

1. Establish an asset for the investment account:

- This will be an asset account (a #1 account if you are using numbers in the chart of accounts) named for the investment – A G Edwards Money Market, for example.
- Some churches set up a second asset calling it Gain/Loss to Principal. Accountants may call this a contra account.

If this option is selected, the amount invested is entered into the main asset so you always know the amount of your original investment and the gains or losses are posted to the contra asset account. A subtotal created for the two assets will provide the net effect.

2. Establish a fund for the investments:

This is optional as you may have the investments included in other existing funds. You need to know where they are.

- Whatever fund you use will need a #3 fund balance account, a #4 income account and a #5 expense account. The fund will also need either a #4 Income account or a #5 expense account to show the net gain/loss in the investment.
- Link the income and expense accounts to this investment fund or the existing fund that holds the investment monies.

Note: If adding investments that the church has had but is just entering in to Church Windows and needs to establish an initial balance; create a Journal Entry to Debit the Asset and Credit the Fund Balance.

3. To show income/dividends or fees:

- Use *Enter Income* to post interest and dividends to the income account.
- Use an *Adjust Asset* under *Transactions > Other* to post the commission or fee expense. This avoids the process of *Enter Bills/Pay Bills* in the accounting module.

You will select Commission/Fee expense account and the investment asset account or contra asset account. This will increase the expense account and decrease the investment or contra asset account.

4. To show increase and decrease in market value of an investment account:

- **To post a gain in value:**
 - Use the *Adjust Asset* under *Transactions > Other*.
 - Choose the Net Gain/Loss (income or expense) account and the investment asset or contra asset account. You will increase the asset for the amount of the gain. This will increase both the income account and the investment or contra account.
- **To post a loss in value:**
 - Use the *Adjust Asset* transaction under *Transactions > Other*.
 - Choose the Net Gain/Loss (income or expense) account and the investment asset or contra asset account. You will decrease the asset for the amount of the loss. This will reduce the income account (or increase the expense account) and reduce the investment or contra asset account.

