

Trustees of Diocesan Trust Funds

Report to the 229th Diocesan Convention

Governed by Canon 13 of our Diocesan canons, the Trustees of Diocesan Trust Funds has been a somewhat vague and often-misunderstood title. Our trustee group is not incorporated in that name; rather, our title describes one board of six trustees consisting of the Bishop and five lay persons elected by Diocesan Convention who serve as trustees of six incorporated trust funds of the Diocese. The corporate titles of these trust funds more accurately describe the range of activities and responsibilities of our group, as follows:

- The Trustees of the Episcopal Fund of the Diocese of New Jersey
- The Trustees of the Aged and Infirm Clergy Fund of the Diocese of New Jersey
- The Trustees of the Missionary Funds of the Diocese of New Jersey
- The Trustees of Church Property of the Diocese of New Jersey
- The Trustees of the Widows, Widowers, and Orphans of Clergy Fund of the Diocese of New Jersey; and
- The Trustees of the Venture in Mission Endowment Fund of the Diocese of New Jersey

Each of these six trust funds holds and/or has authority to make distributions from investment funds established and allocated to it by numerous bequests, trusts and actions of Convention over the long history of our Diocese. These funds are invested in the Diocesan Investment Trust.

Please see Financial Exhibit XII for a graphic representation that more clearly shows the structure described above and herein. We are greatly indebted to the Joint Task Force on the Catalog of Funds (the “Joint Task Force”) for their diligent research and tireless work in clarifying the information around our funds thereby enabling that exhibit to be prepared.

Financial Exhibits III and III-1 show detail of the performance of each of the investment funds during 2011 and 2012, and provide information as to how the dividends from the funds were allocated. The report of the Diocesan Investment Trust appears as Document 52.

In addition, the Trustees of the Episcopal Fund and the Trustees of Church Property hold title to certain real property assets; namely, Diocesan House and real property belonging to our organized mission and some incorporated mission congregations. The Trustees of Church Property are also charged by New Jersey statutes with holding personal and/or real property of an incorporated mission or parish that has been declared extinct by Convention and working with Diocesan Council to determine the disposition of that property.

Fulfilling these areas of responsibility and responding to other recommendations coming out of the comprehensive and thorough work of the Joint Task Force made for a busy year. Summarized below are highlights of our work in 2012.

Accounting System Changeover/Fund Accounting

Pursuant to the resolutions put forth by the Joint Task Force, throughout 2012 we oversaw the coordination of the setup of the new accounting system with the structure of the funds as they had outlined. The fund numbers which appear in Financial Exhibit XII represent each fund’s designation within the new accounting system, by which transactions for each fund can be separately tracked. At the same time, advanced functions of the new system allow for consolidation in reporting, so that all of the funds under any one particular Trust Fund can be grouped and reported on in summary for that Trust

Fund as well as separately if so desired. For more on the new accounting system, please see the Report of the Chief Financial Officer (Document 50)

Disposition of Assets from Closed Churches

Pursuant to last year's special report of Diocesan Council on disposition of assets from closed churches (Document 25a from the 228th Convention), we reviewed the procedures and recommendations made by the CFO and Canon to the Ordinary as refined by Diocesan Council (see Financial Exhibit IX). While no final joint resolution of our group and Council was reached prior to Convention, both groups will take this matter up at their 2013 meetings with the intent to finalize procedures for recommendation to next year's Convention.

Report on "Funds Held in Trust for Others"

As recommended by the Joint Task Force, we have worked together with the Audit Committee to better understand and re-implement the report which appeared in prior Journals entitled "Funds Held in Trust for Others". This report apparently included funds that had been given by bequest or trust for the benefit of individual congregations, but were stipulated by the donor to be held in trust by the Trustees of Diocesan Trust Funds. Thanks to the efforts of Herb Geiss of the Audit Committee, the status of the majority of the accounts included in that report has been updated from 1992 forward through 2011 and through two changes of DIT custodial banks. Pending resolution of the last few remaining accounts and final report to both the Audit Committee and to us, this data should be fully restored and ready for reporting to next year's Convention.

Chancellor's To-Do List

During the course of its research, the Joint Task Force discovered that updates were needed to incorporation documents for several Diocesan trustee groups, including the Venture in Mission Endowment Fund, Venture in Mission Loan Fund, Diocesan Council (formerly Diocesan Foundation) and the Trustees of the Widows and Orphans of Clergy Fund (to be renamed to include "Widowers" in the title). While these were not completed prior to the untimely passing of former Chancellor John Goldsack, the files relating to his work have been passed to Acting Chancellor Paul Ambos for completion.

Task Force on Real Property Status

Also in response to a Joint Task Force resolution, a new task force comprised of members of this trustee group as well as the Audit Committee was formed for the purpose of reviewing the status of all real property held in the name of the Diocese of New Jersey, The Trustees of Church Property, The Trustees of the Episcopal Fund, and such other entities as the Trustees of Diocesan Trust Funds may identify; and to make recommendations as to retitling such real property if deemed appropriate. This task force has begun its research into deeds and documents held in the Diocesan archives and will continue that work through 2013, with intent to finalize a report for next year's Convention.

Catalog of Funds Status

Joint Task Force Chairperson Lynne Davis, staff liaisons Connie White and Phyllis Jones and administrative assistant Sarah Paige, continue to compile copies of historical documents and generate textual summaries for the entire catalog of funds based on the research completed and reported on last year. For further detail, please see Document 41.

Pending sales of property

Pursuant to responsibilities and authority conferred upon us by Canon 13, Sections 9 & 12 and NJ Statute 16:12-16, and in conjunction with instructions from Diocesan Council where applicable, we have overseen the following property sales matters during 2012:

- Holy Communion, Fair Haven – under contract to Outreach Red Bank pending approval by Fair Haven of Certificate of Occupancy; \$675,000 sale price, cash sale (to Diocese), “as-is” condition
- Christ Church, South Vineland – lease/purchase contract in process of negotiation; 1-year lease at \$500/month with purchase option at \$55,000 sale price, “as-is” condition
- St. Luke’s, Westville – lease/purchase contract signed with Straight Line Ministries; 5-year lease at \$1,000/month for the first two years with indexed increases during the next 3 years; option to purchase at \$550,000 with \$55,000 down payment and Diocesan-held mortgage of \$495,000 at 5% interest over 15 years
- St. Clement’s, Belford – just put on the market as of the end of January; activity has been encouraging but no offers for consideration at this writing

We offer this report of our work with deep gratitude for the dedication, expertise, diligence and guidance of all our members: Bishop Councill (our President), David Hoyt, Lynne Davis, the Hon. Robert Scott, Ken MacRitchie and Ed Higgins. We also give thanks to Canon Connie White for serving as our Recording Secretary.

Respectfully submitted,
Canon Phyllis B. Jones, CFO and staff liaison to the Trustees of Diocesan Trust Funds