



## Team Expansion

# Forwarding Agent

### The Special Ministry of Forwarding Agents

#### 10.1.6 Forwarding Agent

The role of effective forwarding agents for Team Expansion missionaries is a critical one! Without these dedicated and sacrificial servants, our mission would cease to function. We are deeply grateful to those who are called to further the task of world evangelization by serving as forwarding agents. It is our desire at International Services to equip and encourage our forwarding agents to effectively serve God, Team Expansion and their missionary.

We encourage our forwarding agents to call with any questions or feedback using our toll-free number - we provide it as a service to them. It is the least we can do!

God Bless,  
Chris Bushnell, Treasurer

#### MONTHLY PROCESS

- Keep all addresses current including mailing lists for newsletters.
- Record all donations in QuickBooks (including date, name, address, check number and amount).
- Make bank deposits 2 or 3 times per month.
- Pay stateside bills.
- Enter both stateside and field expenses in QuickBooks.
- File expense receipts on your ministry related purchases.
- Print the receipts from QuickBooks for donations
- Print labels from QuickBooks.
- Produce the monthly report (from QuickBooks and Word Processor):
  1. The letter portion of the report comes from the missionary (usually via e-mail). Include ministry

update, family update, prayer requests, praises and occasional pictures.

2. The financial portion of the report is produced by QuickBooks.
3. Label envelopes
4. Stuff with return envelopes, report and receipt.

Reconcile QuickBooks with the bank statement. Also make sure the account balance(s) agree with the fund balance(s).

#### ANNUAL PROCESS

- Do annual report (virtually the same as monthly report - just covers entire year). Must arrive to our offices by January 15<sup>th</sup> each year.
- Annual Financial report will include Annual Receipts Recap and Annual Expense Recap using Quickbooks.
- Produce an annual contribution letter to each of your supporters. This is highly encouraged.
- Taxes. Yippee!!! A step by step "How-To" document will be mailed to you each January with the W-2 from Team Expansion.

#### ONGOING PROCESS

- Pray for the missionary and the work.
- Correspond with churches and individuals when necessary and forward inquiries to the missionary.
- Send packet to churches that are requesting information. (Report, newsletter, resume, letter of recommendation, information about the field and the ministry, Team Expansion info, photos, & pledge cards).
- Send out VBS videos and materials.
- Speak if asked to give reports.

- Send a personal "welcome to the team" note to new supporters.

#### Special Notes:

- For bulk mailing and printing needs contact Missions Services Association (MSA) at (800) 655-8524.
- Return envelopes are a good investment and appreciated by supporters. Your post office can help you put your address barcode on your return envelopes.
- Forwarding agents typically need:
  - 1) A Pentium IBM-compatible computer, laser/ink jet printer and an e-mail service
  - 2) QuickBooks 2001, 2002 or 2003 Basic Software by Intuit
  - 3) Microsoft Word (or equivalent)
  - 4) A stamp for deposits indicating:  
Team Expansion  
For Deposit Only  
Your bank account #
  - 5) A vacation!



## 10.2.3 Accountability

### Introduction

This document is designed to help you report to your supporters and friends on a monthly basis. Missionary record-keeping and reporting began all the way back in Acts 14:27, where Paul and Barnabas had returned from their missionary journey and reported to Christians at Antioch about what God had done. All Team Expansion missionaries agree to send out regular monthly reports (see the 7 Key Principles and the Team Expansion constitution section 9.6). This document explains how to get started with the record keeping which forms the backbone of the monthly reporting process.

### Step 1—Gather your information and resources

If you are already accepted as a full-time Team Expansion missionary, you'll need Team Expansion's Federal ID number. This number was disclosed to you in your Acceptance Letter. This is the number, which the bank will need when you open your Team Expansion account(s). Find out where your forwarding agent wants to do his/her banking (for information on forwarding agents, see Team Expansion's Forwarding Agent Job Description). It is probably best to avoid setting up bank accounts until you know for sure where your forwarding agent will be based.

### Step 2—Open all necessary bank accounts

Do some telephoning to determine which banks in your forwarding agent's area might offer the best arrangements for your accounts. Ask such questions as:

- ◆ “Do you offer special account arrangements for a non-profit, charitable incorporation?”
- ◆ “How much minimum balance will you require in our incorporation checking account?”
- ◆ “Is there a monthly service charge?”
- ◆ “Is there a charge per check or per transaction?”
- ◆ “Can you make international wire transfers?” (You might not need these now, but only God knows what type of emergency might require one at some point in the future.)
- ◆ “What are your banking hours?”
- ◆ “Is there a drive-up window?”
- ◆ “Do you permit mail, fax, and/or phone transfers?”
- ◆ “Do you accept mailed deposits?”
- ◆ “Can you obtain a Debit Card with your bank account?”

Based on the answers to these and other questions, determine which bank is offering you the best arrangement.

Explain that you are an employee of a mission organization seeking to open a branch account at that bank and that your forwarding agent serves as an assistant Treasurer of the mission organization.

When you are setting up the account you will need to make certain that your new account is

tagged to Team Expansion's Federal ID number so that you can issue tax-deductible receipts.

The bank will probably give you signature cards, along with a paper that must be signed by the secretary or treasurer of the corporation. Julie Cheatum, secretary or Chris Bushnell, treasurer of Team Expansion must be a signer on your account as well as you and your forwarding agent.

It is standard procedure for the bank to take your minimum deposits at this time, but require you to return these papers to fully open the accounts.

Here are some more guidelines:

- ◆ The name on the Team Expansion account should be simply: Team Expansion.
- ◆ The account address should be in care of your Forwarding Agent's address.
- ◆ Team Expansion is incorporated as a non-profit 501(c)(3) organization. Team Expansion's Federal ID number must be tagged to this account in order for it to be an official Team Expansion non-profit account and in order for you to be able to issue tax-deductible receipts to your supporters.
- ◆ The signers on the account must at least consist of the forwarding agent and Chris Bushnell. Missionaries are welcome to be signers as well, though not required.
- ◆ Please send to us the paperwork the bank gives you, we will add the appropriate signatures, place photocopies in your file, then send the paperwork back to you or the bank (whichever you specify). We'll need to know the bank name,

address and phone number as well as the bank account number.

◆ If the bank asks about roles: you are a "Missionary", your forwarding agent can either be designated as "Forwarding Agent" or "Assistant Treasurer", Chris Bushnell is "Secretary/Treasurer".

◆ You will probably want to have a debit card on your Team Expansion account. This may be the easiest and least expensive way to obtain money from banks in your host country. There are no cash advance fees unlike credit cards. A debit card looks like a credit card but transactions are debited directly from your checking account. If your bank won't let you have a debit card on your Team Expansion account, then you will want to obtain a debit card on a personal account.

◆ You will need to have a personal account as well as the Team Expansion account (you can keep the one you already have or you can open a new one). You will need to make your Forwarding Agent a signer on your personal account as well so he/she can make deposits and payments from that account. Chris Bushnell does not need to be a signer on your personal account.

◆ On the Team Expansion account checks you do not need to list all the signers in the upper left corner. The checks should say:  
Team Expansion  
C/o [Forwarding Agent street address]  
[Forwarding Agent City, ST, Zip]  
[Forwarding Agent phone number]

Remember, the money in the Team Expansion account does not belong to any individual - it is mission money. The account is a non-profit account and tax exempt. We'll train you and the forwarding agent at one of our monthly "Accountability Training" days on proper use of the account and reporting expectations.

### **Step 3—Setting up your record-keeping system**

We ask Team Expansion Forwarding Agents to use Team Expansion's QuickBooks template for financial record keeping. You will need to purchase QuickBooks (retail price is around \$180 off of Intuit website), but we will provide the Team Expansion template file. You can download it off our web site or we can give you a diskette when you come for Accountability Training.

With the software the forwarding agent can enter financial gifts as they arrive, enter his/her stateside expenses, and then enter field expenses once the missionary e-mails it.

QuickBooks produces the report, including an alphabetical list of donors who gave that month, expenses for that month broken down by the Team Expansion account categories, and sub-totals/totals. The annual report is also easily produced. Receipts can be printed at the touch of a button, along with labels for all those on the monthly mailing list. For detailed information about how to use QuickBooks to produce your reports, see the QuickBooks Documentation.

Be sure to sign up for Accountability training with the appropriate trainer at the International Services office. Training is available one day each month. Feel free to call International Services if you have any questions.

### **Monthly Reporting**

All Team Expansion missionaries agree to send out regular monthly reports (see the "Seven Key Principles" and the "Team Expansion Constitution Section 9.6"). Note that it is not an option to switch to quarterly or even bi-monthly reports. From the very beginning our foundational leaders

have sought to create a kind of hallmark that will distinguish our missionaries as being proactive and taking the initiative in keeping supporters well informed.

Your faithfulness in this area not only sends a very positive message to your supporters, but it also allows them to stay up to date with your life and ministry. In addition it helps the International Services team to stay informed as we represent you at churches and conventions and as we pray for you. After reading and routing the missionary's report to other team members we then file the report in the missionary's file so our records will be complete. Monthly reporting on how you and your family are doing, your ministry progress and finances helps keep you and your ministry at the highest level of accountability.

#### **Monthly Process**

We encourage you to make sure that your report goes out by the 10th of each month. That way your supporters will have a report in their hands by mid-month and perhaps get a donation to you by the end of the month. That means the missionary probably needs to e-mail the letter for supporters and the previous month's on-field expenses to the forwarding agent by the 5th or so of the month. That gives the forwarding agent 5 days to add state-side income and expenses to the missionary's on-field expenses and balance the books for the month, format the newsletter, print it, copy it, print receipts, label the envelopes, fold, stuff and mail (whew!). Then it's time to celebrate. Reporting is a lot of work, but someone has said, "You can never be too grateful and you can never be too accountable." We couldn't agree more!

#### **What do we expect in a monthly report?**

1) A recent letter from the missionary that updates us on personal and family issues, ministry progress, prayer requests and rejoicing.

2) A complete financial report – consisting of the incoming balance in your Team Expansion account at the start of the month, income for the month (including sources and amounts – though you can lump individuals together if you like), expenses for the month (using the official Team Expansion account numbers and categories), and the outgoing balance at the end of the month.

3) The following information clearly available: That you are a Team Expansion missionary (the Team Expansion logo is available on the website), field address and e-mail for corresponding with you and sending packages forwarding agent address and e-mail, how to make checks out and where to send them.

4) In addition to the report, a receipt should be sent to those who gave in the previous month.

5) Return envelopes for sending donations to the forwarding agent are recommended to be included with the report. This is optional. Make sure you tell all your supporters to make checks payable to Team Expansion. Inform them that your name should not appear anywhere on the check for IRS purposes.

#### **Year End Processes**

At the end of the year, Team Expansion missionaries should figure December as if it were a normal month, then go back through the year and tabulate a summary of all the year's expenses and all the year's receipts added together. There are annual reports in the QuickBook template that make this process very painless. **THE ANNUAL FINANCIAL REPORT MUST BE IN THE HANDS OF INTERNATIONAL SERVICES BY JANUARY 15TH OF EACH YEAR.** International Services in turn will use the information to compile W-2s that must be in the mail to the Forwarding Agent by January 31st of each year.

#### **Who should receive your monthly reports?**

1) All of your financial and prayer supporters.

2) International Services. The address is:

International Services  
Team Expansion  
3700 Hopewell Road  
Louisville, KY 40299-5002

Please do not address the newsletter to any specific individual. This helps our sorting of mail.

3) Your on-field team-mates.

4) Your Representative Elders and all the Representative Elders of your on-field team-mates.

5) Your Field Coordinator - but only if he works off-site of the Hopewell House.

6) PACE Church(es) involved with your project if your project is a PACE project.

The above are minimum expectations. Your report can consist of more than the 5 parts we listed and it can be sent to more than the 6 groups we listed. Some supporting churches have agreed to send reports of you ministry to their members periodically during the year. Team Expansion encourages you to use the current monthly report for this purpose and when sending information packets to potential supporters.

#### **Accountability in Filing Taxes**

This discussion is designed to introduce you to various considerations in the area of taxes. Elsewhere in this Guidebook is a document that leads you step by step in filling out the Federal Income tax and Social Security forms. That document is updated each year and mailed with the W-2s.

*It is vital that all Team Expansion missionaries are correctly following the IRS tax code in a systematic way, and at the same time, that they be taking advantage of all the benefits they are entitled to as ordained ministers and/or missionaries. The Biblical principles of good stewardship*

*certainly apply, as well as the principle of taking care of one's obligations to the government.*

#### **Ordained - To Be or Not to Be?**

As a mission, we are made up of interdependent missionaries who are cooperating together under the "7 Non-Negotiables." Each missionary is responsible for his or her own Social Security responsibility as a "self-employed" missionary. As a result, it is necessary that all Team Expansion missionaries be ordained or commissioned (according to the IRS).

In some cases, a mission recruit has not been ordained. If that is the case, we recommend that they at least be "commissioned" by a church (perhaps their sending church) for the ministry they are about to perform in the foreign culture. The IRS makes no distinction between ordained or commissioned ministers/missionaries.

All that follows assumes that you or your spouse have/have been ordained by a church and have an ordination certificate, or you have been commissioned by a church and likewise, have received a certificate noting your commission. There are certain tax advantages that one is able to enjoy as an ordained/commissioned

missionary. These advantages will be noted below. Note that when choosing a church to ordain you (usually your home church), make sure the church has already received from the IRS a Federal Employer Identification Number (FEIN) as a church. If not, the IRS could challenge your ordination. If your chosen church has no such designation, it might mean that they need to apply for that status before they ordain you. Also, be sure to ask the church for a copy of the "approval letter" from the IRS granting the FEIN. It can come in handy years later if you are serving overseas and are called upon to prove your ordaining church's status. With that letter, keep copies of your ordination certificate and

any other forms you filed showing you are ordained.

### **The “Dual Status” Minister/Missionary**

The IRS has chosen to treat ordained ministers/missionaries with Dual Status. This means that you are considered an employee of Team Expansion for your income tax obligation, and considered self-employed for your Social Security obligation. After we receive your year-end financial report in January of each year, we will send you a W-2 in February that you will use to calculate your taxes and to file your return.

### **Social Security - To Opt Out or Not**

One of the benefits that ordained ministers/missionaries have is a choice to opt out of paying Social Security tax, and receiving Social Security benefits. However, please read carefully the wording from the necessary application form (Form 4361) and from BJ Worth’s interpretation.

Form 4361 includes a statement that, because of your religious principles, you are conscientiously opposed to accepting, for services performed as a member of the clergy, any public insurance. Your conscientious objection must be based on YOUR INDIVIDUAL religious considerations.

Opposition based on the general conscience will not satisfy this requirement. You may not be exempt for economic reasons. See *Income Tax Guide For Ministers & Religious Workers*, 1992 edition, BJ Worth.

If you decide to opt out, it must be for conscientious reasons only. There can be no financial consideration to your decision.

For what its worth, note that at least one Team Expansion worker has opted out due to the fact that he is religiously opposed to the administration of the public insurance. For example, he is opposed to some of the federal

government’s uses for Social Security funds (aid for multiple children born out of wedlock, aid for women seeking abortions in federally sponsored abortion clinics, etc.). In his case, the IRS allowed the opting out under this conscientious objection. You can always write additional sentences on your form, clarifying the exact nature of your conscientious objections. If the IRS chooses to grant your exemption, it will have been their legal right to review your thoughts and to decide whether they are consistent with federal law.

But in any case, please realize that — as far as income from religious work — you are opting out of receiving any Social Security benefits, death benefits that your family would receive in the event of your death, pension benefits at your retirement, as well as Medicare when you are of retirement age. As a result, if you do choose to opt out, you need a suitable replacement for disability insurance, retirement income as well as Medicare when you are of retirement age. Obtaining health insurance coverage when you are of retirement age - without the Medicare benefit - could be a real challenge.

### **How To Opt Out of Social Security**

If you decide that you meet the above requirements for opting out of Social Security, you do so by filing Form 4361 (Application for Exemption from Self-Employment Tax). This form must be filed by the due date (including extensions), for the second tax year in which you had net Self-Employment earnings of \$400 or more from services as an ordained or commissioned minister/missionary. Be sure to save a copy of your application (Form 4361), as well as the approval once it arrives. (It will simply be your original Form 4361 stamped “approved”.) This is your only proof of acceptance for opting out. If you are challenged later in an audit, the burden of proof is on

you, not the IRS Processing Center, to provide the proof of exemption. If you cannot produce a copy of an approved Form 4361, you could be liable for years of back social security tax — not fun! Make sure you save multiple copies in several very secure locations.

After you have filed Form 4361 and have received approval in writing from the IRS, you simply need to write “Form 4361 on file in Louisville” (replace Louisville, if necessary, with the service center which approved your own Form 4361) on the “Self-Employment Tax” line on page 2 of Form 1040 when you file your income taxes each year, or alternatively, attach a copy of form 4361 to your file (especially your first couple of years of 1040s following approval).

We cannot tell you what to do about your Social Security decision; it is a personal decision based on your conscientious objection to receiving public insurance for ministry performed. The instructions that follow are assuming that you have decided to not opt out. If you have opted out, simply ignore the instructions concerning paying Social Security/Self-Employment Tax.

### **How to Determine Taxable Income**

Please refer to the “Expense Accounts Explained” document later in the Guidebook. *Note that Line items 200 through 999 are all ministry expenses and are not considered income.* Let’s look at line items 100 through 180.

**Line 100 - Salary** - This is your base salary and is taxable for both income tax and social security.

**Line 110 - Medical Insurance** - Not taxable for income tax nor for social security. This is a pure fringe benefit!

**Line 111 - Special Medical Expense** - This newly added line is for paying those medical bills that your medical insurance doesn’t cover. There is a cap of \$6000 per year that can be used for this

purpose. This is also a benefit, and not taxable for income tax or Social Security. Over the counter medical supplies and other non-prescription medicines can be paid with this fund as well, so long as they are supplies that are needed to treat real medical situations. However, remember that you are only allowed to show the exact amount of the actual medical expense. The IRS does not permit employees to use this benefit as a means of increasing their income. It applies only to medical expenses.

**Line 120 - Life Insurance** - The IRS allows up to \$50,000 term life insurance as a fringe benefit. The premiums paid toward any other type of life insurance or any thing above \$50,000 term are to be considered salary (line 100). Starting in 1995, we would prefer that Line 120 be used only to show premiums paid for Term Life policies \$50,000 and under (this line could include policy premiums paid for both spouses, however).  
**Line 121** - This line is used to report on premiums paid for other policies such as investment or life insurance policies. Income reported on this new line will be added to the W-2 income statement.

**Line 130** - In the case of ministers, Social Security payments may not be paid by the employer, so we will add the amount of this line to your salary base when we calculate your W-2. Showing them separately here is only for your convenience.

**Line 140 - Retirement** - Not taxable for income tax purposes or for Social Security tax. Enjoy the fringe benefit!

**Line 141 - Retirement (Roth IRA)**- This is taxable when you pay into the IRA and will be added to the W-2 income statement. The limit is increased gradually from \$3000 in 2003 and 2004 to \$4000 from 2005 to 2007 and to \$5000 beginning in 2008. In addition, individuals who are age 50 or older may contribute an additional \$500 from 2003 to 2005: beginning in 2006, the amount is increased to \$1000.

**Line 150 & 160 - Housing Allowance & Utilities.** One of the benefits of being ordained or commissioned is a housing allowance. This allowance (lines 150-160) is not taxable for income tax, and will not appear as income on your W-2 box 1 (Wages, Tips, Compensation). However, it is taxable for Social Security, and you will use it to calculate your Self-Employment tax, and it will appear on your W-2 as Housing Allowance in box 14.

**Line 170 - Education for Children** - As long as you are a foreign missionary, and there are no fit, English-speaking public schools, then the IRS considers this expense as non-taxable income because it is "a condition of your employment" that requires you to send your children to a non-public school.

**Line 180 - Contributions**  
This is an alternative place for missionaries to report their tithes and contributions. Most simply report these expenses as part of line 100 - Salary. If line 180 is used to report these expenses, it will be treated as "wages" on the W-2.

Thus, International Services will compile your W-2 wages from the following line items off of your year-end report.

Line 100 - Salary  
Line 121 - Additional Life Insurance Premiums  
Line 130 - Social Security Payments  
Line 141 - Retirement (Roth IRA)  
Line 180 - Contributions

When you are filling out your taxes, you will use the following figures to come up with your Self-Employment (Social Security) income:

W-2 Wages  
Line 150 - Housing  
Line 160 - Utilities

#### **Schedule C income\***

\*Schedule C income is money that you were given personally, (not to Team Expansion) as a result of some service you performed as a

minister, e.g. weddings, funerals, etc.

Contributions to the mission work made payable to the missionary instead of Team Expansion and deposited into the missionary's personal account would be reported with honorariums on Schedule C.

#### **The Foreign Income Tax Exclusion**

The IRS does not require US citizens living and working abroad to pay federal income tax (under certain conditions). The first condition is: as of 2002, it is valid only for the first \$80,000 of salary (shouldn't be a problem for any of us!). The second condition is: you must be physically present in a foreign country or countries for a total of at least 330 days during any period of 12 consecutive months before this exclusion takes effect or meet very specific criteria for establishing that you have become a "permanent resident" of the foreign country.

#### **How to Choose the Foreign Income Tax Exclusion**

To take advantage of this tax break, you must file Form 2555 with your income tax return each year that you qualify.

Even though you may not owe any income tax because of this exclusion, you must still file a return each year. US citizens living abroad on Apr. 15 are allowed a two-month extension on filing income tax returns. Your forms will not need to be posted until June 15. You need not file any special forms for this automatic extension.

#### **Self-Employment Tax and Form 1040-ES**

The first step in filing taxes is to file Form 1040-ES. An Estimated Tax Worksheet located on the Team Expansion Website has been designed to assist our missionaries in determining their tax obligations. Then proceed to complete the

1040-ES. Then complete the 1040-ES to be sent as requested.

This form helps you determine your estimated tax for the upcoming year, and directs you to make your four quarterly payments. For instance, if you are going to be an earning income as a Team Expansion missionary in 2003, you will fill out Form 1040-ES by April 15, 2003 (or as soon as you can if you don't begin earning until later in 2003). This worksheet will help you determine how much income tax you will owe as an employee of Team Expansion, and how much Self-Employment tax (Social Security) you will owe as a self-employed missionary. Then you will be instructed to divide this amount into 4 equal amounts. The first quarterly payment for 2003 is due on April 15, the next on June 16, the next on Sept. 15 and the last on January 15, 2004. (If you have opted out of Social Security, you will not file this form for Social Security payments, but you should still use it to pay quarterly income tax estimates in advance.).

Form 1040 and Schedule SE  
When you are filing your 2002 tax return in 2003 you will include your W-2 wages (discussed above, the W-2 is provided by International Services) on line 7 of Form 1040 (Wages, Salaries, Tips).

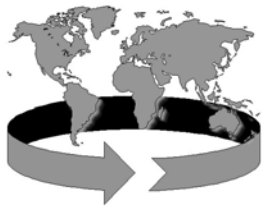
On the backside of Form 1040 is the Self-Employment Tax line. You will use Schedule SE to determine this amount. In the space to the left of line 2 of Schedule SE write "W-2 (\$amount) + Housing allowance (\$amount), and if it applies, + "Schedule C Income" (\$amount). Write the total of these 2 or 3 figures on line 2. The form then tells you how to calculate your actual Self-Employment tax. This figure goes on the back of Form 1040 on the line that reads "Self Employment Tax."

Form 1040 then instructs you to total the amount of income tax and Self-Employment tax you owe, and then you subtract the quarterly payments you made previously.

The result is the amount of tax you owe, or the amount to be refunded to you (whichever the case may be).

**How can I learn more about bank records, monthly reports, and or tax filing?**

Contact International Services at:  
3700 Hopewell Road  
Louisville, KY 40299-5002  
(502) 297-0006 or (800) 447-0800



# Team Expansion Expense Accounts Explained



## Explanation of Details in Monthly Recap Reports

### 10.2.4 Expense Accounts Explained

#	Account	Explanation of Team Expansion Expense Account	IncTx SS		
100	Benefits	Salary	<i>Personal items, clothing, groceries, savings, entertainment and debts.</i>	Yes	Yes
110	Benefits	Medical Insurance	<i>See Finance Dept. for current list of recommended companies.</i>	No	No
111	Benefits	Special Medical Expense	<i>Up to \$6000 per year, per family may be used for any medical or dental expenses not paid for by insurance.</i>	No	No
120	Benefits	Life Insurance	<i>This account is to be used only for term life insurance of \$50,000 or less.</i>	No	No
121	Benefits	Investment Life Insur.	<i>This account is to be used for all other life insurance besides term of \$50,000 or less.</i>	Yes	Yes
130	Benefits	Social Security	<i>Approximately 15.3% of the sum of lines 100, 121, 130, 135, 150, 151, 160 &amp; 180 (Line 170? - see below)</i>	Yes	Yes
135	Benefits	Disability Insurance	<i>This is a taxable expense.</i>	Yes	Yes
140	Benefits	Retirement	<i>Any recognized retirement plan. The payment should be paid directly by your Team Expansion account so that it is not income to you.</i>	No	No
141	Benefits	Retirement (Roth IRA)	<i>Contributions made to a ROTH IRA</i>	Yes	Yes
150	Benefits	Housing Allowance	<i>In addition to rent &amp; house payment, cleaning supplies, light bulbs, furniture, etc.</i>	No	Yes
151	Benefits	Housing Allow - Insur	<i>Not available in many countries. Living by faith is required.</i>	No	Yes
160	Benefits	Utilities	<i>Electricity, gas, phone line, water, sewage, trash pickup, etc.</i>	No	Yes
170	Benefits	Education for Children	<i>Tax free expense for those missionaries who have no English speaking public schools available to them</i>	No/Yes	No/Yes
180	Benefits	Contributions	<i>Alternative place to report your tithe/donations. Most simply report tithe/donations as part of salary (line 100).</i>	Yes	Yes
200	Education	Books/Periodicals	<i>Ministry or personal enrichment.</i>		
210	Education	Language Acquisition	<i>Language classes, materials, tapes, tutors, etc.</i>		
220	Education	Conferences/Classes	<i>Any class or conference that enriches your life or ministry.</i>		
230	Education	Team Building	<i>Any activity that is intended to help your team bond, and work together better. Retreats, conferences, special night outs, etc.</i>		
240	Education	Equipping Missionaries	<i>Any activity that is intended to help or encourage a missionary.</i>		
250	Education	Training of Nationals	<i>Classes, materials, tapes, for national co-workers</i>		
300	Chr. Ed.	Printed Material	<i>Material that is mainly intended for enriching Christians.</i>		
310	Chr. Ed.	Slides, Filmstrips, etc.	<i>Material that is mainly intended for enriching Christians.</i>		
320	Chr. Ed.	Hospitality	<i>Expenses in entertaining mainly Christians.</i>		
330	Chr. Ed.	Other			
400	Evangelism	Printed Material	<i>Material that is mainly intended for evangelizing non-Christians.</i>		
410	Evangelism	Slides, Filmstrips, etc.	<i>Material that is mainly intended for evangelizing non-Christians.</i>		
420	Evangelism	Hospitality	<i>Expenses in entertaining mainly non-Christians.</i>		
430	Evangelism	New Field Research	<i>Expenses incurred in launching or researching a new work.</i>		
435	Evangelism	Short-term Projects	<i>Activities intended for evangelizing non-Christians.</i>		

440	Evangelism	Bibles	
450	Evangelism	Compassion Projects	
460	Evangelism	Facilities/Utilities	<i>Purchase/rent of church/outreach facility, etc. and utilities.</i>
470	Evangelism	Joint Team Projects	
480	Evangelism	Translation	<i>Both translators and translation work.</i>
490	Evangelism	National Co-Workers	
495	Evangelism	Church Planting	<i>Costs involved with new church planting</i>
500	Postage	In the field	
550	Postage	In the states	
600	Office	Supplies in the field	
640	Office	Facilities/Utilities	<i>Purchase/rent of office facility &amp; utilities.</i>
650	Office	Supplies in the states	
660	Office	Mission Phone	<i>Both office phone and mission related long-distance charges.</i>
661	Office	E-Mail	
662	Office	Fax Communications	
670	Office	Secretaries/Assistants	
700	Promo./Rep	For more support	
710	Promo./Rep	For more recruits	<i>Conventions, churches, correspondence, etc.</i>
720	Promo./Rep	Newsletters	
730	Promo./Rep	Reporting to Supporters	<i>Travel expenses incurred while reporting to supporters, phone calls, brochures, etc.</i>
740	Promo./Rep	Representation	<i>For Int'l Services - Team Expansion's board has asked that each family attempt to raise \$100 a month for the Home Office</i>
750	Promo./Rep	Miscellaneous	
800	Travel	Car/Transportation	<i>Gasoline, bus &amp; train fares, taxis, mileage reimbursement (if car is owned by missionary and not by mission).</i>
805	Travel	Vehicle Purchase - Field	<i>This account is used if the vehicle is being purchased by the mission and not by the missionary.</i>
806	Travel	Vehicle Maintenance	<i>This account is used if the vehicle is being purchased by the mission and not by the missionary.</i>
810	Travel	Meals (traveling)	
820	Travel	Fees/Tolls	<i>Taxes, surcharges, etc.</i>
830	Travel	Housing (traveling)	
840	Travel	Legal (travel fees)	<i>Passports, visas, etc.</i>
850	Travel	Shipping	
860	Travel	Air fare	
870	Travel	Misc. Expenses	
880	Travel	Home Service Fund	<i>Some take out a set amount each month of this account and place it in a Home Service Fund for when they return.</i>
900	Misc.	Unspecified Equip.	<i>Computers, projectors, etc. It is unspecified for a reason!</i>
910	Misc.	Legal (in residence)	
920	Misc.	Banking Fees	<i>Fees for overdrafts, checking accounts, wire transfers, etc.</i>
930	Misc.	Mission House	<i>Purchase/ building of house belonging to mission. Setup expenses provided by mission.<sup>1</sup></i>
990	Misc.	Other	<i>In case you can't find a better place for the expense!</i>

<sup>1</sup>Items purchased with line 930 belong to the mission. When sold the proceeds stay with mission not the missionary.



## Team Expansion

# QuickBooks 2004 Setup & Use



Accounting & Reporting Made Simple for Team Expansion Missionaries & Forwarding Agents

### 10.2.5 QuickBooks 2004 Setup & Use

#### Setting Up your Team Expansion "Company"

**1. Install QuickBooks following the installation instructions that come with the program.**

**2. Copy the Teamex2004.qbw file.**

You can download the files from the Team Expansion web-site Point your browser to Team Expansion's web page at

<http://www.teamexpansion.org>. Then click on the "Tools" link. Then click on the "For Members" link. Then click on "Reporting and QuickBooks Resources" link From there just point and click on the files you need!. We recommend that you create a new folder on your hard-drive called QBData (or something like that) and place the files there.

**3. Begin the QuickBooks program**

Under the File menu, choose Open Company, then navigate to the folder you created in step 2 above. Select the Teamex2004.qbw file and click OK.

Note: When finished working with QuickBooks, just choose "Exit" on the "File." QuickBooks automatically saves the changes you have made. As long as you DON'T choose "Close Company" on the "File" menu, QuickBooks will automatically open your Team Expansion company file every time you start QuickBooks.

**4. Insert the missionary/forwarding agent information in the appropriate fields**

a) Under the Company menu, Company Information, insert the Missionary's name and forwarding address in the Address Field. For example:

c/o Joe Missionary  
1234 Forwarding Agent Drive.  
Somewhere, KY 40299.

Be sure the info is the same in the Legal fields below the Address field.

b) Click on the Other Memorized Reports in Reports section of the Short Cut List. Then double click on Annual Expense Recap. Choose the Header/Footer tab and then click in the Company Name field. Replace <Insert Missionary Name Here> with the name of the missionary. Click on OK, then on the Memorize button, then choose Replace. You may choose to add reports to the shortcut list at this time. While the report is open click on View, "add to shortcut list". Do the same for the Annual Receipts Recap, Monthly Expense Recap, Monthly Receipts Recap reports.

**5. Input your donors names & addresses**

Click on "Donors List" (customer Job List) under the Customers section of the Menu Bar. This brings up the "Customer/Job" database. Your donors are called "Customers" by QuickBooks. Go "Control-N" or click on the Customer:Job button and select New.

In the Customer field type your first donor, *last name first* so that you can easily find them. For example:

Smith, Don & Bessie

Next, click in the "Addresses – Bill To" field. Here you should use all uppercase and no punctuation, in fitting with the Postal standards. Type their name and address. For example:

DON & BESSIE SMITH  
100 DONOR STREET  
ANYWHERE KY 40200

This is the minimum amount data you need to input in order to function properly. You can fill in the other fields (Company, First name, Phone, etc. as you like).

Next click on the "Additional Info" tab of the Customer list, you should specify the Customer Type to be "Monthly Report" for those supporters to whom you wish to send a Monthly Report. This will allow you to print labels for these individuals if you choose to use Quickbooks to produce your mailing list.

To edit the Customer Type list and add new Types or delete the ones that we've already programmed, select Other Lists on the Lists menu, then click on Customer Types.

**6. Input beginning balances.**  
**(If you are a new Team Expansion missionary skip to the next section)** To enter beginning balances for your funds:

- a. Click on "Chart of Accounts" in the Company section of the Menu Bar and select Checking. Click the Account button and select edit, then type in the opening balance of your Team Expansion checking account. Do the same for a Team Expansion Savings account, if you have one.
- b. Calculate on paper the beginning balances for all your funds.

The total amount should equal the amount you have in your Team Expansion bank account(s).

- c. From the Banking menu, choose Make Journal Entry.
- d. In the Date field, type in a date from the previous month (that way the incoming balance won't show up as income for this month).
- e. In the Account field, select the "fund transfer income" account, enter the total for your General fund under Credit, and select the General fund under Class.

Note: QuickBooks refers to funds as "classes." The teamex.qbw file comes with some funds already entered. If you are using other funds now, or want to add funds in the future, you can do so by clicking on the "Lists" menu, select "Classes," click on the Class button and select New.

- f. Repeat Step e for each fund you have (if you have additional funds besides the General Fund).
- g. After you've entered the last fund balance, press Tab. You'll see a balancing entry on the next line under Debit, equal to the total for all your funds (which you entered in the Credit column).
- h. Choose the "fund transfer expense" account on the last line (where you see the balancing entry under Debit).

Do not select a class on this line.

To check your beginning balance entry, you can click on the Fund Balances report. To see your Ending Balance in your checking account click on "Use Register" on

the Banking menu (or Control-R) and choose the appropriate account. You can double check your Fund Balances and your balances for Team Expansion (sum of all the bank account) by making sure the Balances agree.

### **Using Quickbooks to Maintain & Balance Team Expansion Checking and/or Savings Account and Monthly Reports.**

#### **1. To enter donations and queue receipts for printing later**

- a) Click on Enter Donations in the Customer Menu Bar.
- b) Begin typing the donors name in the "Customer:Job" field. The name will quickly fill in, unless they have not yet been entered in QuickBooks. If not, QuickBooks has you add them to the Donors List, when you press Tab you will want to choose "set up", then you will fill in the "bill to" section with the appropriate information. After entering the information click ok.
- c) Tab (press the Tab key repeatedly) to the class field and type "G" (for General Fund), or use the appropriate letter if not General Fund.
- d) Tab to the Check # field and enter.
- e) Tab to the Item field and type "C" for contribution.
- f) Tab to the amount field and enter.
- g) Click OK (or Next if you have another check to enter.) Also if you hit enter at this point Quickbooks will assume you want to save the donation and enter a new one.
- h) Be sure that "Group with Undeposited Funds" is selected at the bottom of the screen. And that the "to be printed" radio button is checked.

The receipts will be printed all at once at the end of the month (see "To Print Receipts" on the next page).

#### **2. To record Deposits**

Click on "Make Deposits" in the Banking Menu. Select the donations you want to deposit and press "OK". A summary of the

deposit appears on the screen with the total of the deposit to be made. It is a good idea to print a copy of this deposit summary for your records. You may print the deposit summary by clicking on the Print button.

When you enter checks, QuickBooks automatically places the check amounts in the "Undeposited Funds" category. Then, when you tell QuickBooks that the money has been deposited in the bank (see below), it automatically transfers the money from "Undeposited Funds" to your Checking Account balance.

#### **3. To enter expenses**

Click on "Write Checks" in the Banking Menu. (This may be renamed Enter Expenses if you desire, by clicking .) Fill in the check graphic. Be sure to fill in the Account field. The Team Expansion account numbers, names and categories are already programmed. Just begin typing the number (if you know it) or select from the drop-down menu in the Account field. Also, be sure to fill in the Class (Fund) field. Most the time it will be "General", unless you are dealing with another fund. Note: QuickBooks keeps a list of Vendors (those who you write checks to). You can update and edit this list by clicking on the "Vendor List" in "Vendors" on the Menu Bar.

#### **Splitting Out Expenses**

One of the nicer features of QuickBooks is the way you can distribute one check over an unlimited number of expense account categories. For instance, if a missionary charges a number of ministry and personal expenses to a credit card, you can write one check to the credit card company - but can designate the money over a variety of expense account categories on the checkbook stub. QuickBooks even does the math for you so that you will know when you have divided the money appropriately.

The steps for this process are: Click on "Enter Expenses" (or Write Checks) on the Short Cut List. Type the check number, enter the vendor's name (Visa, MasterCard, etc....), enter the amount of the payment, tab to the account field and choose the first category (100 Benefits, Salary, for example), then tab to the amount field and enter the amount that you want to allocate to salary, (you can use the memo field to help you remember what the expense was for if you wish) then tab to the class field and enter the appropriate class. When you press tab again, the cursor drops down to the next line and QuickBooks tells you how much money is yet to be allocated. You continue this process until the entire payment has been allocated completely.

Note: Instead filling out a check graphic, you can just fill the appropriate information in the check register (or savings or Field Cash registers). You can open these registers from your short cut list or use Registers on the Banking menu. If you use the registers, **make sure** that you click on the Splits button, so that you can fill in the appropriate Class (Fund) information. Of course, if you actually use QuickBooks to print your checks, you'll want to enter expenses using the check graphic.

#### **4. When all the income (donations) for the month has been recorded it is time to run the Receipts Recap report**

Click on "Monthly Receipts Recap" on the Short Cut List under the Reports heading, or select it from the other memorized reports list. You can then print the Receipts Recap or save it as an ASCII text file for importing into a word-processing document. If you choose to save the report as a file, click on print and then choose the circle next to "File" then click on the "Print" button. This brings up a window where you can select the destination folder and name of the file.

#### **5. When the expenses have been recorded for the month it is time to run the Expense Recap report**

Click on "Monthly Expense Recap" on the Short Cut List under the Report heading. You can then print the Expense Recap or save it as an ASCII file, for importing into a word-processing document (see instructions in paragraph above).

**IMPORTANT NOTE:** the default setting for this report is for reporting *last* month's expenses. It will show 0.00 expense if you run the report for anytime but the previous month. But, you can easily fix this! Here are the steps for retrieving the expense data from any period besides last month:

- 1) Click on "Monthly Expense Recap" on the Short Cut List list or under the Reports section on the menu bar.
- 2) On the Display tab choose the period you want to know about (or manually type in the From and To dates).
- 3) Here is the clincher: you have to change the filter. Click on the "Filters" tab and choose "Paid Through" (you can press "P" on the keyboard until it appears or select it on the right side of the dialog box). In the Paid Through box choose the same period/dates as you did in step 3. Click OK.

#### **6. To print receipts**

On the File Menu, choose Print Forms, then choose Print Sales Receipts. Choose the Select All button and click OK. The receipts will then print. QuickBooks prints just one receipt per 8 1/2 by 11-inch page. It is then necessary to cut them with a paper cutter down to the proper size (8 1/2 inches wide by 3 1/2 inches tall). Once cut to size the receipts fit in a standard business envelope (size 10) without folding.

Notice that the receipts print with the donor's address on the lower left corner (after cutting to size). You can purchase standard business size envelopes (size 10) with the clear window. The donor's

name and address will show perfectly thru the window.

It is possible to save paper and print 3 receipts per page (but you have to be resourceful). By printing the next batch of receipts on the same paper after you have cut off the top 3 1/2 inches, then turning the paper over and printing on the bottom 1/3 you can get 3 receipts per page.

#### **7. To print mailing labels**

Select Print Forms from the File menu, then select Print Mailing Labels. You can print all the names in your database, or specify certain groups. For example, you can specify Customer Type and print labels only Monthly Report QuickBooks lets you specify the type of mailing label you are using. If you want to print envelopes or send a merge letter, you can do so by selecting Mail Merge under the File menu and then specifying which names you want to use. QuickBooks will create a data \*.txt file.

#### **8. Making sure your fund balances agree with your bank account(s) balance(s)**

First determine your Fund Balances by clicking on Fund Balances report on the Short Cut List. Next determine the total amount in your bank account(s) (Checking, Savings and or Field Cash account(s)). To do so, simply open the Chart of Accounts on the Short Cut List. The total of all bank accounts is seen in the Team Expansion heading. This account automatically calculates the total of money in all bank accounts – checking, field cash and savings.

The total on your Fund Balances report should equal the total of your bank accounts. If the figures don't agree – well, you messed something up (grin). It happens to the best of us! There's a good chance your mistake was forgetting to classify an expense or income amount with a specific fund. (See the section below entitled "With Every Donation And Every

Expense, You Must Tell QuickBooks Which Fund (Class To Credit Or Debit”).

It is also possible that the two figures don't agree because you have entered some donations but you have yet to deposit them. If that is the case, those donations will show up on the Fund Balances Report, but not in your account(s). You can in this case just add the “1499 Undeposited Funds” and hopefully they will then balance.

## 9. Reconciling with the Bank Statement

When you receive the bank statement from your bank, you can quickly & easily reconcile QuickBooks with the statement by choosing Reconcile on the Banking section of the Menu bar. First check to make sure the beginning balance from Quickbooks matches the statements beginning balance. Then enter the ending balance from your bank statement. If you have earned interest or incurred any services charges you may enter then on this screen. Make sure you enter the right Account number and class and click continue. Click those expenses and deposits that have cleared so that a check mark is put beside it.. After all the transactions have been checked the "Difference" should be 0.00. If not, do a little detective work to determine where you are long or short. It is wise to print a reconciliation report - either summary of detail to attach to the bank statement.

Believe it or not, there are still people who don't reconcile QuickBooks with their bank statement each month. They need our prayers. After all, reconciliation is a major theme of the Christian life. Only heathens fail to reconcile!

## 10. To Transfer Money between funds

On the Menu bar under Banking, choose Make Journal Entry on the Short Cut List. Click on the Account field and then click on the

drop down arrow and choose which account (lines 100 through 990) the money will be debited. Tab to the Debit field and enter the amount of money you want to transfer. Tab to the Class Field and choose the fund you want the money to come *from*. Next, hit the tab key and the cursor drops down to the next line. On this line, you need to enter a balancing transaction. In the Account Field choose Fund Transfer Income. Tab to the credit field and enter the balancing amount, then tab to the Class field and enter the fund that the money will be going *to*.

## 11. To Transfer Money between Checking & Saving Accounts (or Field Cash Account – see below)

Under the Banking Menu, choose Transfer Money. Then simply fill in the appropriate From and To accounts and the amount of the transfer. The transaction is automatically entered on the appropriate account Registers.

## 12. To keep track of a Field Cash account.

Sometimes missionaries take or send a large cash advance to the field. This is especially true in countries where the banking system is under-developed. Often missionaries get cash advances using ATM or a Debit card. QuickBooks can help you keep track of these cash advance and report its use as the missionary spends the money. The Field Cash account register can be viewed by clicking on "Use Registers" on the Banking menu or on the Short Cut List. Here are the steps for tracking and reporting a large cash advance.

a) On the Banking menu choose “Transfer Funds.” Choose the appropriate “Transfer Funds From” account (either Checking or Savings). Then choose the Field Cash Bank account in the “Transfer Funds To” field. In the Amount field, type in the amount that the missionary is taking to the field. The appropriate data will appear automatically in the corresponding register.

Once the missionary starts reporting how the cash advance is being used you will report it by entering the Field Cash Register and filling in the information. Enter monthly expenses in the same manner as paying bills. It is easier to use the Write Check option since there will be numerous transactions. Use ‘Monthly Expenses’ as a vendor, enter the total of all monthly Field Expenses and split into the various categories similar to paying a credit card bill. Be sure you choose the appropriate Class (Fund) for each transaction. When you run a Monthly Expense Recap report, the money will be reported as being spent as the missionary uses the money. Note: the money is not reported as being spent when it is transferred to the Field Cash fund. It is only reported as being spent after the missionary begins using it and reporting its use to his/her Forwarding Agent and the Forwarding Agent enters the expenses in the Field Cash Register.

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## Additional Information

### 1. With every donation and every expense, you must tell QuickBooks which Fund(Class) to credit or debit

If you forget to specify a fund at any time, QuickBooks automatically credits/debits a fund called "Unclassified Fund." This is a temporary measure until you discover your error, find the transaction, and specify a fund for that transaction. At any time, you can double-check yourself by generating the "Unclassified Fund" report (click on this report on the Short Cut List or in the Memorized Reports on the Menu bar). There should not be any individual income or expense items in the Unclassified Fund column. If so, this income or expense transaction needs to be edited and a Fund specified. Just double click on the offending transaction and you will be allowed to edit and add the appropriate Class (Fund).

## **2. Too Many Columns on Monthly Reports?**

Expense and income reports normally show the different funds (classes) in columns with a Total Column on the right. But, if you are only using the General Fund, then it seems a little redundant to have a General Fund column and a Total Column – after all both columns will have exactly the same numbers. If you are only using the General Fund - here are the steps for removing the Total column from the reports. Note: you should only do this if you are only reporting General Fund income/expenses.

1) Run the Monthly Expense and Receipts reports. Once the reports are run click on the Columns field in the upper right corner of the report. “Class” will be specified by default in this field. Choose “Total only.” You now only have one column of numbers! If you want to make this the default setting, click on the Memorize button and replace the report with the new one.

## **3. You can teach QuickBooks to automatically enter transactions for bills you pay every month**

To memorize a check you've already entered find it in the check register, then select Edit, then Memorize (or Control-M).

To edit the list of memorized transactions, choose Memorized Transaction List from the Banking menu (or go Control-T).

Also, you can choose to have QuickBooks remember the last transaction with that name (vendor) and fill in the same info again. This might or might not be handy for you. To set this preference, choose Preferences on the Edit menu. In the General area, put a check in the box next to “Automatically recall last transaction for this name.” Then click OK to save the change.

## **4. Inactive Data**

You won't need to worry about archiving the previous year data

because QuickBooks just keeps building on previous year's data each new year. You can easily go back in and look at data from previous years in QuickBooks. However, as things change and data becomes obsolete, you can make certain data "inactive." For example, if you try to delete a person from your Donor List who gave you a donation in a previous year Quick-Books won't let you delete them because they were used in a transaction (they were a previous donor). You can select them from the Donors list on the Customers section of the Short Cut List and then click on the Customer:Job button and select Make Inactive. To see them again just select "Show All Customers").

## **5. QuickBooks will offer you Reminders**

For instance, if you haven't printed the Receipts for those donating to your ministry, it will tell you. To see these reminders, click on "Reminders" in the Company heading. The “Reminders” window will automatically appear when you first open QuickBooks. To change that preference click on Edit, Preferences, scroll down to the “Reminders” area and unclick the box.

## **6. Reporting “Exchange Gain/Loss”**

One of the facts of life abroad is some fluctuation once money has been exchanged into another currency, and then converted back to US dollars for reporting purposes. This is known as “Exchange Gain/Loss.” Please don't lose any sleep over this – it's expected! For instance, a missionary takes \$1000 to the field. Once there he exchanges it to the local currency, spends it, then converts the figures back to dollars so that he can report his expenses to his forwarding agent. However, once he does his math it appears that he can only account for \$994. How does he account for this \$6 loss? It is probably a victim of Exchange Gain/Loss. All he needs to do is report the missing \$6 as an

expense in his General Fund, using line Account number 920, Misc., Banking Fees.

If he encounters a gain (for instance his math tells him he spent \$1006, when he only had \$1000 to begin with) – he would show the gain as income. We programmed the QuickBooks file with a “donor” called “Rebates/Reimbursements” for such instances. This “donor” could also be used when receiving rebates or refunds on merchandise and reimbursements from co-workers on joint projects.

## **7. Using the QuickBooks calculator to enter foreign currency.**

If you are entering a foreign currency into QuickBooks you can use a dropdown calculator to quickly divide back into US dollars. Let's say, for example, you live in Taiwan and you received 32.8 NT for one U.S. dollar the last time you exchanged money. In the amount field of the check (or payment field if you are using the check register) type in the amount in foreign currency that you paid then hit the / key (to divide) and a popup calculator appears. You can type in the exchange rate (in this case 32.8) and the amount in U.S. dollars appears in the amount field.

## **8. QuickBooks should be backed up often to avoid losing valuable data**

When you click on "Backup" on the File menu QuickBooks makes a back-up file. Notice the extension is .qbb for a backup file and .qbw for a regular QuickBooks file. Backup files are compressed so that they are much smaller. You should backup your Team Expansion company file on a diskette or cd in case your hard-drive crashes. To do so: Place a blank cd in your cd drive.

If you want to restore a back up file, place the cd in your cd drive and then choose “Restore” on the File menu.

*Please, get into the habit of backing up your Teamex.qbw file onto a cd at least once a month - and storing that cd off-site. That way, if your computer is destroyed in a fire, is stolen, or just simply dies, you will not lose more than a month of data. To ignore this advice is asking for problems.*

## **9. Customizing the Short Cut List**

You can customize the Short Cut List by clicking on the Customize button on the bottom of the bar. You can add and remove buttons.

If you are using a form, report or activity often and it is not already on the Short Cut List - often you can add it to the Short Cut List by clicking on the QuickAdd button on the bottom of the bar.

## **10. Handling credit card debits and credits in QuickBooks**

### **Credit Card Purchases**

Credit card charges may be entered on a daily basis or, alternatively, all at once, when the bill arrives.

Either way, on the top line menu, click on "Banking|Enter Credit Card Charges." If you've never entered credit card charges before, you can "Add New" by clicking the arrow beside the drop box in the "Credit Card" field. After setting up your credit card, you can proceed. If you have more than one credit card already set up, choose the relevant card (the one you're charging against) in the drop box.

Tab to the "Purchased From" field and begin typing in the name of the vendor from which you purchased the item or service. The vendor database used to supply names here is the same one used when writing checks, so if you've ever written a check to the vendor previously, the name will auto-complete. If this is the first time to purchase something from this particular vendor, you can choose to set up or "Quick Add" the vendor. If you for some reason need to put in the address and other details for the vendor, choose "Set up." Otherwise, "Quick Add" would be fine. Just hit "enter" to

confirm that the person or store is really a vendor.

You can assign a reference number in the next field, but it's not really necessary. Then tab to the "charge/credit" radio buttons. If you're buying something, leave it marked as "Charge." If you returned something and they wrote you a credit slip, you'll want to tab to "Credit" and hit the space bar to change the radio button to the "Credit" choice.

If you keep track of charges on a day-by-day basis ("real-time" throughout the month, as you charge the items), you'll probably want to set the date for the current day -- i.e., the day you actually charged the item. Your monthly report will reflect the expense, even though your checking account might not have dishied out the actual cash to pay for it yet. This is actually not a bad scenario, however, since for all practical purposes, the money has, in a sense, left your hands. And your report will still be accurate.

If you decide to wait each month and enter all your credit card expenses at once, when you actually pay your bill, there's a chance for a slight problem. Some (maybe MOST) of the expenses will have occurred in the previous month. If you produce your monthly report before you enter the credit card charges, then enter them later, your next month's report won't cover them, since Quickbooks "sees" them as having taken place in the prior month.

There are 3 possible solutions. a) Either follow the day-by-day model (above), or b) wait until you get your bill each month, enter the charges, then produce your report, or c) date each charge as having been charged on the day you wrote the check to pay for the credit card bill. This might make it a bit harder to compare your QuickBooks charge slips with the real credit card bill, but maybe you can enter

the actual charge date in the "Ref. No." field.

Tab to the "Amount" field and enter the amount of the purchase.

Put any appropriate comments in the memo field. Most likely, you'll never print out a report showing those comments -- so they're just for your own information.

Tab to the "Account" field and either a) begin entering the Team Expansion expense account number, such as "800" for transportation expense (like gasoline), or b) click on the arrow beside the box and choose the account number from the list. The "Amount" will automatically be filled in. If you bought more than one item from this vendor and would like to reflect that by splitting the purchase, you can begin listing the items by entering the amount of the first item in the "Amount" field. "Memo" is for any comment referring specifically to that line item. Most of the time, you can just tab past the Amount, Memo, and Customer:Job fields. But don't forget to enter a "Class"! If you neglect to enter a fund name in the "Class" field, QuickBooks won't know which fund you wanted to use for this purchase. In most cases, unless you track restricted access funds (like "Bibles for Ukraine" or whatever), you'll simply be able to enter "General" for General Fund in the Class field.

If you wanted to enter individual items, just repeat the line-by-line list of purchases, then when you're all done, hit "Next" or "OK." Repeat the process for each credit card purchase.

When you click on "Chart of Accounts" on the Company menu, then double-click on the name of the credit card in the accounts list, you'll see a line-by-line listing of your charges, much like a checkbook register or credit card bill. You can see more detail on each item by double-clicking it. If you made a mistake, you can even

record a correction for an individual purchase.

If you wish, you can add your Credit Card accounts to the Short Cut List. To do so, with the Credit Card register open, click on the QuickAdd button on the bottom of the Short Cut List. One important concept here. Notice that this is a credit card ledger. QuickBooks tracks a credit card ledger differently than a checkbook ledger. If you write a check that causes your checking account to overdraw, QuickBooks' checkbook register for that account shows your balance going into the red, with a negative balance. Every time you make a deposit, the balance goes up because you're increasing the money in your account. By contrast, on QuickBooks' credit card ledger, the money shown is the amount you owe. So it might take you some time to become accustomed to the fact that, when you charge something, the balance goes up -- i.e., you owe the card more money -- just the opposite of checking account registers. But it'll work out okay when you pay off the balance... because then the amount will go back down to zero. It looks really funny if you ever accidentally send too much money to your credit card company. QuickBooks will then show a negative amount in your credit card account. Clear as mud, right? Just remember that the balance shown will reflect how much you owe, not how much money you have on hand. If you think of it like that, it'll begin making sense.

In this way, you'll also be able to see how much you've charged on your card throughout a particular month, so you'll know what kind of total you're amassing -- and that's critical to managing credit card debt effectively. It goes without saying that, under normal circumstances, you should never charge more than your capacity to repay at the end of the month, since credit card interest is so steep. In this way, QuickBooks can help you

be a more effective manager of the funds God has given you.

### **Paying off Credit Card Bills**

You'll probably pay your credit card bill with money from a the Team Expansion checking account. To do so, you must follow the directions very closely. First, select "Transfer Funds" on the Banking menu. Then, you simply select your Team Expansion checking account in the "Transfer Funds From" field, and select your credit card account in the "Transfer Funds To" field. Next fill in the date and amount fields. This will do two things - it will add a depositing entry in your credit card account and it will add a line in your checking account register showing the payment. You can go in and add a check number to entry if you so desire by opening the checking account register and editing the transaction.

**Comparing Fund Balances and Account Balances When You Have A Credit Card Account Because QuickBooks treats credit card accounts differently than bank accounts, you need to *subtract* the amount in your credit card account from your bank accounts amounts when you are comparing the total amount of your Funds to the amounts in your Accounts.**

**For example:**

**Let's say you run the Fund Balances Report and you are told that you have the following amount in your funds:**

**General: \$500.00  
Vehicle: \$2000.00  
Bibles: \$1000.00  
Total: \$3500.00**

Now, you then add up the amount of money in your accounts by clicking on the Chart of Accounts and adding up the amounts. Let's say you have:

Checking: \$2800.00  
Field Cash: \$700.00  
Credit Card: \$300.00

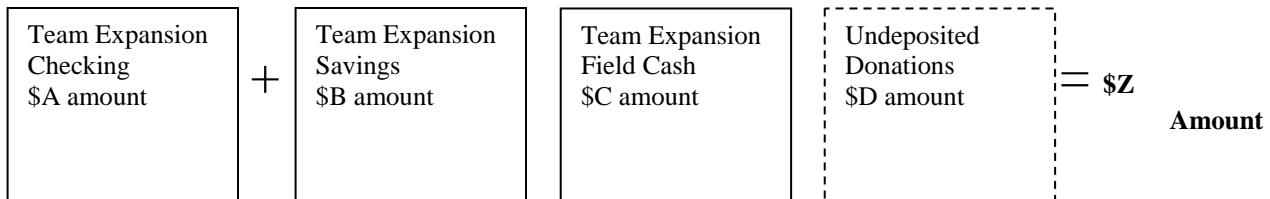
If you subtract the credit card amount from the other funds, you have \$3500.00 (the amount of your Fund Balances report). You are in balance!



## Team Expansion Accounts & Funds

### How Funds are Organized

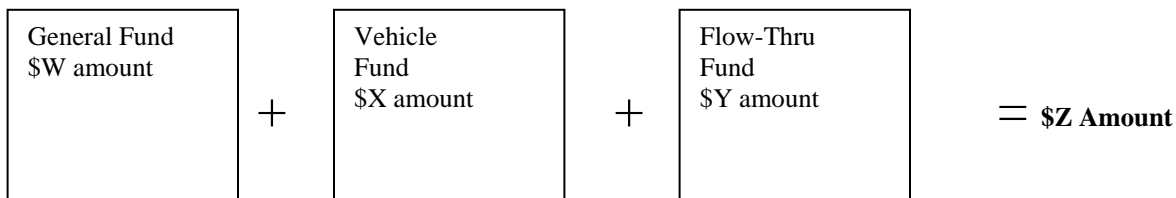
#### 10.2.6 Accounts & Funds ACCOUNTS - "Where the money is"



To determine \$Z Amount click on "Chart of Accounts" on the Short Cut List. If there are any donations that are undeposited add that amount (click on "Make Deposits" and add the undeposited donations).

To transfer money between accounts in QuickBooks: Banking menu: Transfer Funds (fill out appropriate From and To accounts and amount of transfer).

#### FUNDS - "What the money is for"



To determine \$Z amount click on the Fund Balances Report.

To transfer money between Funds (Classes) in QuickBooks: Banking menu, Make Journal Entry. In the Account field choose Fund Transfer Income, tab to Credit column and enter amount of transfer, tab to Class and choose the Fund that is being credited. Tab again and the cursor is on the second line with a balancing entry showing in the Debit field. In the Account field select the appropriate Team Expansion expense account category (100 Benefits Salary, etc...), then in the Class field choose the fund that is being debited.

**Your Accounts total should always match your Funds total! If not, then you probably forgot to classify (choose a Fund) for a donation or an expense. Run the Unclassified Funds report (Other Memorized Reports on the Short Cut List) to see if this is the case. If so, click on the offending transaction(s) and select a fund.**



## Team Expansion

# Filing 2003 Taxes



### 10.2.7 Filing 2003 Taxes

#### Introduction

Taxes! This 5-letter word often strikes terror in our hearts. But - not any more. If you are a typical Team Expansion missionary this guide sheet will lead you *Step by Step* through the process of filing and paying your income and social security taxes. It will probably take less time than you think!

One of the secrets to wise tax planning is something Team Expansion missionaries are already doing - monthly reporting. This makes the end of the year job of filing taxes quite simple. By completing accurate monthly financial reports you are making sure throughout the year that all of your ministry/business related expenses are accounted for in the non-taxable ministry areas (lines 200-900 in the Team Expansion Expense Recap Form and in the Expense Summary of QuickBooks). This way your salary and other taxable expenses are as low as possible.

So, grab the proper forms (see below), a pencil, a calculator and your W-2 from Team Expansion and let's get to work.

#### The Tax Process: An Overview

The tax process includes two major areas. The first area is estimating what you will owe in the upcoming year and dividing that total by four. These are your quarterly payments you will need to make throughout the year. The second area is figuring out what you actually owe on the past year (using the W-2 Team Expansion sends) after subtracting what you have already pre-paid (in estimated tax).

The four quarterly payments are due (approximately - see form 1040-ES for actual dates each year) April 15, June 15, September 15 and January 15. This means on April 15 you have two tax bills to pay. The first bill is any tax due from the previous year, this includes both Federal income tax and Social Security (see Part I below). The second bill due on April 15 is the first quarterly payment for the new year (see Part II below).

*Note:* the following instructions were written for missionaries who have not opted out of Social Security. If you have opted out of Social Security note the instructions in *Step 21* and disregard *Steps 7-12* and all references to Schedule SE.

#### Tax Forms

The forms you will need from the IRS are:

- ◆ Form 1040
- ◆ Schedule SE
- ◆ Form 1040-ES (Estimated Tax for Individuals).

**Question:** Why do ministers and missionaries have to pre-pay taxes (make estimated tax payments)?

**Answer:** Actually, all businesses have to make quarterly payments throughout the year of their employee's withholdings. This way the Federal government gets its share of the money throughout the year and can earn interest on it. If you worked for McDonalds, they would withhold some of your tax money from each of your paychecks, then each quarter send that money to the Federal government. Since self-employed people (including ministers and missionaries) don't have any tax withheld from their paychecks they have to set aside money each month for taxes then send it in quarterly. If they fail to do this the IRS can penalize by charging interest and penalties.

**Please note that all tax payments should be written on personal checks and not Team Expansion checks. Money used to pay income and social security taxes are to be personal and not ministry funds.**

## **Part I: Income Tax**

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### **Steps for Filing Form 1040 for Income Tax and Social Security**

- ◆ *Step 1:* Fill out the Label information at the top of 1040. Use the pre-printed label if possible.
- ◆ *Step 2:* Put an X on the appropriate line 1 or 2 for your filing status.
- ◆ *Step 3:* Put an X on the appropriate line 6a,b and children's information and total the number of exemptions on line 6d.
- ◆ *Step 4:* From your Team Expansion W-2 (plus any other W-2s you may receive from other employers) fill in line 7 with the amount of Salary indicated in the Wages box of your W-2.
- ◆ *Step 5:* Add any taxable interest you may have received on personal savings on line 8a or 8b if tax exempt interest. Your bank or Savings and Loan will issue you a statement. Ordinary dividends from mutual funds are reported on line 9a or 9b Qualified Dividends of Form 1040. Capital Gain distributions are reported on line 13a and 13b if applicable of Form 1040 (you'll receive a 1099-DIV from your investment company for either of these).
- ◆ *Step 6:* Add lines 7, 8, 9 & 13 and place the amount on line 22.
- ◆ *Step 7:* Now go to Schedule SE and on Section A - Short Schedule SE write the following in the space between lines 2 and 3: "W-2 Salary Plus Housing Allowance".
- ◆ *Step 8:* Total the amount of salary on your W-2 plus the amount of Housing Allowance in the Other Box of the W-2 and write this amount on line 2 of Schedule SE, and again on line 3.
- ◆ *Step 9:* Follow the instructions on line 4: Multiply line 3 by .9235 and write the amount on line 4. If line 4 is less than \$400, do not file this schedule.
- ◆ *Step 10:* Multiply line 4 by .153 and write the amount on line 5 and on line 55 of form 1040.
- ◆ *Step 11:* On line 6 enter the result of line 5 multiplied by .5 (or one half),
- ◆ *Step 12:* Now, going back to Form 1040, write on line 28 the amount of line 6 of Schedule SE (Short-form). Write the amount again on line 33.
- ◆ *Step 13:* Subtract line 33 from 22 and write the amount on line 34. This is your adjusted gross income. Write the amount again on line 35. Check appropriate boxes in 36a or b if they apply.
- ◆ *Step 14:* On line 37 enter the amount of your Standard Deduction. (See instructions in left margin).
- ◆ *Step 15:* Subtract line 37 from line 35 and write the total on line 38.
- ◆ *Step 16:* On line 39, write the amount of your personal exemptions. Note: multiply \$3,050 by the total number of exemptions claimed on line 6d.
- ◆ *Step 17:* Subtract line 39 from line 38 and write the amount on line 40. If line 39 is more than line 38, enter 0 on line 40.
- ◆ *Step 18:* Many of our missionaries tend to have little or no Taxable Income. If you do have taxable income still, and if you have lived overseas for 330 days in the previous tax year - or if you have established residency in a foreign country, you simply need to claim the Foreign Earned Income Exclusion. For instructions on taking this exclusion see the instructions on Form 2555. Again, many Team Expansion missionaries do not make enough in taxable income to even have to bother with this form. If you have taxable income and you do not qualify for the exclusion you will need to figure your income tax from the tax table. However, if you have spent a portion of your year in a foreign country, you can still receive a pro-rated Foreign Earned Income Exclusion based on the amount of time you were out of the country. See Form 2555 for details. Write the amount of income tax you owe, using the tax tables in the Form 1040 booklet, on line 41 and again on line 43. If it is nothing, write "0."
- ◆ *Step 19:* You may qualify for a Foreign Tax Credit if you paid taxes to a foreign government. See instructions for Line 44 as well as Form 1116.
- ◆ *Step 20:* You might be able to take the Child Tax Credit (line 49) if you owe tax on line 41 and qualify. To see if you qualify fill out the worksheet in the 1040 booklet. Write the total of lines 44 thru 52 on line 53. Subtract line 53 from line 43 and write the total on line 54.
- ◆ *Step 21:* On line 55 write the amount of Self-Employment tax from Section A – Short Schedule SE, line 5. If you are exempt from Social Security

and have an approved Form 4361, write: "Exempt - Form 4361" on this line.

- ◆ *Step 22:* Add lines 55 thru 59 and write the total on line 60. This is your total tax.
- ◆ *Step 23:* On line 61 write any income tax withheld as shown on your W-2. If your only W-2 is from Team Expansion, there will be no tax withheld.
- ◆ *Step 24:* On line 62 write the total amount of Estimated Tax payments you made throughout 2003 (due in April, June, September and January 2003).
- ◆ *Step 25:* If you lived in the US for 6 months or more you might be able to benefit from taking the Earned Income Credit on line 63 (see instructions in the 1040 booklet and be careful to follow the instructions for clergy). If you lived outside of the US for 6 months or more you are not allowed to take this credit. Also, if you file Form 2555 (Foreign Earned Income Exclusion) you are not allowed to take the credit. If you do return from the field and plan to spend over 6 months in the USA and are hoping to take this credit - make sure you establish your residence in the USA by officially notifying the IRS of your change of address. You will need to use a special form # 8822 for this procedure provided by the IRS.
- ◆ *Step 26:* If you have 3 or more kids you can probably benefit from taking the Additional Child Tax Credit on line 65 (see instructions in the 1040 booklet).
- ◆ *Step 27:* Total lines 61 thru 67 and write on line 68.
- ◆ *Step 28:* Subtract line 68 from line 60 to determine the

amount of income tax you owe and write the amount on line 72. If you paid in too much you will be entitled to a refund. That amount goes on line 70a. You can apply that amount to your first quarterly payment on line 71.

Note that those living outside of the US should send tax payments to a special PO box noted in the Form 1040 booklet.

Congratulations! You just finished filling out Form 1040.

## **Part II - Estimated Tax**

### ***Steps for filling out Form 1040-ES (Estimated tax for the upcoming year).***

On the Team Expansion website there is an Estimated Tax worksheet that may be downloaded into Excel or Works. If you would rather use the following instructions to compute your tax obligation for the year. Divide the annual amount by 4 to determine what your quarterly should be in order to pre-pay enough taxes to avoid penalties and interest,. Then proceed to complete the IRS form. The 1040-ES from IRS also comes with 4 payment vouchers you will send with your four quarterly payment checks. After you have done this the first year the IRS should send you a 1040-ES each January along with pre-printed payment vouchers.

On the worksheet, lines 1 - 10 deal with determining Income tax. Self-Employment tax begins on line 11.

- ◆ *Step 1:* On a scrap sheet of paper estimate how much you think you will spend in the following Team Expansion account categories for the year (Jan 1 - Dec 31).

Line 100-Salary  
Line 121- Investment Life Insur.  
Line 130-Social Security Payments  
Line 141 – Retirement (Roth IRA)

Line 180-Contributions (Tithe)

\*Note: Education for Children expenses (line 170) are tax free for missionaries living in countries where there are no public English speaking schools available. Otherwise, line 170 needs to be added to the above figures.

Write this total on Line 1 of the 2004 Estimated Tax Worksheet (found in Form 1040-ES).

- ◆ *Step 2:* Write in your Standard Deduction on line 2 then subtract from line 1.
- ◆ *Step 3:* Multiply \$3,100 by the number of your exemptions and write on line 4; then subtract from line 3 and write the total on line 5. This is the amount of taxable income you expect to have subject to Income tax. If it is a negative number write "0" on line 5 and again on line 6. If it is greater than 0 then you use the Tax rate schedule on the bottom of the page to determine how much you expect to pay in Income tax in the upcoming year. Please refer to the discussion on *Step 18* of Part I above on the Foreign Earned Income exclusion. If line 5 is greater than "0" and you qualify for this exclusion you can write "0" on line 5 and again on line 6.
- ◆ *Step 4:* Write the amount of line 6 on line 10.
- ◆ *Step 5:* We are now ready to determine Self-Employment tax. In the blank to the left of line 11 enter the estimate of self-employment earnings in the upcoming year. To do this add the amount on line 1 (Team Expansion account categories 100, 121, 130, 141 and 180) plus what you expect to spend in Housing and Utilities in the upcoming year (Team Expansion account categories 150 and 160). Note: Add line 170 (Education for

Children) if applicable - see discussion above. Now multiply this total by .153 and write the amount on line 11 and again on line 13a.

- ◆ *Step 6:* If you will qualify for the Earned Income Credit (see *Step 23* in part I above) then write your estimated credit on line 13b.
- ◆ *Step 7:* Subtract line 13b from 13a and write on 13c - this is your total estimated tax for the upcoming year.
- ◆ *Step 8:* On line 14a multiply the amount on line 13c by .90 and write the amount on line 14c. The reason for *Step 8* is this: the IRS requires that you pre-pay at least 90% of the tax you owe by the last quarterly payment date (January 15th). If you pay less than 90% you might be penalized.
- *Step 9:* Divide line 14c by 4 - this amount is your minimum quarterly payment. Pay this amount, using the 4 quarterly payment vouchers that came with your Form 1040-ES. Note that those living outside of the US should send tax payment to a special PO box noted on form 1040-ES.

- *Step 10:* Or divide line 14c by 12 - this is the amount you should set aside each month for your taxes.

We recommend that you show the amount in *Step 10* going out each month on your Team Expansion report on line 130 (Social Security). This is considered personal money and is to be set aside in your personal checking account. If you do that, you will not show the quarterly payments on your Report because you are showing it going out each month. **Use this pool of money that collects throughout the year to pay your tax bills by writing a check from your personal account. Tax payments should not be submitted to the government with Team Expansion checks.**

Please note: Beginning 1/1/2004 the mileage reimbursement rate is .375 cents per mile. If you own your vehicle, you should keep track of ministry miles driven (does not include personal miles or commuting miles). This is the amount you are allowed to reimburse yourself-using line 800 Travel Car/Transportation of the Team Expansion expense categories.

If the ministry purchases the vehicle, then line 805 Vehicle

Purchase Field may be used to report the expense. If that is the case, you must keep track of personal and commuting miles driven-and then report to the Finance Dept. by January 15<sup>th</sup> of the following year how many personal and commuting miles were driven in the previous year.

International Services will add the value of these miles to your W-2 wages.

We hope this guidesheet helps you. Feel free to write or call if you have any questions about taxes. We'll do our best to answer them or refer you to someone who can.

<p><b>Question: What about paying State and Local income tax?</b> <b>Answer: Missionaries do not pay any State or Local taxes as long as they are living out of the country.</b></p>
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**For tax and reporting questions, please contact our Forwarding Agent Support person:  
Julie Cheatum  
1(800)447-0800  
FAHelp@TeamExpansion.org**