

**Diocese of New Jersey**  
**Trustees of Diocesan Trust Funds**  
 Report to the 230th Diocesan Convention

Governed by Canon 13 of our Diocesan canons, the group known as the Trustees of Diocesan Trust Funds consists of one unincorporated board of six trustees, comprised of the Bishop and five lay persons elected by Diocesan Convention, who administer six separately incorporated trust funds of the Diocese. The corporate titles of these individual trust funds more accurately describe the range of activities and responsibilities of this 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 the Diocese. These funds are invested in the Diocesan Investment Trust.

Financial Exhibit III shows detail of the performance of each of the investment funds during 2013, and provides information as to how the dividends from the funds were allocated. The report of the Diocesan Investment Trust appears as Document 32.

In addition, the Trustees of the Episcopal Fund and the Trustees of Church Property have responsibility for holding title to certain real property assets; namely, Diocesan House and real property belonging to the Diocese's mission congregations. Under New Jersey statutes, the Trustees of Church Property are also responsible for holding personal and/or real property of incorporated parishes that have been declared extinct by Convention, and for working with Diocesan Council to determine the disposition of that property.

Fulfilling these areas of responsibility and responding further to recommendations from the earlier comprehensive work of the Joint Task Force, reported to Convention in 2012, made for a productive year. Summarized below are highlights of the Trustees' work in 2013.

#### **Accounting System Changeover/Fund Accounting**

The cutover to the new accounting system occurred on January 1. New reports were designed providing improved information for Trustees' review and were presented for the first time at the April Trustees meeting. Given the flexibility of the new accounting system and upon recommendation of the Chief Financial Officer (CFO), the Trustees' voted to retain in separate accounts those accounts currently separated and to separate those accounts currently consolidated (in Accounts 406, 414, and 1412) into individual accounts. The Joint Task Force had recommended consolidation of these accounts at the discretion of the CFO, which has now been deemed unnecessary. For more on the new accounting system, please see the Report of the CFO.

#### **Diocesan Audits**

The Funds under the purview of the Trustees are held in the Diocesan Investment Trust (DIT), which is subject to its own audit, and provide revenue used for purposes which are subject to the audits of the Diocesan Administrative Office and the Bishop's Discretionary Fund. The Trustees

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were regularly informed about the progress and results of those audits. For more on those audits, please see the Reports of the Audit Committee, DIT Trustees and CFO (Documents 29, 32 and 34, respectively). For the audited financial statements, including the auditors' reports, please see Financial Exhibit V.

**Episcopal Residence Fund Review**

The Joint Task Force on the Catalog of Funds recommended that the balance of this fund be returned to the Diocesan Operating Account. After additional research and consideration, the Trustees voted in April 2013 to transfer this balance instead to the Capital & Revolving Loan Fund and to restrict the use of the funds solely to use by bishops of the Diocese to assist with purchase of a residence.

**Disposition of Assets from Closed Churches**

Pursuant to the special report of Diocesan Council on the disposition of assets from closed churches (Document 25a from the 228th Convention in 2012), a joint subcommittee comprised of members from Diocesan Council and the Trustees continued working throughout 2013 to develop a process that would clarify and streamline the handling of dispositions of assets from closed churches that would comply with relevant canonical and statutory guidelines. At its January 2014 meeting the Trustees reviewed the recommendations of that subcommittee which had already been approved by the Council at its December 2013 meeting (see the Treasurer's Report, Document 35, for further detail). See also Financial Exhibit IX for the updated accounting for Disposition of Assets from Closed Churches as of December 31, 2013. The Trustees believe that the recommendations are sound and voted to endorse them for presentation for action at the 230<sup>th</sup> Convention.

**Report on "Funds Held in Trust for Others"**

The Joint Task Force on the Catalog of Funds recommended in its report to the 228<sup>th</sup> Convention that there be a review of the funds previously reported in prior Journals entitled "Funds Held in Trust for Others" to determine their handling for audit purposes. 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. Audit Committee Chair Herbert Geiss undertook this work and completed a review of all of these funds, subsequently reporting the results to the Audit Committee, the Trustees, and the Diocesan Council. As the Diocese begins to work on its 2013 audit, these funds will be incorporated into the audit. See the report of the Audit Committee (Document 29) for further information.

**Chancellor's To-Do List**

Several incorporation documents were determined by the Joint Task Force as needing updates, including:

- Amendment of the name of the corporation of "The Trustees of the Widows and Orphans of Clergy Fund of the Diocese" to "The Trustees of the Widows, Widowers, and Orphans of Clergy Fund of the Diocese of New Jersey" with the inclusion of "Widowers"
- Amendment of the name on the Diocesan Council Incorporation papers (formerly Diocesan Foundation)
- Incorporation of the Venture in Mission (VIM) Endowment and the VIM Loan Fund

Chancellor Ambos has completed all the work required to update the necessary documents

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and signed and stamped copies have been received from the State and filed appropriately. In addition, it was recognized that the Chancellor needs to investigate the necessity to dissolve the corporate entities of Grace Church, Elizabeth and St. Paul's, Westville; those incorporated missions having closed and been declared extinct by the 2012 (228<sup>th</sup>) Convention. This work is in progress.

**Task Force on Real Property Status**

Also in response to a Catalog of Funds 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. The task force plans to complete its work in 2014, with the 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 at the 228<sup>th</sup> Convention in 2012. Document 33 is a brief final report from Chairperson Davis indicating that future updates regarding ongoing Catalog of Funds work will be contained in the reports of this trustee group.

**Mission Advancement, Inc (MAI).**

Trustee Kenneth MacRitchie has continued to work on researching properties titled to this currently unchartered corporation to assist in ensuring that they are ultimately re-titled to the Trustees of Church Property (TCP). To facilitate this action, in September, Diocesan Council passed a motion that MAI be reconstituted and then merge immediately into the TCP. The same motion was passed in October by the Trustees. Chancellor Ambos has since amended the corporate charter of the TCP to allow for such a merger (filed and stamped copies of the amendment have been received and filed). The next step, currently in progress, is to reconstitute the board of MAI, then have both boards approve the merger and file the appropriate documents with NJ authorities. We are working to complete this process in 2014, after which title to all properties currently deeded to Mission Advancement, Inc. would pass to the Trustees of Church Property by operation of law. This would eliminate the necessity for expensive, time-consuming property-by-property transfers in each county where these properties are located and restore the title of these properties to a fully chartered corporation capable of holding and managing them.

**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 2013:

- Holy Communion, Fair Haven – Arrangements with Outreach Red Bank ended after they experienced cost-prohibitive and time-consuming challenges in obtaining a Certificate of Occupancy from the Borough of Fair Haven. In October, the Trustees therefore accepted a proposal from Kolarsick Builders, LLC (a developer) for the property “as is” at \$750,000 cash to the Diocese, contingent on the buyer obtaining a \$525,000 mortgage from a bank. Work to complete this agreement is moving forward on schedule.

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- Christ Church, South Vineland – The church with which the Diocese entered into a lease/purchase contract has decided that there is no interest in a church planting at this time and has cancelled its contract. The property continues to be listed with the Diocese's real estate agent.
- St. Clement's, Belford – There has been no recent interest in this property and discussions are beginning as to other possible uses of the property.

We offer this report of our work with deep gratitude for the dedication, expertise, diligence and guidance of all our members: Bishop Councell (our outgoing President), Bishop Stokes (our President), Lynne Davis, Edward Higgins, Kenneth MacRitchie, Charles Parton, and the Honorable Robert Scott.

Respectfully submitted,  
Canon Phyllis B. Jones, CFO and staff liaison to the Trustees of Diocesan Trust Funds  
Canon Constance L. White, Recording Secretary to the Trustees of Diocesan Trust Funds