March 2026

Treasurers' Resource Call

Agenda

- 2027 General Convention Dialog
- New Payroll & HR Laws for 2026
- Year-end Reporting / TMR Reconciliation
- Cash Management / Sustainable Spending

REFRESHER: 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.

Year End Reporting

- ✓ Parochial Reports (were due yesterday!)
- ✓ Upload Files to Bishop’s Office:
  - ✓ Year-end Financials
  - ✓ TMR Spreadsheet (Excel file)
  - ✓ 2026 Budget

2025 TMR Reconciliation

THE EPISCOPAL DIOCESE OF NORTHERN CALIFORNIA

CHURCH: Church , City

TREASURER'S MONTHLY REPORT

YEAR **2024**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	RECONCILIATION
Statement of Financial Activities														
OPERATING INCOME														
a. Pledge & Plate Offerings													0.00	
b. Restricted Offerings													0.00	
c. Transfers from Subsidiary Funds for Operating Expenses													0.00	
d. All Other Operating Income													0.00	
TOTAL OPERATING INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING EXPENSES														
e. Outreach Expenses													0.00	
f. Transfers to Subsidiary Funds for Future Use													0.00	
g. All Other Operating Expenses													0.00	
TOTAL OPERATING EXPENSES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET SURPLUS (DEFICIT)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
APPORTIONMENT CALCULATION														
APPORTIONABLE INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEDUCTIONS														
h. Allocation of Costs due to Use of Facilities for Outreach Purposes													0.00	
i. Direct Expenses applicable to Non-Outreach Rental Property													0.00	
j. Expense of Fundraising Events													0.00	
k. Capital Expenditures / Other Deductions														
l. Loan Payments *(Principal & Interest)*													0.00	
m. Property/Equipment Rental or Lease Payments													0.00	
TOTAL DEDUCTIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET DISPOSABLE INCOME (NDI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
X Apportionment %														
MONTHLY APPORTIONMENT DUE	0.00													
BALANCE FORWARD (From Prior Month/Year)	0.00												0.00	
n. AMOUNT PAID													*0.00*	
BALANCE DUE	*0.00*												*0.00*	
DATE EMAILED TO DIOCESE														

2025 TMR Reconciliation

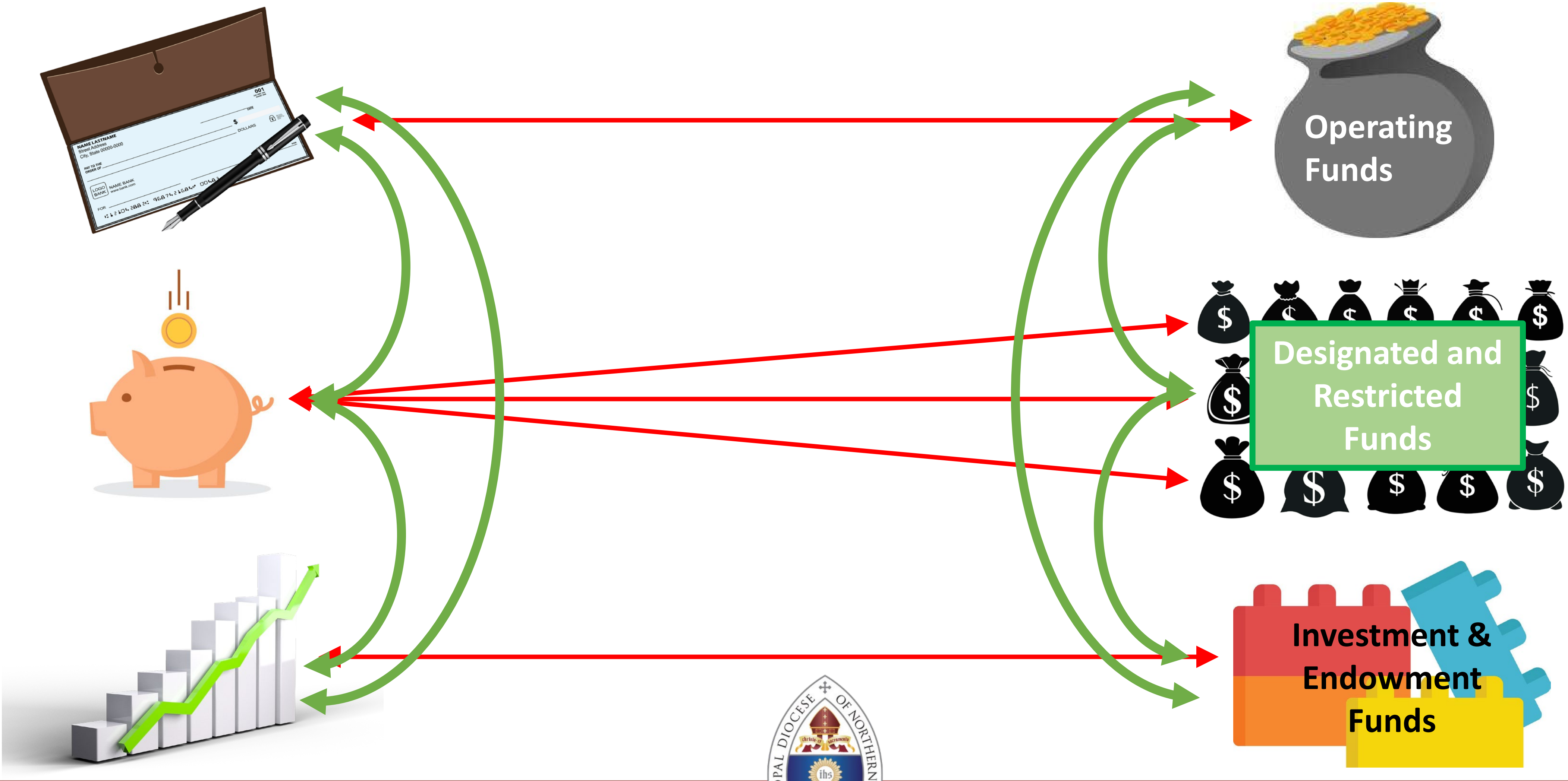
USING THE FORM

- Make sure that you match to your Statement of Financial Activities (Operating Statement).
- Items reported in funds on your Statement of Financial Position (Balance Sheet) should NOT be included in the TMR.
- Make sure that all monthly payments INCLUDING the December apportionment due and paid in January is included in the reconciliation column.
- If you show a credit balance for the balance due on the reconciliation, please confirm with accountant@norcalepiscopal.org regarding the balance to use as a balance forward on your 2026 TMR. If there is a balance due, please submit payment to the diocese.

Cash Management & Fund Reporting

- Cash in bank can comingle funds and may include designated and/or restricted funds.
- Fund Balances should NOT be reported as part of assets
- If reported correctly, Unrestricted Reserves, provides the true operating reserves of a parish.
- Have a spending policy for unrestricted reserves.

Cash Management vs. Fund Reporting



Cash Management & Fund Reporting

Assets	
Checking Account	
Operating Fund	10,000
Outreach Fund	2,500
Building Fund	15,000
Total Checking Account	**$27,500**
Investment Account	
Jane Doe Restricted	500,000
Jane Doe Spendable	100,000
Total Investment Account	**$600,000**

Liabilities & Net Assets	
Liabilities	$0
Net Assets	**$627,500**

Cash Management & Fund Reporting

Assets	
Checking Account	**$27,500**
Investment Account	**$600,000**

Liabilities & Net Assets	
Liabilities	$0
Net Assets	
Designated Funds Building Fund **Total Designated Funds**	 15,000 **$15,000**
Donor Restricted Funds Outreach Fund **Total Donor Restricted Funds**	 2,500 **$2,500**
Permanently Restricted Funds	**$500,000**
Unrestricted Funds	**$110,000**

Cash Management & Fund Reporting

- The decision regarding what account money sits in should be based on:
  - Funds available for immediate spending (Checking account)
  - Short-term reserve available for quick access (Savings)
  - Long-term reserves (Investment accounts)
- Good Stewardship to have your money work for you.
- Transfers out of diocesan investment fund take only 5-10 working days (generally closer to 5 days).

Cash Management & Fund Reporting

- Correct Fund Reporting simplifies payments but does occasionally require multiple entries to keep funds in balance.
- All payments can be made out of the checking account without requiring balancing transfers from savings or investment accounts
- Transfers are made between bank accounts based on cash flow needs (Short/Medium/Long-term) and not fund balances.

Cash Management & Fund Reporting

- For non-operating/capital expenditures – expenditures (or deposits) can be directly allocated to the fund. This only requires the expense entry.
  - Keeps Statement of Financial Activities clean by not reporting non-operating items.
  - Ensures that designated/donor restricted donations and expenses are applied to the correct fund.
  - Excludes non-operating/capital items from TMR simplifying TMR reporting.

Cash Management & Fund Reporting

- For operating expenses/outreach expenditures – Requires two accounting entries – One to enter the expense and one to record the draw from the fund.
  - Expense is reported as an expense on the operating statement.
  - Individually or at month-end a journal entry can be added adjusting the fund balance offset by a “Transfer from/to XXXX Fund” income account on the Statement of Activities.
  - It can be simpler to report all deposits directly to designated or donor restricted funds and only transfer funds to operating income as that money is spent on qualifying expenses.

Sustainable Spending

Sustainable spending is the prudent use of your church's investments in such a way as to support the long-term viability of your investments while allowing for short-term use of investment income and growth.

A sustainable spending policy can apply to your church whether you have $10,000 in reserves or $1,000,000+ in reserves.

Sustainable Spending

- Should be calculated on a long-term basis using a 3 year average balance of your investment reserves.
- Spendable amount should be based on the average 3-year return on your investments. If they are invested with the diocesan investment fund, this return figure is reported on the investment fund quarterly reports.
- Best practice is to adjust spendable return should be for inflation by deducting the 3-year average inflation rate from the 3-year investment return.
- Depending on when you start your model, you may want to cap the draw at 5%-7%.
- To avoid large swings in available spending in volatile markets, the diocesan board of trustees uses a 10% maximum change in draw from one year to the next.
- For budgeting purposes, base your following year draw on September investment balances.

Sustainable Spending

Performance Summary as of 9/30/2025

Episcopal Diocese Balanced Fd IAS

Account XXXXXX1200

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Total Portfolio Net of Fees	5.07%	12.49%	10.41%	14.22%	9.28%	8.48%	7.95%
Benchmark - Episcopal 2	5.71%	12.91%	10.90%	15.22%	8.48%	8.22%	7.72%
Total Equity	6.71%	16.60%	14.35%	21.03%	13.40%	12.00%	10.08%
Large Cap U.S. Equity	6.86%	15.10%	16.22%	24.82%	16.61%	15.56%	14.56%
Benchmark - S&P 500 Index (Total Return)	8.12%	14.83%	17.60%	24.94%	16.47%	15.30%	14.63%
Mid Cap U.S. Equity	4.37%	4.47%	6.50%	16.48%	13.69%	11.95%	12.12%
Benchmark - Russell Midcap Index	5.33%	10.42%	11.11%	17.69%	12.66%	11.39%	11.96%
Small Cap U.S. Equity	6.46%	5.11%	7.31%	14.37%	11.88%	9.47%	10.23%
Benchmark - Russell 2000 Index	12.39%	10.39%	10.76%	15.21%	11.56%	9.77%	10.05%

Sustainable Spending

		SPENDING FORMULA				CALCULATION DATA				
Quarter Ended	Unrestricted Net Assets	12-quarter Average Balance	Inflation Adjusted Sustainable Spending % (Note 1)	Calculated Sustainable Spending	Budget Variance Capped Amount (Note 2)	1-year Investment Return as of end of Quarter *(Note 3)*	3-year Rolling Rate of Return (Note 3)	CPI *(Note 4)*	Annual Change in CPI	3-year Annualized Change in CPI
2023-Sep	534,820	549,160	-1.02%	-5,600	16,400	11.73%	5.06%	307.789	3.70%	6.08%
2023-Dec	592,444	554,180				13.66%	4.16%	306.746	3.35%	5.92%
2024-Mar	635,241	560,761				13.99%	4.36%	312.332	3.48%	5.97%
2024-Jun	636,983	564,495				11.53%	3.09%	314.175	2.97%	4.58%
2024-Sep	679,609	571,935	0.47%	2,700	14,800	21.09%	5.45%	315.301	2.44%	4.98%
2024-Dec	682,522	577,072				9.78%	3.06%	315.605	2.89%	4.40%
2025-Mar	668,582	583,639				5.23%	4.76%	319.799	2.39%	3.74%
2025-Jun	734,787	602,300				10.83%	10.73%	322.561	2.67%	2.95%
2025-Sep	748,734	625,113	11.08%	69,200	16,300	10.41%	14.22%	324.800	3.01%	3.14%

Questions and Comments