

AUDITING AND ACCOUNTING MANUAL

**A Guide to Financial Management
and Accounting for Elks Lodges**



**BENEVOLENT AND PROTECTIVE
ORDER OF ELKS
OF THE UNITED STATES OF AMERICA**



GRAND LODGE
Benevolent and Protective
ORDER OF ELKS
UNITED STATES OF AMERICA
A Fraternal Organization

— FOREWORD —

Each Local Lodge enjoys local autonomy and freedom of action in managing its financial affairs, limited only by the Laws of the Order. It must be remembered that the Lodge enjoys the privilege of its existence only because it is chartered as a Lodge of Grand Lodge, the parent organization. Every Officer and Member is obligated to obey the Statutes, rules and regulations of the Order.

This manual provides advice, guidance and assistance to Local Lodge Officers, and others concerned, in the practical application of the Laws of the Order to matters of operational and financial management, bookkeeping, accounting, budgeting and internal controls. The objectives of this advice and guidance include:

- ★ To encourage recognition of the fact that a Lodge is a business and that good business practices should be adopted.
- ★ To emphasize that effective financial management should provide sufficient profit for the Lodge to grow and meet its fraternal and charitable objectives.
- ★ To attain maximum uniformity in the application of the Laws of the Order and standardization of accounting and financial management practices.
- ★ To encourage Lodges to become knowledgeable of, and comply with, all Federal, State and local tax laws and annual reporting requirements.

This manual has been prepared by the Grand Lodge Auditing and Accounting Committee, which is composed of eight members, one for each Area (for administration purposes, the U.S. is divided into 8 geographical Areas, each consisting of several states). This listing of Committee Members, and the Area and States assigned to each, is included in the annual publication “Grand Lodge and State Associations Directory” (Code 553800) and in Appendix L of this manual. The duties of each Committee Member include “periodic” and annual reviews of the Financial Reporting System (FRS) data of each Local Lodge within their Area and making recommendations to the Lodge and the Lodge’s State Sponsor. The monthly financial results are to be submitted to the FRS by the 3rd Friday of every month. The submissions to the FRS must be in conformance with the latest version of the Grand Lodge Chart of Accounts.

Careful study of this manual will assist the Lodge Officers and others to understand and act on the recommendations made by the Area Committee member. It must be recognized that the users of this manual must possess basic accounting and financial knowledge. There is no intent to assume that members and staff using these guidelines will become qualified professionals in applying Generally Accepted Accounting Principles (GAAP). This manual is intended to apply to most situations that Lodges may encounter in the preparation of consistent and factual Lodge Financial Statements. If the terminology used is foreign to the user, chances are that the end result of the required reports will be lacking in accuracy. Lodge leadership at all levels should insist on the use of computer-based accounting software. These systems generate automatically any required Journals, Ledgers, Department Reports, Budget Comparisons and Financial Statements. The Grand Lodge recommends the desktop version QuickBooks for use by the Lodges. The FRS has been structured to support the reports available in the desktop version of QuickBooks.

Lodges operating under a State Corporate Charter must establish a Board of Directors as defined by Grand Lodge Statutes, Sec. 12.070 and 16.020. Where Trustees' duties are listed in this manual, the instructions also apply to the Board of Directors.

This manual will, of necessity, be revised from time-to-time. Revised pages will be identified by the date of the revision in the table on the following page. You are encouraged to forward any comments or suggestions for improvements to the appropriate Area Member of the Grand Lodge Auditing and Accounting Committee.



List of Revisions

- **Foreword** — Added Comment on Appendix L
- **Table of Contents** — Added reference to Chapter 2, Section 2-110
- **Appendices** — Changed Appendix L to Committee Member assignments. Added new Appendix N = ASCAP – BMI – SESAC Music Royalties. Old Appendix N (*Glossary of Terms and Acronyms*) became Appendix O.
- **Section 2-104** — Added final paragraph on combined Cost of Goods Sold and Total Labor Costs not exceeding 70% for Lodges utilizing volunteers to staff positions
- **Section 2-107** — Added comment at the end regarding ASCAP, BMI and SESAC music royalties.
- **Section 2-110** — New Section added on incidental Bar Food Sales
- **Section 3-104** — Added Section 13.040 reference and deleted parenthetical at end of section
- **Section 3-105** — Modify Equity Description in table; Change Chart of Accounts reference
- **Section 3-116** — changes “time” to “the term of the mortgage” in fifth paragraph
- **Section 3-119** — adjusted definition of Working Capital to conform with FRS calculation
- **Section 3-124** — corrected example to reflect the Credit to cash to balance the entry
- **Section 3-126** — Corrected Section number (was a duplicate of 3-125); changed second due date to August 15th and added paragraph on Prior Period Adjustments
- **Section 3-201** — added comment on combined Cost of Goods Sold and Total Labor Costs not exceeding 70% for Lodges utilizing volunteers to staff positions
- **Section 3-203** — Added “or State” to end of first paragraph; added information on the Group Exemption number to first paragraph under Information Returns for Non-profit Organizations. Added the link to file the Form 990-N online and requirement to upload both a Consolidated Balance Sheet report and a Year-to-Date Profit and Loss Report. Adjusted penalty amounts under Information Returns
- **Section 3-204** — Changed Item 9 wording for Minutes of Committees
- **Section 3-206, Separate Corporations** — deleted paragraphs related to proposal on separate corporations that was not adopted. Added exception to the separate Lodge number requirement for Section 501(c)(2) Building Corporations with limited transactions. Clarified other separate corporations that require separate “Lodge” number for FRS reporting
- **Section 4-104** — Additions to the approved Chart of Accounts. Added comment for option of changing the account Type for temporary restricted fund balances to end of Balance Sheet section
- **Section 5-104** — Added comment on Lodge email addresses used for security on FRS submissions
- **Section 5-105** — Changed final due date to August 15th
- **Section 5-107** — Changes comment on Section 501(c)(2) corporations and referenced Section 3-206
- **Appendix D** — Added comment under Duties of Accountant regarding providing adjusting journal entries to Lodge.

• **Appendix J**

- o Adjust wording of appendix title
- o Change instructions for the Year-end Closing Accounts method to make use of Excel Spreadsheet available on elks.org

• **Appendix K**

- o Item 3 – add examples of inventory items
- o Item 6 – Investment income and Unrelated Gain/(Loss) on investments added to adjustments to be finalized
- o Item 7 – Changed date from third Friday in May to August 15th and moved to item 15
- o Item 8 – Changed to item 7; added comment on (QuickBooks) or similar feature in other accounting software
- o Item 9 through Item 11 – Changed to Item 8 through Item 10
- o Item 12 – Changed to Item 11 and comment on extensions deleted
- o Item 12 – Renumbered from Item 14 and changed to submission of online Transmittal Letter
- o Item 13 – Added comment on due date of August 1st and no extensions accepted
- o Items 14 – Changed from Item 15 and expanded requirements
- o Item 15 – Renumbered from Item 7 and comments added
- o Added footnote for Item 14

• **Appendix L** — Changed to Committee Member Assignments

• **Appendix N** — Changed to Appendix O to accommodate addition of new Appendix N — ASCAP – BMI – SESAC Music Royalties

NOTE: Minor spelling, grammar and punctuation changes not detailed.

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Chapter 1

Lodge Management

1-101. Lodge Operation and Management: The operations and management of the Local Lodge is under the direction of the Lodge Board of Directors in Lodges that are incorporated. Every member of the Board of Directors has responsibilities as defined in Chapter 12 of the Grand Lodge Statutes (G.L.S.). Additional information can be found in the Exalted Ruler, Officers, and Committee Members Manual (Code 510500) and the Manual for Secretary of an Elks Lodge (Code 510800). These manuals are available for download in the Manuals area of the Members Only area of elks.org. In an unincorporated Lodge these duties generally fall on the Exalted Ruler and the Board of Trustees.

The Board of Directors are responsible for the operation and management of the Lodge and implementing the financial and accounting requirements of Grand Lodge as defined in G.L.S. Section 13.040, and this Grand Lodge Auditing and Accounting Manual. Lodges are required to use only the authorized Chart of Accounts and the Financial Reporting System (FRS).

1-102. Exalted Ruler: The Exalted Ruler (ER) is considered the Chief Executive Officer (CEO) of the Local Lodge and as such it is the ER's duty to effectively administer the affairs of the Lodge and to provide the leadership necessary to accomplish the Lodge's goals. The ER of the Lodge, has the ultimate responsibility for properly administering all phases of the Lodges activities, including Lodge operations.

The ER is responsible for appointing the three members of the Lodge Auditing & Accounting Committee, per G.L.S. Section 13.020, and review and sign all Lodge vouchers per G.L.S. Section 12.060.

1-103. Lodge Secretary: The Lodge Secretary holds one of the most responsible offices in the Lodge. The Secretary is the hub of the Lodge and is responsible for administering the affairs of the Lodge as detailed in the G.L.S. Section 12.050 and in the Manual for Secretary of an Elks Lodge (Code 510800).

The Secretary receives all monies from ALL sources and maintains an accurate record of such funds in the Secretary's Cash Journal and turns the funds over to the Lodge Treasurer receiving a receipt from the Treasurer. The Secretary prepares all vouchers for approval of payment and prepares receipts of the session for reporting to the Lodge.

At the end of each Lodge year the Secretary must follow all the CLMS closing procedures as outlined in the Year End Procedures checklist as issued annually by the Grand Secretary's Office.

1-104. Treasurer: The Treasurer's duties are detailed in the G.L.S. Section 12.060. The Treasurer receives all monies from the Secretary giving a receipt therefor. The Treasurer pays all bills against the Lodge as approved on vouchers signed by the Exalted Ruler and Secretary. The Lodge By-Laws can provide for payment of recurring bills, after approval by the Board of Directors or Trustees, as applicable, without prior Lodge approval. These recurring payments shall be reported at the next Lodge meeting.

The Treasurer is responsible to maintain accurate records of receipts and disbursements and to act as Treasurer of all committees unless otherwise provided for by the Lodge By-Laws. The Treasurer signs all checks unless otherwise stipulated by the Lodge By-Laws. The By-Laws may also provide for a member of the Board of Directors, or a chair officer designated by the Treasurer and approved by the Lodge to sign.

It is the Treasurer's responsibility to understand the FRS program and to see that the financial records of the Lodge are transmitted monthly to the FRS program by the required due dates. The Treasurer is also responsible to provide accurate monthly financial statements to the Board of Directors, the House Committee and the Lodge.

1-105. Board of Directors: The Board of Directors duties are specified in G.L.S. Section 12.070 and include these duties:

1. Shall maintain a record of investments directed by the Lodge, showing original cost, income, and disbursements therefrom.
2. Shall purchase all supplies required by the Lodge.
3. Shall present written reports of transactions at the first regular Lodge meeting in each month of the year.
4. Shall present a segregated budget to the Lodge no later than the second regular meeting in April containing line-item appropriations for all expenditures for the Lodge for the ensuing year.
5. Shall establish proper controls to ensure that expenditures are within budget.
6. The Board must cooperate with and not impede or obstruct the activities of the Lodge Auditing & Accounting committee.

1-106. House Committee: The House Committee oversees the operation and management of the Club areas of the Lodge. Club areas are defined as all social areas (Bar, Kitchen, RV park, Swimming Pool, Shooting Range, etc.) of the Local Lodge. See Chapter 2: Club Management & House Committee for additional information.

Chapter 2

Club Management

2-101. General: G.L.S. Section 16.040, provides, “The club, social parlor or other facility established in connection with the Lodge, whether the Lodge is incorporated under the provisions of Section 16.020 or is unincorporated, shall be managed, supervised and controlled by one of the following methods:

- (a) By the Board of Directors (or a Board of Trustees if required by State Law) of a corporation formed under Section 16.020 or the Exalted Ruler, Esteemed Leading Knight, Esteemed Loyal Knight, Esteemed Lecturing Knight, and the Trustees of the Lodge; or
- (b) By the Trustees of the Lodge; or
- (c) By a House Committee (of not fewer than 3 or more than 13) to be appointed by the Exalted Ruler of the Lodge (the exact number must be set forth in the By-Laws); or
- (d) By the Board of Directors of a corporation formed under Section 16.030.”

The method of supervision or management of the club, social parlor or other facility herein provided for, to be adopted by the Local Lodge, shall be specified in the Lodge By-Laws, which shall expressly provide that the actions and decisions of the supervising or managing body provided for therein shall at all times be ***subject to the control and direction of the Lodge***; except those actions and decisions pertaining to an employment relationship and the fixing of prices for goods and services.

The group of members who are charged with the supervision or management of the club, social parlor or other facility is also known as the ***governing body***. It is the responsibility of this governing body to supervise any and all of the activities of the club, social parlor or other facilities established in connection with the Lodge. It must also be pointed out that each operation (Bar, Food Service, Catering, etc.) must be able to support itself. The operation should break even as a ***minimum***. Lodges should refrain from subsidizing any of its operations using Lodge funds. Each operation should breakeven or generate a profit.

The governing body is required under G.L.S. Statute 16.040 to hold at least one regular meeting each month and call special meetings as required. The governing body must keep minutes of each meeting and submit a monthly written report to the Lodge showing the financial condition of each operation with a comparison to the operation’s budget. Generally, these meetings are open to any member to attend. Closed executive sessions may be held in limited circumstances; however, any voting must take place in open session.

NOTE: When the Lodge Board of Directors or Lodge Trustees are designated as the governing body it must be emphasized that the duties of the Board of Directors or Board of Trustees of the Lodge and its duties as the “House Committee” are separate and distinct and should not be confused. See G.L.S. Section 12.070 Opinion 05 for additional details.

The governing body has the power to suspend a member from use of the activities it supervises for a period not exceeding one-year provided the requirements of G.L.S. 16.041 are expressly followed.

All funds derived from the operation of the Bar, Food Service, Catering or any other operation of the Lodge are ***Lodge Funds*** and as such ***must*** be turned over to the Lodge Secretary for recording and transmission to the Lodge Treasurer. The Lodge Treasurer is the Treasurer for all Lodge committees and shall pay all bills on properly approved vouchers.

2-102. Management: The manager in a small Lodge might be the Exalted Ruler, Chairman of the Board of Trustees or Chairman of the House Committee. In larger Lodges it is probable the manager may be a professional hired by the governing body. At all times the manager reports to and is responsible to the governing body. Any employment agreement between the governing body and the manager or other employee and associated employment ends upon expiration of the term of the governing body. The succeeding governing body determines any re-employment. Notwithstanding the foregoing, the Lodge itself may expressly authorize a contract for employment for a term greater than one year.

2-103. Duties of the Manager: The duties of the manager are many and varied; selecting the staff; establishing internal controls of cash receipts, inventories, equipment and supplies; establishing competent record keeping; supervising purchases and receiving; supervision of the food service or restaurant operations and general supervision and selection of any entertainment. In addition, the manager is responsible for the maintenance and sanitation of equipment and club or other facilities.

In accordance with G. L. S. Section 16.040, it shall be the duty of the supervising or managing body of the club, social parlor or other facility, to present to the Lodge for approval not later than the final regular meeting of the Lodge in April of each year, separate and comprehensive budgets for the proposed operation of the club, social parlor or other facility. Each supervising or managing body shall submit a monthly written report to the Lodge showing the financial condition of the club, social parlor or other facility with a comparison to each budget item.

2-104. Internal Controls: It is well known that continuous attention must be paid to the entire operation of the bar and food services, due to the carelessness, inefficiency and trustworthiness of employees. Any of these may cause spillage, over-pouring of drinks, free drinks to friends, disappearances, improper recording of cash received, poor accounting practices and theft. Each of these create losses which could be avoided with proper internal controls.

Each club should have a recording cash register or point of sale (POS) system. If using a cash register it should have sufficient flexibility to record all sales by product or other type of receipts and a numbered continuous tape locked within the cash register. Someone other than the waitress or bartender should be the only one with access to the locked tape. In addition, the cash register should have the capability to provide a receipt to the customer immediately upon being served.

Use of a POS system is strongly encouraged based on the many capabilities of modern POS systems. POS systems in addition to tracking sales at a detailed level can also provide additional inventory controls as well as daily, weekly and/or monthly detailed sales reports. These reports provide the data to reconcile the cash reports to actual sales. POS systems also provide additional controls over the Food Service operations of the Lodge.

The cash register tapes or POS system reports should be checked with cash receipts turned in by the employee and be compared with bank deposits to insure proper amounts are received.

The governing body should establish a policy covering cash overages/shortages. Separate cash drawers should be provided at the start of each shift to enable identification of the employee responsible for any overages or shortages. Excessive overages/shortages should be promptly investigated by the manager or governing body.

For any Food Service operations in Lodges not utilizing a POS system, use of prenumbered sales checks in sequential order is strongly recommended. These should be accounted for daily and any missing sales checks should be investigated by the manager.

Physical inventory (counts) should be performed on a periodic basis and reconciled to the accounting records. Those members involved in the counts should not be involved with the sales function. It is mandatory that the Lodge at a minimum conduct a physical inventory as of March 31st each year. Supervision of the physical inventory by a member(s) of the Lodge Auditing & Accounting Committee or a member of the Board of Directors is recommended.

The recommended percentages in Sections 2-105 through 2-107 are based on industry standards for businesses utilizing paid employees. For those Lodges that utilize volunteer bartenders, servers and/or other positions the Grand Lodge recommends that the sum of Cost of Goods Sold percentage and the Total Labor percentage not exceed 70%.

2-105. Controlling Cost of Goods Sold: Cost of Goods Sold (CoGS) in the bar must be controlled. The Grand Lodge Auditing and Accounting Committee recommends a CoGS ratio of 35% of Sales. This is an industry standard for bars and Food service operations. The recommended ratio is for the overall bar or food service operation. Individual components (Mixed Drinks, Beer, Wine, etc.) may vary. Sample ratios can be found in the following article <https://www.touchbistro.com/blog/how-to-calculate-your-cost-of-goods-sold/> The ratio is calculated by the following formula:

$$\frac{\text{Beginning Inventory} + \text{Purchases} - \text{Ending Inventory}}{\text{Sales}}$$

If the Lodge is experiencing a higher ratio, then it should attempt to determine the root cause. Overpouring, spillage, recording complimentary beverages, poor inventory controls/theft, and inadequate pricing policies may all contribute to the high ratio.

All purchasing should be under the direct control of the manager; payment of purchases should only be made after proper authorization is received. An exception would be if the vendor requires cash on delivery. If this is the case, then the person making payment must have an itemized invoice and compare it to the items delivered to determine if all the items ordered are received. The delivery person should then sign a copy of the invoice and mark it "paid".

The inventory stockroom should be controlled by someone other than the bartender. It should be securely locked at all times, and only one person should have access for the purpose of storing and issuing the merchandise. A requisition in duplicate should be required for all merchandise issued.

A perpetual inventory record should be maintained and physical inventory should be taken at least monthly to be compared with the balances shown in the inventory records. These inventory records should be checked by the Local Lodge Auditing & Accounting Committee periodically and without prior notice.

2-106. Controlling Labor Costs: The Grand Lodge Auditing and Accounting Committee recommends that Salaries and Wages for the Bar and for the Food Service operations should not exceed 35% of sales. Similar to the calculation of CoGS, the ratio for employee expenses (including an allocation for any manager expenses) is calculated by the following formula:

$$\frac{\text{Total Salaries and Wages} + \text{Employee Meals} + \text{Payroll Taxes} + \text{Employee Benefits}}{\text{Sales}}$$

This ratio can be controlled by a study of the hours the operation(s) is open and during non-productive periods having a minimum staffing level or closing. In addition, periodic reviews of the local labor market should be done to ensure the Lodge is not paying excessive salaries or wages to the employees.

2-107. Controlling Entertainment Costs: The Grand Lodge Auditing and Accounting Committee recommends the cost of entertainment should be recorded as an expense where it is used. The recommended ratio is 6% of Sales. The ratio for entertainment is calculated by the following formula:

$$\frac{\text{Total Entertainment Expenses}}{\text{Sales}}$$

If you hold a function and the Lodge receives the proceeds then the entertainment cost should be expensed to the Lodge. Similarly, entertainment in the bar should be expenses to the bar and if it is in the dining room then it should be expensed to the dining room. If the entertainment is provided to multiple operations the expense should be allocated to each operation.

Review Appendix N for information regarding ASCAP, BMI and SESAC music royalties that the Lodge may be liable to pay based on live/recorded music performances at Lodge events.

2-108. Food Service and Catering Services: Food Service and providing Catering Services is probably one of the most potentially financially dangerous of all the operations from a profit and loss standpoint. The time, effort, equipment and skill set necessary to operate successfully may not be present within a Lodge.

Lodges should not enter this field without first making a thorough survey and evaluation before entering the food business:

1. Is there a sufficient demand for these services?
2. Are there enough member customers to provide a profit or at least a break even?
3. Is a loss indicated which might be partially or completely overcome by increased beverage sales?
4. Have you sufficiently checked the cost of entering this new venture?
5. Would competition of local area restaurants affect the dining room or the Lodge in any way?
6. Should we consider a full menu or just fast-food type service?
7. Are physical facilities adequate?
8. Can we pass local sanitation requirements and have we sufficiently studied licensing regulations if such exist?

If your survey indicates food service may be profitable you must realize an efficient operation requires planning and very close supervision. Also, remember the Lodge must maintain the closed-door policy as outlined in the Grand Lodge Statutes. Non-member guests must be signed in. Attempting to provide these services to the general public will have a significant impact on taxes and may also cause issues with the Lodge's tax-exempt status, liquor permits and local permit requirements.

2-109. Food Service and Catering Fundamentals: Close attention must be paid to the menu. *DO NOT TRY TO SERVE EVERYTHING*, keep your menu small with a minimum number of items. Prices must be developed to generate a profit and yet be attractive enough to bring your members in to support the operation.

It is very important that monthly inventories be taken with a complete comparison between purchases, sales and ending inventory to keep shrinkage (free items, spoilage and theft) to a minimum. Strict inventory control is a must if you are to generate a profit.

Monthly reports of income and expenses along with an inventory comparison should be presented to the governing body and reported to the Lodge. Prices must be adjusted as well as control of portions served to insure a profit in the dining room.

Proper purchasing is a must. The Lodge must be assured the items received are what the Lodge ordered, that what the Lodge received is what the Lodge is invoiced for and that the purchases are stored properly to avoid spoilage. The Lodge must have someone in charge who is knowledgeable about food service; someone who will purchase quality merchandise at a favorable price. The grade, size, pack and quality must be proper and satisfactory for the Lodge to serve quality food.

As with the bar operations, cost of goods sold and employee expenses should each never exceed 35% of sales. Volunteers should be utilized whenever possible to increase the likelihood of generating a profit.

If you find your dining room is consistently losing money, then the Lodge should consider closing the food service operation. Lodges that consistently lose money are fooling themselves into believing that keeping the dining room open will lead to increase attendance in the bar.

2-110. Incidental Bar Food Sales: For Lodges with Food Service that is incidental to the Bar operations and where Revenues are less than \$5,000.00 annually, it is recommended that either account 40110 Sundries Sales or 40115 Snack Bar Sales be utilized including sub account under each account. For the Cost of Goods associated with these sales Lodge's should use accounts 40215 Sundries Purchases; 40220 Snack Bar Purchases; 40216 Inventory Variance – Sundries and 40221 Inventory Variance – Snack Bar as appropriate.

The accounts in the 5XXXX series are designed for Lodges with significant catering operations or Lodges that regularly carry on "restaurant" type operations (weekly or more frequent lunches/dinners). This is optional for Lodges to adopt. It will also help minimize comments on the annual evaluation related to the Lodge's Food Service operations.

Chapter 3

Financial Management

CHAPTER OVERVIEW

G. L. S. Section 16.110 requires every Lodge in the Order to keep “records necessary to present clearly the receipts and accounts of the Secretary and Treasurer, and general financial and other transactions of the Lodge.” Every Lodge needs an accounting system that will provide accurate financial reports to Lodge management and to the management of the Lodge’s business activities. In addition, the system must be capable of providing the financial data required to comply with both Federal and State regulatory authorities.

G.L.S. Section 13.040 now requires every Lodge in the Order to submit its monthly financial data to the Financial Reporting System (FRS). Additional details on the use of the FRS can be found in Chapter 5 of this manual and in the stand-alone **Financial Reporting System [FRS]** manual. In addition to the use of the FRS, Lodges are required to submit the Lodge’s Federal Forms 990, 990-T and any required State returns annually by August 1st following the close of the Lodge fiscal year. The FRS data is required to be used in the preparation of the Lodges returns. **NOTE:** The filing of Form 8868 Application for Automatic Extension of Time To File an Exempt Organization Return **DOES NOT** extend the August 1st due date to Grand Lodge.

The following information is separated into those topics that will allow a newly elected Secretary or Treasurer to get started with their position and the basic requirements to comply with the Statutes and more advanced topics for those members who are inclined to delve deeper into the accounting and financial management of the Lodge.

GETTING STARTED — THE BASICS

3-101. Key Positions and Duties: Financial resources are critical to the success of a Lodge, and accounting for these resources is important. In the interest of good business practices and ensuring effectiveness of the system, responsibility for managing it should be assigned to one individual Lodge Officer. This should be the Treasurer or, in some Lodges, the Secretary. Each Lodge should make the determination based on the background and capabilities of the individuals involved. No Lodge should deviate from the requirement of Sec. 12.050 of the Statutes that the Secretary receives all monies due the Lodge (from any source whatever – G.L.S. 12.050 Opinion 12) and pay them over to the Treasurer; and of Sec. 12.060 that the Treasurer pays all bills against the Lodge (again from any source whatever – G.L.S. 12.060 Opinion 02).

In addition to the Treasurer and the Secretary, other key players at the Lodge level may include an internal accountant or bookkeeper, and must include the members of the Lodge Auditing & Accounting Committee. The internal accountant or bookkeeper should be completely familiar with all the requirements outlined in this manual as well as the appropriate Grand Lodge Statutes. The duties of the members of the Lodge Auditing & Accounting Committee are outlined in G.L.S. Section 13.040. Section 3-201 and **Appendix A** also provide additional guidance for the performance of the Committee’s duties.

3-102. System Recommendation: Grand Lodge strongly recommends that Lodges use a software-based accounting system. Use of a computer-based software solution simplifies the overall accounting system. Many of the separate registers and journals required in a manual accounting system are automatically created and maintained in a software-based system. The use of QuickBooks Desktop version is recommended for the Lodge’s accounting system and will provide all necessary reports that the Lodge will require for the submission of the Lodge’s data to the FRS. For all the remaining sections where examples are provided, the instructions and screenshots will be based on the desktop version of QuickBooks. Both QuickBooks On-Line edition and any other software-based accounting system may require modification(s) to the instructions provided.

3-103. Generally Accepted Accounting Principles (GAAP) and the Elks: Generally Accepted Accounting Principles (GAAP) are a set of rules that apply to the details, complexities and legalities of accounting. GAAP may differ based on the type of business entity involved in the accounting. The B.P.O. of Elks of the U.S.A. and its Lodges are not for profit entities. Normally this would require compliance with GAAP applicable to non-profits. Grand Lodge has chosen for internal reporting purposes to apply for profit GAAP to the Lodge reporting. The basic difference is that Grand Lodge is mandating that Lodges report Profit and Loss Statements for both the Lodge and any related business activity instead of simply having the Lodge report overall changes in Net Assets. **NOTE:** Not for profit GAAP may be required for any external reporting requirements a Lodge may be subject to in order to maintain any State or local licenses or permits.

Lodges should recognize all Revenues when earned regardless of when any cash is collected. This applies specifically to any and all Member Dues and Fees. It also applies to any deposits received by the Lodge for a future rental or catering event. Extra care should be taken at the end of each fiscal year to ensure that the correct accounting is applied to Member Dues collected for the next Lodge year (See section 3-106 and 3-114). Lodges should recognize all Expenses when they are incurred and not when the invoice or bill is received (See Sections 3-109 and 3-111).

3-104. Accounting Periods and Lodge Fiscal Year: Per the requirements of G.L.S. Section 16.040, each Lodge in the Order will report its financial results on a monthly basis. Per G.L.S. Section 13.040, the fiscal year for every Lodge of the Order begins on April 1 of each year and ends on March 31 of the subsequent year.

3-105. Account Types: There are five basic account types in the Grand Lodge Chart of Accounts. These basic types control all aspects of the accounting system. The five basic types are:

TYPE	Description	Financial Statement
Assets	What the Lodge owns	Balance Sheet
Liabilities	What the Lodge owes	Balance Sheet
Equity	What is the net worth of the Lodge (Assets – Liabilities)	Balance Sheet
Revenues	Income sources of the Lodge	Profit and Loss
Expenses	Operating costs of the Lodge	Profit and Loss

In addition, the Revenue and Expense accounts are further departmentalized into Lodge; Bar; Food Service; Business Activity; and Restricted. Additional details can be found in Chapter 4 of this manual, the Grand Lodge Uniform Chart of Accounts document.

The Balance Sheet is one of two main financial reports that a Lodge should use. As its name implies it must be in “balance”. This means that the Lodge’s Assets must equal its Liabilities plus its Equity. A Balance Sheet is a view of its overall financial position at a point in time. It is prepared at least at the end of the Lodge’s fiscal year but can be produced monthly.

10:15 AM 03/31/21 Accrual Basis	Anytown Elks Lodge No XXXX Balance Sheet As of March 31, 2021	Mar 31, 21
ASSETS		
Current Assets		
Checking/Savings		
10201 - Checking Lodge General	1,000.00	
10214 - Checking Restricted Funds	500.00	
10301 - Savings General Lodge	5,000.00	
Total Checking/Savings	6,500.00	
Other Current Assets		
10801 - Lodge Supplies Inventory	500.00	
10802 - Bar Inventory	2,500.00	
10805 - Gaming/Scratchers Inventory	500.00	
Total Other Current Assets	3,500.00	
Total Current Assets	10,000.00	
Fixed Assets		
15001 - Land	30,000.00	
15100 - Buildings	250,000.00	
15200 - Accum Deprec Bldg and Improv	-150,000.00	
15300 - Furniture/ Fixtures	2,500.00	
15400 - Accum Depreciation Furniture	-1,750.00	
15500 - Equipment/Computers	10,000.00	
15600 - Accum Depreciation Equipment	-5,500.00	
Total Fixed Assets	135,250.00	
TOTAL ASSETS	145,250.00	

10:15 AM 03/31/21 Accrual Basis	Anytown Elks Lodge No XXXX Balance Sheet As of March 31, 2021	Mar 31, 21
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
20000 - Accounts Payable	1,500.00	
Total Accounts Payable	1,500.00	
Other Current Liabilities		
20300 - Current Portion Long Term Debt	15,000.00	
20900 - Sales Tax Payable	500.00	
21800 - Prepaid Dues	12,500.00	
Total Other Current Liabilities	28,000.00	
Total Current Liabilities	29,500.00	
Long Term Liabilities		
23200 - Mortgage Payable	85,000.00	
29011 - Gaming Net	5,000.00	
Total Long Term Liabilities	90,000.00	
Total Liabilities	119,500.00	
Equity		
29900 - Equity Unrestricted Funds	25,750.00	
Total Equity	25,750.00	
TOTAL LIABILITIES & EQUITY	145,250.00	

Sample Balance Sheet

The second main financial report used by the Lodge is the Profit and Loss Statement. This report compiles all of the Lodge Revenue accounts and all of the Lodge Expense accounts along with the result of operations. It may be prepared on a department-by-department basis and is generally prepared to show the current month and the fiscal year to date results. The excess of Revenues over Expenses will result in an increase in the Lodge's Equity. Conversely, if Expenses exceed Revenues, then the Lodge's Equity will decrease. In addition to the month and year to date results it is common to also include the appropriate budget for comparative purposes.

10:57 AM 03/31/21 Accrual Basis	Anytown Elks Lodge No XXXX Profit & Loss All Transactions	Mar 31, 21
Income		
3000X - Lodge Income Accounts	0.00	
4010X - Bar Income Accounts	0.00	
5010X - Food Service Income Accounts	0.00	
6110X - Bowling Center Income Accounts	0.00	
6210X - RV-Camper Club Income Accounts	0.00	
6310X - Motorcycle Club Income Accounts	0.00	
6410X - Fitness Center Income Accounts	0.00	
6510X - Golf Clubs Income Accounts	0.00	
6610X - RV Park Income Accounts	0.00	
6710X - Swimming Pool Income Accounts	0.00	
6810X - Tennis Center Income Accounts	0.00	
7010X - Commercial Property Income Accounts	0.00	
7110X - Gun Range/Shooting Club Income Accounts	0.00	
7210X - Other Recreational Centers Income Accounts	0.00	
9000X - Restricted Funds Income Accounts	0.00	
Total Income	0.00	
Cost of Goods Sold		
4020X - Bar Cost of Sales Accounts	0.00	
5020X - Food Service Cost of Sales Accounts	0.00	
6110X - Bowling Center Cost of Sales Accounts	0.00	
6510X - Golf Clubs Cost of Sales Accounts	0.00	
6710X - Swimming Pool Cost of Sales Accounts	0.00	
6810X - Tennis Center Cost of Sales Accounts	0.00	
7110X - Gun Range/Shooting Club Cost of Sales Accounts	0.00	
7210X - Other Recreational Centers Club Cost of Sales Accounts	0.00	
Total COGS	0.00	
Gross Profit	0.00	

10:57 AM 03/31/21 Accrual Basis	Anytown Elks Lodge No XXXX Profit & Loss All Transactions	Mar 31, 21
Expenses		
3000X - Lodge Expense Accounts	0.00	
4010X - Bar Expense Accounts	0.00	
5010X - Food Service Expense Accounts	0.00	
6110X - Bowling Center Expense Accounts	0.00	
6210X - RV-Camper Club Expense Accounts	0.00	
6310X - Motorcycle Club Expense Accounts	0.00	
6410X - Fitness Center Expense Accounts	0.00	
6510X - Golf Clubs Expense Accounts	0.00	
6610X - RV Park Expense Accounts	0.00	
6710X - Swimming Pool Expense Accounts	0.00	
6810X - Tennis Center Expense Accounts	0.00	
7010X - Commercial Property Expense Accounts	0.00	
7110X - Gun Range/Shooting Club Expense Accounts	0.00	
7210X - Other Recreational Centers Expense Accounts	0.00	
9000X - Restricted Funds Expense Accounts	0.00	
Total Expense	0.00	
Net Income	0.00	

Sample Profit & Loss Statement

3-106. Accounting Methods: There are two permitted methods of accounting and each Lodge must adopt one of them for its use. The two methods are:

1. **Accrual Method:** This method is recommended for all funds of all Lodges. This method records Revenues when a sale is made or when a receipt becomes due. Expenses are recorded when an obligation is incurred or services received. Inventory is recorded when the items are received; Fixed Assets are capitalized and depreciated over the useful life of the asset and any indebtedness is recorded when the liability is incurred. This method most properly reflects the financial position and results of operations throughout the fiscal year.
2. **Modified Cash Basis:** This is a hybrid method and it is adequate for Lodges with limited Revenues. This method provides a reduced level of financial oversight and analysis. This method records Revenues when the related cash is received and Expenses when the cash is paid during the first eleven months of the fiscal year. Inventories are recorded when paid for; Fixed Assets are capitalized when purchased and indebtedness is recorded when incurred. At the end of the fiscal year a conversion to the accrual method occurs by recording the change to inventory; recording all funds due to the Lodge as accounts receivables and all funds owed by the Lodge as accounts payables. It also involves year-end adjustments for any accrued expenses, prepaid expenses and any deferred income. This method will properly reflect the results of operations and financial position for the year but not on a month-by-month basis.

The Cash Basis method is **not** permitted for any Lodge. Because this method only recognizes Revenues when received and Expenses when paid it does not provide sufficient information to adequately manage the Lodge's finances.

Irrespective of the method chosen by the Lodge, Member Dues and Fees must be recognized in the fiscal year to which they apply. This requires a Lodge to record at year end a Prepaid Dues (account 21800) amount equal to the dues collected prior to March 31st that applies to the Lodge year beginning April 1st. In addition, any application, reinstatement or affiliation fees should only be recorded as Revenues in the year the applicant becomes a member or the affiliation has been voted on favorably by the Lodge. Account 21801 is used to record those fees at the fiscal year end.

*In the following sections a QuickBooks feature will be indicated by bold type and its path in italics following the feature. Example – **Feature** select Main Menu/Sub-menu1/Sub-menu 2*

3-107. Cash and Lodge Income: The Lodge should open and maintain the minimum number of bank accounts necessary to operate its business activities and the Restricted Funds that the Lodge maintains. With the exception of accounts for the Restricted Funds, most Lodges if using the Chart of Accounts properly (including sub accounts) will only require one checking account and one savings account. When the Lodge maintains a savings account, bills should only be paid from the Lodge checking account. When necessary, transfer funds from savings to checking to cover the payment of bills.

Per G.L.S. Section 12.060, the Lodge Treasurer is the custodian of all Lodge checking and savings accounts and is the Treasurer of all Lodge Committees. All checks issued by the Lodge should be signed by the Lodge Treasurer and when provided in the Lodge By-Laws by a second signature. Pre-signing blank checks for use in the absence of the Treasurer is strictly prohibited. The Lodge Treasurer shall be the only Member of the Lodge authorized to make electronic fund transfers or payments by debit card to vendors for the payment of any bills (G.L.S. 12.060 (b)). The use of a Credit Card in the Lodge's name **is prohibited** by Grand Lodge Statutes. This is due to the possibility of the available credit associated with the card exceeding the limits set forth in G.L.S. Section 16.050.

A Lodge may authorize the establishment of a checking account by the Lodge Treasurer in an amount not to exceed \$5,000 for the sole purpose of paying for Club supplies and inventory. With the approval of the governing body of the club, the Treasurer may authorize another officer or the Club manager to be a signatory on this account only.

Certificates of Deposit (CD's) may be viewed by the Lodge as an Investment. However, since these are essentially cash, they should be reported in the Lodge accounting records as cash and in account 10400.

A Lodge may establish a Petty Cash or Imprest Fund to enable the efficient operations of the Lodge. When authorized the Lodge should pass a resolution that specifies the maximum amount of the fund; the person or person(s) who will operate the fund and be responsible for maintaining the receipts for the cash expended; the type of purchases permitted and prohibited and the authorization for the Treasurer to replenish the fund upon receipt of a voucher and receipts for the amount of the replenishment.

The Petty Cash fund should be closed out and replenished as of March 31st each year. Use of the Petty Cash or Imprest Fund to circumvent the filing of any required Form 1099 is prohibited.

Per G.L.S. Section 12.050 (e) the Secretary of the Lodge shall "receive all monies due the Lodge and pay them over to the Treasurer." All funds collected by the Lodge or by any of the Lodge's business activities are covered by this requirement. This includes all funds derived from the operation of the Lodge's social quarters, food service activities, rentals, investments and any other activity. The Secretary should issue a receipt or sign a log when receiving funds and should receive a receipt from the Treasurer or sign a log when the funds are turned over.

All of the Lodge's business activities should prepare a report to accompany the cash turned in to the Lodge Secretary. The report should be in sufficient detail to allow for the proper classification of the receipts into the appropriate Revenue account(s). The level of detail should match the level of detail in the budget presented to and approved by the Lodge. It is left up to each Lodge to determine the appropriate level of detail in the report and to design its report. The reports should be maintained in the Lodge's records for review by the Lodge Auditing & Accounting Committee and for the use of the Lodge's accountant in preparing the year-end tax and information returns. A sample report is presented in **Appendix F**. Lodges are free to use, modify or create their own format.

In QuickBooks it is recommended that Lodges use the **Sales Receipt** feature to record all cash receipts. Use of this feature provides two benefits. First the Lodge can set up "Items" for each of the recurring sales categories that it tracks. A second benefit is that the Lodge can record each daily sales report individually. This provides additional detail to the Lodge when reviewing its hours of operations. To use the feature, select *Customers/Enter Sales Receipt*.

When using the Sales Receipt method, deposits are made by grouping the daily sales receipts through the **Make Deposit** feature by selecting *Banking/Make Deposit*. Select the daily amounts to be grouped into the Deposit then select OK. Enter deposit date on the next screen and then select *Save and Close* or *Save and New*.

All of the Lodge cash accounts must be reconciled monthly. This is to ensure that all deposits were correctly recorded into the correct account and that checks and other reductions in the Lodge's bank accounts are authorized. This is easily accomplished in QuickBooks by using the **Reconcile** (Banking/Reconcile) feature. Simply select the account from the dropdown list provided and then enter the ending balance per the bank statement.

Select the deposits and other credits from the bank statement from the Deposit and Other Credits list presented and then select the checks and other debits from the bank statement from the Checks and Payments presented. When the Difference is zero select Reconcile Now to finish.

Reconcile - Checking Lodge General

For period: 12/31/2020 ☐ Hide transactions after the statement's end date

Checks and Payments				Deposits and Other Credits						
✓	DATE	CHK #	PAYEE	AMOUNT	✓	DATE	CHK #	MEMO	TYPE	AMOUNT
						04/01/2019	1	Record O...	GENJRNL	1,000.00

☒ Highlight Marked **Mark All** **Unmark All** **Go To** **Columns to Display...**

Beginning Balance	0.00	Modify <table border="0"> <tr> <td>Service Charge</td> <td>0.00</td> </tr> <tr> <td>Interest Earned</td> <td>0.00</td> </tr> <tr> <td>Ending Balance</td> <td>0.00</td> </tr> <tr> <td>Cleared Balance</td> <td>0.00</td> </tr> <tr> <td>Difference</td> <td>0.00</td> <td></td> </tr> </table>	Service Charge	0.00	Interest Earned	0.00	Ending Balance	0.00	Cleared Balance	0.00	Difference	0.00	
Service Charge	0.00												
Interest Earned	0.00												
Ending Balance	0.00												
Cleared Balance	0.00												
Difference	0.00												
Items you have marked cleared													
0 Deposits and Other Credits	0.00												
0 Checks and Payments	0.00												

Reconcile Now **Leave**

3-108. Investments: G.L.S. Section 12.070 assigns to the Board of Directors the responsibility for maintaining a record of the Lodge's investments. The record must include the date(s) of the original investment and any subsequent additions. The record must also include the original cost; any due date or maturity date of the investment; amount(s) of any interest earned or profit on sale(s) and the date(s) and amount of withdrawals from the investment account. The Investment accounts must always be opened in the name of the Lodge. No investment account should ever be opened in the name of the Trustees of the Lodge or its Board of Directors.

The investments represent assets of the Lodge and any action taken by the Board of Directors must be coordinated with the Treasurer to ensure proper entry in the accounting system. It is suggested that the Board of Directors and the Treasurer periodically reconcile their records. It is not the intent of this manual to direct the methods of investing excess funds. Strong oversight controls must be established to anticipate market risks and ensure that the investments are truly in the best interest of the Lodge. Depending upon the size of the investment portfolio it may be prudent to investigate the engagement of an investment advisor. It is mandatory that Restricted Funds are maintained in separate identifiable accounts to ensure that each fund can be accessed when necessary for distribution without compromising the entire investment portfolio. Each portfolio should be reviewed annually to ensure that signature control is updated with the current elected officers.

The investment account statement should be reconciled monthly similar to the Lodge's checking and savings accounts. If the investment account is set up to have automatic reinvestment of dividends or other income, monthly reconciliations will ensure that all such reinvestment transactions are properly recorded on a timely basis. If the Lodge has opted not to reinvest any dividends or other income then these amounts should be recorded in the appropriate accounts in the Profit and Loss accounts for each statement cycle.

When a component of the investment portfolio is sold it is necessary to record the sale in the accounting records. The investment account is reduced by the original cost basis of the component sold, the cash account is increased by the net amount received, an expense is recorded for any fees associated with the transaction and the net gain or loss is recorded in the Profit and Loss accounts.

For purposes of reporting at year end, Grand Lodge requires each Lodge to report the Fair Market Value of its Marketable Investments in the Investments account(s) on the Balance Sheet and reporting the Unrealized Gain or (Loss) in the Profit and Loss Statement.

3-109. Inventory: Each Lodge is required to maintain an inventory of any goods purchased for resale. This includes both the Social Quarters operations, any Food Service operations and any other business activity requiring a stock of items for resale. In addition, the Lodge should consider maintaining inventories of items purchased in bulk for maintaining the operations of the Lodge or its business activities (linens, supplies, etc.). The purpose of maintaining an inventory is to match up as accurately as possible the use of an item for resale or supplies with the Revenues received or time frame the supplies are consumed in.

Periodic physical counts of the inventory items and reconciling these counts and the associated costs to the accounting records will provide a sound basis for any adjustments to the accounting records. With the advent of Point of Sale (POS) systems within many Lodges, the entire process of reconciling the physical inventory to the accounting records is greatly simplified.

At a minimum, an annual physical count must be taken and the appropriate adjustments must be made to the accounting records. When recording the adjustment, each appropriate business activity in the Grand Lodge Chart of Accounts has an Inventory Variance account. This is the account that should be used to record the adjustment amount. This will provide the appropriate level of detail in the FRS reporting for the complete and accurate completion of the required Form 990, Form 990-T and any State or local reporting requirements.

For most inventory items it is permissible to record all purchases during the year to the appropriate Purchases or supplies accounts and at year end to simply adjust the amount of the annual expenditure by the amount of the change in inventory. This is easily accomplished in QuickBooks by using the **Make General Journal Entries** (Company/Make General Journal Entries) feature. **Appendix I** has step by step instructions for creating a general journal entry.

The screenshot shows the 'Make General Journal Entries' window in QuickBooks. The window has a menu bar with 'Main' and 'Reports'. Below the menu bar is a toolbar with icons for Find, New, Save, Delete, Create a Copy, Memorize, Reverse, Print, Attach File, Hide List, and Send GJEs. The main area contains a form for creating a journal entry. The DATE is set to 03/31/2021. The ENTRY NO. is empty. The ADJUSTING ENTRY checkbox is checked. Below this is a table with columns: ACCOUNT, DEBIT, CREDIT, MEMO, NAME, BILL, and CLASS. The table contains the following rows:

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	BILL	CLASS
10802 - Bar Inventory			To adjust Bar Inventory			
40200 - Inventory Variance-Bar			To adjust Bar Inventory			
40201 - Inventory Variance-Liquor			To adjust Bar Inventory			
40202 - Inventory Variance-Beer			To adjust Bar Inventory			
40203 - Inventory Variance-Wine			To adjust Bar Inventory			
40204 - Inventory Variance - Soda			To adjust Bar Inventory			
Totals	0.00	0.00				

Below the table is a section for 'List of Selected General Journal Entries' with a dropdown menu set to 'Last Month'. Below this is a table with columns: DATE, ENTRY NO., ADJ, ACCOUNT, MEMO, and DEBIT/CREDIT(+/-). The table is empty. At the bottom of the window are three buttons: 'Save & Close', 'Save & New', and 'Clear'.

3-110. Prepaid Expenses: Prepaid Expenses are those that cover a period of time that is greater than the current accounting period. These include expenses such as Insurance and Real Estate Taxes. Prepaid Expenses can also include expenditures made in the current fiscal year for an event in the next fiscal year such as the housing expenditure for the Lodge's Exalted Ruler's attendance at the Grand Lodge Convention.

Expenditures of these types should be recorded in the Prepaid Expense Balance Sheet account when invoiced to the Lodge. In the case of Insurance or Real Estate Taxes, the amount paid should then be allocated from the Balance Sheet account to the appropriate Expense account by making a journal entry in QuickBooks each month for 1/12th of the total paid. For expenditures similar to the Grand Lodge Convention expense the adjusting journal entry would be made for the full amount in the month of the Convention. **Appendix I** has step by step instructions for creating a general journal entry.

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	BILL	CLASS
30235 - Convention G/L			Adjust Prepaid Convention Expenses			
10901 - Prepaid expenses			Adjust Prepaid Convention Expenses			
Totals	0.00	0.00				

3-111. Fixed Assets (Capital Improvements) and Depreciation: Fixed Assets include land; land improvements; buildings; furniture; fixtures and equipment. These assets are “long-lived,” i.e., they have a useful life beyond the year of purchase. They should be recorded on the books at original cost. The recorded original cost should include all normal and reasonable expenditures, such as freight, sales tax and installation charges necessary to get the asset in place, set up and ready for use. Recording an expenditure of funds as a Fixed Asset is known as capitalizing the item purchased.

Generally, any expenditure of Lodge funds on an item that has a useful life in excess of one year should be capitalized. Judgement should be exercised when determining when to capitalize something. Each Lodge should establish a policy for the amount and type of expenditure that will be capitalized. Establishment of a minimum dollar value for items of furniture, fixtures or equipment will minimize any needless capitalization of small dollar purchases.

Additions and alterations to the Lodge's building should be capitalized when the expenditure increases the usefulness of the facility or extends the useful life of the building. Normal repairs and maintenance expenditures should not be capitalized regardless of the dollar value.

Each Lodge must maintain a permanent record of each Fixed Asset. This record should include the following:

1. Description of the asset
2. Location of the asset
3. Date of purchase or date placed in service (if later than purchase date)
4. Cost including any installation, set up, freight and sales taxes
5. Estimated useful life
6. Annual depreciation method
7. Accumulated depreciation

The Lodge's outside accountant may be able to provide a report covering all of the above if they utilize a tax preparation software package. A printout provided to the Lodge is necessary to meet the required documents to have available for the visit of the District Deputy Grand Exalted Ruler to the Lodge.

The real and personal property of the Lodge is under the control of the Board of Directors as specified in G.L.S. Section 12.070. As part of this supervision, a physical count and verification of the Fixed Assets should be made annually. Changes should be recorded as they occur. Additionally, any assets no longer in use should be disposed of. If the asset is fully depreciated this will not result in any charge to the Lodge. If not fully depreciated a gain or (loss) may have to be recognized. Disposal of the assets may provide some relief to the Lodge related to any imposition of personal property taxes by State or local authorities.

Fixed Assets wear out or depreciate through use and passage of time. They are normally shown on the balance sheet at original cost less accumulated depreciation. Accumulated Depreciation is the amount of each Fixed Asset's cost that has been recorded as an Expense since the asset was placed in service. Recording depreciation is the process of allocating the cost of an asset to the accounting periods that benefit from the asset's use. There are various methods for calculating the depreciation amount for each asset. Generally, a Lodge will use the Straight-Line depreciation method. Under this method the total cost of the asset acquired is divided by the estimated useful life of the asset (number of months). This amount is then recorded as an Expense each month until the asset is disposed of or reaches the end of its useful life.

A Lodge should always seek the help of a qualified professional accountant when initially setting up a depreciation schedule and computing depreciation. Once established, the depreciation schedule must be kept current by adding purchases and deleting items sold, traded, lost or scrapped. In smaller Lodges the recording of Depreciation Expense may be done annually by the Lodge's outside accountant. Depreciation of the Lodge's Fixed Assets is mandatory and a provision for Depreciation Expense must be included in each Lodge's approved Budget.

3-112. Accounts Payable — Disbursing Lodge Funds: The use of an Accounts Payable system by a Lodge will provide greater accuracy in reporting the results of its operations. An Accounts Payable system also provides the Lodge with a quick and easy analysis of unpaid bills. This can be especially useful when prioritizing the payment of bills. QuickBooks provides a simplified system for entering bills or invoices; selecting bills for payment and preparing checks for signature and mailing.

The Treasurer is required to pay all approved bills against the Lodge on vouchers signed by the Exalted Ruler and Secretary (G.L.S. 12.060 (b)). A voucher is nothing more than a document serving as evidence of the authority to disburse cash. The voucher will contain the following information:

1. Voucher number for tracking purposes
2. Vendor name
3. Invoice number
4. Date
5. Expense allocation by account number
6. Total Amount
7. Approval Signatures (Secretary and Exalted Ruler are required;
Review by the Board of Directors is optional)
8. Date voucher paid
9. Check Number for payment

A voucher can be a separate document prepared and attached to the corresponding invoice or bill along with any related packing slips or proof of delivery of the goods or service purchased. A voucher can also be prepared by using a stamp on the invoice or bill to imprint the required approval information (See example). The entry of vouchers into the accounting system should always reflect the date of the service provided or the invoice date. It should never be the date a check or other form of payment is made.

Anytown Lodge No. XXXX			
Voucher No. _____			
Pay to:		Date of Voucher:	
		Amount:	
		Billing Date:	
		Invoice No.	
Approval for Payment:		Payment (Treasurer use only):	
Secretary:		Date to be Voted on:	
Exalted Ruler:		Date Paid:	
Trustee:		Check #:	
		Actual Amount:	
Accounting use only			
Account No.	Amount	Account No.	Amount

Sample Voucher Document

Anytown Elks Lodge No. XXXX	
Voucher No.	
Date	
Vendor No.	
Account No.	Amount
Voucher Total	
Approvals	
Secretary	
Exalted Ruler	
Trustee	
Date Paid	
Check No.	

Sample Voucher Stamp

To use the **Accounts Payable** feature in QuickBooks, begin by entering all outstanding bills by selecting *Vendors/Enter Bills*. Enter the Vendor, Date, Invoice Number (if available) and Amount. In the lower section, enter the account number amount and memo (if desired). Use additional lines if multiple account numbers are to be charged. Select *Save & New* if there are additional bills to be entered or *Save & Close* if finished entering bills.

To use the **Pay Bills** feature, select *Vendors/Pay Bills*. Click the checkbox to the left of each bill to be paid. Complete the Payment Date, Method, To Be Printed (to print checks directly) or Assign Check Number (if check already issued) and the banking Account to be used. Click *Pay Selected Bills* and then follow the Print Dialogue or use the Assign Check Number pop up to complete the process.

When setting up Vendors the Lodge can establish which Vendors will receive a Form 1099 at the end of each calendar year. Consult the QuickBooks Desktop **Help** feature by selecting *Help/QuickBooks Desktop Help* for additional details for 1099 setup.

3-113. Sales Tax: Sales Taxes are funds collected by the Lodge on behalf of the State or locality where the Lodge conducts its business operations. Since the payment of these taxes occurs either monthly, quarterly or annually the Sales Tax Liability account is a Current Liability. In order to properly account for sales tax and to avoid understating the Cost of Goods Sold (CoGS) percentage, sales taxes for various items need to be removed from the associated Revenue accounts and recorded into a liability account. Sales Taxes are NEVER an expense – they are funds collected from the purchaser and must be remitted to the State, making them liabilities of the Lodge.

The recording of Sales Taxes can be done daily, weekly or monthly. If the Lodge is using a POS system, then the information for recording sales taxes should be available on the daily sales report from the POS system.

The journal entry to record the Revenues and the Liability for Sales Tax is:

Account Number & Name	Debit Amount	Credit Amount
10201 Checking Lodge	Total Receipts	
401XX Bar Revenue Account		Sales per POS report
20900 Sales Tax Payable		Tax Collected per POS

If the Lodge is not using the POS system to segregate the sales taxes collected and has its pricing established with sales tax included in the prices charged then a separate calculation is required to calculate the amount of the sales tax liability.

The following example of calculating the sales tax amount due to the State and locality assumes the following: Period Revenues of \$1,000.00; State Sales Tax Rate of 5% (0.05); Locality Sales Tax Rate of 1% (0.01). The Calculation is:

$$\text{Sales Tax} = \text{Total Revenues} - \left[\frac{\text{Total Revenues}}{(1 + \text{State Sales Tax Rate} + \text{Locality Sales Tax Rate})} \right]$$

$$\text{Sales Tax} = \$1,000.00 - \left[\frac{\$1,000.00}{(1 + 0.05 + 0.01)} \right]$$

$$\text{Sales Tax} = \$1,000.00 - \left[\frac{\$1,000.00}{(1.06)} \right]$$

$$\text{Sales Tax} = \$1,000.00 - \$943.40$$

$$\text{Sales Tax} = \$56.60$$

The journal entry to record the Liability for Sales Tax in this example is:

Account Number & Name	Debit Amount	Credit Amount
401XX Bar Revenue Account	\$56.60	
20900 Sales Tax Payable		\$56.60

The above example assumes that only Revenues from the Club operations are subject to Sales Tax. If any other business activities undertaken by the Lodge are also subject to Sales tax, then add the additional Revenue accounts to the entry and debit those accounts for the applicable amount.

Some States allow the Lodge to take a credit against the tax for collecting, handling and remitting the Sales Tax. In cases where this is permitted, the Lodge should record the reduction in the Sales Tax paid as Miscellaneous Revenue when recording the voucher for the payment of the Sales Tax to the State or locality. The full amount of the tax collected for the reporting period should always be charged to the Sales Tax Liability account (20900). In addition, all States have a Use Tax. This tax is imposed on purchases made from out of State where no Sales Tax is charged and the goods or services are consumed in the operation of the Lodge's business activities. If a Lodge is subject to payment of a Use tax the amount of the Use tax should be expensed to the same account(s) that the goods or services purchased were charged to.

In QuickBooks the recording of the Sales Tax voucher (including a Vendor Credit and Use taxes) is shown in the following screenshot.

Bill

VENDOR: Department of Revenue Services

DATE: 02/28/2021

REF. NO.:

AMOUNT DUE: 598.32

BILL DUE: 03/10/2021

TERMS:

MEMO:

ACCOUNT	AMOUNT	MEMO	CUSTOMER/JOB	BILLABLE?	CLASS
20900 - Sales Tax	600.00	January Sales Taxes			
30150 - Miscellaneous	12.00	Vendor Credit for January Sales Taxes			
30440 - Taxes-Other	10.32	Use Taxes for January			

Save & Close Save & New Revert

3-114. Accrued Expenses and Other Payables: Accrued Expenses are those expenses incurred on and before the end of a fiscal period but not payable until after that date. Lodges will accrue (record) these as Liabilities as of the end of the fiscal period. Expenses such as insurance, interest on bonds, income taxes and wages earned but not paid should all be recognized at year end. These generally are all Current Liabilities.

Other Payables include any Federal, State or local payroll taxes withheld from employee's paychecks and the employer portion for Social Security and Medicare taxes. Also included are the employer only contributions for taxes such as Federal and State unemployment and in certain States worker's compensation contributions. Other Payables may also include Liquor or Inventory taxes assessed to the business. Other Payables are also generally Current Liabilities.

3-115. Prepaid Revenues: Prepaid Revenues are those that are collected currently but are for an event or related to a future fiscal year. These include Revenues such as Rental Security Deposits, Contract Deposits for future services and Prepaid Member Dues and Fees. Application, and Initiation fees collected prior to the candidate being initiated should be recorded as Prepaid Fees. Affiliation Fees should be recorded as Prepaid Fees until the results of the ballot on the Affiliation is known. Prepaid Revenues can extend into multiple future fiscal years. An example of this is when a member purchases a Life Membership per Grand Lodge Statutes by paying 25 times the current dues amount.

Revenues of these types should be recorded in the appropriate account in the Current Liabilities section of the Balance Sheet. In the fiscal year that the prepaid item is related to the Lodge should record an adjusting journal entry to reclassify the amount to Revenue. See sample entries 2 and 4 in **Appendix H** of this manual.

3-116. Mortgages, Notes and Bonds Payable: A Mortgage is a contract between a borrower and a lender where a lien is given by the borrower on land, buildings, Fixed Assets or other property owned by the borrower as security for the repayment of the funds borrowed. It is a Liability of the Lodge and is comprised of two components. The “Current Portion” of the mortgage is the amount of principal to be repaid in the ensuing twelve months. The “Long-Term Portion” is the amount of principal to be repaid after twelve months.

Notes Payable or promissory notes are simply unconditional written promises, signed by the maker (borrower) to pay a fixed sum of money on demand or on a fixed future date under specific terms. Unlike a mortgage, these instruments do not necessarily establish a lien on any of the borrower’s land, buildings, Fixed Assets or other property.

Bonds Payable are a third form of indebtedness. As related to the Elks, bonds are usually issued by an individual Lodge to its Members as evidence of the borrowing funds from those members. Bonds will carry a rate of interest that is payable to the holder at periodic intervals. A Lodge that issues bonds should keep an ongoing record for each bond holder that consists of the following:

1. Holder’s Name and Address
2. Holder’s Social Security Number
3. Amount of the Bond
4. Interest Rate
5. Due Date for redemption
6. Dates and amounts of each interest payment to the holder.

The Internal Revenue Service requires that interest payments in a calendar year totaling \$10.00 or more in an individual or other bond holder be reported on Form 1099-INT.

When recording the initial borrowing for mortgages, notes payable or bonds the appropriate account in the Long-Term Liabilities section of the Chart of Accounts should be credited for the full amount of the borrowing. The Lodge bank account is increased by the amount of net funds received. Any fees involved that were deducted from the principal should be expensed. **NOTE:** When refinancing a mortgage, any fees associated with the refinancing are not expensed. These fees must be capitalized in the Other Assets section of the COA in account 19000 Loan Refinance Costs. These costs are then amortized over the term of the mortgage.

As payments of principal are made, the Liability account is reduced by the amount paid. Payments of interest only for any notes payable or bonds should be recorded as Expenses. These payments do not reduce the Liability amount. Special care must be taken when recording a periodic mortgage payment. In most cases the payment includes both principal and interest and may also include a tax escrow payment. The interest portion and the taxes paid should be expensed.

3-117. Restricted Fund Balances: Restricted Funds are defined in G.L.S. Section 1.165 as “Funds or other property donated to, raised by, or allocated by a Lodge or related entity to be expended during a specified time or for a designated purpose, or both. Restricted Funds may be “temporary” if the restriction(s) will or could expire over a defined period of time, if the entity holding them is permitted to change or remove the restriction(s), or if the assets could be fully distributed for the defined purpose, or “permanent” if the purpose and time are designated or otherwise considered to be perpetual or the principal is to be held intact.”

In order to comply with these statutory requirements, the COA contains specific and general Liability accounts for both Temporary Restricted Funds (accounts 29010 through 29020) and Permanent Restricted Funds (account 29110). Individual accounts have been created for the most common temporary restricted fund types. If these accounts do not meet the need of the Lodge, then the use of a sub account for either account 29018 or 29020 (temporary) or 29110 (permanent) should be considered.

G.L.S. Section 16.011 governs the use of Restricted Funds. There are two rules that must be complied with.

- (a) A Lodge which holds Restricted Funds because of donor designation shall not expend, borrow from, or borrow against any of such property for a purpose or during a period other than that designated without the written authorization of the donor, or pursuant to an order from a court of competent jurisdiction.
- (b) A Lodge which holds permanent Restricted Funds because of Lodge designation shall not expend, borrow from, or borrow against any of such property for a purpose or during a period other than that designated without the written authorization of the State Sponsor, and two-thirds (2/3rds) approval by the Members present at a regular Lodge meeting following a minimum ten (10) day notice to all Members. Any such expenditure shall also be in compliance with all applicable State and federal laws.

Lodges receiving unrestricted donor grants may choose to establish these funds as Restricted Funds for future approved Lodge uses. It requires a vote of the Lodge Members to restrict these funds and a similar vote to expend the funds or re-designate their purpose. All votes restricting, changing the restriction or unrestricting Lodge-designated Restricted Funds require a favorable vote of two-thirds (2/3rds) of the Members present at a regular Lodge meeting after a 10-day notice.

The Chart of Accounts is designed to provide accounts for all of the Lodge’s Restricted Fund transactions. The 9XXXX series of accounts is designed to record all Restricted Revenues and Restricted Expenditures. The end of fiscal year accounting for Restricted Funds in many cases can become quite complicated. A detailed overview with examples is provided in **Appendix J** of this manual. Lodges are also encouraged to consult their outside accountant for additional help and support in working with their Restricted Funds.

3-118. Equity – Unrestricted Funds of Retained Earnings: Put simply, equity is what is left over after subtracting Total Liabilities from Total Assets. In many business enterprises this is known as Retained Earnings. For Elks Lodges we refer to it as Equity – Unrestricted Funds. In GAAP non-profit accounting the equity of the entity would include both Restricted and Unrestricted Fund Balances. For Elks Lodges, however, by Statute we are required to use a Restricted Fund Balance only for its designated purpose absent a court order. Grand Lodge does not consider the Restricted Fund Balances as part of the Lodge’s Equity. Only the Equity Unrestricted Funds (also known as the General Fund balance) is available for the Lodge to use for any purpose that the Lodge desires.

3-119. Working Capital: Working Capital is a fundamental measure of the ability of an entity to meet its obligations over the upcoming 12 months. Put another way, it is a measure of the Lodge’s liquidity. A positive amount for the Lodge’s Working Capital means that the Lodge has enough assets that are or can be easily converted to cash to pay all the outstanding invoices and other liabilities due in the next twelve months. It should be noted that the calculation of Working Capital is a snapshot view. The Lodge’s Working Capital changes daily or weekly depending on when records its Revenues or pays its Expenses. The usual calculation is

$$\text{Current Assets minus Current Liabilities}$$

Since many Lodges have Investment portfolios that are classified a long term, Grand Lodge requires one additional adjustment to properly reflect the actual Working Capital for the Lodge. Any Investments held on a long-term basis that are not Fixed Assets (Land or Building) are added to the above calculation.

3-120. Budgets: A budget is defined as a financial plan that estimates future Revenues and future Expenses and is used to manage the operating results of the business entity the budget was prepared for. It is a management tool that is most effective when actual revenue and expenses are compared to the budgeted amounts periodically during the year, and management decisions are made to adjust operations as needed. This enables the Lodge to manage its operations to attain a profit sufficient to finance the Lodge’s fraternal and charitable objectives, to provide for growth and prevent year-end losses.

Grand Lodge Statutes Section 12.070 require a budget be prepared (by the Board of Directors or Board of Trustees) for every entity of the Lodge including Restricted Fund activities and presented to the Lodge for approval no later than the final regular Lodge meeting in April. Grand Lodge Statutes also require that any separate corporations formed by the Lodge (Section 16.030) and the club, social parlor or other facility established (Section 16.040) also present a budget to the Lodge for approval by the final regular meeting in April. These Statutes also require that these entities also report to the Lodge on a monthly basis the actual results compared to the budget. Lodges should also take special note of Opinion 20 of Section 12.070 which states “*Appropriations set forth in a budget do **not** authorize the expenditure of funds until the Lodge passes a specific motion authorizing same*” (emphasis added).

All budgets should be prepared using the Grand Lodge Chart of Account numbers currently in use by the Lodge. Subaccounts should be added or removed as necessary. The use of a spreadsheet program is highly recommended. The budget presented to the Lodge should include as a minimum the Actual results from the immediate prior fiscal year, the proposed budget for the current fiscal year, and a variance column detailing the increases or decreases of the budget versus the Actual results. An explanation for any significant variances should also be presented. Presentation of more than one prior year of actuals can provide additional insight into the Lodge’s operations.

The process for preparing the budget should include the following steps:

1. After the February FRS data has been submitted obtain a copy of the year-to-date Actual Profit and Loss Statements compared to the full year budget for all business activities.
2. Review these statements and note any one-time Revenues and Expenses that occurred during the year. These one-time items should not be included in the budget.
3. Prepare the Revenue sections first making reasonable estimates for all anticipated Revenues. The estimates should be both reasonable and conservative.
4. Prepare the Cost of Goods Sold (CoGS) sections for those activities that require it. Lodges should use the recommended target CoGS percentages as a starting point.
5. Prepare the Expense sections last. Begin with those expenses that are either fixed (rent, property taxes, mortgage interest, etc.) or semi-variable but required (payroll, utilities, supplies, etc.) and finally those expenses that are not required but that the Lodge wants to incur (charitable donations, Lodge funded scholarships, community activities, etc.). The first two categories are those that the Lodge has little or no control over. The last category of Expenses is “optional” in nature, meaning that the Lodge is not obligated to make the expenditure but will do so if funding is available.
6. Review the results on an activity basis. Is the activity generating a profit? If not, what adjustments can be made to reduce the loss from the activity. It is never good financial management to prepare a deficit budget.
7. Review the results on a consolidated basis for the Lodge and all its activities. Is an overall profit being generated? If not, where can Expenses be reduced or what other sources of Revenues can be tapped to close the gap.
8. After the March preliminary FRS data is submitted update the current year actuals in the comparison. If necessary, adjust the proposed budget for any significant Revenues or Expenses recorded in the month of March.
9. Finally prepare an estimate of any capital improvements (Fixed Assets additions) anticipate to take place during the fiscal year. While these are not Expenses of the Lodge, they are an expenditure of cash.

Each activity budget must include Depreciation Expense if any of the Lodge’s Depreciable Fixed Assets are used in the activity. The recording of Depreciation and its inclusion in the results of operations provides the surplus of funds necessary in the future to allow for the replacement of the Fixed Asset depreciated. Additionally, other non-Expense expenditures such as mortgage principal or bond redemptions should also be presented to the Lodge.

All Lodges should develop a long-term Capital Budget for the replacement of its Fixed Assets and for improvements to the Lodge building and grounds. Funding for the Capital Budget should come from retained profits and Lodge-designated Temporary Restricted Funds. Special savings or investment accounts should be maintained to fund these projects and By-Law provisions should be enacted to preserve the intent of these funds.

When budgeting for income generating activities such as Bingo, fund-raising events or Lodge activities the budget should always be prepared on a Gross basis. This means that the Revenues and the Expenses for the activity should be budgeted for separately and not simply shown as a net amount from the activity or event.

The Board of Directors should coordinate the consolidation of the various budgets to prevent overlap and duplication. Inclusion in the budget of an amount for contingencies will allow for the adjustment of the budget in the event of an unforeseen emergency.

Members should recognize the importance that each entity of the Lodge be as financially self-sufficient as possible. To the extent possible each entity budget should generate a profit so that the Lodge can grow and meet its fraternal and charitable and community service objectives. Consideration of the profitability of the Lodge and its objectives should be taken into account when establishing the pricing for any of the business activities undertaken by the Lodge. Remember that the Lodge was formed for fraternal and charitable reasons and that the social quarters and other activities provided are secondary in nature.

Once the budget has been approved by the Lodge Section 12.070 of the Statutes clearly states that all expenditures must be kept within the limits of appropriations made and specifies the action to be taken when proposals are made for an expenditure in excess of the budget or an expenditure requiring use of any amount budgeted for contingencies. The following guides should be used in interpreting these strict statutory requirements:

1. Line items budgeted for operating Expenses are estimates. It is to be expected that actual expenditures will exceed or fall short of the estimates on specific items. When expenses exceed approved budgets, Grand Lodge Statutes Section 12.070 must be followed. This includes referral to the Board of Directors for a written recommendation at the next regular Lodge meeting and an affirmative vote by two-thirds majority of the Members present at a regular Lodge meeting.
2. Binding contracts and major expenditures of an unusual nature, such as purchase of major equipment or major repairs, even if included in the budget, should be submitted to the Lodge for approval after receipt of proposals and estimates from the vendor. The Board of Directors should make an appropriate recommendation.
3. The supervising or managing body of club or other entities should be authorized to make purchases in support of day-to-day operations but should not enter binding contracts extending over a period of time, or purchase major items of equipment, without prior approval of the Lodge.
4. Approval of expenditures which exceed the total amount budgeted must specify the source of funds. If savings are to be used the Board of Directors should so indicate in their recommendation.
5. Amendment of a budget requires Lodge approval and requires re-submission of the budget into the FRS.

As noted above, periodic reviews of performance compared to the budget and reporting to the Lodge at a regular lodge meeting is required. The Board of Directors, the club governing body, and other entity managers should give this high priority on the agenda of their regular meetings. Regular reports from the accounting system providing actual revenue and expenses to date are required. Comparing this actual progress to the budget will point up variances of material amounts that require action or further investigation. It is important that management decisions be made at this time to adjust for shortfalls in income or excess expenses, such as implementing conservation measures, eliminating non-productive hours of club operation, reducing labor costs, raising selling prices, etc., in order to prevent a loss at the end of the year.

Use of QuickBooks can greatly simplify the preparation of the Lodge's budgets. From exporting the comparison statements used as the starting point to automatically preparing a future budget based on the prior year the software provides a robust and relatively user-friendly method for making use of budgets.

To access the **Budget** feature, Select *Company/Planning & Budgeting/Set Up Budgets*.

Enter the fiscal year that the Lodge is entering the Budget for and select Profit and Loss (reflects all activity for the year) in the Create New Budget window. On the next screen select No additional criteria and then Next.

Select method to create the Budget and then Finish.

X
Create New Budget

Employees

Computers

Office Supply

Monthly

Choose how you want to create a budget

☒ Create budget from scratch.

This option lets you manually enter amounts for each account that you want to track.

☐ Create budget from previous year's actual data.

This option automatically enters the monthly totals from last year for each account in this budget.

Back
Next
Finish
Cancel

Depending on the method selected either adjust the values created or enter the new budget amounts. If entering the new amounts, the Lodge can either enter monthly amounts or enter the entire yearly amount in the April column.

_ □ X
Set Up Budgets

Budget

FY2022-23 - Profit & Loss by Account

Create New Budget

ACCOUNT	ANNUAL...	APR22	MAY22	JUN22	JUL22	AUG22	SEP22	OCT22	NOV22	DEC22	JAN23	FEB23	MAR23
30010 - Members Dues Regular													
30011 - Members Dues Life													
30012 - Members Dues Honorary Life													
30013 - Members Dues Associate													
30020 - GL Per-Capita Fees													
30021 - State Assoc. Per-Capita Fees													
30022 - District Per-Capita Fees													
30030 - Other Per-Capita Fees													
30035 - Initiation Fees													
30040 - Transfers/Dimits													
30045 - Reinstatements													
30047 - PER Association Income													
30050 - Other Members Fees													

Copy Across
Adjust Row Amounts
Clear

Save
OK
Cancel
Help

3-121. Overhead Allocation: Overhead Expenses in a Lodge are those costs incurred that benefit multiple activities and cannot be assigned to a specific activity. Allocating these Expenses to the activities making use of them is necessary to obtain a better insight of the contribution of the activity to the overall Profit or Loss of the Lodge and to provide better management decisions.

Overhead costs normally include, but are not limited to, the following:

1. Accounting and Legal Expenses
2. Depreciation
3. Insurance
4. Interest Expense
5. Janitorial Expenses
6. Officer and Clerical Staff Salaries and Wages
7. Repairs and Maintenance Expense for Buildings and Grounds
8. Rent Expense
9. Taxes – both Real and Personal Property
10. Telephone, Internet and other Utilities

Lodges may select from either the Direct Allocation Method or the Prorated Allocation Method to accomplish the allocation of overhead. In some cases, a combination of both may be required. Regardless of the method used, it should be documented in the minutes of the Board of Directors and should be approved on the floor of the Lodge and recorded in the Lodge's meeting minutes. This will prove useful in the event of an audit by the Internal Revenue Service of the Lodge's Information and Tax returns.

The Direct Allocation Method involves estimating the percentage share of each of the allocable overhead Expense accounts and applying this percentage to each invoice or bill received and recorded to the overhead Expense account. The percentage may vary based on the Expense account and can include allocations based on square footage of the space used; hours of operation or Revenues for activity as a percentage of total Revenues. As long as the allocation is reasonable and understandable by the members it is permitted. This method properly implemented will not require the entry of a monthly journal entry in the accounting system. The coding to the appropriate Expense account is done on each voucher when prepared.

The Prorated Allocation Method establishes at the beginning of the fiscal year the amount to be recorded each month as Overhead in the activity's accounts. As with the Direct Allocation method it should be documented and should be reasonable and understandable to members. The prorated share is charged to each activity as "Intra Lodge Rent Expense (Overhead Allocation)" account XX399 and as Revenue for the activity where the actual Expenses are recorded as Intra Lodge Rent Revenue (Overhead Allocation) account XX121. This method will require the entry each month of a journal entry in the accounting system.

3-122. Lodge Activities and Reporting: This section deals with the accounting for and the reporting on three main activities conducted within the Lodge:

1. Lodge Member, Non-member events
2. Lodge Fundraising events
3. Lodge Catering events (when not included in the "Restaurant" operations)

These events may be carried on by standing committees of the Lodge or by ad hoc committees. Depending on the nature of the event the accounts to be used may vary. If funds derived from the conduct of the event are designated in advance for a specific use, then the Restricted Fund accounts (9XXXX series) must be used.

The need for advance planning for any event cannot be over-emphasized. It is important that no event be scheduled unless there is reasonable assurance that a profit will be realized. A plan must be presented to the Lodge for approval and support in advance. If the event is not included in the budget and an advance of funds is required for incidental cash expenses or deposits, then this should be approved by the Lodge.

The plan for the event should include:

1. Ticket or Admission Price including applicable sales tax
2. Timing and method of payment
3. Minimum number of attendees to break even
4. Menu if required
5. Estimate of all costs to be incurred
6. Date and times for the event

Arrangements may also be required to coordinate the event with the Lodge social quarters governing body to ensure adequate coverage by the governing body in the social quarters and agreement on use of the facilities. In addition, it is strongly encouraged that all Revenues from these types of events be accepted only from the Members of the Lodge to avoid imposition of the Unrelated Business Income Tax (UBIT). It may be necessary to provide for segregation of the Revenues from the event as Member or Non-member to comply with UBIT regulations. See the Advanced Topics Section 3-205 for additional details.

Each event committee should be required to use the following policies and procedures:

1. Control admission tickets and any raffle tickets by pre-numbering and accounting for any missing one.
2. All Expenses should be supported by invoices, bills or receipts. Cash payments should be minimized and not paid out of Cash Receipts from the event.
3. Caterers, Musicians and other performers should always be paid by Lodge check and the appropriate information obtained in advance to properly complete a Form 1099 when required.
4. Use of supplies purchased by other activities of the Lodge should be included in the expenses of the event and an adjustment made to the accounts of the purchasing activity.
5. For fundraising events, clearly state the value of any donation built into the Admission Ticket price to clearly identify for Sales Tax purposes the amount subject to Sales Tax (Meal/Entertainment pricing only).

Fundraising activities require special treatment. The Internal Revenue Service defines fundraising activities as "activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets or time." If the event being held is not attempting to induce a donation, then the event should be classified as a Lodge Activity. For actual fundraising events it is important to segregate the value of the donation from the value of the ticket purchased. This is necessary to properly prepare the Lodge's Federal Form 990. Additional details can be found in the Instructions to Form 990 issued annually by the Internal Revenue Service.

At the conclusion of the event and as soon as practicable all Revenues should be turned into the Lodge Secretary for processing. The Committee Chairperson should prepare a report of the results of the event to be read at a regular Lodge meeting. A sample event report is presented in **Appendix F**. Lodges are free to use, modify or create their own format.

3-123. Reporting Results of Operations: Grand Lodge Statute Sections 12.070, 16.030 and 16.040 all require monthly reporting on the finances of the Lodge and its activities at a regular Lodge meeting. As a minimum, overall reports should be prepared for both the previous month and the year-to-date results and should both contain comparisons to the budget. The preparation of the reporting can be presented at the regular Lodge meeting in summary format; however, detailed reports should be available at the meeting in the event there are questions from the membership.

Reports should also be prepared for each activity that the Lodge conducts showing the net profit or loss for the activity. As with the overall reports, these should also be done on both monthly and year to date basis and include comparisons to the budget. As with the overall reports, detailed reports should be available at the meeting to answer questions.

It needs to be emphasized that the requirement for reporting results at a regular Lodge meeting is to keep the membership informed of the financial results for the Lodge and to allow for the frank discussion of these results and any changes that may be required to increase the financial stability of the Lodge. Without detailed accurate information, decisions can be made that will adversely impact the Lodge. These decisions should be avoided at all costs.

3-124. Payroll Processing and Reporting: The processing of payroll for the Lodge can be time consuming if prepared manually. Outside payroll services can greatly reduce the time involved and handle all of the Lodges required Federal, State and Local payroll tax reporting. QuickBooks can also be used for preparation of the Lodge's payroll. While the payroll module is an add on to the base software, in many cases the costs involved are even lower than an outside service. The deciding factor is the level of comfort and expertise within the Lodge.

Recording the results of the periodic payroll can present a challenge. If not recorded correctly the financial results and any reporting quickly gets out of sync. The recording of payroll involves three components:

1. Salaries & Gross Wages Expense
2. Withheld Payroll Tax Liabilities
3. Lodge Payroll Tax Expenses

Example

Assume the following for the Bar payroll, all amounts in dollars. Also assume that the Federal Unemployment Tax Rate is 0.6% and the State Unemployment Tax Rate is 1.8%:

Gross Salaries & Wages	1,000.00
Federal Withholding	250.00
Social Security Withheld	62.00
Medicare Withheld	14.50
State Withholding	50.00
Net Paid	623.50

The basic entry in journal entry form for recording payroll is:

Account Number & Name	Debit Amount	Credit Amount
40420 Wages – Bartenders/Waitresses	1,000.00	
2160001 Payroll Tax Liabilities – Fed W/H		250.00
2160002 Payroll Tax Liabilities – SS		62.00
2160003 Payroll Tax Liabilities – Medicare EE		14.50
2160004 Payroll Tax Liabilities – State W/H		50.00
4044001 Payroll Taxes – SS Employer	62.00	
2160002 Payroll Tax Liabilities – SS		62.00
4044002 Payroll Taxes – Medicare Employer	14.50	
2160003 Payroll Tax Liabilities – Medicare		14.50
4044003 Payroll Taxes – Federal Unemployment	6.00	
2160005 Payroll Tax Liabilities Federal – Unemployment		6.00
4444004 Payroll Taxes – State Unemployment	18.00	
2160006 Payroll Tax Liabilities – State Unemployment		18.00
10201 Cash Lodge General Checking		623.50

Note the use of subaccounts for both the Liabilities and the Payroll Tax Expense accounts. This is done so that in the event a reconciliation is necessary the individual tax types can be easily identified. Also note that in recording the payroll the Expenses for the Employer portion for Social Security and Medicare are recorded simultaneously along with the Employer Expenses for Federal & State Unemployment. Additional line items may be required if the Lodge is liable for other State or Local taxes or assessments or if the Lodge has any benefit programs that require withholding from the employee's wages. In these cases, consult with the Lodge's accountant for assistance in recording these transactions.

Every Lodge with employees must use IRS Publication 15, Circular E, Employer's Tax Guide, which contains tax withholding tables and instructions for withholding, paying taxes, rendering returns and record keeping. Additional pertinent instructions are contained in IRS Publication 15-A, Employer's Supplemental Tax Guide; Publication 15-B, Employer's Tax Guide to Fringe Benefits; Publication 334 Tax Guide for Small Business and Publication 505 Tax Withholding and Estimated Tax. All of these publications are available for download at www.irs.gov/forms.

Lodges are reminded that the Lodge Secretary and Lodge Treasurer are paid employees per the Local Lodge By-Laws. Any payment, **in any form**, to these two Officers is compensation subject to all Federal and State payroll taxes and must be reported on Form W-2 at the end of each calendar year. It is not permitted to report the amounts paid to these Officers on Form 1099.

All Lodges are subject to compliance with both Federal and State Fair Labor Standards Act (FLSA) and any minimum wages set by any Federal State or Local Statute. At the Federal level the Department of Labor (DOL) in Chapter 10 of the FLSA Act Section 10b25 has stated "*The WHD will not assert that an employment relationship exists under the Act for persons who volunteer their services, including those who are elected, to a fraternal order not as employees and without contemplation of pay. Included would be such persons as the secretary and director or trustees of individual lodges. The payment of a nominal sum would not affect the status of a bona fide volunteer.*" Lodges will need to check their State Statutes to see if the same or similar exemption exists.

As stated earlier, software such as QuickBooks can greatly simplify the task of issuing payroll checks and preparing both Quarterly and Annual Payroll Tax Returns. **Appendix C** is a guide to setting up QuickBooks Desktop for payroll processing.

3-125. Outside Professional Support: Depending on the size and level of activity within the Lodge it may be necessary to hire outside support to assist in the recordkeeping and preparation of the required financial reports. In smaller Lodges where there may not be the level of expertise or the availability of volunteer time necessary to prepare the monthly reports the employment of an outside professional may be a solution.

For small to medium size Lodges a “full charge bookkeeper” or a person with similar skills should be well equipped to handle the duties required. In larger Lodges it may require an individual with a more advanced skillset or even the engagement of an outside accounting firm.

Consideration must also be given to G.L.S. Section 13.040 (i) 3. “Unless waived by the Sponsor, Lodge Federal and State Tax Returns must be prepared by a Licensed Tax Professional who is independent of the Lodge and independent of preparation of the FRS. The same financial information used to prepare the FRS must be independently used to prepare the applicable Federal and State Tax Returns.”

In this context, a Licensed Tax Professional is either an Enrolled Agent (EA) or a Certified Public Accountant (CPA). These are the only two types of professionals who are both licensed and recognized by the Internal Revenue Service.

3-126. Year End Closing Work: At the end of the Lodge fiscal year there are several things that should occur before the records are turned over to the Lodge’s accountant for the preparation of the Information and Tax Returns. Please refer to **Appendix K** for a detailed list of steps. Most importantly, remember that there are two due dates for the March submission. The first occurs on the third Friday in April and is the preliminary financial results. By August 15th, the final financial results are due and must include the accountant’s adjusting journal entries. The last step if using a software-based accounting system is to establish the closing date (March 31) password to prevent accidental changes to the data submitted to the accountant. To use the **Closing Date Password** feature in QuickBooks, select *Company/Set Closing Date*. Select the Set Date/Password button on the Preferences pop up window. Enter the closing date (March 31 of the prior fiscal year) and enter a password.

Any Prior Period adjustments for earlier years proposed by the Lodge’s accountant must be recorded only in the Lodge Year being currently finalized. This is required so that the Lodge’s data remains synchronized with the Financial Reporting System (FRS) data previously submitted. Once an Evaluation Report is issued by the Grand Lodge Auditing and Accounting Committee Member the FRS data as of the year reviewed is locked from any further changes.

ADVANCED TOPICS

3-201. Internal Controls and Internal Auditing: Internal Controls comprise a system of procedures, rules and mechanisms of a business entity to ensure the integrity of the financial and accounting information and prevent fraud. Each Lodge needs a system of internal controls to protect assets from waste, fraud and theft and to ensure accurate and reliable accounting data. Some controls are mandated by Laws of the Order and the By-Laws of the Lodge. Additional controls needed are determined by the volume of business, complexity of the Lodge organization and number of employees available. It is not feasible to provide one simple set of internal controls for all Lodges. Each Lodge should design its own system. The cost of controls should always be justified by benefits to be derived. The number of employees between which responsibilities can be divided will generally be a factor in determining the number and complexity of the controls put into place.

The following controls should always be included:

1. Procedures for using vouchers to authorize payment of bills against the Lodge, to include:

- (a)** Voucher form to be used, as authorized by the Lodge. See Section 3-112 for examples
- (b)** Who prepares the voucher and attaches it to the bill (normally the Lodge Secretary)?
- (c)** Who approves the voucher, invoice or bill to verify receipt of material; to verify price billed against price quoted, to indicate committee approval, etc.?

Normally, the Lodge Secretary will prepare and sign the voucher which is then approved by the Exalted Ruler. Any Lodge may require that all vouchers be reviewed and approved by the Board of Directors to ensure compliance with the budget. After all approvals are obtained, the Lodge Secretary reads the bills at a regular session of the Lodge under the order of business — “Bills Against the Lodge.” After Lodge approval, the Lodge Secretary presents the vouchers to the Lodge Treasurer for payment (G.L.S. Section 12.060).

- 2. Procedures for authorizing payment of employees.** A time clock, with individual time cards, is preferred for a large number of employees. Otherwise, a time sheet or book with the supervisor’s signature of approval for each pay period should be used. The Lodge Treasurer should ensure that pay rates for new hires and any pay changes are properly authorized, preferably by actual recording in the minutes of meetings of the governing body of the club or other entity.
- 3. Procedures for receipt of merchandise and supplies.** Quality, weight and count should be checked. Delivery men should not be permitted to place merchandise in the storeroom without careful check. It is appropriate to limit the number of individuals who are authorized to sign for deliveries.
- 4. The Lodge Treasurer, Bar Manager or Food Manager, should never be involved with taking of the physical inventory or signing for receipt of goods.**
- 5. A receipt book for the Lodge may be kept in the members lounge so that members may pay dues during hours Lodge office is closed.** The money and name of member paying dues should be given to Lodge Secretary promptly. Members should be encouraged to pay dues by check.
- 6. Individuals originally receipting cash should not be involved in depositing or recording the cash receipts.**
- 7. The Lodge Secretary’s receipts should be reconciled with the Lodge Treasurer’s receipts monthly.** Any delay increases difficulty in identifying and resolving discrepancies.
- 8. Bank statements should be obtained from the depository monthly.** Statements for checking accounts should bear a closing date of last day of month wherever possible. All bank statements must be reconciled monthly and necessary corrections entered into the accounting records.
- 9. Statements should be reconciled by an individual not involved with depositing cash or writing checks where possible.**
- 10. Bank deposits should be made promptly and daily if possible.** Deposits are to be made by the Treasurer or another person as long as that person is covered by the Lodge’s insurance bond.
- 11. Cash kept in Lodge overnight should be stored in safes with combination locks that meet the requirements of the casualty insurer.**

12. Lodge assets should be covered by adequate casualty insurance, and personnel who handle cash (i.e., bartenders and bar/facility managers) should be bonded. G.L.S. Sections 12.050 and 12.060 of the Statutes specify the minimum bond required for the Lodge Secretary and the Lodge Treasurer. The Lodge should determine amount of bond to be carried for each person involved.
13. Individuals with access to the Lodge Computer and/or the accounting system should have a unique user name and password assigned so an audit trail is established.

Consideration should be given to the following when establishing the internal controls for the bar, food service, golf course, pool and other business activities of the Lodge.

1. Use of a Point of Sale (POS) system or a recording cash registers with sufficient flexibility to record all sales by product and other miscellaneous cash receipts. A numbered continuous tape should be locked within each cash register while it is in use.
2. It is suggested that cash registers be equipped with additional tape to permit giving the customer a cash register receipt, together with his change, immediately upon being served.
3. Food Service sales checks should be pre-numbered in sequential order and accounted for daily. Missing sales checks should be investigated by the supervisor.
4. Separate cash drawers should be provided for each individual handling cash receipts.
5. Access to the tape locked in the cash register should be limited to an individual, other than the bartender or cashier, who should count the cash, balance against tape totals, and prepare the daily summary of receipts.
6. There should be an established policy for action to be taken on cash shortages/overages.
7. Persons responsible for inventory should not be involved with sales.
8. Inventory of merchandise for resale should be taken monthly or quarterly and, at a minimum, at the end of the fiscal year.
9. A member of the Auditing & Accounting Committee, an Officer, or member of the Club Management Committee, should supervise taking the inventory and spot check pricing and extending.

Good business practice requires that the governing body of each business activity within the Lodge pay close attention to the following Cost to Sales ratios where applicable. When the ratios are in excess of the guidelines, management should review the existing practices covering pricing of the good sold; purchasing of the goods sold and shrinkage (overpouring, spillage, waste and inventory control). Where deficiencies are noted, changes must be made to correct. Selling prices should be set so as to encourage Member participation at the Lodge but not so low as to be effectively giving the product away. Operating hours should be reviewed and those times when there is little to no activity the hours of operation adjusted to reduce costs. Common sense dictates that the business activities of the Lodge should deliver enough gross profit to support the activity. The three Cost to Sales Ratios are:

1. Cost of Goods Sold (GoGS) should not exceed 35% of Revenue derived from the goods sold.
2. Employee Expenses should not exceed 35% of Revenues. Employee Expenses include Salaries & Wages, employee meals, payroll taxes and employee benefits.
3. Entertainment Costs should not exceed 6% of Sales.

It should be emphasized that these ratios are maximums and the individual Lodge may set a lower ratio based on its volume of Revenues. For Lodges utilizing volunteers to staff any Bar or Food Service positions the combination of the Cost of Goods Sold percentage and the Total Employee Expenses should not exceed 70%. Formulas for the calculation of these ratios can be found in Chapter 2, Sections 2-105, 2-106 and 2-107 of this Manual.

Internal Auditing is a review conducted by Members of the effectiveness of the system of internal controls established by the Lodge. A Lodge may have a complete accounting system, good procedures for accounting reports and excellent internal controls. But the system would not necessarily work well unless someone checks the records prepared and maintained in each area or entity to make sure that established procedures and policies are adhered to. This is the job for internal auditors or in the case of a Lodge the Lodge Auditing & Accounting Committee.

G.L.S. Section 13.040 enumerates the duties and responsibilities to the Lodge Auditing & Accounting Committee. Subsection (h) sets forth the requirement for three reviews during the months of July, October and January. If the Auditing & Accounting Committee is conscientious and carries out its duties responsibly, the Lodge will have much greater assurance that it is complying with the Statutes; that accounting data is reliable and that the budget process is being used properly to manage the financial affairs of the Lodge. Subsection (j) provides for who can serve on the Committee as follows: "No Lodge Secretary, Treasurer, Trustee, Director, or any member of the Supervising or Managing Body of the Club, Social Parlor or other facility established in connection with the Lodge shall serve as a member of the Auditing & Accounting Committee." The Audit Committee is not responsible to the Lodge Board of Directors and need not report to them.

Appendix A of this Manual is Guide for these reviews and has been prepared to aid the Committee in conducting its reviews. It may be reproduced by photocopying as needed. In conducting a review, portions of the Guide may be assigned to each member of the Committee. In larger Lodges it may be advisable to assign a committee member to each activity, such as the Lodge, Club, Golf Course, etc.

The Lodge Auditing & Accounting Committee must report on completion of their reviews to the Lodge at a regular Lodge meeting. All discrepancies, weaknesses and areas needing improvement, along with the Committee's recommendations, should be discussed with the Exalted Ruler and the persons responsible. It is clearly the duty of the Exalted Ruler, as chief executive officer of the Lodge, with the assistance of the Committee, to ensure that all recommendations are considered and implemented when approved.

The District Deputy Grand Exalted Ruler, with the assistance of an Auditor to the District Deputy, conducts an audit upon the occasion of his visit to the Lodge. This, in effect, is an internal audit conducted by corporate headquarters within its branch offices. The Exalted Ruler is expected to act affirmatively on all recommendations made by the District Deputy. **NOTE:** It is suggested that it would be very helpful if the Lodge's Auditing & Accounting Committee could be present when the District Deputy conducts his audit.

After the Lodge has completed a fiscal year and submitted its financial information into the FRS and uploaded its Federal and State information and Tax Returns, the Grand Lodge Auditing and Accounting Committee Area Member covering the State that the Lodge is located in will conduct an annual evaluation of the financial position of the Lodge. The Area Member may make comments on the results, recommend changes to the Lodge's accounting, request a clarification or an explanation on a particular matter and provide feedback on the preparation of the Information and Tax Returns. All of this is an effort to improve the Lodge's financial health and reduce the chances of an audit by the Federal or State authorities. A sample Lodge Financial Evaluation is presented in **Appendix E**. Responses from the Lodge to the Area Member should be completed in a timely fashion.

With the implementation of the FRS, the Area Members will also be conducting "spot checks" throughout the year. The intention of these spot checks is to get ahead of any potential issues prior to the end of the fiscal year so that they can be addressed and corrected if warranted.

3-202. Adjusting Journal Entries: The need for adjustments in an accounting system is an inevitable consequence of the accrual or modified accrual method of accounting. The original recording of either a prepaid expense or a prepaid revenue amount will necessitate the need for a journal entry to adjust the accounts at a later date. As with all accounting since the creation of the double-entry accounting system by Luca Pacioli in 1494, journal entries consist of debit entries and credit entries. For each journal entry the sum of the debits must equal the sum of the credits.

In general Debit entries increase Asset and Expense accounts and decrease Liability, Equity and Revenue accounts. Conversely Credit entries increase Liability, Equity and Revenue accounts and decrease Asset and Expense accounts.

In QuickBooks **General Journal Entries** are entered by selecting *Company/Make General Journal Entries*. Enter the date for the entry and a journal entry number (if desired). Then enter the account numbers, whether a debit or credit amount and the reason for the entry in the Memo column. When done click OK. If the entry balances (debits = credits) then the system will record the entry. If not in balance a message will display and corrections will have to be made.

Appendix H has several sample journal entries that most Lodges will use in their accounting system.

Appendix I has step by step instructions for creating a general journal entry.

3-203. Federal and State Information, Income, Payroll and Sales Tax Returns: This Chapter is not intended to provide complete and comprehensive advice on payment of Federal, State and local taxes or filing of all tax returns. Rather, it is intended to provide a guide with suggestions and ideas to help Lodges ensure compliance with the tax laws. Lodges must be careful to maintain a reputation of being a law-abiding organization and not act to jeopardize their Federal or State income tax exemption.

The most effective way for a Lodge to stay out of trouble with taxing authorities is to seek advice from a tax professional. Do this when you have questions or are in doubt. It is recommended that the Lodge periodically ask a professional to review their practices for compliance with tax laws and regulations. It is suggested that the Lodge Secretary and Lodge Treasurer keep up-to-date in this area, maintain a file of pertinent publications, and be the point of contact for questions that arise.

The required forms, instructions and other publications to file a complete and accurate return are generally available on-line. The Internal Revenue Service publications and forms may be obtained by accessing the IRS web site at www.irs.gov/forms. State and local publications are available from the appropriate State Department of Finance or Revenue website or the Liquor Control or Alcoholic Beverage Control (ABC) websites. In some cases, the returns required for the conduct of gaming at the Lodge are available on-line but under a different State government department. Conduct an on-line search for the specific website.

There are four major categories of Information or Tax Returns that the Local Lodges are responsible for filing. The categories and most common forms are:

1. Information Returns for Non-profit Organizations

- a.** Federal Form 990 – Return of Organization Exempt from Income Tax (includes the EZ and N versions)
- b.** State Form 990 or equivalent

2. Information Returns (applicable to all businesses)

- a.** Federal Forms 1099 (includes all variants – MISC; – INT; – NEC)
- b.** Federal Form W-2G Certain Gambling Winnings
- c.** Federal Form 1096 Annual Summary and Transmittal of U.S. Information Returns
- d.** State Forms 1099 or equivalent
- e.** State Form 1096 or equivalent

3. Income Tax Returns

- a.** Federal Form 990-T Exempt Organization Business Income Tax Return
- b.** Federal Form 1120 U.S. Corporation Income Tax Return
- c.** State Form 990-T or equivalent
- d.** State Corporation Income Tax, Business Entity Return or equivalent

4. Payroll Tax Returns

- a.** Federal Form 941 Employer's QUARTERLY Federal Tax Return
- b.** Federal Form 940 Employer's Annual Federal Unemployment (FUTA) Tax Return
- c.** Federal Form W-2 Wage and Tax Statement
- d.** Federal Form W-3 Transmittal of Wage and Tax Statements
- e.** State Form 941 or equivalent
- f.** State Form 940 Unemployment Tax Return or equivalent
- g.** State W-2 or equivalent
- h.** State W-3 or equivalent

5. State and Local Sales Tax Returns

This is not meant to be a comprehensive list of all required returns. Additional returns may be required for those States that have other mandatory withholdings from employee wages such as worker's compensation insurance or for Paid Family and Medical Leave.

Information Returns for Non-profit Organizations

G.L.S. Section 13.040 requires the Lodge to have its Federal and State Information Returns prepared by a licensed tax professional who is independent of the Lodge. All Local Lodges are covered by a Group Exemption issued by the Internal Revenue Service. It is imperative that the Group Exemption Number be noted in the appropriate place on all Federal Information Returns for Non-profit Organizations filed. For all Lodges in the Order the Group Exemption Number is **1156**.

There are three possible Federal information returns that the Lodge may file. The form to file is based on the Lodge's Gross Receipts. The Gross Receipts are the total Revenues received by the Lodge from all sources without subtracting any Expenses. For this calculation gaming Revenues must be determined before deducting any Prizes paid out. If the Gross Receipts are \$50,000.00 or less, then the Lodge is eligible to file Form 990-N. This is also known as the e-postcard return. It is filed on-line at: <https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard> and requires a minimum amount of information to file. For any Lodge filing a Form 990-N in addition to uploading to elks.org a copy of their ending Comparative Balance Sheet the Lodge must also submit a Year-to-Date Profit and Loss Report for the fiscal year.

If the Lodge's Gross Receipts are greater than \$50,000.00 and less than \$200,000.00 and the Lodge has total assets at the end of the year of less than \$500,000.00 then it is eligible to file Form 990-EZ.

All other Lodges must file Form 990. A Lodge can choose to file Form 990 even if they meet the eligibility for either Form 990-EZ or Form 990-N.

When completing Form 990-EZ or Form 990 it is extremely important to make sure that all the information in the header section of each return is complete. This includes the Gross Receipts in Box G and the Group Exemption Number (GEN) in box H(c). The Group Exemption for all Lodges is 1156. In item I – Tax-exempt status be sure to check 501(c) and enter 8 in the adjoining space.

For those Lodges required to file Form 990, the number reported on Line 3 and Line 4 cannot exceed nine (9). This is the maximum number of Chair Officers and Trustees that make up the Board of Directors and is considered the governing body of the Lodge. Since volunteering and providing community service is a core reason for the Order's exempt status the number of volunteers is an important entry in Part 1, Line 6 of the return. Use the final summary from the Lodge Charity Records as filed in CLMS as a source of data for Form 990 Part I Line 6.

Part IV of Form 990-EZ and Part VII of Form 990 is a list of the Officers in office for the year being reported. All Officers both Elected and Appointed should be listed. The titles used should be those contained in the Lodge By-Laws. Where required, the column for Officers should be checked for all names listed and the column Individual trustee or director should be checked for the four Chair Officers and the Trustees. For the reportable compensation column on both returns the amounts paid to any of the Officers for any work performed on behalf of the Lodge should be included. If no compensation was paid to any Officer, enter zero.

In Part VIII – Statement of Revenue, the Lodge should follow these guidelines to classify its Revenues.

The Total Revenues from any activities that involve the sales of inventory should be reported on Line 10a; related cost of goods on Line 10b and the net income Line 10c all in column A and then allocated to Column B for Sales to Members; Column C for Sales to non-members and Column D for excluded revenues (volunteer exception, etc.)

Revenues from fundraising activities (inducing potential donors to contribute) should be reported on Line 8a reduced by any contributions reported on Line 1c. The direct costs of the fundraising are reported on Line 8b and the net on Line 8c all in Column A. Allocate the portion of the net that was conducted substantially by all volunteer members to Column D as excluded revenue. The net from fund-raising activities conducted by paid employees or contractors of the Lodge, should be reported in Column C as Unrelated Business Revenue. Also include this amount on Form 990-T. **NOTE:** If the fundraising is only conducted with Lodge members and their bona fide guests and paid for entirely by the members then the Revenues and Expenses should not be reported as fundraising.

Gaming Revenues and Expenses should be reported on Line 9a through 9c. The net derived solely from members should be reported in Column B. The net from bingo, generally, should be classified as excluded revenue and reported in Column D (See Bingo in Section 3-205 for exceptions). Income from other gaming activities that are conducted substantially by all volunteer members, less the related direct expenses, should be classified as excluded revenue and also reported in Column D.

The net from gaming activities derived from non-members or that are conducted by paid employees or contractors of the Lodge should be classified as Unrelated Business Revenue and reported in Column C. Also include this amount on Form 990-T.

For both fundraising and gaming income, it may be necessary also to complete Form 990, Schedule G. Schedule G, Part II must be completed if the Lodge reports more than \$15,000 in gross revenues from fund-raising events. Schedule G, Part III must be completed if the Lodge reports more than \$15,000 in gross revenues from gaming. The Lodge must classify those gaming revenues as indicated on Schedule G, Part III for specific gaming activities. On Line 6 of Schedule G if some or all of the organization's work in conducting a type of gaming is performed by volunteers, check "Yes" and enter the percentage of total workers who are volunteers for each type of gaming conducted.

In Part IX – Statement of Functional Expenses, the Lodge should report all Expenses that were not reported in Part VIII. Section 501(c)(8) organizations are not required to enter data in any column other than Column A Total Expenses. No further allocation to the other Columns present is required. Line 6 amounts should agree to the amounts reported in Part VII for all Officers. Review the detailed instructions for Form 990 published by the Internal Revenue Service for details on what should be included in Line 16 Occupancy. Minimize the amounts reported on Line 24 as best as the Lodge can.

In Part X – Balance Sheet, the Line items align very closely to the accounts in the Chart of Accounts. Prepaid Dues and Fees and Prepaid Revenues should be reported on Line 19, Deferred Revenue and not on Line 25, Other Liabilities.

Late filing of these returns with the IRS can result in significant penalties assessed against the Lodge. A Failure to File penalty is assessed when the return is not timely filed and \$20.00 per day late not to exceed the lesser of \$10,500.00 or 5% of the Gross Receipts. For Lodges with annual Gross Receipts exceeding \$1,067,000.00 the daily penalty is \$105.00 per day to a maximum of \$53,000.00. These penalties can also be assessed if the Lodge files an incomplete return, such as failing to complete a required line item or a required part of a schedule or the return contains incorrect information, such as reporting an amount on a net basis when a gross basis is required.

Grand Lodge requires that the Lodge's Federal and State returns be uploaded to elks.org no later than August 1st following the close of the Lodge fiscal year. This date is to allow sufficient time for the Annual Lodge Financial Evaluation of the Lodge's financial information to be completed by the appropriate Area Member of the Grand Lodge Auditing and Accounting Committee. Grand Lodge **does not** recognize the filing of Federal Form 8868 Application for Automatic Extension of Time To File an Exempt Organization Return. Failure to file on time with Grand Lodge will result in the imposition of penalties starting at \$100.00 per month or portion thereof that the return is late up to a maximum of \$500.00.

Information Returns (applicable to all businesses)

In addition to the information returns required for Non-profit Organizations, most Lodges are required to file several other Federal and State Information Returns. These returns cover the payment of interest greater than \$10.00 (1099-INT); the payment of non-employee compensation of \$600.00 or more (1099-NEC); the payment of \$600.00 or more for services (1099-MISC, except if paid to a C or S corporation); payment of \$600.00 or more in winnings from raffles or drawings or \$1200.00 or more in winnings from bingo, slot machines and other legal games of chance (W-2G).

These information returns are due on a calendar year basis. Specific instructions for completing and filing of these returns are available in the IRS publication General Instructions for Certain Information Returns and in the instructions for each type of Form 1099 or Form W-2G. All instructions are available at www.irs.gov/forms.

Penalties for failure to file or for late filing of these information returns start at \$50 per information return per day up to a maximum of \$199,500.00 per year if filed within 30 days of original due date. This increases to \$110.00 per information return filed more than 30 days but before August 1st with a maximum of \$571,000 and further increases to \$280.00 per information return if filed after August 1st with a maximum of \$1,142,000.00. The prior amounts are based on classification of small business (Gross Receipts less than \$5,000,000.00). If a Lodge is not classified as a small business, then the maximum penalties are \$571,000.00; \$1,713,000.00 and \$3,426,000.00 respectively. Obviously, these penalties are severe and should be avoided at all costs.

Income Tax Returns

Lodges may be required to file Form 990-T Exempt Organization Business Income Tax Return if the Lodge has gross income from a regularly conducted unrelated trade or business of \$1,000.00 or more. An unrelated trade or business is any trade or business that is regularly carried on and that is not substantially related to the exempt purposes of the Lodge other than the need for funds. Gross income is Gross Receipts less cost of goods sold.

Lodges should obtain IRS Publication 598, Tax on Unrelated Business Income of Exempt Organizations as an aid in understanding what is, and what is not, unrelated business gross income. Typical examples of such income are rental of debt-financed property (property subject to a mortgage), or regularly operating a commercial parking lot. Careful observance of the requirements of G.L.S Section 14.130 (closed door policy) can eliminate most other areas of unrelated business income. While members are permitted to have guests attend Lodge events and use the member facilities when accompanied by the member, the guests should not pay for any goods or services provided. Payment by non-members for goods or services provided by the Lodge is unrelated business gross income and is subject to inclusion with all other unrelated business income of the Lodge.

While complying with the requirements to track non-member sourced Revenues separately can be complicated, the alternative of reporting all Revenues collected from sales by the Lodge of goods or services is very dangerous. The Lodge's tax-exempt status is based on only a certain allowable percentage of Revenues from non-members. Reporting all of the Revenues as unrelated business income indicated that the Lodge is open to the public and therefore not entitled to exemption from tax. Loss of this status by a Lodge may result in the revocation of the Lodge's charter.

Lodges with separate corporations may be required to file Form 990 for the separate corporation if it is either a 501(c)2 or 501(c)3 organization. In some cases, Lodges have formed a C corporation for certain of the Lodges business activities. This form of corporation is a for profit organization subject to the same taxes as any other corporate business entity. In these cases, the Lodge must file a Form 1120 for these separate corporations. The Lodge should consult with its outside accountant for assistance with the filing of Form 1120.

Payroll Returns

Every Lodge with employees must use IRS Publication 15, Circular E, Employer's Tax Guide, which contains tax withholding tables and instructions for withholding, paying taxes, rendering returns and record keeping. Additional pertinent instructions are contained in IRS Publication 15-A, Employer's Supplemental Tax Guide; Publication 15-B, Employer's Tax Guide to Fringe Benefits; Publication 334 Tax Guide for Small Business and Publication 505 Tax Withholding and Estimated Tax. All of these publications are available for download at www.irs.gov/forms.

Lodges are reminded that the Lodge Secretary and Lodge Treasurer are paid employees per the Local Lodge By-Laws. Any payment in any form to these two Officers is compensation subject to all Federal and State payroll taxes and must be reported on Form W-2 at the end of each calendar year. It is not permitted to report the amounts paid to these Officers on Form 1099.

The Payroll Returns are generally due on a quarterly or annual basis. In addition to the Quarterly and Annual returns, Lodges may be required to prepare weekly or monthly forms to deposit the withheld taxes with the appropriate taxing authority. Lodges that utilize QuickBooks integrated payroll services have the benefit that most of these depositing requirements and the filing of the Quarterly and Annual returns are automated. This can include e-filing of all returns and deposits. The same may hold true for the use of an outside payroll preparation service. Generally, both services provide a guarantee that all required deposits and returns are filed on time and may even offer audit protection.

All Lodges are subject to compliance with both Federal and State Fair Labor Standards Act (FLSA) and any minimum wages set by any Federal State or Local Statute. At the Federal level the Department of Labor (DOL) in Chapter 10 of the FLSA Act Section 10b25 has stated "*The WHD (Wage and Hour Division) will not assert that an employment relationship exists under the Act for persons who volunteer their services, including those who are elected, to a fraternal order not as employees and without contemplation of pay. Included would be such persons as the secretary and director or trustees of individual lodges. The payment of a nominal sum would not affect the status of a bona fide volunteer.*" Lodges will need to check their State Statutes to see if the same or a similar exemption exists.

Sales Tax Returns

The collection and remission of Sales Tax for both State and Local taxing authorities will involve the filing of periodic returns. These may be as frequent as monthly, generally quarterly and in some case annually. It is imperative that the Lodge be aware of and comply with all the requirements for the collection and payment of these taxes in a timely fashion. Information and instructions are available directly from the taxing authority. Information on recording these taxes in the accounting records can be found in Section 3-113 of this Chapter in the manual.

Most States and Localities that impose a Sales Tax also impose a Use Tax. The Use Tax applies to purchases made and the goods purchased consumed by the Lodge and on which no Sales Tax was paid. This can be the result of the purchase made for resale and a portion or all of the purchased goods were consumed by the Lodge or when purchasing goods on-line.

NOTE: The above information is not intended as comprehensive tax advice, but rather to alert Lodges to the most significant tax issues that Lodges ordinarily encounter. Other issues can arise which could require further consideration.

3-204. Records Retention: The Lodge Secretary is responsible for the retention and preservation of the Lodge's files and records as enumerated in G.L.S. Section 16.110. In addition, the Internal Revenue Service specifies the minimum retention period for the records and documentation necessary to substantiate the amounts reported on the Information and Income Tax Returns of the Lodge.

Two pertinent Internal Revenue Service publications are Publication 15, Circular E and Publication 583, Starting a Business and Keeping Records contain invaluable information for those records that must be kept and the time period they should be retained for. Per Publication 15, payroll records must be retained for a period of four years and provides a list of the specific records included. Publication 583 states that "must keep your records as long as they may be needed for administration of any provision of the Internal Revenue Code. Generally, this means you must keep records that support and item of income or deduction on a return until the statute of limitations for that return runs out." Generally, this is three years from the date the return was filed. Keep in mind that Form 990 and Form 990-EZ are required to be kept for a minimum of three years and are open to public inspection. Some States may have longer records retention periods.

The Grand Secretary's Office has compiled a guide for other Lodge records. Listed are general guidelines for records retention as applied to Local Lodges. Always consult with a professional accountant before setting policy. Specific rules for records retention are governed by local laws and may vary from state to state.

1. All Membership Records must be kept permanently. This includes not only active and living members, but also those who left by absolute or transfer dimit, were dropped for non-payment, or are deceased. Your Lodge membership records are the only source of information on the status of Members past and present. The Grand Lodge only keeps membership records of Lodges which lose their charters.
2. Annual Reports of Membership: Permanently
3. Audit Reports: Permanently
4. Charts of accounts should be kept permanently.
5. Financial Records: These could include purchase of goods, sales, tax records, employment records, sales receipts, vouchers, etc. Seek guidance from your accountant or the Grand Lodge Auditing and Accounting Committee Member for your area. The shipping department of the Grand Lodge, for example, keeps invoices and purchase orders for five years.
6. All documents relating to the sale, purchase or modifications to Lodge property should be kept permanently (deeds, mortgages, Fixed Asset records, etc.). In case questions arise at a future sale, these documents may prove invaluable. Building permits approved by the Grand Lodge Trustees fall into this category and must be kept permanently. Also included in this category are records related to member bonds.
7. All Forum cases and documents of a legal nature should be kept permanently.
8. Correspondence: Correspondence of a legal nature should be kept permanently. There is no one rule for all other correspondence, this is up to the Lodge. The Grand Lodge keeps routine correspondence for seven years, but Lodge correspondence should be kept for a minimum of two years.
9. Minutes: All minutes of the Membership, PER, House Committee, Board of Directors (Board of Trustees) and any other committees that meet on a regular basis should be retained permanently.

10. Books and other publications: Only the current editions of Grand Lodge publications are required. You might find it useful to keep at least one copy for each year of the Annotated Statutes and Proceedings of the Grand Lodge Convention. It would also be a good idea to keep at least one copy of each revision of your Lodge By-Laws, along with amendments.

3-205. Internal Revenue Service Matters and Examination of Lodges:

A notice to the Lodge of an Internal Revenue Service (IRS) examination begins with a letter (Letter 3611) from an IRS Revenue Agent and Form 4564, Information Document Request. The audit may be remote where the Lodge sends in documentation to the Revenue Agent or may be a request for an on-site visit. The examination will always be for a specific Lodge tax year or years and for a specific Form or Forms. Also included in the initial contact letter will be a copy of the Your Rights as a Taxpayer, Publication 1.

Form 4564, Information Document Request will specify what records and other information the Lodge should have available for the examination. This can be a very extensive listing of documents and records which the Lodge should begin assembling for the IRS examiner. Do not submit originals of any documentation. The documents submitted may not be returned. Make sure any copies are legible. Submit only the requested documents and only for the Tax Periods listed in the Header for Letter 3611. Submission of electronic versions of the requested documents may be allowed. Check with the Revenue Agent in advance of submitting.

Upon receipt of the audit notice the Lodge should immediately contact the Grand Secretary's office for a packet of materials related to the granting of the tax-exempt status. The Lodge should also immediately notify the Past Grand Exalted Ruler State Sponsor and the Area Member of the Grand Lodge Auditing and Accounting Committee of the notice. The Lodge should keep these individuals informed as to the progress of the audit.

During the audit, the Revenue Agent may call or request additional information. Be as prompt as possible in responding. If additional time is required contact the Revenue Agent and advise.

At the conclusion of the Revenue Agent's work, there will be a closing conference where any findings will be discussed between the Lodge and the Revenue Agent. If the Lodge is in agreement with the findings (if any) then an agreement form will be presented to the Lodge for signature. If the Lodge disagrees with the findings, it has the option to have a conference with the Revenue Agent's manager or an IRS Appeals official.

Should the Lodge want someone other than an Officer to discuss the audit with the IRS, the Lodge must file Form 2848, Power of Attorney and Declaration of Representative. This option is highly recommended. The Lodge should have the firm or individual who prepared the return under audit handle the discussions with the IRS. The firm or individual is best suited to answer questions on the specifics of how the information was reported.

The best defense a Lodge can have is a strong offense in record keeping and a complete understanding that an IRS examination is a serious undertaking. If the request is for an on-site visit, the Revenue Agent will come to the Lodge premises to conduct the examination. The agent may ask to have a tour of the facilities including all buildings. They may also request a room or space where the agent can conduct the audit. Your representative may request that the agent conduct the exam at the representative's office.

During the audit, the Lodge should have its qualified representative and only the designated spokesperson for the Lodge present. At all times, the Lodge representatives should be cooperative and answer any questions as accurately as possible. Remember that the Revenue Agents are very

experienced at what they do. They come well prepared when visiting a physical location. Agents have been known to review the Lodge’s social media posting and other publicly available information (roadside signs; posters in the community, etc.) prior to their arrival. Other Lodge personnel should not participate unless specifically requested by the examiner and should speak only through the designated representative. This will help ensure that a consistent message is delivered and that no “slips of the tongue” occur that may impact the audit results.

In an IRS audit, there are some recurring subjects the Revenue Agent likely will inquire into. Because every Lodge probably will have an IRS audit at some time, the information set forth below can be used to plan the Lodge’s business operations to minimize potential problems from an IRS examination.

In a number of IRS audits, the Revenue Agents have questioned the tax classification of the Lodge under Section 501(c)(8) of the Internal Revenue Code. That is the classification that has been assigned to Grand Lodge and Local Lodges by the National IRS Exempt Organizations office. We believe that classification cannot be changed by a Revenue Agent but rather any change must be made by the National IRS Exempt Organizations office.

If the IRS Revenue Agent raises a question about the 501(c)(8) tax classification, Lodge Officers or representatives should not attempt on their own to respond or to discuss the “benefits” that are available to Lodge Members under the 501(c)(8) exemption. The Revenue Agent should be advised that benefits to members and dependents are provided by our National organization, Benevolent and Protective Order of Elks of the United States of America, Inc., under group exemption 1156. Said benefits were reported to the National Exempt Organizations office which issued IRS 501(c)(8) exemption for the National organization and Local Lodges. Questions should be addressed to Grand Lodge or the National Exempt Organizations office. In preparation for the Audit, the Lodge Secretary should print out a copy of the IRS letter granting that Lodge status under Group 1156 found in **Appendix M** of this manual.

A Lodge should not file its own application to IRS for tax exemption, even if an IRS examiner seeks to demand that. IRS Publication 557 (Rev January 2020) states on page 51, “If your organization is controlled by a central organization, you should check with your controlling organization whether your unit has been included in a group exemption letter or can be added. If so, your organization need not apply for individual recognition of exemption.”.

Any questions from the IRS examiner about tax classification should be reported to the Lodge’s Past Grand Exalted Ruler State Sponsor, the Grand Secretary and the Auditing and Accounting Area Committee Member. They can supply written information to support the 501(c)(8) tax classification which can be provided to the examiner as necessary.

It is almost certain that an IRS examiner will seek to determine whether there is taxable unrelated business income (UBI) that the Lodge has not reported to IRS. This is of interest to IRS since it can result in additional tax collections.

The IRS defines the term unrelated trade or business as an activity that is a trade or business; is regularly carried on and is not substantially related to furthering the exempt purpose of the organization. Unrelated Business Income (UBI) is the income from a trade or business regularly conducted by an exempt organization and not substantially related to the performance by the organization of its exempt purpose or function. Use by the organization, of the profits derived from this activity, does not, alone, make the activity substantially related to the performance by the organization of its exempt purpose or function. Following are guidelines for avoiding UBI where possible.

General Rules.

1. The Federal income tax exemption for Lodges applies to its “exempt function income” which IRS defines to mean “the gross income from dues, fees, charges, or similar amounts paid by members of the organization as consideration for providing such members or their dependents or guests goods, facilities, or services in furtherance of the purposes constituting the basis for the exemption of the organization to which such income is paid.”
2. Sales of goods or services to members are automatically tax-exempt and are not UBI.
3. Sales of goods or services to non-members will be presumed by IRS to be taxable UBI, although there are several exceptions discussed in the next sections that if met will make those sales tax-exempt. The IRS point of view is that the nature of the sale is determined mainly by who makes payment for the goods or services. If a member pays the bill, it will ordinarily be considered to be income from members.
4. The IRS does not prohibit non-members from coming to the Lodge as guests of members. The IRS defines a “guest” as “an individual invited to participate in an activity, accompanied by a member, and for whom all expenses are paid by the member.” Therefore, it is required that payment for goods or services for guests must come from the member and not from the non-member guest, or else the income will be UBI.
5. The tax exemption of Lodges does not generally apply for sales to the general public. IRS says, “Solicitation by advertisement or otherwise for public patronage of its facilities is prima facie evidence that the club is engaging in business that is unrelated...”
6. According to the IRS, “The term ‘general public’ means persons other than members of the Lodge or their dependents or guests. The member’s spouse is treated as a member.”
7. In some IRS examinations, examiners have raised a question about the proper classification of sales of goods or services to visiting BPOE Members from other Lodges. It is our firm position that sales to visiting members are not UBI, since all Lodges are under the same group exemption and operate by uniform national rules. Our position is supported by IRS pronouncements. Therefore, income from sales to visiting Elks should be recorded as any other member income on the records of the Lodge. It is recommended that visiting Elks do not sign the “guest register,” but their identities may be separately recorded for informational purposes in a special “visiting Elks” register. If an IRS examiner takes the position that income from visiting Elks is UBI, contact the Past Grand Exalted Ruler State Sponsor and the Auditing and Accounting Area Committee Member for further guidance.

Tax-Exempt Sales to the General Public.

1. Bingo

A Lodge can provide bingo games to the public without having UBI, provided the bingo games comply with IRS requirements.

The following is quoted from IRS Pub. 3079:

“Bingo is defined as a game of chance played with cards that are generally printed with five rows of five squares each. Participants place markers over randomly called numbers on the cards in an attempt to form a preselected pattern such as a horizontal, vertical, or diagonal line, or all four corners. The first participant to form the preselected pattern wins the game. As used in this section, bingo game means any game of bingo of the type described above in which wagers are placed, winners are determined, and prizes or other property are distributed in the presence of all persons placing wagers in that game.

The exception applies only if the game is legal under state and local law and not in direct commercial competition with similar games conducted by for-profit organizations.”

For the bingo exception, it does not matter if the bingo customers are non-members (in fact, in most cases they almost invariably are), and it does not matter if paid personnel are used to conduct the bingo games.

It must be noted however, that the bingo exception does not apply to instant bingo, pull-tabs, raffles, and similar gaming provided to non-members. (But there can be an exemption under the volunteer workers exception discussed next.)

2. Volunteer workers exception

Goods and services provided by volunteer workers will not be UBI, even if the customers include non-members. This exception applies where “substantially all the work is performed for the organization without compensation.” According to IRS, the “substantially all” test is met when 85% of the total labor is provided by unpaid volunteers. The IRS says the percentage is determined by dividing the number of volunteers for the activity by the total number of workers for the activity, both paid and unpaid. (However, any reasonable method of allocation should be acceptable.)

The volunteer workers exception can apply to any Lodge fundraising activity. For example, this could include instant bingo and pull tabs, raffles, etc., and also could include catering of food and beverage service, fund-raising events open to the public, etc. If those activities are conducted substantially all by volunteer workers, it will not be UBI, even if non-members are served.

3. Rents from Lodge real property

Rentals of Lodge real property for occupancy only, without providing other services, can be tax-exempt, in whole or in part. The rental exception for occupancy applies even if a non-member makes payment for the occupancy. The rental can include incidental personal property leased with the real property, such as chairs, tables, etc., and can include services necessary for use of the property such as setting up a room, cleanup, and the like.

But the rental exception does not apply where the rental encompasses both occupancy and other services, such as providing food and beverages as part of the rental package. If the rental agreement includes both rental of space and catering services, the IRS probably will take the position that none of the income comes under the rental exception. But IRS also has said that “the catering may be analyzed separately from the rental of space if there is a separate charge paid in accordance with a separate agreement between the parties.” In that case, the rental income would not be UBI, but income from catering could be taxable as Unrelated Business Income.

For Lodges that would like to rely on the rental exception, it would be good practice to have two separate contracts for functions: (1) a contract for occupancy of the space, stipulating a fixed price for the occupancy, and (2) another contract for any catering services to be provided. The occupancy income could then be classified as exempt income, regardless of who uses the space and pays the rent. The catering income would be classified separately and analyzed according to the general rules and volunteer workers exception described above.

NOTE: Rental income may be subject to tax in the proportion the property is debt-financed (i.e., is subject to a mortgage) if the rental is to non-members. This will be determined by the Lodge’s accountant or tax preparer at year-end, and any required adjustments to income and expenses will be determined at that time.

Recommendations for Separating Lodge Revenues.

The food and beverage service operations of a Lodge should be segregated by activity and by member/non-member usage. This can be accomplished in QuickBooks by the use of subaccounts or classes. The term department will be used throughout the remainder of this topic to denote the segmentations.

A main department would be the private club or lounge area, which should be open only to members and their invited guests who are signed in. A sign outside this area should say "Members Only." All payments for food and beverages in this area should be taken only from members. The records of this department should reflect that all income was received from members.

Another department would be for those Lodges that make a portion of their Lodge facilities available for use for functions at which non-members are present. This should be an area outside the private club or lounge facility. If a Lodge's club or lounge facility is also sometimes made available for a private function, the time when it is being used for that function should be accounted for separately and included under this department and not the ordinary private club department.

If the private function is sponsored by a member, and if that member directly makes full payment for rental, food, and beverages, then the income from that function should be recorded as member income. However, where payments are received from non-members, then that income should be separately recorded as non-member income. If one of the exceptions discussed above is applicable, then the income can be recorded as non-taxable per the applicable exemption.

If the unrelated income does not fall under any exemption, then it should be recorded as taxable UBI, and the expenses related to that income should be separately determined and recorded. In that case, at year-end, Form 990-T should be filed and the applicable income taxes paid.

These departmental procedures could, of course, result in the Lodge becoming liable for some income taxes by recording income from non-members in some departments. However, without a separation and accounting for non-member income, if an IRS examiner finds or concludes that there is in fact any non-member income, and if the Lodge is unable to provide an accounting of the amount of that income, the IRS agent might then classify all the income as coming from non-members. IRS states, "It is the responsibility of the exempt organization to demonstrate that a non-member is a bona fide guest so that the income is not taxable. The organization should maintain adequate books and records to identify members and their bona fide guests and distinguish them from non-members."

The Grand Lodge Chart of Accounts is designed to separate member and non-member income and expenses. A proven and consistent method of allocation of overhead expenses for each department must be presented to the examiner for justification of profits or losses. It is vitally important that your selected representative fully understands and applies these allocation methods. This could be an extreme burden on a Lodge that, for whatever reasons, has not filed a Form 990-T, Exempt Organization Business Income Tax Return.

NOTE: The above information is not intended as comprehensive tax advice, but rather to alert Lodges to the most significant tax issues that Lodges ordinarily encounter in an IRS examination. Other issues can arise which could require further consideration.

3-206. Separate Corporations: G.L.S. Section 16.030 allows a Lodge to form a separate corporation for any club, home, real property or other facility owned by the Lodge. These separate corporations at all times must comply with all applicable provisions of the Laws of the Order. The separate corporations may be organized as either non-profit corporations or for-profit corporations. See **Appendix B** for additional information on separate corporations.

For Local Lodges with Section 501(c)(2) Building Corporations that only have rent and depreciation transactions between the Lodge and the Building Corporation may combine both corporations into one reporting entity for purposes of the Financial Reporting System (FRS).

For all other separate corporations including 501(c)(3); 501(c)(8) non-profit corporations or Form 1120 for profit corporations in order to comply with the Laws of the Order each separate corporation must report its financial results through the Financial Reporting System (FRS). To accomplish this, the parent Lodge should contact frshelp@elks.org to obtain a separate “Lodge” number in the 8XXX series for each separate corporation. The Lodge should then submit separate monthly submission for the separate corporation using this Lodge number.

Chapter 4

Uniform Chart of Accounts

4-101. Introduction: The use of the Grand Lodge Chart of Accounts (COA) by the Local Lodge is mandatory as stated in G.L.S. Sections 4.330 and 13.040. The COA is adaptable for use in computerized systems. The COA is designed using a five-digit “parent” account to allow flexibility for each Lodge to determine what accounts are utilized in the Lodge’s accounting system. A Lodge should use the *minimum* number of accounts that will satisfy the following requirements:

1. Properly classify the Lodges Assets, Liabilities, Equity, Revenues and Expenses
2. Provide useful information to the Board of Directors and business segment managers to make sound financial decisions
3. Provide detailed information for the accurate completion of the Lodge’s Federal, State and Local Information and Income Tax Returns. This includes the segregation of member versus non-member Revenues and Expenses.

Use of two-character subaccounts is permitted to allow the Lodge to adapt the COA to unique activities within the Lodge. Subaccounts must begin with the same 5 digits as their parent account. However, subaccounts of subaccounts are not permitted. Lodges may not add any five-digit “parent” account numbers to the listing without prior approval of the Grand Lodge Auditing and Accounting Committee. If approved the account will be added to the approved Uniform Chart of Accounts and published in the manuals section of the Auditing and Accounting Committee’s page at <https://www.elks.org/grandlodge/auditing/documents/chartOfAccountsQuickBooksUploads.xls>.

The Lodge should distribute its local COA to all concerned parties. This includes the Board of Directors, managers of its business activities and Lodge Secretary and Lodge Treasurer.

Files are available for download on the manuals page of the Auditing and Accounting Committee’s section of [elks.org](https://www.elks.org). These files contain both long and short approved descriptions for the accounts. The short names have been specifically structured to allow for easy uploading into QuickBooks.

Lodges must use the accounts for their intended purpose. It is not permissible to change what an account in the local accounting system is used to report.

The FRS only uses the first 5 digits of any account submitted to the system. It will automatically aggregate all accounts that begin with the same first five digits.

The Lodge should periodically review its listing to add additional accounts and make inactive existing accounts on an as needed basis.

4-102. Guide for Revising the Chart of Accounts: Since QuickBooks is the recommended software package for Lodges, the guidance provided is specific to QuickBooks. Users of other software packages may have to follow different steps.

To Add an Account to the Chart of Accounts:

1. Select Lists from Menu Bar
2. Select Chart of Accounts from drop-down list
3. From the Menu at the bottom of the screen select the Account pop-up list
4. From the pop-up list select New
5. Select the Account Type from the list provided then select Continue

6. Enter the new Account Number and Account Name in the areas designated. Enter the optional Description, Note and Tax-Line Mapping if desired.
7. Select Save & Close if finished or Save and New to enter additional accounts.

To Transfer Deleted Account(s) to New Account(s):

1. Make sure that the “new” account is already set up in QuickBooks. If not then follow the steps in the section **TO ADD AN ACCOUNT TO THE CHART OF ACCOUNTS** (above).
2. Select Lists from Menu Bar
3. Select Chart of Accounts from drop-down list
4. From the Menu at the bottom of the screen select the Account pop-up list or simply right click on the account to change.
5. From the pop-up menu select Edit Account
6. Edit the Account Number to change to the new account including subaccount if necessary.
7. Edit the Account Name if necessary
8. Click the checkbox next to Subaccount of and select the “new” account number. Make sure that the first five digits of the account number exactly match the first five digits of the account in the Subaccount of drop-down list.
9. Select Save & Close. If you are moving one account into an existing account you may get a message box titled “Merge”. Select Yes if you want the history to merge into the existing account. Otherwise select No and go back and make the account into a subaccount.

TO RENAME AN EXISTING ACCOUNT

(NOTE: renaming is not necessary but recommended. The FRS system only uses the account number.)

1. Select Lists from Menu Bar
2. Select Chart of Accounts from drop-down list
3. From the Menu at the bottom of the screen select the Account pop-up list or simply right click on the account to change.
4. From the pop-up menu select Edit Account
5. Change the Account Name
6. Select Save & Close.

In each release of the Chart of Accounts there is a list provided of the changes made since the previous release. For those Lodges that were using a workaround in their accounting related to the new account numbers provided it is strongly recommended that the Lodge Edit the previous account and change it to the newly provided account number following steps similar to those outlined in **TO TRANSFER DELETED ACCOUNT(S) TO NEW ACCOUNT(S)** above. This will preserve the transaction history.

4-103. Basic Outline: The current outline of the Uniform Chart of Accounts is:

<u>Series</u>	<u>Description</u>	<u>Series</u>	<u>Description</u>
10XXX	Assets	65XXX	Golf Clubs Revenues and Expenses
20XXX	Liabilities and Equity	66XXX	RV Parks Revenues and Expenses
30XXX	Lodge Revenues and Expenses	67XXX	Swimming Pool Revenues and Expenses
40XXX	Social Quarters Revenues and Expenses	68XXX	Tennis Center Revenues and Expenses
50XXX	Food Service Revenues and Expenses	70XXX	Commercial Property Revenues and Expenses
61XXX	Bowling Center Revenues and Expenses	71XXX	Gun Range Revenues and Expenses
62XXX	RV Camper Clubs Revenues and Expenses	72XXX	Other Recreational Revenues and Expenses
63XXX	Motorcycle Club Revenues and Expenses	90XXX	Restricted Funds Revenues and Expenses

4.104. Approved Uniform Chart of Accounts:

Chart of Accounts Revisions

Effective April 1, 2022

	Account Number	Account Description
Add	29016	Pull Tab Restricted Fund Balance
Add	29017	Tip Board Restricted Fund Balance
Add	XX800	Gain/(Loss) on Sale of Assets ⁽¹⁾
Add	XX850	Investment Advisor Fees and Expenses ⁽¹⁾
Add	XX186	ATM/Jukebox Revenues ⁽¹⁾
Rename	29011	Other Gaming Net

(1) Substitute the appropriate Department number for the XX to create the complete account number. See Section 4-103 for approved Department numbers.

DETAILED ACCOUNT LISTING BEGINS ON NEXT PAGE

The following expanded Chart of Accounts provides the necessary accounts for most Lodges and can be easily inserted in QuickBooks or other software-based accounting system. Sub-accounts may be necessary for some of the Lodge's activities. *This Chart of Accounts is mandatory.*

Account		Type
ASSETS		
CURRENT ASSETS		
10101	Cash on Hand General	Bank
10102	Cash Petty Cash	Bank
10103	Cash Change Funds	Bank
10104	Cash Bank Bar	Bank
10105	Cash Bank Food Service	Bank
10106	Cash Bank Others	Bank
10201	Checking Lodge General	Bank
10202	Checking Lottery/Other	Bank
10203	Checking Club Supplies and Inventory	Bank
10211	Checking Special Groups	Bank
10214	Checking Restricted Funds	Bank
10250	Undeposited Funds	Bank
10301	Savings General Lodge	Bank
10302	Savings Restricted Funds	Bank
10400	Certificates of Deposit (CD's)	Bank
10500	Accounts Receivable	Accounts Receivable
10600	Notes & Contracts Receivable	Other Current Assets
10700	Interest Receivable	Other Current Assets
10801	Lodge Supplies Inventory	Other Current Assets
10802	Bar Inventory	Other Current Assets
10803	Food Inventory	Other Current Assets
10804	Jewel Case Inventory	Other Current Assets
10805	Gaming/Scratchers Inventory	Other Current Assets
10806	Other Inventory	Other Current Assets
10901	Prepaid expenses	Other Current Assets
11000	Deposits Receivable	Other Current Assets
11100	Other Current Assets	Other Current Assets
12000	Investments – Lodge Owned Short Term	Other Current Assets
13000	Investments – Restricted Short Term	Other Current Assets

Account		Type
FIXED ASSETS		
15001	Land	Fixed Assets
15050	Building Improvements	Fixed Assets
15100	Buildings	Fixed Assets
15200	Accumulated Depreciation Bldg. and Improvements	Fixed Assets
15300	Furniture/ Fixtures	Fixed Assets
15400	Allowance for Depreciation Furniture	Fixed Assets
15500	Equipment/Computers	Fixed Assets
15600	Allowance for Depreciation Equipment	Fixed Assets
OTHER ASSETS		
18000	Investments – Lodge Owned Long Term	Other Assets
18100	Investments – Restricted Long Term	Other Assets
19000	Loan Refinance Costs	Other Assets
19001	Accumulated Amortization – Loan Refinance Costs	Other Assets
19500	Other Assets	Other Assets

Account		Type
LIABILITIES		
CURRENT LIABILITIES		
20000	Accounts Payable	Accounts Payable
20200	Contract Less than one year	Current Liabilities
20300	Current Portion – Long Term Debt	Current Liabilities
20400	Accrued Insurance	Current Liabilities
20500	Accrued Interest	Current Liabilities
20600	Accrued Income Tax	Current Liabilities
20800	Accrued Property Taxes	Current Liabilities
20900	Sales Tax Payable	Current Liabilities
20950	Liquor Tax Payable	Current Liabilities
21000	Accrued Wages	Current Liabilities
21100	Prepaid Customer Deposits	Current Liabilities
21200	Other Current Liabilities	Current Liabilities
21500	Other Prepaid Income	Current Liabilities
21600	Payroll Tax Liabilities	Current Liabilities
21700	Prepaid Rents	Current Liabilities
21800	Prepaid Dues	Current Liabilities
21801	Prepaid Fees	Current Liabilities
LONG TERM LIABILITIES		
23100	Long Term Portion Notes	Long Term Liabilities
23200	Mortgage Payable	Long Term Liabilities
23400	Other Long Term Liabilities	Long Term Liabilities
28000	Deferred Other Income Long Term	Long Term Liabilities
RESTRICTED FUNDS		
TEMPORARY RESTRICTED FUNDS		
29010	Bingo Net Restricted	Long Term Liabilities
29011	Other Gaming Net	Long Term Liabilities
29013	Elks National Foundation	Long Term Liabilities
29014	ENF Grants Temp Restricted	Long Term Liabilities
29015	State Major Projects	Long Term Liabilities
29016	Pull Tab Restricted	Long Term Liabilities
29017	Tip Board Restricted	Long Term Liabilities
29018	Other Restricted Charities	Long Term Liabilities
29020	Lodge Designated Restricted	Long Term Liabilities

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Account		Type
EQUITY		
PERMANENT RESTRICTED FUNDS		
29110	Permanently Restricted Fund Balances	Equity
UNRESTRICTED FUNDS		
29900	Equity – Unrestricted Funds	Equity

NOTE: For Temporary Restricted Fund Balances Lodges have the option of changing the Type to Equity. Lodges should consult with their accountant for how to classify.

Account		Type
LODGE		
LODGE INCOME		
30010	Members' Dues Regular	Income
30011	Members' Dues Life	Income
30012	Members' Dues Honorary Life	Income
30013	Members' Dues Associate	Income
30020	GL Per – Capita Fees	Income
30021	State Association Per – Capita Fees	Income
30022	District Per – Capita Fees	Income
30030	Other Per – Capita Fees	Income
30035	Initiation Fees	Income
30040	Transfers/Dimits	Income
30045	Reinstatements	Income
30047	PER Association	Income
30050	Other Members Fees	Income
30100	Jewel Case Sales	Income
30105	Bulletin Advertising	Income
30110	Raffles/Drawings	Income
30111	Gaming/Machine/Lottery Income – Unrestricted Members	Income
30112	Gaming/Machine/Lottery Income – Unrestricted Non-Members	Income
30115	Rents Lodge	Income
30116	Rents Club	Income
30117	Rents Food Service	Income
30118	Bingo Rents	Income
30119	Lodge Rent Non-Members UBI	Income
30120	Rents UBI	Income
30121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
30125	Dividends/Realized Gains/(Loss) on Investments	Income
30126	Unrealized Gain/(Loss)	Income
30130	Interest	Income
30135	Bequest/Donations Unrestricted	Income
30140	Bulletin Advertising UBI	Income
30150	Miscellaneous	Income
30155	Golf Tournaments	Income
30165	Lodge Activities Members	Income
30170	Lodge Activities Non-Member UBI	Income
30180	Lodge Fund Raisers	Income
30186	ATM/Jukebox	Income

Account		Type
LODGE EXPENSES		
30200	Alarm Service	Expense
30205	Accounting	Expense
30210	Amortization	Expense
30215	Badges & Pins	Expense
30220	Bulletin	Expense
30225	Key Card	Expense
30230	Cash Over/(Short) Lodge Funds	Expense
30235	Convention G/L	Expense
30240	Convention State	Expense
30247	PER Association	Expense
30250	DD Clinics	Expense
30255	Lodge Training Other	Expense
30260	VIP Visits	Expense
30265	Employee Benefits	Expense
30270	Insurance Grand Lodge Property Plus	Expense
30275	Insurance Workers Comp.	Expense
30280	Insurance Other	Expense
30285	Interest Paid	Expense
30290	Janitorial Supplies	Expense
30295	Janitorial Contract	Expense
30300	Legal	Expense
30305	Lodge Supplies G/L	Expense
30310	Credit Card Fees and Expenses	Expense
30311	Bank Fees and Returned Checks Expenses	Expense
30315	Miscellaneous/Unassigned	Expense
30320	Office – Expenses	Expense
30340	Officer – Expenses	Expense
30345	Officer Salary – Treasurer	Expense
30350	Officer Salary – Secretary	Expense
30355	Officer Salary – Tiler	Expense
30360	Officer Salary – Organist	Expense
30363	Other Lodge Employees – Salaries and Wages	Expense
30365	Per-Capita District	Expense

Account		Type
LODGE EXPENSES continued		
30370	Per-Capita G/L	Expense
30375	Per-Capita State	Expense
30380	Public Relations	Expense
30385	Rent – Real Property	Expense
30390	Rent – Equipment	Expense
30395	Rent – Furniture/Fixtures	Expense
30399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
30400	Maintenance/Repairs	Expense
30405	Maintenance Contracts	Expense
30410	Wages – Janitor	Expense
30425	Taxes – Payroll	Expense
30430	Taxes – Real Property	Expense
30435	Taxes – Personal Property	Expense
30440	Taxes – Other	Expense
30445	Telephone/Internet	Expense
30450	Utilities – Electricity	Expense
30455	Utilities – Gas	Expense
30456	Utilities – Water/Sewer	Expense
30460	Utilities – Other Fuels	Expense
30465	Utilities – Trash Removal	Expense
30470	Lodge Expenses – Other	Expense
30475	Lodge Activities – Members	Expense
30480	Lodge Activities – Non-Members	Expense
30485	Social Activities (No Food)	Expense
30490	Other Activities – Members	Expense
30495	Other Activities – Non-Members	Expense
30500	Depreciation Lodge	Expense
30511	Gaming Expenses	Expense
30600	Fund Raiser Expense	Expense
30700	Lodge Charitable/Community Committees	Expense
30800	Gain/(Loss) on Sale of Investments	Expense
30850	Investment Advisor Fees and Expenses	Expense

Account		Type
BAR		
BAR INCOME		
40100	Liquor Sales	Income
40105	Beer Sales	Income
40106	Wine Sales	Income
40107	Soda Sales	Income
40110	Sundries Sales	Income
40115	Snack Bar Sales	Income
40120	Rental Income	Income
40121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
40125	Sales to Non-Members UBI	Income
40130	Other Income	Income
40135	Unrestricted Bar Gaming – Members	Income
40136	Unrestricted Bar Gaming – Non-members	Income
40186	ATM/Juke Box	Income
BAR COST OF SALES		
40200	Inventory Variance – Bar	Cost of Goods Sold
40201	Inventory Variance – Liquor	Cost of Goods Sold
40202	Inventory Variance – Beer	Cost of Goods Sold
40203	Inventory Variance – Wine	Cost of Goods Sold
40204	Inventory Variance – Soda	Cost of Goods Sold
40205	Liquor Purchases	Cost of Goods Sold
40210	Beer Purchases	Cost of Goods Sold
40211	Wine Purchases	Cost of Goods Sold
40212	Soda Purchases	Cost of Goods Sold
40215	Sundries Purchases	Cost of Goods Sold
40216	Inventory Variance – Sundries	Cost of Goods Sold
40220	Snack Bar Purchases	Cost of Goods Sold
40221	Inventory Variance – Snack Bar	Cost of Goods Sold
40225	In Bar Gaming	Cost of Goods Sold
40226	Bar Supplies Other	Cost of Goods Sold

Account		Type
BAR EXPENSES		
40300	Advertising/Promotion	Expense
40305	Alarm Service	Expense
40310	Accounting	Expense
40315	Auto Expense	Expense
40320	Recreation Room Expense	Expense
40325	Credit Card Fees and Expenses	Expense
40326	Bank Fees and Returned Checks Expenses	Expense
40330	Cash Over/(Short)	Expense
40335	Commissions	Expense
40340	Decorations	Expense
40345	Employee Benefits	Expense
40350	Ice	Expense
40352	Bar Games – Unrestricted	Expense
40355	Insurance Grand Lodge Property Plus	Expense
40360	Insurance – Work Comp.	Expense
40361	Insurance – Other	Expense
40365	Janitorial Supplies	Expense
40370	Janitor – Contract	Expense
40371	Wages – Janitor	Expense
40375	Licenses	Expense
40380	Laundry/Linen	Expense
40385	Meals to Employees	Expense
40390	Miscellaneous – Unassigned	Expense
40395	Music/Entertainment	Expense
40399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
40400	Rent	Expense
40405	Equipment Rental	Expense
40410	Repair/Maintenance	Expense
40415	Replacements	Expense
40420	Wages – Bartenders/Waitress	Expense

Account		Type
BAR EXPENSES continued		
40425	Wages – Management	Expense
40430	Wages – Office	Expense
40435	Wages – Other	Expense
40440	Taxes – Payroll	Expense
40445	Taxes – Property Real	Expense
40450	Taxes – Personal Property	Expense
40455	Taxes – Other	Expense
40456	Utilities – Water/Sewer	Expense
40460	Telephone/TV	Expense
40465	Uniforms	Expense
40470	Utilities – Electricity	Expense
40475	Utilities – Gas	Expense
40480	Utilities – Other Fuels	Expense
40485	Utilities – Trash	Expense
40490	Other Club Expenses	Expense
40495	Depreciation Bar	Expense
40500	Amortization Bar	Expense
40800	Gain/(Loss) on Sale of Investments	Expense
40850	Investment Advisor Fees and Expenses	Expense

Account		Type
FOOD SERVICE		
FOOD SERVICE INCOME		
50100	Food Service Sales	Income
50105	Snack Bar Sales	Income
50110	Special Events Food	Income
50115	Food Non-Members UBI	Income
50120	Catering Commissions	Income
50121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
50186	ATM/Juke Box	Income
FOOD SERVICE COST OF SALES		
50200	Inventory Variance Food	Cost of Goods Sold
50205	Food Purchases	Cost of Goods Sold
FOOD SERVICE EXPENSES		
50300	Promotion	Expense
50305	Alarm/Security	Expense
50310	Accounting	Expense
50315	Auto Exp.	Expense
50320	Food Service Supplies	Expense
50325	Kitchen Supplies	Expense
50330	Cash – Over (Short)	Expense
50335	Commission	Expense
50340	Decorations Dining	Expense
50345	Employee Benefits	Expense
50350	Equipment Rental	Expense
50355	Insurance Grand Lodge Property Plus	Expense
50360	Insurance Work – Comp.	Expense
50361	Insurance – Other	Expense
50365	Janitorial Supplies	Expense
50370	Contracted Janitorial	Expense
50371	Wages – Janitor	Expense
50375	Laundry/Linen	Expense
50380	Health License	Expense
50385	Food Handler Cards	Expense
50390	Menus	Expense
50395	Employee Meals	Expense
50399	Intra Lodge Rent Expense (Overhead Allocation)	Expense

Account		Type
FOOD SERVICE EXPENSES continued		
50400	Miscellaneous – Unassigned	Expense
50401	Credit Card Fees and Expenses	Expense
50402	Bank Fees and Returned Checks Expenses	Expense
50405	Entertainment	Expense
50410	Rents	Expense
50415	Maintenance – Repairs	Expense
50420	Maintenance – Contracts	Expense
50425	Maintenance – Hood & Fire System	Expense
50430	Replacements/Dish etc.	Expense
50435	Wages – Cooks/Preparers	Expense
50440	Waiters/Waitress/Bussing	Expense
50445	Wages – Manager	Expense
50450	Wages – Office	Expense
50455	Taxes – Payroll	Expense
50456	Taxes – Other	Expense
50460	Taxes – Property	Expense
50465	Telephone & TV	Expense
50470	Uniforms	Expense
50475	Utility – Electricity	Expense
50480	Utility – Gas	Expense
50485	Utility – Other Fuels	Expense
50486	Utilities – Water/Sewer	Expense
50490	Utility – Trash Removal	Expense
50495	Other Kitchen Expenses	Expense
50500	Depreciation Kitchen	Expense
50800	Gain/(Loss) on Sale of Investments	Expense
50850	Investment Advisor Fees and Expenses	Expense

Account		Type
BOWLING CENTER		
BOWLING CENTER INCOME		
61100	Bowling Center Dues/Fees	Income
61121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
61150	Bowling Center Rental Member	Income
61151	Shoe Rental Member	Income
61170	Bowling Center Rental Non-Member UBI	Income
61171	Shoe Rental Non-Member UBI	Income
61180	Bowling Center Sales	Income
61186	ATM/Juke Box	Income
BOWLING CENTER COST OF SALES		
61190	Inventory Variance	Cost of Goods Sold
61195	Goods for Sale Purchases	Cost of Goods Sold
BOWLING CENTER EXPENSES		
61200	Accounting	Expense
61205	Alarm/Security	Expense
61210	Amortization	Expense
61215	Bulletin	Expense
61220	Key Card	Expense
61225	Cash Over/(Short) Lodge Funds	Expense
61230	Employee Benefits	Expense
61235	Insurance G/L	Expense
61240	Insurance Workers Comp.	Expense
61245	Insurance Other	Expense
61250	Interest Paid	Expense
61255	Janitorial Supplies	Expense
61260	Janitorial Contract	Expense
61265	Legal	Expense
61270	Credit Cards Fees and Expenses	Expense

Account		Type
BOWLING CENTER EXPENSES continued		
61271	Bank Fees and Returned Checks Expenses	Expense
61275	Miscellaneous/Unassigned	Expense
61280	Public Relations	Expense
61285	Maintenance / Repairs	Expense
61290	Maintenance Contracts	Expense
61295	Wages – Janitor	Expense
61300	Wages	Expense
61305	Wages – Security	Expense
61310	Taxes – Payroll	Expense
61315	Taxes – Other	Expense
61320	Telephone/Internet	Expense
61325	Utilities – Electricity	Expense
61330	Utilities – Gas	Expense
61335	Utilities – Other Fuels	Expense
61340	Utilities – Trash Removal	Expense
61399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
61500	Depreciation Bowling	Expense
61800	Gain/(Loss) on Sale of Investments	Expense
61850	Investment Advisor Fees and Expenses	Expense

Account		Type
RV–CAMPER CLUB		
RV–CAMPER CLUB INCOME		
62100	RV/Camper Club Dues/Fees	Income
62121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
62150	RV/Camper Club Fund Raisers	Income
62186	ATM/Juke Box	Income
RV–CAMPER CLUB EXPENSES		
62200	Accounting	Expense
62205	Alarm/Security	Expense
62210	Amortization	Expense
62215	Bulletin	Expense
62220	Key Card	Expense
62225	Cash Over/(Short) Lodge Funds	Expense
62230	Employee Benefits	Expense
62235	Insurance G/L	Expense
62240	Insurance Workers Comp.	Expense
62245	Insurance Other	Expense
62250	Interest Paid	Expense
62255	Janitorial Supplies	Expense
62260	Janitorial Contract	Expense
62265	Legal	Expense
62270	Credit Cards Fees and Expenses	Expense
62271	Bank Fees and Returned Checks Expenses	Expense
62275	Miscellaneous/Unassigned	Expense
62280	Public Relations	Expense
62285	Maintenance/Repairs	Expense
62290	Maintenance Contracts	Expense
62295	Wages – Janitor	Expense
62300	Wages	Expense
62305	Wages – Security	Expense
62310	Taxes – Payroll	Expense
62315	Taxes – Other	Expense
62320	Telephone/Internet	Expense

Account		Type
RV–CAMPER CLUB EXPENSES continued		
62325	Utilities – Electricity	Expense
62330	Utilities – Gas	Expense
62335	Utilities – Other Fuels	Expense
62340	Utilities – Trash Removal	Expense
62399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
62456	Utilities – Water/Sewer	Expense
62500	Depreciation RV	Expense
62600	Fund Raiser Expense	Expense
62800	Gain/(Loss) on Sale of Investments	Expense
62850	Investment Advisor Fees and Expenses	Expense

Account		Type
MOTORCYCLE CLUB		
MOTORCYCLE CLUB INCOME		
63100	Motorcycle Club Dues/Fees	Income
63121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
63150	Motorcycle Club Fund Raisers	Income
63186	ATM/Juke Box	Income
MOTORCYCLE CLUB EXPENSES		
63200	Accounting	Expense
63205	Alarm/Security	Expense
63210	Amortization	Expense
63215	Bulletin	Expense
63220	Key Card	Expense
63225	Cash Over/(Short) Lodge Funds	Expense
63230	Employee Benefits	Expense
63235	Insurance G/L	Expense
63240	Insurance Workers Comp.	Expense
63245	Insurance Other	Expense
63250	Interest Paid	Expense
63255	Janitorial Supplies	Expense
63260	Janitorial Contract	Expense
63265	Legal	Expense
63270	Credit Cards Fees and Expenses	Expense
63271	Bank Fees and Returned Checks Expenses	Expense
63275	Miscellaneous/Unassigned	Expense
63280	Public Relations	Expense
63285	Maintenance/Repairs	Expense
63290	Maintenance Contracts	Expense
63295	Wages – Janitor	Expense
63300	Wages	Expense
63305	Wages – Security	Expense
63310	Taxes – Payroll	Expense
63315	Taxes – Other	Expense
63320	Telephone/Internet	Expense

Account		Type
MOTORCYCLE CLUB EXPENSES continued		
63325	Utilities – Electricity	Expense
63330	Utilities – Gas	Expense
63335	Utilities – Other Fuels	Expense
63340	Utilities – Trash Removal	Expense
63399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
63600	Fund Raiser Expense	Expense
63800	Gain/(Loss) on Sale of Investments	Expense
63850	Investment Advisor Fees and Expenses	Expense

Account		Type
FITNESS CENTER CLUB		
FITNESS CENTER CLUB INCOME		
64100	Fitness Center Dues/Fees	Income
64121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
64186	ATM/Juke Box	Income
FITNESS CENTER CLUB EXPENSES		
64200	Accounting	Expense
64205	Alarm/Security	Expense
64210	Amortization	Expense
64215	Bulletin	Expense
64220	Key Card	Expense
64225	Cash Over/(Short) Lodge Funds	Expense
64230	Employee Benefits	Expense
64235	Insurance G/L	Expense
64240	Insurance Workers Comp.	Expense
64245	Insurance Other	Expense
64250	Interest Paid	Expense
64255	Janitorial Supplies	Expense
64260	Janitorial Contract	Expense
64265	Legal	Expense
64270	Credit Cards Fees and Expenses	Expense
64271	Bank Fees and Returned Checks Expenses	Expense
64275	Miscellaneous/Unassigned	Expense
64280	Public Relations	Expense
64285	Maintenance/Repairs	Expense
64290	Maintenance Contracts	Expense
64295	Wages – Janitor	Expense
64300	Wages	Expense
64305	Wages – Security	Expense
64310	Taxes – Payroll	Expense

Account		Type
FITNESS CENTER CLUB EXPENSES continued		
64315	Taxes – Other	Expense
64320	Telephone/Internet	Expense
64325	Utilities – Electricity	Expense
64330	Utilities – Gas	Expense
64331	Utilities – Water/Sewer	Expense
64335	Utilities – Other Fuels	Expense
64340	Utilities – Trash Removal	Expense
64345	Towel Laundry	Expense
64399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
64500	Depreciation Fitness Center	Expense
64800	Gain/(Loss) on Sale of Investments	Expense
64850	Investment Advisor Fees and Expenses	Expense

Account		Type
GOLF CLUBS		
GOLF CLUBS INCOME		
65100	Golf Club Dues/Fees	Income
65121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
65150	Golf Club Member Fee	Income
65151	Clubs Rental Member	Income
65170	Golf Club Fee Non-Member UBI	Income
65171	Clubs Rental Non-Member UBI	Income
65180	Golf Club Sales	Income
65186	ATM/Juke Box	Income
GOLF CLUBS COST OF SALES		
65190	Inventory Variance	Cost of Goods Sold
65195	Goods for Sale Purchases	Cost of Goods Sold
GOLF CLUBS EXPENSES		
65200	Accounting	Expense
65205	Alarm/Security	Expense
65210	Amortization	Expense
65215	Bulletin	Expense
65220	Key Card	Expense
65225	Cash Over/(Short) Lodge Funds	Expense
65230	Employee Benefits	Expense
65235	Insurance G/L	Expense
65240	Insurance Workers Comp.	Expense
65245	Insurance Other	Expense
65250	Interest Paid	Expense
65255	Janitorial Supplies	Expense
65260	Janitorial Contract	Expense
65265	Legal	Expense
65270	Credit Cards Fees and Expenses	Expense
65271	Bank Fees and Returned Checks Expenses	Expense
65275	Miscellaneous/Unassigned	Expense
65280	Public Relations	Expense

Account		Type
GOLF CLUBS EXPENSES continued		
65285	Maintenance/Repairs	Expense
65290	Maintenance Contracts	Expense
65295	Wages – Janitor	Expense
65300	Wages	Expense
65305	Wages – Security	Expense
65310	Taxes – Payroll	Expense
65315	Taxes – Other	Expense
65320	Telephone/Internet	Expense
65325	Utilities – Electricity	Expense
65330	Utilities – Gas	Expense
65335	Utilities – Other Fuels	Expense
65340	Utilities – Trash Removal	Expense
65345	Grounds Equipment Lease/Rent	Expense
65350	Grounds Maintenance	Expense
65355	UBI Golf	Expense
65399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
65436	Utilities – Water/Sewer	Expense
65500	Depreciation Golf	Expense
65800	Gain/(Loss) on Sale of Investments	Expense
65850	Investment Advisor Fees and Expenses	Expense

Account		Type
RV PARK		
RV PARK INCOME		
66100	RV Park Lodge Member Rental/Lease	Income
66121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
66150	RV Park Lodge Elk Member Rental	Income
66151	Utilities Hookup Rental	Income
66186	ATM/Juke Box	Income
RV PARK EXPENSES		
66200	Accounting	Expense
66205	Alarm/Security	Expense
66210	Amortization	Expense
66215	Bulletin	Expense
66220	Key Card	Expense
66225	Cash Over/(Short) Lodge Funds	Expense
66230	Employee Benefits	Expense
66235	Insurance G/L	Expense
66240	Insurance Workers Comp.	Expense
66245	Insurance Other	Expense
66250	Interest Paid	Expense
66255	Grounds Supplies	Expense
66260	Grounds Contract	Expense
66265	Legal	Expense
66270	Credit Cards Fees and Expenses	Expense
66271	Bank Fees and Returned Checks Expenses	Expense
66275	Miscellaneous/Unassigned	Expense
66280	Public Relations	Expense
66285	Maintenance/Repairs	Expense
66290	Maintenance Contracts	Expense
66295	Wages – Grounds Keeper	Expense
66300	Wages	Expense
66305	Wages – Security	Expense
66310	Taxes – Payroll	Expense
66315	Taxes – Other	Expense

Account		Type
RV PARK EXPENSES continued		
66320	Telephone/Internet	Expense
66325	Utilities – Electricity	Expense
66330	Utilities – Gas	Expense
66335	Utilities – Other Fuels	Expense
66336	Utilities – Water/Sewer	Expense
66340	Utilities – Trash Removal	Expense
66399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
66500	Depreciation RV	Expense
66800	Gain/(Loss) on Sale of Investments	Expense
66850	Investment Advisor Fees and Expenses	Expense

Account		Type
SWIMMING POOL		
SWIMMING POOL INCOME		
67100	Swimming Pool Dues/Fees	Income
67110	Swim Lessons	Income
67120	Swim Team Rental	Income
67121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
67130	Pool Snack/Other Sales	Income
67186	ATM/Juke Box	Income
SWIMMING POOL COST OF SALES		
67190	Inventory Variance	Cost of Goods Sold
67195	Goods for Sale Purchases	Cost of Goods Sold
SWIMMING POOL EXPENSES		
67200	Accounting	Expense
67205	Alarm/Security	Expense
67210	Amortization	Expense
67215	Bulletin	Expense
67220	Key Card	Expense
67225	Cash Over/(Short) Lodge Funds	Expense
67230	Employee Benefits	Expense
67235	Insurance G/L	Expense
67240	Insurance Workers Comp.	Expense
67245	Insurance Other	Expense
67250	Interest Paid	Expense
67255	Janitorial Supplies	Expense
67260	Janitorial Contract	Expense
67265	Legal	Expense
67270	Credit Cards Fees and Expenses	Expense
67271	Bank Fees and Returned Checks Expenses	Expense
67275	Miscellaneous/Unassigned	Expense
67280	Public Relations	Expense
67285	Maintenance/Repairs	Expense
67290	Maintenance Contracts	Expense

Account		Type
SWIMMING POOL EXPENSES continued		
67295	Wages – Janitor	Expense
67300	Wages	Expense
67305	Wages – Security	Expense
67310	Taxes – Payroll	Expense
67315	Taxes – Other	Expense
67320	Telephone/Internet	Expense
67325	Utilities – Electricity	Expense
67330	Utilities – Gas	Expense
67335	Utilities – Other Fuels	Expense
67336	Utilities – Water/Sewer	Expense
67340	Utilities – Trash Removal	Expense
67345	Towel Laundry	Expense
67399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
67500	Depreciation Swimming	Expense
67800	Gain/(Loss) on Sale of Investments	Expense
67850	Investment Advisor Fees and Expenses	Expense

Account		Type
TENNIS CENTER		
TENNIS CENTER INCOME		
68100	Tennis Club Dues/Fees	Income
68121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
68150	Tennis Center Member Fee	Income
68170	Tennis Center Fee Non-Member UBI	Income
68180	Tennis Center Sales	Income
68186	ATM/Juke Box	Income
TENNIS CENTER COST OF SALES		
68190	Inventory Variance	Cost of Goods Sold
68195	Goods for Sale Purchases	Cost of Goods Sold
TENNIS CENTER EXPENSES		
68200	Accounting	Expense
68205	Alarm/Security	Expense
68210	Amortization	Expense
68215	Bulletin	Expense
68220	Key Card	Expense
68225	Cash Over/(Short) Lodge Funds	Expense
68230	Employee Benefits	Expense
68235	Insurance G/L	Expense
68240	Insurance Workers Comp.	Expense
68245	Insurance Other	Expense
68250	Interest Paid	Expense
68255	Janitorial Supplies	Expense
68260	Janitorial Contract	Expense
68265	Legal	Expense
68270	Credit Cards Fees and Expenses	Expense
68271	Bank Fees and Returned Checks Expenses	Expense
68275	Miscellaneous/Unassigned	Expense
68280	Public Relations	Expense
68285	Maintenance/Repairs	Expense
68290	Maintenance Contracts	Expense

Account		Type
TENNIS CENTER EXPENSES continued		
68295	Wages – Janitor	Expense
68300	Wages	Expense
68305	Wages – Security	Expense
68310	Taxes – Payroll	Expense
68315	Taxes – Other	Expense
68320	Telephone/Internet	Expense
68325	Utilities – Electricity	Expense
68330	Utilities – Gas	Expense
68335	Utilities – Other Fuels	Expense
68336	Utilities – Water/Sewer	Expense
68340	Utilities – Trash Removal	Expense
68345	Grounds Equipment Lease/Rent	Expense
68350	Grounds Maintenance	Expense
68399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
68500	Depreciation Tennis	Expense
68800	Gain/(Loss) on Sale of Investments	Expense
68850	Investment Advisor Fees and Expenses	Expense

Account		Type
COMMERCIAL PROPERTY		
COMMERCIAL PROPERTY INCOME		
70100	Commercial Property Lease/Rental	Income
70121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
70186	ATM/Juke Box	Income
COMMERCIAL PROPERTY EXPENSES		
70200	Accounting	Expense
70205	Alarm/Security	Expense
70210	Amortization	Expense
70230	Employee Benefits	Expense
70235	Insurance G/L	Expense
70240	Insurance Workers Comp.	Expense
70245	Insurance Other	Expense
70250	Interest Paid	Expense
70255	Janitorial Supplies	Expense
70260	Janitorial Contract	Expense
70265	Legal	Expense
70270	Credit Cards Fees and Expenses	Expense
70271	Bank Fees and Returned Checks Expenses	Expense
70275	Miscellaneous/Unassigned	Expense
70285	Maintenance/Repairs	Expense
70290	Maintenance Contracts	Expense
70295	Wages – Janitor	Expense
70300	Wages	Expense
70305	Wages – Security	Expense
70310	Taxes – Payroll	Expense
70315	Taxes – Other	Expense
70320	Telephone/Internet	Expense
70325	Utilities – Electricity	Expense
70330	Utilities – Gas	Expense
70335	Utilities – Other Fuels	Expense
70336	Utilities – Water/Sewer	Expense

Account		Type
COMMERCIAL PROPERTY EXPENSES continued		
70340	Utilities – Trash Removal	Expense
70345	Grounds Equipment Lease/Rent	Expense
70350	Grounds Maintenance	Expense
70399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
70500	Depreciation Grounds Maintenance	Expense
70800	Gain/(Loss) on Sale of Investments	Expense
70850	Investment Advisor Fees and Expenses	Expense

Account		Type
GUN RANGE/SHOOTING CLUB		
GUN RANGE/SHOOTING CLUB INCOME		
71100	Gun Range/Shooting Club Dues/Fees	Income
71121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
71150	Gun Range/Shooting Club Rental Member	Income
71151	Equipment Rental Member	Income
71170	Gun Range/Shooting Club Rental Non-Member UBI	Income
71171	Equipment Rental Non-Member UBI	Income
71180	Gun Range/Shooting Club Sales	Income
71185	Fund Raiser Income	Income
71186	ATM/Juke Box	Income
GUN RANGE/SHOOTING CLUB COST OF SALES		
71190	Inventory Variance	Cost of Goods Sold
71195	Goods for Sale Purchases	Cost of Goods Sold
GUN RANGE/SHOOTING CLUB EXPENSES		
71200	Accounting	Expense
71205	Alarm/Security	Expense
71210	Amortization	Expense
71215	Bulletin	Expense
71220	Key Card	Expense
71225	Cash Over/(Short) Lodge Funds	Expense
71230	Employee Benefits	Expense
71235	Insurance G/L	Expense
71240	Insurance Workers Comp.	Expense
71245	Insurance Other	Expense
71250	Interest Paid	Expense
71255	Janitorial Supplies	Expense
71260	Janitorial Contract	Expense
71265	Legal	Expense
71270	Credit Cards Fees and Expenses	Expense
71271	Bank Fees and Returned Checks Expenses	Expense
71275	Miscellaneous/Unassigned	Expense
71280	Public Relations	Expense

Account		Type
GUN RANGE/SHOOTING CLUB EXPENSES continued		
71285	Maintenance/Repairs	Expense
71290	Maintenance Contracts	Expense
71295	Wages – Janitor	Expense
71300	Wages	Expense
71305	Wages – Security	Expense
71310	Taxes – Payroll	Expense
71315	Taxes – Other	Expense
71320	Telephone/Internet	Expense
71325	Utilities – Electricity	Expense
71330	Utilities – Gas	Expense
71335	Utilities – Other Fuels	Expense
71336	Utilities – Water/Sewer	Expense
71340	Utilities – Trash Removal	Expense
71399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
71500	Fund Raiser Expense	Expense
71600	Depreciation Gun Range	Expense
71800	Gain/(Loss) on Sale of Investments	Expense
71850	Investment Advisor Fees and Expenses	Expense

Account	Type
OTHER RECREATIONAL CENTERS	
OTHER RECREATIONAL CENTERS INCOME	
72100 Other Recreational Centers Dues/Fees	Income
72121 Intra Lodge Rent Revenue (Overhead Allocation)	Income
72150 Other Recreational Centers Rental Member	Income
72151 Equipment Rental Member	Income
72170 Other Recreational Centers Rental Non-Member UBI	Income
72171 Equipment Rental Non-Member UBI	Income
72180 Other Recreational Centers Sales	Income
72185 Fund Raiser Income	Income
72186 ATM/Juke Box	Income
OTHER RECREATIONAL CENTERS COST OF SALES	
72190 Inventory Variance	Cost of Goods Sold
72195 Goods for Sale Purchases	Cost of Goods Sold
OTHER RECREATIONAL CENTERS EXPENSES	
72200 Accounting	Expense
72205 Alarm/Security	Expense
72210 Amortization	Expense
72215 Bulletin	Expense
72220 Key Card	Expense
72225 Cash Over/(Short) Lodge Funds	Expense
72230 Employee Benefits	Expense
72235 Insurance G/L	Expense
72240 Insurance Workers Comp.	Expense
72245 Insurance Other	Expense
72250 Interest Paid	Expense
72255 Janitorial Supplies	Expense
72260 Janitorial Contract	Expense
72265 Legal	Expense
72270 Credit Cards Fees and Expenses	Expense
72271 Bank Fees and Returned Checks Expenses	Expense
72275 Miscellaneous/Unassigned	Expense
72280 Public Relations	Expense

Account		Type
OTHER RECREATIONAL CENTERS EXPENSES continued		
72285	Maintenance/Repairs	Expense
72290	Maintenance Contracts	Expense
72295	Wages – Janitor	Expense
72300	Wages	Expense
72305	Wages – Security	Expense
72310	Taxes – Payroll	Expense
72315	Taxes – Other	Expense
72320	Telephone/Internet	Expense
72325	Utilities – Electricity	Expense
72330	Utilities – Gas	Expense
72335	Utilities – Other Fuels	Expense
72336	Utilities – Water/Sewer	Expense
72340	Utilities – Trash Removal	Expense
72399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
72500	Fund Raiser Expense	Expense
72600	Depreciation Rec Center	Expense
72800	Gain/(Loss) on Sale of Investments	Expense
72850	Investment Advisor Fees and Expenses	Expense

Account		Type
RESTRICTED FUNDS		
RESTRICTED FUNDS INCOME		
90100	Bingo Sales	Income
90102	Pull Tab Sales	Income
90103	Bingo Supplies Sales	Income
90105	Other Bingo Sales	Income
90110	Other Gaming Revenues	Income
90120	Tip Board - Other Sales	Income
90121	Intra Lodge Rent Revenue (Overhead Allocation)	Income
90125	Dividends/Realized Gains/(Loss) on Restricted Investments	Income
90126	Unrealized Gains/(Losses) on Restricted Investments	Income
90201	Elks National Foundation – Donations Received	Income
90186	ATM/Juke Box	Income
90202	State Major Project Revenues	Income
90205	Local Charity Revenues	Income
90214	ENF Grants Received	Income
90230	Other Charity Revenues	Income
91000	Permanent Lodge Grants Revenues	Income
91050	Temporary Lodge Grants Revenues	Income
91051	Lodge Transfers to Restricted Funds	Income
RESTRICTED FUNDS EXPENSES		
92001	Bingo Card Pay Out	Expense
92002	Pull Tab Pay Out	Expense
92003	Bingo Special Pay Out	Expense
92004	Tip Board - Special Pay Out	Expense
92005	Bingo Cash Over/Short	Expense
92006	Bingo Bank Fees/Bad Checks	Expense
92010	Bingo Supplies	Expense
92011	Bingo Advertising	Expense
92012	Bingo Rent	Expense
92015	Bingo Volunteer Expenses	Expense
92020	Bingo Donations to Charities	Expense
92023	Other Gaming Expenses	Expense
92025	Pull Tab Supplies	Expense
92026	Pull Tab Cash Over/Short	Expense
92027	Pull Tab Bank Fees/Bad Checks	Expense

Account		Type
RESTRICTED FUNDS EXPENSES continued		
92028	Pull Tab Advertising	Expense
92029	Pull Tab volunteer Expenses	Expense
92030	Pull Tab Charitable Donations	Expense
92100	Tip Board Special Supplies	Expense
92500	Alarm Service	Expense
92501	Accounting	Expense
92502	Grand Lodge Convention	Expense
92503	State Convention	Expense
92504	Insurance	Expense
92505	Janitorial Service	Expense
92506	Legal	Expense
92507	Rent	Expense
92508	Maintenance and Repairs	Expense
92509	Property Taxes	Expense
92510	Utilities	Expense
93010	Americanism	Expense
93100	Civic Activities	Expense
93101	Dictionary Program	Expense
93102	Distress Members	Expense
93104	Community Activities	Expense
93105	Kids Christmas	Expense
93110	Youth Programs (Hoop Shoot/Soccer Shoot/Youth Teams etc.)	Expense
93116	Law Enforcement Recognition	Expense
93120	Veterans Activities	Expense
93123	State Major Project Expenses	Expense
93150	Other Local Charity Expenses	Expense
93214	ENF Grants Expenses	Expense
93215	ENF Member Donations Disbursed	Expense
93220	Gaming Licenses/Fees & Taxes	Expense
93399	Intra Lodge Rent Expense (Overhead Allocation)	Expense
93800	Gain/(Loss) on Sale of Investments	Expense
93850	Investment Advisor Fees and Expenses	Expense
95010	Permanent Fund Disbursements	Expense
95020	Temporary Fund Disbursements	Expense
99001	Temporary Funds Year End Closing	Expense
99002	Permanent Funds Year End Closing	Expense

Chapter 5

Financial Reporting System

OVERVIEW

The Financial Reporting System (FRS) use by the Lodges of the Order is mandated by G.L.S. Section 13.040. Lodges that are compliant with the terms of this Section are no longer required to have either a Review or an Audit engagement performed annually by an independent Certified Public Accountant. The FRS is a cloud-based storage and financial reporting program. The FRS will enable the Grand Lodge Area Auditing and Accounting Committee Members to review the financial status of individual Lodges throughout the year. Reports built into the system will provide timely alerts of possible financial problems occurring within the Lodges. By using these reports and reacting to the alerts, financial concerns can be addressed as they arise. Lodges will continue to use their same bookkeeper/accountant, their same accounting system (although adoption of QuickBooks Desktop is recommended), their same Treasurer, Secretary, and Auditing and Accounting Committee. Lodge operations will stay the same. The following sections contain an overview of the FRS. Additional information and training guides can be found in the Financial Reporting System [FRS] Manual available in the Manuals section Under Financial Reporting of the Lodge Accounting Area of elks.org.

FINANCIAL REPORTING SYSTEM [FRS] PROGRAM

5-101. Adaptive Insights: Adaptive Insights is a cloud-based Corporate Performance Management (CPM) software. It is the program that supports FRS. It is easy, powerful, and fast. Adaptive features include interactive dashboards, data visualizations and easy to create charts.

Lodges will not have direct access to monthly financial reports from FRS, since the same Information is available directly from the Lodge's accounting system. If the Lodge desires to review the information contained in FRS and compare it to the information in the Lodge's accounting system (recommended periodically), your District Deputy will provide the Lodge with two reports monthly. Please see Section 5-303 if a Lodge wishes to purchase Viewer access to the FRS.

The FRS produces reports based on the data submitted by the Lodge. The FRS aggregates sub-account data into the parent account. The FRS does not manipulate the data in any other way. The only data in the FRS is data submitted by the Lodge.

5-102. File Submission Type: The FRS requires the submission of a comma separated values (.csv) file type. This is a standard format for storing data. The .csv files are created from the Lodge accounting program software. This is not a file type specific to QuickBooks; it is not a financial format and it is not unique to Excel. Any spreadsheet software is capable of producing .csv files. The format consists of rows of data with a comma separating individual fields. Each row has the same fields in the same order. A .csv file can easily store this information and the processing software can easily read it. See the Financial Reporting System [FRS] Manual Exhibit A, "Saving a file in .csv format" for additional information.

5-103. Training Videos: The training videos are based on using QuickBooks Desktop software because it is the accounting system most Lodges are using. QuickBooks Desktop is not a requirement for the FRS. The required files are not specific to QuickBooks in any way. Any accounting package should be able to generate reports like those required, then manipulate the data in a spreadsheet such as Excel to create the final file. There are written tutorials for QuickBooks Desktop and QuickBooks Online included in the Lodge Accounting area of elks.org under Training. Budget files may be resubmitted at any time, but you must submit the entire fiscal year in each submission. **NOTE:** The FRS program will not accept a negative overall budget, meaning Net Income from all sources must be greater than or equal to zero.

5-104. Monthly Submissions: The Lodge monthly submissions must include all financial data for every department (classes, entities, corporations) using the GRAND LODGE UNIFORM CHART OF ACCOUNTS classifications available in the Manuals section of the Grand Lodge Auditing and Accounting Committee's page at elks.org. It is highly recommended that the date range used in any report to prepare the monthly submission start with April 1st of the fiscal year and end with the last day of the month immediately preceding the month of the submission date. For example, if submitting on June 15th the date range used should be April 1 through May 31.

The Lodge must determine the individual within the Lodge (generally the Lodge Treasurer or Lodge Secretary) who will be responsible for the submission of the financial data and the Annual Budget to the FRS. The files are emailed as .csv files to Adaptive@elks.cloud. If an outside bookkeeper is selected, they will have to be trained on FRS responsibilities and submissions. The outside bookkeeper should provide the Lodge the .csv file for the Lodge to email to Adaptive. Each Lodge is allowed up to three individuals who are permitted to submit the data files to Adaptive. The Lodge Secretary must set up the email addresses of these individuals in the CLMS2Web system under the Staff tab. Only data files from these email accounts will be accepted by the FRS.

The FRS will generate and send back to the submitting email address an "accepted" message if the file has passed several initial error checks (valid Lodge number, valid account numbers and that the file contents sum to zero each month). This message only signifies that the data has passed these error checks and should not be construed to mean that the data submitted is correct.

If the file submitted does not pass the initial edit checks the system will generate an "error" message with details on the error(s). The Lodge will need to correct the error(s) and resubmit the file. Exhibit C in the Financial Reporting System [FRS] manual has a complete list of error messages.

5-105. Monthly Due Dates: The monthly submission to the FRS must be completed by the 3rd Friday of each month. For the March data submission each fiscal year there are two due dates. The Preliminary data is due by the third Friday in April and the final data including all year-end adjusting entries is due by August 15th. A calendar of due dates is published as a pdf document in the Training area of Lodge Accounting at elks.org. **NOTE:** A Lodge that fails to submit its data monthly is subject of a fine of \$100.00 for each month or portion thereof that the submission is late up to a maximum fine of \$500.00. Payment of the fine does not relieve the Lodge of its duty to file the monthly submission and continued refusal to file will be considered Contumacy.

5-106. Periodic Lodge Financial Evaluations: The Area Member of the Grand Lodge Auditing & Accounting Committee will periodically perform a review of the Lodge financial data. The Area Member will file a written evaluation at least annually, or when concerns or discrepancies warrant additional reporting. The Area Member written reports will be submitted through the Grand Lodge web site with their recommendations, suggestions and comments. The Exalted Ruler, the Lodge Secretary, District Deputy Grand Exalted Ruler, District Leader, Special Deputy Grand Exalted Ruler and the Past Grand Exalted Ruler Area Sponsor(s) will all receive the evaluation by email to the email account on file with the Grand Secretary's Office. The evaluations will be available online under the Members Area/Reports/Lodge Accounting Reports tab/Auditing & Accounting Committee Summary Reports [link](#). The evaluation will be available immediately after the evaluation is listed as Finalized. The Annual Lodge Financial Evaluation is to be read on the floor at a regular meeting of the Lodge and will be reviewed with the officers during the visit of the District Deputy. It is extremely important that the Board of Directors or Trustees receive a copy for review and action(s).

5-107. Separate Corporation: A separate corporation is an entity of the Lodge which owes its existence to the authorization granted in G.L.S. Section 16.030 for the Lodge to form a separate corporation. A Lodge that has a separate corporation must contact frshelp@elks.org and obtain a separate Lodge number in the 8XXX series for submission of the separate corporation financial data. Submission dates are the same as those for the Lodge and the same fine structure applies.

This applies to both corporations formed under Section 501(c)(3) (Charitable Corporation) of the Internal Revenue Code and any for profit Corporations that the Lodge may form. Also see Section 3-206 for information on Section 501(c)(2) Building Corporations.

USERS

5-201. Users: In the Financial Reporting System (FRS), Lodges are considered “Users”. Users do not have direct access to the data stored in FRS. As Users, the Lodge submits monthly financial activity to FRS by e-mailing a comma separated value (.csv) file to Adaptive@elks.cloud.

5-202. Chart of Accounts: The Lodge must use the current authorized Uniform Chart of Accounts (COA). The complete Uniform Chart of Accounts is published in the Members Only Area of elks.org on the Auditing and Accounting Committee’s page in the Manuals section or in the Lodge Accounting section under Training and Manuals. In addition, several downloadable files are available in the Manuals section of the Auditing and Accounting Committee’s page available [here](#).

5-203. Available Reports: Users do not have direct access to the FRS reports. The District Deputy is responsible for providing the Lodge Treasurer two standard reports each month: “03 P&L Grouped by Department with MTD & YTD” and “01 Balance Sheet”. Additional types of reports are available upon request (See Exhibit E, FRS Reports” in the Financial Reporting System [FRS] manual for a complete list).

VIEWERS

5-301. Viewers: Viewers have access to the reporting capabilities of the FRS. Viewers can produce, modify download (either to Excel or as a pdf file) and forward any of the available reports in the FRS. Additional details are available in the Financial Reporting System [FRS] Manual found in the Manuals section under the Training section of the Lodge Accounting Area of elks.org.

5-302. Standard Viewers: Viewers include, but are not limited to, Past Grand Exalted Rulers State Sponsors, Grand Lodge Auditing and Accounting Committee Members, Special Deputy Grand Exalted Rulers, District Deputy Grand Exalted Rulers, District Leaders, State FRS Coordinators, and various Grand Lodge personnel. Any of these individuals can access those Lodges reports in their Area of responsibility.

While any of the Standard Viewers can produce and distribute a report, Lodges should work closely with their District Deputy Grand Exalted Ruler (DDGER) when it comes to obtaining reports. They should be the first contact if the Lodge wishes to review one of the other available reports to see if it better meets the Lodge’s needs. Next in line for reports should be the State FRS Coordinator(s). They should only be used in the event the DDGER is unavailable.

5-303. Obtaining Viewer Access: A Lodge can request Viewer access by submitting a request in writing to frshelp@elks.org. The fee for Viewer access is \$380.00 in addition to the annual fee billed with the Lodge Annual per capita billing. The extra fee will only provide access to the Lodge's own data and will only provide one user name and password.

Prior to obtaining the user name and password the "Viewer" will need to review the training materials on elks.org. The video training contains information for acquiring the user name and password.

The Lodge Viewer may want to create a desktop icon to permit quick access to the FRS. Instructions for creating this "shortcut" are contained in Exhibit G in the Financial Reporting System Manual [FRS]. The manual can be downloaded from elks.org by navigating to the Lodge Accounting section and then Training and then Manuals.

Appendices

— GUIDE FOR REVIEWS BY LODGE AUDITING & ACCOUNTING COMMITTEE —

This guide is for use in conducting reviews specified in Sec. 13.040(i) of the Grand Lodge Statutes. Before proceeding, Committee Members should read and achieve an understanding of the following:

- Sec. 12.050 — Duties of the Secretary
- Sec. 12.060 — Duties of the Treasurer
- Sec. 12.070 — Duties of the Trustees or Board of Directors
- Sec. 16.030 and 16.040 — Budgeting Requirements
- The Grand Lodge Auditing and Accounting Manual (Code 510100)

The Committee should keep in mind that the basic purpose of the review and report to the Lodge are to provide reasonable assurance (1) that cash assets are safeguarded against loss from unauthorized use or disposition; (2) that transactions are executed as intended by the Lodge and recorded in a manner that will promote accurate financial statements; and (3) that each entity utilize the required budget process to control expenditures and prevent year-end losses.

	YES	NO
1. Have Dues and Fees been posted currently by date, name and in the proper account?	☐	☐
2. Has Interest earned, as noted on bank or depository statements, been entered in the accounting system?	☐	☐
3. Do revenues from the following entries compare with source document and account number from the Chart of Accounts?	☐	☐
a. Receipts from each fund-raising event, special or catered affair?	☐	☐
b. Rental of Real Estate or facilities?	☐	☐
c. Daily Bar & Lounge receipts?	☐	☐
d. Food receipts?	☐	☐
e. Receipts from Bingo	☐	☐
f. Receipts from Entertainment Machines?	☐	☐
g. Others peculiar to the Lodge (i.e., Swimming Pool, Golf, Snack Bar, etc.)	☐	☐
4. Does the Secretary receive all monies from all sources?	☐	☐
5. Are bank deposits made promptly, for safeguarding of cash purposes?	☐	☐
6. Do the deposits reconcile with Secretary's receipts logs (both received log and Treasurer log)?	☐	☐
7. Trace revenue entry to the General Ledger and to the bank deposit slip. Was each entry correct?	☐	☐
8. Count cash on hand for each authorized entity. Did the amount reconcile with the recorded amount?	☐	☐
9. Does cash on hand held by all parties exceed limits of existing Insurance?	☐	☐

EXPENSE RECORD KEEPING

Examine a reasonable number of expense entries against the vouchers or invoices.

10. Is a voucher system used in authorizing expenditures by the Lodge?	☐	☐
11. Do check amounts agree with invoices?	☐	☐
12. Was the correct expense account code from the Chart of Accounts entered?	☐	☐
13. Are all invoices/vouchers marked "Paid" with the date and check number posted thereon?	☐	☐
14. Were payroll checks computed correctly based on hours worked, taxes withheld?	☐	☐
15. Is the number of checking accounts kept to a minimum?	☐	☐
16. Are all checking accounts interest-bearing?	☐	☐

EXAMINE CASH DISBURSEMENTS

YES NO

- | | | |
|---|--------------------------|--------------------------|
| 17. Select several payments from the latest monthly financial statements. Trace the process through the receipt of the service/product, vouchering of the bill or statement, approval, payment and make sure that it was properly processed and expensed to the correct account. Was each verified, and correct?..... | ☐ | ☐ |
| 18. Were the statements from each Bank and Depository and Investment account reconciled monthly? | ☐ | ☐ |
| 19. Cash payouts are discouraged. Are they kept to a minimum? | ☐ | ☐ |
| 20. Are cash payouts entered correctly in the appropriate Disbursement Journal?..... | ☐ | ☐ |

BUDGET COMPLIANCE

- | | | |
|---|--------------------------|--------------------------|
| 21. Was a proper budget prepared for each entity of the Lodge? | ☐ | ☐ |
| 22. Were the budget line items correlated well with the Chart of Accounts?..... | ☐ | ☐ |
| 23. Was the Budget presented to the Lodge and approved by the members present? | ☐ | ☐ |
| 24. Are monthly statements prepared and made available to compare with budget? | ☐ | ☐ |
| 25. Was an expenditure of any line item in excess of the budgeted amount? | ☐ | ☐ |
| 26. If applicable, were expenditures for unbudgeted items or expenditures in excess of the budget first referred to the Trustees or Board of Directors for consideration? | ☐ | ☐ |
| 27. Do the Board of Directors or Trustees meet regularly to review the budget comparisons?..... | ☐ | ☐ |
| 28. Do the Board of Directors or Trustees have a complete record of the Fixed Assets of the Lodge?..... | ☐ | ☐ |

TAX COMPLIANCE

- | | | |
|---|--------------------------|--------------------------|
| 29. Examine income-producing activities to determine if there is unrelated business income (sourced from non-member). Are records being kept on that segment of activity for the purpose of filing the Federal Form 990-T Return and any State Return?..... | ☐ | ☐ |
| 30. Are Payroll Taxes withheld on all employees? | ☐ | ☐ |
| 31. Has the Lodge paid when due, all payroll, income and employment taxes and filed all required quarterly and annual returns? | ☐ | ☐ |
| 32. If contract labor is used, are 1099-NEC or 1099-MISC forms issued when due?..... | ☐ | ☐ |
| 33. If interest of \$10 or more is paid to any individual or other entity, are 1099-INT forms issued?..... | ☐ | ☐ |
| 34. If applicable, is Sales Tax paid promptly when due? | ☐ | ☐ |
| 35. Are all persons handling money properly bonded? | ☐ | ☐ |

NOTE: The Lodge Auditing Committee should report the results of this review at a regular meeting of the Lodge, adding any recommendations the Committee may have.

REMARKS TO BE MADE ON SEPARATE PAGE IF NEEDED.

DO NOT send copy to Grand Lodge Auditing and Accounting Committee or with the D.D. Visit Report. Auditor to the District Deputy Grand Exalted Ruler will examine this report.

— **GUIDE FOR SEPARATE CORPORATIONS** —

Grand Lodge Statutes Section 16.030 permits every Local Lodge to form a separate corporation for any club, home real property or other facility owned by the Lodge. The corporation formed may be either a non-profit corporation or a for profit corporation.

No Articles of Incorporation, trust agreement, formative documents or By-Laws or any amendments thereto of the separate corporation shall take effect unless submitted to and approved by the Grand Lodge Committee on Judiciary. The formation of a separate corporation must be proposed and voted on in the same manner as the incorporation of a Lodge as detailed in Grand Lodge Statutes Section 16.020.

Subject to State law, Membership in the corporation shall at all times consist of the elective officers (including Trustees) of the Lodge, together with four (4) additional persons who are Members of the Lodge. These four additional Members shall be elected by the remaining Corporate Members and shall be members for one-year periods.

If State law requires the issuance of stock, the separate corporation shall issue one (1) share of stock, which shall be issued to the Lodge and the certificate delivered to the Lodge Secretary.

The corporate powers of a non-profit corporation shall be exercised by a Board of Directors, to be seven (7) in number selected from the corporate members and who will serve for a term of one year, and until their successors are elected and qualified.

The corporate powers of a for profit corporation shall be exercised by a Board of Directors, to be seven (7) in number, and shall consist of four (4) elected Officers of the Lodge and three (3) members of the Lodge at large, elected by the Lodge and who shall serve for one year, and until their successors are elected and qualified.

The Corporate Officers shall be elected from the Board of Directors and shall consist of a President, Vice President, Secretary and Treasurer, to be elected annually by the Board of Directors. The President and Secretary cannot hold more than one office in the corporation.

Any separate corporation, trust or other related legal entity shall be subject to and comply with the provisions of Grand Lodge Statutes Sections 1.165, 16.011, 16.030 and 16.050 in all matters related To Restricted Funds and must comply with all applicable provisions of the Laws of the Order.

Any separate corporation must present to the Lodge for approval, not later than the final regular Lodge meeting in April, a separate and comprehensive budget for the proposed operation of the corporation. In addition, the separate corporation must also submit a monthly written report to the Lodge showing the financial position of the corporation and a comparison to the approved budget. The financial results of any separate corporation must be reported monthly using the Financial Reporting System (FRS). The books and records of the separate corporation shall at all times be subject to review and inspection by the Lodge and or Grand Lodge of the Order.

All separate corporations formed must comply with any and all reporting requirements of the State in which the corporation is domiciled and must timely file all Federal and State Information and Income Tax returns.

Upon dissolution of a separate corporation, trust or other related legal entity which consists of member(s) as opposed to stockholder(s), all property owned, held or controlled by it shall be transferred and distributed by its Board of Directors to the Lodge or other non-profit organization, fund, corporation or trust forming a part of or controlled by the Benevolent and Protective Order of Elks of the United States of America.

Upon revocation, suspension or voluntary surrender of a Charter, all Lodge assets and all assets of all Lodge-related entities must be surrendered to the Trustees or agent appointed by the Grand Exalted Ruler. A Lodge exists pursuant to a Grand Lodge Charter and all property and assets it acquires both real and personal are held in constructive trust. Disposition of any and all assets are governed by Grand Lodge Statutes Section 9.170.

— GUIDE FOR PROCESSING PAYROLL IN QUICKBOOKS DESKTOP —

QuickBooks Desktop provides two methods for creating paychecks and tracking employee salaries and wages within the program. Depending on the level of experience the Local Lodge can either subscribe to one of the QuickBooks' payroll services at an additional cost (recommended for inexperienced payroll users) or prepare payroll manually.

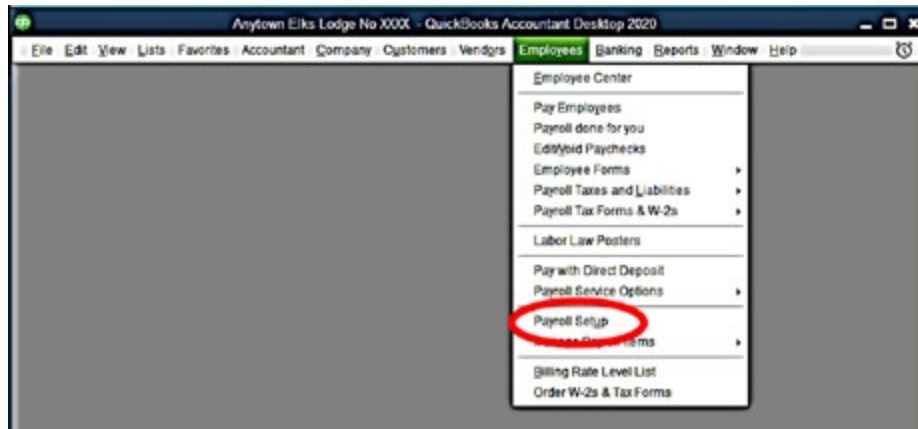
This link is for those Lodges that want to subscribe to one of the additional payroll services provided by QuickBooks. It is a comprehensive guide to setting up and using those services.

<https://quickbooks.intuit.com/learn-support/en-us/set-up-payroll/get-started-with-payroll/00/370531>

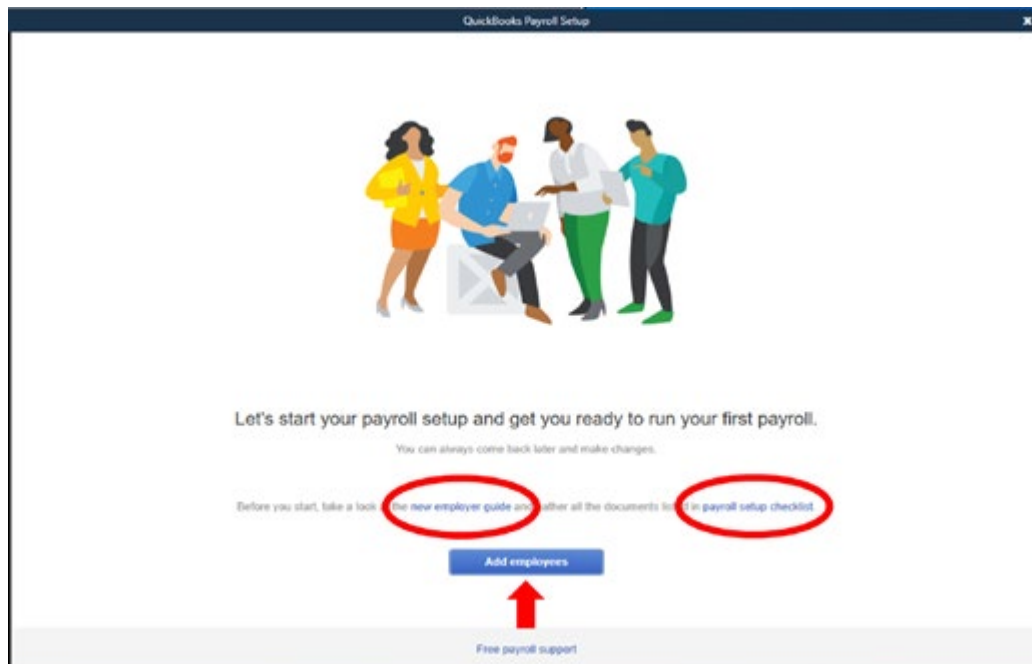
For Lodges that want to prepare their payroll manually, please follow these steps to get started.

Payroll Setup

1. Start by selecting *Employees/Payroll Setup*.



2. The QuickBooks Payroll Setup window will pop up. Review the information provided in the new employee guide and payroll setup checklist links. Then click the *Add Employee* button.



3. In the next window, complete the required information (items with an *) and then click *Next*.

4. Enter the Compensation information for each Employee. Select the pay type from the drop-down list for Item; enter the appropriate amount in the Amount/Rate box and select how often the employee is paid from the pay frequency drop-down box. The Lodge can also enter time off (vacation, sick, personal days) or any benefits from this screen. When done click *Next*.

5. Enter the Employee personal details on the next screen. Click *Next* when done.

QuickBooks Payroll Setup

1 Pay details 2 **Personal details** 3 Payment method 4 Tax details 5 Review details

Sample Employee's personal details Help

NAME TO APPEAR ON CHECKS

DATE OF BIRTH

GENDER

ADDRESS

ZIP

STATE

CITY

PHONE

TERMINATION DATE

Emergency contact details

NAME OF THE CONTACT

RELATION

PHONE

Cancel Back **Next**

6. On the next screen select the radio button for the method the Lodge will use to pay its employees. For most Lodges this will be Physical check. Click *Next*.

7. Enter the Employee's Federal, State and Local tax details on the next screen. Then click *Next*.

QuickBooks Payroll Setup

1 Pay details 2 Personal details 3 Payment method 4 **Tax details** 5 Review details

Sample Employee's tax details Help

Federal W-4 details Explain

FORM W-4 ?

FILING STATUS ?

ALLOWANCES ?

EXTRA WITHHOLDING ?

Advanced federal tax details
 Additional federal tax details include information like non-resident status and withholdings.

State W-4 details
 CT - Connecticut state taxes

Additional states of residence/work and local tax
 If you've to add or modify additional information like employee's state of residence, state of work, and special local taxes, you can include or edit them here.

Cancel Back **Next**

8. Review the Employee's details and if correct click *Next*. Otherwise click *Back* to edit. On the Employee setup popup window select either *Done* (if no additional employees to add or *Add* new employee to add additional employees.

9. From the main Payroll Setup window cycle through the remaining tab on the left to add or modify the settings.

Company tab – settings for Compensation types; Insurance Benefits; Retirement Benefits; Paid time off and Miscellaneous additions to pay

Taxes tab – settings for Federal State and Local taxes including identification numbers.

Payroll history tab – used when setting up payroll after the start of a calendar year to account for payroll paid up to the starting point in QuickBooks.

Finishing up tab – check for proper initial setup of payroll.

Paying Employees

1. Start by selecting *Employees/Pay Employees*.



- On the Enter Payroll Information window verify that the Pay Period Ends date; the Check date and the Bank Account information is all correct. Select the check options for how the checks will be prepared and select the Employees to be paid by checking the box to the left of each employee's name. the Lodge can select all employees by clicking the *Check All* button.

Enter Payroll Information

1 Enter Payroll Information → 2 Review & Create Paychecks → 3 Print & Distribute Paychecks

How do I pay my employees?

PAYROLL INFORMATION

PAY EMPLOYEES: ☐ PAY PERIOD ENDS: 01/17/2021 BANK ACCOUNT: 10101 - Cash on Hand ...

EMPLOYEES SELECTED TO PAY: 0 CHECK DATE: 01/17/2021 BANK ACCOUNT BALANCE: 0.00

CHECK OPTIONS

☒ Print paychecks on check stock First Check#: 1

☐ Handwrite & Assign check numbers

SORT BY: Employee Name

EMPLOYEE	TOTAL HOURS
☒ Sample Employee	
☐	
☐	
☐	
☐	
☐	

How do I use this window to enter payroll information?

- Click the *Open Paycheck Detail* button to display the pay record for each employee.

Preview Paycheck

Sample Employee

PAY PERIOD: 01/04/2021 - 01/17/2021

☐ Use Direct Deposit CLASS:

Earnings

ITEM NAME	RATE	HOURS	CUSTOMER JOB
TOTALS	0.00	0.00 hrs	

SICK AVAILABLE: 0.00
VACATION AVAILABLE: 0.00
SICK ACCRUED:
VAC. ACCRUED:
☐ Do not accrue sickvac

Other Payroll Items

ITEM NAME	RATE	QUANTITY

Employee Summary (adjusted)

ITEM NAME	AMOUNT	YTD
Medicare Employee Addl T...	0.00	0.00
CT - Paid Leave	0.00	0.00
Federal Withholding	0.00	0.00
Social Security Employee	0.00	0.00
Medicare Employee	0.00	0.00
CT - Withholding	0.00	0.00
Check Amount:	0.00	

Company Summary (adjusted)

ITEM NAME	AMOUNT	YTD
Social Security Company	0.00	0.00
Medicare Company	0.00	0.00
Federal Unemployment	0.00	0.00
CT - Unemployment	0.00	0.00

How are these items calculated?

☐ Enter net/Calculate gross

What's this?

4. If not prefilled, select the Earning Type(s) from the drop-down box on each line and enter either the rate or hours for each earning line. Enter other payroll items when required. Since this is a manual payroll, the Lodge must calculate each tax deduction based on the applicable Federal and State payroll tax withholding tables. The Lodge must also separately calculate any employer only payroll taxes (unemployment taxes, worker's compensation, etc.) Enter the withheld amounts in the section on the right side of the window and enter the employer portion on the lower left section. If more than one employee is being paid then select *Save & Next*. When finished entering the earnings and deductions for each employee select *Save & Close*.
5. Select *Continue* from the Enter Payroll Information window. From the Review and Create Paychecks window review all the details for accuracy. If necessary, click on the employee name link to open only that employee preview. Make any corrections necessary and when correct click *Save & Close*. When all checks are correct click *Create Paychecks*.

Review and Create Paychecks

1 Enter Payroll Information → 2 Review & Create Paychecks → 3 Print & Distribute Paychecks

How do I pay my employees?

PAYROLL INFORMATION

PAY EMPLOYEES: 1

PAY PERIOD ENDS: 01/17/2021

CHECK DATE: 01/17/2021

BANK ACCOUNT: 10101 - Cash on Hand ...

BANK ACCOUNT BALANCE: 0.00

CHECK OPTIONS

☒ Print paychecks on check stock

☐ Handwrite & Assign check numbers

First Check#: 1

Open Paycheck Detail...

Employee	Gross Pay	Taxes	Deductions	Net Pay	Employer Tax Contributions	Total Hours	Direct Dep
Sample Employee	0	0.00	0.00	0.00	0.00	0.00	
	0.00	0.00	0.00	0.00	0.00	0.00	0.00

< Back Finish Later Create Paychecks

6. From Confirm and Next Steps window, the Lodge can either immediately print the paychecks and/or paystubs or close and finish the create paychecks process.

It shall be the duty of the Accountant to prepare the Federal and State Information and Unrelated Business Income Tax Returns of the Lodge for the Lodge year _____ - _____ as required by Federal, State and local agencies (if any), in a timely manner, and deliver completed returns to the Lodge on or before August 1st following the close of each fiscal year. It shall also be the duty of the Accountant to prepare and provide to the Lodge any adjusting journal entries necessary to ensure the Lodge's financial records reconcile to the Information and Income Tax returns prepared by the Accountant. **NOTE:** Grand Lodge does not recognize the filing of any extension of time to file any Federal, State or local return without the prior approval of the State Sponsor of the Lodge and for good cause.

— ARTICLE IV —

COMPENSATION OF ACCOUNTANT

Lodge agrees to pay Accountant for such services as herein set forth the sum of \$_____, immediately upon completion of and the filing of the necessary tax returns as described herein and upon return of all Lodge records and papers provided to the Accountant. Lodge also agrees to pay any reasonable and necessary other expenses incurred by Accountant, such as filing fees, in the billing by Accountant to Lodge, but not to exceed the sum of \$_____ as additional expense.

— ARTICLE V —

EMPLOYMENT OF ACCOUNTANT

All records and papers (including but not limited to, books, records, papers and other documents that belong to Lodge) that Lodge delivers on or before May 15th to Accountant with respect to Accountant's duties hereunder, shall remain the property of Lodge.

— ARTICLE VI —

CONFIDENTIALITY OF RECORDS AND PAPERS

Accountant agrees that he will not at any time allow anyone to examine, make copies of, take possession of, the records and papers described in ARTICLE V.

— ARTICLE VII —

RETURN OF RECORDS AND PAPERS TO LODGE

Accountant shall at once return to Lodge all the records and papers described in ARTICLE V upon the occurrence of:

1. Lodge's request that such records and papers be returned to it; *or*;
2. Accountant's violation of any commitment under ARTICLE VI; *or*;
3. A request by anyone (other than the Lodge) to examine, copy or take possession of any such records and papers; *or*;
4. An attempt is made to serve upon the Accountant, whether successful or not, any judicial administrative order, subpoena or summons having the purpose of requiring the production of such records and papers.

— ARTICLE VIII —

EFFECTIVE DATE

This agreement becomes effective on the date designated herein above.

IN WITNESS WHEREOF, the parties have executed this agreement at _____,
the day and year first above written. (Designate Place of Execution)

_____ Lodge # _____

by _____
(Chairman of Board of Directors/Trustees)

(Accounting Firm)

by _____
(Accountant)



— LODGE FINANCIAL EVALUATION REPORT —

GRAND LODGE
Benevolent and Protective
ORDER OF ELKS
 UNITED STATES OF AMERICA

Auditing and Accounting Committee

Anytown, Lodge No. XXXX

Report Year: 2020

State:

District:

Area:

**ACKNOWLEDGEMENT OF RECEIPT OF FINANCIAL REPORT AND EVALUATION THEREOF:
 TO BE READ ON THE LODGE FLOOR AND RETAINED AS A PERMANENT RECORD OF THE LODGE**

Please insure that the Trustees/Board of Directors & Your Independent Accountant receive a copy of this report.

Report for Year Ended March 31st	2018	2019	2020
Membership Total	281	264	262
1. Date of Review by Grand Lodge Committee Member	08/26/2018	06/28/2019	10/19/2020
2. Were all entities of the Lodge reported?	Yes	Yes	—
3. Amount of Working Capital	(\$31,360.00)	(\$54,253.00)	(\$98,731.00)
4. Amount of Total Equity	\$824,217.00	\$821,647.00	\$836,803.00
5. Lodge Net Profit	(\$20,001.69)	(\$1,275.00)	(\$26,803.00)
6. Club and Other Operations Net Profit	\$11,644.39	(\$1,295.00)	—
7. Bar Net Profit	—	—	\$27,919.00
8. Bar, Cost of Sales (pct)	35.70%	27.80%	27.63%
9. Bar, Cost of Labor (pct)	12.90%	0.00%	0.07%
10. Food Service Net Profit	—	—	\$10,259.00
11. Food Service, Cost of Sales (pct)	43.50%	54.10%	51.82%
12. Food Service, Labor (pct)	3.80%	0.00%	0.02%
13. Other Operations Net Profit (bowling alley, golf course, etc.)	—	—	\$0.00
14. Other Operations Net Profit - 16.030 For Profit Corporation	—	—	\$0.00
15. Other Operations Net Profit (501c3 Corporation)	—	—	\$0.00
16. Date of last IRS form 990 filing	—	—	08/27/2020
17. Did the Lodge file a Form 990-T?	Yes	No	Yes
18. Date lodge filed IRS form 990-T	—	—	08/27/2020
Submitted by Committee Member	William Chinn, Jr.	William Chinn, Jr.	William Chinn, Jr.
Report Prepared	9/19/2018 Finalized	7/26/2019 Finalized	10/19/2020 Finalized

2020 Comments:

Key to comments:

Normal text — New comment this year *Italics Text* — Repeat of comment from last year

Bold Text — Multiple year repeat of comment without correction or response from Lodge

Bold Italics Text — Critical Issue that requires immediate action by the Lodge

- Page 2 — The Lodge's Working Capital remains negative at \$(98,731) and worsened compared to the prior year. It should be \$82,422.
- Page 8, Line 15 — Food Service Cost of Sales is 16.82% over the recommended 35%. Club management needs to address this issue. Are the proper procedures in place to charge the Lodge accounts for complimentary and/or reduced cost meals and beverages for events such as dignitary visitations?

PLEASE REVIEW WITH YOUR ACCOUNTANT OR TAX RETURN PREPARER ALL ITEMS REGARDING FORM 990 (or 990-EZ) and FORM 990-T.

No comments.

Note: With the exception of Question 17, any questions answered "No" indicate a deficiency in the report as it has been submitted. You should consult the Auditing & Accounting Manual and Section 13.040 of the Laws of the Order and make necessary corrections.

— SAMPLE EVENT REPORT —

ANYTOWN ELKS LODGE No. XXXX

DATE: _____



Report of _____ Committee

Event Description _____

STATEMENT OF RECEIPTS and EXPENDITURES

RECEIPTS:

Tickets Sold _____ @ \$ _____ \$ _____

Other Revenue (list) _____ \$ _____

\$ _____

\$ _____

TOTAL RECEIPTS \$ _____

EXPENDITURES:

Paid By	Vendor	Item	Amount
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

TOTAL EXPENDITURES \$ _____

NET PROFIT/(LOSS) \$ _____

CASH TO LODGE SECRETARY \$ _____

ELKS HOURS _____ VOLUNTEER HOURS _____ PARTICIPANTS _____

Chairman

— SAMPLE INVENTORY CERTIFICATE —

Dear Sir:

In connection with the preparation of the Information and Unrelated Business Income Tax returns of _____, Lodge No. _____, B.P.O. of Elks, as of March 31, 20____, the following is a summary of the inventory which has been determined under our general direction and control:

1. Liquor \$ _____
2. Beer. \$ _____
3. Wine \$ _____
4. Soda and Mixers \$ _____
5. Cigars and cigarettes \$ _____
6. Other Merchandise \$ _____
7. Food \$ _____

The above amounts were determined by: Actual Inventory ☐; Estimated Inventory ☐.

To the best of our knowledge and belief:

1. Inventory quantities are correct and were determined by actual count, except as follows:

2. Estimated inventory was determined in the following manner:

3. The goods and merchandise included in the inventory are the property of _____, Lodge No. _____, B.P.O. of Elks and none are encumbered, or held on consignment from others, or subject to any liens, except as follows:

4. The inventory has been valued at: Cost: ☐; Cost or Market ☐ (*whichever is lower*); Other: ☐ _____. (Obsolete, defective, old goods, etc., valued at \$ _____ are not included in inventory at a cost in excess of net realizable value.)

To the best of our knowledge and belief the amounts stated above are a fair and proper valuation of the inventory for inclusion in the Balance Sheet, for period ended March 31, 20____.

Yours very truly,

_____ Lodge No. _____, B.P.O. of Elks

By _____
(Chairman, Auditing Committee)

(Member, Auditing Committee)

(Member, Auditing Committee)

— SAMPLE GENERAL JOURNAL ENTRIES —

Definition: A General Journal Entry is a manual adjustment to the Balance Sheet or Profit and Loss accounts. Journal entries can be a simple Debit to one account and off-setting Credit to another account. In general, Debit entries increase Asset and Expense accounts and decrease Liability, Equity and Revenue accounts. Conversely Credit entries increase Liability, Equity and Revenue accounts and decrease Asset and Expense accounts. Journal entries can also become very complicated and may require the assistance of a qualified Accountant.

1. The Lodge needs to record monthly or annual Depreciation costs on the building of \$1,000.00.

Account	30500 Depreciation	Debit \$1,000.00
Account	15200 Accumulated Depreciation	Credit \$1000.00

Memo: To record depreciation expense.

2. The Lodge needs to reclassify Prepaid Dues (collected in the prior year) to current Income in the amount of \$24,000.00.

Account	21800 Prepaid Dues	Debit \$24,000.00
Account	30010 Membership Dues Regular	Credit \$24,000.00

Memo: To reclassify Prepaid Dues to current year Dues.

3. The Lodge needs to correct a mortgage payment posted to interest expense that contained the principal portion of the note in the amount of \$600.00.

Account	23200 Mortgage Payable	Debit \$600.00
Account	30285 Interest Paid	Credit \$600.00

Memo: To correct the principal portion of a mortgage payment.

4. The Lodge collected \$900.00 in March for a June banquet. The Lodge posted the funds to Account 21100 Prepaid Customer Deposits. The Lodge now wants to reclassify the deposit as Special Events Income.

Account	21100 Prepaid Customer Deposit	Debit \$900.00
Account	50110 Special Events Food	Credit \$900.00

Memo: To record customer deposit as current income.

5. The Lodge wants to give the kids hotdogs from the kitchen for a swimming party at a cost of \$85.00.

Account	67275 Misc. / Unassigned (if Swimming Activity)	Debit \$85.00
---------	--	---------------

OR Account 30165 Lodge Activity Members
(if Lodge activity) Debit \$85.00

Account	50205 Food Purchases	Credit \$85.00
---------	----------------------	----------------

Memo: To record the use of hot dogs at the swimming pool.

6. The Lodge wants to give bar sodas away at the Kids Christmas party. Cost to the bar is \$150.00. This assumes use of Lodge General Funds, See **Appendix J** if Restricted Funds are involved.

Account	30165XX	Lodge Activity–Kids Christmas party	Debit \$150.00	
Account	40212	Soda Purchases		Credit \$150.00

Memo: To transfer bar soda inventory cost to Kids Christmas party.

7. The Lodge needs to record accrued expenses at the end of the fiscal year in the amount of \$2,000 for insurance, interest and property taxes.

Account	30280	Insurance Other	Debit \$800.00	
Account	30285	Interest Paid	Debit \$700.00	
Account	30430	Taxes Real Property	Debit \$500.00	
Account	20400	Accrued insurance		Credit \$800.00
Account	20500	Accrued Interest		Credit \$700.00
Account	20800	Accrued Property Taxes		Credit \$500.00

Memo: To record year end accrued expenses.

8. The Lodge needs to record deposit in the current fiscal year for the Exalted Ruler's accommodations at the Grand Lodge convention in the subsequent fiscal year.

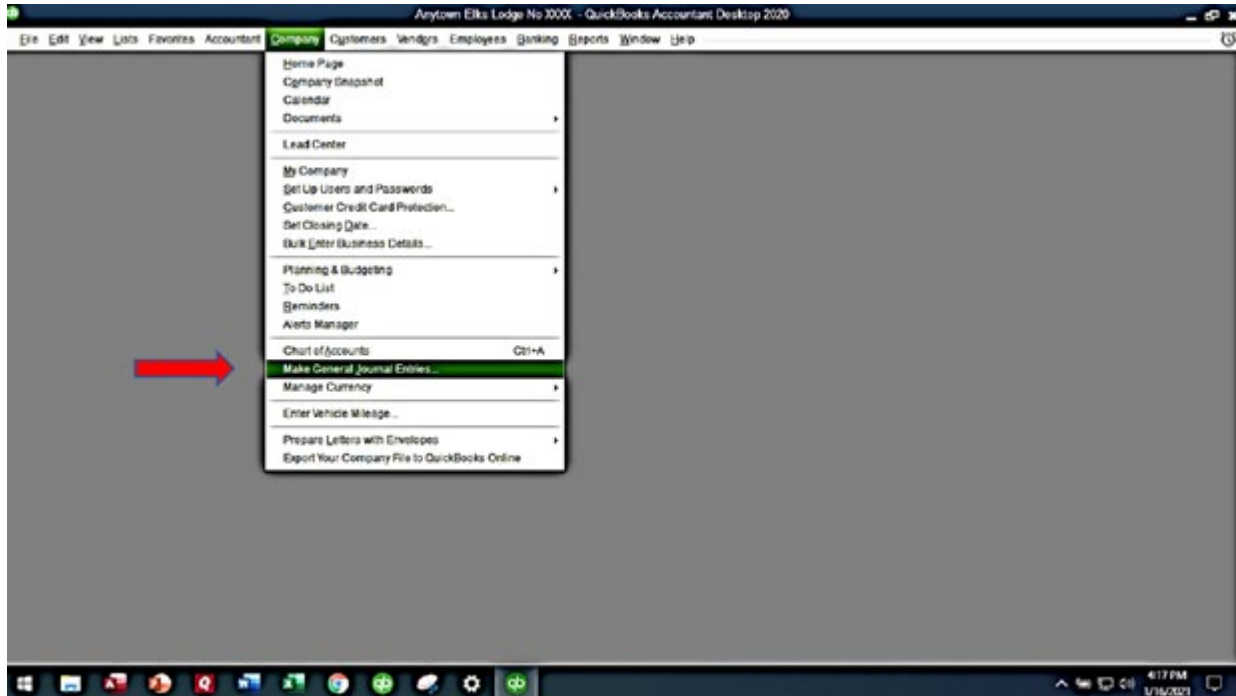
Account	10901	Prepaid Expenses	Debit \$500.00	
Account	20000	Accounts Payable		Credit \$500.00

Memo: To record Grand Lodge Convention deposit.

— CREATING GENERAL JOURNAL ENTRIES IN QUICKBOOKS —

To create a General Journal Entry in QuickBooks:

From the QuickBooks home page, click **Company** in the menu bar, then click **Make General Journal Entries...**



Enter the following information:

1. Enter the **Date** the entry will be effective.
2. Enter the **Entry No.** if the Lodge wants a custom number or accept the QuickBooks default.
3. Enter the **Account Number** and the **Debit** or **Credit** Amount for each line item.
4. Enter the Memo information. This should be a short explanation of why the entry is needed.
5. Click the **Save & Close** button at the bottom right of the page and the journal entry is saved.

The screenshot shows the 'Make General Journal Entries' window. At the top, there are tabs for 'Main' and 'Reports'. Below the tabs is a toolbar with icons for Find, New, Save, Delete, Memoize, Reverse, Print, Attach File, Hide List, and Send QUES. The main area contains a form with the following fields: DATE (01/15/2021), ENTRY NO. (5), and a checkbox for ADJUSTING ENTRY (checked). Below these fields is a table with columns: ACCOUNT, DEBIT, CREDIT, MEMO, NAME, BILL, and CLASS. The table has one row with empty cells. Below the table, there are 'Totals' for DEBIT (0.00) and CREDIT (0.00). At the bottom, there is a 'List of Selected General Journal Entries' section with a dropdown menu set to 'Last Month'. Below this is another table with columns: DATE, ENTRY NO., ADJ., ACCOUNT, MEMO, and DEBIT/CREDIT(+/-). The table has one row with empty cells. At the bottom right, there are three buttons: 'Save & Close', 'Save & New', and 'Clear'.

— GUIDE TO RESTRICTED FUND ACCOUNTING —

Lodges that have Restricted Funds have a responsibility to manage and account for the use of the funds to ensure that the restrictions imposed are complied with. This area of accounting is complex and may require the assistance of the Lodge's outside accountant. This guide is prepared based on the QuickBooks Desktop version. The ideas presented are applicable to all accounting systems.

Grand Lodge requires that each Lodge with Restricted Funds maintain cash or investments that exactly equals the Restricted Fund Balances. It is a violation of Grand Lodge Statutes to use any funds associated with a Restricted Fund for any purpose other than the purpose established by the donor of the funds or by the Lodge establishing the restriction. The Chart of Accounts is set up to accommodate checking, savings and investment accounts to be used for the segregation of the Restricted Funds. It is imperative that at year end, the sum of the Restricted Cash and Investments equals the Total Restricted Fund Balances.

QuickBooks is designed to close out a fiscal year and automatically move the net income or loss (the sum of all income and expense accounts) for the year into one equity account (29900 Equity – Unrestricted Funds). This is a specialized QuickBooks account and cannot be deleted. Without making an adjustment for the Restricted Account series (9****) accounts, this would result in the net income or loss from the Restricted activities increasing (net income) or decreasing (net loss) the Lodge's Unrestricted Equity. The net income or loss from the Restricted activities needs to be moved to specific equity accounts at year end. QuickBooks does not perform this task automatically.

Once all year end entries have been finalized and all reconciliations completed, a journal entry will need to be prepared to transfer the net income or loss from the Restricted activities into the Restricted Fund Balance account(s). There are three options to accomplish this.

Listed in order of preference, they are:

1. Year-End Closing Accounts (99001 and 99002) Method
2. Zero Out Accounts Method
3. Direct Unrestricted Equity Adjustment Method

Year-end Closing Accounts Method

This method will close out the total Restricted Revenue and Expense accounts and will preserve the full year to date and the March monthly profit and loss by activity. With some slight customization of the reporting in QuickBooks this is the most transparent method.

The steps to use this method are:

1. Run a Profit and Loss report for the entire fiscal year (April 1 through March 31)
2. Customize the report to display only **all** the 9XXXX series of accounts from the Lodge Chart of Accounts. Include zero balance accounts in case of their use in the future.
3. Enter the amounts from the report in Step 2 into column F of the Excel spreadsheet available at: <https://www.elks.org/grandlodge/auditing/documents/YearEndClosingForRestrictedAccounts.xlsx>. Make sure that the most recent version of this spreadsheet is used. Changes may occur annually based on Chart of Accounts revisions.
4. Follow the instructions in the spreadsheet to generate and then record the adjusting journal entry into the Lodge's local accounting system.

Zero Out Accounts Method

This method will zero out all Restricted Revenue and Expense accounts and will result in an inability to generate any full year Profit and Loss reports for any Restricted activity. For this reason, it is not recommended for use by the Lodges.

The steps for performing this annual task are:

1. Run the Trial Balance report for the entire fiscal year ending March 31 (for the year ending March 31, 2020, the date range is April 1, 2019 through March 31, 2020).
2. From the QuickBooks home page, click Reports in the menu bar, point to Accountant & Taxes, and then click Trial Balance.
3. Near the top of the page, change the dates – the From date should be April 1, and the To date should be March 31; press the tab key to move off the “To” date field.
4. Print or save the report to Excel or a PDF file. You will only need the page(s) with the 9**** series accounts.
5. Use the chart from the Year-end Closing Accounts Method to determine where each 9**** series account should be closed to.
6. The Date for the general journal entry should be March 31 of the year being closed
7. The Entry No. for the general journal entry should be YECLOSE2020 (where 2020 would be the year being closed).
8. To determine the amount for each “Restricted Account” line:
 - a. If the amount for the account on the Trial Balance is a Debit, then the amount will be a Credit for the Restricted Account in this journal entry
 - b. If the amount for the account on the Trial Balance is a Credit, then the amount will be a Debit for the Restricted Account in this journal entry
9. For the “Closes to Equity Account”, the amount will be the same as it is on the Trial Balance for the Restricted Account

Direct Unrestricted Equity Adjustment Method

This method will record an entry directly to both the Restricted Fund Balance account(s) and the Equity Unrestricted Funds account. For this reason, it is not recommended.

The steps to use this method are:

1. Run a Profit and Loss report for the entire fiscal year (April 1 through March 31)
2. Customize the report to display only **all** the 9XXXX series of accounts from the Lodge Chart of Accounts. Include zero balance accounts in case of use in the future.
3. Export the report to Excel
4. In Excel in any blank cells create formulas to summarize the net income or loss for each of the Restricted Fund Balance accounts in the Temporary Restricted or Permanent Restricted Funds (accounts 29010 through 29110). The general formula is Revenue less Expenses. A positive result is income and a negative result is a loss. If the Lodge does not participate in one or more of these activities it can skip creating the formula.

5. Verify that the sum of the formulas created in step 4 agrees to the overall Total Net Income or Loss shown on the report.
6. Create a journal entry in QuickBooks as follows:
 - a. The **Date** for the journal entry should be March 31 of the year being closed
 - b. The Entry No. for the journal entry should be YECLOSE XXXX (where XXXX is the year being closed).
 - c. For each line in the journal entry enter the appropriate account number associated with one of the formulas for each Restricted Fund Balance account created in Step 4 in the **Account** column. If the formula result is positive then the amount should be entered in the **Credit** column. If the result is negative than enter it in the **Debit** column.
 - d. For the overall Total the same rule applies to determine if a Debit or a Credit entry. The account number should be 29900.

— YEAR END CHECKLIST —

	Completed
1. Ensure prepaid dues is entered as a Liability — do not hold until April 1st.	☐
2. Record all invoices dated March 31 or earlier as Accounts Payable (No backdating checks).	☐
3. Take physical inventory for all business activities requiring one (Lodge Supplies, Bar Inventory, Food Inventory and Other Business operations) and prepare adjusting entries.	☐
4. Complete all items in the CLMS Year End Procedure list issued annually by the Grand Secretary's Office.	☐
5. Submit preliminary FRS data by third Friday in April.	☐
6. Reconcile all Bank and Investment accounts, finalize Investment Income and Unrealized Gain/(Loss) adjustments; finalize Inventory adjustments.	☐
7. Set Closing Date password. (QuickBooks) or similar feature in other accounting software. This will help prevent any unauthorized changes to the fiscal year data.	☐
8. Submit data to Form 990 preparer.	☐
9. Enter adjusting journal entries into Lodge accounting system.	☐
10. Resubmit prior fiscal year data into FRS that includes all adjusting journal entries.	☐
11. Review Form 990 from preparer for August 1st submission.	☐
12. Complete the Transmittal Checklist by August 1st. This is an online form that is required to be completed prior to the uploading of the Lodge's Form 990.	☐
13. Upload to elks.org one pdf for the Form 990 one for the Form 990-T and one for the State returns by August 1st. Do not password protect the file(s). Submit only the return as filed without any additional worksheets or schedules (no extensions accepted).	☐
14. Upload to elks.org final Comparative Balance Sheet report as a pdf from the Lodge's accounting system after all adjusting journal entries are entered (Reports/Company & Financial/Balance Sheet Prev Year Comparison in QuickBooks) by August 15th (no extensions accepted). ⁽¹⁾	☐
15. Submit Final FRS data by August 15th (no extensions accepted).	☐

(1) For all Lodges that file and upload a Form 990-N (e postcard return) in addition to the uploading a Comparative Balance Sheet the Lodge must also upload a Year-to-Date Profit and Loss Report for the applicable fiscal year (from the Lodge's accounting system).

— GRAND LODGE AREAS AND COMMITTEE MEMBER ASSIGNMENTS —

Area 1	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont	
	WILLIAM J. CHINN, JR., Chairman { <i>Suzanne Novaco</i> } Danbury, Connecticut Lodge No. 120 14 Morrissey Lane, Bridgewater, CT 06752-1229	H – (860) 253-7135 C – (203) 417-5562 F – (860) 799-6230 wjcglaac@gmail.com
Area 2	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania	
	JOHN NEETZ { <i>Kelly</i> } Bangor, Pennsylvania Lodge No. 1106 42 N. 6th Street, Bangor, PA 18013-1828	O – (610) 355-5756 C – (484) 357-6966 johnneetz3@gmail.com
Area 3	Alabama, Florida, Georgia, Mississippi, North Carolina, Panama, Puerto Rico, South Carolina, Tennessee	
	CARL GERACE { <i>Catherine</i> } Rotonda, Florida Lodge No. 2710 23188 Freedom Avenue, Charlotte Harbor, FL 33980-2901	O – (941) 629-8927 C – (941) 456-2797 F – (941) 629-4986 geracecfa@comcast.net
Area 4	Indiana, Kentucky, Michigan, Ohio, West Virginia, Virginia	
	KEITH ALVERSON { <i>Greer</i> } Howell, Michigan Lodge No. 2168 4035 Berry Farm Drive, Howell, MI 48843-8641	C – (810) 623-2439 F – (517) 546-5809 keacpa@msn.com
Area 5	Illinois, Iowa, Minnesota, Missouri, Wisconsin	
	SUSAN D. COOK { <i>Donald</i> } Joplin, Missouri Lodge No. 501 5729 W. 20th Street, Joplin, MO 64804-8058	O – (417) 347-6229 C – (417) 825-7651 susancookmo1975@gmail.com
Area 6	Arkansas, Colorado, Kansas, Louisiana, Nebraska, New Mexico, Oklahoma, Texas	
	STEVEN D. WETHERLY, SR. { <i>Kerri</i> } Fort Worth, Texas Lodge No. 124 10217 Sunset View Drive, Fort Worth, TX 76108-4075	H/F – (817) 367-2075 C – (817) 891-8100 steve@sdwservices.com
Area 7	Arizona, California, Guam, Hawaii, Nevada, Philippines, Utah	
	ROBERT E. L. HOLLIS-BRAU { <i>Donna</i> } West Covina, California Lodge No. 1996 133 Penfield Street, Pomona, CA 91768-1722	H – (909) 622-9861 C – (909) 717-8118 r.hollis_brau@verizon.net
Area 8	Alaska, Idaho, Montana, North Dakota, Oregon, South Dakota, Washington, Wyoming	
	HARLEY R. “Rick” ECKERT { <i>Judith</i> } Homer, Alaska Lodge No. 2127 [Mail] P.O. Box 1249, Homer, AK 99603-1249 [Shipping] 990 Soundview Avenue, Homer, AK 99603	C – (907) 399-5909 eckert@xyz.net

— IRS TAX EXEMPT STATUS DOCUMENTATION —

FEDERAL SECTION 501(c)(8) TAX EXEMPT STATUS

GRAND LODGE AND SUBORDINATE LODGES OF BENEVOLENT AND PROTECTIVE ORDER OF ELKS OF THE UNITED STATES OF AMERICA

Background

1. Benevolent and Protective Order of Elks of the United States of America (“BPOE”) is a fraternal order operating under the lodge system, consisting of a central organization (Grand Lodge) and more than 2,000 subordinate lodges chartered by the Grand Lodge. BPOE has been in existence since June 1885.
2. By letter dated February 21, 1939, to BPOE from John H. Kirk, Deputy Commissioner of Internal Revenue, the ruling was issued that: “In view of the foregoing, it is held that you come within the exemption provisions of Section 101(3) of the Revenue Act of 1938 and similar provisions of prior revenue acts. You will accordingly be relieved of the duty of filing returns of annual income so long as your purposes and actual activities remain unchanged.” [Section 101(3) was the predecessor of present Section 501(c)(8), re-numbered in Internal Revenue Code of 1954].
3. By letter dated October 18, 1951 to BPOE from E. I. McLarney, Deputy Commissioner of Internal Revenue, it was stated that: “It is the opinion of this office, based upon the evidence presented that your subordinate lodges appearing in your 1951-1952 Directory are entitled to exemption from Federal income tax under the provisions of Section 101(3) of the Code.” Accordingly, a group exemption was issued under Section 101(3). [Group number 1156.]
4. The Grand Lodge has annually provided to the Internal Revenue Service in the prescribed form a list of all additions and deletions in its subordinate lodges.
5. The determinations dated February 21, 1939 and October 18, 1951 issued by the Internal Revenue Service remain in effect and have not been modified. Those rulings establish that that the BPOE Grand Lodge and all listed subordinates are exempt from Federal income tax under Section 501(c)(8) of the Internal Revenue Code.
6. The exempt status of Grand Lodge and subordinate lodges was not changed by enactment of Section 501(c)(10) by Tax Reform Act of 1969. BPOE tax attorney Edward W. McCabe had a meeting on February 5, 1970 with four representatives of Internal Revenue Service Exempt Organizations Office. As reported by Mr. McCabe, “It was the consensus of those attending the conference that the Elks should continue to be exempt under Section 501(c)(8) rather than change to 501(c)(10).”¹

¹ Mr. McCabe reported those in attendance for Internal Revenue Service as Mr. Dunn, John Barber, Robert Maginnis, and Ed Coleman.

7. That position was confirmed by Exempt Organizations Office as shown by letter dated June 17, 1981 from Donald E. Bergherm, District Director, Internal Revenue Service which stated as follows:

Our National Office has advised us that since the benefits provided by the Grand Lodge are available to the members of the individual lodges, those benefits are considered other benefits to the members under I. R. C. 501 (c) (8)(B).

The Grand Lodge and its subordinate Lodges will continue to be recognized under section 501 (c) (8) of the Internal Revenue Code if they meet the requirements of (A) and (B) as mentioned above.

Conclusions

A. There can be no question that each subordinate lodge of BPOE, listed in the group exemption, is exempt under Section 501(c)(8). As stated in Internal Revenue Manual, 25.7.3.1 (09-20-2006), "A central organization that is tax exempt under IRC 501(c) may obtain recognition of exemption, on a group basis, for subordinate organizations that are under its general supervision and control. The purpose of the group exemption is to relieve subordinate organizations from filing their own exemption applications." (Also stated in Publication 557, "Tax-Exempt Status for Your Organization," at page 6: If there is a central organization group exemption letter, "you do not have to file a separate application unless your organization no longer wants to be included in the group exemption.").

B. Determination of tax-exempt status and group exemption is the responsibility of TE/GE Headquarters (HQ) in Cincinnati, Ohio or the Area Office (AO) which has jurisdiction for the area in which the central organization's principal place of business is located. (Internal Revenue Manual 25.7.3.1.2 (12-01-2002))

C. BPOE Grand Lodge and its subordinate lodges have been granted exemption under Section 501(c) (8) of the Internal Revenue Code by the Internal Revenue Service officials having the responsibility and authority for examining and issuing tax exemption determinations. These rulings establish that that BPOE Grand Lodge and all its listed subordinates are exempt from Federal income tax under Section 501(c)(8) of the Internal Revenue Code.

D. The Section 501(c)(8) benefits remain substantially the same as when the exemption was initially recognized in 1939 and the group exemption issued in 1951. Those recognitions pre-dated the enactment of Section 501(c)(10) by Tax Reform Act of 1969. To seek to mandate that BPOE subordinate lodge request exemptions under Section 501(c)(10) instead of Section 501(c)(8) would result in wasteful and confusing actions, and would impinge upon the activities of those lodges. It has been stated that:

Unlike organizations exempt under IRC 501(c)(8), organizations exempt under IRC 501(c)(10) are not "beneficiary" societies; that is, they may not provide for the payment of life, sick, accident, or other benefits to their members. [Barnett and Thomas, 2004 EO CPE Text - IRC 501(c)(8) Fraternal Beneficiary Societies and IRC 501(c)(10) Domestic Fraternal Societies.]

Conversion to Section 501(c)(10) status therefore would appear to preclude the ability of BPOE and subordinate lodges to provide the present benefits to BPOE members.

Internal Revenue Service
Washington, D.C. 20224

Department of the Treasury

D

Date:

Person to Contact:

Mr. Charles E. McLaughlin

Telephone Number:

(202)964-6197

Refer Reply to:

E:EO:O:R

Date:

February 17, 1976

Group Exemption Number:

> 36-0793011 1156 03 00 06
BPOE
2750 LAKE VIEW AVENUE
CHICAGO IL 60614

1156

Dear Officer or Trustee:

We are contacting all group central organizations because the 1975 Form 990 and instructions require each central organization and its subordinates to show their group exemption number (GEN) in Part I, item 18(b), of Form 990.

Your group exemption number is shown above. Please advise any of your subordinates that are required to file an annual information return, Form 990, to place your group exemption number on their return.

Church central organizations are not required to file an annual information return. However, any of their subordinates that do not qualify as "integrated auxiliaries" of a church are required to file an information return, Form 990, and should include on that return the appropriate group exemption number. We are preparing a proposed amendment to the Income Tax Regulations which will define an integrated auxiliary of a church. When that amendment is published, we will send an information copy to holders of group exemption rulings under section 501(c)(3) of the Internal Revenue Code. (Organizations exempt under other provisions will not receive a copy.)

If you have any questions, please contact the person whose name and telephone number are shown above.

Thank you for your help in this matter.

Sincerely yours,


J. A. Tedesco, Director
Exempt Organizations Division

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— **ASCAP – BMI – SESAC MUSIC ROYALTIES** —

To prevent misunderstanding and to avoid violating copyright laws when bands perform copyrighted material in the Lodge facilities, the following is a clarification of the amendment to United States Code, Section 110, Title 17, which took effect November 25, 1982, and pertains to provisions for performance of music under copyright law.

An event held for MEMBERS and GUESTS is NOT an infringement of the Copyright if the PROCEEDS from the social function, after deducting reasonable cost, are USED FOR CHARITABLE PURPOSES. Reasonable cost could include many facets of overhead expenses and other cost items. It is also suggested that where recorded, reproduced or live music is engaged for a Lodge social function, the event be labeled for a charitable cause or purpose.

For all practical purposes, therefore, it is no longer necessary for Lodges to obtain licenses from or pay royalties to ASCAP, BMI and SESAC unless they use recorded, reproduced or live music for financial gain, or to which the general public is invited.

It is recommended that a simple record be maintained whenever recorded, reproduced or live music is used, showing the income produced, the total reasonable costs of producing the performance, and the charity to which the remaining proceeds were contributed. That record can simply be included in the minutes of the Lodge meeting at which a report of the event is made.

— GLOSSARY OF TERMS AND ACRONYMS
COMMONLY USED BY ELKS LODGES —

Accounting Period	Fiscal Year is April 1–March 31. Can be monthly or quarterly period for internal review.
Accrual Accounting	A method of accounting where income is reported in the period earned and expenses are reported in the period incurred as opposed to income and expenses reported as received and paid.
Assets	Any property with a value. This could be the purchase price or fair market value.
Audit	An audit is defined as a formal or official examination and verification of accounts. It results in a final report by a Certified Public Accountant (CPA) setting forth his opinion. An audit requires more work and is more costly than a review or compilation. An audit is appropriate for any Lodge, but more so for larger Lodges that have a complex organization or extensive assets.
Balance Sheet	A form of reporting the financial condition of a Lodge on a given date. Most beneficial if prepared monthly and must be prepared annually. The report consists of Assets, Liabilities and Equity. $\text{Assets} = \text{Liabilities} + \text{Equity}$
Balance Sheet Assets	Consists of Cash, Accounts Receivable, Fixed Assets, Investments and Other Assets. Accumulated Depreciation decreases the value of Fixed Assets.
Balance Sheet Liabilities	Consists of Accounts Payables, Other Payables, Mortgage & Notes Payable, Deferred Income including Prepaid Dues.
Balance Sheet Equity	Consists of Permanently & Temporary Restricted Funds Balances and Unrestricted Equity.
Budget Integrity	Each Department (Class) budget is designed to create sufficient Income to cover Expenses and show an annual profit. The overall budget including all activities cannot be negative.
Budget-Operating	The planning document to guide each Department (Class) in maintaining financial integrity.

Budget Review	The process of periodically comparing actual Revenues and Expenses with approved budgets to ensure financial integrity.
Budget-Capital	A long-range business plan for the replacement of obsolete assets, major repairs and improvements. This plan should be at least a five-year plan. Funding comes from profits of the Departments (Class) operations and Lodge directed Temporary Restricted Funds.
Cash Basis Accounting	Income and expenses are reported when received and paid. Not permitted for use by the Lodges of the Order.
Cash Flow	Cash Flow is the change in the cash balances of the Lodge. It is calculated by adjusting the Lodge's Net income for non-cash Revenues or Expenses (depreciation). Also taken into account are changes in the Lodges Assets (except the cash accounts) and Liabilities. Increases in Assets reduce the cash flow; increases in Liabilities increase the cash flow. The converse is also true.
Cash Flow-Negative	Generally, results from an excess of Expenses over Income. Continued annual negative Cash Flow will render a Lodge insolvent.
Cash Flow-Positive	Should be the goal of every Department (Class). Provides funds for the Capital Budget.
CEO	Chief Executive Officer
Charity Fund Raising	Charity Fund Raising is a function of the Temporary Restricted Funds. If an activity is advertised as a Charity Event, the gross proceeds must be deposited in the Charity Bank and credited to Temporary Restricted Funds. Expending the Funds for the Charity will result in a credit to the Charity Bank and Debit to Temporary Restricted Funds in the Chart of Accounts.
Chart of Accounts	A mandatory listing of account numbers and titles for consistent recording of all business transactions which create necessary management financial statements.
Capitalize	To treat an expenditure as an Asset rather than an Expense. Usually for expenditures with useful lives in excess of one year.

Compilation	A compilation merely presents, in the form of financial statements, information that is the representation of Lodge management.
Corporation	A business entity owned by shareholders that is treated as a separate entity. The shareholders of the corporation do not have personal liability. Can also be a non-stock business entity.
Corporate Directors	Per Grand Lodge Statue 16.020 the Corporate Directors are the 4 chair officers and the Lodge Trustees.
CoGS	Cost of Goods Sold – See below.
Cost of Goods Sold [CoGS]	Simply means the cost of the items sold. To calculate the Cost of Goods Sold start with the Beginning Inventory (at cost price), plus purchases for the period, minus the Ending Inventory (at cost price). The dates for the Cost of Goods Sold must be the same as the dates included in the period of sales. Generally abbreviated as CoGS.
Cost of Good Percentages	Cost is the relative percentage of sales for the same period. Calculated as: Cost of Goods Sold divided by Sales. Cost of Goods Sold of \$6,000 divided by Sales of \$18,000 equals 33% Cost of Goods Sold.
Cost of Labor Percentage	Cost of Labor is the relative percent of Labor Costs including employee benefits to Sales. Calculated as Total Cost of Labor divided by Sales for the same period of time. Labor \$6,000 divided by Sales \$18,000 equals 33% Labor Cost.
Cost Percentage Goals	Cost of Goods Sold and Labor Cost should not exceed 35% each of the Sales for the Department. Maintaining these goals will most likely keep the Lodge in a positive Cash Flow.
CPA	Certified Public Accountant
CR or Cr	Credit
Credit	One side of an entry in a double entry accounting system. Paired with Debit. A Credit will increase a Liability, Equity or Revenue account and will decrease an Asset or Expense account.

Debit	One side of an entry in a double entry accounting system. Paired with Credit. A Debit will increase an Asset or Expense account and will decrease a Liability, Equity or Revenue account.
Deferred Income	Advance payments received for an event that will take place in the future, especially after the close of the current Fiscal Year. These funds are a Liability until the event occurs. Very useful for any type of pre-scheduled events such as bowling and golf tournaments, hall rentals and security deposits. These deposits become Revenue on the day of the event by Journal entry. Refer to Appendix G Example 4 for details on the entry required. Refunds from this account are neither Revenue or Expense.
Depreciation	The portion of the cost or other basis of a Fixed Asset charged against the current fiscal period. The amount is based on the useful life of the Fixed Asset.
Depreciable Property	Property of a substantial value and has a useful life of more than one year.
Departments (Classes)	A Department (Class) is a logical designation of Income and Expenses used to create Profit and Loss Statements. Example, Lodge, Bar, Food, RV Park, Fitness Center and Rental Activities.
DR or Dr	Debit
EA	Enrolled Agent
Employee	An individual whose work is performed under the control or direction of the employing Lodge.
Employee Compensation	Payments made by the employer to individual who perform work under the employer's supervision.
Employment Taxes	Mandated amounts paid to government agencies based on employee compensation. The taxes can be for the benefit of the employee or the government agency.
Enrolled Agent	An enrolled agent is a person who has earned the privilege of representing taxpayers before the Internal Revenue Service by either passing a three-part comprehensive IRS test covering individual and business tax returns, or through experience as a former IRS employee. Enrolled agent status is the highest credential the IRS awards.

Fair Market Value (FMV)	The value of property established for the price a willing buyer would pay a willing seller.
Fiduciary	An individual with the discretionary authority to manage another's property. Also, an individual who holds assets in trust in which another person has an interest.
Fiduciary Responsible Person	The manager of assets assigned by a legal trust and/or implied trust. Failure to exercise fiduciary responsibility could cause the individual to become personally liable for the value of the asset.
Finance Charges	Interest or other charges paid on purchases made on a deferred payment plan.
Financial Integrity	Each Department (Class) must be able to financially standalone without dependence on other Revenue and should show breakeven or a profit.
Financial Reporting System (FRS)	The system for reporting the Local Lodge financial results on a monthly basis. Use of the Financial Reporting System is mandatory per Grand Lodge Statutes 13.040.
Financial Statements Types	Balance Sheet Income Statement (Profit and Loss) Cash Flow Statement Change in Equity
Fiscal Year	The twelve-month period starting April 1 and ending March 31 the next year. (Elks Fiscal Year)
FMV	Fair Market Value
FRS	Financial Reporting System
GAAP	Generally Accepted Accounting Principles
G.L.S. or GLS	Grand Lodge Statutes
Independent Contractor	A person whose work hours and procedures are not controlled by another and who is therefore deemed to be self-employed. Strict guidelines for this Classification are prescribed by IRS and State Authorities.

Internal Controls	A system of procedures, rules and mechanisms of a business entity to ensure the integrity of the financial and accounting information and prevent fraud.
IRS Forms 990, 990EZ, 990N & 990T	Nonprofit organization information and tax returns which must be filed annually and by the due date prescribed by IRS.
Licensed Tax Professional	A Certified Public Accountant (CPA) or CPA firm or Enrolled Agent. The individual or firm must sign all returns prepared as the Preparer and use the Preparer Tax Identification (PTIN) Number assigned to the individual or firm.
Pre-Paid Expenses	Payments made for an expense in advance of the due date. This account is used at or near the end of a fiscal year when the actual expense will apply to the new fiscal year and budget year. Example, advance payment for meetings and conventions. Refer to Appendix H , Example 8 for details on the entry required. This Account is an Asset on the Balance Sheet. This amount is reclassified by journal entry in the subsequent fiscal year.
Profit & Loss Statements	A financial statement by operating departments (class) that shows the profitability of a major cost center in the total Lodge operation. Reports are based on a period of time, usually monthly but at least annually. This is the best tool to evaluate the financial health of a department (class).
Profit & Loss Departments—Non-Inventory Sales	Consists of Income from all Activity sources, less expenses appropriately allocated to that activity. Net results should be a profit.
Profit & Loss Department with Inventory as source of income	Consists of Sales from all sources. Cost of Goods Sold and Overhead Operating Expenses. The net result should be a Net Profit.
Profit Motive	Each Department in a Lodge must strive to generate a profit. Profits are required for future replacements and improvements. Failure to reach a profit goal will eventually render the Lodge insolvent.

Restricted Funds Temporary	These are donated funds with a donor designated purpose and with a relatively short holding period by the Lodge until they are disbursed as directed. They are to be placed in a restricted account and not co-mingled with or available for general Lodge use. Grand Lodge Statutes Section 16.011 applies to management of these funds. These Funds become part of the Equity section of the Balance Sheet.
Restricted Funds Permanent	These are special purpose funds designated by the Donor, Grantors or a Bequests. Many times, legal documents state the purpose and duration. Lodges have a fiduciary duty to follow the dictates of the Donor. Diversion of these funds can be made only by the Donor and in some cases a court order. Legal documents will usually dictate how the fund is to be dissolved at the end of the purpose. These funds are part of the Equity Section of the Balance Sheet. Other strict enforcement standards are outlined in Grand Lodge Statutes Section 16.011.
Restricted Fund Earnings	The earnings from Restricted Investments are disbursed in accordance with the Donor's wishes or legal documents. Should no instructions be imposed, earnings should be disbursed by majority vote of the Lodge only for the restricted purpose.
Restricted Fund Security	Restricted Funds are Equity on the Balance Sheet. It is imperative that an identical amount of Cash, Savings or Investment Accounts reconcile with the Restricted Fund balances. Those responsible for the investment decisions should not place the funds at undo risk.
Review	A review is an engagement performed by a Certified Public Accountant (CPA) which is less expensive than an audit examination. The CPA determines whether material modifications exist that do not present financial information in conformity with generally accepted accounting principles. This determination is made after conducting inquiries of Lodge personnel and performing an analytical review of procedures.
Tangible Personal Property	Physical property that can be moved, such as furniture, computers and equipment. Some State Agencies tax these items annually as a Personal Property Tax. Always purge your inventory to delete obsolete or unserviceable personal property.

Tax Status	Elks Lodges are designated Nonprofit Entities as long as strict Internal Revenue Code Sections are adhered to. Section 501(c)(2) — Title Holding Corporations for Exempt Organization. This status can be established to hold title to Lodge properties. Grand Lodge Order of Elks must approve the use of a holding company. Profit from rents must be distributed to the parent Lodge at least once a year. Holding of excess fund is prohibited. No other business activities can be permitted to operate in a Holding Company. Section 501(c)(3) — Commonly referred to as Charitable Organizations. These entities can accept tax-deductible contributions. Local Lodges may establish a separate entity for their charitable endeavors. A separate application must be filed with and approved by Internal Revenue Service. Approval by the Grand Lodge Order of Elks is also required. Section 501(c)(8) — An entity that has a fraternal purpose; operating under the Lodge system for the exclusive benefit of its members and provides benefits to its members. All Lodges of the Order are exempt under Section 501(c)(8). The Group Exemption Number (GEN) assigned to the Order is 1156. See Appendix M for further details.
Tax Reporting	All Lodges must file annual Information and Tax Returns on the appropriate IRS and State Tax Forms by the due date for the return. Failing to comply could result in serious financial penalties and could cause the Lodge to lose its' nonprofit status.
UBI	Unrelated Business Income
Unrelated Business Income (UBI)	Net Income generated from activities operated for the benefit of non-members may be classified as Unrelated Business Income. All the Income could be taxed by the IRS if improperly accounted for.
Unrelated Business Income Records	The mandatory Chart of Accounts contains accounts to collect sales information from Departments (Class) that potentially could sell goods or services to non-members.

Unrelated Business Income-Expense allocation	Each Lodge should develop an expense allocation system to reduce Unrelated Business Taxable Income to its lowest amount. The allocation plan should be well documented and approved by the Board of Directors of the Lodge. Documentation of the adoption of the allocation method should be incorporated into the Board of Director's meeting minutes. The best defense is to sell goods and services only to Members.												
Unrestricted Funds	These funds are the Net Income/(Loss) from all of the Lodge business operations and donations from members or the public with no use restrictions. The funds can be restricted at the direction of the Lodge by majority vote. Once the decision is made, the funds are reportable as Equity on the Balance Sheet and available for the designated purposes only.												
Voucher	A separate document prepared and attached to the corresponding invoice or bill along with any related packing slips or proof of delivery of the goods or service purchased. A voucher can also be prepared by using a stamp on the invoice or bill to imprint the required approval information (See examples in 3-112).												
Wage and Hour Laws	Wage and Hours rules are published by the US Department of Labor (Fair Labor Standards Act) and applicable State Laws. All classifications of employment by the Lodge are subject to these Laws and Rules. With the exception of the Lodge Officers on the Federal level.												
Working Capital:	Working Capital is the money you have available to operate the Lodge activities at the start of a Fiscal Year. Negative Working Capital means that there is insufficient money available to pay current bills and you are in danger of insolvency.												
Working Capital Calculation:	<i>Example:</i> <table> <tr> <td>Current Assets</td><td>240,000.00</td></tr> <tr> <td>Plus, long-term investments</td><td>50,000.00</td></tr> <tr> <td>Less current liabilities</td><td>-95,000.00</td></tr> <tr> <td>Less other deferred income</td><td>-5,000.00</td></tr> <tr> <td>Less all restricted funds</td><td><u>-125,000.00</u></td></tr> <tr> <td>Working capital</td><td>65,000.00</td></tr> </table>	Current Assets	240,000.00	Plus, long-term investments	50,000.00	Less current liabilities	-95,000.00	Less other deferred income	-5,000.00	Less all restricted funds	<u>-125,000.00</u>	Working capital	65,000.00
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**GRAND LODGE
A & A
COMMITTEE**



Elks Care — Elks Share