

CONGREGATION  
**LEADERSHIP**  
CONFERENCES



# HR BASICS, LEGAL AND FINANCIAL MATTERS

Vestry Essentials: Tools for New and Seasoned  
Members

# WORKSHOP LEADERS

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# OUR GOALS FOR THIS SESSION

Empower

Empower you to find information to help you serve well

Answer

Answer questions, highlight things especially needing your attention

Help

Help you know the legal & financial implications of your service

Provide

Provide tools to smooth things out when you hit a pinch

# FORMAT OF THIS SESSION

Michelle: HR Basics, Insurance, & our  
Diocesan Website

John: Taxes, Fiduciary Responsibility &  
Financial Documents



# Human Resource

## **HR's Role in Shaping Organizational Culture**

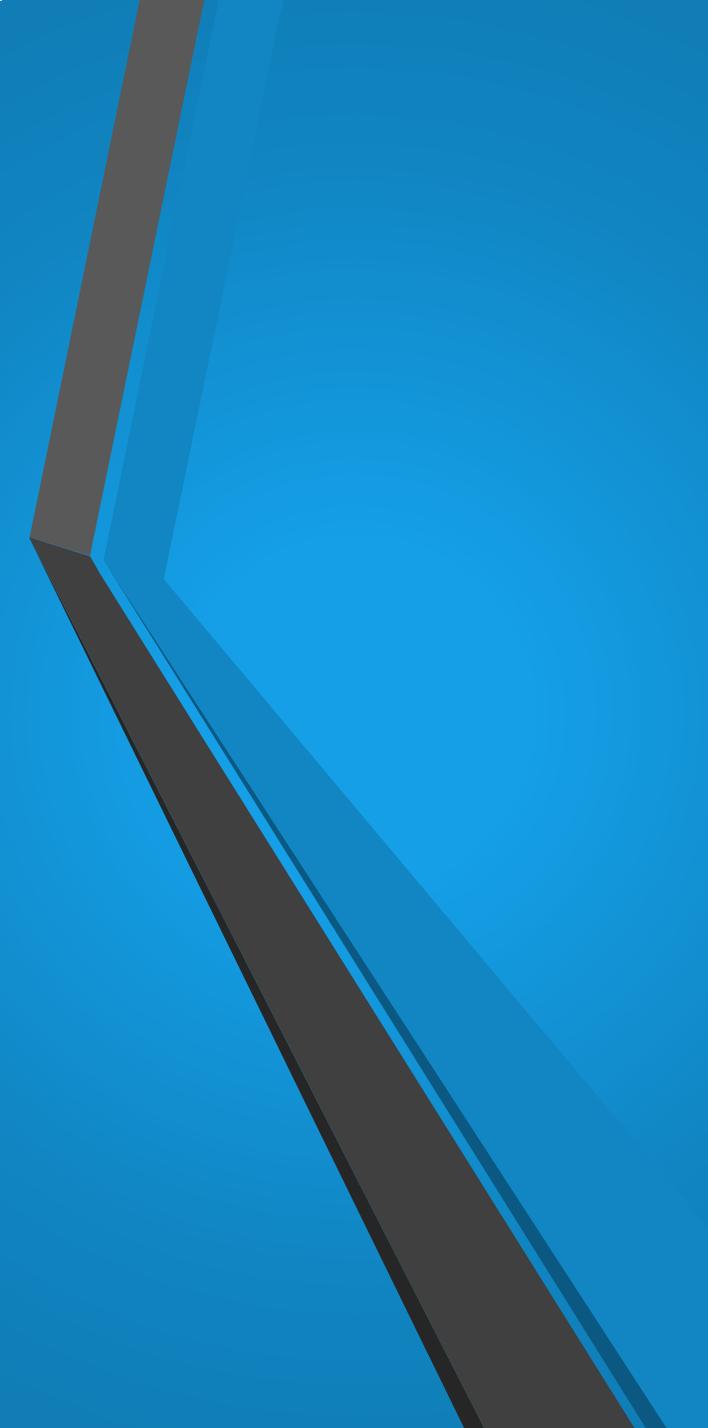
- Drives culture through key practices:

**Compensation & performance management**

**Recruitment & onboarding**

**Training & development**

- Reinforces business values at every stage
- Acts as a catalyst for cultural evolution



# Key Components Under HR

- **Employee Handbook**
- **Paperwork** for New Hires, Changes in Employee Information, Terminations, Initiating the Retirement Process, Annual Performance Evaluations, Housing Allowance Reporting, and Benefits
- **Timecards**

# EMPLOYEE HANDBOOK



Details your mission, vision and values



Communicates company policies and expectations



Ensures consistent enforcement of company policies



Sets expectations for employee conduct and performance



Addresses employee expectations



Minimizes risks



Helps minimize conflict



# PAPERWORK

There's a lot of it

Not every vestry member will be in the "trenches" so to speak

Important to know where to find the information

Your church is NOT alone!!!

There are diocesan resources available to you; online to download as well as by email, text or just a phone call away

# REFRESHER: NEW EMPLOYMENT LAWS FROM 2025

- Employers must provide to their employees a minimum of 5 days or 40 hours of paid sick leave per year.
- SB 553 requires most California employers to establish, implement and maintain an effective workplace violence prevention plan.
  - . Called Violence Prevention Plan
  - . Link to plan: <https://form.jotform.com/242005765657157>

# NEW EMPLOYMENT LAWS FOR 2026

- Minimum wage is \$16.90 per hour for 2026
- For 2026, exempt employees must earn a minimum of \$70,304 a year
  - *Must make the minimum regardless of hours worked*
  - *Solution: Move to Non-Exempt (Hourly)*
  - *Clergy are considered Self-Employed*

# NEW EMPLOYMENT LAWS FOR 2026

- AB 294: Requires employers to provide employees with rights against retaliation, particularly for whistleblower protections.
- Also under 294, employees have the right to designate an emergency contact be notified by the employer should they be arrested or detained.

# TIMECARDS

Not optional

For both exempt  
and non-exempt  
employees

Includes Clergy

## WHO SIGNS CLERGY TIMECARD?

- Sr. Warden

## TIMECARDS – CLEAR AND TRANSPARENT

Tracks accumulated  
time off



Employees should be  
provided with the  
updated information  
(required by state law)



Helps with burnout –  
especially with clergy  
– make sure they are  
taking their PTO



Encourages  
employees to USE  
PTO

# INSURANCE

- Benefits of coverage with Church Insurance
  - ◀ Tone
  - ◀ Products
  - ◀ Services
- Periodically reviewing your property insurance
- Directors & Officers Insurance (D&O)



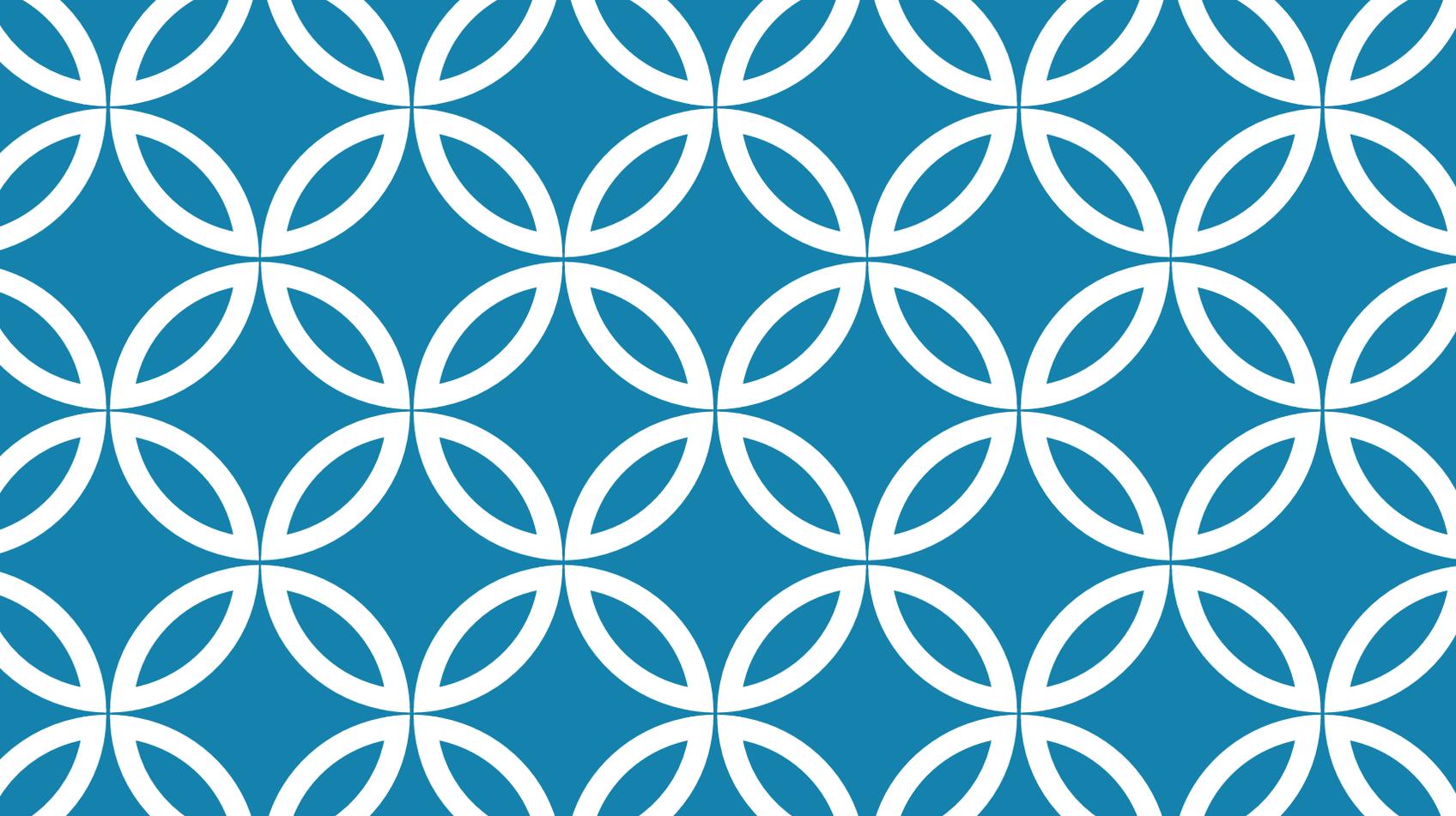


# TAXES, FIDUCIARY RESPONSIBILITY, AND UNDERSTANDING PARISH FINANCIALS

**John Nykamp**

Diocesan Treasurer

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**WHAT TAX FILING  
OBLIGATIONS DOES A  
CHURCH HAVE.**

# FILING REQUIREMENTS

- Churches are exempt from filing Form 990 (and CA Form 199) \*
  - \* Unless there are unrelated taxable business income.
- The church must file a Statement of Information with the state every two years. You can check if you are current on the Secretary of State's website.

<https://bizfileonline.sos.ca.gov/search/business>

- Churches must register Attorney General to hold a raffle

<https://oag.ca.gov/charities/raffles>

# NON-PROFIT STATUS

- Individual churches do not generally have their own 501(c)3 status with the IRS.
- Churches inherit their nonprofit status under a group exemption for the entire Episcopal Church.
- If you don't already have a copy, request a copy of a tax exemption letter listing your church as being covered under the group exemption from the Bishop's office

# SALES TAX

Churches are NOT exempt from paying sales tax on items the purchase – It's the responsibility of the parish to pay use tax on items for which they are not charged sales tax (out-of-state purchases).

If a church has regular sales of non-food items (i.e. thrift store) it needs a reseller's license and must collect and pay sales tax to the state. Items purchased for resale can be exempt from sales tax.

# PROPERTY TAXES

- What kind of Exemption should you have?
  - ← Religious vs. Welfare
- Implications of renting property to for-profit entities
- Facilities usage agreements.



# FIDUCIARY RESPONSIBILITY



A Fiduciary is someone who is

**Providing advice or managing the assets of another person or organization and stands in a special relationship of trust, confidence and/or legal responsibility.**

*This includes Vestry members, clergy, staff, and any volunteers handling money for events or fundraising.*

# FIDUCIARY POLICIES

Confidentiality  
Policy

Conflict of  
Interest Policy

Whistleblower  
Policy

Donation & Gift  
Policy

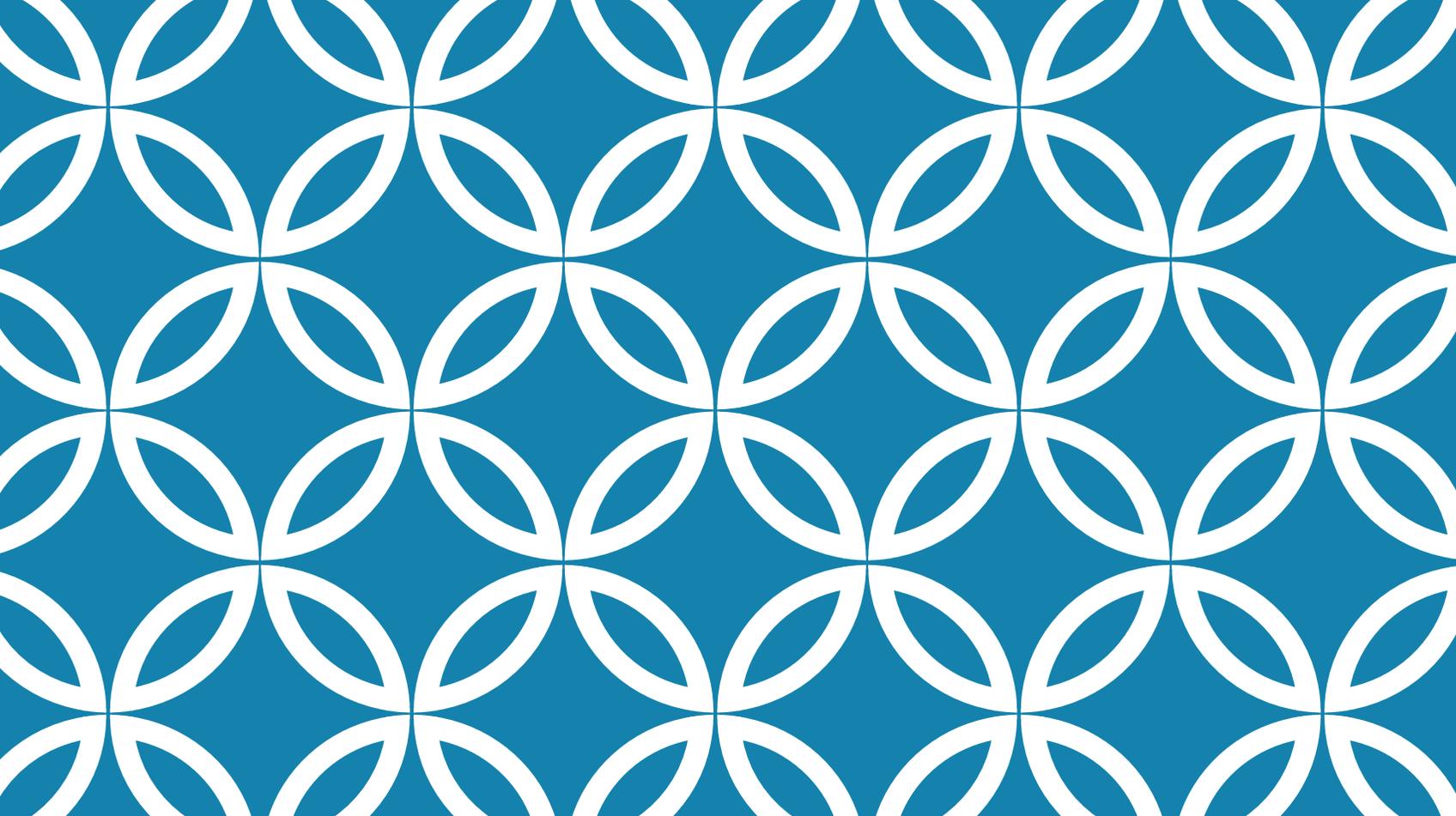
Document  
Retention Policy

Investment Policy  
Statement \*

*\* Only required if  
parish investments  
are NOT with  
EFNC.*

# FIDUCIARY RESPONSIBILITY

- Vestry members are covered by Director's and Officer's liability insurance.
- The church should have policies in place outlining procedures for church operations.
- Vestry members are required to acknowledge in writing that they **understand and accept their fiduciary responsibilities** and **retain personal liability** for a breach or abuse of their duties.



**WHAT A VESTRY MEMBER  
SHOULD KNOW ABOUT THEIR  
CHURCH'S FINANCIALS.**

## UNDERSTANDING CHURCH FINANCIALS

Cash vs. Unrestricted Reserves

Financial Statements

Designated vs. Donor Restricted Funds

Endowments and Restricted Bequests

Surpluses and Deficits

Cash vs. Accrual Accounting

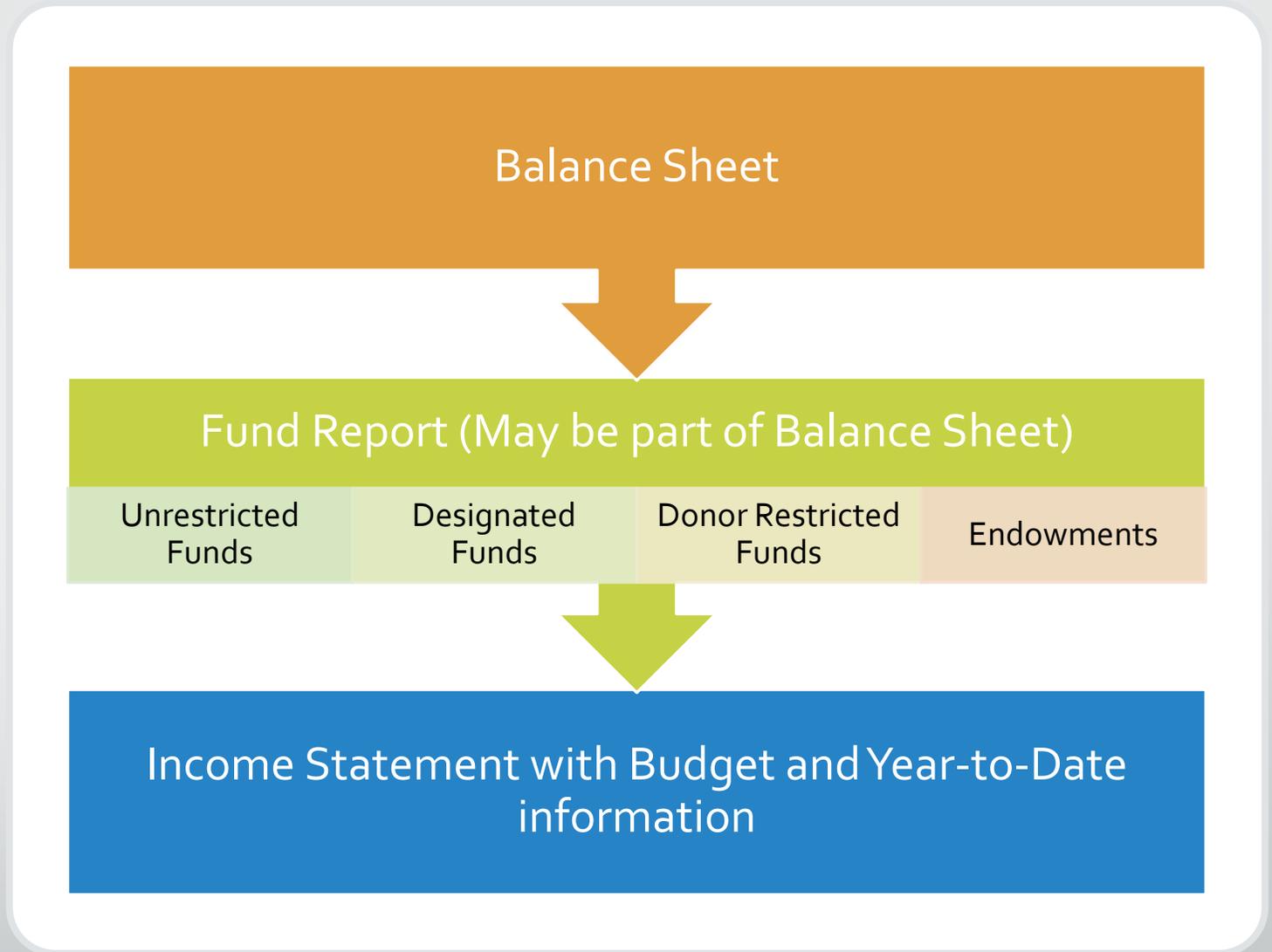
Budgeting and Financial Oversight

The TMR and Diocesan apportionment

# CASH VS. ACCRUAL ACCOUNTING

- Most churches use Cash Accounting – money is recorded as income when received and payments are reported as expenses when spent.
- Some larger churches use Accrual Accounting – money is recorded as income when earned and expenses are reported when incurred.
- Exceptions:
  - Setting aside a portion of prepaid pledges and record as income over the year.
  - Reporting large annual expenses such as insurance on a monthly basis rather than skewing individual months when payments are made.

# REQUIRED FINANCIAL DOCUMENTS



# ENDOWMENTS AND RESTRICTED BEQUESTS

- Don't call a fund an Endowment Fund if it's not a legal endowment.
- Bequests may restrict spending of the principal of the bequest and set rules for spending.
- The corpus (permanently restricted) portion should be reported separately from the spendable portion.

# DESIGNATED VS. DONOR RESTRICTED FUNDS

- The Vestry can designate a portion of unrestricted net assets for a specific purpose.
- The Vestry can change or remove these designations at any time.
- Donor restricted funds are:
  - Donations made for a specific purpose.
  - Fundraisers where donors are told their donations will be used for a specific purpose.
  - Restrictions on donor restricted funds can be only be changed by the donor(s).
  - Restrictions on funds that have been held for a long period and no longer fit with the church's mission can be removed in certain cases.

# CASH VS. UNRESTRICTED RESERVES



CASH IN BANK CAN  
COMINGLE FUNDS

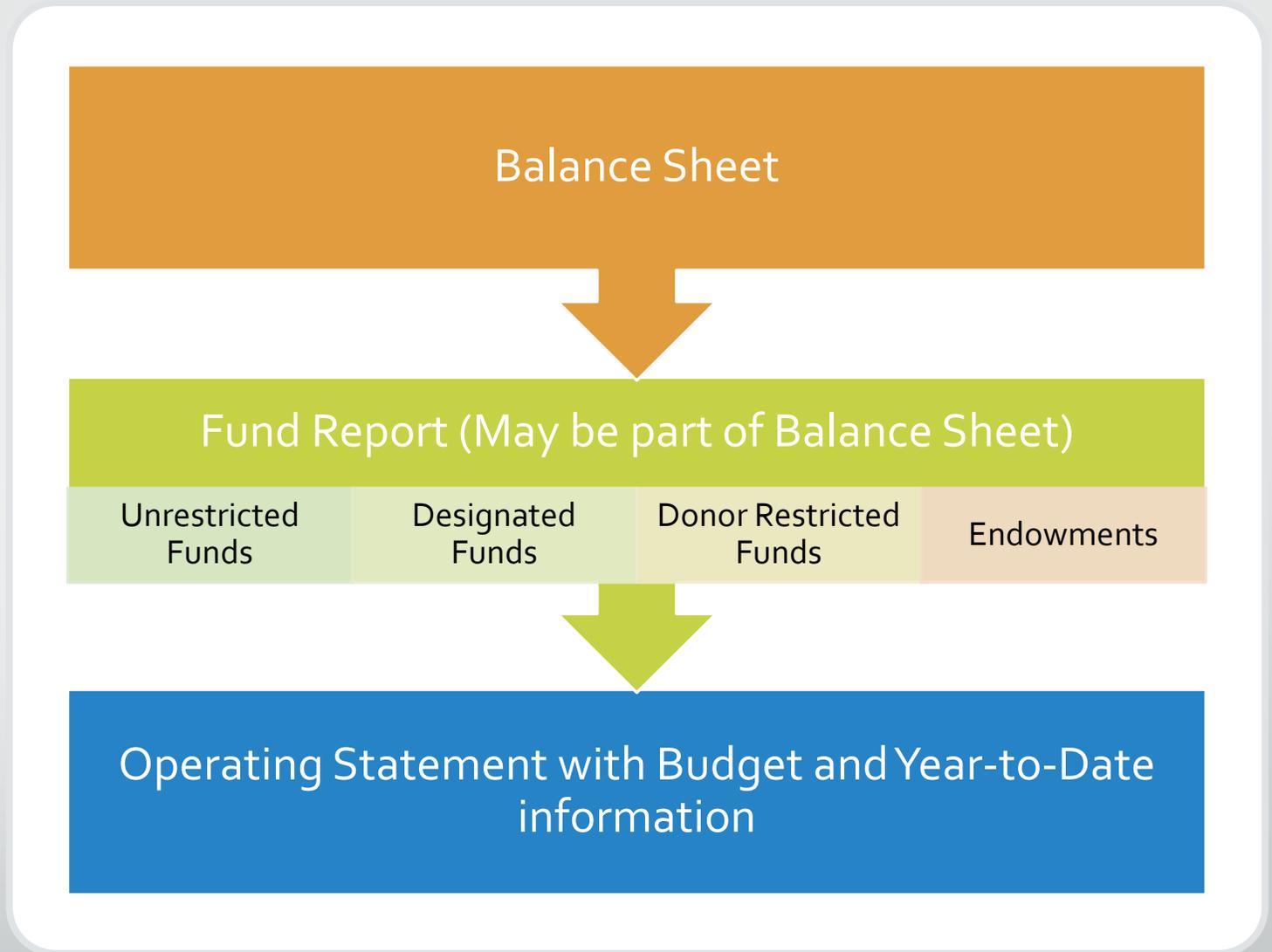


IF REPORTED CORRECTLY,  
UNRESTRICTED RESERVES,  
PROVIDES THE TRUE  
OPERATING RESERVES OF  
A PARISH.



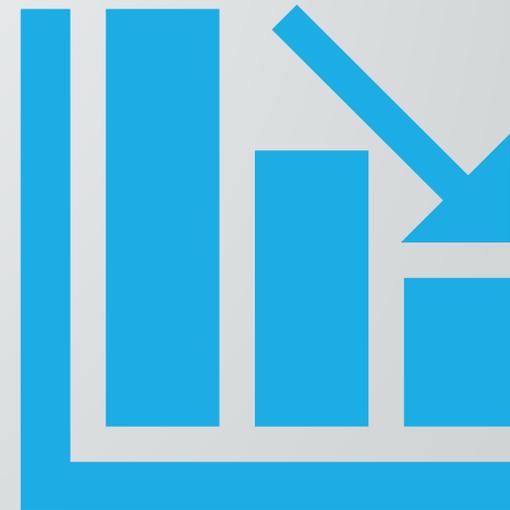
HAVE A SPENDING POLICY  
FOR UNRESTRICTED  
RESERVES.

# REQUIRED FINANCIAL DOCUMENTS



# SURPLUSES AND DEFICITS

- A non-profit **CAN'T** end the year with a surplus or deficit.
- Surplus funds should be transferred into unrestricted reserves.
- Deficits have to be funded from net assets – depending on what caused the deficit, either donor restricted or unrestricted reserves can be used.



# THE TMR AND DIOCESAN APPORTIONMENT

- The TMR (Treasurer's Monthly Report) is used to calculate the apportionment due to the diocese on a monthly basis.
- Based on income less deductions for outreach and capital expenses.
- Apportionment is calculated on a tiered level with each parish paying the same percentage on the same level of income. For 2026 those percentages are:
  - \$0-\$60,000 – 8%
  - \$60,000- \$120,000 – 13%
  - \$120,000 - \$240,000 – 18%
  - Over \$240,000 – 15%
  - Overall CAP – 15%
- Apportionment **MUST** be calculated on total income adjusted to include any transfers necessary to adjust for a deficit or surplus.

# BUDGETS AND FINANCIAL OVERSIGHT

The Vestry is responsible for approving a parish budget that includes approved levels of spending for programs and staffing.

The church bylaws should have policies regarding spending authority for non-budgeted or emergency expenses.

The treasurer should report significant budget variances to the Vestry on a monthly basis.

The treasurer or parish administrator should send pledge statements to pledgers on a minimum of a quarterly basis.

# OTHER FINANCIAL TOPICS



SPENDING POLICY



CREDIT CARDS



DISCRETIONARY



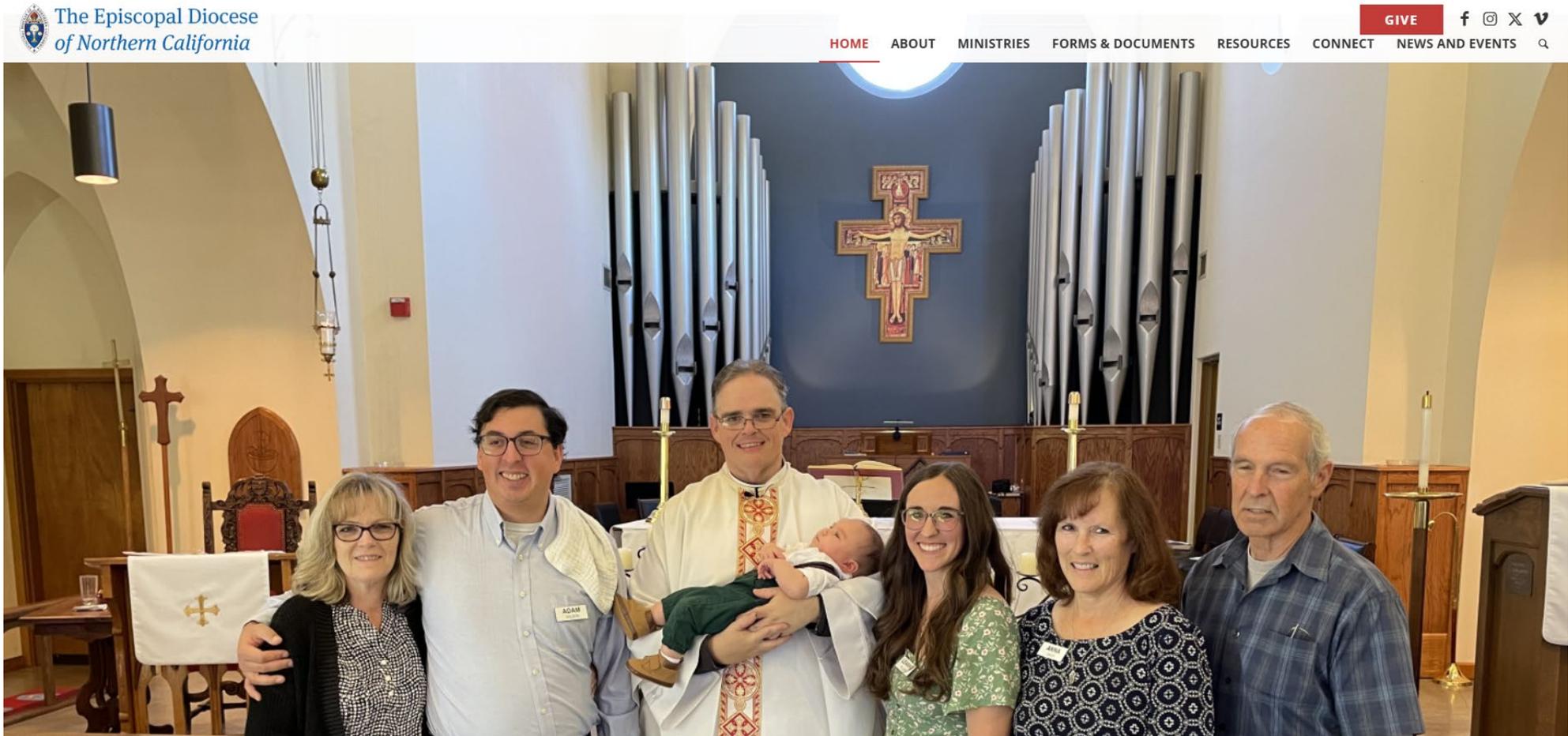
# NAVIGATING THE DIOCESAN WEBSITE

**Kati Braak**

Director of Operations

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# WEBSITE HOME PAGE (NORCALEPISCOPAL.ORG)



# WEBSITE: FORMS & DOCUMENTS

The screenshot shows a web browser window displaying the website for The Episcopal Diocese of Northern California. The browser's address bar shows the URL [norcalepiscopal.org/forms-documents/](http://norcalepiscopal.org/forms-documents/). The website's header includes the diocese's logo and name, a navigation menu with 'FORMS & DOCUMENTS' selected, and a 'GIVE' button. A large blue banner in the center of the page reads 'FORMS & DOCUMENTS'. Below this, the page is organized into two columns of links. The left column is titled 'ANNUAL REPORTING FORMS' and lists various reports and forms. The right column is titled 'HUMAN RESOURCES' and lists forms related to hiring, employment, and performance. A 'BENEFITS' section is also visible at the bottom of the right column. The browser's taskbar at the bottom shows the Windows logo, a search bar, and several application icons. The system tray in the bottom right corner displays the date and time as 3:06 PM on 4/29/2025, along with weather information (81°F Sunny).

**FORMS & DOCUMENTS**

ANNUAL REPORTING FORMS

- Parochial Reports
- 2024 Year-End Reporting
- Congregation Financial Review Survey – Word | PDF | Submit
- Best Practices for Annual Church Meetings
- 2025 Treasurers Monthly Report Form
- 2025 Treasurers Monthly Report Form Instructions
- 2024 Treasurers Monthly Report Form
- Congregational Audits
- 2025 Congregation Range Sheet
- Congregation Information Forms
- Certificate of Lay Delegate Forms

HUMAN RESOURCES

- New Hire Forms
- Changes in Employee Information
- Terminating Employment
- Initiating the Retirement Process
- Annual Performance Evaluations
- Housing Allowance Reporting
- Click here for more!

BENEFITS

- EDNC's Denominational Health Plan (DHP)
- 2025 Employee Enrollment Form
- CBG Employee Application For Combined DC Plans

# WEBSITE: RESOURCES

The screenshot shows a web browser window displaying the resources page for The Episcopal Diocese of Northern California. The browser's address bar shows the URL <https://www.norcalepiscopal.org/resources/>. The website header includes the diocese logo and name, a navigation menu with items like HOME, ABOUT, MINISTRIES, FORMS & DOCUMENTS, RESOURCES, CONNECT, and NEWS AND EVENTS, and a GIVE button. A large banner image features a white daffodil in the foreground and a church building in the background. A central text box reads: "RESOURCES. We are happy to provide tools for ministry regarding financial, ecclesial/legal, or business needs, as well as resources for growing congregations and developing leaders within our communities." A dropdown menu on the right lists various resource categories: OPEN POSITIONS, SAFE CHURCH, CHURCH ADMINISTRATION AND FINANCE, CLERGY RESOURCES, CONGREGATIONAL DEVELOPMENT, CONGREGATIONAL LEADERSHIP CONFERENCES, DISASTER RESILIENCE, EVANGELISM RESOURCES, FIND A CHURCH, FORMATION AND LEADERSHIP DEVELOPMENT, GRANT WRITING RESOURCES, and RESOURCES FOR WORSHIP. At the bottom, a Windows taskbar shows the system tray with the date 4/29/2025 and time 3:08 PM.

Resources - The Episcopal Dio... x +

norcalepiscopal.org/resources/

Home - The Episcop... ACS Online Portal Church Pension Gro... Jotform Parochial Report - D... QuickBooks Online... ADP login Virtual Keypad | Sen... ACS Client Portal -... Remote OWA Pandora pdk.io Amortization Calcul...

The Episcopal Diocese of Northern California

GIVE f @ X v

HOME ABOUT MINISTRIES FORMS & DOCUMENTS RESOURCES CONNECT NEWS AND EVENTS

RESOURCES

OPEN POSITIONS

SAFE CHURCH

CHURCH ADMINISTRATION AND FINANCE

CLERGY RESOURCES

CONGREGATIONAL DEVELOPMENT

CONGREGATIONAL LEADERSHIP CONFERENCES

DISASTER RESILIENCE

EVANGELISM RESOURCES

FIND A CHURCH

FORMATION AND LEADERSHIP DEVELOPMENT

GRANT WRITING RESOURCES

RESOURCES FOR WORSHIP

RESOURCES

We are happy to provide tools for ministry regarding financial, ecclesial/legal, or business needs, as well as resources for growing congregations and developing leaders within our communities.

CHURCH ADMINISTRATION AND FINANCE

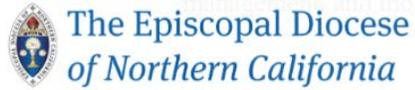
https://www.norcalepiscopal.org/resources/#top

Type here to search

81°F Sunny 3:08 PM 4/29/2025

# RESOURCES – CHURCH ADMIN. & FINANCE

norcalepiscopal.org/resources/#adminandfinance



HOME ABOUT MINISTRIES FORMS & DOCUMENTS **RESOURCES** CONNECT NEWS AND EVENTS

**GIVE** f @ t v

**EMPLOYEE  
BENEFITS**



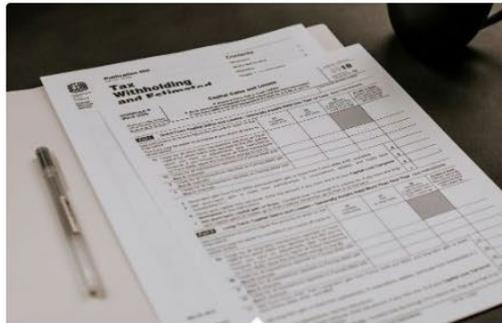
**BENEFITS**



**CHURCH ACCOUNTING**



**INVESTMENT FUND**



**HUMAN RESOURCES**

<https://www.norcaleniscopal.org/site/benefits/>



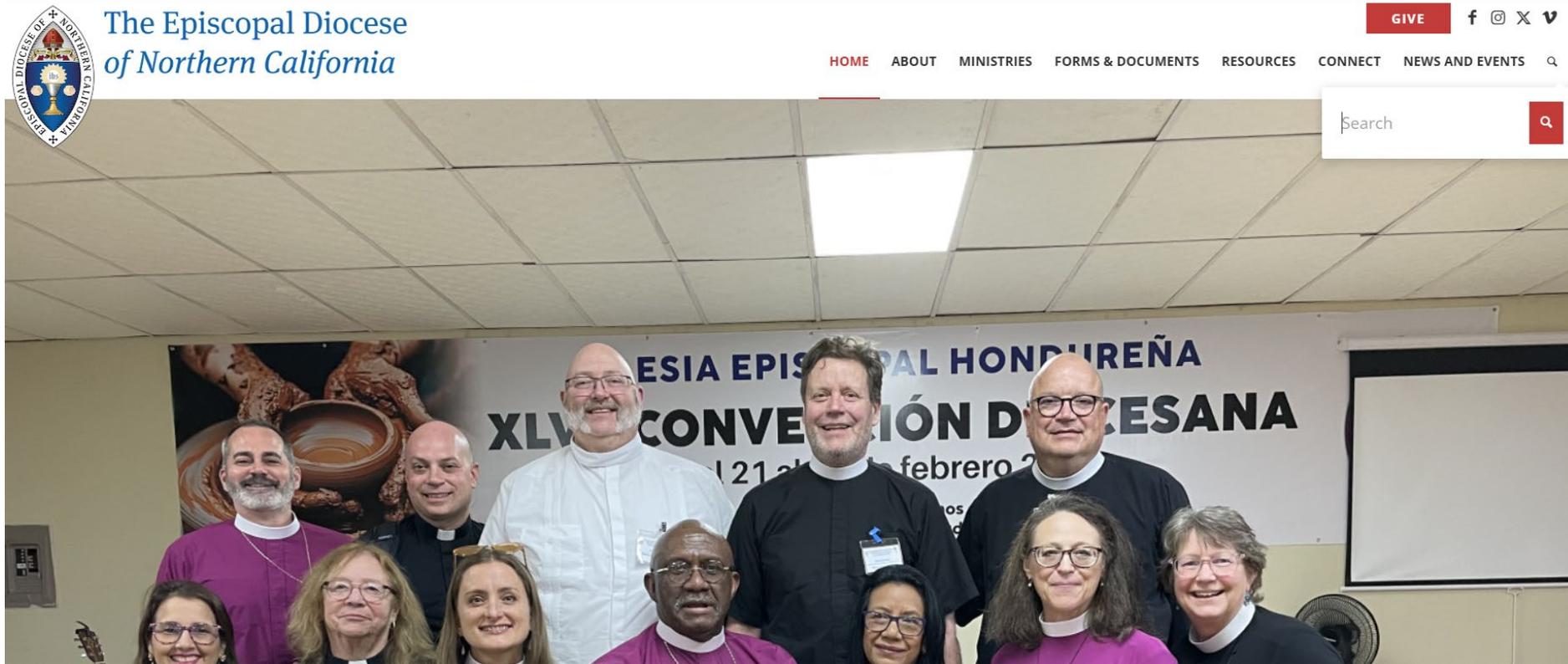
**PROPERTY & RISK  
MANAGEMENT**



**SAFE CHURCH**



# WEBSITE: SEARCH



# WEBSITE: SEARCH “TIMESHEET”

The screenshot shows a web browser window with the address bar containing the URL `norcalepiscopal.org/?s=timesheet`. The website header features the logo of The Episcopal Diocese of Northern California on the left, which includes a shield with a chalice and the letters 'IHS'. To the right of the logo is the text 'The Episcopal Diocese of Northern California'. Further right is a red 'GIVE' button and social media icons for Facebook, Instagram, Twitter, and YouTube. A navigation menu below the header includes links for HOME, ABOUT, MINISTRIES, FORMS & DOCUMENTS, RESOURCES, CONNECT, and NEWS AND EVENTS, followed by a search icon. Below the navigation menu, the text 'NEW SEARCH' is displayed. A message reads: 'If you are not happy with the results below please do another search'. Below this message is a search input field containing the text 'timesheet' and a blue search button with a magnifying glass icon.

1 SEARCH RESULT FOR: TIMESHEET

1 CHURCH ACCOUNTING

May 18, 2020

# WEBSITE: ADMIN. & FINANCE - TIMESHEETS

norcalepiscopal.org/site/church-accounting/#timesheets



The Episcopal Diocese  
of Northern California

HOME ABOUT MINISTRIES FORMS & DOCUMENTS RESOURCES CONNECT NEWS AND EVENTS

+ Certificate of Lay Delegate Form

## KEEP UP-TO DATE:

+ Housing Resolution Forms

+ Policy Updates

## AS NEEDED:

+ Expense Reimbursement and Check Request Form

- Timesheets

- Exempt Timesheet Template
- Non-Exempt Timesheet Template
- Bi-Weekly Timesheet Template

+ Sample Facility Use Agreement

+ Sample Petty Cash Voucher

+ Tonya Napoli

GIVE



+ Tamoya Bell

+ John Nykamp

+ Sharon Morrison





# Q&A



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