

Rudger Clawson's Report on LDS Church Finances at the Turn of the Twentieth Century

Edited by Boyd Payne

RUDGER JUDD CLAWSON, BORN 12 MARCH 1857 in Salt Lake City, Utah, was a polygamist and the first Mormon convicted and imprisoned (1884-87) for violating federal law (Edmunds Act of 1882) regarding unlawful cohabitation.¹ Upon Lorenzo Snow's appointment as president of the LDS church on 13 September 1898, Clawson was chosen to fill the resulting vacancy in the Quorum of the Twelve Apostles. With no prior knowledge of this appointment, Clawson was ordained an apostle at a meeting in the Salt Lake temple on 10 October 1898, convinced that the new calling fulfilled a phrenologist's earlier prediction.²

Shortly after his calling to the apostleship, Clawson was invited to the home of President Snow. (The two men had spent time together in prison.) After speaking to Clawson for some time regarding the church's financial situation, Snow asked him to take charge of the books in the office of the Trustee-in-Trust and prepare a report showing the exact financial status of the church. Despite Clawson's previous employment as a bookkeeper for his brother's wholesale dry goods business and as an abstractor for the real estate records in Box Elder County, Utah, his appointment to the church's auditing committee came as a surprise and alarmed

1. For more information on Clawson, see Stan Larson, ed., *Prisoner for Polygamy: The Memoirs and Letters of Rudger Clawson at the Utah Territorial Penitentiary, 1884-87* (Urbana: University of Illinois Press, 1993).

2. D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power* (Salt Lake City: Signature Books in association with Smith Research Associates, 1997), 652.

Clawson. He commented to Snow about the considerable responsibility that was being placed upon him, to which Snow replied that he knew Clawson would measure up to the task.

Nearly a month passed before Clawson was able to present his report, consisting of seventeen pages of ledger sheets, to the First Presidency. The report listed the church's active assets, silent assets, direct liabilities, contingent liabilities, and tithing on hand. The report clearly showed that the church was nearly bankrupt, if not already.

Clawson's report prompted Snow to take serious action. It was decided to issue a million-dollar bond to fund the church's indebtedness, then reinstitute the spirit of tithe-paying among the Saints to raise the money to pay for it. The next important step was to send the twelve apostles and First Presidency to stakes throughout the church to preach the law of tithing.³

During this time the First Presidency called a solemn assembly in the Salt Lake temple on 2 July 1899, which 700 men and women attended. At this meeting the Presiding Bishop, William Preston, announced that only 50 percent of tithing was being paid, while many offerings were less. He noted that 25 percent of Saints did not pay any tithing.

The quest to revive the spirit of tithing proved to be beneficial as the worth of the church grew every year thereafter. The only exception was a two-year span during the Depression when a small deficit occurred. Clawson remained in charge of the books of the Trustee-in-Trust throughout Snow's administration and then served under Snow's successor, Joseph F. Smith.⁴

During Clawson's service, the initial financial reports from 1899 were recapitulated in 1901. Subsequent years were also recapitulated and books began to be closed until ledger accounts contained balances that were then reconciled to show the church's loss or gain and carried over to a surplus account. This arduous task was completed and finally showed the exact financial status of the church. Since then, the Trustee-in-Trust's books have been closed annually.

Clawson served in this capacity and supervised the bookkeeping until 1910. He prepared an annual report each year which he presented to the First Presidency, Twelve, and church auditors showing the financial conditions of the church.

Clawson was sustained as president of the Quorum of the Twelve Apostles on 17 March 1921. He served in this calling, one step away from becoming president of the church, until his death on 21 June 1943 in Salt

3. See E. Jay Bell, "The Windows of Heaven Revisited: The 1899 Tithing Reformation," *Journal of Mormon History* 20 (Spring 1994): 45-83.

4. Clawson was publicly sustained as second counselor to Lorenzo Snow on 6 October 1901. However, he was not set apart before Snow's death four days later.

Lake City.

The following report was prepared by Clawson in 1923, two years after his appointment as president of the Twelve, in order to provide a full and accurate history of his reorganization of the church's financial system. Clawson was dedicated to keeping historical information and providing details throughout his journals and memoirs. The original report is now housed in the Rudger Clawson Collection, Special Collections, Marriott Library, University of Utah, Salt Lake City, and appears here with permission.

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REORGANIZATION OF FINANCIAL SYSTEM
AT PRESIDENT'S OFFICE, UNDER ADMINISTRATION OF
PRESIDENTS LORENZO SNOW AND JOSEPH F. SMITH

—BY—

PRESIDENT RUDGER CLAWSON.

One day very shortly after President Lorenzo Snow⁵ succeeded to the Presidency of the Church of Jesus Christ of Latter-day Saints, which occurred September 13th, 1898, he called me into his home for a brief interview. He then resided on Canyon Road, Salt Lake City, a few doors from my home.⁶

He said in substance: "Brother Clawson, I have decided to appoint you to go into the Trustee-in-Trust's office (his office) and set the books in order. I appoint you to this task because I feel that you are capable of doing it. You are fully authorized to go into the Trustee-in-Trust's office, set the books in order, introduce such methods as seem to you to be necessary, and to supervise the work."

He informed me that the late President Wilford W. Woodruff⁷ was not kept promptly and fully posted in advance as to the time when the church obligations fell due for payment, and it became a source of great worry and anxiety to him, and doubtless shortened his life. This, said

5. Lorenzo Snow (1814-1901), born in Ohio, was the fifth president of the Church of Jesus Christ of Latter-day Saints from 1898 until his death.

6. Clawson had been living in Brigham City, Utah, in 1898 but moved to 49 Canyon Road in Salt Lake City on 31 July 1899. Snow lived a few houses down the street at 37 Canyon Road. Both homes are no longer standing.

7. Wilford Woodruff (1807-98) converted to Mormonism in 1833, moved to Kirtland, Ohio, in 1834 and subsequently relocated to Missouri and Illinois. He served a mission to England before migrating to Utah and was later appointed as the fourth president of the LDS church from 1889 until his death.

President Snow, was due possibly to the method of bookkeeping employed in President Woodruff's office. Surprises were often of common occurrence. The Chief Clerk would come into the President's private office and say that he must have \$20,000 at once to meet an obligation due that day; or at another time it may have been \$40,000 or \$50,000, etc. President Woodruff would ask why he had not been notified of this before in order that he might have had time to arrange for the payment. He did not appreciate such surprises.

President Snow felt that this must not be so during his administration. He felt that it was imperative that he should be kept in perfect touch with the financial status of the Church, in fact he said he expected to insist upon it.

It may be that President Snow got the impression I could do the work from having attended, as a visitor, a number of my bookkeeping class sessions at the Utah Penitentiary, during the time we were both, with others, incarcerated there for having violated the U.S. law against plural marriage (called polygamy in the world). As the brethren came into the prison, I organized them into classes of bookkeeping. The course consisted of 60 lessons at 25¢ each, or \$15.00. For this same course I had paid \$45.00. In this way I earned \$500.00 for the support[,] in part[,] of my family. President Snow seemed to have been pleased with my method of teaching.⁸

I answered President Snow that I regarded this appointment as a heavy responsibility and feared I might be unequal to it, but, nevertheless, would accept and do the best I could.

It would be proper to add at this point that a little later on an Auditing Committee was appointed at a meeting of the Council of the First Presidency and Twelve, with ample authority to inquire into every matter pertaining to the finances of the Church and the method of accounting. This Committee did the work ably and with thoroughness. The personnel of said Committee was Franklin D. Richards,⁹ Francis M. Lyman,¹⁰ Heber J. Grant¹¹ and the writer. Later a second Auditing Commit-

8. Clawson was convicted of polygamy and imprisoned in 1884 for violation of the Edmunds Act. He served in the U.S. penitentiary in Salt Lake City (Sugar House) and was released from prison by presidential pardon in 1887. For a more detailed account of Clawson's stay in prison, see Larson, *Prisoner for Polygamy*.

9. Franklin Dewey Richards (1821-99) served as an LDS apostle beginning in 1849. He was the church's Trustee-in-Trust (1877-80) while also serving on the Church Auditing Committee (1878-87). He subsequently served as assistant Church Historian (1884-89), Church Historian (1889-99), and president of the Quorum of the Twelve Apostles (1898-99).

10. Francis Marion Lyman (1840-1916) had worked as an assistant assessor for the U.S. Internal Revenue Service, as Millard County, Utah, pound keeper and assessor, as Tooele County, Utah, recorder, and as an LDS apostle from 1880 until his death.

11. Heber Jedediah Grant (1856-1945), son of Apostle Jedediah Morgan Grant, was ordained an apostle in 1882 and set apart as seventh president of the LDS church on 23 November 1918 by the Quorum of the Twelve, but not publicly sustained as church president until 1 June 1919 due to the nationwide influenza epidemic.

tee, succeeding the first, was appointed, namely the writer, and Elder Reed Smoot,¹² who served from Nov. 1, 1901 to Dec. 31, 1904. At that time, (Dec. 1904) a third Auditing Committee succeeded the second. The personnel was Rudger Clawson, chairman, Wm. W. Riter,¹³ John C. Culter,¹⁴ C. W. Nibley¹⁵ and A. W. Carlson.¹⁶ This Committee with some changes is still serving at the present time, (Dec. 1923). Additional members of the Committee appointed were Henry H. Rolapp,¹⁷ Heber Scowcroft¹⁸ and Peter G. Johnston.¹⁹

Under the appointment given me by President Lorenzo Snow, which was heartily approved by the Auditing Committee, I was placed in charge of the Trustee-in-Trust's office, where I regulated the accounting, and supervised the work for a period of nine years. During this time an annual report was submitted regularly to the Council of the First Presidency and Twelve, and Auditing Committee and approved by them. I was released from this responsibility to take the Presidency of the European Mission in 1910.²⁰

In taking up my labors in the Trustee-in-Trust's office, I found the following conditions: The accounting was being accurately done so far as making current entries in the books of the Trustee-in-Trust was con-

12. Reed Smoot (1862-1941), born in Salt Lake City, Utah, was called as an apostle beginning in 1900 and served as a U.S. senator for thirty years.

13. William Wollerton Riter (1838-1922) served in the Swiss, Italian, and German Mission of the LDS church from 1863-65 and was president of that mission during his final year. He was active in building the Utah Central Railroad and was considered a faithful Mormon.

14. John Christopher Cutler (1846-1928) served as Salt Lake County Clerk from 1884 to 1890 and was called to be a general authority in 1887, which he declined. He served as Utah's second governor from 1905-1909 and later died of a self-inflicted gunshot wound.

15. Charles Wilson Nibley (1849-1931) was a prominent businessman and co-organized the Oregon Lumber Company in 1889. He served as Presiding Bishop of the LDS church from 1907-25 when he was called to be second counselor in Heber J. Grant's First Presidency.

16. August Wilhelm Carlson (1844-1911) served as president *pro tem.* of the Scandinavian Mission of the LDS church from 1877-78 and helped publish the first edition of the Book of Mormon in Swedish.

17. Henry Hermann Rolapp (1860-1936) practiced law in Utah, acted as assessor and as assistant county attorney for Weber County, Utah, was a member of the Utah State Board of Corrections, was Utah Supreme Court Jury Commissioner, was appointed a justice of the Supreme Court of Utah Territory, and was later elected judge of the Second Judicial District. Rolapp was chosen as a member of the church's General Sunday School Board and later as a member of the church auditing committee.

18. Heber Scowcroft, Sr., (1868-1922) was employed by his father in the wholesale and retail confectionery business and later served as vice president of the John Scowcroft and Sons Company which dealt in wholesale dry goods in Ogden, Utah.

19. Peter Green Johnston (1864-1931), born in Scotland, served as an LDS bishop in Idaho.

20. Clawson was called to preside over the church's European Mission on 7 April 1910 and left for Liverpool, England, on 17 May, arriving on 4 June. He served in this capacity until 1913, leaving England on 15 April.

cerned, and a monthly trial balance was being taken, but for a period of thirty or forty years, or, at least, since the Trustee-in-Trust's books had been opened, these books had never been closed, as is customary and essential in up to date business. It was therefore impossible under the methods then in vogue to determine accurately the financial status or the (then) present worth of the Church.

I was at a little loss to know just where to begin my labors, but finally concluded to get out a report of the finances, taking as a basis to work from, a statement of the assets of the Church prepared by the Chief Clerk, [James Jaques,] under direction of the late President Woodruff and his counselors, to be used in the East for negotiating a loan. The purpose of said statement was to show that the Church would be able with its asset values to protect its creditors. For convenience, I used blank sheets with four ruled columns.

The assets set forth in the original statement were listed in the first column. They were then carefully considered, item by item, and, if the asset had an active market value, it was entered in the second or active assets column, if it had not active market value, it was entered in the third or silent assets column, and if the asset had not value at all, it was entered in the fourth column.

As a result of this procedure, the following showing was made:

Total assets in original statement were \$3,311,870, which, when divided, brought this result, viz: Active Assets, \$1,880,519.78.²¹ Silent assets, \$906,066.78. Assets without value, \$525,283.44, total, \$3,311,870.²²

The liabilities, consisting mostly of the Trustee-in-Trust's notes of different denominations, and bearing interest at 10%, 8%, 7%, 6% and 5%, being[,] as liabilities generally are, direct or active, and amounting to \$1,797,891.38, were deducted from the active assets, viz. \$1,880,519.78, leaving a balance of active assets amounting to \$82,628.40.²³ Adding \$305,709—dollars of tithes (grain[,] produce[,] etc[.]) on hand in the stakes of Zion—made a total of \$388,337.40,²⁴ which represented the surplus, or financial worth of the Church of Jesus Christ of Latter-day Saints February 18, 1899. When it is explained that the tithes on hand at that time, namely \$305,709, if sold on the market, would have realized possibly not more than 50% of their book value, viz: \$152,854.50, making the

21. The dollar figure here is from Clawson's recapitulation done in 1901. The previous figure in 1899 was recorded as being \$1,878,119.78. See Stan Larson, ed., *A Ministry of Meetings: The Apostolic Diaries of Rudger Clawson* (Salt Lake City: Signature Books in association with Smith Research Associates, 1993), 29, 353.

22. This figure is also from Clawson's recapitulation in 1901. The 1899 figure was \$3,309,470 (see *ibid.*, 29).

23. The 1899 figure was \$80,228.40 (see *ibid.*, 29, 353).

24. Using Clawson's 1899 figures, this amount was \$385,937.40 (see *ibid.*, 29).

surplus or net worth of the Church, \$235,482.90,²⁵ it will be quite apparent that the church was dangerously near bankruptcy.²⁶

The original statement, under the foregoing analysis, was found to be misleading. President Snow was particularly pleased to get the information disclosed by the report as it put him in close touch with the real financial status of the Church.

The financial condition of the church at that time was due in part to the stringency of the times, and in part to the fact that the Latter-day Saints had grown somewhat indifferent to the Law of Tithing. They were paying possibly not more than 25% of the 10% of their annual interest instead of 100% of said annual interest, as required by the law of God.

Shortly after learning the exact condition of the Church, President Snow was inspired to take steps for funding the indebtedness of the Trustee-in-Trust, in part, by issuing an eleven year church bond for \$1,000,000.00. In addition to this, the Trustee-in-Trust was obligated for \$797,891.38 direct indebtedness, and \$1,568,954.29, contingent indebtedness. Said contingent indebtedness consisted, in part, of 1500 bonds of \$1000.00 each, amounting to \$1,500,000 of the Pioneer Electric Power Company, guaranteed by the Trustee-in-Trust. Following is a copy of a notation made at this time: "Should the Pioneer Electric Power Company fail to meet its obligations, the Trustee-in-Trust would then become liable for payment of said bonds, but in the opinion of the Auditing Committee, \$500,000 could be realized from the sale of the Power Plant."

Thus it will appear that the situation was quite serious, as the Trustee-in-Trust was liable for these combined obligations amounting to \$3,366,475.67.²⁷ Deducting the entire active assets of the Church at that time, viz. \$2,033,369.78, left a balance of indebtedness of \$1,333,475.89,²⁸ with no assets to meet it, except the \$500,000 that might have been realized by the sale of the Pioneer Electric Power Plant. Even with this deduction the Trustee-in-Trust would have been obligated for \$833,475.89, providing of course the guaranteed indebtedness had become direct indebtedness and the Trustee-in-Trust had been forced to liquidate. It would have been a clear case of bankruptcy but in the providences of the Lord, the possible did not happen.

The Lord at this juncture further inspired President Snow to give to the Church a new revelation, as it were, dealing with a very familiar sub-

25. This amount was \$233,082.90 in 1899 (see *ibid.*).

26. For further insight on church finances, see Quinn, *The Mormon Hierarchy: Extensions of Power*, 195-225; and D. Michael Quinn, "LDS Church Finances from the 1830s to the 1990s," *Sunstone* 19 (June 1996): 25.

27. \$3,336,845.67 in 1899 (Larson, *Ministry*, 29).

28. This indebtedness total matches if using the 1899 totals before the recapitulation in 1901 (see *ibid.*, 29, 353).

ject—namely, the Law of Tithing. The President visited the various stakes of Zion in company with one of his counselors and brethren chosen from among the Twelve and others, and delivered his message. He said, in part, among other things, that the Lord was not well pleased with his people for they had failed and were failing to properly obey this divine law. He also said that if they turned away and wholly neglected it the Lord would reject them as a Church and send hornets among them to drive them out of the land. In fact, the land could only be sanctified and become the land of Zion by observance of this law.²⁹

Later, a solemn assembly was called to meet in the Salt Lake Temple. There were present the First Presidency and Twelve, and general authorities and about 700 presidents of stakes and bishops of wards.³⁰ They spent the whole day in the Temple in meeting. Each of the Presidency and the Twelve and general authorities was called upon to speak and was limited to the text assigned, namely "Tithing."

At the final meeting in the afternoon an expression by vote was taken, and all present covenanted that they would pay their tithing and would urge others to do the same. There was a wonderful outpouring of the spirit of the Lord upon the assembly during the entire day.

Not the least interesting occurrence of this memorable occasion was a Prayer Circle, composed of the First Presidency, the Twelve, the First Council of Seventy, and the Presidents of Stakes, which met in the Celestial Room. President George Q. Cannon³¹ was voice at the altar leading in prayer. This was the largest Prayer Circle ever held in this generation, or, perhaps, in any other.³²

At one of the meetings during the day, in the general assembly, President Cannon said that among those present there were literal descendants of the Lord Jesus Christ.³³ After he sat down President Snow arose and said that the statement of President Cannon was verily true, that the

29. See Bell, "The Windows of Heaven Revisited."

30. "There were about 700 present, as follows, the First Presidency, Twelve, First Seven Presidents of Seventies, Presiding Patriarch, Presiding Bishopric, presidency of stakes, the bishops of wards, stake presidencies of Y.M.M.I.A., Y.L.M.I.A., Relief Society, and Sunday Schools, and a few others" (Larson, *Ministry*, 70).

31. George Quayle Cannon (1827-1901) was sustained as an LDS apostle in 1859 but was not ordained until 1860. He served as assistant counselor to the First Presidency (without being set apart), assistant Trustee-in-Trust, and first counselor in the First Presidency to the third church president, John Taylor, and fourth church president, Wilford Woodruff.

32. See D. Michael Quinn, "Latter-day Saint Prayer Circles," in *BYU Studies* 19 (Fall 1978): 79-105.

33. "[T]here are those in this audience who are descendants of the old 12 Apostles and, shall I say it, yes, descendants of the Savior himself. His seed is represented in this body of men" (Larson, *Ministry*, 72).

literal seed of the Savior was to be found among those there assembled.³⁴ This surprising announcement confirmed in the mind of the writer the scripture which reads in part, "Hid with Christ in God."³⁵ The descendants of the Savior thus referred to were not known to those present by name (at least their names were not given) so that it might properly be said that they were indeed hid with Christ in God.

This new revelation on Tithing, or, more properly speaking, revival of the revelation already given, aroused the saints and brought good results. There was a marked increase in the payment of tithes.

One day early in President Snow's administration, and after I had become perfectly familiar with the church finances, I said to the President: "Would you like to know when the Church will be freed from debt? If so, I can tell you." He answered: "Yes, Brother Clawson, I would indeed be glad to know." "Well," I replied, "if present favorable conditions continue, the church will be relieved of its indebtedness by the close of the year 1905, or at least, will be able to pay every dollar it owes."

President Snow appeared delighted and said in substance, ["If this prediction comes true, the Salt Lake Temple will be thrown open to the Church authorities, will be illuminated throughout, and we will celebrate the occasion by a jubilee of rejoicing such as the church has seldom seen.["]

My prediction came true, for at the close of the year 1905, the surplus or worth of the church had grown from \$388,337.40³⁶ Feb. 18, 1899, to \$4,284,842.52, and the church was in a position to pay off its entire indebtedness, viz. balance due on church bonds, \$205,965, and bills payable, \$29,918, total \$235,883. This announcement which I was pleased to make at a meeting of the Presidency and Twelve at that time gave the greatest satisfaction.

President Snow did not live to carry out his proposed Temple celebration, however. His death occurred October 10th, 1901, four years previous.

One day shortly after having prepared the statement of Feb. 18, 1899, I told President George Q. Cannon, who was alone at the time in his office, that the report prepared by the Chief Clerk under the direction of the late President Woodruff, setting forth the Church assets, amounting to \$3,311,870,³⁷ to be used in the East for the purpose of negotiating a loan was quite misleading. The assets were in possession of

34. "President Snow arose and said that what Brother Cannon had stated respecting the literal descendants among this company of the old apostles and the Savior himself is true—that the Savior's seed is represented in this body of men" (Rudger Clawson, "Memoirs of the Life of Rudger Clawson Written by Himself," Rudger Clawson Collection).

35. Col. 3:3.

36. See n24.

37. See n22.

the Church it is true, but conveyed a wrong impression. I told him further that had they been accepted at their face, or book value, it would have resulted in great embarrassment to the Presidency. As a matter of fact, of the \$3,311,870³⁸ in assets, \$906,066.78 were silent (not marketable), \$525,283.44 were listed in my report as of no value, leaving \$1,880,519.78³⁹ in active assets. And I further added that when the church liabilities of \$1,797,891.38 were deducted from the active assets, there remained only an excess of assets amounting to \$82,628.40.⁴⁰ Adding tithes in the stakes, viz. \$305,709, gave a total surplus, or asset, value of \$338,337.40,⁴¹ instead of \$3,311,870.⁴²

President Cannon seemed greatly surprised, and said he could hardly believe it. I thereupon sat down with him and went over my report item by item. At the conclusion he said that he could not question the correctness of a single entry, and added that in his opinion it was the most complete and thorough financial report that had ever been made in the Church, up to that time.

Pres. Snow was very greatly worried over the contingent indebtedness herein before referred to, namely, the Trustee-in-Trust's (Pres. Wilford W. Woodruff's) guarantee of the payment of the 1500 (\$1000.00 each) \$1,500,000 bonds of the Pioneer Power Plant. So great was his anxiety, that he sent LeGrande Young,⁴³ Church Attorney, and Robert Campbell, Secretary of the Utah Power and Light Company, to New York to negotiate a release of the said guarantee.⁴⁴

Mr. Bannigan,⁴⁵ who had advanced the money and who now held the bonds, positively refused to grant the release as the guarantee of the Trustee-in-Trust gave the bonds in his judgment a value that they would not otherwise have had—a 100% value. After Mr. Bannigan's death, which occurred soon after the brethren returned home, they were again sent to New York to negotiate with the Trustees of the Bannigan Estate for the release of the guarantee.

This time they succeeded. For a consideration of \$200,000 the guaran-

38. See n22.

39. See n21.

40. See n23.

41. See n24.

42. See n22.

43. LeGrande Young (1840-1921) was a judge in the Third District Court and opened the first term of the district court in Utah, served as a city councilman for two terms, and was the lawyer for several prominent businesses, including the LDS church, where he also served as a member of the Third Quorum of Seventies.

44. Clawson's diaries state that President George Q. Cannon also accompanied them on this trip to Boston, not New York (Larson, *Ministry*, 69).

45. Also spelled "Banigan" (see *ibid.*).

tee was surrendered and later delivered to President Snow.⁴⁶

He thereupon called his counselors and the Twelve into his office and holding up the guarantee of \$1,500,000 with a triumphant smile, touched a lighted match to it, and in a moment this scrap of paper that had given him and his brethren so much anxiety, was incinerated [sic]. The brethren felicitated the President on this happy turn of affairs, and felt thankful to the Lord that he had removed this contingent heavy obligation.

It will be of interest to the reader to learn that the Bonds of the Pioneer Electric Power Plant did not default, but that the plant was taken over by the Utah Light and Railway Company,⁴⁷ and that the bonds, some of which were held and owned by the Trustee-in-Trust, and which at one time were of doubtful value, later became an active asset of the Church. President George Q. Cannon said upon several occasions that such would be the case, but did not live to see the fulfillment of his prediction.

During President Snow's administration, from Sept. 13, 1898 until the day of his death, Oct. 10, 1901, I went no further than to prepare reports for the Presidency from the Trustee-in-Trust's books, under the methods then in vogue, but early in November, 1901, I reminded Pres. Joseph F. Smith that the books of the Trustee-in-Trust have never been closed, as was usually the case in all properly kept accounts. I added that owing to this policy, many of the accounts showed very large balances. As for example: There were ~~often~~ accounts showing balances as follows: Defense account, \$305,511.07; Pioneer Electric Power Company, \$416,346.68; Salt Lake Temple Expense, \$150,937.44; Poor account, \$436,703.67, interest account, \$301,257.81, St. George Temple, \$226,268.48; Manti Temple, \$207,604.79; Logan Temple \$130,105.90; Presiding Bishop's Office, produce tithing, \$2,087,376.41; Bishop's General Storehouse produce tithing, \$1,971,514.67; cash tithing account, \$2,627,588.45; dividends, \$238,891.48; suspense account, \$471,664.53, making a total of \$9,571,771.38.

There were numerous other open accounts of long standing, but with smaller balances than were shown in the foregoing list. I told President Smith the books should be closed into a Balance Account, the debit side of which would show the assets of the Church and the credit side, the liabilities. The difference between the debit side and the credit side would be the surplus (or worth) of the Church, providing, of course, that the debit side exceeded in amount the credit side. Following this the books

46. "[T]he Banigan Estate ... would surrender the guarantee upon condition that the Church pay \$25,000.00 in 30 days, \$200,000 in one year [at 5 percent interest] and guarantee 5% [2 percent] interest on \$250,000.00 bonds for 10 years" (see *ibid.*).

47. The Pioneer Electric Power Plant went into the consolidation known as the Utah Light and Power Company. It later merged into the Utah Light and Railway Company. (See *ibid.*, 69, 691.)

for the ensuing year would then be opened from said balance account. With such a plan, each year thereafter the books would be closed and the final result carried to the surplus account. The surplus account would then be like a barometer, it would show year by year either an increased surplus or a decreased surplus, growing out of the annual Revenues and Expenses of the Church.

Finally, President Smith said to me: "Brother Clawson, I would like you to go ahead and close the books in the manner suggested."

I replied that it appeared to me to be a very great undertaking, but that I would endeavor to do it, provided the First Presidency would agree on the ledger when the work was completed. To this suggestion the President assented.

Later this matter came up for consideration in the Council of the First Presidency and Twelve, as will be seen from the following excerpt taken from the Council minutes of December 12, 1901:

"Brother Clawson now presented and read a report of the auditing committee, composed of himself, and Brother Reed Smoot.

"Brother John Henry Smith moved that the report be received and recorded in book form. Seconded and carried.

"Following this report, Brother Clawson criticized the manner in which the books of the President's Office had been kept, and made pertinent suggestions, which resulted in the following resolution expressing the sense of the meeting: That the books of the Trustee-in-Trust be closed December 31, 1901, and a new set opened Jan. 1, 1902, under the immediate direction and supervision of Brother Rudger Clawson, Chairman of the Auditing Committee, and that the methods employed in keeping the accounts, as well as the titles by which the accounts are known, shall be under his direction, subject to the approval of the First Presidency,

(signed) George F. Gibbs,
Clerk of the Council."

Under the authority given me, I proceeded to close the books of the Trustee-in-Trust and finished the work by the end of the year. The balance (debit side) showed assets amounting to \$1,819,608.74, and liabilities (credit side) amounting to \$1,240,452.65, leaving a difference of \$579,156.09, which represented a surplus. The foregoing surplus, however, did not cover the entire surplus, or exact worth of the church at that time, for the reason that something over \$721,000.00 worth of real estate and other items had not been brought into the Trustee-in-Trust's ledger, having strayed away. Such items for instance as follows did not appear on the Trustee-in-Trust's ledger, but were afterwards entered, viz: Tithing

office and yard, \$175,000; Church farm, \$113,400; Social Hall, \$15,000, Historian's office, \$17,500, Sugar plantation, Hawaii, \$100,000, Salt Lake and Los Angeles Ry. bonds, \$150,000, Saltair Beach Bonds, \$100,000, U. L. and Ry. Co. bonds, \$39,000, sundry other items, \$11,265.30, total \$721,165.30. The total assets Dec. 31, 1901, were \$2,540,774.04, with liabilities of \$1,240,452.65, leaving a surplus of \$1,300,321.39. (See annual report of Dec. 31, 1901).⁴⁸

When the work of closing the books was finally done, I took the ledger into the President's office. The Presidency looked it over carefully and made the following notation across the face of the Balance account:

"The closing of this Ledger, as set forth in the above Balance Account, approved, Feb. 28, 1902.

(signed) Joseph F. Smith,
John R. Winder,
Anthon H. Lund,
First Presidency.["]⁴⁹

In taking supervision of the books of the Trustee-in-Trust, and while making out annual reports, I encountered a rather serious difficulty, in the fact that there was a lack of harmony between the books of the Presiding Bishopric and those of the Trustee-in-Trust, inasmuch as the accounts of the Presiding Bishop's Office were kept on the basis of a fiscal year and the books of the Trustee-in-Trust on the basis of a calendar year. It was therefore very difficult to dovetail the accounts of one office into those of the other in these annual reports. By direction of the First Presidency, on my suggestion, the Presiding Bishopric adopted a calendar year, and thus further difficulty in that particular was obviated.

It is also worthy of note that the two offices were running independently of one another so far as the accounting was concerned, so that I got the data relating to the Presiding Bishop's Office for the general annual report from reports furnished by the Presiding Bishop to the Trustee-in-Trust. It was important and necessary that the sum total of the accounting in the Presiding Bishop's Office, as well as in the Deseret Evening News business, which was also owned and controlled by the

48. The totals for 1901 are recorded after the recapitulation done in 1902 (see *ibid.*, 367-68, 398).

49. "After careful and thoughtful examination, the Presidency wrote their approval across the Balance account sheet in the ledger, as follows: 'Approved—Joseph F. Smith, Jno. R. Winder, Anthon H. Lund, First Presidency.'

"Since [then] the books of the Trustee-in-Trust have been closed annually and the net result of the business of the Church appears in the Surplus account" ("Memoirs of the Life of Rudger Clawson Written by Himself").

Trustee-in-Trust, should be brought into the Trustee-in-Trust's ledger. This was done under my direction. Thereafter the Trustee-in-Trust's books covered the entire financial interests of the Church, from which the exact status, or worth, of the Church could be shown at any time.

After I left for Europe, Arthur Winter⁵⁰ was installed as Chief Clerk of the Trustee-in-Trust, with Carl Carlson⁵¹ as his assistant. These brethren are very competent accountants. I feel that it is not exaggeration to say that the books of the Trustee-in-Trust, as also the books of the Presiding Bishopric, are being kept as accurately and scientifically as the books of any mercantile or other business in the land. In proof of this statement, I take pleasure in quoting from one of a number of similar reports made by the Church Auditing Committee, as follows:

"March 24, 1923,

Messrs Henry Rolapp,
John C. Cutler,
Peter G. Johnston,
Church Auditing Committee,
City,

"Dear Brethren:

"I am pleased to report that I have audited the Financial Accounts of the Trustee-in-Trust's Office, and also the Presiding Bishop's Office, checking the entries month by month, for the year 1922, also the annual financial reports.

"The bookkeeping in these two important offices is up to date in every particular and the work is accurate and reliable. The present value, or financial worth, of the Church, is clearly defined.

Your brother,
(signed) Rudger Clawson,
Auditor."

50. Arthur Winter (1863/4-1940) was secretary in the office of the First Presidency from 1907 and was later appointed as chief clerk until his death. He also served as secretary and treasurer of the LDS Church Board of Education.

51. Carl Hyrum Carlson (1892-1977) was born in Logan, Utah, and moved to Idaho in 1927 to serve as bishop over the Preston 1st Ward and was later appointed as second counselor in the Franklin Stake presidency.

"President Heber J. Grant and Counselors,

"Dear Brethren:

"We are happy to report that the account books of the Trustee-in-Trust's Office and the Presiding Bishop's are in excellent condition.

"They have been checked in detail each month throughout the year, all the entries being found correct and the accounts accurately recorded. The annual financial reports of the two offices have also been audited. They afford a comprehensive reflex of the financial operations of the Church during the year 1922, and give evidence of having been prepared with extreme care and intelligent attention to necessary detail.

"From these reports it is a distinct pleasure to note that all of the loans made to the Sugar industry have been entirely repaid, and that the Church has discharged all its debts resulting from such advances. We sincerely congratulate you on the accomplishment of this very desirable result in so short a time.

"Respectfully submitted,

"Your brethren,

(signed) Henry H. Rolapp,

John C. Cutler,

Peter G. Johnston,

Church Auditing Committee."