

INSTRUCTIONS FOR KINGDOM HALL OPERATING COMMITTEE ACCOUNTING

GENERAL INSTRUCTIONS

1. **Bank account:** If two or more congregations share the use of the Kingdom Hall, a separate checking account should be set up exclusively for use by the Kingdom Hall Operating Committee to pay for all Kingdom Hall expenses, including loans incurred by the congregations for Kingdom Hall construction or renovation. Although this account will be cared for under the direction of the operating committee, it should be opened in the complete name of the titleholding congregation as outlined in *Instructions for Congregation Accounting* (S-27). However, a subtitle, such as “Operating Account,” may be used. For example, “Central Congregation of Jehovah’s Witnesses, New York, New York (Operating Account).” A copy of the titleholding congregation’s EIN should be kept with the operating committee’s accounts records. Bank statements should be mailed to the coordinator of the body of elders of the titleholding congregation. He should pass them directly to the chairman of the operating committee. The chairman should review the statement for any irregularities before giving it to the operating committee member handling the accounts.

2. Two signatures are required on each check. However, more than two brothers may be authorized as check signers. The operating committee decides who will sign the checks for the committee. The chairman should be one of those authorized to sign checks. Other members of the committee or perhaps one or two other elders may also be authorized to sign checks. However, the committee member handling the accounts would normally **not** be 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, including at least one member of the operating committee, 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, the committee can decide whether or not they need to have the physical checks or an image of these returned. Generally, if the operating committee has a savings account, received funds should be deposited to the checking account before any funds are transferred to the savings account.

3. **Funds-on-deposit arrangement:** The funds-on-deposit arrangement is not a banking arrangement. Rather, it is an arrangement wherein Kingdom Hall Operating Committees are encouraged to send excess, or presently unneeded, funds to the branch office instead of setting up a savings account, money market bank account, or certificate of deposit. (It is recommended that operating committees 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 congregations are not using these funds. No interest is paid on such funds sent to the branch office. A resolution must be passed by the collective bodies of elders to begin participating in the arrangement, but subsequent deposits and withdrawals can be made at the operating committee’s discretion. 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 operating committee funds. It is understood that whenever a need arises for these funds, the elders may request that the funds be returned.”

4. 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**. Once the amount to be sent or returned is recorded on the form, it should be signed by one of those authorized to sign checks for the operating committee. Have the completed form on hand for reference when making the electronic transfer.

5. **Electronic funds transfers using the jw.org Web site:** All loan payments to the branch office are to be made by the Kingdom Hall Operating Committee from the operating committee checking account using the jw.org Web site. To initiate use of this arrangement, the operating committee must complete the *Authorization Agreement for ACH Debit/Credit Transactions* (TO-60) and send it to the branch office. Once the titleholding congregation receives an authorization letter from the branch office, a copy should be given to the operating committee. The operating committee may then begin making transfers using the jw.org Web site. If the operating committee changes the bank account used for jw.org Web site transactions, they must fill out a revised *Authorization Agreement for ACH Debit/Credit Transactions* and send it to the branch office as soon as possible.

6. **Receipts:** Normally, the only funds received by the Kingdom Hall Operating Committee are the monthly checks from each congregation using the Kingdom Hall for the previously agreed-upon amount. Since these checks are usually given directly to the operating committee member handling the accounts rather than placed in a contribution box, there is no need to complete a *Receipt* (S-24) form. Nonetheless, these funds should be listed as receipts on the *Accounts Sheet* (S-26).—See paragraph 15.

7. **Payments:** It is necessary to document payment transactions completely in order to comply with auditing requirements. The chairman or another member of the Kingdom Hall Operating

Committee *other* than the operating committee member handling the accounts should approve all normal operating expenditures by initialing the original invoices and receipts. The invoices or receipts for out-of-the-ordinary operating expenses (those still within the preapproved spending ceiling) should be initialed by the chairman of the operating committee. All other matters, such as large purchases of equipment or remodeling a Kingdom Hall, must be approved by resolution by the combined bodies of elders. With the possible exception of miscellaneous day-to-day items, 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.

8. Payments by check: Checks should not be signed until they are filled in completely. Those making approved purchases should be reimbursed by check.

9. Payments by electronic funds transfer: Internet banking and electronic bill-payment services 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 operating committee'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. 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.

10. Kingdom Hall Operating Committee accounting forms: Forms used for operating committee 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)

11. 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.

12. When recording funds received by the Kingdom Hall Operating Committee, including contributions made to the operating committee account,

write in the "**Date**" column the actual date the funds were received by the operating committee member handling the accounts. 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 received from the congregations, "E"—maintenance expenditures and utility payments, "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 Kingdom Hall Operating Committee Accounts Report* (S-44) at the end of the month.

13. 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*.) 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."

14. 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.

15. The "**Receipts**" column is for recording 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.

16. 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.

17. The “**Other**” column is for recording activity for another account the operating committee may have, such as savings or funds entrusted to the branch office. The “Other _____/Ending Balance” figure in the “Accounts Sheet Reconciliation” box is to be reconciled with the statement received for this account.

18. File the *Accounts Sheet* with the supporting paperwork in the current file for that month. (See paragraph 28.) This documentation is required by the person auditing the accounts.

MONTHLY KINGDOM HALL OPERATING COMMITTEE ACCOUNTS REPORT (S-44)

19. Begin each *Monthly Kingdom Hall Operating Committee 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). A copy of the *Monthly Kingdom Hall Operating Committee Accounts Report* should be sent to the coordinator of the body of elders of each congregation using the Kingdom Hall. The report should then be circulated among the body of elders. The operating committee member handling the operating committee accounts should file the original with the corresponding *Accounts Sheet*.

REMITTANCES

20. **Loan payments:** When two or more congregations share the use of the Kingdom Hall, the loan payments are to be made from the Kingdom Hall Operating Committee checking account. The *Record of Electronic Funds Transfer* (TO-62) is used to record the loan payment. **The loan payment is due the sixth day of each month.** Once the remittance details are recorded on the form, it should be approved and signed by one of the elders authorized to sign checks for the operating committee. Have the completed form on hand for reference when making the electronic transfer.

21. Congregations that are repaying a Kingdom Hall loan should take a new financial survey each year in the month of May. The operating committee 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, each congregation should pass a resolution and the branch office should be notified. Alternatively, a significant amount may be added to the regular monthly payment as a onetime addition to reduce the principal.

STATEMENTS

22. **Funds-on-deposit statement:** If each congregation has given approval for the Kingdom Hall Operating Committee to participate in the funds-

on-deposit arrangement with the branch office, a statement will be sent if there is activity on the account. This statement must be forwarded to the operating committee chairman and then to the operating committee member handling the accounts, who will retain it in the operating account file.

23. **Loan statement:** If the congregations have a loan with the branch office, the titleholding congregation will receive a monthly statement that includes the balance due for the Kingdom Hall loan. A copy of this statement must be forwarded to both the chairman of the Kingdom Hall Operating Committee and the operating committee member handling the accounts.

24. **Verification:** Upon receipt of statements from the branch office, the Kingdom Hall Operating Committee member handling the accounts should compare each figure with the corresponding *Record of Electronic Funds Transfer* (TO-62). If the statement does not list the 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.

25. **Discrepancies:** If there is a discrepancy on a statement, the Kingdom Hall Operating Committee member handling the accounts is to inform the chairman of the operating committee and the secretary of the titleholding congregation. The secretary of the titleholding congregation will report the matter to the branch office in writing. The coordinator of the body of elders of the titleholding congregation should also 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

26. **As soon as the bank statement is received, it should be reconciled with the last entry in the Kingdom Hall Operating Committee’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 (EFTs) not yet paid by bank:

Check/Confirmation number	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
5. Total of checks/EFTs 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

27. 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.

ACCOUNTS FILES

28. **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), all paperwork (such as *Record of Electronic Funds Transfer* (TO-62), invoices, and congregation resolutions) needed to support the payments made, statements from the branch office, a *Monthly Kingdom Hall Operating Committee Accounts Report* (S-44), any correspondence concerning the accounts, and any monthly bank statements with their reconciliations, including canceled checks, bank deposit slips, and so forth. The *Kingdom Hall Operating Committee Accounts Audit Report* (S-45) should be the last item in the folder for the last month of the audit period.

29. **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

30. **The accounts are to be audited quarterly by the chairman of the Kingdom Hall Operating Committee 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.

31. The *Kingdom Hall Operating Committee Accounts Audit Report* (S-45) 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 operating committee member handling the accounts. Any problems discovered by the auditor are to be discussed and rectified when the auditor reviews his report with the chairman of the operating committee and the operating committee member handling the accounts. The completion of the audit should be announced to the congregations that use the Kingdom Hall. The completed *Kingdom Hall Operating Committee Accounts Audit Report* will be filed as the last item in the accounts records folder for the last month of the audit period. When the audit has been completed, the records for the three months of the previous audit and the corresponding *Kingdom Hall Operating Committee Accounts Audit Report* can then be transferred to the permanent file.