

JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH

DECISION 1259

IN RE: Review of a Bishop's Decision of Law in the Greater New Jersey Annual Conference Regarding the Relationship Between the Annual Conference and "A Future with Hope"

DIGEST

The Judicial Council, to make a ruling on the issues that are determinative of the matter, must review the corporate documents of the non-profit corporation, *A Future with Hope* (including but not limited to articles of incorporation or charter, bylaws, corporate resolutions, organizational minutes and any documents filed with the State of New Jersey). Therefore, the matter is remanded to the Greater New Jersey Annual Conference in order for it to provide the Judicial Council with the corporate documents (including but not limited to articles of incorporation or charter, bylaws and organizational minutes filed with the State of New Jersey) of *A Future with Hope*. The Judicial Council retains jurisdiction and instructs that the requested documents be submitted to the Secretary of the Judicial Council no later than 30 days as of the date of this decision.

STATEMENT OF FACTS

During the 2013 Session of the Greater New Jersey Annual Conference, May 30 - June 1, 2013, the conference approved a strategic ministry plan and the ministry for the Superstorm Sandy. As part of the strategy, the conference approved *A Future with Hope* Mission Fund Campaign to raise \$12 million, \$7 million of which was for Superstorm

Sandy Relief, and elected a board of directors for the nonprofit corporation, *A Future with Hope, Inc.* Mr. John Bishop was elected President of the Board of Directors of *A Future with Hope Corporation*. By virtue of serving on the General Council on Finance and Administration of The United Methodist Church he is a member of the Greater New Jersey Annual Conference Council on Finance and Administration and also serves as its president.

On Friday, May 31, 2013, a clergy member of the Annual Conference submitted in writing four questions of law to the presiding bishop. The Conference Secretary read these four questions into the record. They related to items discussed during the Annual Conference session.

Initially, the bishop did not submit these questions to the Judicial Council for deliberation because of his understanding that ¶ 2609.6 of the *2012 Discipline* mandated support by one-fifth of the annual conference before such matters were submitted. After further reflection, the bishop determined that all decisions of law raised in the regular business session of an annual conference were to be submitted to the Judicial Council, with or without a vote of the annual conference. On July 20, 2013, the bishop filed his decisions on the questions of law.

In addition, the Bishop provided the complete Daily Proceedings of the 2013 Annual Conference, an outline of the pre-conference journal, a copy of the resolution

establishing *A Future with Hope* Campaign Fund, a copy of the Strategic Ministry Plan resolution, a copy of the Strategic Ministry Plan, and a Sandy Relief Case Statement (information about *A Future with Hope* corporation, including the budget and the funding campaign).

A clergy member of the annual conference filed an *amicus curiae* brief. In turn, the bishop submitted a response to that *amicus* brief.

In response to a request from a member of the Judicial Council, the conference treasurer provided a copy of the 2012 Annual Conference budget; the 2012 budget vs. actual report, the 2013 budget; the 2013 budget vs. actual report as of September 30, 2013; the 2014 annual conference budget; the 2014 budget for *A Future with Hope, Inc.*

This decision pertains to the third question submitted:

Question 3

“Is the proposal on page 98, lines 28-30 of the Greater New Jersey Annual Conference *Pre-Conference Journal*, that The Greater New Jersey Annual Conference of the United Methodist Church, the 580 United Methodist Congregations will serve as the organization the (sic) underwrites the administrative overhead for *A Future with Hope* and provides volunteers and loans administrative staff to a *Future of Hope* a form of category budgeting that prevents the Annual Conference from its duty as the basic body in the church to present and approve specific line item allocations for its proposed annual budget? Does this provision in the Future with Hope legislation not establish a formal link between the Annual Conference and the Future with Hope non-profit corporation that makes the Annual Conference a guarantor of any failed obligations that may accrue from its (the Future with Hope's) administrative and program activities?”

The decision of the bishop is as follows:

Answer 3

“The provisions referred to in the question of law, are from a December 2012 case statement that was included in the report section of the preconference journal by "A Future with Hope". It was not legislation but a case statement included with the reports. As mentioned previously, these reports were received and were not and could not be debated or changed by the Annual Conference. At the time of the writing of the case statement, funds for the Sandy Relief ministry were for direct services in keeping with UMCOR guidelines and it was anticipated that there was a need for administrative support. Since that time, "A Future with Hope" has raised funds for its own administrative personnel and overhead and no conference budgeted funds have been used or will be used to support A "Future with Hope". The budget approved by the Annual Conference designates all the monies to be collected and spent by the Annual Conference, with specific line item allocations. There were no items budgeted for "A Future with Hope" and the relief ministry. The 580 local church congregations have already been actively involved in raising money and donating money, time, and supplies to this ministry. No vote or action by the Annual Conference or any of its agencies has been taken to establish the annual conference as a guarantor of the "A Future with Hope" corporation in any way and no conference funds have been used by "A Future with Hope". The only funds used by a "Future with Hope", are funds raised and designated for Sandy Relief through the Advance and from contributions from individuals, foundations and corporations. The only links between the Greater New Jersey Annual Conference and "A Future with Hope" are

1. the conference elected the Board of Trustees as requested by "A Future with Hope",
2. the elected trustees are United Methodists within the Greater New Jersey Conference, and
3. the Annual Conference has affirmed "A Future with Hope" as the organization to carry out the United Methodist conference's primary strategy following Superstorm Sandy. The Greater New Jersey Conference and "A Future with Hope" are separate non-profit New Jersey corporations, each with their own separate EIN and separate Board of Trustees. In summary, there are no Annual Conference funds underwriting "A Future with Hope", the Annual Conference has made no commitment to fund "A Future with Hope", the Annual Conference forwards to "A Future with Hope" funds designated for Sandy relief ministry and the conference has made no commitment to be the guarantor nor has "A Future with Hope" requested the conference to be a guarantor.”

JURISDICTION

The Judicial Council has jurisdiction under ¶ 51 and 56.3 of the Constitution and ¶ 2609.6 of the *2012 Discipline* as modified by Decision 1244.

ANALYSIS AND RATIONALE

The already created nonprofit corporation (*A Future with Hope*) was to assist with fund raising and liability issues. Although in the creation of the non-profit corporation the members of the board of trustees were to include members of the “community from across the state of New Jersey”. The reality is that **only** United Methodist members of the Greater New Jersey Conference were elected to the Board of Trustees. A member of the Board that was selected as the president of the Board of Trustees is also holding the position of president of the Conference Council on Finance and Administration (CCFA) for the Greater New Jersey Annual Conference. The CCFA’s purpose is to develop, maintain, and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services for the annual conference.

There is a strong appearance of a direct link between the annual conference and *A Future with Hope* non-profit corporation, the links listed by the Bishop in his ruling supports this appearance.

The budget included in the report to the Annual Conference stated that overhead and administration costs such as office space, accounting, and support services will be underwritten by The United Methodist Church. The bishop stated that there has not been a vote by the annual conference to be a guarantor of *A Future with Hope* corporation, and funding had been received that has allowed *A Future with Hope* to be self-sustaining, at this point not receiving any funds from the annual conference. That fact does not negate the possibility that during the three year period of this plan

that the annual conference may be asked to underwrite the expenses and financial obligations of the non-profit corporation based on the statement contained in the budget that the annual conference would underwrite the non-profit corporation. Twenty-five per cent of the funds raised would remain in the local church for local church missions.

Hence, the issues to be decided are:

1. Is the non-profit corporation *A Future with Hope* a conference agency?
2. Does *A Future with Hope* participate in the funds of any conference budget?

The second question has been answered in Decision 1258. However we believe that before ruling on question one as stated above, it would be prudent for the Judicial Council to review first the corporate documents of the corporation (including but not limited to articles of incorporation or charter, bylaws and organizational minutes filed with the State of New Jersey).

DECISION

The Judicial Council to make a ruling on the issues that are determinative of the matter must review the corporate documents of the non-profit corporation, *A Future with Hope* (including by not limited to articles of incorporation or charter, bylaws, corporate resolutions, organizational minutes and any documents filed with the State of New Jersey). Therefore, the matter is remanded to the Greater New Jersey Annual Conference in order for it to provide the Judicial Council with the corporate documents (including but not limited to articles of incorporation or charter, bylaws and organizational minutes filed with the State of New Jersey) of *A Future with Hope*. The

Judicial Council retains jurisdiction and instructs that the requested documents be submitted to the Secretary of the Judicial Council no later than 30 days after the date of this decision.

Dennis Blackwell was absent.

Timothy K. Bruster, first clergy alternate, participated in this decision.

October 26, 2013