Accounting

churchwindows
MANAGEMENT SOFTWARE

How to Handle Credit Card
*Processing Fees for Online Giving*
(Rev 4/20)

Churches often provide the option for people to donate to the church using credit cards. Doing so requires the use of a third-party credit card processor; such as PayPal, Authorize.net and others. This often results in fees being assessed by these processors. In cases such as this, the entire amount given by credit card needs to be posted to the giver's record in Donations. Then the amount, less fees, is deposited into the church bank account and posted to Accounting.

Below shows the recommended method of handling fees assessed by credit card processors:

1. Create a new *(#1) Asset Account* called *Credit Card Holding account*.
   Create a new *(#5) Expense Account* called *Credit Card Fees account*.

2. We recommend Online batches be kept separate by using a *batch code*. To add a *batch code* to an Imported Batch, click on the drop arrow at the *Code* and choose the *batch code*.
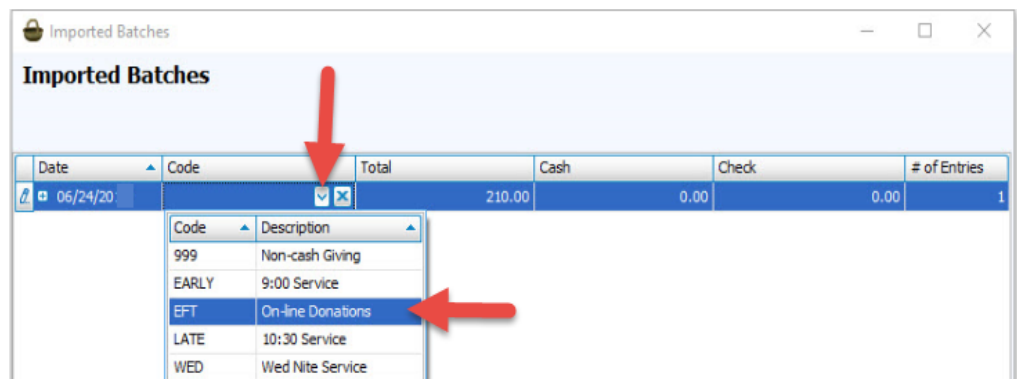
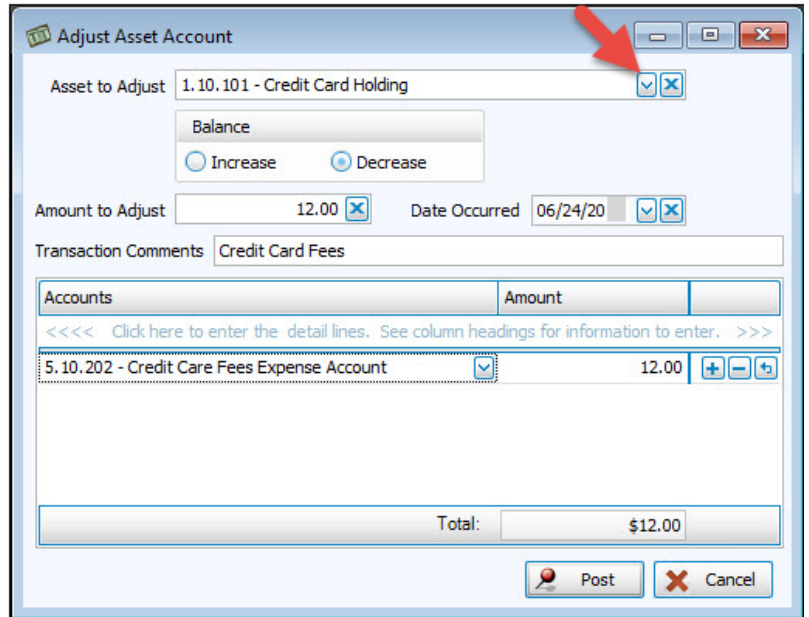   Our example shows the *batch code* of *EFT (On-line Donations).*

3. When transferring to Accounting, click on *Use Batch Codes* and click to Expand the date of the online batch. Under the Debited Account, click the drop arrow and choose the Holding Account for each line item. Click *Post*.
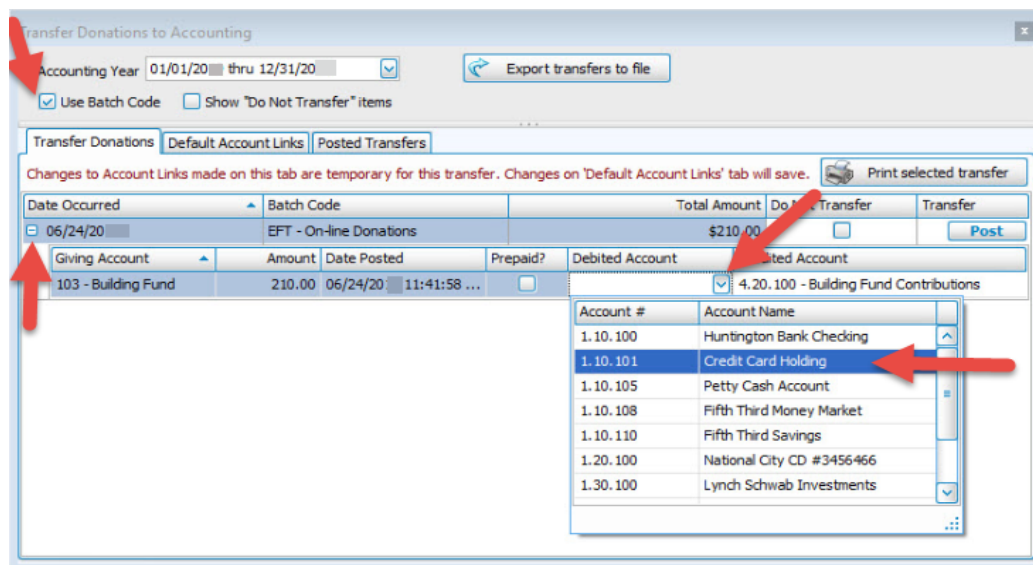
4. In Accounting, do an *Adjust Asset* transaction to reduce the *Credit Card Holding Asset account* by the amount of the fees charged by the credit card company.

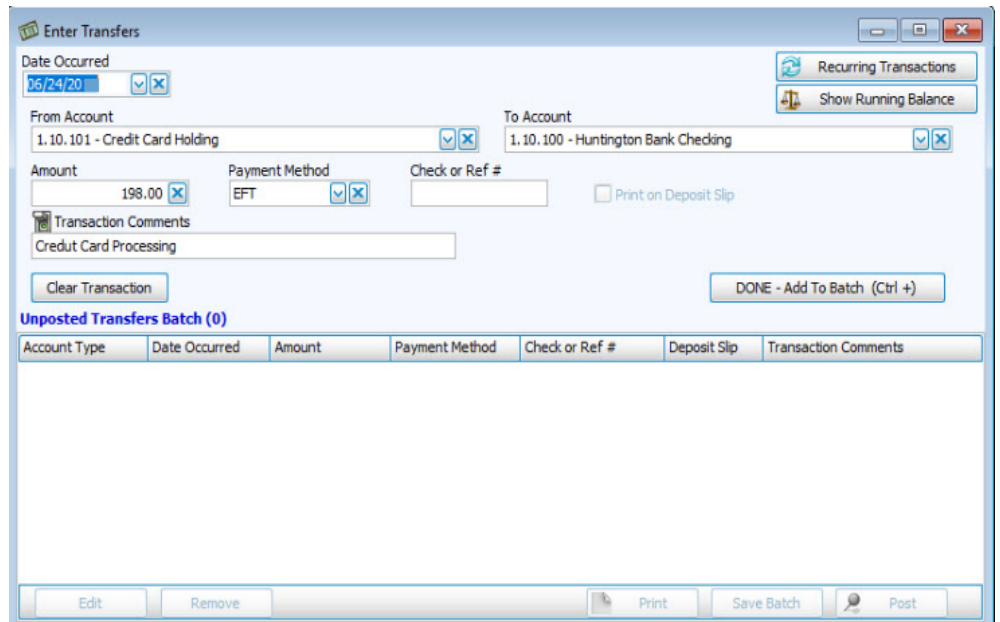*Accounting>Transactions>Other>Adjust Asset*
- *Asset to Adjust* is the *Credit Card Holding Asset.*
- *Decrease* the Balance.
- *Amount to Adjust* is the total amount of the fees assessed.
- *Date Occurred* (may want to match the deposit. date from the online giving company or the donations batch date).
- *Comments* – Explanation of the fee, if desired.
- In the lower half of the screen, choose the *Credit Card Fees Expense* account you would like to charge the fees against. See Step 1.
- Click *Post.*
- Once the amount of the fee is posted, the remaining balance in the *Credit Card Holding Asset* should be the net amount to be deposited into the bank account.

5. Create a *Transfer* in Accounting to represent the bank deposit

Accounting>Transactions>Transfer

- *Date Occurred* is the date the money was **actually** deposited in to the bank account. If there are multiple deposits, then do multiple transfers. See note below.
- *From Account* is the *Credit Card Holding Asset.*
- *To Account* is the *Asset* that represents your bank account where the money was deposited.
- *Amount* to move from the *Credit Card Holding Asset (or net amount of the Credit Card deposit).*
- *Payment Method* is EFT
- *Comments* – explanation of the net credit card deposit, if desired.
- Click *Done Add to Batch.*
- Click *Post.*

NOTE: We recommend using the *Date Occurred* as the actual date of the deposit by the online giving company to the church's bank account because it will make reconciling the bank account less of a challenge.

After the transfers between the Holding and Asset accounts, the Holding account should be zero. That is the verification that all the steps were completed properly.