



WATCH TOWER

BIBLE AND TRACT SOCIETY OF BRITAIN

THE RIDGEWAY LONDON NW7 1RN

TELEPHONE 020 8906 2211

December 11, 2009

TO ALL BODIES OF ELDERS

Re: Calculating the cost of Kingdom Hall construction and renovation projects

Dear Brothers:

Jesus Christ provided a timely reminder when he asked: “Who of you that wants to build a tower does not first sit down and calculate the expense, to see if he has enough to complete it? Otherwise, he might lay its foundation but not be able to finish it, and all the onlookers might start to ridicule him, saying, ‘This man started to build but was not able to finish.’ ” (Luke 14:28-30) It is important to take a conservative approach when planning for Kingdom Hall construction or renovation in view of the economic difficulties many are facing. Hence, with this letter we are pleased to provide instructions that will assist you with necessary details related to financial planning for these projects.

Although all projects should be limited only to what is truly needed, the financial situation of the congregation(s) is also a key factor that must be considered in determining the recommended scope of work. If the funds available locally are not sufficient to cover the cost of the project, a loan may be requested from the Kingdom Hall Fund.

Requesting a loan from the Kingdom Hall Fund: The Regional Building Committee will provide the elders with the necessary paperwork to request a loan. This package will include the following forms: A *Kingdom Hall Loan Application* (S-84), a *Congregation Financial Survey and Resolution for a Loan From the Kingdom Hall Fund* (S-83) for each congregation, a *Trusteeship Promissory Note* (S-113), and a *Property Evaluation Checklist* (S-106) if new property is being considered. Each body of elders will be responsible to complete an S-83 form. The other forms will be filled in by the Regional Building Committee, but the elders will need to review them carefully and sign the S-84 form before it is submitted to the branch office. After obtaining the circuit overseer’s signature on the S-84 form, the Regional Building Committee will submit it, along with the other required documents, to the branch office.

If the request for funding is approved, the bodies of elders will receive written notification from the branch office. When the funds are needed to proceed with the project, the Regional Building Committee will contact the Kingdom Hall Desk in the Service Department and request the necessary disbursement.

If a loan from the Kingdom Hall Fund is being requested, no construction should proceed until notification is received that the loan has been approved. Temporary financing should not be obtained locally based on the assumption that the loan from the Kingdom Hall Fund will be approved. For new construction, any work done on the property prior to loan approval should not include foundation or slab work. Proceeding with such could result in complications if a review of the proposal results in adjustments in scope or if funding is delayed. Once the financial survey is completed in each congregation, the publishers should be

encouraged to start contributing right away, as if already repaying the loan. The contributions received while awaiting loan approval may ultimately reduce the amount borrowed. Each year thereafter in the month of May, each congregation that has received financial assistance to construct or renovate their Kingdom Hall should take a new financial survey to see if it may be possible for them to increase their monthly loan repayment.

Accounting: As soon as the bodies of elders and the Regional Building Committee have determined that the project should move forward, a building account should be established. (See *Instructions for Congregation Accounting* (S-27).) All local contributions and loans for the project should be placed in this account. (Note: An exception to these arrangements is if VAT can be recovered on the project, as is the case with new Kingdom Hall builds. The Regional Building Committee will outline alternative banking and accounting arrangements to be implemented.) The project accounting overseer assigned by the Regional Building Committee will oversee maintenance of the chequebook and all records of receipts and disbursements for this account following the *Regional Building Committee Accounting Manual* (S-100). All expenditures should be approved by either a Regional Building Committee member or the project coordinator and by a member of the local building committee. Each month, the involved congregation(s) should be given a full report of expenditures from the account. Funds from this account should not be used for normal Kingdom Hall operating expenses or to make loan payments. Under the direction of the Regional Building Committee, qualified elders should be chosen by the body(ies) of elders to care for the quarterly account audits.

The *List of Major Cost Elements* (S-124) will assist the Regional Building Committee to finalize the project budget. Once the first column (“Estimated cost”) is completed, a copy of the form should be shared with each involved body of elders. After the conclusion of the project, the other columns on the form will be completed by the Regional Building Committee to show the difference between the estimated and actual costs of construction. A copy of the completed form should be provided to each involved body of elders along with the *Report on Kingdom Hall Construction Project* (S-85).

Selling an existing Kingdom Hall: If an existing Kingdom Hall is to be sold, the Regional Building Committee’s Real Estate Department should take the lead in assisting the elders to retain the services of a reputable solicitor to verify that the congregation’s best interests are being looked after in all contractual agreements. It is always best to receive full payment for a Kingdom Hall being sold rather than enter into some type of instalment contract. The buyer should arrange his own financing and pay the congregation(s) in full for the property. In this way the full sum being received from its sale will be available to assist with construction costs of the new hall and will reduce the amount needed from the branch office. Careful attention should be given to determining the market value of the existing hall in line with the requirements of Section 36 of the Charities Act 1993, by obtaining a professional appraisal from a suitably qualified surveyor. The sale of the property should not be rushed, nor should the elders feel pressured to accept less than its fair value. Of course, in each case the condition and location of the building as well as the current market conditions will significantly impact potential proceeds.

The elders should not create an emergency by selling a Kingdom Hall prematurely. For instance, it should be determined in advance where the congregation(s) will be relocated if the Kingdom Hall is sold and how new construction will be financed, if applicable. If the

relocation will be only for the interim period while a new Kingdom Hall is being constructed, perhaps a neighbouring Kingdom Hall(s) can be used. In some cases, the buyer might allow the congregation(s) to retain occupancy of the building for a period of time. Alternatively, there may be another convenient meeting place available to the congregation(s) for an extended period of time if necessary. In any case, good planning and coordination with the Regional Building Committee are necessary.

There are, of course, many other details related to the development of a construction project or a major renovation project. The Regional Building Committees have been supplied with additional instructions that help them to provide you with the necessary assistance. However, we trust that the information outlined above will assist you in handling some of the “necessary business” related to our valuable places of worship.—Acts 6:3.

What a grand privilege we have to be joyfully participating in advancing Kingdom interests in these momentous last days! Your “faithful work” in caring for the needs of our brothers and sisters in your congregation is highly valued by our God, Jehovah. (1 Thess. 1:3) Please be assured of our warm Christian love and best wishes.

Your brothers,

Watch Tower B. & J. Society
OF BRITAIN

cc: Regional Building Committees
Travelling overseers

PS to the secretary:

This letter should be retained in the congregation permanent file of policy letters. You may wish to update the *Index to Letters—For Bodies of Elders* (S-22) at this time as well.