INSTRUCTIONS FOR CONGREGATION ACCOUNTING
Revised May 1, 2003

1. **Note: Updates in procedures are indicated by "|" in the margin.** In following the procedure explained below, 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. —See September 1995 *Our Kingdom Ministry,* page 5, paragraph 4.

GENERAL INSTRUCTIONS

2. **BANK ACCOUNT:** Checking accounts should be opened in the name of the congregation as an unincorporated association. An Employer Identification Number (EIN) must be obtained from the Internal Revenue Service (IRS) and kept in the congregation file. Bank statements should be sent to the mailing address of the congregation and should be delivered to the presiding overseer. The presiding overseer should review the statement for any irregularities before giving it to the accounts servant. (See August 1998 *Our Kingdom Ministry,* page 8, paragraph 3.) The complete congregation name must be shown, such as "Central Congregation of Jehovah's Witnesses, New York, NY." 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 presiding overseer 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 they need to have the physical checks or an image of these returned or not. Generally, if the congregation has a savings account, receipts are to be deposited to the congregation checking account before any funds are transferred to the savings account.

3. **WATCHTOWER ELECTRONIC FUNDS TRANSFER SYSTEM (WEFTS):** All congregations will remit contributions to Watch Tower Bible and Tract Society of Pennsylvania and make payments on their accounts with 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* (T-60). The completed form should be taken to the bank so that a bank officer can verify the Transit/ABA number. The bank may wish to retain a copy of the completed form for their files. The authorization form should then be mailed or faxed to the branch office. Once the congregation receives an authorization letter from the branch office, the congregation may begin using the Watchtower Electronic Funds Transfer System (WEFTS). (See *Instructions for Watchtower Electronic Funds Transfer System* (T-63).) If the congregation changes the bank account used for WEFTS transactions, please fill out a revised *Authorization Agreement for ACH Debit/Credit Transactions* and mail or fax it to the branch office as soon as possible. In the event a check is used to remit contributions, it should be made payable to "Watch Tower Bible and Tract Society of Pennsylvania."

4. **CONTRIBUTION BOXES:** Contribution boxes for congregation contributions, the Worldwide Work, and the Kingdom Hall Fund are to be set up in each Kingdom Hall. **Donations placed in the boxes for the Worldwide Work and the Kingdom Hall Fund are to be remitted monthly and should not 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.

5. **RECEIPTS: When funds are removed from the contribution boxes, two persons should always be present.** <u>At the Kingdom Hall</u>, 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 funds collected are kept by the accounts servant. The other person is to give the legible carbon copy to the secretary. <u>At the Congregation Book Studies</u>, two persons will count the contributions for the congregation and sign the receipt in duplicate. One person will give the original receipt, along with the money, to the accounts servant. The accounts servant will verify the amount and write the date he received it on the receipt. The other person will give the carbon copy to the secretary. **The secretary will retain all carbon copy receipts given to him, making them available for the three-month audit.**

6. **PAYMENTS**: It is necessary to document these transactions completely in order to comply with auditing requirements. The presiding overseer should approve all normal operating expenditures by initialing the <u>original</u> invoices and receipts. All other matters, such as purchasing property, remodeling or building a Kingdom Hall, sending special contributions, or caring for the circuit overseer's expenses, must be approved by resolution. (See February 1994 *Our Kingdom Ministry,* page 2, "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.

<u>By Check</u>: Checks should not be signed until 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 with the balance of the funds on hand.

<u>By Electronic Funds Transfer</u>: Bills may be paid electronically from the congregation checking account. However, it is necessary to document these transactions completely since there will be no return of paid checks. These electronic 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.

7. **CONGREGATION ACCOUNTS FORMS:** Near the beginning of each service year, a supply of accounting forms will be sent to each congregation. **Destroy older printings of forms as directed. Use only the current printing.**

ACCOUNTS SHEET (S-26)

8. Begin each month with a new *Accounts Sheet*. Fill in the information at the top of the *Accounts Sheet*. Carry forward the "Ending Balances" from the "Accounts Sheet Reconciliation" box for the month just completed. Record 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.

9. When entries for receipts are made, write in the **"Date" column** the actual date the funds were received by the accounts servant. For contributions from Congregation Book Studies, the actual date the funds are received by the accounts servant should be written in the "Date" column. However, the date shown on the *Receipt* (S-24) form should be included in the **"Transaction Description" column.** Entries for check payments are to show, in the "Date" column, the same date as written on your check. Entries for electronic funds transfers (other than WEFTS) are to show, in the "Date" column, the same date the phone call was made. (See paragraph 10 for instructions on recording WEFTS transactions.) **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 (including contributions received at Congregation Book Studies); "K"—contributions to the Kingdom Hall Fund (KHF); "W"—contributions to the Worldwide Work (WWW); "E"—congregation expenditures; and "I"—interest on bank account. Additional codes may be used if needed. These codes will he helpful when summarizing information for the *Monthly Congregation Accounts Report* (S-30) at the end of the month. A code does not have to be used for every transaction (for example, deposits).

10. 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 WEFTS entry on the *Accounts Sheet* will be entered and dated as the last transaction of the month.** (The "Transaction Date" on the *Record of Electronic Funds Transfer* (T-62) should be included in parenthesis in the "Transaction Description" column of the WEFTS entry on 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 a transaction description "Totals Carried Forward."

11. 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 line "Total Funds on Hand at End of Month" 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*.

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

13. The **"Checking Account" columns** are for recording deposits, checks written during the month, electronic funds transfers made during the month, 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 cannot be matched, there has been an error either in the calculations in the checkbook or on the *Accounts Sheet*. Compare the checkbook against the "Checking Account" "In" and "Out" columns to find the error.

14. The **"Other" columns** are to record activity for another account the congregation may have, such as savings or funds deposited on account with the branch office. If the congregation has authorized that a bank savings account be used to make remittances using WEFTS, then the details of these transactions should be listed in this column. The "Other ________ : Ending Balance" figure in the "Accounts Sheet Reconciliation" box is to be reconciled with the statement received for this account.

15. 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.

16. File the *Accounts Sheet* with the supporting paperwork in the current file for that month. (See paragraph 32.) This documentation is required by the person auditing the accounts.

MONTHLY CONGREGATION ACCOUNTS REPORT (S-30)

17. Begin each *Monthly Congregation Accounts Report* by carrying forward end-of-month totals from the previous month's report. Compile remainder of 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 on Hand at End of Month" figure. **The "Congregation Financial Report" section should be read to the congregation.** After this report is read, post the form on the information board for one week. The accounts servant should then file it in the current file with the corresponding month's *Accounts Sheet*.

MONTHLY REMITTANCES

18. ***RECORD OF ELECTRONIC FUNDS TRANSFER* (T-62):** This form is used to record the contributions received for the Worldwide Work, the Kingdom Hall Fund, and so forth, for the entire month. **By the sixth of the following month** remit the full amount of such contributions received. In addition, this form is used to record payment for charges made to your Congregation Account as well as the monthly payment for property loan, if applicable. Payments are to be made from congregation funds. If the congregation wants to make two or more payments on their loan at one time, list the sum of these payments on the "Payment for property loan" line on the *Record of Electronic Funds Transfer*. Once the remittance details are recorded on the form, have it approved and signed by the congregation secretary. The completed form should be on hand for reference when making the phone call to transfer the funds.—See paragraphs 24 and 25.

19. **CONGREGATION ACCOUNT:** This 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 payment, use the line "Payment of charges on account" on the *Record of Electronic Funds Transfer* (T-62). Payments to this account are to be made from congregation funds, not from contributions received for the Worldwide Work or the Kingdom Hall Fund.

20. Congregation funds may be used to make contributions to the Worldwide Work, the Kingdom Hall Fund, 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 a congregation expense in the "Congregation Expenditures" section of the *Monthly Congregation Accounts Report* (S-30). Add the amount contributed by resolution to the amount received from the contribution box and enter as one total on the appropriate line of the *Record of Electronic Funds Transfer* (T-62).

21. **LOAN PAYMENTS:** The loan payment for each month is <u>due by the sixth day of that month</u>, and is to be made in the exact dollar amount that has been agreed to. Forwarding the exact dollar amount will reduce the time required to process your payment. Only one loan payment should be made each month. If circumstances permit, a significant amount may be added to the regular monthly payment to reduce principal. However, if on a monthly basis a higher loan payment can be made, please write and notify the branch office so that an adjustment can be made to reflect the higher monthly loan payment amount that you would like to forward. When making a loan payment, use the line "Payment for property loan" on the *Record of Electronic Funds Transfer* (T-62). If you share the use of the Kingdom Hall with one or more congregations, the loan payment is to be made from the maintenance/operating committee checking account. (See paragraph 30.) Notify the branch office of this account by using the *AUTHORIZATION AGREEMENT FOR ACH DEBIT/CREDIT TRANSACTIONS* (T-60) and complete the section marked *"optional* SECONDARY ACCOUNT *for Property Loan Payments."*

DEPOSIT ACCOUNTS

22. **DEPOSITS:** Congregations are not required to deposit excess congregation funds in an account with the branch office. However, doing so makes such funds available for use in promoting Kingdom interests while the congregation is not using them. No interest is paid on such funds deposited with the branch office. A resolution must be passed before funds can be deposited with the branch office. The amount being deposited can be sent via WEFTS.

23. **WITHDRAWALS/DONATIONS:** A resolution must be passed before funds deposited with the branch office can be withdrawn or donated. Withdrawal or donation of deposited funds is to be made by written request to the branch office, signed by the presiding overseer and secretary. (If the presiding overseer or secretary is away, then the request should be signed by the remaining member(s) of the Congregation Service Committee or another elder if needed.) Be sure to include your congregation name and number and the amount to be withdrawn or donated. Funds that are withdrawn will be returned to the congregation by means of electronic funds transfer.

MONTHLY STATEMENTS

24. Monthly statements will acknowledge all contributions received and will list the activity and balance in your Congregation Account. It will also list the activity and balance in your deposit account if one is established by your congregation. Payment for the Congregation Account balance shown on the statement is to be remitted using WEFTS.—See paragraphs 18 and 19.

25. A monthly Loan Statement will be sent to the congregation holding title to the Kingdom Hall property. It will list the monthly charges, payments, and balance due for property loans. It should be forwarded to the brother responsible for handling the account from which the Kingdom Hall loan payments are made. Payments are to be remitted monthly using WEFTS.—See paragraph 18.

26. **VERIFICATION:** Upon receipt of the monthly statement(s), the accounts servant should compare each figure with the corresponding *Record of Electronic Funds Transfer* (T-62). All acknowledgments of contributions received by the branch office are to be read to the congregation as part of the accounts report. If the statement does not list your electronic funds

transfer, the next statement should acknowledge it. These statements should be filed in the appropriate monthly Accounts Records folder in the current file.

27. **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 presiding overseer should also sign the letter. If at all possible, include with your letter a copy of the form(s) relating to the problem being reported.

BANK STATEMENT RECONCILIATION

28. **As soon as the bank statement is received, it should be reconciled to 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:

BANK RECONCILIATION

1. Balance shown on bank statement $ ____________
2. All deposits recorded in your checkbook but not shown on statement $ ____________
3. Total of 1 and 2 $ ____________
4. All checks/EFT's not yet paid by bank:

Check/Confirmation Number	Amount
____________	$ ____________
____________	$ ____________
____________	$ ____________
____________	$ ____________

5. Total of checks/EFT's 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

29. 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 replacement funds using WEFTS.

SPECIAL FUNDS, PROJECTS

30. It is best, where possible, to set up a separate checking account for maintenance/operating committee use when several congregations are involved. A separate account would also be beneficial any time a major Kingdom Hall project is planned. Separate accounting records of the transactions involving an additional bank account must be kept. Use a separate *Accounts Sheet* (S-26). The additional checking account should be opened in the name of the title-holding congregation. When setting up this bank account, do not add additional words to the account name such as "Operating Account" or "Kingdom Hall Project." Use the same guidelines as described in paragraph 2. However, to distinguish between bank accounts, the checks should be printed with additional wording such as "Operating Account" or "Kingdom Hall Project."

31. In some instances the congregation may resolve to set aside congregation funds for a particular purpose, such as a local building fund or a renovation fund. If these funds are held in the congregation account for a period of time, then the progressive balance for such funds may be shown on the *Accounts Sheet* in the "Obligations at End of Month" box and on the *Monthly Congregation Accounts Report* (S-30) under the section "Congregation Funds Reserved for Special Purposes."

ACCOUNTS FILES

32. **CURRENT FILE:** This file should contain all the accounts records from the previous three-month audit up to the present. At the most, it will contain six and a half months of records. Set up an Accounts Records folder for each month. Each monthly folder should contain the following items: *Accounts Sheet* (S-26), the *Receipt* (S-24) forms in the order in which they appear on the *Accounts Sheet,* all paperwork to support the payments made (*Record of Electronic Funds Transfer* (T-62), invoices, congregation resolutions), statements, *Monthly Congregation Accounts Report* (S-30), any correspondence concerning the accounts, and 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.

33. **PERMANENT FILE:** When accounting records are transferred from the current file, they should be placed in a permanent file and should be kept for seven years, or the period required legally 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

34. **The accounts are to be audited quarterly, in December, March, June, and September, by the presiding overseer or someone appointed by him.** The *Congregation Accounts Audit Report* (S-25) is to be used for the audit. The "Comments" sections are for the auditor's observations. The completed *Congregation Accounts Audit Report* is to be reviewed with the presiding overseer and accounts servant. Any problems discovered by the auditor are to be discussed and rectified. That the audit has been completed should be announced to the congregation following the reading of the *Monthly Congregation Accounts Report* (S-30). 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.

35. 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.

36. If a separate checking account is being kept for a Kingdom Hall project or for maintenance/operating committee use, the bodies of elders should see to it that the account is audited every three months on the same schedule that the congregation accounts are audited. The person selected as the auditor must not have been involved in the handling of this account for the period that he is auditing. The *Congregation Accounts Audit Report* can be used as a guide.