

Bishop's charity generous to bishop

New Birth's Long received \$3 million

John Blake - *The Atlanta Journal Constitution*

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In 1995, Bishop Eddie Long established a nonprofit, tax-exempt charity to help the needy and spread the gospel.

But it was Long, leader of the largest church congregation in Georgia, who became the charity's biggest beneficiary.

The charity, Bishop Eddie Long Ministries Inc., provided him with at least \$3.07 million in salary, benefits and the use of property between 1997 and 2000 --- nearly as much as it gave to all other recipients combined during those years, tax records show.

It is one of at least 20 nonprofit and for-profit corporations that Long founded after becoming pastor of New Birth Missionary Baptist Church in 1987. Long's businesses include a music publishing company and a transportation service.

The charity's compensation to Long over that four-year period included:

> A \$1.4 million six-bedroom, nine-bath home on 20 acres in Lithonia.

> Use of a \$350,000 luxury Bentley automobile.

> More than \$1 million in salary, including \$494,000 in 2000.

Long said the charity, which reported that it stopped doing business after 2000, did not solicit donations from New Birth members. It reported that its income included royalties, speaking fees and several large donations.

The charity made \$3.1 million in donations to others between 1997 and 2000, the records show, but they did not contain any itemized breakdown of the donations, as required by the Internal Revenue Service.

Nonprofit groups are exempt from paying state and federal income taxes if they meet certain criteria. In return, the federal tax code says their executives' benefits may not be excessive.

Long and his wife, Vanessa, were two of the charity's four board members. The charity gave a third board member, Terrance Thornton, a \$160,000 loan in 1999 to buy a home site across the street from Long's house, tax records show.

Long's tax attorney, J. David Epstein, said an independent compensation committee, along with a second committee within New Birth and a national accounting firm, oversaw those decisions. He declined to identify the firm or members of the committees.

Long, 52, defended his compensation during an interview about his charity. He's transformed New Birth, based in Lithonia, from a 300-member church to a 25,000-member megachurch with a global presence, according to the church's Web site.

"We're not just a church, we're an international corporation," Long said. "We're not just a bumbling bunch of preachers who can't talk and all we're doing is baptizing babies. I deal with the White House. I deal with Tony Blair. I deal with presidents around this world. I pastor a multimillion-dollar congregation.

"You've got to put me on a different scale than the little black preacher sitting over there that's supposed to be just getting by because the people are suffering."

Sen. Chuck Grassley (R-Iowa), chairman of a Senate committee investigating lavish salaries of nonprofit executives, said leaders of tax-exempt organizations must be responsible for the public trust they've been given.

"I'm worried that a few people are confusing the ringing of a church bell with the ringing of a cash register," Grassley said in a statement in response to The Atlanta Journal-Constitution's inquiries about the charity. "When I hear about leaders of charities being provided a \$300,000 Bentley to drive around in, my fear is that it's the taxpayers who subsidize this charity who are really being taken for a ride."

As the popularity of televangelism, traveling religious shows and megachurches has skyrocketed, so has the money their leaders can earn. IRS enforcement of compensation rules has been light, and the agency rarely audits nonprofit groups.

In 2002 and 2003, TV evangelist and author Joyce Meyer had compensation packages of up to \$900,000 approved by her ministry's board, the St. Louis Post-Dispatch reported. Bishop T.D. Jakes, who staged MegaFest in Atlanta this summer, has a \$1.7 million mansion in Dallas, according to Time magazine.

With few exceptions, the public rarely gets a glimpse at religious leaders' compensation because churches are not required to file tax returns. Information on Long's salary and benefits was derived from the charity's tax returns, which are public records.

Churches must report to the IRS how much they pay employees, but those records are not public.

Long's charity and his church were separate organizations. The charity was incorporated under federal law as a nonprofit religious corporation --- not a church --- subject to rules to ensure accountability and prevent enrichment of executives at the public expense.

Churches and nonprofits are required to follow the same IRS rules regarding compensation. The IRS tax guide for churches and religious organizations says that neither group may "provide a substantial benefit to private interests," and their net earnings "may not [benefit] any individual." They are allowed to pay their executives "reasonable compensation."

"In general, an individual(s) salary and benefits should not be excessive and must be approved by the majority of board of directors who are unpaid and not related to the individual(s)," said IRS spokesman Mark Green in a statement.

Long's benefits went beyond reasonable compensation, said Jeff Krehely, deputy director of the National Committee for Responsive Philanthropy, a Washington-based group that promotes accountability in the philanthropic community.

"After reviewing the compensation packages of foundation executives --- including those who have been written up in the press as being excessive --- I've never seen anything quite like what Long [was] getting, when you include his salary, the house and the car," Krehely said.

Marcus Owens, a Washington attorney and former director of the IRS' Exempt Organizations Division, was retained by Long to look over Bishop Eddie Long Ministries as a result of inquiries about the charity.

Owens released a statement saying, "The Ministry has a comprehensive system of internal controls and policies in place that ensure that all funds are accounted for and spent for appropriate purposes under the tax code." He declined to elaborate or answer questions about the operation of the charity from 1997 to 2000.

'Touch a lot of people'

Long, accompanied by two attorneys and two publicists, talked about his charity in a conference room at New Birth's sprawling campus in south DeKalb County. He declined to answer most questions about his charity's financial transactions, leaving those responses to his attorney. He and Epstein later declined to answer follow-up questions, including whether Long had reported

the house on his personal income tax return.

The church, dubbed "Club New Birth" because of the abundance of young black single professionals who attend its services, includes a school that goes through ninth grade, a fitness center and a 10,000-seat sanctuary, opened in 2001.

The church also ministers to drug addicts and prisoners, helped start a credit union near South DeKalb Mall, and has been involved in religious revivals as far away as New Zealand and Kenya.

"We touch a lot of people," Long said. "This is a world-impacting ministry, and I personally get a little offended when my integrity is questioned."

Long has drawn criticism before. In December, he and Bernice King, younger daughter of the late Martin Luther King Jr., led a march from the King Center promoting several causes. Critics said the civil rights leader would never have agreed to the march's call for a constitutional ban on same-sex marriage.

A black conservative, Long calls himself one of God's "scarred leaders," someone God uses despite moral lapses that included being fired from a job for lying on an expense report.

Long established the charity as a nonprofit religious corporation in 1995. Incorporation papers filed in New York said its purpose was spreading the gospel and that no part "of its assets, income or profit" would be distributed to any directors of the charity except for "reasonable payment."

Epstein said it was created for Long to coordinate his charitable activities, including mission trips overseas and donations to churches and orphans.

But later, the charity's compensation committee decided to use some of the charity's assets to

pay Long for his work at New Birth to make up for many years when he had been underpaid, Epstein said. Long had told his charity's compensation committee previously that he didn't want to be paid the maximum amount available to him, Epstein said.

"It was appropriate to do something to make a dent in the compensation that the bishop hadn't received," Epstein said.

"Bishop Long has never received the legal amount of compensation he is due by law," said Epstein. A Philadelphia lawyer specializing in church tax law, Epstein is the producer of a video for pastors called "How To Maximize Your Clergy Salary and Benefits Package."

At one time Long also received a salary from New Birth. A church spokesman said Long no longer takes a salary, but instead accepts "love offerings" made by church members. Long would not discuss his current compensation.

Land donation

The charity took out a \$1,160,000 mortgage to purchase the home in March 1998, according to DeKalb County property records. The mortgage was paid off by 2003, records show.

In October 2002, Bishop Eddie Long Ministries notified the IRS that the charity was dissolving and pledged to transfer all of its assets to New Birth Missionary Baptist Church.

The house was never transferred.

Instead, a year later, Long signed papers relinquishing the charity's interest in the home, making himself the sole owner. The same day, Christmas Eve 2003, Long took out a \$300,000 loan using the house as collateral.

State law in New York requires that a nonprofit religious corporation must get court approval and notify the New York attorney general's office of its intent to transfer real estate to one of its officers. The attorney general's office said it could not find any record of the transaction or of Long's charity getting court approval.

Epstein said Long earned much of the charity's revenue through royalties, honorariums and gifts from other pastors and churches. He and Long emphasized that none of the charity's money came through soliciting New Birth members.

"I have great integrity with my congregation," Long said. "I would never take their money and use them to build my own personal happiness."

Tax and property records show, however, that New Birth accounted for more than half the charity's income in 1997. Fulton County property records show the church gave Long's charity 13.7 acres of land that year. The charity later reported selling the property for \$1.4 million.

Also, a single donor accounted for 90 percent of the charity's income in 1999 and 2000, tax records show. One donor gave \$1.9 million in 1999 and one donor gave \$1.6 million the following year. As allowed by law, the records do not identify the donors.

Long would not say whether New Birth was the donor nor talk about the church's decision to donate land to his charity.

'Last say-so'

Long said a church board oversaw his charity's decisions to compensate him.

"It's not like I wake up and say, 'I think I want a Bentley,' " he said.

In the past, however, Long has claimed he was the final decision-maker at New Birth. In a 1999 interview, he told the Journal-Constitution how he became the unquestioned leader at his church. After presiding over New Birth's explosive growth, he said he told his congregation that a biblical leader shouldn't have to answer to a board. Long said the board relinquished its authority over him with his congregation's approval.

In his book "Taking Over," Long described the event in more detail. He wrote that after seven years at New Birth, he was frustrated by its deacon board because it was "gripping the purse strings" of the church and "telling the man of God when to jump and how high." He said he received a revelation from God, who encouraged him to get rid of the "ungodly governmental structure" at New Birth.

"That was the day I became pastor," Long wrote. "Up until that time, I was the hired preacher . . ."

Some pastors take advantage of a lack of denominational accountability to enrich themselves, said J. Lee Grady, editor of Charisma, a national magazine that covers charismatic churches. Grady said, however, that he didn't know enough about Long's ministry to comment on it specifically.

"There are many independent churches out there today that are accountable to no one," he said. "Their board structures are controlled by a few insiders and no one can bring correction. That is not healthy. But it will not change as long as the congregations don't demand change."

Several New Birth members said they approved of Long's compensation, home and leadership style. They said church boards often limit the vision of pastors.

"I know he's going to do the right thing," said Melvin Johnson, a member of the church's elder council. "He's going to sow the seed where it's supposed to be sowed."

Johnson said there was no New Birth board or committee that can overrule Long's decisions. "He would have the last say-so in terms of what ultimate decisions are made," said Johnson, a

member for 17 years.

Everett Blakes, another member, said Long recently pledged to pay off the debts of 10 families and to buy a car for every unmarried mother at the church.

Blakes said it was New Birth's duty to support Long financially.

"We have to come bearing gifts," Blakes said. "When you come before the priest and he gives a word to you, then it's your duty to meet the needs of the priest."

'Jesus wasn't poor'

Several nonprofit experts and watchdog group leaders questioned how the \$1.4 million home and the Bentley contributed to the charity's stated purpose.

They cited IRS rules warning that a nonprofit religious group could lose its tax-exempt status if it provides excess economic benefits to an insider.

"An organization can be a tax-exempt entity or a for-profit entity, but not both," said Rod Pitzer, a tax expert with Wall Watchers, a North Carolina-based watchdog group that monitors the finances of large Christian organizations.

Nonprofit experts and others who viewed the charity's records at the Journal-Constitution's request said that it did not appear to have an independent board.

"With a wife approving her husband's salary, it appears that this board's stamp is really just a rubber stamp," said Grassley, the Iowa senator.

Board members other than Long did not comment for this article. Long's wife, Vanessa, declined to comment and Thornton did not return telephone calls. A fourth board member who served for several years could not be located.

Daniel Borochoff, president of the American Institute of Philanthropy, said Long shouldn't build his prosperity on the back of a nonprofit religious corporation.

"It's wrong to use tax-subsidized dollars to support luxury goods for nonprofit executives," said Borochoff. "If he wants these things, then he should get people to give him money outside of a nonprofit organization."

Long said he represented a "paradigm shift" in the black church. He said he won't be like other pastors who died broke while giving everything to congregations that "wanted them to live in poverty and preach to them about prosperity."

Any problem people may have with his charity, Long said, was rooted in some people's expectations that pastors should be poor.

"I would love to sit with you and walk with you through the Bible to show that Jesus wasn't poor," he said.

His congregation is inspired by seeing its pastor do well, Long said.

"I'm not going to apologize for anything. . . . "

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BISHOP EDDIE LONG'S COMPENSATION:

Between 1997 and 2000, Long received \$3.07 million in compensation from Bishop Eddie Long Ministries Inc.

> \$1,450,000 --- House

> \$1,037,992 --- Salary

> \$350,812 --- Use of Bentley

> \$195,145 --- Home improvements, including \$135,560 for landscape improvements, \$3,286 for a parsonage pool table, \$35,169 for a built-in hutch, plus other items.

> \$13,074 --- Property taxes

> \$16,000 --- Expense account

> \$9,600 --- Benefits, deferred compensation

\$3,072,623 --- Total

Sources: Form 990 income tax returns filed by Bishop Eddie Long Ministries Inc. and DeKalb County tax records.