

How John Dehlin's OSF finances Q and A raised more Qs than As

by James Patterson | May 31, 2017 | Featured | 0 comments



Back in 2014, Open Stories CEO John Dehlin was asked to comment on the Church's new series of essays that were designed to answer questions surrounding issues like Church history, race and the priesthood, polygamy, women and the priesthood and more.

In an essay, John outlined several concerns about the Church essays, namely that "these essays definitely have the feel to me of high-end apologetics...and they sometimes tend to downplay or dismiss the legitimate concerns that many have."

Interestingly enough, I felt the same way after listening to the recent Mormon Stories episode in which John and OSF Board Member Craig Woodland attempted to answer questions relating to OSF finances and board structure that arose after Kristy Money's now-infamous Facebook post in which she publicly aired grievances related to her time at OSF. After a public call for questions, I wrote a post last week asking several detailed questions about OSF board structure, executive compensation and conflict of interest.

While many Mormon Stories listeners seemed satisfied with the answers they heard, almost everything about how the episode was framed, how questions were answered and how issues were handled seemed only to raise more questions for me personally, or even exactly like an attempt to "downplay or dismiss the legitimate concerns that many have" about what's going on behind closed doors within the Open Stories Foundation. Interesting, for example, how a podcast episode that was meant to answer criticism was titled "The OSF Celebrates and Reviews." Take it from someone who makes a living in PR...that's some really effective spin.

Overall, I applaud the recent Mormon Stories episode and the release of financial statements as a "baby step" by the Open Stories Foundation to be more open and transparent about its

finances. However, just as with the Church's essays, understanding the context behind why certain answers were given (and others weren't) makes this feel like another game of apologetics and raises even more concerns and questions regarding the history of OSF finances.

But John and the Board have a long way to go to "come clean" about OSF finances. What he and they have **not** done is to answer specific questions about how John has potentially used his institutional power and position to influence not only how much *he* is compensated, but how *others* throughout the organization are compensated in comparison — including potential conflicts of interest with his wife and the compensation of people like Kristy Money...which is where this all started.

Conflict of Interest

Craig Woodfield, chair of the finance committee for the Open Stories Foundation, appeared on the podcast episode to address some of the questions swirling about concerning OSF finances. One of those areas has to do with the hiring of Margi Dehlin, John's wife, to help run the Mormon Transitions podcast (which, coincidentally, was Kristy Money's job). Craig did a decent job outlining what he felt were all the ways the OSF board avoided potential conflict of interest, including putting Margi through an unpaid "trial" period, not allowing John in on the discussions or decisions and paying Margi a slightly lower pay structure than the other podcasters.

Only problem is, none of this is what you *actually* are supposed to do in order to show no conflict. Most conflict of interest policies include a mandate to "determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest." That means, is there a better way to address the organization need without creating the potential conflict? All due diligence must be done in order to satisfy that question, yet Craig never directly addressed how or what due diligence was performed.

A "Shoestring Budget"

One of the other concerns that Kristy aired in her recent Facebook post was that John has used as a defense for not compensating podcasters more, that OSF operates on a "shoestring budget." (On the record, John has personally used this defense with me) The implicit allegation here is that John is taking home the lion's share of OSF proceeds, not leaving much money on the table for other podcasters to cultivate and grow their podcasts.

Craig Woodfield used the pushback on this point as an opportunity during the episode to educate us on John's *current* compensation and how it was derived, (but conveniently ignored the previous 5 years of OSF history during which John was compensated \$375,000+ for his work.) Perhaps most curious was how Craig framed the Open Stories Foundation as "just really getting started" in 2016.

It seems odd to frame a 501(c)3 that has collected more than a *half million dollars* in donations over the last five years as "just getting started."

To me, \$375,000 over 5 years does not seem like "shoestring" finances. The question becomes, why would Craig, John and the board want to frame OSF as "just getting started"?

At one point during the episode, Craig also went to great lengths to describe the difficulty in finding comparable examples of people doing the kind of work John does as the leader of an organization producing content relevant for post/ex/progressive Mormon audiences.

Bloggernacle 501(c)(3) Comparison

Luckily, we have a lot of examples we can turn to that also fill this need, none of which Craig mentioned during the episode.

Given the questions surrounding compensation and Board structure surrounding OSF, I thought it would be productive to do a simple search of other Mormon blogosphere-related 501(c)(3)s to see how their Boards are structured and their executives are compensated. To someone doing a reasonable examination, this could provide a glimpse into how other similar 501(c)(3)s might fairly compensate their executive(s).

So I set out to do just that. I compiled information about board structures and compensation for the top Mormon blogosphere-related 501(c)(3)s. This information is publicly available thanks to websites like CharityNavigator.org, which compiles and archives federal tax forms for non-profits that make \$50,000 or more per year (forms for non-profits under that threshold are not available).

I also researched the following 501(c)(3)s, but their 990s weren't publicly available due to their annual income for 2015 being less than \$50,000:

- Feminist Mormon Housewives
- Ordain Women
- Fern Foundation (Year of Polygamy Podcast)
- CES Letter Foundation
- Healthy Mormon Journeys

Information presented below is based on the most readily available tax year (2015 in most instances). I hope to provide another update when 2016 reports are released.

Let's take a look:

Open Stories Foundation

Board makeup as of 2015 filing:

John Dehlin (Director and Vice President) – compensation \$91,308

Natasha Parker (Director and President) – compensation \$5,877

Dan Wotherspoon (Director) – compensation \$35,344

Total organizational revenue in 2015: \$198,136

Executive compensation as % of total revenue: 67%

Sunstone Education Foundation

Board makeup as of 2015 filing:

Directors (no compensation)

Laura Compton

Bill McGee

Kaimi Wenger

Kim McCall

Chris Briggs

Michael Stevens

Holly Alden

Kaimipono Wenger

Robin Linkhart

Chelsea Shields

Executives (ex-officio — non-voting board members)*

Stephen Carter (Director of Publications) – compensation \$54,384

Lindsey Hansen Park (Assistant Director) – compensation \$42,000

Jim Murphy (Executive Director) – compensation \$24,000

Total organizational revenue in 2015: \$226,137

Executive compensation as % of total revenue: 53%

Dialogue Foundation

Board makeup as of 2014 filing (I put out a request to current Board Chair Patrick Mason requesting the 2015 filing and asking why it is not public yet...will update if/when I hear back)

Executive Compensation

Kristine Haglund (Editor) – \$60,000*

Trustees (No compensation)

(1) MOLLY BENNION (CHAIR)

(2) KARLA STIRLING (TREASURER)

(3) MICHAEL AUSTIN

(4) JOANNA BROOKS

(5) FIONA GIVENS

(6) BOB GOLDBERG

(7) LAURIE MAFFLY-KIPP

(8) PATRICK MASON

(9) MICHAEL MCBRIDE

(10) GREG PRINCE

(11) ROBERT REES

(12) TOM ROGERS

(13) BRENT RUSHFORTH

(14) MORRIS THURSTON

(15) SUMER THURSTON EVANS

(16) JONATHAN THOMAS

(17) MARGARET BLAIR YOUNG

*Paid employee and board member

Total organization revenue in 2014: \$226,137

Executive compensation as % of total revenue: 26.5%

Fair Mormon

Board makeup as of 2015 filing:

(all uncompensated)

SCOTT GORDON (PRESIDENT)

JOHN LYNCH (BOARD MEMBER)

JULIANN REYNOLDS (BOARD MEMBER)

KEVIN BARNEY (BOARD MEMBER)

DANIEL PETERSON (BOARD MEMBER)

Total organization revenue in 2015: \$166,692

Executive compensation as % of revenue: 0%

In fairness, I also decided to disclose the same information for the Liahona Children's Foundation. While not a "blogosphere" 501c3 per se, it is affiliated with the Rational Faiths blog, and for that reason I felt it necessary to include in good faith:

Liahona Children's Foundation

Board makeup as of 2015 filing:

- (1) Brad Walker, Director
- (2) Alan Jones, President, Executive Director
- (3) Robert Rees, Vice President
- (4) Polly Sheffield, Vice -President
- (5) Clayton_Avery_Vice President
- (6) Alberto Puertas, Vice President
- (7) Tammy Reavis, Secretary (compensation \$20,625)*
- (8) David Ostler, Director, Chairman
- (9) Ashley_Raymond, Director
- (10) - Josh -West, - Director (\$4,200)
- (11) Gary Heaton, Director
- (12) HolyJones, Director
- (13) Sean McClellan , Director
- (14) Sara- Walker,- Director
- (15) Tim Heaton, Director
- (16) Scott Rasmussen , CFO
- (17) Natividad Samochuallpa-
- (18) Gloria Perez de Rosales
- (19) Maryloy Bello

*Could not ascertain from 990 form if this was a paid *and* Board position

Total organization revenue in 2015: \$998,524

Executive compensation as % of revenue: 2.4%

Overview

The results show that, as of the 2015 filings, the Open Stories Foundation had the:

- Highest paid executive (John Dehlin at \$91,000+)
- Smallest board
- Highest % of executive pay to total revenue (67%)
- Strongest direct ties between paid executives and the board (paid executives constituted the **entire** board in 2015)

Kristine Haglund (as of 2014) is the only other example of a paid executive/employee serving as a voting member on a board of directors that I could find. In that example, Kristine is/was surrounded by 17 other independent board members to ensure no conflicts of interest.

New and Unanswered Questions

What's clear from examining the readily available facts is that slight differences in board structure and compensation do exist throughout the Mormon blogosphere 501(c)3 community. But across the board, there is no other example I could find of one person financially benefiting from the proceeds of a non-profit or having as much direct access to Board decision-making the way John Dehlin has had and continues to have in many ways with the Open Stories Foundation.

Consider the fact that, in 2011, according to its 990 filing, OSF actually did have a full board structure that could appropriately address conflict of interest issues. At that time, John's compensation was \$40,000 per year (reasonable by comparable standards, if not perhaps even low).

However, by the time of the next 990 filing at the end of 2012, the entire OSF Board of Directors, with the exception of Natasha Parker and John Dehlin, had resigned. Dan Wotherspoon then became the third member of the board, meaning that the entire OSF board was comprised of "interested parties" with absolutely no independent Board oversight. The OSF Board remained in this state throughout the end of 2015.

Then, over the course of the next four years, John's salary more than doubled, from \$40,000 in 2011 to over \$91,000 in 2015. All without independent board oversight. His total compensation from 2011 to 2015 was more than \$375,000.

All of this raises several pertinent questions OSF should answer if it is truly interested in financial transparency:

1. Did the OSF Board take into account the types of comparables I was able to find through simple 990 searches? (again, Craig Woodfield expressed difficulty in finding comparable executive pay for the kind of work OSF does) If not, why not?
2. Why was there so much Board turnover between 2011 and 2012, a dramatic turnover that resulted in

3. How could the OSF Board of Directors as constituted as recently as 2015 possibly be able to deal with conflicts of interest as it relates to compensation if the Board was entirely constituted of compensated executives?
4. How/why did the "Board" justify doubling John's annual compensation from \$40,000 at the end of 2011 (\$40,000) to \$91,000 in 2015? The IRS requires minutes to be kept about major decisions like executive compensation. Are there minutes for this time period that outline how these decisions were made?
5. How/why did the board justify a full (in fact, increased) salary for John in 2014 and 2015 as he entered a "50-hour-per-week internship" that required the hiring of additional staff to produce the podcast, update websites, manage fundraising and more?
6. Would the current board consider the above mentioned financial decisions between 2012 and 2015 "personal inurement" by John, which is a violation not only of IRS tax code, but a violation of the OSF Board bylaws? If not, why not? And how do statements by John in the past expressly stating that he intended to use donations to put himself through his PhD program** not constitute not just inurement, but intent to receive inurement as well?
7. How precisely is the Board dealing with current conflicts of interest? In the case of hiring Margi Dehlin, what specific alternatives were pursued? (For example, were other popular figures within ex/post/progressive Mormonism pursued before offering the job to Margi Dehlin? Did the board approach any other popular former guests? Were all efforts to resolve the situation with Kristy Money so she could continue the podcast exhausted? If so, how specifically were they exhausted?)

**See this post from as recently as 2015 where John stated "I made a deal with listeners back in 2010 that if they would support me with the podcast, I would use the money to help pay for groceries, health insurance and medical bills (both of which we pay out of pocket), clothes, tuition, etc."

Let me offer a final piece of editorializing before I close. I don't question anyone's ability to or desire to make money by doing what they are good at. When I began asking questions in my last post, and continuing with this post, it has been in the context of Open Stories Foundation operating as a non-profit organization. Like it or not, 501(c)(3)s in the United States are subject to certain rules and regulations, and it is fair to ask serious and sometimes uncomfortable questions about if these types of organizations (which benefit from tax-exempt status) are operating within those regulations. Had John set up Mormon Stories as a for-profit enterprise, it's obvious none of this would be an issue. But he did not, and the foundation has benefited financially a great deal from enjoying tax-exempt status. I am also uncompelled by arguments that because John could have made more money in the private sector, or because his salary is less than General Authorities this means he or OSF should not be subject to scrutiny.

Also, John is **absolutely** entitled to compensation as CEO of the foundation. I am not questioning the ability to draw a salary. He is not, however, entitled to an unreasonable salary, to set his own salary, or at any time past or present to manufacture a board structure that would allow him undue influence on how much compensation he would/could receive. I have

stated repeatedly that, while not illegal, most non-profit advice I have found online makes it questionable to have the paid CEO of a non-profit sitting on the Board of Directors as a full voting member. If that structure is in place (as with Dialogue and its editor, see above), then the board structure should be such that a considerable distance is placed between the CEO and those on the board deciding compensation (ie, constructing a board large enough to diminish the direct influence of the CEO over such matters). It is absolutely not clear that this was the case between 2012 and 2015, and I remain skeptical, especially after the recent episode, of the current Board's makeup as it relates to its ability to judge conflict of interest.

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James Patterson lives with his wife and two children in North Carolina. He makes no apologies for being an avid fan of both Duke basketball and Taylor Swift.

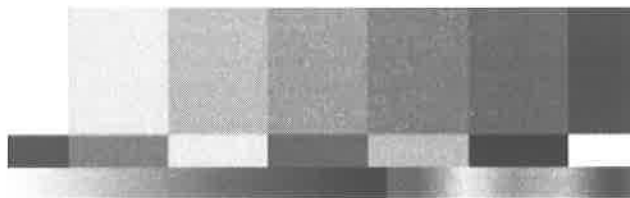
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