

# INSTRUCTIONS FOR KINGDOM HALL OPERATING COMMITTEE ACCOUNTING

(Use these instructions if the operating committee uses a bank account as the primary means of holding funds. If the operating committee uses a cash box as the primary means of holding funds, use the cash version of *Instructions for Kingdom Hall Operating Committee Accounting* [S-42c].)

Table of Contents	Paragraph(s)
Introduction .....	1-2
Kingdom Hall Operating Committee Funds .....	3-12
Primary Account .....	3-7
Calculating Monthly Contribution Amounts .....	8-9
Target Balance .....	10-12
Contributions .....	13-14
Deposits to the Primary Account .....	14
Approving Expenses .....	15-17
Kingdom Hall Operating Committee Coordinator .....	15
Congregation Resolution .....	16
Procedure for Resolutions .....	17
Making Payments .....	18-22
Electronic Payments From the Primary Account .....	18
Electronic Funds Withdrawals From the Primary Account .....	19
Check Payments From the Primary Account .....	20
Cash Payments .....	21
Insufficient Funds .....	22
Recording Transactions and Preparing Reports .....	23-38
<i>Accounts Sheet</i> (S-26) .....	23-30
<i>Monthly Kingdom Hall Operating Committee Accounts Report</i> (S-44) .....	31-36
Reconciliations .....	37-38
Filing .....	39-41
Current File .....	39
Standing Approvals File .....	40
Archive File .....	41
Auditing .....	42-43

## INTRODUCTION

1. The accounts servant in the Kingdom Hall contact congregation should care for the Kingdom Hall Operating Committee accounts. He is responsible for maintaining accurate, up-to-date records, doing so under the oversight of the contact congregation secretary. Since operating committee funds have been given voluntarily and involve personal sacrifice, they should be handled carefully and used properly.—1 Cor. 4:2.

2. Use the forms provided by the branch office for keeping operating committee accounting records, and follow the instructions presented here and on the sample forms. Each month, printed copies of the forms should be produced for the accounts files.

## KINGDOM HALL OPERATING COMMITTEE FUNDS

3. **Primary Account:** The Kingdom Hall Operating Committee should have only one primary method for holding funds. In these instructions and in related accounting forms, this is referred to as the primary account. This document describes the use of a bank account for the primary account.

4. A separate bank account should be opened using a name that is similar to the address line on correspondence received from the branch office for the contact congregation. However, a subtitle, such as "Operating Account," may be used, for example, "Central Congregation of Jehovah's Witnesses, New York, NY (Operating Account)." If a bank account cannot legally be opened in the name of the contact congregation, an account should be opened in the name of two or three brothers in the contact congregation who must sign an agreement that the balance of this account is the property of the congregations using the Kingdom Hall. If possible, these brothers should be elders or ministerial servants. Copies of any documents required for the purpose of establishing an operating committee bank account should be retained in the archive file.

5. Between two and five brothers should be approved by the collective bodies of elders to make payments from the operating committee's primary account electronically or as check signatories or both. The accounts servant should not be authorized to make payments from the primary account. A record of the approved brothers, as documented in the written Kingdom Hall agreement, should be kept in the standing approvals file. The brothers who are approved to make payments may be given access to Internet banking tools for making electronic payments, if available. When electronic banking features allow for alert notifications to be sent for specific events, the contact congregation secretary should receive notification when electronic payments are made and when changes are made to the alert notifications. Although the accounts servant is not authorized to make payments, he should be able to monitor the account activity by means of an Internet banking tool. Any bank card issued for the account should not be used to make withdrawals, transfers, electronic payments, or purchases. If possible, the bank card should be set up as a deposit-only card.

6. Bank statements should be given unopened to the contact congregation secretary. If bank statements are obtained electronically, the secretary should download and print them. The secretary should review the statement for any irregularities and initial the statement before giving it to the accounts servant for reconciliation. If applicable, the contact congregation secretary can decide whether to have the paid checks returned by the bank or to receive images of the paid checks.

7. The *Accounts Sheet* (S-26) is the main ledger used to record transactions affecting the primary account. If transactions are up to date, the "Primary Account/Ending Balance" amount in the "Accounts Sheet Summary" box on page 2 may be used to determine the current balance. If an electronic version of the *Accounts Sheet* is not being used, the accounts servant may choose to duplicate the transaction entries in a separate bankbook in order to maintain a running balance of the primary account.

8. **Calculating Monthly Contribution Amounts:** The collective bodies of elders are responsible for determining the method used to calculate the amount of funds to be contributed monthly by each congregation to the Kingdom Hall Operating Committee account. It might be practical to divide the total amount of Kingdom Hall operating expenses for one year by 12 and then by the total number of publishers using the Kingdom Hall.

This does not mean that each publisher is expected to contribute a specific amount. Rather, each congregation as a whole can make the contribution based on its number of publishers, and all publishers may contribute as they are able. Whether this or some other approach is decided on, all the elders should lovingly take into consideration the size and circumstances of each congregation so that an equitable arrangement is established. A record of each congregation's monthly financial responsibility in caring for Kingdom Hall operating expenses as documented in the written Kingdom Hall agreement should be kept in the standing approvals file.

9. In July of each year, the operating committee should determine the amount that will be needed each month to care for Kingdom Hall operating expenses for the upcoming service year, using the method previously agreed upon by the bodies of elders. The operating committee should communicate this amount to each body of elders along with the suggested amount to be received from each congregation. Each body of elders should respond as to whether they agree with the suggested amount. If needed, a meeting of the combined bodies of elders can be held to discuss matters.

10. **Target Balance:** The Kingdom Hall Operating Committee should endeavor to maintain a balance of funds in the operating committee account that does not exceed the target balance. To determine the target balance, add together the "Total Expenditures" amount [c] on the *Monthly Kingdom Hall Operating Committee Accounts Report* (S-44) for the past 12 months and divide the total amount by 12. The collective bodies of elders should choose an amount between two and three times this average amount to be the target balance. A record of the approved target balance as documented in the written Kingdom Hall agreement should be kept in the standing approvals file.

11. If the "Available Operating Committee Funds at End of Month" amount [g] on the *Monthly Kingdom Hall Operating Committee Accounts Report* exceeds the target balance for a number of months, this may indicate that the monthly amounts remitted by each congregation should be reduced or suspended temporarily. The operating committee coordinator should inform the coordinator of the body of elders for each congregation of any temporary adjustment to the amounts remitted to the operating committee. A copy of this direction should be kept in the standing approvals file.

12. The congregations using the Kingdom Hall may resolve to pay for a future expense that would require funds to be collected in advance over a period of several months. Funds reserved for special purposes are not counted against the target balance.—See paragraph 34.

## CONTRIBUTIONS

13. Each month, the operating committee should receive the agreed-upon amounts from the congregations as well as any additional amounts being contributed for a special purpose. Since these contributions are sent either electronically or by check, there is no need to complete a *Transaction Record* (S-24) when these are received.

14. **Deposits to the Primary Account:** At least one deposit should be made each month for any check payments received from congregations. Where available, a bank card may be used to assist with the deposit process. (See paragraph 5.) The accounts servant should record each deposit on the *Accounts Sheet* (S-26). (See paragraph 24.) Do not combine on the same deposit slip contributions received in one month with contributions received from another month.

## APPROVING EXPENSES

15. **Kingdom Hall Operating Committee Coordinator:** The operating committee coordinator, or an operating committee member assigned in his absence, should approve routine Kingdom Hall operating expenses by initialing the original invoices or purchase receipts. The accounts servant may assist by confirming that invoices for recurring expenses, such as utilities and taxes, are received each month. The accounts servant is not permitted to approve expenses. Approved invoices and purchase receipts should be kept in the current file for the month during which the payment is made. Routine expenses include (1) costs for utilities, supplies, and services in connection with the operation, maintenance, and repair of the hall, (2) costs incurred by the maintenance trainer during his visit, such as transportation and office supplies, and (3) costs associated with the use and maintenance of any apartment on the Kingdom Hall property. The collective bodies of elders should establish a modest limit per transaction for the operating committee coordinator to approve out-of-the-ordinary expenses, such as repairs to or the replacement of equipment, provided funds are already on hand in the operating committee account. A record of this amount as documented in the written Kingdom Hall agreement should be kept in the standing approvals file.

16. **Congregation Resolution:** A resolution approved by all the congregations using the Kingdom Hall is required for expenses involving repairs to or the replacement of equipment that exceed the per-transaction limit set by the bodies of elders, large purchases of equipment, minor renovations, and the initial set up of Internet service for the Kingdom Hall. These expenses require a resolution even if any required approval from the Local Design/Construction Department has been obtained.

17. **Procedure for Resolutions:** When it is necessary to present a resolution to the congregations using the Kingdom Hall, the collective body of elders should discuss the matter thoroughly and agree on the content of the resolution. The operating committee should prepare a written resolution for presentation at the midweek meeting in each congregation. The elder serving as chairman for the midweek meeting should briefly and clearly explain the need to the congregation and the recommendation of the body of elders. Those in attendance should be allowed to ask questions about the matter before a vote is taken. Voting on a resolution is done by a show of hands and is limited to those in the congregation who are baptized, unless legal requirements direct otherwise. If the resolution is approved by the majority in attendance, it should be dated, signed by the coordinator of the body of elders and the secretary, and given to the operating committee coordinator. The resolution should be placed in the appropriate monthly folder in the current file.

## MAKING PAYMENTS

18. **Electronic Payments From the Primary Account:** After verifying that an expense has been approved for payment and that sufficient funds are available in the primary account, the accounts servant should indicate the amount and the payee information on the documents and forward them to one of the brothers approved to make the electronic payment. The brother making the payment must not be the same brother who approved the expense. The brother making the electronic payment should review the documents for approval and accuracy, process the payment, and then initial and write the date and any reference number of the electronic payment on the documentation. A receipt produced by the Internet banking site or e-payment tool indicating the amount and the payee should be printed. All of these documents should then be returned to the accounts servant. As soon as possible, the accounts servant must confirm that the amount and the

payee on the payment receipt are correct and record the payment on the *Accounts Sheet* (S-26).

19. **Electronic Funds Withdrawals From the Primary Account:** Where available, arrangements may be made with suppliers, who provide such services as telephone, Internet, or electrical, authorizing them to withdraw the amount owed to them directly from the operating committee's primary account each month. When such an arrangement is being established, both the contact congregation secretary and another brother approved to make payments from the primary account should sign the authorization agreement supplied by the company. A copy of this agreement should be kept in the standing approvals file. The monthly invoice from the supplier showing the amount that will be withdrawn should be approved and initialed by the operating committee coordinator like all other invoices and purchase receipts. The monthly invoice should be placed in the current file for the month during which the withdrawal occurs.

20. **Check Payments From the Primary Account:** After verifying that the expense has been approved for payment and that sufficient funds are available in the primary account, the accounts servant should provide to one of the approved check signers a check with the payment details written on it and the supporting documentation. The check signer must not be the same brother who approved the expense. The check signer should review the documents for approval and accuracy, sign the check, and then return these to the accounts servant. Checks should not be signed unless they have been filled out completely. The accounts servant should forward the check to the payee and record the payment on the *Accounts Sheet* (S-26).

21. **Cash Payments:** When cash is needed to pay for a small Kingdom Hall operating expense, a brother should pay for the approved expense using his personal cash and then should be reimbursed by the operating committee by means of a check or an electronic payment.

22. **Insufficient Funds:** If sufficient funds are not available in the primary account to pay outstanding bills, the accounts servant should immediately notify the operating committee coordinator, who in turn should obtain direction from the collective bodies of elders.

## **RECORDING TRANSACTIONS AND PREPARING REPORTS**

23. **Accounts Sheet (S-26):** Use the *Accounts Sheet* to maintain a ledger of the operating committee's financial transactions. Begin each month with a new *Accounts Sheet*. Fill in the information at the top of page 1. In the "Accounts Sheet Summary" box on page 2, carry forward the "Ending Balance" amounts for the month that just ended by recording these as the "Balance Forward" amounts for the new month under the corresponding headings. No balances are carried forward from the "In" or "Out" columns on page 1 of the *Accounts Sheet* when a new month is started.

24. Record transactions in date order on the *Accounts Sheet* as soon as possible after they occur. Entries should be made according to the following instructions for each column on the *Accounts Sheet* and based on the examples shown in the *Sample Accounts Sheet—Congregation Bank Version* (S-190b):

- (1) **"Date" Column:** For contributions received from congregations, record the date that checks are received by the accounts servant or the date of the electronic transfer. (See paragraph 25.) For deposits made in the same month

during which the contributions were received, record the date of the deposit. For deposits collected during the preceding month, the deposit should be recorded as if it were made on the last day of the preceding month. For disbursements, record the date of the electronic transfer or the date written on the check.

- (2) **“Transaction Description” Column:** Describe the nature of the transaction. For deposits of contributions collected during the preceding month, the actual deposit date should be included in parentheses. For an electronic transfer, include the confirmation or reference number for the transfer. For a check payment, include the check number.
- (3) **“TC” Column:** Using the transaction codes below, enter a code to identify the category of the transaction. Additional codes approved by the contact congregation secretary may be used if necessary. The transaction codes will be helpful when summarizing information for the *Monthly Kingdom Hall Operating Committee Accounts Report* (S-44).

Code	Category
C	Contributions for the operating committee received by check
CE	Contributions for the operating committee received by electronic transfer
D	Deposit to primary account
E	Operating committee expenditure
I	Interest from bank account
S	Funds received for a special purpose

- (4) **“Receipts” Columns:** In the “Receipts/In” column, enter contribution amounts received from congregations by means of checks. In the “Receipts/Out” column, enter the contribution amounts received by check deposited to the primary account. Do not use the “Receipts” columns to record contributions from congregations by means of electronic transfers.
- (5) **“Primary Account” Columns:** Record transaction amounts that add to or subtract from the primary account balance. In the “Primary Account/In” column, record amounts received by means of electronic transfers, deposit amounts, and any interest earned on the account. A deposit amount recorded in this column should always be the same as the amount recorded in the “Receipts/Out” column on the same transaction line. If a check written to the Kingdom Hall Operating Committee is returned unpaid by the bank, the amount of the unpaid check should be recorded in the “Primary Account/In” column as a negative amount. In the “Primary Account/Out” column, record amounts paid from the account by means of an electronic transfer/withdrawal or a check along with any bank fees. If a check payment made from the primary account must be voided or if any payment made from the account is rejected by the bank because of insufficient funds, the amount of the payment should be recorded in the “Primary Account/Out” column as a negative amount.
- (6) **“Other” Columns:** Use these columns to record amounts that add to or subtract from another account used by the operating committee.

25. If it is discovered that a transaction shown on the bank statement was not recorded on the *Accounts Sheet* for a month already closed out, the transaction may be recorded on the *Accounts Sheet* for the current month. Such transactions might include interest earned, bank charges, and electronic transfers to the Kingdom Hall Operating Committee. The actual transaction date shown on the bank statement should be included in parentheses in the “Transaction Description” column when recording the transaction.—See paragraph 37.

26. If two sheets are necessary to record the transactions for one month, total the columns on the first *Accounts Sheet*. Then record these totals on the first transaction line of the second sheet and enter “Totals Carried Forward” in the “Transaction Description” column.

27. After the final transaction for the month has been recorded on the *Accounts Sheet*, total all the “In” and “Out” columns on page 1. Record the totals, and transfer them to the corresponding lines of the “Accounts Sheet Summary” box on page 2. For each section in the “Accounts Sheet Summary” box, add the “In” amount and subtract the “Out” amount from the “Balance Forward” amount to calculate the “Ending Balance” amount. Add all “Ending Balance” amounts, and enter the total on the “Total Funds on Hand at End of Month” line.

28. At the close of a month, the “Receipts/Ending Balance” amount in the “Accounts Sheet Summary” box should always equal zero. If there is a difference between the “Receipts/In” and the “Receipts/Out” amounts at the end of the month, either the final deposit of checks received was not recorded or another error was made.

29. The “Primary Account/Ending Balance” amount in the “Accounts Sheet Summary” box must be reconciled with the statement from the bank using the “Primary Account Reconciliation” box on page 2 of the *Accounts Sheet*. (See paragraph 37.) The “Primary Account/Ending Balance” amount should equal the balance of any separate bankbook being used to maintain a running balance of the primary account as of the last day of the month.

30. If the operating committee has any other account, the “Other\_\_\_\_/Ending Balance” amount in the “Accounts Sheet Summary” box must be reconciled with the statement received for that account using the “Other Account Reconciliation” box on page 2 of the *Accounts Sheet*.—See paragraph 38.

31. **Monthly Kingdom Hall Operating Committee Accounts Report (S-44):** Use the *Monthly Kingdom Hall Operating Committee Accounts Report* to summarize the receipts and disbursements that have been recorded on the *Accounts Sheet* (S-26) for the month just completed and to report the balance of funds at the end of that month. Begin each *Monthly Kingdom Hall Operating Committee Accounts Report* by carrying forward the amount in figure (e), “Total Funds at End of Month,” from the previous month’s report to figure (a), “Total Funds at Beginning of Month,” for the new month.

32. In the “Receipts” section, summarize contribution amounts received for operating committee expenses. These amounts include the entries on the *Accounts Sheet* having the transaction code “C,” “CE,” “I,” or “S.” Do not include deposit transactions (transaction code “D”) when summarizing amounts in the “Receipts” section.

33. In the “Expenditures” section, summarize the amounts recorded on the *Accounts Sheet* having the transaction code “E.” These transactions include payments for operating committee expenses and bank fees. Do not include deposit transactions (transaction code “D”) when summarizing amounts in the “Expenditures” section.

34. Use the “Operating Committee Funds Reserved for Special Purposes” section to summarize the amount of operating committee funds collected for special purposes, if any.

35. After completing the *Monthly Kingdom Hall Operating Committee Accounts Report*, the total in figure (e) should equal the “Total Funds on Hand at End of Month” amount in the “Accounts Sheet Summary” box on page 2 of the *Accounts Sheet*. If there is a discrepancy, an error was made.

36. The accounts servant should sign the completed report and provide a copy to the contact congregation secretary and to the operating committee coordinator for their review. The operating committee coordinator should then forward an electronic or a paper copy of the report to the coordinator of the body of elders in each congregation so that it may be circulated among the bodies of elders. The original *Monthly Kingdom Hall Operating Committee Accounts Report* and the corresponding *Accounts Sheet*, along with the supporting paperwork, should be placed in the current file for that month.

37. **Reconciliations:** As soon as the monthly bank statement is received for the primary account, the accounts servant should use the “Bank Account” section in the “Primary Account Reconciliation” box on page 2 of the *Accounts Sheet* (S-26) for the month just completed to reconcile the ending bank balance. Once completed, the “Reconciled bank balance” amount should equal the “Primary Account/Ending Balance” amount in the “Accounts Sheet Summary” box on the same sheet. If there is a discrepancy, the accounts servant must notify the contact congregation secretary immediately. The “Reconciled bank balance” amount should also reconcile to any separate bankbook being used.

38. If the Kingdom Hall Operating Committee has any other account, use the “Other Account Reconciliation” box on page 2 of the *Accounts Sheet* for the month just completed to reconcile the ending balance on the account statement. Once completed, the “Reconciled balance” amount should equal the “Other\_\_\_\_/Ending Balance” amount in the “Accounts Sheet Summary” box on the same sheet. If there is a discrepancy, the accounts servant must notify the contact congregation secretary immediately.

## **FILING**

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:

- (1) *Accounts Sheet* (S-26)
- (2) All paperwork supporting Kingdom Hall Operating Committee expenditures, such as invoices, payment receipts, and resolutions for payments
- (3) *Monthly Kingdom Hall Operating Committee Accounts Report* (S-44)
- (4) Any correspondence concerning the primary account and any other account, including the monthly bank statement, canceled checks, bank deposit slips, and so forth
- (5) *Kingdom Hall Operating Committee Accounts Audit Report* (S-45b) in the last month of the audit period

40. **Standing Approvals File:** The standing approvals file should include the following items:

- (1) A list of those approved to make payments from the primary account.—See paragraph 5.
- (2) A record of each congregation's monthly financial responsibility in caring for operating expenses.—See paragraph 8.
- (3) A record of the approved target balance for operating committee funds.—See paragraph 10.
- (4) A record of the maximum amount that can be approved by the coordinator of the operating committee for an out-of-the-ordinary Kingdom Hall operating expense.—See paragraph 15.
- (5) A copy of any agreement(s) authorizing suppliers to withdraw funds electronically from the primary account.—See paragraph 19.

41. **Archive File:** Accounts records that no longer need to be kept in the current file should be transferred to a separate archive file within the contact congregation's file and kept for the period legally required or for five years, whichever is greater. Similarly, documents from the standing approvals file that have been updated should be transferred to the archive file. The archive file may be similar to the current file, or if it is more convenient, the archive file could have one large envelope for each year's records. The archive file should also include a separate folder for any financial documents that must be kept permanently, including the signed agreement associated with any bank account opened in the name of two or three brothers on behalf of the congregations using the Kingdom Hall.—See paragraph 4.

## AUDITING

42. Use the *Kingdom Hall Operating Committee Accounts Audit Report* (S-45b) to complete a quarterly audit of the accounts records. The audit should be performed by the Kingdom Hall Operating Committee coordinator or someone designated by him. However, neither the contact congregation secretary nor the accounts servant should perform the audit. Also, the same person should not perform consecutive audits. The quarters audited should always be September through November, December through February, March through May, and June through August. The accounts for each quarter should be audited after bank statements are received.

43. The accounts servant should not be present during the audit. However, the auditor may contact the accounts servant to obtain missing documentation or answers to specific questions. Any problems discovered by the auditor should be discussed when the auditor reviews his report with the contact congregation secretary and the accounts servant. The operating committee coordinator should forward an electronic or a paper copy of the report to the coordinator of the body of elders in each congregation so that it may be circulated among the bodies of elders. The completed *Kingdom Hall Operating Committee Accounts Audit Report* should then be filed in the monthly folder for the last month of the audit period.