



Treasurers Call Resources & FAQs
The Episcopal Diocese of Northern California
September 2021

Discussion Topics

- 2020 Audit Process Update
- Standardized Chart of Accounts
- Knowing your Cash Reserves
- Vestry Financial Reporting
- 2022 Budget Process

FAQs

1) Where can I find the September Treasurers Slide Deck?

A. You can download the September 2021 Treasurers Slide Deck at:
<https://bit.ly/3ieEbf0>

2) Where can I find more resources for Treasurers?

A. You can visit our website at: www.norcalepiscopal.org/site/church-accounting or
www.norcalepiscopal.org/site/church-accounting/#treasurersresources

3) What do we do if we are getting a 2020 Audit?

A. Complete the [Congregational Financial Review Survey](#), submit year-end reporting so that TMR/Parochial report can be reviewed. After reviewing these documents, your assigned auditor will contact you to schedule the audit.

4) What do we do if we're not getting a 2020 Audit?

A. Complete the [Congregation Financial Review Survey](#), submit year-end reporting so the TMR/Parochial report can be reviewed. After reviewing these documents, the Bishop's office will follow-up with any questions.

5) Where can I find sample policies?

A. You can download sample policies from our website at: <https://bit.ly/3vhqzmM>

6) Where can we find more info on how a standard Chart of Accounts is set up?

A. See slides 5-9 of the September slide deck: <https://bit.ly/3ieEbf0>

7) What's typically listed as an "Asset" in a Chart of Accounts?

- A. Operating Bank Accounts (operating checking account and bank savings account), Investment Accounts (EFNC investments accounts, other investment accounts), Other Bank Accounts (Rector's discretionary fund accounts, ECS or other Subsidiary Org accounts), Accounts Receivables, Other Assets (prepaid expenses), Fixed Assets (building, organ, fixtures).

8) What's typically listed as a "Liability" in a Chart of Accounts?

- A. Accounts Payable, Other Current Liabilities (payroll tax/pension obligations, prepaid pledges, facilities usage deposits, accrued expenses), Long-Term Liabilities (loans/mortgages).

9) What's typically listed as "Equity" in a Chart of Accounts?

- A. Unrestricted Net Assets (unrestricted/undesignated assets w/ no restrictions on use), Designated Funds (vestry has designated for a purpose, not the donor), Donor Restricted Funds (funds like Outreach, capital campaigns, etc. where funds were donated for a specific use), Endowments/Permanently Restricted Funds, Fixed Assets (direct offset of amount listed in Assets), Retained Earnings/Current Year Surplus (Deficit).

10) What's typically listed as "Income" in a Chart of Accounts?

- A. Offerings (pledge and plate/non-designated offerings), Investment Income (realized/actual interest and dividends on operating funds), Facilities Usage/Rental Income, Fundraising Income (can be gross or net of related fundraising expenses), Grants, Other Income, Restricted/Designated Offerings (offerings that are restricted to a specific purpose), Transfers from Funds for Operating Expenses.

11) What's typically listed as "Expenses" in a Chart of Accounts?

- A. Clergy Payroll, Lay Payroll, Facilities, Administrative Expenses, Program Expenses, Outreach, Apportionment. Mirror Budget (if possible). Transfer unused Restricted Donations

12) Should fixed Assets be listed in the Equity section in a Chart of Accounts?

- A. Yes. You should debit Unrestricted Net Assets or Retained Earnings and Credit Fixed Assets

13) How do we calculate Cash Reserves?

- A. Unrestricted Net Assets = Total Net Assets (Equity) Less: Fixed Assets, Permanently Restricted Funds (Endowment Corpus), Donor Restricted Funds.
Unrestricted/Undesignated Net Assets = Unrestricted Net Assets Less: Designated Funds.

14) What is the recommended amount to have in Cash Reserves?

- A. 3-6 months of operating income

- 15) Why is it not appropriate to solely provide the balance of a church's bank account to the vestry, when determining how much funding is available to spend?**
- A. The total balance listed on a church's bank statement does not serve as an accurate reflection of the actual funds available for spending. The reason for this is because the total balance does not indicate what portion of that balance may be donor restricted or vestry designated. For example, the church's bank statement may indicate it has \$50,000 as its total balance, however, \$30,000 of that could be donor restricted, and \$10,000 could be vestry designated, in which case, the church *does not* have \$50,000 to spend, but rather only \$10,000 of undesignated unreserved funds for spending, and an additional \$10,000 that's vestry designated, that could, be re-designated somewhere else.
- 16) Do all churches need to have a Financial Dashboard?**
- A. No. It's a personal preference for you and your vestry on what you'll find most helpful.
- 17) If we're using a Financial Dashboard, what should it include?**
- A. Some helpful things to include are: summarized income and expenses, pledge status report, cash reserves, and charts.
- 18) Is it possible to get examples of Chart of Accounts and Cash Reserves?**
- A. Yes. We are working on adding more resources to the [Church Accounting](#) page on our website.
- 19) How do you fund a budget shortfall?**
- A. Using cash reserves, review expenses to find anyway you can reduce costs, talk to your parish, talk to the Office of the Bishop about potential resources/grants that may be available to help.
- 20) How can we determine permanently restricted funds?**
- A. Endowments are generally the only permanently restricted funds that exist with non-profits. These funds are typically restricted because the individual establishing the endowment does so for a specific purpose.
- 21) Who can we contact at the Office of the Bishop for questions regarding congregation and clergy supported grants?**
- A. Please contact The Rev. Julie Wakelee at julie@norcalepiscopal.org

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