



Q2-2024 Treasurers Call Resources & FAQs
The Episcopal Diocese of Northern California
June 3, 2024

Discussion Topics

- 2024 Congregational Audits

Resources (Click to open)

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***Please note:** When visiting our website, you may need to clear your cache in order to view updated documents. To do so, click in the address bar, then press the F5 key on your keyboard.*

2024 Congregational Audits:

Q: What is a Congregational Audit?

A: It's not an IRS Audit. It is a review of a parish finances and internal controls including: accounting procedures, payroll practices, financial reporting, internal controls, diocesan and national church reporting. It is a resource for the treasurer, lay leaders, and clergy to ask questions about the financial and administrative processes that go into operating a parish.

Q: What year is being audited?

A: 2023

Q: Will my church be audited?

A: All churches are asked to complete a Congregation Financial Review Survey ([Word](#) | [PDF](#)). The audit team is meeting in the next few weeks to plan the 2024 Audit process. If you're concerned and would like a review, please reach out to Kati Braak (kati@norcalepiscopal.org). If you have not already done so, please submit the following Financial documents ASAP at [this link](#):

- December 2023 Statement of Financial Position (Balance Sheet)
- 2023 Year-end Fund Report (if separate from Statement of Financial Position)
- 2023 Full-Year Statement of Activities (Income/Operating Statement)
- 2023 Treasurers Monthly Report (full excel worksheet)
- 2024 Budget

Q: What is the due date for the Congregation Financial Review of 2023?

A: August 31, 2024

Q: Is it ok to have the same people counting every week?

A: No. Having the same people counting every week does not provide good control. It is highly recommended to have rotations from week to week.

- In our smaller churches you may have one person be the main counter, and a rotate the second counter amongst several people.

Q: How often should you send a pledge statement?

A: Quarterly statements are recommended. At minimum, twice a year.

Q: What is the difference between paying an invoice and paying an independent contractor who invoices you?

A: It is essentially the same.

Q: Who do you need to provide a 1099 to?

A: Any vendor providing services over \$600 in a year, that is not a corporation such as a sole proprietor, LLC, or individual will require a 1099 from your church at the end of each year.

Q: How do you backup regular payments that are included in the budget but have no bill?

A: Prepare a voucher as a backup for that payment. If you don't provide backup, someone looking at it who may not be familiar with it may not be aware that it is an approved expense.

Q: When making charitable donations that are not solicited, how do you backup that expense?

A: Backups can include vestry meeting minutes that have a recorded approval, a printed email with the request and approvals, or a grant letter for the donation.

Personnel:

Q: Is Sick Leave required for employees?

A: Yes. California now requires all employees, regardless of how many hours they work, to be offered a minimum of five days or 40 hours of Sick Time per year.

- Employee must work for the same employer for at least 30 days within a year in California
- Complete a 90-day employment period before taking any paid sick leave

Q: Is Paid Time Off (PTO) required for employees?

A: There is no legal requirement in California that an employer provide either paid or unpaid vacation time.

Q: Who are we required to offer retirement plans to?

A: At a minimum, employers are required to offer retirement plans to all employees who are interested in making their own salary deferrals regardless of whether they are an exempt or non-exempt employee. Employers are not required to make employer contributions until the employee is scheduled to work at least 1,000 or more compensated hours in the year. Employer contributions for eligible employees consist of a 5% base and up to a 4% match.

Q: Does unused PTO and sick time expire each year, or can it roll over to the next year?

A: PTO does roll over, but you can cap how much can be accrued. PTO is paid out when employee leaves. Sick time does not roll over and is not paid out when the employee leaves. Exceptions to these are based on your church's employee handbook which might offer an option for some sick time to be rolled over.

Property:

Q: Is a written agreement required between the church and outside users using the space?

A: Everyone using church space should always have a written agreement with the church.

Q: Where can I find a sample facility use agreement?

A: <https://www.norcalepiscopal.org/forms-documents>

Q: How can we contact Church Insurance?

A: You can reach out to Alan J. Johnon from Church Insurance:

Alan J. Johnson

Vice President – Client Services

Church Insurance Agency Corporation

aljohnson@cpg.org

For Service call: 800.293.3525

For Claims call: 800.223.5705

Direct: 623.203.3073

CA License #0M34758

Financials:

Q: Where do you report fund balances?

A: Fund balances should be reported in the liabilities section.

Q: Where do you report fixed assets?

A: Fixed assets should be reported under an Equity Fund called Fixed Assets.

Q: If you have a surplus or deficit, do you need to report it on the TMR?

A: Yes.

- The surplus amount must be transferred to an unrestricted reserve account and shown on line (p.) of your TMR
 - This represents a transfer to your reserves of surplus revenue so that you will not pay apportionment on these amounts.
- The funds necessary to offset the deficit must be transferred from unrestricted reserves and shown as a transfer on line (h.) of your TMR.
 - This represents a transfer from your reserves needed to cover Operating Expenses and you will pay apportionment on these amounts.

Q: Where can you find a Sample Investment Policy?

A: www.norcalepiscopal.org/wp-content/uploads/2020/05/EDNC-Investment-Policy-Statement.pdf

Q: How can you get a copy of our church's tax-exempt status?

A: Send an email Kati Braak to request this letter (kati@norcalepiscopal.org).

Q: Where can you find funding for Capital Campaigns and consults?

A: Check with The Episcopal Church Foundation (www.ecf.org).

Misc.:

Q: Are discounts available for QuickBooks?

A: Yes, TechSoup offers discounts on QuickBooks and many other programs such as Windows, Microsoft, Adobe, etc... Visit www.techsoup.org. Use the non-profit code 31-1629166.

Treasurers Call Zoom Meeting Info:

<https://us02web.zoom.us/j/86875353412?pwd=c3Zjd0FaZHMzMVFIU40NGNKbER4UT09>

Meeting ID: 868 7535 3412 Passcode: 95825

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