

April 1, 2019

TO: Town of Northwood

FROM: 2019 Trustee of Trust Funds

During 2018, we discovered that some Northwood Trust Funds were invested in four mutual fund companies and we, the current Trustees, were not listed as custodians of those accounts. We set out to change that and move the funds into a central investment at TDBank. Fidelity and Wells Fargo to date have not agreed to change the custodial responsibilities on the accounts. State RSA requires the Trustees to file each year the MS9 and MS10 forms that list the Trust Funds and where they are invested. In that administrative law is the concept of jurisdiction and control over the Trust Funds. Because the current Trustees do not have control over the movement of the funds remaining at Fidelity and Wells Fargo, we decided not to include them on the MS9 and MS10 for 2019.

This decision was communicated to the Charitable Trust Division of the Attorney General's office who have oversight responsibilities, the Northwood Town Administrator, and the Northwood Board of Selectman.

We are also sensitive to the impact this decision could have on the Town's 2019 audit. We have decided to place in the public arena, on our files/document page of the Town's website, a summary of the Trust Funds affected by this decision and where they are invested. In other words, we are placing the same information we would have put on the MS9 and MS10 in the public arena. We are trying to remain transparent and follow the letter of the law at the same time. We believe that by placing this documentation on the Town's website, we give the auditors the information they need to state that there is a problem because the amount of money under the Trustee of Trust Fund responsibility does not match the MS9 and MS10 and that the ownership of the accounts should be clarified by the Town.

The Trustee of Trust Funds at a September 2018 Board of Selectman's meeting asked the BOS to involve the Town's legal counsel. We revisited the BOS in December 2018 and suggested they add money to the legal line on the 2019 Town budget because it looks like the only way to solve this issue is to go to Superior court and file a suit against the prior Trustees who invested the money, the Attorney General of NH who has jurisdiction and oversight responsibility of all Town's Trust Funds, Fidelity and Wells Fargo. As of this memo, no action has been taken by the Town.

The ownership of these funds remaining at Fidelity and Wells Fargo is an issue the Town of Northwood will need to clarify. The amount of money with disputed ownership is \$169,898. Attached is the financial summary for 2018 and is the exact information we would have included on the 2019 MS9 and MS10 had the ownership issue been resolved.

Sincerely

2019 Trustee of Trust Funds

Jim Vaillancourt, Chair

Disputed Ownership Accounts
Not Included on 2018 MS10

	# Shares	865.868	16,726.550	640.271	520.319	302.663	2,562.426	2,895.707	13,520.510
				Fidelity			Wells Fargo		
Name	Fidelity Capital & Income	Fidelity Government Cash Reserves	Fidelity Asset Manager	Fidelity Equity Dividend Income	Fidelity Overseas	Fidelity Puritan Mutual Fund	Diversified Capital Builder-A	Core Plus Bond-A	Money Market Funds
Beginning balance 2018	\$ 8,750.08	\$ 15,581.21	\$ 13,695.18	\$ 12,956.45	\$ 14,503.24	\$ 39,324.17	\$ 24,362.45	\$ 35,628.87	\$ 13,318.87
Purchases		\$ 876.02							
Cash Capital Gains									
Proceeds from Sale	\$ (896.66)	\$ 0.00	\$ (1,241.91)	\$ (1,545.85)	\$ (2,324.33)	\$ (2,217.21)	\$ (1,593.64)	\$ (1,128.98)	\$ (0.00)
Gains/Loss from Sales	\$ 7,853.42	\$ 16,457.23	\$ 12,453.27	\$ 11,410.60	\$ 12,178.91	\$ 36,339.37	\$ 22,768.81	\$ 34,499.89	\$ 13,318.87
Balance End of Year	\$ 382.18	\$ 269.32	\$ 191.98	\$ 301.86	\$ 193.95	\$ 767.59	\$ 241.78	\$ 943.56	\$ 201.64
Balance Beginning 2018	\$ (382.18)	\$ -	\$ (191.98)	\$ (301.86)	\$ -	\$ -	\$ -	\$ -	\$ -
Income During Year	\$ -	\$ 269.32	\$ -	\$ -	\$ 193.95	\$ 767.59	\$ 241.78	\$ 943.56	\$ 201.64
Expended During Year	\$ 7,853.42	\$ 16,726.55	\$ 12,453.27	\$ 11,410.60	\$ 12,372.86	\$ 37,106.96	\$ 23,010.59	\$ 35,443.45	\$ 13,520.51
Balance at End of Year	\$ 8,750.08	\$ 15,581.21	\$ 13,695.18	\$ 12,956.45	\$ 14,503.24	\$ (1,884.52)	\$ 24,362.45	\$ 35,628.87	\$ 13,318.87
Grand Total Principal/Income	\$ (722.10)	\$ -	\$ 285.13	\$ (1,818.82)	\$ (96.69)	\$ 37,106.96	\$ 15,596.80	\$ 29,079.49	\$ -
Beginning of Year FMV	\$ 7,853.42	\$ 16,726.55	\$ 12,453.27	\$ 11,410.60	\$ 12,372.86	\$ -	\$ 23,010.59	\$ 35,443.45	\$ 13,520.51
Unrealized Gains									
EOY FMV									

How Invested

Principal

2019

Crosswalk from MS9 to MS10

MS 9 Trust Funds	BOY	Additions	Withdrawals	Income	Appreciation	EOY	MS10
Cemetery							
Cemetery Improvement ETF	\$ 53,136			\$ 1,086	\$ (4,876)	\$ 49,346	First five Fidelity Funds
Eliot Fund	\$ 5,185			\$ 106	\$ (476)	\$ 4,815	First five Fidelity Funds
Minor Wells Fund	\$ 7,165			\$ 147	\$ (657)	\$ 6,655	First five Fidelity Funds
Florence Minor Fund	\$ 73,310			\$ 1,387	\$ (2,723)	\$ 71,974	Wells Fargo
					\$	\$ 83,444	
Library							
Eugent Grant Trust Fund	\$ 1,180	\$	\$ (23)	\$ 23	\$ (67)	\$ 1,113	Fidelity Puritan Mutual Fund
Irne Grant Trust Fund	\$ 1,966	\$	\$ (38)	\$ 38	\$ (111)	\$ 1,855	Fidelity Puritan Mutual Fund
Gladys Gardner Trust Fund	\$ 6,292	\$	\$ (123)	\$ 123	\$ (355)	\$ 5,937	Fidelity Puritan Mutual Fund
Alice Tasker Trust Fund	\$ 23,595	\$	\$ (461)	\$ 461	\$ (1,330)	\$ 22,265	Fidelity Puritan Mutual Fund
Clinton Carlyle Trust Fund	\$ 3,539	\$	\$ (69)	\$ 69	\$ (200)	\$ 3,339	Fidelity Puritan Mutual Fund
Elizabeth Stimmell Trust Fund	\$ 2,753	\$	\$ (54)	\$ 54	\$ (155)	\$ 2,598	Fidelity Puritan Mutual Fund
					\$	\$ 37,107	

NOTE: interest must be paid out quarterly

Fidelity Total	\$	97,923.66
Wells Fargo Total	\$	71,974.55
	\$	169,898.21