."⁵⁶

The COP-owned newspaper, Deseret News, reported in 2007: "Money for the project is not coming from LDS Church members' tithing donations. City Creek Center is being developed by Property Reserve Inc., the church's real-estate development arm, and its money comes from other real-estate ventures."⁵⁷ It is true that PRI does receive some money from other real-estate ventures, but it also receives most of its money from tithing surplus (**Exhibit C**). It is true that PRI did finance some of the City Creek Mall, but most of the financing came from EPA using exclusively never-invested tithing dollars (\$1.4 billion).

90
91 EPA distributed 0% of its assets in each of the other sixteen years since it was hastily
92 incorporated on September 29, 1997—one reactionary month after the Time
93 Magazine cover story broke. Despite whatever public affirmations EPA or the COP
94 might make, EPA does not support its “supported 501c3.” Not once has EPA given
95 even one farthing in 22 years to anything charitable, religious, educational, or
96 humanitarian. It has only enriched itself. It exists 1) to avoid taxes, 2) to obscure the
97 enormity and absurdity of mining millions of mites from its membership, and 3) to
98 hide that it apparently can’t come up with anything good to do with the money.¹⁹
99 This is true, as demonstrated by its actual financial behavior and incongruence with
100 its own Articles of Incorporation (AOI) (**Exhibit E**).^{ij} A “commensurate test”²⁰ would
101 confirm this assertion (**Exhibit F**).

Five years later, Keith McMullin, a member of the Corporation of the Presiding Bishopric (CPB) at the time, reportedly said to the Salt Lake Tribune: “not one penny of tithing goes to the church’s for-profit endeavors. Specifically, the church has said no tithing went toward City Creek Center.” Checks from EPA’s Treasury containing only never-invested tithing had already been written by the time Mr. McMullin made this intentionally false public statement.

Finally on this point, the COP promulgates the belief among its members and apologists that the church keeps its “sacred tithing funds” and investments in separate places. No semblance of this belief is true. EPA receives tithing surplus regularly (even weekly); the next activity is always to integrate that surplus into the entire investment portfolio, or the “EPA Universe.”

ⁱ According to the Articles of Incorporation, Article III.C, “[EPA’s] property is *irrevocably dedicated* to religious, educational, and charitable purposes meeting the requirements for exemption provided by Section 501c3 of the Internal Revenue Code” (emphasis added). Nothing “religious, educational, or charitable” happens at City Creek Mall, certainly nothing close to 95% of its total use,¹⁸ and in no sense qualifies as an exempt purpose for EPA or the COP. The City Creek Mall is for-profit. Internal documents show that EPA did not invest in the City Creek Mall (EPA has no ownership in the mall; there is no investment for City Creek Mall on EPA’s balance sheet), so it was an outflow or distribution to PRI and not an investment to EPA. This outflow violates the “irrevocable dedication” mandated by the Articles of Incorporation.

^j Articles of Incorporation, Article III.C also states “no part of the net income or assets of this corporation shall ever inure to the benefit of any trustee, officer or member thereof or to the benefit of any private person.” Money flowing out of EPA and into the COP does inure to one of the trustees of EPA, which is expressly forbidden. This is because the COP is a “corporation sole” or “sole proprietorship” with the single owner currently being Mr. Russell M. Nelson, who is also a trustee of EPA. The original three trustees of EPA were Gordon B. Hinckley, Robert D. Hales and Henry B. Eyring in 1997 (**Exhibit E.2**). Two of the three have deceased. The current First

102
103 In a slide from EPA's New Staff Orientation deck from October 2013 (**Exhibit G**),
104 leadership explained that EPA has four charges, per the COP. These charges are: 1) to
105 fund prophetic initiatives, 2) to supplement the operating budget of the COP, 3) to
106 backstop the pension plan and affiliated entities,^k and 4) to post collateral for COP
107 operations.

108
109 But a slide from EPA's IPC preparation deck from March 2013 (**Exhibit D**) revealed
110 that there have only ever been three listed prophetic initiatives: the LDS Conference
111 Center,²¹ proliferation of temples, and the City Creek Mall. The slide also shows that
112 \$0 was distributed for building the conference center and \$0 for temples.^l Bailing out
113 BFG was not prophetic; it was reactionary. The same is true of the City Creek Mall.
114 Neither outflow was allowed by the AOI.

115
116 "In 2010, I asked Roger Clarke, EPA's Managing Director, point blank: How has EPA
117 never funded a prophetic initiative in the past 13 years, despite telling its employees
118 that its role is firstly to do so?" the whistleblower related.

119
120 Mr. Clarke responded by saying that he didn't know what EPA would be used for and
121 that he didn't know whether the Lord would ever reveal what it would be used for to
122 the Prophet.^{m,22} In the past couple of years, Mr. Clarke has started saying that this
123 money would be used in the "Second Coming."^{n,o,23} Can any tax-exempt religious

Presidency consists of Russell M. Nelson, Dallin H. Oaks, and Henry B. Eyring; the last of which was the same (founding) trustee in 1997. It is odd that the Articles of Incorporation expressly state that The Church of Jesus Christ of Latter-day Saints is the supported organization for EPA, an "integrated auxiliary supporting organization," but that it can't give anything to a trustee—but they are one and the same because the trustee is the sole proprietor. This structure is probably unique among all 501c3 charities and hasn't been tested in the Courts, or from what the whistleblower has gathered, even disclosed to the IRS.

^k An earlier version of **Exhibit G** used in a March 2013 Senior Leadership meeting (**Exhibit D**) shows that this third bullet point used to be two separate bullet points: "backstop the pension plan" and "backstop the taxable entities." When it was brought to the attention of the presenting senior leader that backstopping a for-profit business without a religious, educational or charitable purpose ran contrary to the Articles of Incorporation, the slide was changed to replace the term "taxable entities" with "affiliated entities" rather than adhere to the true meaning.

^l All temples and the LDS Conference center were fully funded from the operating budget of the COP.

^m The CEO of the COP is called a "Prophet."

ⁿ Most Mormons believe in a literal Second Coming of Christ, when He would gather together His chosen people and preserve them from global burning on the condition

124 institution hoard contributions into the hundred billions—or even trillions by the
125 time Jesus might come again—making no charitable distributions along the way?^p
126 One would think that Jesus (in the sky!) wouldn't need to work very hard to convince
127 investors of his creditworthiness should he return and need money. How much does
128 "Scientology's EPA" get to stow away for when Xenu, dictator of the Galactic
129 Confederacy, might return?

130
131 In all seriousness, will the federal government allow all denominations (Christian,
132 Mormon, Islam, etc.) to stockpile and grow tax-free religious war chests to be used in
133 some futuristic battle between Gog and Magog?²⁴ What keeps zealots from following
134 the COP's example, creating their own EPA invisible to the IRS, and having in 22
135 years \$100+ billion to fund their passions in perpetuity? This is a clarion call to
136 policy makers: there might be a limit to how much one can serve both God and
137 mammon.²⁵

138
139 The second of EPA's four charges from the COP is to supplement the operating
140 budget of the COP/CPB. This has never happened. Money flows into the EPA

that they had paid a full tithing to the Mormon Church throughout their lives. In Mormon culture, this is sometimes referred to as "paying your fire insurance" premium. Over the pulpit, tithing is taught as a "temporal blessing" where the "windows of heaven" pour out *tangible* blessings to the faithful.

It is therefore somewhat ironic that church lawyers, Kirton & McConkie, caused the annual tithing settlement form in 2016 to start including the words: "The Church provided no goods or services in consideration, in whole or in part, for the contributions detailed below but only *intangible* religious benefits" (emphasis added). The whole truth might also include a turn on that phrase: "The Church may not provide any goods or services, in whole or in part, now or in the future with the money donated."

° In April 2018, the Deseret News reported: "'Dowry is not the Lord's way': In Kenya, LDS President Nelson says tithing breaks poverty cycle." Whether tithing breaks the poverty cycle or extends it, as a regressive tax, it is somewhat ironic that some EPA leaders now view EPA as a "dowry" that needs to be worthy of the "bridegroom" (Christ, see Ephesians 5:22-33 and Revelation 21:2,9-10). As if Christ would choose his "bride" (church) based on the size of an unused dowry.

^p It is as if the COP has taken the "parable of the talents," far too literally. As the story goes, one servant was chastised for hiding his entrusted money in the earth. He was "wicked and slothful" for not investing instead. Would the master be well pleased with the COP for entombing its investments in a mountain peak? Isn't the deeper meaning of this parable to use your investment returns the way a master would want you to use them—feeding the hungry, clothing the naked, and sheltering the homeless? Neither tithing nor invested tithing returns have ever left EPA for a religious, educational or charitable purpose.

Treasury account where it accumulates until a formal allocation to EPA's portfolio funds is made. No church department or function has ever made a capital call to EPA and EPA has never had any schedule for any potential capital call for an operating budget—ever.^q

What about the third of EPA's four charges from the COP: backing the pension for COP employees and backstopping affiliated entities such as Brigham Young University (BYU), who might need a supplement from time to time? The COP never shared pension liability data directly with EPA. Even so, some EPA employees speculated in 2019 that the liability hovered around \$2 billion. The COP has more than enough coverage with its existing treasuries and assets without needing a backstop from EPA. Notwithstanding, EPA could easily stabilize underfunded pension accounts. It has not. Could EPA's allocated capital have helped church universities or other affiliates stabilize or grow? Yes. It has not.^r EPA is a 501c3 black hole that swallows the widow's mite and never burps.

^q According to plenty of value systems, the COP does a lot of good in the world. One should not discount or pass judgment on the value systems of such persons. But EPA does have a separate and distinct responsibility to perform at least some charitable activities. If you want to found a church and declare a doctrine that implies caching its offerings for use in a future century, by all means, go for it. But don't expect a tax break on your gains or on the donations of your contributors. You are not exempt.

^r Before 2015, EPA offered "mutual fund-like" services to BYU and several other church affiliates, including for-profit entities, meaning that they could purchase a share of various EPA funds. Because BYU receives federal funding, it had to be audited by an independent third-party, in this case Deloitte & Touche. In order for Deloitte to verify the market value of BYU's endowment, it needed to verify the market value of EPA's funds. This was unacceptable to the COP/CPB because the COP did not want anyone at Deloitte to discover the true size of EPA. So, the COP leaned on Mark Stevens, a Mormon and Audit Director at Deloitte, to vouch for the audit without letting any auditors see, which he did for multiple years. Eventually, Deloitte felt uncomfortable with the arrangement; it did not represent the industry's "best practices" (for obvious reasons). In response, EPA painstakingly stripped out all affiliate interests in all EPA funds and created separate accounts dedicated to affiliate money so that independent auditors would see no further into EPA; i.e., they would audit a cup of water instead of an entire ocean.

EPA still manages those "co-mingled funds," (**Exhibit H.1** shows these funds before the restructuring in 2014); as seen in **Exhibit P**, they sum to \$1.8 billion.

Some affiliates (but not all) include: Deseret Trust Company's "donor advised funds" (an estate-transfer or inheritance solicitation business), other university endowments, the Tabernacle Choir at Temple Square, Bonneville Holding Corp, LDS Charities, Beehive Clothing, the Church Educational System, and others. See **Exhibit B**.

To wrap up this point, EPA tells its own employees that it is a tax-exempt organization because 1) it makes withdrawals for prophetic initiatives, (which does not happen), 2) it supplements the COP operating budget (which does not happen), 3) it backstops the pension plan and church affiliates (which does not happen, and backstops are not a type of distribution), and because 4) it posts collateral for COP operations when asked (this non-distribution activity does happen to an insignificant degree [**Exhibit D**; \$200 million]). What is the purpose of setting up a 501c3 “supporting” organization that has never done (and probably will never do) any charitable supporting? Evasion.^s

In 2011, Newsweek stated that the LDS Church “resembles a sanctified multinational corporation—the General Electric of American religion, with global ambitions and an estimated net worth of \$30 billion.”²⁶ It turns out that when that article was written, EPA alone held more than \$41 billion. Bloomberg’s rigorous methodology got closer in the next year with an estimated net worth of \$40 billion.²⁷ At that time, the Mormon prophet’s no-one-is-revealing-what-to-do-with-all-this-cash fund was \$47 billion, \$7 billion more than the Bloomberg estimation—and that is before counting any land, churches, temples, universities, for-profit businesses, media companies, an iconic global missionary program, or anything else at all.²⁸ How can Newsweek and Bloomberg be, in all likelihood, an order of magnitude off?

After the Time article was published, the COP’s public affairs office responded that the financial figures in the article were “grossly exaggerated.”²⁹ That statement set the tone for future doublespeak, downplay, and denials over the next two decades.^{t,z,30}

In a Deseret News^{u,31} article from June 2016, Mr. Dallin H. Oaks boasted the total contributions of the Mormon Church to all humanitarian aid efforts to be \$40 million per year on average over 30 years (nominally \$1.2 billion in total). What is the COP’s purpose in announcing that it donates annually what amounts to only a few hundredths of 1% of its “reserve of the reserves”?³² Could it be to anchor the public and/or the IRS into thinking that the COP must only have a small fraction of its true

^s Citing Restatement (Second) of Trusts Section 377 (1959), the court stated that it is axiomatic that a charitable trust is invalid if it is created for an illegal purpose. If that sole purpose is to defraud or evade taxes, then one could argue that the charity was created for an illegal purpose.

^t To be fair to the public affairs department, they would have had no way to know how much money was in EPA at the time or how much the COP was regularly taking in from tithing. But that is no absolution of sin. The CEO of the COP is responsible for such statements that he knows to be disingenuous.

^u Deseret News is a wholly owned subsidiary of Deseret Management Corporation, which is owned by the COP.

assets? “Only the apostles in the First Presidency are in the Investment Policy Committee (IPC^v, **Exhibit I**); not even the other apostles^w are allowed to know the total assets that the COP parks at EPA,” according to the whistleblower.^x

In May 2018, Gérald Caussé (the highest ranking Bishop of the Mormon Church, President of the CPB,^y and member of the IPC) published and spoke on the subject of “Financing Faith.”³³ He made several comments that are disingenuous, misleading, or outright false. For example, “Ultimately, all funds earned by the Church’s investments go back to supporting its mission to invite souls to come unto Christ.” EPA is full of funds/proceeds that come from invested tithing, \$0 of which has gone to helping souls come unto Christ. \$2 billion did go to a failing business and a mall, which are not soul-saving activities. \$0 and “all” are not synonyms. Or is Mr. Caussé

^v The governing body for EPA, the Investment Policy Committee (IPC), currently consists of Messrs. Russell M. Nelson, Dallin H. Oaks, Henry B. Eyring (of the “First Presidency”) together with Gérald Caussé, Dean Davies, W. Christopher Waddell (of the “Presiding Bishopric”), Roger Clarke, and a few others by invitation.

^w Boyd K. Packer—when he was next in line to succeed then-President of the COP, Thomas S. Monson—came to Mr. Clarke wanting to know how much Ensign Peak had amassed and the details of its structure. Mr. Clarke told Mr. Packer that he could not share such details. Mr. Packer said, “I think I should know. I’m the most senior Apostle and President of the Quorum of the Twelve Apostles, and I’m a breath away from being the next Prophet. I think I should be prepared.” Mr. Clarke reaffirmed that he had been instructed not to reveal that information to Mr. Packer, who went away perturbed and unsatisfied, as related to the whistleblower by Richard B. Willes, the Head of Fixed Income at EPA at the time. Mr. Packer died before he could join the First Presidency and know the value of EPA.

There are now at least a few members of the “Twelve” who have some knowledge of EPA’s size. Dieter F. Uchtdorf used to be in the IPC and is no longer in the First Presidency. Also, Gary E. Stevenson used to be in the Presiding Bishopric.

^x Mr. Oaks was added to the First Presidency in January 2018. It is possible that he wasn’t aware before that time that EPA alone owned more than \$81 billion in its investment portfolio and was generating over \$5 billion annually in pure investment growth. \$40 million on \$5 billion is less than 1 percent of EPA’s annual investment growth, which, if it came from one the COP’s 501c3 supporting organizations, certainly did not come from EPA.

^y The Corporation of the Presiding Bishopric (CPB) is another legal entity affiliated with the COP that coordinates with the IPC all pre-investment monetary operations of the COP (**Exhibit I**), including determining what surplus should be transferred to EPA. Messrs. Gérald Caussé, Dean Davies, and W. Christopher Waddell are its current members. Two diagrams from 2013 show EPA’s internal understanding of how funds flowed among the constituents of Mormon, Inc. (**Exhibit C** and **Exhibit H.1**).

201 distinguishing between the COP and EPA here? Does he mean that all proceeds from
202 COP investments go to saving souls (but EPA's investment proceeds don't have to?
203 And they don't.) Mr. Caussé is a master of carefully worded statements.^z

^z Mr. Caussé: "Whether Church funds are from reserves or directly from the tithes of members, *all are used* for the singular purpose of supporting the mission of the Church. Reserve funds exist for no other reason" (emphasis added). In this context "funds" means "operating budgets." Mr. Caussé knows full well that reserve funds (from EPA, ARI, or PRI; **Exhibit C**) have never supplemented an operating budget, but he doesn't mind implying that they might have supplemented one—by casual use of the conjunction "or." Speaking specifically about investments, the article continues: "These funds are invested solely to support the Church's mission to preach the gospel to all nations and prepare for the Lord's Second Coming." No money has ever flowed out of EPA (including ARI or PRI) for missionary work or to prepare for the Second Coming. It's simply not true. Mr. Caussé has clearly confused "supporting" with "hoarding." They are not synonyms either.

Mr. Caussé also said: "Certified professionals perform regular audits to ensure strict adherence to standard accounting principles and Church policies." He does not mention that almost all of these certified professionals are church employees whose livelihood depends on undiminished orthodoxy and obeisance. Third-party/independent auditors are rarely used. When they are used, they often have limited access or have a conflict of interest (the COP uses managing partners^r who are LDS to get the audit that they want; see **Exhibit 0.2, Comment 6**).

It is below the bar for Mr. Caussé, in 2018, to quote former President Gordon B. Hinckley as saying, "the combined income from all of these business interests is relatively small and would not keep the work going for longer than a very brief period." That quote might have been permissible in 1985, but Mr. Caussé knows that it is not applicable today. The COP's lawyers (Kirton & McConkie) advise him that it's not the readers' fault if they assume that the situation hasn't changed in 34 years. The combined income from all of EPA's business interests (not including the COP's vast business interests) is not relatively small; it would keep the "work" going for longer than a very brief period; it would be able to keep the "work" going in perpetuity (line 333, page 20; footnote nn, last paragraph). "Brief" and "perpetuity" are far less synonymous than are "horses" and "tapirs."

The article states: "The ongoing maintenance and upkeep, utilities and use of the building[s] can *only* be achieved as long as faithful members continue to support the Church" (emphasis added). Maintenance, upkeep, utilities and depreciation are mere rounding errors in the COP budget. This is more than misleading. The coverage ratio, especially given EPA's annual cash return from investments, is astronomical. Mr. Caussé wants members and the IRS to believe that the COP is only just above break-even.

Mr. Caussé's most shifty resurrected quote from President Hinckley was this: "When all is said and done, the only real wealth of the Church is in the faith of its people."

204

205 “I think it just goes to show what great lengths^{aa} they are willing to go,” said the
206 whistleblower. “It has taken me years to piece it all together and wake up to what the
207 evidence was pointing to. I guess I was ‘church broke.’^{bb} This kind of façade
208 maintenance comes from the top. It is not accidental. IPC doesn’t want anyone to
209 have enough information^{cc} to be dangerous.”

\$100+ billion is real wealth. And, by the way, this wealth generates more cash annually than the faithful contribute annually.

Also, according to the article, Mr. Caussé said: “In the United States, where churches and other nonprofit organizations are generally exempt from federal and state income tax, the Church pays taxes *on any income it derives from revenue-producing activities that are regularly carried on and are not substantially related to its tax-exempt purposes.*” (emphasis added). This is not true. Multiple billions of dollars in income is derived from EPA investments (a revenue-producing activity) each year; this activity is regular; it is not related to a tax-exempt purpose. The IRS makes clear that asset management is not related to a tax-exempt purpose.¹⁹ Let Mr. Caussé explain these statements at a Senate oversight hearing.

^{aa} For example, the 2001 Patriot Act requires all financial counterparties to “Know Your Client” before on-boarding (to prevent funding terrorist activities). Custodians and brokers have repeatedly requested due-diligence documentation consistent with their internal standards and written procedures, which includes full financial statements. In lieu of financial statements, EPA instead provides a “Statement of Financial Condition” (**Exhibit J**). Custodians and brokers who accommodate this exception go against industry best practices and their internal risk management policies. But some are not willing to forego business with EPA. EPA simply refuses to work with a counterparty that demands EPA’s financial statements. Does the SEC care that brokers and custodians are circumventing industry best practices to make a buck with EPA? Do other clients of EPA’s custodians know that their custodian is selectively lax with VIP clients?

The February 2018 Statement intentionally anchors the business partner into believing that EPA has assets above, but near, \$5 billion. The actual number for EPA’s OAUM at the time was \$88.5 billion (See **Exhibit A**). In 2016, the statement had “\$1 billion” when OAUM was \$75 billion. The misrepresentation only grows with time.

^{bb} Being “church broke” is an internal term within Mormonism, which connotes being “broken in” as one would “break in a horse.” Someone who is church broke tends to accept direction without question and dismiss any red flags prematurely because of a reverence (and deference) to authority. The whistleblower reported that it is extremely difficult in the church-employee culture “to make change that bubbles up very far.” Revelation is reportedly top-down only, especially when it comes to money.

^{cc} EPA portfolio teams are siloed from each other in terms of asset data. It is very difficult for individual portfolio managers to piece together EPA’s entire financial

210
211 According to the Chief Investment Officer (CIO), Robert Nydegger, “the biggest risk to
212 Ensign Peak is the loss of its tax-exempt status.” With no equity (a 501c3 has no
213 owners), no debt, no calls for capital, no plans, no defined operational or liability cash
214 flows to support, and no required filings, EPA’s top priority is to contain their biggest
215 risk. Would Messrs. Clarke or Nydegger be removed if EPA were to underperform?
216 “Only if they lost the firm its invisibility cloak,” said the whistleblower.

217
218 But what is the motivation beneath Mr. Nydegger’s admission? The greatest concern
219 with EPA losing its tax-exempt status goes way beyond the money, according to the
220 whistleblower. The COP and EPA have more than enough. It would hurt some egos,
221 but the IPC wouldn’t mind paying a capital gains tax as long as the IRS kept the
222 figures confidential. The issue is transparency. They don’t want the world to know
223 how much is in their “apocalypse arsenal.” Losing 501c3 status necessitates losing
224 the privilege of 6033a3A1,³⁴ the tax code provision that basically says that churches
225 and their integrated auxiliaries^{dd,35} don’t have to file anything that a typical 501c3
226 has to file annually—including but not limited to:³⁶

- 227
228 (1) gross income for the year,
229 (2) expenses attributable to such income and incurred within the year,
230 (3) disbursements within the year for the purposes for which it is exempt,
231 (4) a balance sheet with assets, liabilities, and net worth at the beginning of the year,
232 (5) the total of the contributions and gifts received by it during the year,
233 (6) the names and addresses of its foundation managers, and
234 (7) lobbying expenditures.

235
236 Congress intended 6033a3A1 to minimize the stress and difficulty of filing multiple
237 annual reports to the IRS for thousands of small to medium-sized religious
238 institutions, most of which were using up all their charitable donations as fast as they
239 were coming in and lacked modern IT systems for tracking and reporting. The COP

picture. For example, only four employees are permitted to see EPA’s actual financial statements (President and Managing Director Roger Clarke, Chief Investment Officer Robert Nydegger, Chief Financial Officer Donald Clouse, and Senior Accountant Carey Woolsey).

^{dd} EPA is an integrated auxiliary on paper only. EPA Treasury does perform some cash management services to COP cash (the way people move money from a high-balance checking account to a savings account to get a higher interest rate rather than putting it in a retirement account). EPA achieves this through investing in commercial paper on COP’s behalf. When the “savings account” gets high, periodic one-way transfers move cash to EPA Portfolio Cash and then to other portfolios. See “Additional Details” in **Exhibit C**. But cash and “retirement” management services do not constitute functional integration. Neither EPA nor COP is “attentive” or “responsive” to the other. EPA has token annual meetings with the IPC, but the latter basically rubber-stamps everything the former presents.

240 and EPA are not using 6033 according to its purpose. It should have been clear after
241 ten years (1997–2007), having grown assets from \$10 billion to \$38 billion (**Exhibit**
242 **K**), and having not made a single distribution, that EPA was not functioning as a
243 supporting organization at all and therefore had a moral duty to disclose that fact to
244 the IRS. “They are saying to themselves: ‘Because we don’t have to disclose ins, outs
245 or growth anymore, we can now do whatever we want, and it isn’t wrong since ‘there
246 can be no accuser,’” said the whistleblower.^{ee,37} “Nope. You still have to be charitable
247 when no one is looking—even if the IRS is not silent note taking. You still have to
248 have something tangible to manage towards. Or you just have to admit that you don’t
249 know what to do with your mountain of money, and make excise payments on what
250 you can’t manage to spend. Or you have to lose your tax-exempt status, so the
251 taxpayer can employ that public trust where it will realize a charitable return.”

252
253 The COP set up EPA in 1997 for the explicit and probably illicit purpose of dumping
254 its surplus where it could silently grow and never be noticed.³⁸ The original trustees
255 may have even felt bad that they had to assume tax breaks from the public on EPA’s
256 capital gains without making expected annual distributions—but that was the only
257 way to exploit 6033a3A1 and wall off the world from how much they had
258 accumulated by 1997 and projected to accumulate in the future. That’s right. The
259 COP built a wall around its money bin—a big, beautiful wall made of the finest fine
260 print, and they made you pay for it. It cost you a lot more than \$5 billion.³⁹

261
262 Why is this wall so important to the COP? Is it just to keep the IRS out? Or are they
263 trying to keep something else in? “Their members,” said the whistleblower. “Would
264 *you* pay tithing instead of water, electricity, or feeding your family if you knew that it
265 would sit around by the billions until the Second Coming of Christ?” Obviously, EPA
266 employees do, or they would lose their job.^{ff} But would the rank-and-file continue to
267 pay? Or would they rank-and-file out?

^{ee} Joseph Smith, Mormonism’s founder, astonishingly taught that there is no sin if there is no accuser. Something of this language and personal values has persisted today in EPA/COP: “If you do not accuse each other, God will not accuse you. If you have no accuser you will enter heaven... If you will not accuse me, I will not accuse you. If you will throw a cloak of charity over my sins, I will over yours—for charity covereth a multitude of sins.” *History of the Church*, 4:445 (7 November 1841). How many sins would a charitable distribution of \$124 billion cover?

^{ff} All EPA employees are required to be “full-tithe payers” and “temple recommend holders.” Prior to 2017, Mr. Clarke, or his delegate, or an HR person would go desk-to-desk requiring employees to show the temple recommend that they were required to keep current. Now, temple-recommend checks are conducted electronically, automatically, and periodically. In addition, the COP implemented in 2019 a means for local clergy to electronically surveil and report to church headquarters the weekly church attendance and temple worthiness of church employees who attend that specific congregation. The purpose of this big-brother automated system was to discriminate against backsliding employees, whose belief systems may have migrated from orthodoxy.

A quote from the COP's own Ensign Magazine^{gg} has become an oft-repeated refrain in sermons across the world: "If paying tithing means that you can't pay for water or electricity, pay tithing. If paying tithing means that you can't pay your rent, pay tithing. Even if paying tithing means that you don't have enough money to feed your family, pay tithing."⁴⁰

Paying tithing has always been the principal metric that the COP uses to judge the faithfulness of its members.^{hh} Only the "tithing faithful" can witness the temple marriages of other members—even one's own children. Only the most "tithing faithful" males get pulled up the ranks of local and general church leadership or "priesthood." Members may try to out-compete each other's righteousness by refraining from caffeinated soda; but stakesⁱⁱ and wards^{jj} divide and consolidate as a function of "tithing faithful per square mile."

"That is the true risk that the COP is trying to manage—losing control over their members' behavior. EPA's job is to help the COP look smaller and keep out prying eyes, so members won't lose confidence should they find out that the senior apostles can't figure out how to use \$100+ billion to accomplish Christ's mission," the whistleblower elaborated.

W. Christopher Waddell of the CPB said privately to a small group in the Q&A session following his 'Best Ideas Lunch' presentation to EPA employees, "We don't have any plans to use these funds at the moment. Waiting for God to tell us."

During lunch the following day, Michael Connors, Director of Fixed Income at EPA, commented to the whistleblower at the City Creek Mall Food Court, "Maybe the

^{gg} Ensign Magazine is a COP-owned, COP-distributed magazine with worldwide circulation. Both Ensign Magazine and EPA were named with reference to Isaiah 5:26, "He will left up an ensign to the nations..."

^{hh} Stake Presidents and Bishops around the world consistently teach members that, beyond tithing, members should give their charity money and personal estates to the church because at least they can be assured that the money is going to a good cause. They often say that other charities have high overhead and you can't be sure that much of it is actually going to a good place; in giving it to the church, they can have high confidence that it is being put to work. If only they knew the truth.

ⁱⁱ In Mormon vernacular, a "stake" is a group of "wards" (local congregations) in a geographic region. The word draws from the metaphor used in Isaiah, where the stakes of Zion's tent were in different places, but held the entire structure together.

^{jj} Local congregations are called "wards." Wards can comprise 50 to 500 members, with 200 being a typical number.

purpose of the funds was not to be spent at all, but to stand as a witness to the leadership of the church of the obedience of its members.” He may be right, but that is not a tax-exempt purpose.

Another EPA employee reportedly said: “It makes sense. God doesn’t need money to bring about his righteous purposes.” Unsay that to the face of a widow holding an orphan who paid tithing rather than the heating bill. Not all EPA employees are so church broke. Several have agreed with the whistleblower privately.^{kk}

The “EPA Universe” grew by \$90 billion from 2009 to 2019. Roughly one-third of that growth came as tithing run-off from the COP (net to surplus); two-thirds came through investing in mainly six portfolios: U.S. Equities (35.7%), International Equities and Foreign Exchange (9.9%), Private Equity (5.2%), Credit/Duration (22.3%), Hybrid instruments (7.7%) and Cash (2.5%).^{ll} The remaining 17.4% are two holding companies⁴¹ for land purchases upon which for-profit businesses, owned by the COP, carry out their missions, none of which have an exempt purpose either (for example, cattle grazing in Nebraska, Florida, and Canada). The compounded annual growth rate on invested capital (the two-thirds mentioned above) was 7.4% between 1995 and 2012 (**Exhibit K**). Internal documents show that EPA leadership believed that approximately 90% of its investment growth came from passive management (“beta” or market-correlated exposures) and 10% came from active management (“alpha” or manager acumen) (**Exhibit L**).^{mm}

By how much will the “EPA Universe” grow (holding prior growth rates constant)? See the figure below. \$336 billion by 2029 is quite likely. The straightforward model is a little ridiculous, but are we not already there? Is this the COP’s emergent strategy for “rolling forth and filling the whole earth”?⁴²

^{kk} Former EPA Head of Fixed Income, Richard B. Willis, in 2011 tried to advocate for transparency. He said, “The longer we wait to disclose the more difficult it will be to defend.” A member of the asset allocation team said on one occasion, “We’ve got an optics problem here. The lack of distributions sure doesn’t look good.”

^{ll} These percentages are actual percentages as of February 2018. They have not materially changed since then. These percentages along with the full financial picture of EPA as of February 2018 can be found in **Exhibit A**.

^{mm} The whistleblower commented, “It is a running joke within the firm that we must be performing well because we have no liquidity requirements, no return requirements, and no liabilities to manage. Sure, we had our benchmarks in our own asset classes and we tried to outperform here and there. But there’s only so much active management you can do when you have a hundred billion to spread out.”

End of Year	EPA Universe	Outlook
2019	124	
2029	336	10 years
2039	912	20 years
2043	1,359	24 years
2069	18,179	50 years
2119	2,665,134	100 years

All figures in billions

How big are private foundations or endowments customarily—for churches and other institutions? According to multiple sources,⁴³ supporting organizations are typically two to three times the size of the supported organization’s annual budget. In such scenarios, the supporting organization can annually fund 10% or more to the supported organization’s budget without diminishment while giving the exempt purpose two or three years to run out its mission should donations to the supported organization cease entirely. The COP is famously tight lipped about what its total tithes and donations are, but one EPA senior leader suspected in 2019 that they are \$6–\$7 billion annually with maybe \$5–\$6 billion in expenses.⁴⁴ If that is true, then every single member of the LDS Church could stop paying tithingⁿⁿ in January 2020,

ⁿⁿ The donation-acquisition policy of the church has changed significantly over the years. Three things happened in the 1970s that contributed significantly towards the COP’s ability to amass so many donations: 1) they changed the definition of income, 2) they changed the temple requirement, and 3) they adopted a balanced-budget philosophy.

The definition of “tithing” in Joseph Smith’s time included a 10% asset tax to join the church and, to continue membership, a 10% tax on one’s annual “increase.” In financial terms, this would be a one-time 10% tax on balance sheet and a 10% tax on positive changes to retained earnings year-to-year. Later, church leadership evolved this policy by repurposing “increase” to mean “net income.” Eventually, church leadership suggested that members pay 10% on “gross income” to merit “gross blessings” (as opposed to “net blessings”) and, according to some, would then gaslight members who were still paying on net. It is common knowledge that gross payers, who are male, are more likely to advance in the ranks of priesthood offices.

The second big change in the 1970s involved applying immense social pressure on backsliders. Only temple recommend holders, having paid a full tithing, would be allowed to perform sacred temple rituals for themselves and witness temple rituals of others, including weddings of family members and loved ones.

The last big change came after World War II ended. The COP projected that the church would grow substantially in Europe so it invested heavily in land and buildings in several countries. The COP had a “build it and they will come” philosophy. However, conversion rates did not increase and financial distress

335 and EPA would still be able to cover all of the COP's unchanged costs in perpetuity
336 (without shrinking EPA's OAUM). This, of course, assumes that EPA keeps its tax-
337 exempt status and that historic investment growth rates continue similarly. Is this
338 part of the COP's prophetic direction? Not likely, but at least EPA would start being
339 compliant with the spirit of the tax code for a 501c3 supporting organization.

340
341 Can one fault a religion with a persecution complex for being taciturn about its
342 coffers?^{oo,45} "The Lord must know what He is doing. Apparently, He is saving it for a

ensued. All church projects were frozen for some time and church employees were even asked to not cash their paychecks. The COP leadership vowed to never again "bet the farm" on prophetic speculation, thus establishing an austere balanced-budget philosophy. Such loss aversion created a not-on-my-watch mentality that permeates both the COP and EPA today. Kings tend not to take risks while on the throne.

It was just a matter of time before the combination of the above three policy changes and the power of compounded interest would produce unmitigated, run-away wealth (~7% investment growth times \$124 billion = \$8.7 billion annually, which is greater than the highest internal estimate for total annual tithing, which is \$7 billion). "It's a miracle," reportedly remarked Mr. Davies of the CPB on multiple occasions. The journal entries make plain that nothing supernatural has occurred: austere operations, milked membership, compounded interest, tax breaks and time. "It works well enough without that hypothesis," said Pierre-Simon Laplace.

^{oo} On the subject of keeping information close to the chest, the whistleblower related, "EPA employees are trained to be especially sensitive about information that flows outside the corporation, especially anything related to assets and exposures. Of course, all corporations need to guard their information, but the lengths that EPA goes to borders on paranoia." The \$100+ billion corporation has remarkably few employees (20 people in 2010, and 75 people in 2019); it doesn't even have a sign on the building or in the lobby downstairs.

For example, in 2014, when EPA leadership realized that its intra-company instant messages were being stored on Bloomberg servers and theoretically potentially readable by a curious Bloomberg employee/hacker, they required that all EPA employees cease and desist using Bloomberg chats for internal communications and then implemented its own local solution. The firm was paranoid that Bloomberg employees could try and reverse engineer assets from texts/trades, jeopardize the tax-exempt status, or further disclose OAUM (a Bloomberg article had been written in July 2012²⁷ and management was afraid of more information getting out).

In 2017, EPA learned that a corporate bond broker with whom EPA had done a material amount of trades, was on the board of Open Stories Foundation (OSF). The firm panicked because OSF supported Mormon Stories Podcast, hosted by John Dehlin, who was excommunicated for apostasy in 2015. EPA was concerned that OSF might be seeking confidential information about the COP or EPA. Questioning the

rainy day,” one EPA director reportedly said to the whistleblower. Setting aside the irony of deity needing money after causing the weather to be bad, one might ask how regulation-skirting justifications crept into the COP and EPA? Perhaps it started in 1837, after the State of Ohio rejected the petition of Mormonism’s founder, Joseph Smith, for a bank charter. Undaunted by state regulations, Mr. Smith created an “Anti-Bank,” and illegally printed his own money that displayed the words “The Kirtland Safety Society Anti-Bank-ing Co.”—with the prefix “anti” and the suffix “ing” only mildly larger than fine print (**Exhibit M**).⁴⁶ EPA is an Anti-501c3.

If so undaunted by the spirit of the law, what other “Anti-501c3-ing” activities could Mormons, Inc. be into? Is this a one-off or does cockroach theory apply here? Are there any other bursting mattresses that junior apostles don’t know they are sleeping on? Does the COP have a stash house somewhere else, maybe Switzerland, which even EPA doesn’t know about? The whistleblower has identified 452 offshore accounts that have received over \$11.1 billion from eleven COP or CPB^y accounts over a ten-year period (**Exhibit N**).^{pp,47} The whistleblower said, “I don’t have any direct evidence of COP dark money, but I can’t disprove it. I hope not. But that is the nature of dark money; you don’t know what you don’t see.”

The whistleblower did, however, see evidence of shady EPA activity multiple times from 2011 to 2016. One such example (**Exhibit O**) shows how a missing accounting

bond broker’s true loyalty to Mormonism and fearing that s/he might sympathize with apostates, the firm settled on ceasing to do all transactions with that bond broker. The whistleblower objected to the obvious bigotry of religious discrimination towards business associates, but suggested that the client, the CPB, make the decision. The purportedly official response from the CPB was to do business-as-usual with the bond broker, followed by a wink and a nod. No trades were made with that bond broker ever again.

^{pp} This information came from the COP’s Global Funding System (GFS). The whistleblower was asked by EPA to do a Foreign Exchange risk analysis, which necessitated seeing the COP’s foreign risk activities, which are generally not known to EPA. Part of this analysis revealed that the COP’s outflows (upstream to EPA involvement) to top-off church operating budgets in foreign countries were \$11.1 billion over 11 years (2003 to 2013), which happens to be a round figure of \$1 billion per year. In 2013, the total church population was reported by the LDS church to be 15.1 million members. 56.3% of the total membership was living outside the United States and Canada at that time. The United States and Canada were (and are) the only self-sustaining countries with respect to operating budgets. All other countries require supplements. On a per member basis, this means that the COP effectively sent \$118 (U.S. dollars) to support each member in a non-self-sustaining country in 2013 (about \$10 per member per month). In general from 2003 to 2013, the COP put more money into its “reserve of the reserves” than it spent on supplementing its members who can’t support themselves (compare **Exhibit Q.1** and **Exhibit N.2** for 2013).

control (segregation of duties) and a “worst practice” (deleting receivables) together constituted a potential mechanism for dark money. The mechanism was identified by the whistleblower and corrected by top management only to be intentionally re-introduced by top management once the attention had died down. The whistleblower re-discovered the worst practice and missing control by accident years later and immediately raised the potential fraud flag. Top management did respond immediately; however, the persons responsible for investigating were also the persons who had re-instated the worst practice in the first place. To make a long story short, deleting receivables can constitute an effective way to make untraceable “payments.”

Institutions like the COP can also hide in the dark because they are exempt from virtually all reporting requirements in the United States. Many other countries require even less. What part has the COP played in lobbying to minimize reporting requirements for 501c3 supporting organizations that support a religion?^{qq,48} What other strategies are there for obfuscation—legitimate and tenuous? Add a layer of LLCs.

In May 2018, KUTV reported⁴⁹ (their source was Mormonleaks.io⁵⁰) that 13 holding companies—potentially owned by the Mormon Church—collectively owned \$32.7 billion in U.S. stocks at year-end 2017. The next day, an emergency staff meeting, led by CIO Mr. Nydegger, was called at EPA to discuss whether new holding companies needed to be created since the current structure^{rr} could no longer obfuscate EPA’s equity positions.^{ss}

^{qq} The Internal Revenue Code requires that a supporting organization’s time, efforts, and assets spent on political purposes must not be substantial. How can the IRS know whether the Mormon Church’s political expenditures in a locality are substantial if nothing can be known about the size of their assets locally or collectively?

^{rr} All 13 holding companies are fully owned and controlled by EPA. Mormonleaks.io confirmed that one individual named in the 13Fs was a church employee; the others refused to comment. The whistleblower confirms that ten of the Business Managers listed in the thirteen 13Fs were COP employees; the remaining three were EPA employees at the time (**Exhibit P**, inset).

^{ss} EPA decided that creating new entities would draw unwanted attention and be obvious. To avoid follow-on stories in the media and re-enforced public perceptions of obfuscation, EPA concluded that a slower strategy over many years might be more effective for full re-concealment. Incidentally, the third party who shared the information with Mormonleaks.io discovered that the thirteen LLCs were potentially owned by the Mormon Church because all thirteen happened to be created on the same day and all had domain names that were hosted by servers that also host lds.org and mormon.org. EPA leaders were dismayed that all their hard work to hide their domestic stock positions could be undone by an IT efficiency (using fewer servers to host their sites).

388
389 The total AUM of 12^{tt} of the 13 holding companies was \$31.9 billion at the end of
390 2017. This was indeed the total U.S. public-equity figure for all internally managed
391 EPA portfolios. Another estimated \$3.7 billion in U.S. public equities were owned by
392 EPA, but were externally managed at that time, bringing the total to \$35.6 billion
393 **(Exhibit P)**.

394
395 Undeniably the overall activity of the COP (and EPA) is not dark, nor shady. The same
396 can probably be said of virtually all churches. The biggest difference between the
397 COP and other churches is that most other churches are financially transparent to
398 their members and put substantially all their money to charitable work.⁵¹ Perhaps a
399 gigachurch could also. But it is going to have to get creative^{uu} and start planning to
400 spend its \$100+ billion on something other than deferred spiritual warfare^{vv} or post-
401 apocalyptic reconstruction. The dwarves of Erebor at least made things with their
402 mountain trove.

403
404 The purpose of this exposition is not to jeopardize the right of religious institutions
405 to amass wealth—even great wealth. Most religious institutions’ assets don’t

^{tt} It turns out that one of the holding companies, Clifton Park Capital Management, had been repurposed since 2016 and no longer held any U.S. public-equity positions, but only private equity. This is why there was no 13F in both 2016 and 2017 (it was erroneously assumed by reporters that Clifton Park continued to hold publicly traded U.S. stocks at the time the article was published).

^{uu} Members of the Mormon Church get very creative when it comes to raising funds (bake-offs, scout-camp auctions, etc.), especially to send their youngsters on missions, which is required of all males and is optional for females. The COP recently announced that the monthly dues for missionary service will increase by 25% in 2020 (from \$400 per member per month to \$500 per member per month) for residents of Australia, Austria, Belgium, Canada, Denmark, France, Finland, Germany, Iceland, Ireland, Italy, Japan, the Netherlands, Norway, Switzerland, Sweden, the United Kingdom and the United States; it will remain \$400 per member per month elsewhere. The COP and the CPB sure don’t mind putting the squeeze on the middle-class family with two kids in college and one on a mission. Does such a family know that with approximately 70,000 full-time missionaries, the entire full-time missionary program would only cost \$336 million annually? The “reserve of the reserves” makes 20x that amount annually as investment income alone; EPA has never distributed any support to the missionary effort and hasn’t supported anything at all in five years.

^{vv} The warning from late Christopher Hitchens rings true in this context—that people have the right to remember the way wealthy organized religions behaved when they were strong. How much stronger financially is the COP now than any of its peers and ever before in history?

406 overpower their needs. Even those that can save still spend an amount
407 commensurate to the size of their assets. They don't abuse the public trust and don't
408 deserve any more red tape. But society needs a Church-Offender Registry. Getting on
409 it should mean consequences for the rest of your corporate life. There needs to be a
410 mechanism to keep gigachurches from spawning 501c3's without having to register
411 them.^{ww} Trustees and officers of an offending church must be prevented from
412 becoming repeat offenders. The IRS should require all churches with more than, say,
413 \$50 billion in net worth^{xx} 1) to file publicly everything a non-religious 501c3 does,^{yy}
414 2) to distribute a minimum of 5% of its investment assets (the way all other private
415 foundations do), and 3) to demonstrate annually to the IRS that it is passing a
416 common-sense "commensurate test" (one is proposed in **Exhibit F**). Congress should
417 enact such legislation. The Senate should hold hearings to give the COP and EPA a
418 chance to explain themselves to the People.^{zz} The President of the United States
419 should sign and execute a bill that works for all churches, not just the one at the top
420 (financially).
421

^{ww} There is no reason to assume that the COP does not have other entities like EPA in other places. They would not likely be as large; the IRS should have the power to find out.

^{xx} It is inherently very difficult to determine the total net worth of Mormons, Inc. because, unlike EPA, most of the church's assets are not publicly traded, are not recently transacted, and have no intention of being sold (and so are not periodically marked to market). However, adjusting the estimates of Newsweek, Bloomberg, Time Magazine and Reuters with conservative growth rates and sparse internal information (such as country-to-country payments to supplement area operating budgets), the whistleblower believes that the best net-worth figure, if forced to guess, would be \$200+ billion.

^{yy} Many small and medium-sized corporations are not required to provide certain benefits that other larger corporations must provide by law. Some religions are corporations; certainly the COP is. It is not unreasonable that gigantic religious corporations should have to conform to more regulations than very small religious corporations do. This is common sense and should be codified in law.

^{zz} Henry B. Eyring was a founding member of EPA and an original trustee. He is the only founding trustee who is still alive. He is the only person who has regularly attended the board meetings between the COP and EPA for 22 years. He is the most qualified and informed person to stand before the Senate and explain what the true intent of EPA was from the beginning, why the trustees have consciously chosen to accept tax breaks without performing a charitable mission, whether he ever felt that the IRS should know that they weren't making any charitable outflows at all, and how he walks the line between legally squeamish and morally bankrupt.

422 Then there is the matter of restitution. Can a church so bent on confession,
423 worthiness interviews,^{aaa,52} and repentance take its own medicine?^{bbb} Or will it's
424 lawyers hide behind amoral legalese—pointing to all the dotted i's and crossed t's?

426 The COP teaches that there are five principles of repentance: 1) recognize, 2) feel
427 sorrow, 3) forsake, 4) apologize, and 5) right the wrong.⁵³ It is unlikely that the COP
428 or IPC will do anything on step 4. According to Mr. Oaks, a member of both: "The
429 church doesn't 'seek apologies,' he said, 'and we don't give them.'"^{ccc,54} But will it try
430 to do step 5? Or will the IRS and the public compel it to be humble?

432 If the IRS determines that EPA was delinquent in making qualifying supporting
433 distributions each year, then EPA's total nominal excise penalties would be \$18.5
434 billion, or \$26.1 billion with interest (**Exhibit Q.1**). Looking back only seven years,
435 the total tax bill would be \$11.6 billion.

437 If the IRS determines that the COP did not intend for EPA to be a charitably active
438 supporting organization and rules that it should have been paying capital gains tax
439 since 1997, then EPA's OAUM (holding all contributions and investment growth rates
440 unchanged) would be \$80.7 billion today--\$18.4 billion^{ddd} lower than the current
441 amount (**Exhibit Q.2**). Alternatively, the sum of nominal evaded capital-gains
442 payments would have been \$9.3 billion, or \$16.3 billion with penalties and interest
443 (**Exhibit Q.3**). Should the IRS only audit back seven years, the total tax bill would be
444 \$7.2 billion, or \$9 billion less. That is the value of flying under the radar as long as
445 you can. "I think EPA knew this was going to catch up to them eventually; they just
446 wanted to milk it for as long as they could," said the whistleblower.^{eee}

^{aaa} Worthiness interviews are a controversial ecclesiastical practice recently covered in the media, especially regarding the asking of sexually explicit questions to minors.

^{bbb} "Are you a full tithe payer?" the church asks the members before it will let them go to a temple. "Are you a full qualified distributor?" the member should ask first.

^{ccc} The context for this quotation was the church's reflection on its "past language on homosexuality." Mr. Oaks then expanded that context to include the entire history of the church and other issues, and strengthened his point on video "by insisting that the word 'apology' doesn't appear in LDS Scriptures." The video has become a meme on social media.⁵⁴

^{ddd} Using various methods for tracing tithing principal separate from tithing investment returns, the whistleblower's best estimate for the composition of EPA's OAUM today is: 23% tithing principal, 60% investment returns, and 17% tax breaks.

^{eee} The whistleblower continued, "I have to say that I gave them fair warning. I took a lot of cold water in the face for bringing up these issues over and over for almost a decade," the whistleblower remarked.

448 What is EPA's ability-to-pay the IRS? In addition to \$4.5 billion in EPA's treasury
449 (essentially cash) and \$2.4 billion in portfolio cash, the overall liquidity of EPA's
450 portfolio is uncharacteristically high. Maturing bonds and dividend-yielding stocks
451 need not be re-invested; their natural roll-off would produce \$7 billion in liquidity
452 over six months. In addition, internal documents show that in March 2013 EPA could
453 liquidate 85% of its portfolio in 3 months by selling into normal markets^{fff} without
454 substantial disruption (**Exhibit R**); that target is now closer to 75%, according to the
455 whistleblower. No fire sale would be necessary.

456
457 What is EPA's willingness-to-pay the IRS? "There is no question in my mind that the
458 COP would be willing to pay whatever amount the IRS deems appropriate," said the
459 whistleblower. But if revocation of the tax-exempt status were a condition of
460 settlement, they would fight it tooth-and-nail to the finish line, appealing all the way
461 to the Supreme Court, if necessary. It is the culture of the COP to act in its own
462 interest, pay anticipated fines, and settle with non-disclosure agreements, but it does
463 not publicly capitulate or ever admit wrongdoing.^{ccc,ggg} It must not be perceived that
464 the COP answers to any earthly authority—hence, the COP (and by extension EPA)
465 would be willing to pay handsomely for continued anonymity, according to the
466 whistleblower.

467
468 What is the IRS's willingness-to-investigate EPA? It has not always been easy for the
469 IRS to collect from wayward churches for four reasons: 1) it is hard to get the right
470 information from entities who don't make regular filings and who are not
471 forthcoming nor transparent with their finances, 2) often there is little or no money
472 to collect, 3) perpetrators often flee, and 4) attaching fines or a lien to a financially
473 empty church usually means hurting innocent members.

474
475 None of these concerns apply in this case: 1) the whistleblower has provided vast
476 information and analysis to the IRS, 2) there is an ungodly amount of highly liquid
477 assets already set apart from all church and affiliate operations, 3) the perpetrators
478 come from a gerontocracy and pose no serious flight risk, and 4) fines of any size can
479 be paid without disruption to any day-to-day activity and without hardship to any lay
480 member.

^{fff} What would Wall Street think? "The most that EPA has ever spent in a year was \$600 million, and their policy requires access to >\$75 billion in less than 90 days—and what's the plan?! Spend it on what? Mergers & Acquisitions? Are they paranoid?" Organizations only need such liquidity 1) to massively spend in the near future, and 2) to flee. It is clear that the COP won't be doing any spending. But neither are they likely to flee, despite having hidden from authority many times in the past and having fled from New York to Ohio, then to Missouri, then to Illinois, then to Utah. At this point, "Where will you go? What will you do?"⁵⁸

^{ggg} Notable examples in this regard surround its fines and penalties for pushing legislation touching LGBTQ issues, legal discrimination under the guise of "religious freedom," and other issues.

481
482 But the foregoing only makes restitution to the IRS. What of the violation of the
483 public trust? Where should the value have gone, and how much would it have been?
484 Hypothetically, if EPA were to have had the exact same growth performance and
485 contributions from the COP, but had paid 5% distributions each year since its
486 inception, then EPA's OAUM would be \$32.4 billion instead of 99.1 billion today. This
487 difference is the real, present value of your public trust in EPA: \$66.6 billion (**Exhibit**
488 **Q.4**). It is the cumulative good in the world the public might rightfully have
489 expected^{hhh} from the COP via its supporting organization. "Will EPA rob God?"
490 Mormons will ask. "But you have robbed me,"ⁱⁱⁱ Jane and John Q. Taxpayer will
491 respond.

492
493 And what of the violation of the trust coming from the COP's members?^{jjj} Very few
494 members know anything about EPA at all. In 2012, Reuters quoted Marlin K. Jensen,
495 then-church historian, on the topic of recent LDS membership attrition: "Not since a
496 famous trouble spot in Mormon history—the 1837 failure of a church bank in
497 Kirtland, Ohio—have so many left the church. Maybe since Kirtland, we've never had
498 a period of—I'll call it—apostasy, like we're having now."⁵⁵

499
500 One hundred eighty-two years ago, at extreme cost to its membership, the Ohio-
501 based "COP" survived the collapse of its Anti-Bank, uprooting itself again and
502 relocating to the Wild West. Today, can the Utah-based COP survive the collapse of its
503 Anti-501c3? Probably, but at what cost to its membership? It might have to relocate
504 again, perhaps to the Cayman Islands.

505
506 At the end of the day, the IRS, the Senate, the court of public opinion, and the reader
507 need to weigh in. Does EPA pass the "smell test"? Does it quack like a 501c3 or not?
508 Or are Jesus' 12 more like Thorin's 13, who—not parting with a single coin—make a
509 last stand atop a lonely mountain named Ensign Peak.

^{hhh} How many poor could have been fed? How many refugees could have been sheltered? How many afflicted could have been healed? Diseases cured?

ⁱⁱⁱ Bible: Malachi 3:8
Book of Mormon: 3 Nephi 24: 8

^{jjj} "Hastening the work" is an oft repeated refrain from COP leadership, which constantly urges its members to devote more time, energy and financial resources to the church. Because EPA has only pulled resources out of the system and has given nothing to anything religious, educational, or charitable for 22 years, EPA (ironically) has been "dampening the work." See endnote 59.

¹ Entity Number: 555534-0145

<https://secure.utah.gov/bes/details.html?entity=555534-0145>

² “Kingdom Come,” Time Magazine. David Van Biema. 1997. “Salt Lake City was just for starters—The Mormons’ true great trek has been to social acceptance and a \$30 billion church empire.”

<http://content.time.com/time/magazine/article/0,9171,986794,00.html>

³ Entity Number: 1376719-0140; Tax Identification Number: 84-1432969.

<https://secure.utah.gov/bes/details.html?entity=1376719-0140>

⁴ <https://www.usnews.com/education/best-colleges/the-short-list-college/articles/10-universities-with-the-biggest-endowments>

⁵ This is the figure published by the LDS church at its newsroom website, which gives no publication date.

https://newsroom.churchofjesuschrist.org/article/what-to-expect-at-church-services?fb_action_ids=458968067467527&fb_action_types=og.recommends&fb_source=aggregation&fb_aggregation_id=288381481237582

⁶ As of October 2019 the total number of temples in any stage of construction was 217. 166 have been dedicated; 15 are under construction; 36 are announced.

⁷ Apartment complexes in Chicago:

<https://www.chicagobusiness.com/commercial-real-estate/mormons-buy-south-loop-apartment-tower>

Apartment complexes in Philadelphia:

<https://archive.sltrib.com/article.php?id=4358490&itype=CMSID>

Mixed-use development in Mesa:

https://www.eastvalleytribune.com/scope-of-mormon-temple-area-project-in-mesa-to-be/article_72245224-c4d5-11e8-a88f-4fa589377d9d.html

⁸ Brigham Young University—Provo (BYU), Brigham Young University—Idaho (BYU-I), Brigham Young University—Hawaii (BYU-Hawaii), LDS Business College

⁹ Bonneville International, Deseret News Publishing, Deseret Digital Media, etc.

¹⁰ The Mormon Church had built 78 relatively small tabernacles before 1960. It has since abandoned the practice. The LDS Conference Center was built in April 2000 to

replace its prior primary tabernacle on Temple Square, home of the formerly known Mormon Tabernacle Choir.

¹¹ This is more than Harvard's, Yale's, Stanford's, Princeton's, and MIT's endowments combined. The Bill and Melinda Gates Foundation has \$51.6 billion currently, and had given away \$41 billion between 2000 and 2017 with a primary goal of "healing the sick" via anti-malaria campaigns and pandemic avoidance research. EPA has given away \$0 to religious, educational, or charitable purposes over the same time frame. It is remarkable that a tech giant's surplus has done more to "heal the sick" than a global church whose "reserve of the reserves" is more than twice the size.

<https://www.philanthropy.com/article/Bufett-GatesBloomberg/241235>

¹² For more information on the requirements of private foundations, see:

<https://www.irs.gov/charities-non-profits/private-foundations/taxes-on-failure-to-distribute-income-private-foundations>

"Private foundations are required to spend annually a certain amount of money or property for charitable purposes, including grants to other charitable organizations. The amount that must be distributed annually is ascertained by computing the foundation's distributable amount. The distributable amount is equal to the foundation's minimum investment return with certain adjustments."

"The distributable amount must be distributed as qualifying distributions."

"A foundation that fails to pay out the distributable amount in a timely manner is subject to a 30 percent excise tax under section 4942 on the undistributed income. The tax is charged for each year or partial year that the deficiency remains uncorrected. An additional 100 percent tax is triggered if the foundation fails to make up the deficient distribution within 90 days of receiving notification from the IRS of its failure to make minimum distributions."

<https://www.irs.gov/government-entities/irc-section-4942-taxes-on-failure-to-distribute-income-carryover-of-excess-distributions-or-undistributed-income>

¹³ The terms private foundation and supporting organization are not perfectly synonymous. The IRS created "supporting organizations" in 2006 as a "light" version of a private foundation. Some supporting organizations have a minimum payout requirement. For example, a 509a3 Type III non-functionally integrated supporting organization, or Type III non-FISO, has a minimum payout requirement—the greater of 3.5% of assets or 95% of annual investment growth. Some have no such requirement. It is difficult for a whistleblower to determine whether EPA is organized as a Type I, II or Type III supporting organization. But all types have the legal expectation to do charitable work through distributions from time to time for their supported organization.

In Form 990-T (**Exhibit S**) Section I, EPA affirms that it was a “subsidiary in an affiliated group or a parent-subsidiary controlled group.” It gives a handwritten number of the parent corporation: CORP 23-7300405. This may indicate that EPA is in a parent-child relationship, which may indicate that it is Type I.

¹⁴ The COP had a controlling majority of Zions Bancorporation until 1960. It is not publicly known what share of the company the COP (or EPA) currently owns.

¹⁵ A supporting organization (EPA) must engage solely in activities that support or benefit its supported organization (COP). BFG is not a supported organization (nor a supporting organization that supports the same supported organization). The COP owns BFG via Deseret Management Corporation (DMC), but that doesn’t make a direct grant (from EPA to BFG) or an indirect grant (from EPA to COP to DMC to BFG) a qualifying grant for EPA’s tax-exempt purpose. Bailing out BFG did not meet the COP’s exempt purpose, so it couldn’t meet EPA’s exempt purpose either. The COP might argue that the internal bailout helped to keep its brand and reputation untarnished, which indirectly helped it to retain some members. However, brand management for a religion is not a religious, educational, or charitable function, which belies its exempt status and the “irrevocable dedication” of EPA’s assets as required by its Articles of Incorporation (**Exhibit E.1**).

Immediately after this bailout, BFG announced that it was exiting the life insurance business, cut 150 jobs in Utah, and would write no new policies after August 2009.

¹⁶ “Downtown Redevelopment Plans Announced,” *Newsroom*. LDS Church. October 3, 2006. Retrieved 2015-06-09.

According to the IRS, “a foundation may set aside funds for up to 60 months for certain major projects. Excess qualifying distributions may be carried forward for a period of five tax years immediately following the tax year in which the excess was created.”

EPA did not set aside or earmark money for the City Creek Mall in the five years leading up to the distribution. The concept design of City Creek Center was announced in October 2006. Regardless, the total amount used for the City Creek Mall was less than one year’s distribution requirement for comparable private foundations.

¹⁷ <https://web.archive.org/web/20150220125939/https://www.aisc.org/newsdetail.aspx?id=35390>

¹⁸ Even though City Creek Mall does contain some office units for employees engaged in managing endowment funds for EPA, the mall may not be considered an asset used for exempt purposes, as per the Internal Revenue Code.

<https://www.irs.gov/charities-non-profits/private-foundations/assets-used-for-exempt-purposes-private-foundation-minimum-investment-return>

“An office building used to provide offices for employees engaged in managing endowment funds for the foundation is not considered an asset used for exempt purposes.”

“An asset is used (or held for use) for exempt purposes only if it is actually used by the foundation in carrying on the charitable, educational, or similar function that gives rise to its exempt status, or if the foundation owns the asset and establishes to the satisfaction of the Service that its immediate use in exempt functions is not practical and that definite plans exist to begin the use within a reasonable period of time.”

EPA has never attempted to establish to the satisfaction of the IRS that the Mall would be used for any exempt purpose over any time frame.

“However, where property is used both for exempt and nonexempt purposes, the property will be considered as being used entirely for exempt purposes if at least 95 percent of its total use is for exempt purposes. But, if less than 95 percent of its total use is for exempt purposes, a reasonable allocation must be made between exempt and nonexempt use. Property acquired by the foundation to be used for an exempt purpose will be considered an asset used for exempt purposes even though all or part of the property is leased for a limited and reasonable time (generally no more than one year) while arrangements are made to convert it to use for exempt purposes.

¹⁹ “Assets held for the production of income or for investment (for example, stocks, bonds, interest-bearing notes, endowment funds, or [leased] real estate) *are not considered used or held for use for exempt purposes* even though the income from those assets is used to carry out an exempt purpose. Whether an asset is held for the production of income or for investment rather than used or held for use directly by the foundation for exempt purposes is a factual question.” (emphases added)

“Where the income-producing use continues beyond a reasonable time, the property will not be considered an asset used for exempt purposes. Instead, at the time the income-producing use becomes unreasonable, the property will be considered disposed of to the extent the acquisition was taken into account as a qualifying distribution. If the property is later used by the foundation for exempt purposes, a qualifying distribution in an amount equal to its fair market value at that time will be considered to have been made at the time the exempt use begins.”

<https://www.irs.gov/charities-non-profits/private-foundations/assets-used-for-exempt-purposes-private-foundation-minimum-investment-return>

²⁰ <https://charitylawyerblog.com/2010/08/16/nonprofit-law-jargon-buster-the-commensurate-test/>

²¹ The Salt Lake Tribune estimated that the construction cost of the LDS Conference Center was \$240 million.

<https://www.nytimes.com/2000/02/06/us/new-structure-symbolizes-mormon-growth.html>

²² “Whenever a charity is building up capital over an extended period, the organization should document the purpose. Whether it is to build an endowment, to fund capital expenditures, or some other legitimate charitable purpose, that purpose should be appropriately documented in board resolutions. Charities with endowments should periodically review their expenditure policy to determine whether it is spending its assets at an appropriate rate in light of its resources.” See endnote 20.

EPA has built up capital over an extended period—more than 22 years. Neither the COP nor EPA has officially documented nor communicated a specific planned purpose. “Distant future needs” would not pass muster.

²³ <https://www.churchofjesuschrist.org/study/scriptures/gs/bridegroom?lang=eng>
<https://www.deseret.com/2018/4/16/20643748/dowry-is-not-the-lord-s-way-in-kenya-lds-president-nelson-says-tithing-breaks-poverty-cycle>

²⁴ Revelation 20:8

²⁵ Matthew 6:24: “No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon.”

²⁶ Kirn, Walter (June 5, 2011). “*The Mormon Moment*,” Newsweek. Archived from the original on December 8, 2014.

²⁷ <http://archive.sltrib.com/article.php?id=54478720&itype=CMSID>

<https://www.bloomberg.com/news/photo-essays/2012-07-12/the-mormon-global-business-empire>

<https://www.bloomberg.com/news/articles/2012-07-18/how-the-mormons-make-money>

²⁸ In Wikipedia’s “List of Wealthiest Organizations,” the Church of Jesus Christ of Latter-day Saints is listed as the wealthiest among all charitable, educational and religious institutions with a net worth of \$67 billion. EPA alone, the “reserve of the

reserves,” is just one of the COP’s endowments, which itself is 2x the Wikipedia estimate of the whole (non-inclusive of all the for-profit businesses, land, chapels, temples, etc.).

²⁹ <https://www.thechurchnews.com/archives/1997-08-02/church-issues-response-to-time-magazine-story-129947>

In this responsive article, Bruce Olsen also said: “It would also have been well if [Time Magazine] had pointed out that the bulk of the Church’s assets are money-consuming assets, rather than money-producing.” That may or may not have been true in 1997. It is certainly not true now. The bulk of the Church’s assets are money producing. If Mr. Olsen’s comment could have been alleviating in 1997, it has the opposite effect now.

³⁰ To some Mormons, this kind of doublespeak smacks strongly of the “carefully worded” denials the Church has presented over the years on a vast range of controversial topics, which have now been somewhat addressed through a collection of “Gospel Topic Essays,” which are available online at the following URLs:

- A) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/first-vision-accounts?lang=eng>
- B) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/christians?lang=eng>
- C) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/book-of-mormon-translation?lang=eng>
- D) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/race-and-the-priesthood?lang=eng>
- E) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/plural-marriage-and-families-in-early-utah?lang=eng>
- F) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/book-of-mormon-and-dna-studies?lang=eng>
- G) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/becoming-like-god?lang=eng>
- H) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/peace-and-violence-among-19th-century-latter-day-saints?lang=eng>
- I) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/translation-and-historicity-of-the-book-of-abraham?lang=eng>
- J) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/plural-marriage-in-kirtland-and-nauvoo?lang=eng>
- K) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/the-manifesto-and-the-end-of-plural-marriage?lang=eng>
- L) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/joseph-smiths-teachings-about-priesthood-temple-and-women?lang=eng>
- M) <https://www.churchofjesuschrist.org/study/manual/gospel-topics-essays/mother-in-heaven?lang=eng>

Responses that deconstruct the doublespeak in the above essays can be found in the corresponding list below:

<http://www.mormonthink.com/essays-responses-intro.htm>

Response to A: <http://www.mormonthink.com/firstvisionweb.htm>

Response to B: <http://www.mormonthink.com/essays-are-mormons-christian.htm>

Response to C: <http://www.mormonthink.com/transbomweb.htm>

Response to D: <http://www.mormonthink.com/blackweb.htm>

Response to E: <http://www.mormonthink.com/essays-plural-marriage.htm>

Response to F: <http://www.mormonthink.com/book-of-mormon-problems.htm#DNA>

Response to G: <http://mormonthink.com/essays-becoming-like-god.htm>

Response to H: <http://www.mormonthink.com/essays-peace-and-violence.htm>

Response to I: <http://www.mormonthink.com/essays-book-of-abraham.htm>

Response to J: <http://www.mormonthink.com/essays-plural-marriage-in-kirtland-and-nauvoo.htm>

Response to K: <http://www.mormonthink.com/essays-manifesto.htm>

Response to L: <http://www.mormonthink.com/essays-priesthood-and-women.htm>

Response to M: <http://www.mormonthink.com/essays-mother-in-heaven.htm>

³¹ <https://www.deseretnews.com/article/865657898/LDS-Church-welfare-humanitarian-efforts-average-40-million-per-year-apostle-says.html>

³² Again, such a distribution would be qualifying were it to come from EPA. EPA has not made any charitable distributions.

³³ <https://newsroom.churchofjesuschrist.org/article/church-finances-and-a-growing-global-church>

³⁴ Section 508c exempts integrated auxiliaries of a church from the requirement that new organizations notify the Secretary of the Treasury that they are applying for recognition of section 501c3 status (Form 1023). They can just become a 501c3 organization without paper work.

<https://www.law.cornell.edu/uscode/text/26/508>

Section 6033a1 requires organizations that are exempt from income tax under section 501a and their supporting organizations to file annual returns. Section 6033a3Ai provides exceptions to this requirement for certain specified types of organizations, including churches, their integrated auxiliaries, and conventions or associations of churches. No doubt the wealthiest church was the most influential in the lobby that enabled that exception.

³⁵ This provision establishes the criteria of an integrated auxiliary: 1.6033-2g and h.

<https://www.irs.gov/pub/irs-reg/td8640.txt>

³⁶ <https://www.law.cornell.edu/uscode/text/26/6033>

³⁷ For a more full discussion of such statements from Joseph Smith, as compiled by Grant Palmer, see:

<https://www.mormonstories.org/podcast/final-evening-with-grant-palmer/>

³⁸ In Rev. Rul. 67-235, 1967-2 C.B. 113 the court held that an organization that is not “charitable” in the generally accepted legal sense does not qualify for IRC 501c3 exemption. See also Reg. 1.501c3-1d2.

Organizations that sit on wealth and don’t distribute it fall outside the definition of “charitable” in the generally accepted legal sense.

Citing Restatement (Second) of Trusts Section 377 (1959), the court stated that it is axiomatic that a charitable trust is invalid if it is created for an illegal purpose. If that sole purpose is to defraud or evade taxes, then one could argue that the charity was created for an illegal purpose. Ensign Peak has never managed to a liability stream.

³⁹ <https://www.pbs.org/newshour/nation/senate-republicans-ok-5-billion-for-trumps-border-wall>

⁴⁰ Ensign Magazine, December 2012 issue. “Sacred Transformations,” Aaron L. West, page 38.

<https://media.ldscdn.org/pdf/magazines/ensign-december-2012/2012-12-00-ensign-eng.pdf>

⁴¹ The entity number for AgReserves, Inc. (ARI) is 1101479-0142 and is listed as a domestic corporation (for profit).

<https://secure.utah.gov/bes/details.html?entity=1101479-0142>

The entity number for Property Reserve, Inc (PRI) is 585535-0140 and is listed as a domestic corporation (non-profit).

<https://secure.utah.gov/bes/details.html?entity=585535-0140>

These entities, as is the case with so many entities associated with the COP and the CPB, change legal names frequently and have multiple DBAs (doing-business-as)—making it more difficult to ascertain the bigger picture.

⁴² Mormons liken their church to a stone cut out of a mountain that rolls forth, gathering no moss, and fills the entire earth. (Daniel 2: 28, 34, 35). Supposing

Nebuchadnezzar's dream to relate to the modern era, former COP President Spencer W. Kimball said:

“And in the days of these kings [that is, the group of European nations] shall the God of heaven set up a kingdom, which shall never be destroyed: and the kingdom shall not be left to other people, but it shall break in pieces and consume all these kingdoms, and it shall stand for ever.

“The Church of Jesus Christ of Latter-day Saints was...the stone cut out of the mountain without hands that would become a great mountain and would fill the whole earth...

“I know it will fill the earth as prophesied...I know it is true and divine. We offer it to you without price.”

If it ever was, the COP is no longer that stone. EPA is no longer just a stone either. Ensign “Peak” has literally become that “great mountain” of money.

And “without price?” Seriously?

<https://www.churchofjesuschrist.org/study/general-conference/1976/04/the-stone-cut-without-hands?lang=eng>

⁴³ <https://www.raise-funds.com/how-much-endowment-is-right-for-our-organizaton/>

<https://trust.guidestar.org/2012/04/25/how-big-should-your-endowment-be/>

⁴⁴ An apologist might argue that because the COP does spend maybe \$5–6 billion per year—how would anyone know?—on the church budget (including for-profit business, religious functions, and educational institutions) that it earns the right to grow unchecked, with a tax break, and with no accountability for using that tax break for a public good...ever. A commensurate test is fortunately not for an apologist to administer; that's for the IRS and Senate Oversight Committees to decide. See **Exhibit F**.

⁴⁵ For more information about Open Stories Foundation, go to:

<https://www.openstoriesfoundation.org/>

For more information about Mormon Stories Podcast, go to:

<https://www.mormonstories.org/>

The COP holds somewhat regular training meetings on “the leadership pattern.” In one such meeting, Henry B. Eyring, a trustee of EPA, stressed to all EPA/COP employees the paramount importance of only hiring “true and faithful servants.” Skills and abilities are subordinate. The more fully indoctrinated employees are, the easier they are to control in information-sensitive positions, decreasing the likelihood of leaks or whistleblower activity—this kind of **B**ehavior-, **I**nformation-, **T**hought- and **E**motion-control are branded at the COP as “the Lord’s way” of doing business. For a description of the BITE model, see:

<https://www.youtube.com/watch?v=Qq6ltDRtOKY>

⁴⁶ This Anti-Bank quickly collapsed and created much economic hardship and disaffection in the early Mormon Church. For a primer on the Kirtland Safety Society Anti-Bank-ing Company, see:

https://en.wikipedia.org/wiki/Kirtland_Safety_Society

<http://www.mormonthink.com/glossary/anti-banking.htm>

⁴⁷ This perspective should be taken into account, when determining the methodology that the IRS should use to perform the “commensurate test.”

The whistleblower doesn’t mean to suggest that dark money would be transferred/documented via GFS, as that system had several users; there would be more clandestine ways to get dark cash into foreign countries using technology and connections that are available to the COP and managed in other systems.

⁴⁸ The Mormon Church has lost several cases for inappropriate political activism, especially turning on LGBTQ issues, which also were exposed by whistleblower action.

https://www.huffpost.com/entry/should-the-mormon-church-_b_13656738?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlMnNvbS8&guce_referrer_sig=AQAAAHFgtE6aa1cxN3eg5mGU15BRopVtzmlLvFiLpnQhNvxBbSLfa7P-u_qb5U-jDw9pmc_CDO1iqxl9hIhMnLQfQqATh0xKader9XOIbRmNOHUjt5QwE1li5a3WT0OQf8mLQxfgFG4b1tqCOAdsY9azLfBbSOLqfBa-1l3JVO9fjPQ5K

⁴⁹ <https://kutv.com/news/local/mormonleaks-says-new-documents-link-lds-church-to-companies-worth-over-32-billion>

⁵⁰ <https://mormonleaks.io/newsroom/>

https://mormonleaks.io/wiki/index.php?title=Investment_Portfolios_Connected_to_the_Mormon_Church

https://www.reddit.com/r/exmormon/comments/8n8dd3/mormonleaks_has_uncovered_13_llcs_limited/

⁵¹ https://en.wikipedia.org/wiki/List_of_wealthiest_organizations#Religious_organizations

⁵² <https://www.sltrib.com/religion/2018/09/16/mormon-church/>

<https://www.sltrib.com/news/2019/07/28/former-lds-bishop-sam/>

⁵³ <https://www.churchofjesuschrist.org/study/manual/gospel-principles/chapter-19-repentance?lang=eng>

⁵⁴ <https://archive.sltrib.com/article.php?id=2108746&itype=CMSID>

<https://archive.sltrib.com/article.php?id=2122123&itype=cmsid>

“No Apology Meme” (featuring Star Wars sound track):

<https://www.youtube.com/watch?v=tUJns80itNE>

Thug Life Meme:

https://www.youtube.com/watch?v=RGAd_ul-564

LGBTQ discrimination vs religious freedom discussion with Mr. Oaks:

https://www.youtube.com/watch?v=UIJ6gL_xc-M

⁵⁵ According to Mr. Jensen, “the head of the church, President Thomas Monson, who is considered a living prophet, has called the campaign ‘The Rescue,’ and [has] made it his signature initiative.”

<https://www.reuters.com/article/us-mormonchurch/special-report-mormonism-besieged-by-the-modern-age-idUSTRE80T1CM20120131>

The “Swedish Rescue,” as reported by the New York Times can be found here:

<https://www.nytimes.com/2013/07/21/us/some-mormons-search-the-web-and-find-doubt.html>

Some reasons why current members have left (and need to be “rescued”) can be found in what the Internet is calling “The CES Letter,” which can be read or downloaded here:

<https://cesletter.org>

⁵⁶ “Church Releases Plans for Downtown Salt Lake,” Ensign, Dec. 2006, 76–80.

⁵⁷ Doug Smeath, “Downtown renovation project,” Deseret News, March 27, 2007.

⁵⁸ <https://www.youtube.com/watch?v=NcYjs6qbTDw>

Several Presidents of the COP have hidden from authority throughout Mormonism, especially touching polygamy, polyandry, requirements for Utah statehood, the first and second “Manifestos,” etc.

⁵⁹ <https://www.churchofjesuschrist.org/study/ensign/2014/06/hastening-the-work?lang=eng>

EXHIBIT A

EPA Universe-->	Investment Assets: 105.6B																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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EXHIBIT B

Ensign Peak Relationships

Affiliate Participants

Church Education System

- ▶ BYU –Provo
- ▶ BYU – Idaho
- ▶ BYU – Hawaii
- ▶ Seminaries and Institutes
- ▶ LDS Business College

COP/CPB Entities

- ▶ Temple Department
- ▶ Printing Services
- ▶ Beehive Clothing
- ▶ Distribution Services
- ▶ Humanitarian Aid
- ▶ LDS Charities
- ▶ Perpetual Education Fund
- ▶ Tabernacle Choir

Church of Jesus Christ of Latter-day Saints Foundation

Polynesian Cultural Center

Farmland Reserve, Inc. **ARI**

Investment Property Management, Inc. **IPM=PRI**

Bonneville Holding Corporation

Separately-Managed Funds

DTC Deseret Trust Company

Advisory Relationships

DMBA Deseret Mutual Benefit Administrators (DMBA)

BFG Beneficial Financial Group

EXHIBIT C

Investment Structure

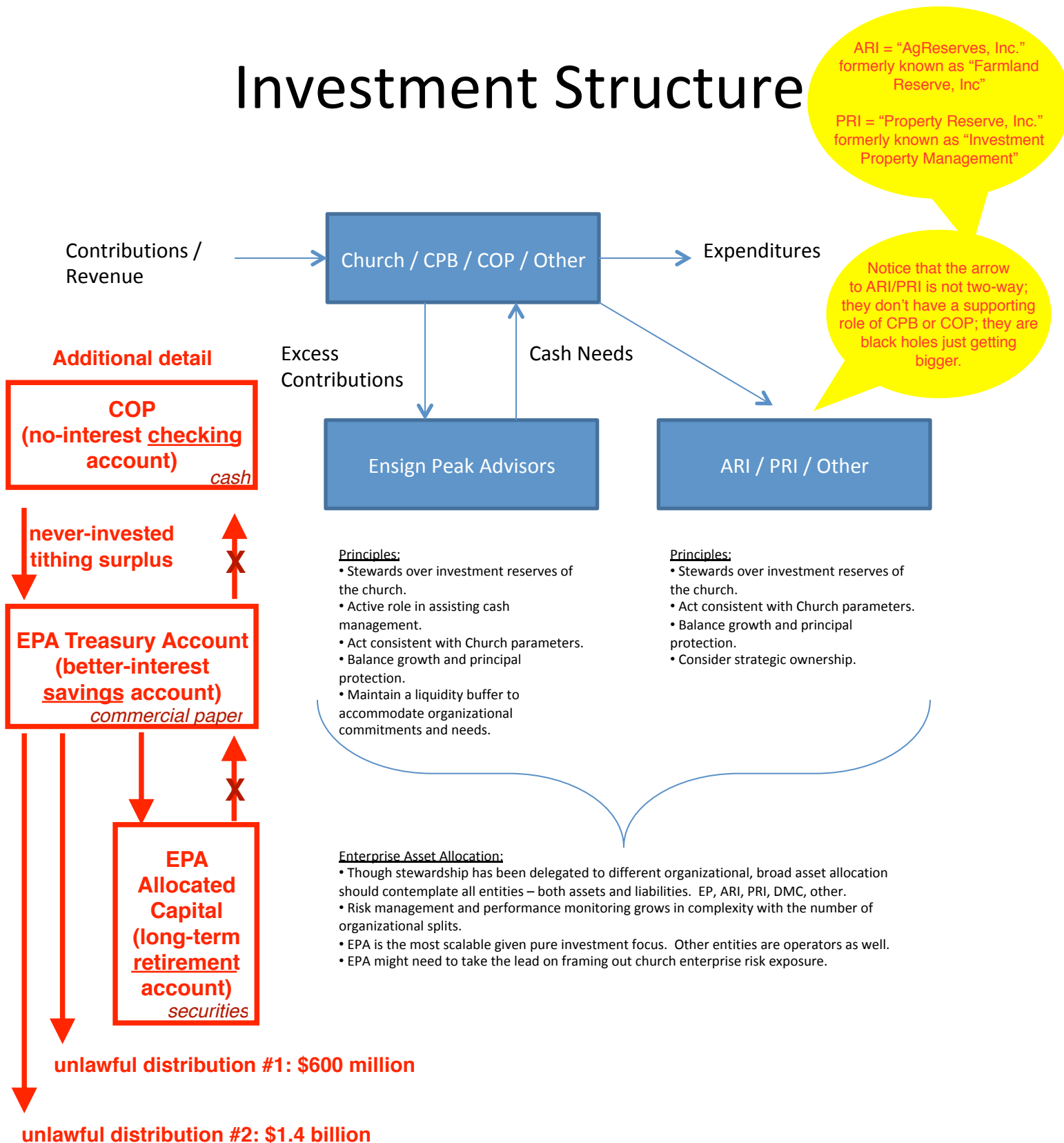


EXHIBIT D

Ensign Peak & Portfolio Purposes

The Role of Ensign Peak Advisors

- Balance wealth growth and preservation of principal
- Maintain adequate liquidity for Church operations & investment flexibility
- Add incremental return through active management
- Maintain cost-effective & secure operations
- Produce accurate & timely reports
- Provide investment alternatives and education to affiliated entities & presiding councils
- Comply with appropriate legal & regulatory conditions
- Avoid investments or activities that would detract from the mission of the Church

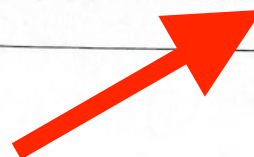
Purpose of the investment reserve is to support the following:

- Prophetic initiatives
- Budget supplement
- Backstop the pension plan
- Backstop the taxable entities
- Collateral for Church purposes

Examples of withdrawals are*:

- Conference Center: \$0mm; funded out of budget
- Proliferation of temples: \$0; funded out of budget
- City Creek: \$1,400mm over 5 years
- Beneficial Life: \$600mm in 2009
- Pension / Other: \$0mm; underfunded
- Collateral: ~\$200mm for church entities

** The draw on the investment reserves has been relatively small due to the conservative nature of Church finances and operations – i.e. a balanced budget. This is a very strong first line of defense. Furthermore, over the past several years, approximately \$1bn has been granted to EPA on an annual basis.*



State of Utah
Department of Commerce
Division of Corporations and Commercial Code
I hereby certify that the foregoing has been filed
and approved on the 29 day of SEP 1997
in the office of this Division and hereby issue
this Certificate thereof.

ARTICLES OF INCORPORATION
OF
ENSIGN PEAK ADVISORS, INC.

Examiner



Karla S. Woods
KARLA T. WOODS
Division Director

RECEIVED

SEP 29 1997

Utah Div. of Corp. & Comm. Code

The undersigned, acting as incorporator of a corporation under the Utah Nonprofit Corporation and Co-operative Association Act, Chapter 6, Title 16, UTAH CODE ANNOTATED, adopts the following Articles of Incorporation for such corporation.

ARTICLE I
NAME

The name of this corporation shall be Ensign Peak Advisors, Inc.

ARTICLE II
DURATION

Unless sooner terminated according to law, the corporation's period of duration shall be perpetual.

ARTICLE III
PURPOSES; LIMITATIONS

A. The corporation is organized and shall be operated exclusively for religious, educational and charitable purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code, to benefit, perform the functions of, or carry out the purposes of The Church of Jesus Christ of Latter-day Saints. The corporation is organized as a nonprofit corporation.

B. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, (b) by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code or (c) by a supporting organization (within the meaning of Section 509(a)(3) of the Internal Revenue Code) with respect to The Church of Jesus Christ of Latter-day Saints.

C. The corporation's property is irrevocably dedicated to religious, educational and charitable purposes meeting the requirements for exemption provided by Section 501(c)(3) of the Internal Revenue Code, and no part of the net income or assets of this corporation shall ever inure to the benefit of any trustee, officer or member thereof or to the benefit of any private person.

7272000071

EXHIBIT E.2

D. No substantial part of the activities of the corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in any political campaign (including the publication or distribution of statements) on behalf of or in opposition to any candidate for public office.

E. The corporation shall be operated as a supporting organization (within the meaning of Section 509(a)(3) of the Internal Revenue Code) with respect to, and an integrated auxiliary (within the meaning of Sections 508(c)(1)(A) and 6033(a)(2)(A)(i) of the Internal Revenue Code) of, The Church of Jesus Christ of Latter-day Saints.

F. Notwithstanding the relationship of the corporation to The Church of Jesus Christ of Latter-day Saints, absent a guaranty or other legally enforceable obligation for the debts or liabilities of another, the corporation shall only be liable for its own debts and obligations and shall not be obligated for any debt, liability, obligation, contract or commitment of The Church of Jesus Christ of Latter-day Saints or any of its affiliates, subsidiaries, agents, officers, employees, members or representatives.

ARTICLE IV MEMBERS

The corporation shall not have members.

ARTICLE V DISSOLUTION

Upon winding up and dissolution of the corporation, after paying or providing for the debts and obligations of the corporation, the remaining assets of the corporation shall be distributed to such organizations, organized and operated exclusively for religious, educational and/or charitable purposes and affiliated with The Church of Jesus Christ of Latter-day Saints, that have established their tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, in such proportions and at such times as the trustees may select. This article shall not be amended or deleted without the written consent of The First Presidency of The Church of Jesus Christ of Latter-day Saints.

ARTICLE VI INITIAL TRUSTEES; LIABILITY

A. The initial board of trustees of the corporation shall consist of three persons. The names of the initial trustees are Gordon B. Hinckley, Robert D. Hales and Henry B. Eyring. The street address for such initial trustees is 47 East South Temple Street, Salt Lake City, Utah 84150.

B. The corporation's trustees and officers shall not be liable for the debts and liabilities of the corporation, and the personal liability of such trustees and officers for monetary damages shall be and is hereby eliminated to the fullest extent permitted by law.

EXHIBIT E.3

ARTICLE VII INCORPORATOR

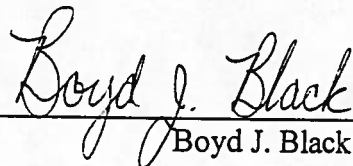
The name of the incorporator is Boyd J. Black. The street address of the incorporator is 50 East North Temple Street, Salt Lake City, Utah 84150.

ARTICLE VIII OFFICE; REGISTERED AGENT

A. The location and street address of the corporation's initial principal office and registered office are 50 East North Temple Street, Salt Lake City, Utah 84150.

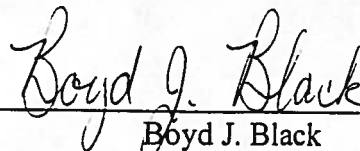
B. The name of the corporation's registered agent is Boyd J. Black. The street address of the registered agent is 50 East North Temple Street, Salt Lake City, Utah 84150.

IN WITNESS WHEREOF, the undersigned Incorporator hereby signs and verifies these Articles of Incorporation as of the 29th day of September, 1997.



Boyd J. Black
Incorporator

The undersigned hereby accepts appointment as the registered agent of the corporation.



Boyd J. Black
Registered Agent

EXHIBIT F.1

All 501c3's are subject to a "commensurate test," which requires them to conduct charitable activities commensurate in scope with their resources. The idea is that donors fund charities to do charitable works, not to amass a fortune with no clear plan of how the funds will be spent (see endnote 19).

The simplest to understand common-sense commensurate test should have two parts: 1) How active is the organization, in general? 2) What fraction of the organization's activity is religious, educational, or charitable?

Part 1. The first part can be answered using a simple quotient:

$$\text{Total Activity Rate} = \frac{\text{Total Net Outflow}}{\text{Total Assets}}$$

EPA's *Total Activity Rate* has been 0% for the past five years. However, the IRS might choose to look at the "whole church ecosystem" (COP/CPB/EPA/ARI/PRI/DMC/etc.) in calculating the *Total Activity Rate*. Because tithing "tops off" all other budgets and the net tithing surplus flows to EPA, a best approximation of the *Total Net Outflow* of the whole ecosystem would just be the *Annual Tithing Received* minus the *Annual Tithing Surplus to EPA*. For the last 22 years, the church's aggregate operational expenditures have never exceeded *Annual Tithing Received*.

$$\text{Total Activity Rate} = \frac{\text{Total Net Outflow}}{\text{Total Assets}} = \frac{\text{Annual Tithing Received} - \text{Annual Tithing Surplus to EPA}}{\text{Total Assets}}$$

$$\text{Total Activity Rate}_{2019} \approx \frac{\$7 \text{ billion} - \$1 \text{ billion}}{\$200 \text{ billion}} \approx 3\%$$

The above figures for 2019 are discussed on line 333 (page 20) and footnote xx (page 25). Again, these numbers are unconfirmed. 3% is undoubtedly extremely low among churches and would certainly disqualify any supporting organization in the church ecosystem from tax-exempt status were it classified as a private foundation or a Type III non-FISO; some might argue that EPA behaves like the latter.

One would expect the Mormon Church to downplay the size of the denominator (as it so often does and not even the IRS can verify). To pre-empt this, one can define an incontrovertible *Upper Bound Activity Rate*:

$$\text{Total Activity Rate} < \text{Upper Bound Activity Rate} = \frac{\text{Annual Tithing Received} - \text{Annual Tithing Surplus to EPA}}{\text{Total Investment Assets} + \text{Cash}}$$

$$\text{Upper Bound Activity Rate}_{2019} \approx \frac{\$7 \text{ billion} - \$1 \text{ billion}}{\$124 \text{ billion} + \$7 \text{ billion}} \approx 4.6\%$$

The *Total Assets*₂₀₁₉ is surely more than the "reserve of the reserve" assets (\$124 billion) together with the *Annual Tithing Received*₂₀₁₉ (~\$7 billion). Therefore, the *Total Activity Rate*₂₀₁₉ (must be less than 4.6%—it used less than 4.6% of its assets for any purpose.

Part 2. What fraction **X** of the *Total Activity Rate* was for Religious, Educational, and Charitable (REC) causes? By definition less than 1—the church has **many** for-profit businesses and significant unrelated business income.

$$\text{Religious-Educational-Charitable (REC) Rate} = \text{Total Activity Rate} \times X$$

$$\text{Religious-Educational-Charitable (REC) Rate} < \text{Upper Bound Activity Rate} \times X$$

EXHIBIT F.2

EPA's *REC Rate* = 0% x *X* = 0% in each of the past 22 years.

Regarding the whole church ecosystem, for illustrative purposes, if *X* were 0.80, then:

The “whole church ecosystem” *REC Rate*₂₀₁₉ < 4.6% x 0.80 (or less than 3.7%)

The commensurate test would be: If *Ecosystem REC Rate* < *IRS Threshold*, then FAIL; else OK. The IRS needs to make known what their bright-line threshold is. The whistleblower strongly suspects that the *IRS Threshold* would be something higher than 3.7% for a gigachurch, that the *Total Activity Rate*₂₀₁₉ is closer to 2.4%, and that *X*₂₀₁₉ is closer to 0.5—yielding an *Ecosystem REC Rate*₂₀₁₉ closer to 1.2%. Such low REC rates compelled the whistleblower to make this information public.

This is the result/formula that should be discussed in front of the Senate, with whatever numbers the COP wants to stand behind and explain. If the COP does have additional hidden assets, the *Ecosystem REC Rate* would be even lower. It is likely that given EPA's current direction from the COP that, assuming the markets do not crash, the Mormon Church's *Ecosystem REC Rate* will continue to decrease until the “Second Coming.”

Why should the public indirectly subsidize this behavior through tax breaks?

When EPA was “small” in 1997 (only \$12 billion), the COP may or may not have been able to pass a commensurate test. It would not likely be able to pass a commensurate test today. Further argument in support of this assertion is to compare other growth rates with the “reserve of the reserve” growth rate. Total church membership in 1997 had just surpassed 10 million. Today church membership is reported to be 16.5 million (15.5% growth over 22 years). The “reserve of the reserves,” however, has grown by 933% over 22 years. Is that commensurate? This disparity is actually worse because, according to the Pew Foundation, active membership is much less than the COP-published total membership and may be declining.

The *Latent Reserves Per Member* is unprecedentedly and astoundingly large for the Mormon Church, especially compared to any other church. This ratio has a fast-growing numerator and shrinking denominator and is indicative of a worsening commensurate test. For example, with active membership surely less than 5 million worldwide,

$$\text{Latent Reserves Per Member}_{2019} > \frac{\$124 \text{ billion}}{5 \text{ million members}} \approx \$25,000 \text{ per member}$$

What is this metric for other religions? Would any devout congregation honestly draw out from each of its members \$25,000 more (than what they were previously giving) knowing that nothing—charitable or otherwise—would happen with the money until Christ might return? And while members wait, they are told to not even inquire about whether the resources continue to exist. In some sense, for a religion to pass the commensurate test, it should be comparable to other religions on some basic metrics, which the IRS should consider as a subjective component to a commensurate test.

The whole church ecosystem has not grown anything near 933% over the past 22 years—not in terms of universities, meetinghouses, missionaries, humanitarian aid, etc. For example, Mr. Oaks boasted that outflows to humanitarian aid have stayed flat at \$40 million per year for 20 years (line 183, page 12). 0% humanitarian aid growth and 933% asset growth are not commensurate.

EXHIBIT G

The Role of Ensign Peak Advisors

Presiding Bishopric's Vision

(October 2012)

We help individuals and families qualify for exaltation by helping members live the gospel of Jesus Christ, gathering Israel through missionary work, caring for the poor and needy, and enabling the salvation of the dead. To do this, we will make gospel teachings, resources, and services accessible to all in a simple and affordable way.



Purpose of the Investment Reserves: Temporal Anchor for Building Zion

- 1) • Fund prophetic initiatives
- 2) • Supplement the operating budget
- 3) • Backstop the pension plan and affiliated entities
- 4) • Post collateral for Church operations



Role of Ensign Peak Advisors

As stewards in the Lord's storehouse, we manage the investment reserves under the direction of the First Presidency and the Presiding Bishopric.

To do so, Ensign Peak Advisors has the following objectives and desired results:

- Balance portfolio growth and principal preservation
- Maintain adequate liquidity for Church operations and investment flexibility
- Add incremental return through active management
- Maintain cost-efficient and secure operations
- Produce accurate and timely reports
- Provide investment alternatives and education to affiliated entities and presiding councils
- Comply with appropriate legal and regulatory conditions
- Avoid investments or activities that would detract from the mission of the Church

EXHIBIT H.1

Fund Flows/Grants Among Church Entities

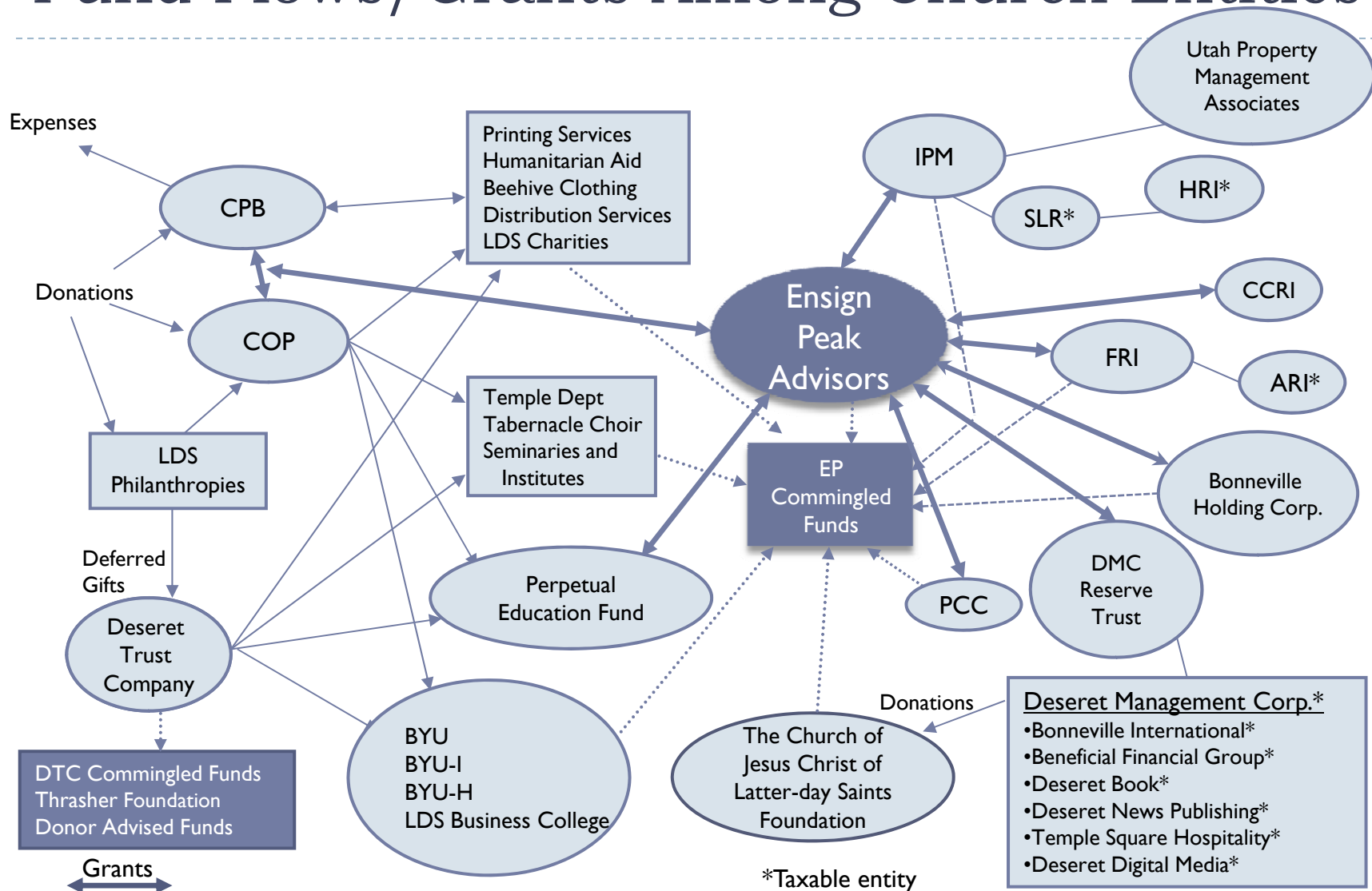
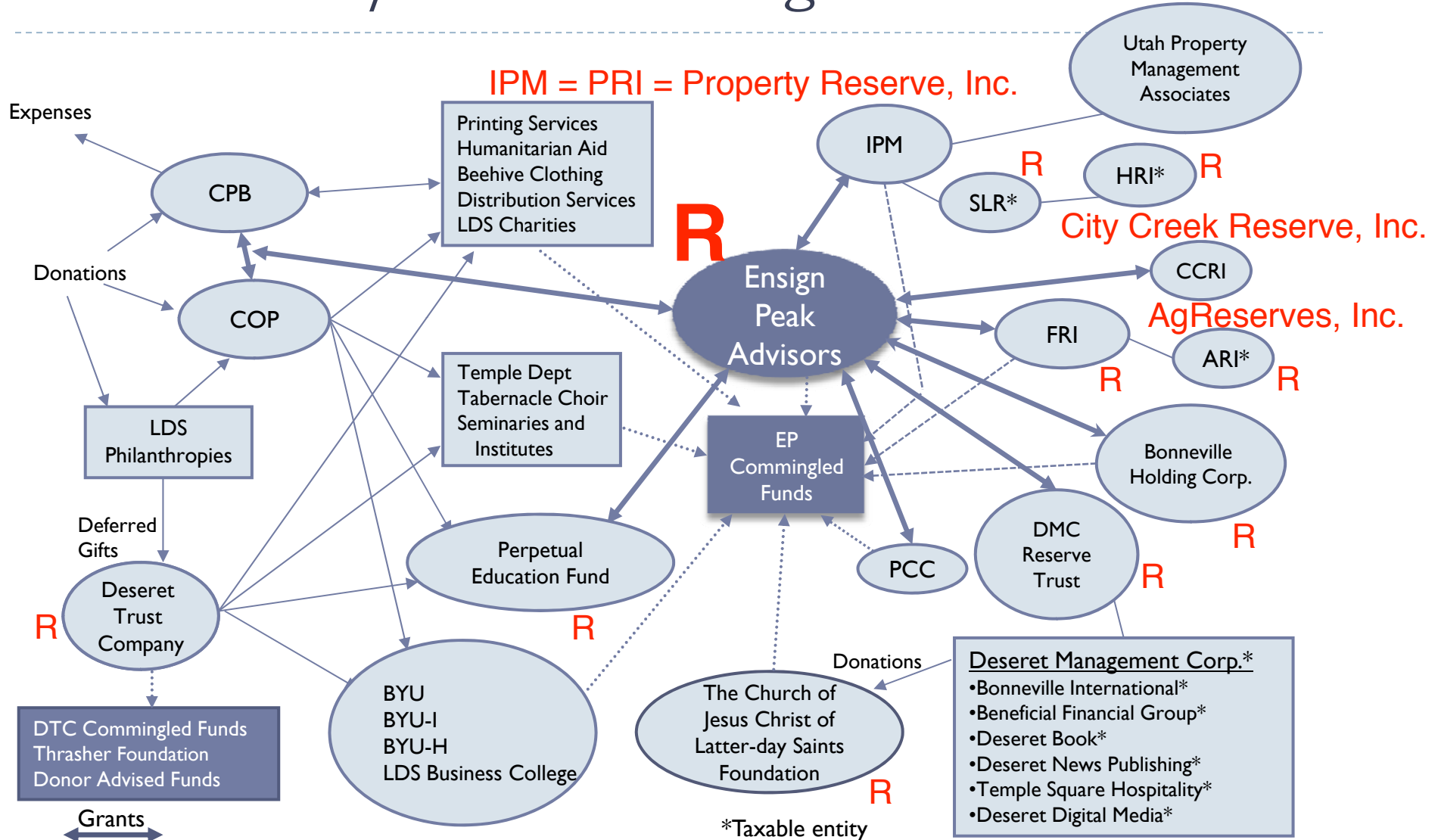


EXHIBIT H.2

R = significant reserves

Fund Flows/Grants Among Church Entities



March 2013, New Staff Orientation Deck

EXHIBIT I

Church Investment Governance Structure

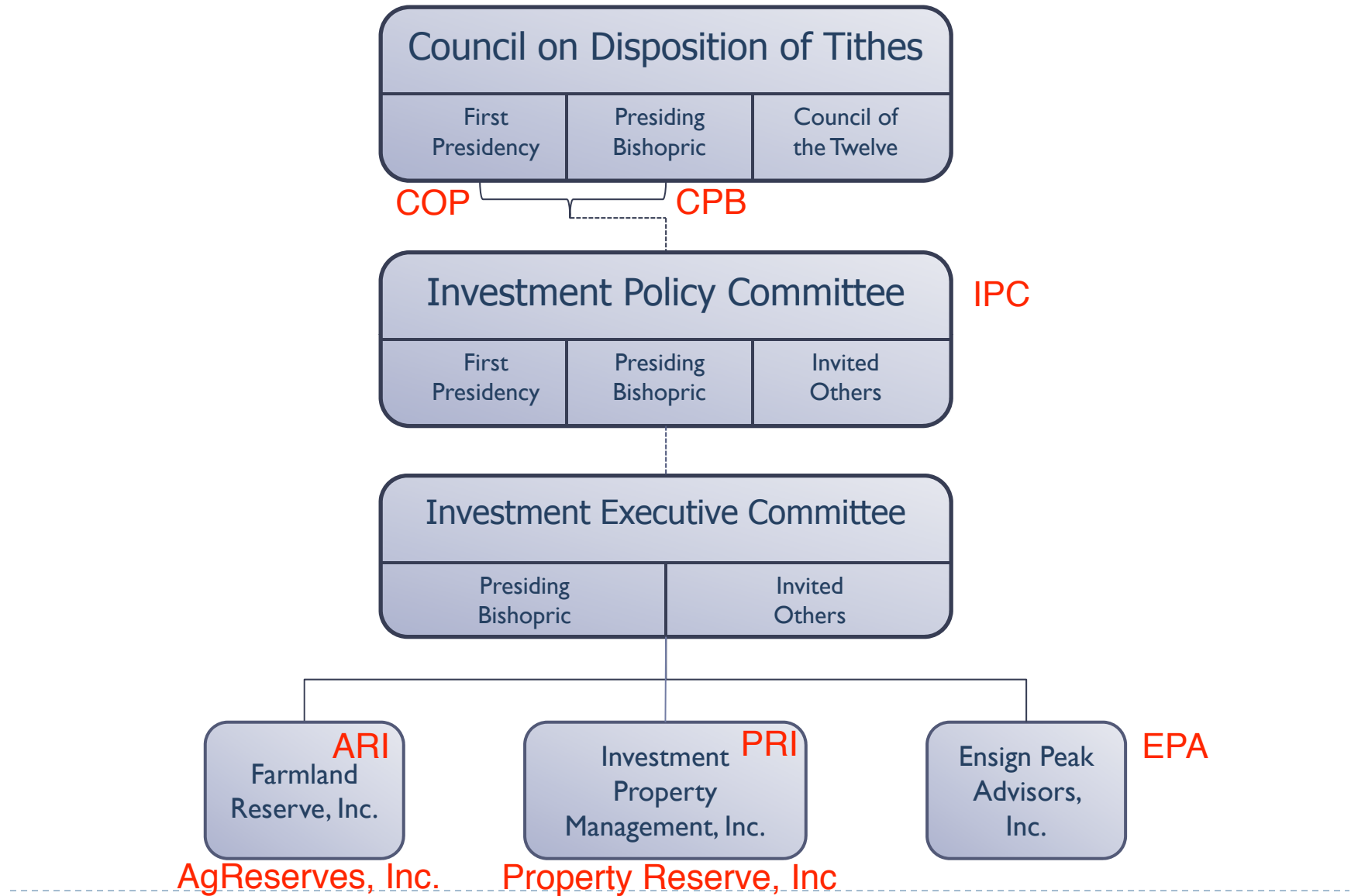


EXHIBIT J

ENSIGN PEAK ADVISORS, INC.

February 27, 2018

To Whom It May Concern:

This is in answer to your request for credit information regarding Ensign Peak Advisors, Inc. ("Ensign Peak"). Ensign Peak is a tax-exempt Utah nonprofit corporation affiliated with The Church of Jesus Christ of Latter-day Saints.

Ensign Peak does not distribute financial statements. Assets, however, are well in excess of \$5.0 billion, and Ensign Peak is essentially without debt.

Listed below are banks that you may contact to verify Ensign Peak's credit standing. In order to expedite a formal response by the banks to your credit inquiry, you should submit a written request to the banks (via fax or mail) with a copy of this letter.

Zions First National Bank
One South Main Street
Salt Lake City UT 84111
Contact: [REDACTED]
Phone: (801) 844-8405 Fax: (801) 524-4858
Email: [REDACTED]

Bank of New York Mellon
400 South Hope Street
Los Angeles, CA 90017
Attn: [REDACTED]
(213) 630-6430
Email: [REDACTED]

Is EPA seriously asking any potential custodian/broker to verify EPA's credit worthiness and to "Know EPA as a Client," not through financial statements, but by checking in with the COP's bank, while the COP owns and/or controls both EPA and Zions Bank?

As an affiliate of The Church of Jesus Christ of Latter-day Saints, Ensign Peak does not undertake obligations that it cannot fulfill. I am sure that you will find that Ensign Peak has the highest credit rating in all respects.

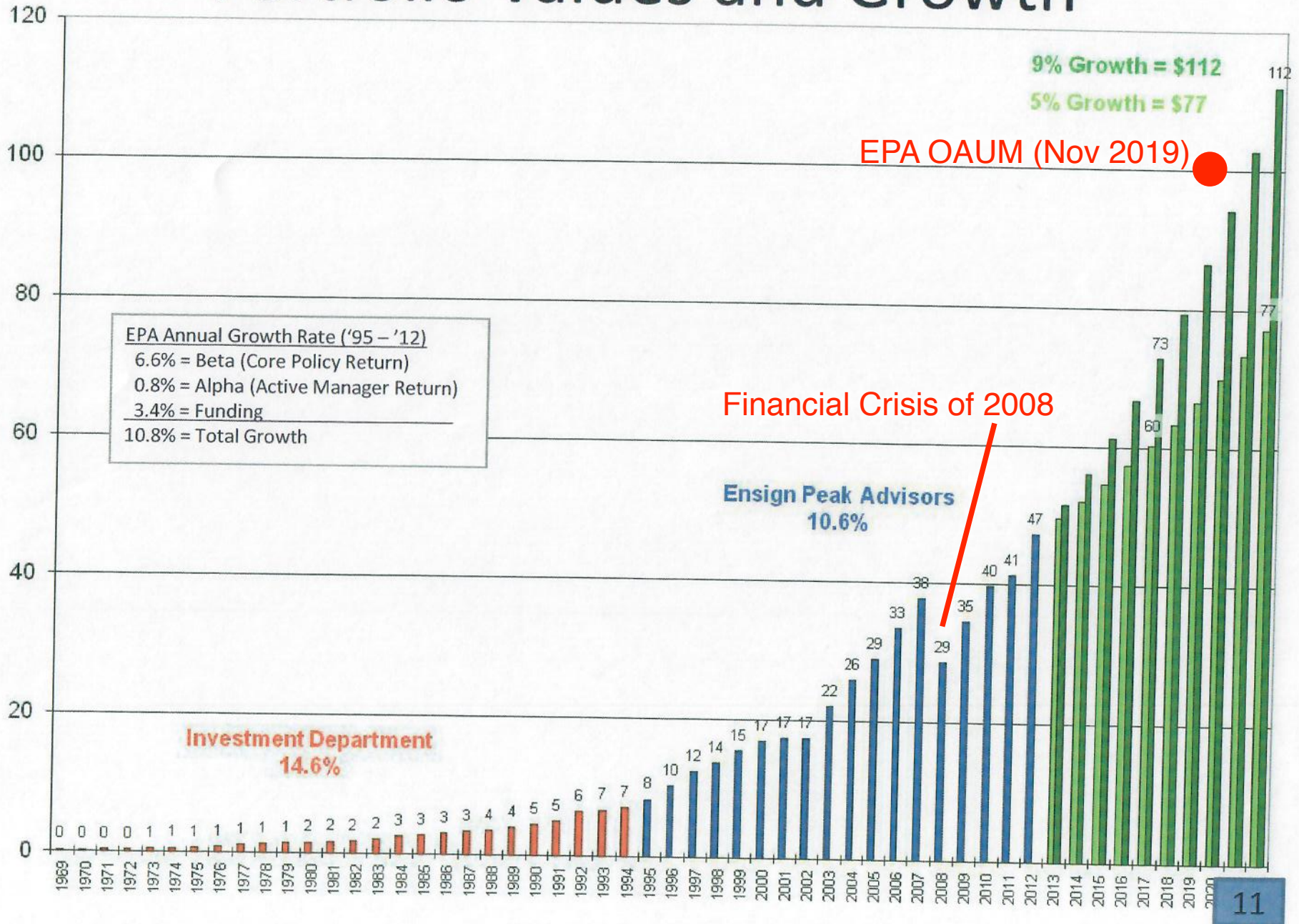
Sincerely,



Greg Tarbet
Vice President

EXHIBIT K

Portfolio Values and Growth



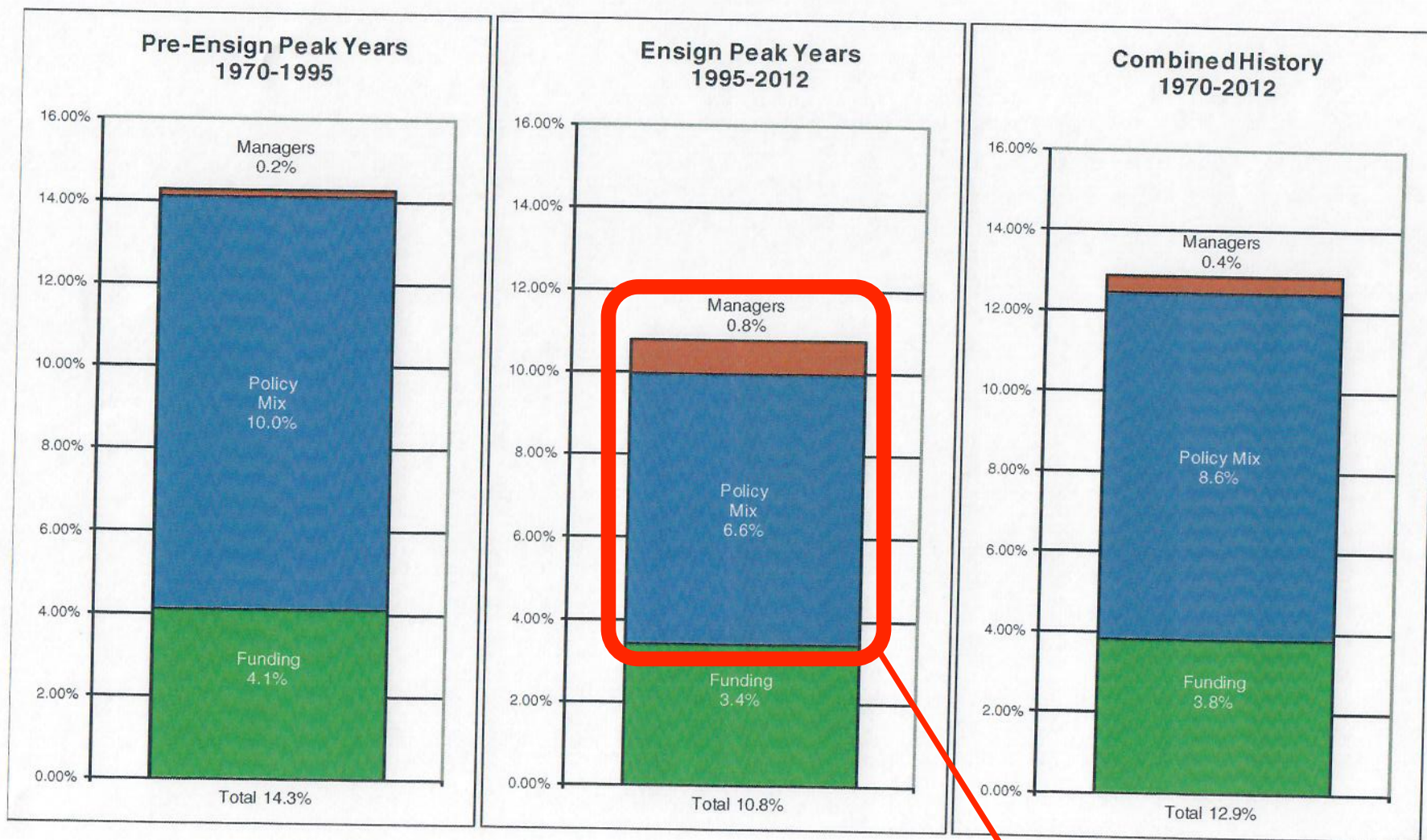
March 2013, "Framework and Exposures"

EXHIBIT L

Portfolio Values and Growth

Portfolio Growth Rates

December 31, 2012



March 2013, "Framework and Exposures"

Total Investment Growth Rate = 6.6% + 0.8% = 7.4%

EXHIBIT M



ANTI-

BANK

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EXHIBIT N.1

Recipient Country	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	Total
Brazil	-	36.3	24.7	488.3	237.1	237.8	211.9	220.9	244.4	220.5	256.7	2,178.5
Mexico	-	19.4	140.1	130.4	116.0	123.2	75.5	101.4	109.1	107.3	121.5	1,043.9
Argentina	6.9	59.4	232.7	147.1	46.6	49.6	34.2	34.8	60.0	68.7	74.0	813.9
Peru	0.4	39.2	40.4	40.6	41.6	48.2	41.9	52.0	56.3	72.9	82.9	516.6
Chile	19.1	53.1	79.6	68.5	58.4	52.9	49.1	34.9	38.8	42.1	40.8	537.3
Philippines	0.1	33.3	-	83.4	-	32.3	64.9	54.0	64.6	60.2	65.6	458.3
Guatemala	6.1	21.7	27.1	38.2	31.1	29.2	25.6	36.2	40.3	37.5	34.3	327.2
United Kingdom	16.0	34.3	21.4	12.8	45.9	26.8	23.3	15.2	21.0	39.9	50.1	306.7
Japan	-	18.5	21.7	34.8	46.9	23.5	17.5	52.9	14.5	17.9	13.1	261.4
Germany	-	-	1.2	2.6	34.1	32.6	22.9	32.5	27.1	41.5	46.1	240.6
New Zealand	5.2	14.7	19.6	17.9	21.5	24.2	23.5	17.5	11.5	7.1	26.2	189.0
Dominican Republic	-	18.6	20.1	21.8	17.4	18.1	19.4	16.0	18.2	21.6	17.6	188.9
Nigeria	2.1	11.8	18.2	23.2	20.7	15.7	9.5	13.5	14.4	23.1	26.5	178.6
Samoa	-	4.7	25.5	14.7	22.2	23.6	12.6	10.0	19.9	17.2	19.5	169.9
South Africa	-	-	14.7	18.0	19.9	16.4	14.0	20.1	22.7	18.9	24.1	169.0
Colombia	-	-	-	-	24.8	26.7	20.4	18.6	23.6	22.7	19.8	156.5
Spain	-	-	0.1	0.1	16.3	22.3	16.7	20.9	12.6	22.0	35.2	146.1
Honduras	6.4	10.6	14.2	12.8	13.1	17.5	11.5	16.6	16.6	19.3	17.7	156.3
Congo	-	0.2	2.3	2.1	9.0	10.4	13.5	20.4	21.6	20.9	32.0	132.4
Italy	-	-	0.2	0.7	6.6	5.3	7.5	13.4	15.9	25.4	52.8	127.9
Hong Kong	-	8.2	17.3	12.8	33.6	10.2	17.8	9.7	4.9	1.7	9.0	125.2
Russian Federation	-	-	-	-	18.8	27.5	19.0	21.0	15.0	15.3	8.1	124.7
Ukraine	-	-	-	-	13.1	24.4	31.0	30.4	10.5	7.1	2.9	119.5
France	-	-	1.3	7.7	9.2	7.1	6.2	2.4	36.2	9.3	25.4	104.9
El Salvador	-	-	-	-	7.2	30.2	19.0	18.8	16.5	10.1	12.5	114.3
Uruguay	-	13.5	23.8	16.4	16.1	11.1	7.4	4.8	6.6	4.6	6.9	111.2
Tonga	-	2.1	18.5	12.9	12.5	12.1	10.2	9.4	9.8	12.2	10.7	110.5
Korea	-	-	-	-	16.2	16.7	3.1	4.2	14.7	12.4	38.3	105.6
Ghana	0.4	-	-	4.8	16.5	9.4	7.6	10.7	13.6	14.9	21.3	99.2
Venezuela	-	10.6	11.4	10.6	9.3	9.9	5.2	6.3	11.5	10.6	12.9	98.2
Australia	20.5	41.5	27.0	18.2	-	2.8	0.7	-	-	0.0	0.0	110.6
Paraguay	0.8	7.4	8.8	8.6	9.5	12.2	9.4	6.0	4.3	6.5	10.0	83.5
Nicaragua	2.9	4.8	4.8	9.3	12.7	10.5	4.6	9.3	7.4	7.7	8.3	82.4
Bolivia	-	8.6	-	-	10.6	10.0	8.1	7.6	10.2	11.9	12.1	79.2
Ecuador	-	-	-	-	11.8	11.2	9.6	8.1	9.0	11.4	12.1	73.0
India	-	-	-	0.7	12.0	4.0	3.5	5.5	3.5	35.6	6.2	70.8
French Polynesia	-	3.7	14.4	15.4	13.8	6.4	3.8	0.4	0.5	1.7	7.5	67.6
Costa Rica	0.5	2.6	3.4	6.2	7.0	6.7	5.1	8.4	6.9	10.1	4.0	60.8
Fiji	-	2.6	5.4	8.3	6.2	13.4	5.6	2.4	5.3	4.8	4.9	59.0
Panama	-	-	-	-	17.3	13.9	7.0	3.9	3.3	4.0	5.0	54.4
Portugal	-	-	-	-	6.5	5.9	3.8	2.9	5.3	21.3	8.4	54.1
Thailand	-	1.5	2.6	4.9	22.8	4.4	3.9	4.0	3.4	2.5	2.0	51.9
Taiwan	-	-	-	-	9.8	11.4	10.5	-	0.5	11.9	2.0	46.1
Kenya	-	1.5	3.4	2.9	4.0	5.3	5.3	5.9	3.0	8.0	6.3	45.7
Papua New Guinea	-	-	6.1	4.6	1.4	2.3	2.5	3.3	5.1	5.2	6.9	37.5
Zimbabwe	-	0.8	1.8	2.0	1.2	2.6	2.1	5.1	8.0	7.9	5.1	36.6
Sweden	1.8	4.3	5.6	5.4	1.3	3.3	2.1	1.1	2.3	5.6	3.4	36.2
Kiribati	-	0.5	2.1	4.5	3.0	2.7	3.1	2.5	3.4	7.0	4.9	33.5
Uganda	-	0.3	1.1	1.0	1.4	3.9	3.1	3.2	6.3	4.6	7.5	32.4
Singapore	-	1.9	6.8	8.1	4.3	8.0	0.2	0.5	2.1	-	-	31.9
Haiti	-	1.7	1.9	2.0	2.4	2.5	3.2	3.0	2.2	2.7	6.1	27.6
Puerto Rico	-	-	-	-	5.3	6.4	4.3	2.0	4.0	2.8	2.5	27.2
Madagascar	-	-	0.6	0.7	1.4	2.7	1.8	2.6	7.8	4.6	4.3	26.5
Cambodia	-	-	-	-	3.5	3.8	3.5	2.8	3.4	3.8	4.0	24.7
Côte D'Ivoire	-	0.7	1.1	1.1	2.8	3.7	2.5	2.7	0.5	4.4	4.6	24.0
Hungary	-	-	1.9	1.7	2.1	3.2	2.0	1.9	2.3	3.6	4.3	22.9
Malaysia	-	-	-	-	2.1	0.8	0.4	2.1	8.4	3.4	1.6	18.7
Mongolia	-	-	-	-	1.6	2.2	1.9	6.9	1.6	1.4	2.5	18.1
Sierra Leone	0.0	0.6	0.9	1.3	1.1	1.1	0.9	1.6	1.3	2.4	5.7	17.0
Denmark	8.1	16.6	1.8	1.2	0.1	0.1	0.4	-	-	0.1	0.6	29.1
Vanuatu	-	0.2	2.4	1.2	0.9	1.2	1.4	1.3	1.6	3.6	2.7	16.5
Mozambique	-	-	-	-	1.8	2.1	2.5	2.0	2.3	3.0	2.3	16.0
Finland	-	-	0.2	0.1	0.3	2.5	0.9	3.3	0.3	2.2	5.9	15.7
Jamaica	-	1.7	1.3	1.6	2.5	1.2	1.4	1.3	0.8	0.7	1.1	13.7
Netherlands	-	-	-	-	0.5	1.0	0.2	-	0.7	2.2	8.5	13.1
Poland	-	-	0.9	1.2	1.6	1.5	1.4	2.8	1.3	0.8	1.5	13.0

EXHIBIT N.2

Ethiopia	-	0.3	0.5	0.2	0.6	1.9	2.4	1.4	3.0	0.6	1.4	12.2
Romania	-	-	-	-	1.4	1.6	1.6	2.0	1.7	1.6	1.8	11.7
Indonesia	-	-	-	-	1.4	1.8	1.6	1.3	1.2	1.4	1.4	10.1
Guyana	-	-	-	1.0	1.8	1.9	0.9	0.9	1.8	0.9	0.4	9.7
Zambia	-	-	0.1	0.8	1.2	1.4	0.8	0.9	1.5	1.2	1.3	9.3
Bulgaria	-	-	-	-	1.4	2.2	1.7	1.2	1.0	1.0	0.7	9.4
Botswana	-	-	-	0.1	0.4	1.2	2.5	3.1	0.7	0.4	0.7	9.1
Trinidad And Tobago	-	0.3	0.3	0.6	0.8	0.7	1.5	0.5	0.9	0.6	1.4	7.7
Saint Lucia	-	-	-	-	0.8	2.1	3.3	1.6	0.1	-	-	7.9
Liberia	-	0.1	0.2	0.2	0.6	0.6	0.6	0.4	0.9	1.3	2.5	7.3
Sri Lanka	-	-	-	-	2.0	1.9	0.7	2.2	0.3	0.2	0.2	7.5
Togo	-	0.0	0.1	0.1	0.1	0.1	0.1	1.6	2.0	2.1	1.1	7.4
Tanzania	-	4.2	0.6	0.3	0.3	0.2	0.2	0.2	0.4	0.3	0.3	7.3
Canada	-	-	-	-	-	0.5	1.0	1.1	1.1	1.8	1.0	6.5
Belgium	-	-	-	-	1.0	0.8	0.7	1.3	0.8	0.1	1.7	6.4
New Caledonia	-	0.5	0.9	0.4	2.1	0.5	0.2	0.1	0.1	0.5	0.8	6.1
Cape Verde	-	-	-	-	0.4	0.4	0.4	0.4	1.3	1.3	1.7	5.9
Croatia	-	-	-	-	0.1	1.9	-	-	0.2	2.4	0.9	5.5
Czech Republic	-	-	0.3	0.4	0.7	0.5	0.5	0.6	0.6	0.6	1.1	5.5
Pakistan	-	-	-	-	0.4	0.8	0.6	0.7	0.8	1.1	0.8	5.2
Switzerland	0.0	3.1	0.4	0.1	0.6	0.7	0.4	-	-	-	-	5.3
Cameroon	-	-	-	0.2	0.7	1.0	1.1	-	0.4	0.7	0.8	4.9
Malawi	-	0.8	0.8	0.2	0.1	0.2	0.3	0.4	0.3	0.6	0.8	4.5
Réunion	-	0.1	0.3	0.3	0.2	1.4	1.3	0.2	0.1	0.3	0.2	4.3
Guam	-	-	-	-	1.0	0.7	0.5	0.5	0.8	0.2	0.4	4.1
Benin	-	0.0	0.1	0.1	0.1	0.1	0.2	0.2	1.0	0.5	1.1	3.3
Solomon Islands	-	-	0.0	0.0	0.2	-	0.1	0.1	0.9	1.0	0.9	3.2
Antigua And Barbuda	-	-	-	0.1	0.9	0.7	0.3	0.9	-	-	-	3.0
Angola	-	-	-	-	-	-	0.2	0.0	0.2	0.7	1.7	2.8
Rwanda	-	-	-	-	-	-	-	0.5	0.5	0.8	0.7	2.6
Niger	0.2	0.6	0.6	0.2	0.3	0.2	0.1	-	-	-	-	2.3
Viet Nam	-	-	-	-	-	-	-	0.7	0.4	0.6	0.3	1.9
Serbia	-	-	-	-	0.1	0.2	0.1	0.1	0.3	0.4	0.5	1.7
Mauritius	-	-	0.0	0.0	0.2	0.9	0.0	0.1	0.1	0.1	0.1	1.5
Burundi	-	-	-	-	-	-	-	0.1	0.4	0.5	0.1	1.1
Nepal	-	-	-	-	-	0.1	0.1	0.2	0.2	0.2	0.2	1.0
Lao People's Democratic Republic	-	-	-	-	0.0	-	-	0.1	0.2	0.2	0.3	0.9
Swaziland	-	-	-	-	-	0.0	0.0	0.5	0.1	0.1	0.1	0.9
Albania	-	-	-	-	0.1	0.6	0.2	0.0	-	-	-	0.9
Jordan	-	-	-	-	-	-	0.3	0.4	0.2	-	-	0.8
Suriname	-	-	-	-	0.2	0.2	0.0	0.1	-	0.2	0.1	0.8
Ireland	-	-	-	-	-	-	-	-	-	-	0.8	0.8
Israel	-	-	-	-	-	-	-	-	0.5	0.2	-	0.7
Aruba	-	-	-	-	-	-	-	-	-	0.4	0.3	0.7
Saint Vincent And The Grenadines	-	-	-	-	0.0	0.1	0.2	-	-	0.1	0.1	0.6
Luxembourg	-	-	-	-	-	-	-	-	0.0	0.6	0.0	0.6
American Samoa	-	-	-	-	-	-	-	-	-	-	0.6	0.6
Norway	-	-	0.3	0.2	0.1	-	-	-	-	0.0	0.0	0.6
China	-	-	-	-	0.2	-	-	0.2	-	-	0.1	0.5
Guadeloupe	-	-	-	0.0	0.1	0.4	0.0	-	-	-	-	0.5
Sudan	-	-	-	-	-	-	-	0.1	0.2	0.2	-	0.5
Barbados	-	-	0.3	0.0	0.0	-	-	0.1	-	-	-	0.5
Central African Republic	-	-	-	-	-	-	-	0.0	-	0.1	0.1	0.3
Lesotho	-	-	-	-	0.1	-	0.0	0.0	0.0	0.1	0.1	0.4
South Sudan	-	-	-	-	-	-	-	-	-	0.1	0.3	0.4
Namibia	-	-	-	-	-	-	0.0	0.1	0.1	0.1	0.0	0.4
Iceland	-	-	-	-	0.0	0.1	-	-	-	0.0	0.1	0.2
French Guiana	-	-	0.1	0.0	-	0.2	-	-	-	-	-	0.2
Austria	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Slovakia	-	-	-	-	-	-	-	0.0	-	0.1	0.0	0.1
Slovenia	-	-	-	-	0.1	0.0	-	-	-	-	-	0.2
Grenada	-	-	-	-	0.1	0.0	0.1	-	-	-	-	0.2
Cook Islands	-	-	-	-	-	-	-	-	-	0.0	0.1	0.2
Turks And Caicos Islands	-	-	-	-	-	-	0.1	0.1	-	-	-	0.1
Tuvalu	-	-	-	-	-	-	-	-	0.0	0.0	-	0.1
Dominica	-	-	-	-	-	-	0.0	-	-	-	-	0.0
Annual Totals	97.5	524.2	888.3	1,341.2	1,191.7	1,202.7	991.9	1,062.6	1,147.7	1,242.7	1,412.1	11,102.5

EXHIBIT O.1

On Fri, Oct 28, 2016 at 4:01 PM, [the whistleblower]¹ wrote:

Rob/Roger,

Thank you for listening. I am glad that you agree this is a material problem and needs to be fixed. In my view, however, this problem is far more than just a bad practice that needs correcting. The question, “how material” has yet to be addressed. I understand we have a fiduciary duty to try and put some structure around the question of materiality so that the internal auditors, the Presiding Bishopric, and potentially the First Presidency have transparency here. As you said to me after I raised this to your attention, if any firm where either of us have worked previously were to have done these things, heads would roll—especially after discovering that the practice had been identified but was allowed to continue.

We need to understand the size of the potential loss, and not only just because at this point fraud cannot be ruled-out. More fundamentally, the size of the loss is unknown. At this point, if the First Presidency or Presiding Bishopric were to ask what is the size of the loss, the only honest answer would be, “We do not know.” Were they to ask how long this practice has been going on, the only honest answer would be, “For as long as XXXXXXXXXX¹ has been doing this job,” which may be more than a decade by now, maybe more as I understand. Were they to ask when was this problem first identified, the answer as far as I know is at least 5 years (to my knowledge). It could be significantly longer; I cannot say as I came to the firm in 2010. Evidence might indicate the problem was known by some, and at least to XXXXXXXXXX¹, far earlier.

Background for Roger: If you recall, I brought this up several years ago. I was curious as to whether or not I had received the declared payment on the ARS GDP Warrant² position held in EMD.³ At the time we didn’t have anyone checking for payments not received for funky positions like these and I felt impressed to look into it, especially considering that these warrants are declared and paid 12 months after the economic growth factor had been determined by Argentina. After much investigating on my part, we were able to determine that payment had been made by the calculating agent and that our Custodian (JPM⁴ at the time) had been sitting on the funds and had failed to apply them to our account. But for my curiosity and a slow afternoon, EMD³ would have failed to receive what amounted to roughly 1,000,000 USD. Concerned about the insufficient controls around pending cash receipts, I brought this up. I certainly didn’t want the process to rely on a PM’s⁵ curiosity as the safeguard to payments not applied by a custodian. At the time I was told this was a one-time error, was thanked for catching it (else EMD³

Comment [1]: Later I learned that the practice had been stopped after the ARS Warrants issue was raised by me, but then the practice resumed when the SimCorp system was put in place. This practice wasn’t allowed to continue. It was stopped and then quietly started again later...

Comment [2]: The potential mechanism for fraud here is that a Payor could fail to send money to the Payee (EPA), and if the Payee’s employee deletes the receivable then no “breaks” show up when accounts are reconciled—leaving the Payor economically advantaged and leaving auditors without a paper trail.

Comment [3]: After the committee did its work, Rob made an announcement in a weekly devotional meeting (usually first meeting of the week) that the findings confirmed that no money was lost and it was “all accounted for”. I talked to Rob and Jeff after about that representation and stated that his pronouncement was an over-statement that could not possibly be known to be true. I was asked to let it go and trust the findings.

¹ Identity masked

² Argentine Gross Domestic Product Warrant (ARS GDP Warrant)

³ Emerging Market Debt (EMD fund)

⁴ J.P. Morgan Chase (JPM)

⁵ Portfolio Manager (PM)

EXHIBIT O.2

would have been out the million) although slightly different case, still identified control issue. I was told this was a one-time issue, a good catch, and nothing to see here. It is evidentially not a one-time issue, but a common, weekly practice. We cannot say we are just becoming aware of this and that it has had limited affect. YYYYYYYYYY¹ tells me that he brought it up to auditors 5 years ago and that people looked the other way. I understand he tried to get this elevated past Don Clouse and the church's independent auditors at that time. Did it make it to Mark Steven's hands? How could he have signed off on this practice? More likely, he didn't actually know about it, never making it to his attention. Furthermore, apparently Don knew about this practice when we were using the PORTIA system for accounting, made some change to XXXXXXXXXXXX's¹ access, only to revert to the same bad practice with the new SimCorp⁶ accounting system subsequently put in place. Did you know about this? Apparently the practice was identified and then let continue after it had been raised to auditors. If only one could represent this as a one-time issue.

BNY⁷ just going through a new reconciliation process...hard to dig up old records. From Carey, "The following two coupon payments have not been received for EMD.³ We believe that money may be at BNY-Mellon,⁷ lost in their custody reconfiguration."

Mark Stevens...did he know? Was this disclosed to him?

Student Loans ABS,⁸ breaking the buck, was it disclosed then?

From: Michael Connors

Sent: Thursday, October 27, 2016 10:57 AM

To: [whistleblower] <[whistleblower]@ensignpeak.org>; Robert Nydegger <Robert.Nydegger@EnsignPeak.org>

Cc: YYYYYYYYYY¹ <YYYYYYYYYY@ensignpeak.org>

Subject: RE: Banco industrial qtr payments

Wow, really shows lack of understanding of the significance of the issue here...

Michael Connors | ENSIGN PEAK ADVISORS, INC.

Director Fixed Income

60 E South Temple, Suite 400 | Salt Lake City, UT | 84111

801.715.0138 (Office)

917.330.1034 (Mobile)

michael.connors@ensignpeak.org

From: Robert Nydegger

Sent: Thursday, October 27, 2016 10:56 AM

⁶ SimCorp Dimension (SCD) is an integrated investment management solution used by EPA for back-office and accounting purposes.

⁷ Bank of New York Mellon (BNY-Mellon or BNY)

⁸ Asset-backed securities (ABS)

Comment [4]: I repeatedly asked Rob and Roger whether they had disclosed this issue to the client. I never got a straight answer.

Comment [5]: From this I knew that Carey Woolsey, the firm's top accountant, was confirming my suspicion that not all was accounted for as Rob Nydegger later asserted in the weekly devotional.

Comment [6]: As I recall, Mark Stevens was the senior auditor for Deloitte who 'blessed' the pooled funds carrying BYU's endowment. Deloitte had to audit BYU's investments in the pooled funds, but the COP didn't want Deloitte to see the size of the entire funds/portfolio as they were co-mingled with Ensign Peak money. So rather than let Deloitte look in to verify the assets, they leaned on Mark Stevens (as he was a trusted Mormon insider) to sign-off that the value of their portion was covered. Eventually Deloitte got uncomfortable with the arrangement (probably for obvious reasons) and wouldn't allow Mark's sign-off to suffice any longer. Soon after the Affiliate Portfolios were created to ensure the Deloitte auditors wouldn't have to see anything beyond the BYU endowment net asset values. Shortly thereafter, Mark Stevens was called away as Mission President to the England London Mission.

EXHIBIT O.3

To: Roger Clarke <Roger.Clarke@ensignpeak.org>
Cc: [whistleblower] <[whistleblower]@ensignpeak.org>
Subject: FW: Banco industrial qtr payments

[whistleblower] – thanks for bringing this to our attention. I agree with you. We will fix it.

From: [whistleblower]
Sent: Thursday, October 27, 2016 10:47 AM
To: Robert Nydegger <Robert.Nydegger@EnsignPeak.org>
Cc: Michael Connors <michael.connors@ensignpeak.org>;
YYYYYYYYYYY¹ <YYYYYYYYYYY@ensignpeak.org>
Subject: FW: Banco industrial qtr payments

XXXXXXXXXX¹ replied after I had printed off the prior correspondence (which you have, [Rob]).

I think XXXXXXXXXXXX¹'s reply solidifies the fact that we are doing WORST-PRACTICES in this regard with zero controls and understanding. 'But to carry payments in the system that were never received is not helpful info for anyone'? I think we need to take this back to formula...

From: XXXXXXXXXXXX
Sent: Thursday, October 27, 2016 9:35 AM
To: [whistleblower] <[whistleblower]@ensignpeak.org>
Subject: RE: Banco industrial qtr payments

I'll be happy to put the payments back if they do show up. But to carry payments in the system that were never received is not helpful info for anyone.

From: [whistleblower]
Sent: Thursday, October 27, 2016 9:30 AM
To: XXXXXXXXXXXX¹ <XXXXXXXXXXXX@ensignpeak.org>
Cc: ZZZZZZZZZZ¹ <ZZZZZZZZZZ@ensignpeak.org>
Subject: RE: Banco industrial qtr payments

Remove the payments from SCD?⁶ I'm sorry, but I remain confused. So if we don't receive payments from someone then we simply remove them from the system? Am I missing something here?

From: XXXXXXXXXXXX¹
Sent: Thursday, October 27, 2016 9:27 AM
To: [whistleblower] <[whistleblower]@ensignpeak.org>
Cc: ZZZZZZZZZZ¹ <ZZZZZZZZZZ@ensignpeak.org>
Subject: Banco industrial qtr payments

As near as I can tell EMD³ has not been paid the quarterly payments for 45605PAD0. I don't know what more I can do or who to contact with regards to this. I'll remove the payments from SCD.⁶

Comment [7]: When I first received XXXXXXXXXXXX's email I printed it off and went immediately to Rob Nydegger's office to confront the issue again. Thinking the issue had been fixed years prior, I rang the bell as soon as I discovered the bad practices were continuing. Once I dropped the word 'fraud' in the meeting, everything got tense and I was thanked for bringing it up but was pushed out of the loop.

Comment [8]: This Banco Industrial was a position I had bought in EMD.

EXHIBIT P

The aggregate NAV of 12 (of 13) 13Fs at year-end 2017 was \$31.9 billion.
Two months later, with some market fluctuation, it was \$31.4 billion.

EPA Universe-->	Investment Assets: 105.6B										13 Leaked 13F Filings, EOY 2017		
Scope-->	Non-allocated Capital: 7.3B		Total Allocated Capital (in								Name	Business Manager	Market Value
Managed by-->	Ensign Peak Advisors: 88.5B										Ashmore Wealth Management LLC	Nathan Brown	\$1,918,532,000
Owned by-->	COP/CPB: 4.5B		Affiliates†: 2.8B		Ensign Peak Advisors: 81.2B , Target:						Argyll Research, LLC	Brian Davis*	\$446,327,000
Asset Class-->	Treasury Assets*		Affiliate Assets‡		US Equity		Intl Equity / FX		Private Equity		Elkfork Partners LLC	David Johnson	\$3,687,774,000
	4.5		2.8		Target	Actual	Target	Actual	Target	Actual	Flinton Capital Management LLC	Alan Wilson	\$2,943,847,000
					35.1%	35.1	10.5%	9.7	4.1%	5.1	Glen Harbor Capital Management LLC	Kristy Woodward	\$4,407,275,000
						35.7%		9.9%		5.2%	Green Valley Investors LLC	Roger Evans**	\$2,098,464,000
Overlays-->	CASH 4.5		ITBA 1.1		USEQOL (0.0)	0.0%	INEQOL (0.0)	0.0%	Buy Out 3.1 3.2%		Meadow Creek Investment Management LLC	Brad Barlow	\$4,603,236,000
Portfolios-->			STBA 0.5		CORE 16.1	16.4%	WXUS 0.6	0.6%	Venture 1.5 1.5%		Neuburgh Advisers LLC	Troy Nielsen	\$2,791,122,000
			LTBA 0.2		USV 3.0	3.1%	LSVSMCAP 1.9	1.9%	MPEC 0.3 0.3%		Riverhead Capital Management LLC	Aaron Davis	\$2,361,388,000
			1.8		CP 2.3	2.3%	LSVINTL 1.8	1.8%	Growth 0.2 0.2%		Tiverton Asset Management LLC	Michael Christensen	\$1,598,253,000
					USM 2.3	2.3%	SEG 0.8	0.8%			Tyers Asset Management LLC	Cole Lundquist	\$2,855,436,000
					GP 2.0	2.0%	BWEM ?	?					\$31,889,396,000
					SMID 1.3	1.3%	FI-INTLSC 0.7	0.7%					
					USEW 1.0	1.0%	FI-INTL 0.6	0.6%					
					LV 1.0	1.0%	ARTI 0.5	0.5%					
					INX 0.9	0.9%	WG-EM 0.5	0.5%					
					FERP 0.6	0.6%	WG-DM 0.4	0.4%					
					SC 0.3	0.3%	GPIS 0.4	0.4%					
					FESIV 0.2	0.2%	NIPUN 0.1	0.1%					
					FECOP 0.2	0.2%	AILGP 0.3	0.3%					
					FIDEA 0.2	0.2%	LSVEMSCP 0.3	0.3%					
						31.4		AMICRO ?	?				
						31.9%		AISGP 0.2	0.2%				
								KABM 0.2	0.2%				
								OSAM 0.1	0.1%				
								LSVEMLC 0.1	0.1%				
								KMCGP 0.1	0.1%				
								KSMID 0.1	0.1%				
								ACADIAN ?	?				
					</								

EXHIBIT Q.1

The compound annual growth rate (CAGR) for EPA's "owned assets under management" (OAUM) was pegged to two values: 1) the reported OAUM from year-end 1996, which was \$10 billion (**Exhibit K**), and 2) the whistleblower's OAUM for year-end 2017, which is very close to the OAUM corresponding to February 2018 shown in **Exhibit A**. The EPA OAUM CAGR was therefore 10.49%.

The tax bill to the IRS can be computed using one of two methods: 1) EPA should make annual excise payments for not having distributed the minimum "distributable amount," and 2) EPA should have paid capital gains tax in each of the last twenty-two years since it should not have been classified as a 501c3.

Method 1 "Excise Payments." A foundation's distributable amount in a given year is its investment return in that year, or 5% of its invested assets, whichever is greater. An excise payment in year i , E_i , is 30% of the distributable amount for that year. In this model, the investment returns are always greater because EPA's investment-return CAGR was 7.4% year-over-year.

$$E_i = 30\% \times \frac{7.4\%}{10.8\%} (OAUM_i - OAUM_{i-1}) \quad (1)$$

Compounding each E_i annually using the IRS mandated rate yields the following table:

End of Year	OAUM	OAUM*	Contributions (imputed)	Invest. Returns (imputed)	Excise Pmt (nominal)	Interest (mandatory)	Tax Bill	STIR+3%**
1996	10	10.0	0.28	0.62	0.19	0.41	0.59	8.51%
1997	12	11.0	0.33	0.72	0.22	0.42	0.64	8.56%
1998	14	12.2	0.36	0.79	0.24	0.42	0.65	7.46%
1999	15	13.5	0.40	0.88	0.26	0.40	0.66	8.73%
2000	17	14.9	0.45	0.97	0.29	0.38	0.67	8.93%
2001	17	16.5	0.49	1.07	0.32	0.39	0.71	5.17%
2002	17	18.2	0.54	1.18	0.35	0.39	0.75	4.32%
2003	22	20.1	0.60	1.31	0.39	0.40	0.79	4.41%
2004	26	22.2	0.66	1.44	0.43	0.40	0.83	5.60%
2005	29	24.5	0.73	1.60	0.48	0.38	0.85	7.36%
2006	33	27.1	0.81	1.76	0.53	0.35	0.87	7.87%
2007	38	30.0	0.90	1.95	0.58	0.32	0.91	6.34%
2008	29	33.1	0.99	2.15	0.65	0.32	0.97	3.81%
2009	35	36.6	1.09	2.38	0.71	0.32	1.04	3.26%
2010	40	40.4	1.21	2.63	0.79	0.32	1.11	3.28%
2011	41	44.6	1.33	2.90	0.87	0.32	1.19	3.12%
2012	47	49.3	1.47	3.21	0.96	0.31	1.27	3.16%
2013	52	54.5	1.63	3.54	1.06	0.30	1.36	3.13%
2014	58	60.2	1.80	3.92	1.17	0.28	1.46	3.13%
2015	65	66.5	1.99	4.33	1.30	0.26	1.56	3.51%
2016	73	73.5	2.20	4.78	1.43	0.22	1.66	3.78%
2017	81	81.2	2.43	5.28	1.58	0.17	1.75	4.62%
2018		89.7	2.68	5.83	1.75	0.08	1.83	5.63%
2019		99.1	2.96	6.45	1.93	0.00	1.93	4.59%
					18.50	7.55	26.05	

Confirmed data from **Exhibit A** and **Exhibit K**; **Exhibit A** is constructed from 2018 position-level information.

Interpolated data for intervening years.

*To make it easier for the reader to replicate, this column uses a CAGR instead (pegged to 1996 and 2017).

**STIR+3% = short-term interest rate plus 300 basis points

It is clear that if treated like a regular (non-religious) private foundation, then the sum of all excise taxes (for not making minimum distributions) would be \$18.5 billion. The total mandatory interest on those excise payments would be \$7.6 billion. The total tax bill would then be \$26.1 billion.

EXHIBIT Q.2

Method 2 “Capital Gains Tax.” The *OAUM* in any given year is the *OAUM* of the prior year plus investment returns *R* in that year plus contributions *C* in that year minus any capital gains tax *T* paid for the prior year, as in equation (2).

$$OAUM_i = OAUM_{i-1} + R_i + C_i - T_{i-1} \tag{2}$$

The investment return in a given year is the prior year’s *OAUM* multiplied by the fraction of the CAGR attributed to investment growth (**Exhibit L**).

$$R_i = \frac{7.4\%}{10.8\%} \times CAGR \times OAUM_{i-1} \tag{3}$$

The annual contribution (from tithing surplus) in a given year is the prior year’s *OAUM* multiplied by the fraction of the CAGR attributed to contribution growth (**Exhibit L**).

$$C_i = \frac{3.4\%}{10.8\%} \times CAGR \times OAUM_{i-1} \tag{4}$$

The capital gains tax payment associated with a given year is the capital gains tax rate *t* times the investment return for that year.

$$T_{i-1} = R_{i-1} \times t \tag{5}$$

Algebra and simplification yield:

$$OAUM_i = CAGR \times OAUM_{i-1} - \frac{7.4\%}{10.8\%} \times CAGR \times OAUM_{i-2} \times t \tag{6}$$

End of Year	OAUM	OAUM (less capital gains)	Difference
1996	10*	10.0	
2017	81**	67.3	
2019	99.1	80.7	18.4
* Exhibit K	t = 0%	t = 15%	
** Exhibit A			
All figures in billions			

The difference between EPA’s actual *OAUM* at year-end 2019 (with *t* = 0%) and the hypothetical *OAUM* at year-end 2019 (with *t* =15%) is \$18.4 billion. This is a good first-order approximation for the present value of the summed minimum amounts that the IRS should have received from EPA over the past 22 years, in terms of capital gains tax.

This figure does not include any of the penalties that the IRS could and should apply to each year’s missed payment nor does it include the associated mandatory interest.

Alternatively, one can compute the nominal evaded capital-gains tax payment for each year and add the 25% tax penalty. One could then compound that sum annually using the published short-term interest rate, which results in the following table:

EXHIBIT Q.3

End of Year	OAUM	OAUM*	OAUM* (less cap gains)	Evaded Tax Pmt (nominal)	Tax Penalties (maximum)	Interest (mandatory)	Tax Bill	STIR+3%**
1996	10	10.0	10.0	0.09	0.02	0.25	0.37	8.51%
1997	12	11.0	11.0	0.11	0.03	0.26	0.40	8.56%
1998	14	12.2	12.1	0.12	0.03	0.26	0.41	7.46%
1999	15	13.5	13.2	0.13	0.03	0.25	0.42	8.73%
2000	17	14.9	14.5	0.15	0.04	0.24	0.42	8.93%
2001	17	16.5	15.9	0.16	0.04	0.24	0.44	5.17%
2002	17	18.2	17.4	0.18	0.04	0.25	0.47	4.32%
2003	22	20.1	19.1	0.20	0.05	0.25	0.50	4.41%
2004	26	22.2	20.9	0.22	0.05	0.25	0.52	5.60%
2005	29	24.5	22.8	0.24	0.06	0.23	0.53	7.36%
2006	33	27.1	25.0	0.26	0.07	0.22	0.55	7.87%
2007	38	30.0	27.4	0.29	0.07	0.20	0.57	6.34%
2008	29	33.1	30.0	0.32	0.08	0.20	0.60	3.81%
2009	35	36.6	32.8	0.36	0.09	0.20	0.65	3.26%
2010	40	40.4	36.0	0.39	0.10	0.20	0.69	3.28%
2011	41	44.6	39.4	0.44	0.11	0.20	0.74	3.12%
2012	47	49.3	43.1	0.48	0.12	0.19	0.79	3.16%
2013	52	54.5	47.2	0.53	0.13	0.19	0.85	3.13%
2014	58	60.2	51.7	0.59	0.15	0.18	0.91	3.13%
2015	65	66.5	56.6	0.65	0.16	0.16	0.97	3.51%
2016	73	73.5	62.0	0.72	0.18	0.14	1.04	3.78%
2017	81	81.2	67.9	0.79	0.20	0.10	1.09	4.62%
2018		89.7	74.4	0.88	0.22	0.05	1.14	5.63%
2019		99.1	81.4	0.97	0.24	0.00	1.21	4.59%
				9.25	2.31	4.72	16.28	

Confirmed data from Exhibit A and Exhibit K; Exhibit A is constructed from 2018 position-level information.

Interpolated data for intervening years.

*To make it easier for the reader to replicate, this column uses a CAGR instead (pegged to 1996 and 2017).

**STIR+3% = short-term interest rate plus 300 basis points

The sum of the nominal evaded tax payments would be \$9.3 billion. The sum of the maximum tax penalties would be \$2.3 billion. The sum of the mandatory interest payments (with associated penalties) would be \$4.7 billion. The total tax bill would then be \$16.3 billion. This alternative approach to Method 2 is slightly lower than the first approach because the short-term interest rate has been relatively low since 2009.

However, each of the above methods only takes into consideration the economic impact *to the IRS* for not behaving like a charitable organization. There is also an economic impact *to the public* for not behaving like a charitable organization.

How large would EPA be today if it had made 5% annual distributions (which is required of all private foundations)?

Assume that the annual historical contributions are unchanged. The absolute contributions are calculated using equation (7).

$$C_i = \frac{3.4\%}{10.8\%} \times (OAUM_i - OAUM_{i-1}) \quad (7)$$

Assume that the overall investment growth rate is unchanged at 7.19%.

$$\frac{7.4\%}{10.8\%} CAGR = \frac{7.4\%}{10.8\%} 10.49\% = 7.19\%$$

EXHIBIT Q.4

The adjusted-*OAUM* (or *OAUM'*) for each year is defined as 95% of the previous year's *OAUM'* which then grows according to the overall investment growth rate and then includes that year's (absolute) annual contribution.

$$OAUM'_i = 95\% \times OAUM'_{i-1} \times \left(1 + \frac{7.4\%}{10.8\%} \times CAGR\right) + C_i \quad (8)$$

EPA's *OAUM'* would be \$32.4 billion today if it had been making 5% annual distributions for religious, educational, or charitable purposes—approximately \$66.6¹ billion less than EPA's current *OAUM* of \$99.1 billion.

End of Year	OAUM	OAUM*	Contributions (imputed)	OAUM (less distributions)
1996	10	10.0	0.28	0.28
1997	12	11.0	0.33	0.62
1998	14	12.2	0.36	0.99
1999	15	13.5	0.40	1.42
2000	17	14.9	0.45	1.89
2001	17	16.5	0.49	2.41
2002	17	18.2	0.54	3.00
2003	22	20.1	0.60	3.66
2004	26	22.2	0.66	4.39
2005	29	24.5	0.73	5.20
2006	33	27.1	0.81	6.11
2007	38	30.0	0.90	7.11
2008	29	33.1	0.99	8.23
2009	35	36.6	1.09	9.47
2010	40	40.4	1.21	10.85
2011	41	44.6	1.33	12.39
2012	47	49.3	1.47	14.09
2013	52	54.5	1.63	15.97
2014	58	60.2	1.80	18.06
2015	65	66.5	1.99	20.38
2016	73	73.5	2.20	22.95
2017	81	81.2	2.43	25.79
2018		89.7	2.68	28.95
2019		99.1	2.96	32.44

Confirmed data from **Exhibit A** and **Exhibit K**; **Exhibit A** is constructed from 2018 position-level information.

Interpolated data for intervening years.

*To make it easier for the reader to replicate, this column uses a CAGR instead (pegged to 1996 and 2017).

This \$66.6 billion is the present value of the minimum charitable good that the public expected EPA to have done with its 501c3 status. For a more in-depth discussion about the IRS's "commensurate test," see **Exhibit F** and endnote 20 (page 33).

The irony here is that EPA could have been doing minimal charitable work (5%), and still enrich itself considerably and indefinitely. Are COP leaders concerned that the Messiah might castigate the COP for garnering less than a consistent two-digit financial return? With real charitable work in the balance, one might fear the opposite at a day of reckoning.

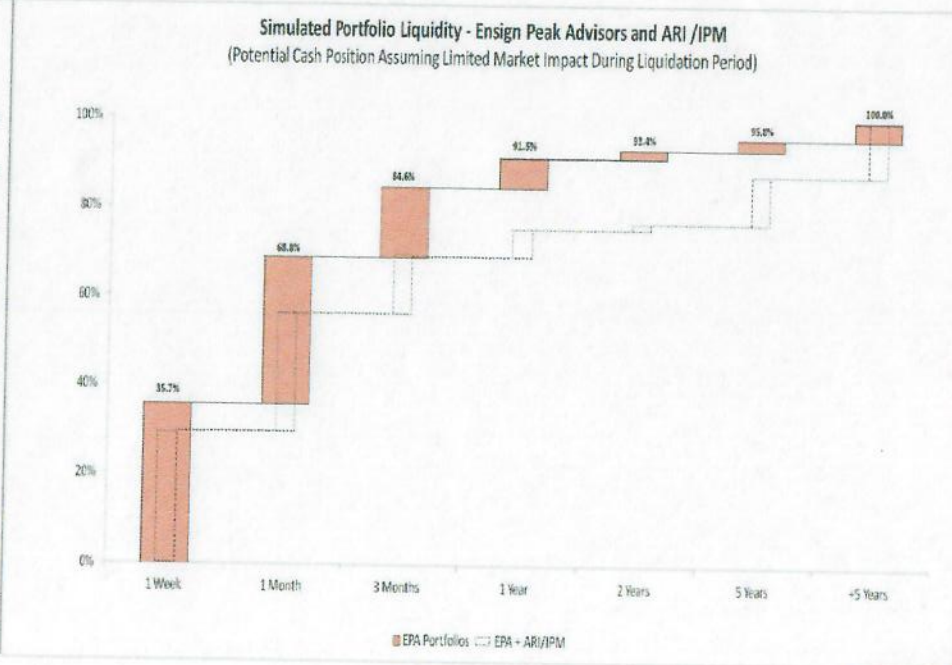
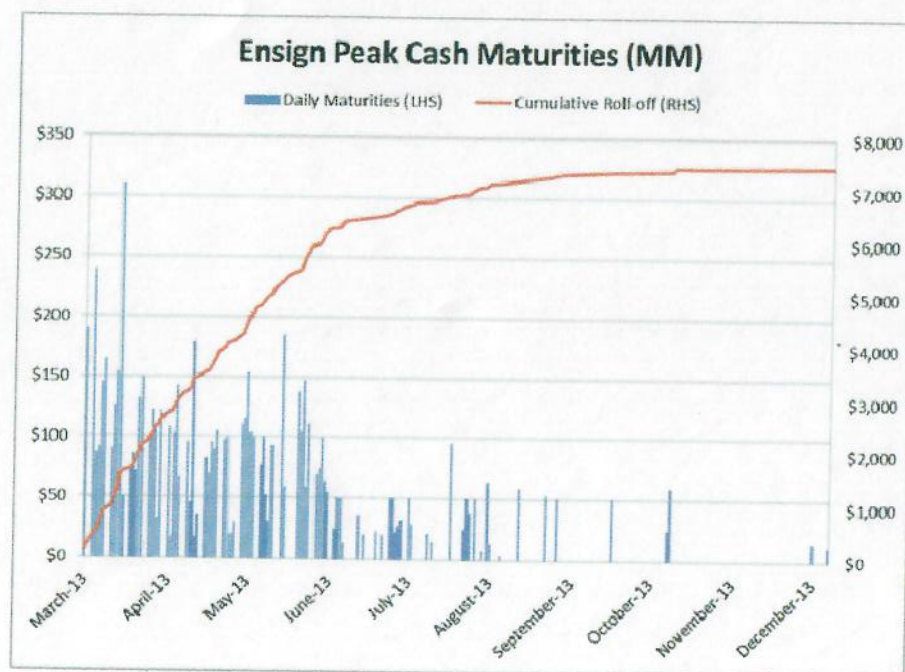
¹ What a coincidence! (Revelation 13:18)

EXHIBIT R.1

Strategic / Core Building Blocks

Portfolio Liquidity

- Cash-flow: More than \$7bn could accumulate within 6 months with the roll-off of our cash-like investments.
- Liquidity: The vast majority of the portfolio is in liquid instruments. Within 3 months, we could potentially liquidate close to 85% of the portfolio by selling into a normal market without substantial disruption.
- Theoretically, a liquidity premium exists – if we take illiquidity risk, we should earn more over the long-run.
- Question to consider: Is this the right amount of liquidity for the portfolio?



March 2013, "Framework and Exposures"

EXHIBIT R.2

unintentional and unavoidable – such as through investment in a broad market index. Other objectionable issues will be dealt with on a case by case basis by Management.

6.2 Portfolio Allocation and Policy Benchmark

6.2.1 The asset mix policy has been established by considering the following factors:

- a. Portfolio objectives
- b. Impact of the target allocation on the liquidity requirements of the Portfolio
- c. Economic and capital market environment with respect to potential investment returns, asset risks and the correlations between assets

6.2.2 The broad allocation guidelines of the Portfolio approved by the First Presidency and Presiding Bishopric on 19 April 2013 and reaffirmed on 26 April 2013 (IPC 13-16) are:

<u>Portfolio Segment</u>	<u>Target Allocation</u>	<u>Range</u>
Equity	60%	55-65%
Cash/Fixed Income	40%	35-45%
Operating Cash		2% minimum

It was also approved that the portfolio should maintain a minimum liquidity level of 75% or more that would be available within a 90-day window.

6.3 Constraints and Limits

6.3.1 All securities in the Cash Reserve portfolio will be rated investment grade and have a legal maturity of one year or less.

6.3.2 The following concentration limits apply within the aggregated fixed income assets: (excluding the Cash Reserve portfolio)

<u>Category</u>	<u>Maximum</u> (Except U.S. Treasury/Agency)
BBB+ or below	50%
BB+ or below	20%
Issuer	5%
Non-rated	15%

EXHIBIT R.3

Strategic/Core Portfolio Exposures

Core Portfolio Exposures

	<u>Target</u>	<u>Range</u>
Equity	60%	55-65%
Operating Cash	2%	2%+
Fixed Income	<u>38%</u>	33-43%
	100%	

<u>Liquidity (liquidation within 3-months)</u>	<u>75%+</u>
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EXHIBIT R.4

Portfolio Structure & Allocation

Active vs. Passive Management

	<u>Target</u>	<u>Current</u>
Active Fundamental	80%	89%
Rule Based	20%	11%
	<u>100%</u>	<u>100%</u>

Internal vs. External Management

	<u>Min/Max</u>	<u>Current</u>
Internal Minimum	75%	79%
External Maximum	25%	21%
	<u>100%</u>	<u>100%</u>

Decisions

- We will conduct an annual policy portfolio meeting where annual strategic core ranges are established. The Presiding Bishopric will participate in the meeting. The results will be presented to and hopefully memorialized by the First Presidency.
- Core established exposure ranges of: Equity 55-65%. Fixed Income 35-45%.
- Cash portfolio > 2%.
- Liquidity threshold > 75%. As such, over the next few years we will opportunistically shift an additional \$2bn into Private Equity and \$3bn into Private Placement debt.

EXTENDED TO NOVEMBER 15, 2018

Form 990-T

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

OMB No 1545-0687

2017

Open to Public Inspection for
501(c)(3) Organizations Only

For calendar year 2017 or other tax year beginning

and ending

Go to www.irs.gov/Form990T for instructions and the latest information.

Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Department of the Treasury
Internal Revenue ServiceA ☐ Check box if
address changedName of organization (☐ Check box if name changed and see instructions.)D Employer identification number
(Employees' trust, see
instructions)

B Exempt under section

ENSIGN PEAK ADVISORS, INC.

84-1432969

☒ 501(c)(3)
☐ 408(e) ☐ 220(e)
☐ 408A ☐ 530(a)
☐ 529(a)

Number, street, and room or suite no. If a P.O. box, see instructions.

50 E NORTH TEMPLE ST - COB 22

E Unrelated business activity codes
(See instructions)

City or town, state or province, country, and ZIP or foreign postal code

SALT LAKE CITY, UT 84150-0022

525990 541900

C Book value of all assets
at end of year

F Group exemption number (See instructions.)

G Check organization type ☒ 501(c) corporation ☐ 501(c) trust ☐ 401(a) trust ☐ Other trustH Describe the organization's primary unrelated business activity. **INVESTMENTS IN PARTNERSHIPS**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?

If "Yes," enter the name and identifying number of the parent corporation.

SEE STATEMENT 3

☒ Yes ☐ No **CORP 83-7300405**J The books are in care of **ETHAN FISHER - FINANCE MANAGER**Telephone number **801-240-3037**

Part I Unrelated Trade or Business Income

	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales			
b Less returns and allowances			
c Balance	1c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3		
4a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5	STMT 1	
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (See instructions, attach schedule)	12		
13 Total. Combine lines 3 through 12	13		
	18,644,833.		18,644,833.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions)

(Except for contributions, deductions must be directly connected with the unrelated business income)

14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	1,218,705.
20 Charitable contributions (See instructions for limitation rules)	20	
21 Depreciation (attach Form 4562)	21	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b
23 Depletion	23	
24 Contributions to deferred compensation plans	24	
25 Employee benefit programs	25	
26 Excess exempt expenses (Schedule I)	26	
27 Excess readership costs (Schedule J)	27	
28 Other deductions (attach schedule)	28	21,160,372.
29 Total deductions. Add lines 14 through 28	29	22,379,077.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	-3,734,244.
31 Net operating loss deduction (limited to the amount on line 30)	31	
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	-3,734,244.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	1,000.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	-3,734,244.

SEE STATEMENT 2

SEE STATEMENT 4

EXHIBIT S.2

Form 990-T (2017)

ENSIGN PEAK ADVISORS, INC.

84-1432969

Page 2

Part III Tax Computation**35 Organizations Taxable as Corporations.** See instructions for tax computation.Controlled group members (sections 1561 and 1563) check here ☐ See instructions and:**a** Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$

(2) Additional 3% tax (not more than \$100,000) \$

c Income tax on the amount on line 34

35c 0.

36 Trusts Taxable at Trust Rates See instructions for tax computation. Income tax on the amount on line 34 from:

Tax rate schedule or Schedule D (Form 1041)

36

37 Proxy tax See instructions

37

38 Alternative minimum tax

38

39 Tax on Non-Compliant Facility Income See instructions

39

40 Total. Add lines 37, 38 and 39 to line 35c or 36, whichever applies

40 0.

Part IV Tax and Payments**41a** Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)

41a

b Other credits (see instructions)

41b

c General business credit Attach Form 3800

41c

d Credit for prior year minimum tax (attach Form 8801 or 8827)

41d

e Total credits Add lines 41a through 41d

41e

42 Subtract line 41e from line 40

42 0.

43 Other taxes. Check if from: Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule)

43

44 Total tax Add lines 42 and 43

44 0.

45a Payments: A 2016 overpayment credited to 2017

45a

b 2017 estimated tax payments

45b 1,250,000.

c Tax deposited with Form 8868

45c

d Foreign organizations' Tax paid or withheld at source (see instructions)

45d

e Backup withholding (see instructions)

45e

f Credit for small employer health insurance premiums (Attach Form 8941)

45f

g Other credits and payments

Form 2439

Form 4136

Other

Total

45g

46 Total payments. Add lines 45a through 45g

46 1,250,000.

47 Estimated tax penalty (see instructions). Check if Form 2220 is attached ☐

47

48 Tax due. If line 46 is less than the total of lines 44 and 47, enter amount owed

48

49 Overpayment If line 46 is larger than the total of lines 44 and 47, enter amount overpaid

49 1,250,000.

50 Enter the amount of line 49 you want: Credited to 2018 estimated tax 1,250,000. Refunded

50 0.

Part V Statements Regarding Certain Activities and Other Information (see instructions)**51** At any time during the 2017 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here

Yes No

X

52 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.

X

53 Enter the amount of tax-exempt interest received or accrued during the tax year \$**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

SENIOR VICE PRESIDENT

Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check if self-employed

PTIN

SARAH REDDEN

Sarah Redden

11/14/2018

P00898534

Firm's name DELOITTE TAX LLP

Firm's EIN 86-1065772

Firm's address 50 SOUTH SIXTH STREET

MINNEAPOLIS, MN 55402

Phone no. 612-397-4000

Form 990-T (2017)