

THE DIOCESE OF NEW JERSEY
JOINT TASK FORCE ON PROCESSING, MANAGEMENT, AND REPORTING OF DIOCESAN TRUST FUNDS
RECOMMENDATIONS TO THE 228TH CONVENTION OF THE DIOCESE OF NEW JERSEY

Note: The following abbreviations will apply throughout this document:

Bishop – Bishop of the Diocese of New Jersey
 CFO – Chief Financial Officer of the Diocese of New Jersey or, if the office is vacant, the Treasurer
 COF – Catalog of Funds
 Diocesan Council – The Diocesan Council of the Diocese of New Jersey
 Diocese – Diocese of New Jersey
 JTF – Joint Task Force comprised of members of the Trustees of the Diocesan Trust Funds, the Diocesan Council, and the Finance and Budget Committee
 TDTF – the trustees of the six-trust funds of the Diocese of New Jersey, as set forth in Section 1 of Diocesan Canon 13 (and noted below), more commonly referred to as the Trustees of Diocesan Trust Funds:
 A&I – The Trustees of the Aged and Infirm Clergy Fund
 TCP – The Trustees of Church Property
 TEF – The Trustees of the Episcopal Fund
 TMF – The Trustees of the Missionary Funds
 VIME – The Trustees of the Venture in Mission Endowment Fund
 W&O – The Trustees of the Widows, Widowers, and Orphans of Clergy Fund
 Treasurer – Treasurer of the Diocese of New Jersey
 VIM – Venture in Mission

The following recommendations are being presented by the JTF to The Right Reverend George Councill, Bishop of the Diocese; Canon Phyllis Jones, CFO; and James Bathurst, Treasurer, for presentation to and approval by our 228th Diocesan Convention.

Policy Recommendations:

1. As a result of issues arising with respect to what happens to a gift or bequest (to whom does it belong or how should it be spent) when a gift or bequest is made and left either to “the Bishop of the Diocese of New Jersey” or to “the Diocese of New Jersey,” the JTF makes the following three (3) recommendations:
 - a. Gifts or bequests left to the Bishop with no designated purpose may be used at the Bishop’s discretion and/or be put into the Bishop’s discretionary fund. The Bishop shall be required to disclose to Diocesan Council the amount of any such gift or bequest as well as the Bishop’s intention to either specifically designate the gift or bequest (and, if so, for what purpose) or include them in the Bishop’s Discretionary Fund. The receipt of the gift or bequest and its expenditure will be tracked in the appropriate reports as determined by the Treasurer, in consultation with the CFO of the Diocese and approved by the Finance and Budget Committee, and subject to audit.
 - b. Gifts and bequests up to \$50,000 in value, left to the Diocese with no designated purpose, will be placed under the authority of Diocesan Council to determine the appropriate use or uses for the gift or bequest. Gifts or bequests with a value of \$50,000 and above will be placed under the temporary authority of the TEF who will work with the Bishop, Diocesan Council, the CFO, and the Treasurer to make a recommendation to Convention regarding the appropriate use of the gift or bequest.
 - c. If a gift or bequest is left to the Diocese for a specific purpose/use and Diocesan Council determines it is clear which diocesan trustee group has authority as a result of the designated purpose, then such gift or bequest will be placed under the authority of that trustee group. If it is not clear which trustee group is responsible for spending authority, then Diocesan Council will make a decision whether to hold or spend such gift or bequest for the purpose designated or place such gift or bequest with a specific trustee group, giving that trustee group authority over the use and expenditure of the gift or bequest.
2. In cases where there is insufficient documentation to determine the management of an existing fund, we recommend that past practice (as documented in Diocesan Journal entries) be allowed to govern, until and if such documentation is found. This applies to the determination of which trustee group holds the fund and which diocesan organization has authority to disburse the monies.
3. In response to research indicating that the Shannon Trust has been included as part of the Capital & Revolving Loan Fund since the bequest was first received in August of 1992 (per the 1992 Diocesan Journal), we recommend that it be consolidated into the Capital & Revolving Loan Fund and be appropriately reinvested.

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4. As more specifically set forth in the minutes of the 1982 Convention (page 103 of the 1982 Diocesan Journal), we recommend that Diocesan Council prepare annual budgets and appropriate reports with respect to the income received from the VIME Fund.
5. In the future, to consolidate funds held by certain trustee groups, as appropriate in the judgment of the CFO, provided such funds do not by the nature of the gift or bequest require them to be held and accounted for separately. A recommendation will be prepared for each such consolidation by the CFO for review and approval by the appropriate trustee group.

Housekeeping Recommendations:

6. To recommend that the Finance & Budget and Audit Committees, together with the CFO, implement fund accounting to provide more complete and transparent accounting for the sources and uses of principal and/or income from the various funds.
7. To reconfigure and rename the current COF into a new accounting format more consistent with the recommendation to return to fund accounting as set forth in item 6, above. The new format will be developed by the CFO and reviewed and approved by the Finance & Budget and Audit Committees with final approval by Diocesan Council and the TDTF. The new format will be implemented no later than the 2013 Convention.
8. To recommend to the TDTF that they more clearly define the roles of the TCP and the TEF and provide such definitions to the Committee on Constitution and Canons for the purpose of revising Diocesan Canon 13.
9. To ask the TCP to review the purpose and use of the Episcopal Residence Fund to determine (i) if it should continue to exist and, if so, to set parameters and develop guidelines for the use of its funds or (ii) if the fund should cease to exist, how and to whom should the cash proceeds be disbursed.
10. The JTF has been unable to locate filed incorporation papers for either the VIME Fund or the VIM Loan Fund, and recommends that the Chancellor of the Diocese prepare and file appropriate incorporation papers for these funds. The wording of the incorporation papers should track the resolutions passed by Convention in 1982.
11. The JTF has been unable to locate an amendment to the corporate documents of the Diocesan Foundation which should have been filed to reflect the resolution passed by the Convention in 1992, changing the name to the Diocesan Council of the Diocese of New Jersey as so reflected in Diocesan Canon 19, and recommends that the Chancellor of the Diocese prepare and file an amendment to the corporate documents reflecting the revised name of the Diocesan Council. The wording of the amendment should track the resolution passed by Convention in 1992.
12. The JTF has been unable to locate any documentation showing that Convention formally approved Section 8 of Diocesan Canon 13 to include the term "widowers" as is now stated in Diocesan Canon 13, Section 1 and Section 8 with respect to the corporation known as "The Trustees of the Widows, Widowers and Orphans of Clergy Fund of the Diocese of New Jersey." Once formally approved by Convention in 2012, the Chancellor should prepare and file the appropriate corporate documents to effect the change.
13. To ask the Bishop, after consultation with the TCP, to appoint a new task force/committee to review a list of real property held by the Diocese or the TCP or other entities and to determine how title to such real property is held and to make recommendations based upon such research with respect to retitling real property, if necessary.
14. To consolidate existing funds held by certain trustee groups, as appropriate in the judgment of the CFO, provided such funds do not by the nature of the gift or bequest require them to be held and accounted for separately. A recommendation will be prepared for each such consolidation by the CFO for review and approval by the appropriate trustee group.
15. To recommend that the CFO include in reports to Convention the report presented under TCP previously known as "Funds Held in Trust for Others."
16. To create a transition chart or explanation to map any revisions from the current COF to the new format thereby making any changes transparent (to show where the fund or funds are currently listed in the December 31, 2011 COF and where the fund or funds will be listed in the reconfigured new format).