

## **Greater New Jersey Annual Conference Question of Law**

Question of Law In reference to the report of the Board of Trustees on page 126 in the 2022 preconference booklet “Belmar Parsonage – sale to Bishop and Beverly Schol in progress as per agreement”, is the transaction of the sale of the parsonage to bishop Schol and Mrs. Schol in violation of the state and federal law that prohibits private insiders benefitting from the religious tax-exempt organization such as the GNJUMC and UMC under the IRS regulations i.e., “The prohibition against inurement to insiders is absolute; therefore, any amount of inurement is, potentially, grounds for loss of tax-exempt status”? (IRS publication 1828 rev. 8-2015)

Submitted by  
Gyuchang Sim  
Lay Member-At-Large  
Tenafly UMC



JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH  
 CONSEIL JUDICIAIRE DE L'ÉGLISE METHODISTE UNIE  
 RECHTSHOF DER EVANGELISCH-METHODISTISCHEN KIRCHE  
 CONSELHO JUDICIAL DA IGREJA METODISTA UNIDA  
 CONSEJO DE LA JUDICATURA DE LA IGLESIA METODISTA UNIDA



### Report by Bishop on Decision of Law

This form is to be used for (please check one):

- Reporting of decisions of law made by bishops in response to questions of law submitted to them in writing during the regular business of a conference session (§ 56.3 Const. and ¶ 2609.6 *The Book of Discipline 2016*).
- Reporting of episcopal decisions on questions of law when such decisions are appealed by one-fifth of the members of the conference (§ 56.2 Const. and ¶ 2609.7 *The Book of Discipline 2016*).

Name of Bishop: John Schol

Address: 205 Jumping Brook Road City: Neptune

State/Province: NJ ZIP/Postal Code 07753 Country: USA

Phone: 732/359-1010 Fax: 732/359-1019 E-mail: bishopjohnschol@gnjumc.org

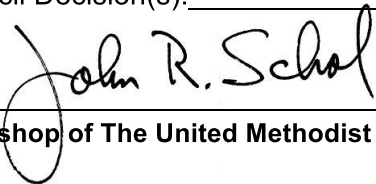
Annual Conference: Greater New Jersey Date of session: 5.23.2021 (month/day/year)

Question(s) of Law: Please see attached

Authorities Cited (indicate paragraph or decision number where applicable):

Constitution: \_\_\_\_\_ Book of Discipline: ¶419.10, 2610,

Judicial Council Decision(s): \_\_\_\_\_

Signature:  Date: 06/15/2022

**Bishop of The United Methodist Church** (month/day/year)

**The following must be attached:**

- Decision of Law, including facts, rationale and ruling
  - Text of the written request for decision
  - Minutes of annual conference proceedings (relevant portions only)
  - List of names and addresses of interested parties
  - Other relevant materials (e.g. conference rules, resolutions, policies, reports)
- Eight (8) hard copies must be submitted via USPS or other delivery service to:  
**UMC Judicial Council, c/o LaNella Smith, Assistant to the J.C. Secretary,  
 1215 Shady Lane, Durham, NC 27712**
- Electronic copies in both Word and PDF (with security features disabled) must be submitted to: [secretary@umcjudicialcouncil.org](mailto:secretary@umcjudicialcouncil.org).

**The United Methodist Church**

**Greater New Jersey**

**Decision of Law Request May 23, 2022**

**John R. Schol, Bishop**

STATEMENT OF FACTS

Statement of Facts

On May 23, 2022, the first day of the Greater New Jersey Annual Conference Session, Mr.

Gyuchang Sim made the following amendment to the board of trustees' report:

Add the words "except the presence of conflicts of interest" in line 42 on page 24 of the PCWB. Be it resolved that the Greater New Jersey Annual Conference of the United Methodist Church hereby ratifies, approves, and confirms actions taken except the presence of conflicts of interest by the Conference Board of Trustees since the last Annual Session.

Mr. Sim advocated for the amendment stating:

"The Belmar parsonage has been sold to bishop Schol and his wife in January this year by the GNJ board of trustees this transaction been putting the local UMC Churches , annual conference and UM in USA a in danger of losing federal and local tax exempt status because of IRS regulation "allurement and private benefit" Under the jeopardizing

tax exempt status document published by IRS titled “tax guide for churches and religious organizations” I quote “all IRS section 501c3 organizations including churches and religious organizations must abide by certain rules, their net earnings may not allure to any private shareholder or individual they must not provide a substantial benefit to private interest” and a few others for political activities.

“This transaction of the Belmar parsonage is clearly falling under the category of allurement and private benefit and it says the prohibition against allurement to insiders is absolute therefore any amount of allurement is potentially grounds for lawsuit of tax exempt status”

“By adding these words at least in my opinion, we as the GNJ AC are making it clear we were against this transaction which put the local UMCs, the annual conference and the UMC as a denomination in danger of losing tax exempt status. I urge your support. Thank you.”

The amendment was defeated.

The Belmar Church property, a closed church consisting of a sanctuary, social hall, Sunday school classrooms and parsonage was sold for \$1,763,000. Of that amount, the Schol's purchased the parsonage for \$803,000, which is \$81,000 more than the sale of any other church parsonage by Greater New Jersey Annual Conference. The total sale of the church and parsonage

was \$1,763,000, which is \$563,000 more than other comparable sales in the area for the same size land, church property and commercial buildings.

The tax code that Mr. Sim refers to, also states the following:

“Inurement to Insiders Churches and religious organizations, like all exempt organizations under IRC Section 501(c)(3), are prohibited from engaging in activities that result in inurement of the church’s or organization’s income or assets to insiders (such as persons having a personal and private interest in the activities of the organization). Insiders could include the minister, church board members, officers, and in certain circumstances, employees. Examples of prohibited inurement include the payment of dividends, the payment of unreasonable compensation to insiders and transferring property to insiders for less than fair market value. The prohibition against inurement to insiders is absolute; therefore, any amount of inurement is, potentially, grounds for loss of tax-exempt status. In addition, the insider involved may be subject to excise tax. See the following section on Excess benefit transactions. Note that prohibited inurement doesn’t include reasonable payments for services rendered, payments that further tax-exempt purposes or payments made for the fair market value of real or personal property.” -Tax Guide for Churches & Religious Organizations, Publication 1828 (Rev. 8-2015)

The law states that a church or tax-exempt organization may be sold for “reasonable payments...or payments made for the fair market value of real or personal property.”

Mr. Sim's amendment was not supported, 135 for and 353 against. Mr. Sim then submitted the following question of law:

In reference to the report of the Board of Trustees on page 126 in the 2022 pre-conference booklet "Belmar Parsonage – sale to Bishop and Beverly Schol in progress as per agreement", is the transaction of the sale of the parsonage to bishop Schol and Mrs. Schol in violation of the state and federal law that prohibits private insiders benefitting from the religious tax-exempt organization such as the GNJUMC and UMC under the IRS regulations i.e., "The prohibition against inurement to insiders is absolute; therefore, any amount of inurement is, potentially, grounds for loss of tax-exempt status"? (IRS publication 1828 rev. 8-2015)

#### JURISDICTION

The Judicial Council has jurisdiction under Par. 2610 of the 2016 Discipline.

#### ANALYSIS AND RATIONALE

A thorough search of The Book of Discipline does not yield permission for the Bishop or the Judicial Council to interpret or rule on United States laws or tax code. The U.S. government does not provide permission for bishops to make rulings on questions of U.S. law. Questions of law in the church were meant for superintendents, and bishops to make rulings of law based on church law (paragraph 419.10). In Mr. Sim's question, "...is the transaction of the sale of the parsonage to bishop Schol and Mrs. Schol in violation of the state and federal law..." does not have a question of church law.

## RULINGS OF LAW

This question is null and void because a bishop's ruling of law is for church law and this question requires a ruling of a law concerning the laws and tax code of the United States of America.

Submitted by: John R. Schol, Bishop

## **APPENDIX III**

### **Greater New Jersey Annual Conference 2022**

May 23, 2022

#### **Trustees Enabling Legislation**

Rev. Matt Enzler, Chair of the Board of Conference Trustees, presented the Trustees Enabling Legislation. He made a motion for adoption of the legislation.

#### **Amendment**

Mr. Gyuchang Sim made a motion for an amendment to add to line 43 on page 24 the words “except the presence of conflicts of interests.” The motion did not pass. The original motion passed.

#### **Church Closures**

#### **Leadership Report**

#### **Call to Discernment and Renewal**

Rev. Matt Enzler and Rev. Hector Burgos presented the Call to Discernment and Renewal legislation. Enzler made a motion to approve the legislation.

#### **MOMENT OF SHARING**

Bishop Schol celebrated how well GNJAC stands compared to the other Conferences in our Jurisdiction.

#### **VIDEO**

A video highlighting the IGNITE mission, Global Ministries, and UMCOR was shown.

#### **SERVICE OF REMEMBRANCE**

#### **LEGISLATION AND REPORTS**

##### **2023 Budget**

Vasanth Victor presented the 2023 Budget Recommendation legislation. He explained the rationale for this budget. Rev. Jennifer Cho presented the healthcare premiums, explaining the 12% increase is due to a 120% of payouts compared to what is collected. She recommended several ways to control costs. Victor made a motion for the legislation’s adoption. The motion passed.

##### **2022 Budget Addendum**



Vasanth Victor presented the 2022 Budget Addendum. He made a motion for its adoption. The motion passed.

### **St. John UMC Fund**

Matt Enzler presented the St. John UMC Fund legislation. He made a motion for its adoption. The motion passed.

### **Questions of Law**

Bishop Schol acknowledged receiving Questions of Law submitted in the chat from Mr. Sim, Rev. Costello, and Mr. Pogue. They are noted and will be recorded. Subsequently, Rev. Costello withdrew his first question of law and submitted an updated question on the second day.

# ANNUAL CONFERENCE 2022



*Deliver*

Luke 4:17-18

The Spirit of the Lord is on me  
and anointed me to bring good news to the poor,  
proclaim release to the captives and recovery of sight to the blind,  
to let the oppressed go free and to proclaim the year of the Lord's favor.

**THE UNITED METHODISTS OF GREATER NEW JERSEY**  
**PRE-CONFERENCE WORKBOOK**  
MAY 23 - 24, 2022

1 **Trustees, Board of**

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3 The board of trustees follows all disciplinary requirements when disposing property and may use any or all of  
4 the following.

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1. A licensed realtor.
2. Multiple Listing Service (MLS).
3. Contacting interested parties or churches in the area.
4. Contacting developers in the area.
5. Contacts made with the property staff
6. A price set in consultation with the realtor and approved by the board of trustees.
7. When a sale price is offered lower than the asking price, final sale price is approved by the board of trustees.

When a property is sold to another United Methodist Church, or an individual or organization affiliated with GNJ, an appraisal is developed using comparable properties in the area to set a price that will maximize income for the mission and ministry of the conference except in some cases when the property is sold or donated to another United Methodist Church. When a sale is made or the property donated, all disciplinary mandates are followed, and the trustees review the sale to ensure that the sale or donation is in the best interest of the GNJ mission.

The following schedules are included in the pages following this report:

- 2021 GNJ Schedule of Properties Sold listing the details of the property sold during 2021, including how the net proceeds were invested in accordance with the budget and GNG Designated Fund policy and procedure.
- Report of Current Holdings as of 1/11/22 listing properties currently available for sale, problematic properties (challenging to sell), rentals and other.

In other business, the Trustees:

- In consultation with our insurance brokers Sovereign Insurance Group, the Board of Trustees voted to continue to use Church Mutual Insurance for the group insurance program which includes property, management liability (Directors & Officers), workers compensation and umbrella policies.
- In partnership with the Council of Finance and Administration as required by the GNJ Designated Fund Policy & Procedure, approved an emergency use of funds of nearly \$440K to provide repair grants to our local congregations impacted by Hurricane Ida. These were funded by unused COVID grants from the 2021 operating budget; no designated funds were used.
- Along with leadership across GNJ, were kept informed and made decisions related the Boy Scouts of America sexual abuse cases and other legal matters impacting GNJ or it’s congregations.

Submitted by Mathew Enzler

1 Trustees, Board of, 2021 GNJ Schedule of Properties Sold

2021 GNJ Schedule of Properties Sold								
Property Name	Gross Sales Price	Net Proceeds (HUD)	Due to GNJ (1)	Net Cash	CMA Average (2)	Listing Price	Buyer's name	Buyer's relationship with GNJ
Conference Parsonage : 58 Windsor Dr- Eastontown	525,700	489,659	(412,678)	76,981	500,000	500,000	Stroffolino	N/A
Billingsport UMC : 516 N Delaware- Paulsboro	200,000	182,050	(43,307)	138,743	249,000	249,900	The Chance Center	N/A
Lucaston UMC : 774 Asbourne Ave- Lindenwold	55,000	49,815	(1,393)	48,422	65,000	59,900	SHRY Laxminary Temple	N/A
2180 CenterSquare- Swedsboro-Logan Twp	50,000	35,378	(74,782)	(39,405)	75,000	99,000	Highway of Holiness Church	N/A
118 Main St, Port Republic- St Paul's	265,000	244,458	-	244,458	285,000	350,000	Port Republic Church	N/A
202 Brookville Rd, Barnegat- Brookville UMC	5,000	4,980	(6,816)	(1,836)	N/A	N/A	Brookville Church Inc	Brookville UMC members
225 Dwight St- JC- Bethany Browne Memorial UMC	1,155,000	1,073,738	(87,656)	986,082	900,000	975,000	Dwight st 225 LLC	N/A
7117 Ventnor Ave- Ventnor City-Ventnor Trinity	1,600,000	1,518,804	(95,020)	1,423,784	1,200,000	1,200,000	Piraino Builders, LLC	N/A
260 Erial, Pine Hill NJ - Memorial UMC	325,000	301,038	(4,711)	296,327	325,000	349,900	Iglesia Cristiana El Poder Dios	N/A
7 N Melbourne Ave-Ventnor City Parsonage( Ventnor Trinity)	425,000	400,050	-	400,050	400,000	450,000	Glenn Smyth	N/A
101 W Sylvania Ave, Neptune- Memorial UMC	690,000	648,221	(6,297)	641,924	650,000	748,000	Bethel Church Apostolic Jesus Christ	N/A
37 Palomino Circle, Mantua - Gateway South Parsonage	562,000	521,779	(418,579)	103,200	525,000	540,000	Lisa Garnett	N/A
Linvale UMC, Ringoes NJ	110,000	102,960	(39,088)	63,872	140,000	150,000	373 LLC	N/A
Siloam UMC- 67 Siloam rd, Freehold NJ	380,000	350,977	(1,154)	349,823	385,000	405,000	St Mary of Egypt	N/A
138 Highland, River Vale NJ - Parsonage	722,000	679,394	(601,431)	77,963	775,000	775,000	Melissa Nicole, Gregory Giardino	N/A
<b>Total</b>	<b>\$ 7,069,700</b>	<b>\$ 6,603,299</b>	<b>\$ (1,792,911)</b>	<b>\$ 4,810,388</b>				
2021 Operating Budget Cash Usage				\$ 3,182,000				
Net Cash Invested				\$ 1,628,388				
Investment allocation per 2021 budget:							Budgeted Investment	
Retiree Health Fund			92%	\$ 1,498,117			\$ 493,240	
Harvest Mission Fund			2%	\$ 32,568			\$ 10,723	
Strategic Disciple Making Fund			2%	\$ 32,568			\$ 10,723	
Property Operational Reserve			2%	\$ 32,568			\$ 10,723	
Property Redevelopment Fund			2%	\$ 32,568			\$ 10,723	

(1) Due to GNJ - past due billings, maintenance/repair work completed and/or initial investment (in conference purchased parsonages/buildings)

(2) CMA - Competitive Market Analysis completed by a licensed realtor

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3  
4 Submitted by Mathew Enzler  
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1 Trustees, Board of, Report of Current Holdings

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**Board of Trustees  
Report of Current Holding as of 1/11/2021**

<b>AVAILABLE PROPERTIES</b>					
<b>Church Name</b>	<b>Address</b>	<b>County</b>	<b>Realtor</b>	<b>Listing Price</b>	<b>Notes</b>
Wesley UMC	670 Centre St Trenton NJ	Mercer	John Brito KW	\$495,000	Negotiating an offer
Mt Fern UMC	443 Quaker Church Rd Randolph NJ	Morris	John Brito KW	\$3,500,000	Temporarily removing listing pending reverter clause investigation
Elm UMC	625 White Horse Pike Hammonon NJ	Atlantic	Bryan Vurgason 609-828-4397	\$50,000	
Embury UMC	140 Haddon Ave Collinswood	Camden	Bryan Vurgason 609-828-4397	\$460,000	
Glendale UMC	615 Haddonfield Berlin Road Voorhees	Camden	Pat McKenna Realtors	\$264,000 Reduced price	Under contract for \$260,000
<b>UNDER CONTRACT</b>					
Emely's Hill	69 Emely's Hill Road Upper Freehold	Monmouth County	Valerie Vargas- KW 917-217-0599	\$550,000	Tentatively under contract for \$450,000 However, title issues may force reduction; under review
Verga UMC	1391 Crown Point Rd West Deptford	Gloucester	Bryan Vurgason 609-828-4397	\$185,000	Under contract for \$185,000
Dunellen UMC	150 Dunellen Ave Dunellen NJ	Middlesex	John Brito KW	\$2,000,000	Under contract for \$1,425,000
Eldred UMC- NY	8-12 Eldred-Yulan Road Eldred NY	Sullivan	Dawne Payne 845-649-1720	\$49,000	Under contract for \$50,000

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**Board of Trustees  
Report of Current Holding as of 1/11/2021**

<b>Properties with one or more issues</b>					
<b>Church Name</b>	<b>Address</b>	<b>County</b>	<b>Realtor</b>	<b>Listing Price</b>	<b>Notes</b>
House in Mansfield	267 Main St. Port Murray	Warren			Associated with McCrea Church that has sold / property has a reverter clause
Wrightstown cemetery					In the process of researching if GNJ does own this cemetery. Church was sold Jan 18, 2019
Land in Roxbury	6 Oneida Roxbury	Morris			Property has no value
1 <sup>st</sup> Salem	152 Yorke Street Salem NJ	Salem			Property has no value

<b>Rentals</b>					
<b>Church Name</b>	<b>Address</b>	<b>County</b>	<b>Realtor</b>	<b>Listing Price</b>	<b>Notes</b>
Woodruff UMC	4 E Finley Rd Bridgeton NJ	Cumberland	Rented to Victory Assembly of God		\$1,500/ month plus utilities We need to replace the heater (major expense)
Ewan UMC	325 Ewan Road Ewan	Gloucester			Started at \$1,200 and now \$800 because of Covid.
Embury UMC	1 Wayne Terrace Collinswood	Camden	Greater Collingswood Children's Center	Another Pastor wants to rent sanctuary on Sundays??	Preschool paying \$1,000/month all utilities and care of property

**Board of Trustees  
Report of Current Holding as of 1/11/2021**

**Other Conference Properties:**

- I. District Parsonages:
  - Cape Atlantic
  - Capital
  - Raritan Valley
  - Gateway North
  - Northern Shore – temporary, month-to-month rental to CFO
  
- II. MRC Building
  - Working on parking lot repairs
  
- III. Other properties
  - Center Grove UMC – was closed at May 2021’s Annual Conference, building in challenging condition with next steps TBD
  - Belmar Parsonage – sale to Bishop and Beverly Schol in progress as per agreement

2 Submitted by Mathew Enzler

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Submitted by

Gyuchang Sim

Lay member-at-large Tenafly UMC



## **Greater New Jersey Interested Parties 1022-04 & 1022-05**

Shelley Smith [GNJ Conf Secy] <ConferenceSecretary@gnjumc.org>,  
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