

Draft
11/6/95

PRESBYTERY OF NEW YORK CITY

Notes on Endowment and Other Funds

Permanent Endowment Fund (015) Restricted

Fund created by bequests, donations and grants over the years to provide a permanent endowment for Presbytery. The earnings on the fund are used to provide a portion of the Presbytery's operating budget and, from time to time, Presbytery has ordered a portion of the fund expended for operating deficits and for other special needs. Fund totaled \$3,530,764 at 4/30/95. Investments and cash balances are held in a separate investment account and managed by Bank of New York.

Isadore Martinez Loan Fund (011) Restricted

[How created?] This fund consists of cash balances and investments, both held in a separate investment account managed by Bank of New York, plus the notes evidencing loans by Presbytery from the fund to churches for building maintenance and improvements. [The notes and related security instruments, if any, are held in the Presbytery safe deposit box at Republic National Bank.] Fund was established by [Presbytery] [CRU] in memory of Isadore Martinez, who was murdered in his office at the Church of the Good Neighbor in Manhattan.

The Fund is restricted by order of [CRU] [Presbytery] to the making of such loans to churches which are usually for a seven-year term. The investment income from such loans and the other investments in the account are used by order of CRU to replenish the fund (bearing in mind the significant bad debt exposure and loan losses already experienced) rather than to support Presbytery's current operating budget. Deposits of such amounts to the investment account are to be made quarterly. Loans must be approved by CRU and Presbytery.

At 4/30/95 the fund consisted of (a) \$1,123,070 market value of investments and (b) loans to churches outstanding aggregating \$418,234 principal amount (including ecclesiastical mortgages of about \$90,000 evidencing non-performing loans, payable only on sale of the mortgaged church property and with bad debt reserves aggregating \$299,158).

Emma Jessie Ogg Fund (030) Donor Restricted

This is a trust fund created by or under the will of Emma Jessie Ogg. The testatrix restricted its use to only the income; principal cannot be used. Only one third of the income belongs to Presbytery, the balance is shared equally by Lafayette Avenue Church (Brooklyn) and General Assembly. No restrictions on what use is made of income in Presbytery operations. CRU is responsible for investing the entire fund. Cash balances and investments (about \$1,690,652 market value at 4/30/95) are held in a separate investment account and managed by Bank of New York.

Prospect Heights (Gethsemene) Fund (075) Restricted

This is a trust fund created by resolution of Presbytery pursuant to Chapter VIII, Paragraph 4 of the then Form of Government of the Presbyterian Church (U.S.A.) in connection with the dissolution of the Prospect Heights (Brooklyn) Church, the membership of which was taken over at the same time by the Gethsemene Church, which occupies the former Prospect Heights church building in the Park Slope area of Brooklyn. The court order entered upon the Presbytery's petition for dissolution vested in Presbytery all of the assets of the former Prospect Heights Church. The terms of the resolution of Presbytery creating the trust, as recited in an exhibit to the petition for dissolution in effect prohibit Presbytery from using the principal of the fund (formerly the property of the Prospect Heights Church). The resolution provides that "the property of the Prospect Heights Presbyterian Church located at 1012 8th Avenue, Brooklyn, N.Y. should be retained by the Presbytery as a viable post for mission and that all fungible assets, and funds shall be held by the Presbytery in trust, the income to be used by the Presbytery for capital improvements to the building and property" (Emphasis added). The Fund is thus not available for use in other Presbytery operations or for use in defraying the operating costs of the church.

Lewisohn Fund (055) Restricted

Created by agreement dated December 5, 1984, under the will of Randolph S. Lewisohn. Fund restricted (principal and income) to loans to needy ministers approved by General Presbyter. Balance at 4/30/95 \$327,112, including cash balance of \$188,558 held, pursuant to the terms of the agreement by Chemical Bank, outstanding loan balances of about \$125,000 and bad debt reserve of \$55,789. Fund is not available for use in Presbytery operations. Outstanding notes are held in custody by [AGP Finance].

Clark Fund (007) Restricted

[Created how?] Believed to be a donor-restricted fund. Fund balance at 4/30/95 was \$111,672. Cash balances are maintained in a separate money market account with Republic National Bank. Presbytery archive material indicates that the fund is limited to providing financial assistance to small congregations, the distribution not to exceed \$500 per church. No loans are presently outstanding. Unclear whether use of principal is permitted.

South Bronx Ministry Fund (090) Restricted

Created by action of Presbytery from a portion (originally \$385,000) of the proceeds of sale of the Hunts Point Church property. Balance at 4/30/95 was \$410,125. Held in an investment account by Republic National Bank. Only income is available for use in Presbytery operations and income may be used only for grants to hispanic churches in the South Bronx. Grants are made by the Committee on Ministry. By the terms of the original Presbytery action creating the fund, neither principal nor interest may be used to fund the Presbytery's own general operating budget.

Property Management Fund ()

Created by action of Presbytery from a portion (originally \$200,000) of the proceeds of sale of the Hunts Point church property. Currently about \$5,000 on deposit at Republic National Bank. Grants are made from this fund by CRU for emergency building maintenance and repairs to churches (including those owned by Presbytery) at the recommendation of the Property Management and Law Unit after consultation with the Church Development and Strategy Unit. Unclear whether use of principal is permitted.

Special Endowment Fund (080) Unrestricted

Created by action of [CRU] [Presbytery] from a portion (originally \$300,000) of the proceeds of sale of the Hunts Point church property. The purpose of the fund was to provide for costs of the move of Presbytery's offices to 475 Riverside Drive, the anticipated decline in Synod grants for pastor salary supplements, and other extraordinary costs. Fund balance at 4/30/95 was \$84,711. Fund balances are held in an investment account managed by Republic National Bank.

Inactive and "Bookkeeping" Accounts

Wrightman Fund (020) (Donor(?) Restricted)

Presbytery archive material indicates that this fund (\$5,000 original amount) is to be held by Presbytery with income to be used to maintain the Edith Booth Wrightman memorial organ at University Heights Presbyterian Church.

Fund balance \$16,086 at 4/30/95 held as part of the Martinez Fund.

Chaffee Memorial Fund (035) (Donor(?) Restricted)

Presbytery archive material indicates that this fund was established to provide monthly income for the widow of E. B. Chaffee (both now deceased) and upon her death the principal and income was to be used for mission work.

Fund balance \$21,804 at 4/30/95 held as part of the Martinez Fund.

Dodge Day Care Fund (040)
Merle Smith Fund (025)

No information available (12/31/87) on origin or purpose. Presbytery archive material indicates that funds were used for loans to congregations years ago. The fund balances "are part of Martinez Funds." (12/31/87) Apparently these loans are all non-performing. (At 4/30/95 fund balances were: Merle Smith: \$80,426, i.e. \$45,952, less allowance for bad debt of \$165,525; Dodge: \$96,539, i.e. \$131,881 less allowance for bad debts of \$34,898).

Synod Capital Improvement Fund
(Midlantic Certificate of Deposit) (Restricted)

This certificate of deposit was taken out in connection with an arrangement with Midlantic Bank, the Synod, and five presbyteries including New York Presbytery. [Get copy.] The bank undertook to give favorable consideration to participating in loans to churches of a participating presbytery and to give favorable rates of interest on its portion of these borrowings. Each Presbytery undertook to guaranty up to 20% of the principal amount of the portion of the church's borrowing funded by the Synod. The certificate of deposit is apparently not directly pledged to secure the guaranties but withdrawal of this compensating balance would presumably prejudice the arrangement. The income from

the CD is earmarked by CRU action to replenish the Martinez Loan Fund. The CD is rolled over at maturity so that the amount on deposit at any time including the interest payable at maturity will not exceed \$100,000.

Property and Equipment Fund (070) No known restrictions

This is a bookkeeping account used to record asset values and depreciation reserves on Presbytery's land, buildings and other fixed assets. Balances at 4/30/95 were: Land \$47,130; Buildings \$251,379; Fixed Assets and Leasehold Improvements \$52,749 and Accumulated Depreciation \$228,746. (A net balance of \$141,362.)

There are, apparently, no restrictions on the disposition of any of this property, all or most of which is [believed to be] in current use for church purposes.

Unrestricted Capital Account () Unrestricted

Used as a repository of principal and interest. Balances due Presbytery on certain non-performing loans to churches. Fund balance at 4/30/95 was \$1,257,726 of which \$78,535 represented face amount of loans, all fully reserved against. [The balance of \$1,179,190 apparently represents a bookkeeping entry to balance prior budget deficits.]

El Redentor Fund (060) (Donor(?) Restricted)

Established to provide a fund for construction of a sanctuary for the El Redentor congregation. Fund balance zero at 4/30/95.

Higher Education Fund (065) (Board Restricted)

Set up by the auditors at 12/31/86 to keep track of funds unexpended at year end that had been obtained for the use of the Campus Ministries Program at Columbia and which was to be devoted to that purpose at some future time.

Fund balance \$28,482 at 4/30/95 balanced by bookkeeping entry showing same amount due from Operating Fund. Apparently inactive.

The Capital Fund (010) (No known restrictions)

No information available 12/31/87

Fund balance at 4/30/95 \$1,170,533 accounted for as a part of the Operating/Martinez Fund.

Mission Program Fund (008) Restricted

Account set up for bookkeeping convenience to keep track of monies from Synod and General Assembly designated for various mission programs. Fund balance at 4/30/95 was \$112,473, cash balances, if any, are held in a regular checking account at Republic National Bank.

Westminister-Bethany GNMA Investment Account () Restricted

Presbytery hold GNMA securities in its own name in trust for Westminister-Bethany Church and remits the income to the church as received. The securities are rolled over on maturity but otherwise the Presbytery is apparently not expected to exercise investment authority. Instrument, if any creating account not examined. [Who has custody?] Balance at 4/30/95 was \$96,361.