

# INSTRUCTIONS FOR CONGREGATION ACCOUNTING

1. Always keep accurate and up-to-date records. Use all the forms provided by the branch office for keeping congregation records, and follow the instructions presented here and on the sample forms. If two or more congregations share the use of the Kingdom Hall, they should carefully follow the guidelines in *Instructions for Kingdom Hall Operating Committee Accounting* (S-42).

## GENERAL INSTRUCTIONS

2. **Bank account:** Checking accounts should be opened in the name of the congregation as an unincorporated association. The complete congregation name must be used to open the account, such as "Central Congregation of Jehovah's Witnesses, New York, NY." An Employer Identification Number (EIN) must be provided to the bank. An EIN may be obtained from the Internal Revenue Service, and a copy of the document should be retained in the congregation file. Bank statements should be sent to the mailing address of the coordinator of the body of elders. He should review the statement for any irregularities before giving it to the accounts servant.

3. Two signatures are required on each check. However, more than two brothers may be authorized as check signers. The body of elders decides who will sign the checks for the congregation. The coordinator of the body of elders should be one of those authorized to sign checks. The accounts servant should **not** be one of those authorized to sign checks. Some banks may charge a fee to verify two signatures. Where this is true, it is not necessary to set the account up to have the bank verify two signatures. However, for internal control purposes, two brothers should still sign the checks. If an ATM card is issued for the account, it must be a deposit-only card. No other ATM cards should be issued. Some banks also charge for returning paid checks. When this is the case, each body of elders can decide whether or not they need to have the physical checks or an image of these returned. Generally, if the congregation has a savings account, received funds should be deposited to the congregation checking account before any funds are transferred to the savings account.

4. **Funds-on-deposit arrangement:** The funds-on-deposit arrangement is not a banking arrangement. Rather, it is an arrangement wherein congregations are encouraged to send excess, or presently unneeded, congregation funds to the branch office instead of setting up a savings account, money market bank account, or certificate of deposit. (It is recommended that congregations retain only sufficient funds to cover two to three months of average expenses or to meet the bank's minimum for free checking, whichever amount is greater. The rest can be considered excess.) Doing so makes such funds available for use in promoting Kingdom interests while the congregation is not using these funds. No interest is paid on such funds sent to the branch office. A resolution must be passed by the congregation to begin participating in the arrangement. Such a resolution might state: "We resolve to make wise use of funds dedicated to Kingdom interests by regularly sending to the branch office any excess congregation funds. It is understood that whenever a need arises for these funds, the elders may request that the funds be returned."

5. The *Record of Electronic Funds Transfer* (TO-62) is used to record both the **transfer of funds** to the branch office and the **return of funds**. (See paragraph 25.) It is not necessary for a resolution to be passed each time funds are sent to or requested back from the branch office. Such decisions may be left to the discretion of the

elders. Although contributions and/or payments should be submitted monthly using the jw.org Web site, funds may be sent to or requested back from the branch office at any time during the month.

6. To **donate funds** already sent to the branch office, a resolution must first be passed by the congregation. (See paragraph 26.) Thereafter, a letter signed by the coordinator of the body of elders and the secretary should be sent to the branch office, Attn: Treasurer's Office.

7. **Electronic funds transfers using the jw.org Web site:** All congregations will remit contributions monthly to the branch office by means of electronic funds transfer. To initiate use of this arrangement, the congregation must complete the *Authorization Agreement for ACH Debit/Credit Transactions* (TO-60) and send it to the branch office. Once the congregation receives an authorization letter from the branch office, the congregation may begin using the jw.org Web site to transfer funds. If there are any changes to the bank account used for jw.org Web site transactions, please fill out a revised *Authorization Agreement for ACH Debit/Credit Transactions* and send it to the branch office as soon as possible.

8. **Contribution boxes:** Contribution boxes labeled "Local Congregation Expenses," "Worldwide Work," and "Kingdom Hall Construction Worldwide" should be set up in each Kingdom Hall. **Donations placed in the boxes for the worldwide work and Kingdom Hall construction worldwide are to be remitted monthly and should not be used to pay for congregation expenses or for any other purpose.** All contributions are to be collected after each meeting and deposited in the checking account at least once a week. At times, in addition to the three contribution boxes previously mentioned, a congregation may temporarily set up a contribution box for donations to a local Kingdom Hall or Assembly Hall construction project. This box would be removed after the project is completed. However, the box labeled "Kingdom Hall Construction Worldwide" should not be removed when a local building project is under way.

9. **Receipts: When funds are removed from the contribution boxes, two brothers assigned by the body of elders should always be present.** Both should count the money. The amount collected for each designated purpose should be recorded on the *Receipt* (S-24) form. Both are to sign the receipt, which is to be made out in duplicate. The original receipt and the funds collected are kept by or given to the accounts servant. The carbon copy is given to the secretary by the person verifying the count. **The secretary will retain all carbon copy receipts given to him, making them available for the three-month audit.**

10. **Payments:** It is necessary to document payment transactions completely in order to comply with auditing requirements. The coordinator of the body of elders should approve all normal operating expenditures by initialing the original invoices and receipts. All other matters, such as large purchases of equipment, purchasing property, remodeling or building a Kingdom Hall, or sending special contributions, must be approved by congregation resolution. (See the February 1994 *Our Kingdom Ministry* Question Box.) Cash should not be used to pay bills. Keep all approved invoices, receipts, and resolutions in the accounts records folder for that month. Please review the latest correspondence from the branch office relating to Internal Revenue Service Form 1099.

11. **Payments by check:** Checks should not be signed until they are filled in completely. Those making

approved purchases should be reimbursed by check. If such ones have an immediate need for cash, the accounts servant may cash these checks if he has congregation cash on hand for which receipts have already been properly filled out. The accounts servant should then deposit the endorsed checks along with the balance of the funds on hand.

**12. Payments by electronic funds transfer:** Internet banking and electronic bill-payment services (other than the transfer of funds using the jw.org Web site) should not be used because they bypass the guideline requiring two approved check signers. However, telephone and utility payments can be made by electronic funds transfer when the vendor initiates the withdrawal of funds from the congregation's checking account each month. This arrangement is usually set up by filling out an authorization agreement supplied by the company. Two signers on the account should sign the agreement and then place a copy on file. However, it is necessary to document electronic transactions completely, since there will be no return of paid checks. Such payments must be noted in the checkbook or on the check stubs. The latter can be accomplished by recording the date, payee, and amount of an electronic payment on the stub of the next check to be written. The balance brought forward from the previous stub should then be adjusted accordingly.

**13. Congregation accounting forms:** Forms used for congregation accounting are available for download on the jw.org Web site. **Destroy older printings of forms when directed to do so by the branch office.**

### ACCOUNTS SHEET (S-26)

14. Begin each month with a new *Accounts Sheet*. Fill in the information at the top of the *Accounts Sheet*. Carry forward the "Ending Balance" amounts from the "Accounts Sheet Reconciliation" box for the month just completed by recording these as the "Balance Forward" amounts under the corresponding headings in the "Accounts Sheet Reconciliation" box for the new month. No balances are carried forward from the "In" or "Out" columns on the *Accounts Sheet* when a new month is started.

15. When recording funds received by the congregation, write in the "**Date**" column the actual date the funds were received. Entries in the "Date" column for check payments should show the date written on the check. **Make entries as soon as possible after the transactions occur.** Do not hold them for entry at the end of the month. Use the "**Transaction Description**" column to describe the nature of the transaction and include the check number when a check is written or the confirmation number when an electronic funds transfer is made. The next column, "**TC**" (**Transaction Code**), defines categories, such as "C"—contributions to the congregation, "K"—contributions to Kingdom Hall construction worldwide, "W"—contributions to the worldwide work, "E"—congregation expenditures, "I"—interest from a bank account, and "D"—deposits to a bank account. Additional codes may be used if needed. These codes will be helpful when summarizing information for the *Monthly Congregation Accounts Report* (S-30) at the end of the month.

16. Record on the *Accounts Sheet* only the receipts and disbursements that occur during that month. If contributions are received but not deposited before the end of the month, **do not combine contributions from one month with contributions from another month on one deposit slip.** Deposit the contributions for the month just ended on a separate deposit slip dated the last day of the month, and record the deposit on the *Accounts*

*Sheet* for the month just ended. (The actual deposit date should be included in parentheses in the "Transaction Description" column of the *Accounts Sheet*.) **The jw.org Web site entry on the *Accounts Sheet* will be entered and dated as the last transaction of the month.** (The actual transaction date on the *Record of Electronic Funds Transfer* (TO-62) should be included in parentheses in the "Transaction Description" column of the *Accounts Sheet*.) If two sheets are necessary to record the transactions for one month, total the columns on the first *Accounts Sheet* and record the totals at the top of the second sheet with the transaction description "Totals Carried Forward."

17. After the final transaction for the month has been recorded, total all the "In" and "Out" columns. Total twice for accuracy. Record the totals, and transfer them to the corresponding lines of the "Accounts Sheet Reconciliation" box. The amount on the "Total Funds at End of Month" line in the "Accounts Sheet Reconciliation" box is to equal the amount shown on the corresponding line in the "Reconciliation" section of the *Monthly Congregation Accounts Report*.

18. The "**Receipts**" column is for recording cash and checks received as well as deposits made during the month. The "In" and "Out" totals should be equal. If there is a difference between the totals, either money was collected and not deposited or an error was made.

19. The "**Checking Account**" column is for recording deposits, checks written during the month, electronic funds transfers, and any checking account interest and charges. Include bank charges for bounced checks, rejected electronic funds transfers, voids, and so forth. The "Checking Account;/Ending Balance" figure in the "Accounts Sheet Reconciliation" box is to equal the checkbook balance figure as of the last day of the month. If they are the same, double-underline the figure in the checkbook. If these figures do not match, there has been an error either in the calculations in the checkbook or on the *Accounts Sheet*. Compare the checkbook against the "In" and "Out" columns under "Checking Account" to find the error.

20. The "**Other**" column is for recording activity for another account the congregation may have, such as funds entrusted to the branch office. (See paragraphs 4-6.) The "Other \_\_\_\_\_;/Ending Balance" figure in the "Accounts Sheet Reconciliation" box is to be reconciled with the statement received for this account.

21. The "**Obligations at End of Month**" box is for listing funds held for special purposes, such as for tickets for bus transportation to a convention or bills due but not paid. If the congregation has a loan or any other long-term debt, list it under the "Long Term" section, using the balance from the latest statement.

22. File the *Accounts Sheet* with the supporting paperwork in the current file for that month. (See paragraph 39.) This documentation is required by the person auditing the accounts.

### MONTHLY CONGREGATION ACCOUNTS REPORT (S-30)

23. Begin each *Monthly Congregation Accounts Report* by carrying forward the end-of-month totals from the previous month's report. Compile the remainder of the report based on the transactions and amounts on the *Accounts Sheet* (S-26). The "Congregation Funds at End of Month" figure should equal the "Total Funds at End of Month" figure. The "Congregation Funds Reserved for Special Purposes" section helps the congregation to understand its financial standing better.

24. The accounts servant should file the original *Monthly Congregation Accounts Report* in the current file with the corresponding *Accounts Sheet*. A copy of the *Monthly Congregation Accounts Report* should be supplied to the coordinator of the body of elders, who will review the announcement on page 2 of the report. The announcement should be read to the congregation at the second Service Meeting of each month by the brother handling the announcements that week. If the announcement cannot be made (for example, if the congregation has an assembly or a convention), the announcement may be made the following week. After the announcement is read to the congregation, the copy of the *Monthly Congregation Accounts Report* should be posted on the information board.

### MONTHLY REMITTANCES

25. **Record of Electronic Funds Transfer (TO-62):** This form is used to record the electronic transfer of funds using the jw.org Web site. Such funds include contributions to the worldwide work, Kingdom Hall construction worldwide, the Kingdom Hall Assistance Arrangement, and the Traveling Overseer Assistance Arrangement. Additionally, payments for charges made to your congregation account and Kingdom Hall loan payment, if applicable, are recorded on this form. These monthly donations and payments should be transferred **by the sixth of the following month**. If the congregation has funds being used by the branch office, this form should be used to record both the sending and the return of these funds. (See paragraphs 4-6.) Once the remittance details are recorded on the form, it should be approved and signed by the secretary or another brother approved to sign checks for the congregation. Have the completed form on hand for reference when making the electronic transfer.

26. Congregation funds may be used to make contributions to the worldwide work, Kingdom Hall construction worldwide, and so forth. The approved resolutions for these contributions should be kept with the corresponding *Accounts Sheet* (S-26). Such contributions are to be recorded as congregation expenses in the "Congregation Expenditures" section of the *Monthly Congregation Accounts Report* (S-30).

27. **Congregation account:** The congregation account includes charges for rush shipment of requested items and other applicable charges. Charges to the congregation account will appear on the monthly statement and should be paid promptly. When making a payment, use the line "Payment of charges on account" on the *Record of Electronic Funds Transfer* (TO-62). Payments to this account are to be made from congregation funds, not from contributions received for the worldwide work or Kingdom Hall construction worldwide.

28. **Loan payments:** If you share the use of the Kingdom Hall with one or more congregations, the loan payments are to be made from the Kingdom Hall Operating Committee checking account. (See *Instructions for Kingdom Hall Operating Committee Accounting* (S-42).) The *Record of Electronic Funds Transfer* (TO-62) is used to record the loan payment, if applicable. **The loan payment is due the sixth day of each month.**

29. Congregations that are repaying a Kingdom Hall loan should take a new financial survey each year in the month of May. The body of elders will use this information to determine if the monthly Kingdom Hall loan payment amount should be adjusted for the coming service year. If a change is needed, the congregation should pass a resolution and the branch office should be notified. Alternatively, a significant amount may be added to the reg-

ular monthly payment as a onetime addition to reduce the principal.

### MONTHLY STATEMENTS

30. The branch office will send a donation acknowledgment to the congregation every month. It will also list any funds entrusted to the branch office.

31. The branch office will send a statement if there has been activity during the month with the funds-on-deposit arrangement, Kingdom Hall loan, or congregation account. (See paragraph 27.) If congregations share a Kingdom Hall loan, this statement must be forwarded to both the chairman of the Kingdom Hall Operating Committee and the operating committee member handling the accounts for the operating committee. (Similarly, if an operating committee statement or building fund statement is received by the titleholding congregation, it should be forwarded to the brothers handling those accounts.)

32. **Verification:** Upon receipt of the monthly statement(s) from the branch office, the accounts servant should compare each figure with the corresponding *Record of Electronic Funds Transfer* (TO-62). If the statement does not list your electronic funds transfer, the next statement should acknowledge it. These statements along with the corresponding *Record of Electronic Funds Transfer* should be filed in the appropriate monthly accounts records folder in the current file.

33. **Discrepancies:** If there is a discrepancy on a statement, the accounts servant is to inform the secretary, who will report the matter to the branch office in writing. The Congregation Service Committee should sign the letter. If possible, a copy of the form(s) relating to the problem being reported should be included with the letter.

### BANK STATEMENT RECONCILIATION

34. **As soon as the bank statement is received, it should be reconciled with the last entry in the congregation's checkbook.** Record interest and/or bank charges in the checkbook and on the current month's *Accounts Sheet* (S-26). If the bank does not provide a reconciliation form, the following format may be used:

1. Balance shown on bank statement \$ \_\_\_\_\_
2. All deposits recorded in your checkbook but not shown on statement \$ \_\_\_\_\_
3. Total of lines 1 and 2 \$ \_\_\_\_\_
4. All checks/electronic funds transfers not yet paid by bank:  

Check/Confirmation number	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
5. Total of checks/electronic funds transfers not yet paid by bank \$ \_\_\_\_\_
6. Reconciled bank balance (subtract line 5 from line 3) \$ \_\_\_\_\_  
 This amount should agree with the latest balance in your checkbook.

### REJECTED ELECTRONIC FUNDS TRANSFERS

35. If you receive notification from the bank that there were insufficient funds in your bank account, please verify that the funds are now available in your bank account and remit these funds using the jw.org Web site.

### KINGDOM HALL OPERATING ACCOUNT

36. When two or more congregations share a Kingdom Hall, a separate checking account should be established

for use by the Kingdom Hall Operating Committee to pay for all Kingdom Hall expenses.—See *Instructions for Kingdom Hall Operating Committee Accounting* (S-42).

### FUNDS RESERVED FOR SPECIAL PURPOSES

37. The congregation may resolve to set aside funds for an upcoming purchase or expense. It is recommended that each congregation send such funds to the branch office until actually needed. The progressive balance for such funds should be shown on the *Monthly Congregation Accounts Report* (S-30) under the section “Congregation Funds Reserved for Special Purposes” and on the *Accounts Sheet* (S-26) in the “Obligations at End of Month” box.

### BUILDING FUND

38. If the congregation(s) is starting a new Kingdom Hall building project or a major renovation, the elders should contact the Regional Building Committee for assistance in opening a separate checking account and implementing the special accounting system for Kingdom Hall construction projects, which includes monthly report forms.

### ACCOUNTS FILES

39. **Current file:** This file should contain all the accounts records from the previous three-month audit up to the present. Set up an accounts records folder for each month. Each monthly folder should contain the following items: an *Accounts Sheet* (S-26), the *Receipt* (S-24) forms in the order in which they appear on the *Accounts Sheet*, all paperwork (such as *Record of Electronic Funds Transfer* (TO-62), invoices, and congregation resolutions) needed to support any payments made, statements from the branch office, a *Monthly Congregation Accounts Report* (S-30), any correspondence concerning the accounts, and any monthly bank statements with their reconciliations, including canceled checks, bank deposit slips, and so forth. The *Congregation Accounts Audit Report* (S-25) should be the last item in the folder for the last month of the audit period.

40. **Permanent file:** When accounting records are transferred from the current file, they should be placed in a permanent file and kept for seven years or the period legally required in your area. The permanent file could be similar to the current file, or if it is more convenient, the permanent file could have one large envelope for each year’s records.

### AUDITING

41. **The accounts are to be audited quarterly by the coordinator of the body of elders or someone designated by him.** The same person should not be used for consecutive audits. The quarters audited should always be September through November, December through February, March through May, and June through August. However, the accounts for a specific month should not be audited until the bank statement(s) listing all activity for that month has been received.

42. The *Congregation Accounts Audit Report* (S-25) is to be used for the audit. The “Comments” sections are for the auditor’s observations. The audit is to be performed without the assistance of the accounts servant. Any problems discovered by the auditor are to be discussed and rectified when the auditor reviews his report with the coordinator of the body of elders and the accounts servant. The completion of the audit should be announced to the congregation. The completed *Congregation Accounts Audit Report* will be filed as the last item in the accounts records folder for the last month of the audit period.

43. When the audit has been completed, the secretary’s copies of the *Receipt* (S-24) forms for the three-month audit are to be discarded. However, any copies of receipts applicable to the next audit are to be returned to the secretary. The records for the three months of the previous audit and the corresponding *Congregation Accounts Audit Report* can then be transferred to the permanent file.

44. If congregations share a Kingdom Hall, the Kingdom Hall Operating Committee accounts must be audited on the same schedule as the congregation accounts. (See *Instructions for Kingdom Hall Operating Committee Accounting* (S-42).) A copy of the completed audit report should be forwarded to each body of elders using the Kingdom Hall.

### TRAVELING OVERSEER EXPENSES

45. **Fuel purchases:** Traveling overseers do not need to use their own funds to purchase fuel. Instead, they are provided with a fuel card that bills these expenses to the branch office. Therefore, when the coordinator of the body of elders requests that a traveling overseer submit his expenses for the week, the traveling overseer should not provide receipts for nor be reimbursed for fuel purchased with the fuel card provided by the branch office.—See paragraph 47.

46. **Preventative vehicle maintenance and non-warranty routine repairs:** Traveling overseers do not need to use their own funds for preventative vehicle maintenance or nonwarranty routine repairs (oil changes, tire rotations, headlight replacement, and so forth). Instead, vehicles will be placed on a maintenance program, and these expenses will be billed to the branch office. Traveling overseers should not be reimbursed for such expenses that have been cared for by the branch office.

47. **Reimbursing traveling overseers directly:** On rare occasions, the traveling overseer may still incur an out-of-pocket vehicle expense. For example, he might have to purchase gasoline at a station that does not accept his fuel card. For that expense, as well as for other out-of-pocket expenses such as dry cleaning, shoe repair, haircuts, and some meals, the congregation may reimburse him directly. Since traveling overseers’ expenses are viewed as recurring operating expenses, no resolution is needed to use congregation funds to pay for them if the elders wish to do so.