## Arkansas State Elks Association

#### ASEA

####  OFFICER TRAINING PROGRAM

*Leadership Management Skills for*

*Lodge Officers, Trustees,*

*House Committees and*

*Lodge Committee Chairpersons*

###### The Roadmap to Success

Our sincere appreciation to

Cheryl Higgins

Your endless support and dedication enables our Lodge’s success in promoting Elkdom at its highest level!

 ASEA

**AGENDA**

Where to Get Help

PERs, DDGER, Dist/Advisory Comm., District Leader, ASEA, Sponsor Lodge Administration / Role of the Local Lodge………………….page 6

Structure of Grand Lodge, State and Local Lodge Relationship between Grand Lodge and Lodge Relationship between ASEA and Lodge

Duties of Officers

Officer Leadership and Conduct……………………………………………page 25 Planning

Characteristics of Leaders

How to keep control of a meeting Roles of others/ Work of Committees

Teamwork between Officers and Committees

Lodge Financial Management………………………………………………page 36 Duties of Trustees / Board of Directors

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Closed Door Policy Budgeting & Reporting Pricing & Cost of Goods

ABC Rules, Reporting and Comps……………….…..….page 63 Administrative Action vs. Subordinate Forum………………………....….page 64

Special Problems - Complaints

Procedures for filing of charges & mediation Keeping it “inside the Lodge” vs. asking for help Know the Statutes – or know what you don’t know

Lodge Community Activity…………………………………………….…….page 66 Get Active – Have a Lodge “Signature” Project

Utilizing Grand Lodge grants in community

Financial Reporting System………………………………………………….page 67

District Deputy Visit…………………………………………………..……...page 73 What to expect

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**Objective of this Clinic**

Your Lodge can succeed only if it has good management and uses sound business management practices. This Clinic is all about the Management and Operation of Arkansas Lodges. In this clinic today we will provide you with the tools to operate your Lodges and explain the Laws of the Order and State and Local Laws which affect your operations.

**What this Clinic is not**

This Clinic is NOT about the programs of the Order and Arkansas State Elks Association. While those are what we are about, they cannot be successful IF our Lodges are not managed in a businesslike manner.

**Where to get help?**

*Past Exalted Rulers Association: GLS 13.190*

The Lodge shall have a Past Exalted Rulers Association or Advisory Committee, which shall consist of all Past Exalted Rulers, which shall advise with and extend its counsel to all Lodge Officers and all Committees Chairpersons. Will make recommendations for Lodge Committee appointments and candidates for office.

3

**District Deputy Grand Exalted Ruler**

* The District Deputy is the District representative of the Grand Exalted Ruler.
* The DD reports directly to the PGER State Sponsor.
* The DD works closely with the Special Representative District Leader and the District Advisory Committee.

It is the duty of the District Deputy to:

* Examine all records of the Lodge, Club,

Home Association, Separate Corporation and any other entities affecting Lodge well-being.

* Inspect the facilities of the Lodge, Club and Social Quarters and grounds for safety issues.
* The DD will also investigate any complaint filed against on officer or any complaint filed with the State Sponsor or Grand Lodge.
* The DD is to see that the Statutes are followed at all times and advises Lodge Officers on proper operations when asked or when it is brought to his/her attention.
* The DD conducts informational clinics and is responsible for Officer Training within the District.

**District Advisory Committee**

•Composed of all PDDGERs and PSPs of the District

* To provide advice and counsel to the State Sponsor and the ASEA Advisory Committee regarding the District and Lodges as appropriate
* To serve as a “training team” to help Lodges when requested
* To recommend to the Sponsor individuals to serve as DDGER in the forth coming year.

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**Special Representative District Leader**

* Must be a PDDGER and is selected by the Sponsor. Works with the PSPs and PDDGERs of the District.
* Provide advice and guidance in District for protocol, visitations, communications, deaths and leadership and any other duties as requested by the Sponsor.
* These duties do not usurp the duties of the DDGER.

**Arkansas State Elks Association**

ASEA State President:

* Can offer advice and will contact State Chairperson.
* Will also seek help from District Advisory Committee (Past District Deputies).

State Chairpersons:

* Can provide more help in putting programs into practice.
* Can access Grand Lodge people for further help.

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**Role of the Local Lodge**

Local Lodges receive their Charters from the Grand Lodge.

The Grand Lodge gives as much local autonomy as possible.

However, the Local Lodge enjoys the privilege of its existence due to being chartered as an integral part of the Grand Lodge, the parent organization.

No Local Lodge can be completely self contained and must recognize its connection with the Grand Lodge by obeying the

Laws and requirements and by participating in its programs.

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Grand Lodge

State Sponsor

GER

*Programs*

A.S.E.A.

# DDGER

State Chairperson

Your Lodge

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Organization

*Grand Lodge Operations*



Grand Lodge Headquarters Departments

Grand Secretary Supplies/Shipping Central Accounting Insurance

National Veterans Service Internet/Public Relations National Convention

Exhibits & Session Coordinators Elks National Foundation

Pledge Scholarships

Elks Magazine

Editorial Advertising Circulation

Incorporation of the Order

* + Incorporated 19 June 1895 in District of Columbia
	+ Filed for “Continuance of Existence”, 20 May 1915
	+ Local Lodges are established by Charter issued from the Board of Grand Trustees
	+ Local Lodges are tax exempt under **501(c)8** of 1954 IRS code
	+ Elks national Foundation is tax exempt under **501(c)3** of 1954 IRS

Code, where all gift are deductible from Federal Income, estate and gift tax.

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Organization

* + 1. Elks of the USA

###### The Grand Lodge

Elks National Foundation Commissions

Elks Pardon Commission

Elks National Convention Commission

Elks National Veterans Service Commission Elks Memorial and Publication Commission

|  |
| --- |
|  |
|  | Elks Magazine |
|  |
|  |
|  | Elks Memorial |
|  |

State Associations

*Autonomous organization of Local Lodges within a designated area*

###### Local Lodges

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Organization



The Grand Lodge

*Members*

* Members of the Grand Lodge are Local Lodge Representatives, usually the Exalted Ruler, and Past Exalted Rulers in “good standing”
* Grand Lodge meets once a year, in July
* Grand Lodge nominates, elects and installs officers, holds a memorial service, receives reports from committees, sets dues and budgets, maintains its’ rituals and laws, resolves offenses in the Order, conducts “new business,” and presents recognition awards for the “Good of the Order.”

*Officers*

* Grand Exalted Ruler

Candidate customarily selected by Advisory Committee, usually from the Grand Trustees, a year in advance

* Grand Esteemed Leading Knight

Candidate customarily selected by Advisory Committee for nomination as an honor

* Grand Esteemed Loyal Knight

Candidate customarily selected by Advisory Committee for nomination as an honor

* Grand Esteemed Lecturing Knight

Candidate customarily selected by Advisory Committee for nomination as an honor

* Grand Secretary

Organization’s paid administrator and staff with offices in Elks Memorial Building

* Grand Inner Guard

Candidate customarily selected by Advisory Committee for nomination

* Grand Tiler

Candidate customarily selected by Advisory Committee for nomination

* Grand Trustees

Eight members for 4-year term, candidates selected by Advisory Committee for nomination serve as Trustees to Elks National Home

* Grand Esquire

Appointed by GER customarily selected from the State of next Grand Lodge session

* Grand Chaplain

Appointed by GER customarily selected by the Advisory Committee from the religious sector

* Grand Forum

Five members appointed by GER customarily selected by the Advisory Committee

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Organization

The Grand Lodge

*Committees*

* Advisory Committee—the Past Grand Exalted Rulers, for life
* Other Committee members are customarily Past State Presidents recommended by the Sponsor and selected by the Advisory Committee as allocated by State memberships for appointment by the GER
	+ Advisory *Past Grand Exalted Rulers*
	+ Auditing and Accounting \*
	+ Charity and Emergency \*
	+ Judiciary \*
	+ Ritualistic \*
	+ Fraternal Committee \*
		- 1. Americanism
			2. Elks National Foundation
			3. Flag Day
			4. Elks Memorial Day
			5. Membership
			6. Lodge Activities/State Associations
	+ Activities Committee \*

1. Community Project
2. Public Relations
3. Youth Activities

*\* Appointed by GER*

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Grand Exalted Ruler

The Grand Lodge

Organization

* The “National President” of the Order of Elks, the “Ambassador of Elkdom” to public

* Establishes an office locally, hires and administrative Assistant to operate office
* Travels throughout the year to visit each state to promote Elk programs
* Attends Commission, Advisory Committee and Board of Trustees meetings
* Enforces Lodge conformance to Laws to laws of the Order thru Executive Orders as requested by sponsor
* Provided with an expense budget

Sponsors

* A Past Grand Exalted Ruler
* Member of Advisory Committee selected with State jurisdiction, appointed by GER
* Travels in jurisdictional States to visit specific Lodges and attend events
* Provided with an expense reimbursement

Special District Deputy Grand Exalted Ruler

* A Past Exalted Ruler
* Customarily selected by Sponsor for appointment by GER for specific areas
* Attends Grand Lodge convention for appointment, indoctrination and installation
* Travels in jurisdictional district to visit Lodge
* Reports on Lodge’s conformance to Laws of the Order thru Sponsor to GER

Special Representatives

* A Past Exalted Ruler
* Customarily selected by Sponsor for appointment by GER for specific purpose
* Travels in jurisdictional district to attend situation
* Reports thru Sponsor to GER

District Deputy Grand Exalted Ruler

* A Past Exalted Ruler
* Customarily recommended by District PDDGERs, selected by Sponsor for appointment by GER
* Attends Grand Lodge convention for appointment, indoctrination and installation
* Travels throughout the jurisdictional district to visit each Lodge and promote GER programs
* Reports on Lodge’s conformance to Laws of the Order thru Sponsor to GER
* Present a training clinic for Lodge leadership in August and April
* Provided with an expense reimbursement

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Organization

Grand Exalted Ruler

*Administrative Assistant*

Sponsor

•*Advisory Committee member, Past Grand Exalted Ruler, assigned the jurisdiction of a State to assist the GER in assuring Lodges and State Associations conform to the Laws of the Order*

###### Special District Deputies

And Representatives

* *Appointed for Specific Purposes*

###### District Deputy Grand Exalted Rulers

* *Appointed to Monitor Local Lodge in conforming with the Laws of the Order*

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Arkansas State Elks Association

Organization

A State Association that is uniquely organized and may, or may not be like others

* ASEA consists of Elk members from Arkansas Lodges who are in “good standing”
* ASEA meets twice a year, “The state Convention” in early May or early and “The Fall Conference” in early October.
* ASEA Nominates, elects and Installs officers, holds a memorial service, receives reports from committees, sets dues and budgets, operates a charitable statewide project, conducts “new business,” and presents recognition awards for the “Good of the order.”

*Officers*

* President

An Installed President-Elect, serving one year between State Conventions

* Vice Presidents

One for each District, nominated and elected by the members in the State

* Treasurer

Candidate who campaigns to be nominated

* Secretary

Candidate who campaigns to be nominated

•Sergeant-at-Arms Appointed by President

* Chaplain

Appointed by President customarily selected by the Advisory Committee from the religious sector

* Tiler

Candidate customarily selected by Advisory Committee

* Trustees

Past State Presidents

*Committees*

* Advisory Committee—the Past State Presidents, for life
* Other State Committee Chairpersons are customarily selected and appointed by President

*State Past President Association*

* Autonomous organization of members of ASEA that are Past State Presidents
* Provides selected service to its members and the State Association 14

Arkansas State Elks Association

Organization

*Officers*

|  |  |  |
| --- | --- | --- |
| PresidentVice 11Presidents PPresidentP1  |  SecretaryTreasurer | Sergeant-at-Arms Chaplain |
|  |  | Tiler |
|  | *Committees* | Trustees |

Accident Prevention \* Advisory *Past State Presidents*

Americanism \*

Auditing

Business Practices Community Service \* Committee on Laws Convention Committee Disaster Relief \*

Drug Awareness \*

Elks National Foundation \* Elks National Home \*

Elks National Veterans Services \* Endowment/PBC/HFC \* Government Relations \*

Hoop Shoot \* Interlodge Activities \* Internet Services \* Lodge Activities

Membership/Indoctrination/Lapsation \* New Lodge Development \*

Protocol \* & Parliamentarian

Marketing & Public Relations \*

 Ritualistic \*

State Major Project \*

State Wide Fund Drive \* ASEA Programs

ASEA Awards ASEA News

ASEA State Elks of the Year \*

Youth Activities

ASEA Essay Contest \* MVS Scholarships \* ASEA Wentz Scholarships \*

\* *Also has Committee Chairmen*

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**LOCAL LODGE ORGANIZATION**

**LODGE MEMBERS**

TREASURER

KNIGHTS EXALTED RULER TRUSTEES SECRETARY

COMMITTEES

|  |  |
| --- | --- |
|  |  |
|  |  |  |  |
| ESQUIRE, TILER |  | CHAPLAIN |  | INNER GUARD |

Lodge Administration for

Incorporated Lodges

GL Statutes 16.020

Knights Members of Board of Directors

GL Statutes 12.040

Responsible for overseeing assigned committees.

Exalted Ruler (CEO)

of Board of Directors

12.020

Board of Directors/Governors

GL Statutes 16.020 paragraph 6

Trustees Members of Board of Directors

GL Statutes 12.070

Secretary

GL Statutes 12.050

Responsible to see that all correspondence is answered and all paperwork presented on-time. ER’s most important asset.

Select Committee Chairpersons

Treasurer

GL Statutes 12.060

Pays bills, keep ER

and Board of Directors/Governors knowledgeable about monies of Lodge.

Club Management

Lodge form of Governing Body GL Statute 16**.**040 a, b, c or d

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Organization

**The Local Lodges**

Local Lodges are an incorporated association that may own property, and may operate a private club, dining room and recreational facilities.

Members are those on the membership rolls, only those in “good standing” may attend meetings

Lodge nominates elects and installs officers, holds a memorial service, receives reports from committees, establishes by-laws, sets dues and budgets, conducts “new business,” participates in community and philanthropic activities and conducts activities for the “good of the order.”

***Officers***

Exalter Ruler

Candidate nominated customarily is the Esteemed Leading Knight Esteemed Leading Knight

Candidate nominated customarily is the Esteemed Loyal Knight Esteemed Loyal Knight

Candidate nominated customarily is the Esteemed Lecturing Knight Esteemed Lecturing Knight

Candidate nominated customarily is the Esquire Secretary

Customarily paid administrator of the Lodge Treasurer

Candidate customarily has accounting or financial background Esquire

Appointed by Exalted Ruler customarily selected from Committee Chairpersons Chaplain

Appointed by Exalted Ruler Inner Guard

Appointed by the Exalted Ruler

Tiler

Candidate customarily custodian of Lodge ritual property

Trustees

Candidates customarily have Lodge operating or business experience

***Committees***

Committee members are appointed by Exalted Ruler

***Past Exalted Ruler Association***

Autonomous organization of members of the Lodge that are Past Exalted Rulers

Provide leadership guidance to the Lodge officers and Lodge members 18

Duties of Officers

**GENARAL DUTIES OF ALL OFFICERS**

* Meet and greet members at meetings and social events.
* Contact members who miss meetings
* All Officers should serve on the Lapsation Committee to contact delinquent members before they are dropped. The Officers must also lead by example in proposing new members.
* Every Officer should familiarize themselves with the laws of the Order (Grand Lodge Statutes) and the By-Laws and House Rules of the Lodge.
* All Officers should review the Grand Lodge Manual of Officers and Committeemen to see their exact duties.

**EXALTED RULER:**

The duties of the Exalted Ruler are fixed by the constitution and Statutes of the Order and the By-Laws of the Lodge.

* Appoints the Inner Guard, Chaplain and Esquire, Organist, Mediator and Presiding Justice plus all Committees and the Chairperson of those Committees. Lodges are now required to complete and file the Lodge Statutory Committee Chairpersons form at Elks.org/clms2web/confirmcommittees.cfm by April 15.
* Shall attend the Clinics of the District Deputy Grand Exalted Ruler unless excused for good cause. He/She shall notify the DDGER in writing prior to the Clinic if he must be absent.
* Prepare for the official visit of the District Deputy to your Lodge, authorized under Section 4.460 of the Laws of the Order.
* Shall attend the Grand Lodge Session after your installation and participate in Grand Lodge proceedings as the official representative of your Lodge.
* Stimulate interest of the members in the programs and goals of the Grand Lodge by stressing the benefits to the Local Lodge and members of such programs as the Elks National Foundation, Elks National Home, Elks Veterans Service Commission, Hoop Shoot, Most Valuable Student Scholarships, etc.
* Shall attend the annual and other required meetings of the State Association.
* Promote participation in the State Association programs with emphasis on those which directly benefit the Local Lodge and carry out the Elk principles.

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**Duties of Officers**

**EXALTED RULER CONT.**

* Should strive to make Lodge meetings as short as possible consistent with taking care of the business of the Lodge and offering the members an opportunity to be aware of the financial status of the lodge, the various programs and activities, and the overall condition of the Lodge. He/She should seek ways to make the meetings interesting and informative so as to improve attendance.

Should attempt to make the Lodge home club a place that member families want to visit and participate in activities.

* Must always look for the Lodge to develop and implement community service activities.
* Work with the other Chair Officers to perform an impressive Ritual for the Initiation of new members and for the opening and closing of each Lodge meeting.
* During the fifth year after adoption of the Lodge’s original By-Laws and Rules of Order, or of a general revision thereof, the Exalted Ruler is responsible for the Lodge filing a current general revision using the latest form of By-Laws and Rules of Order booklets prepared by the Grand Secretary. The general revision shall incorporate all amendments adopted by the Lodge. Appendix **EXHIBIT F** tells how to update your By-Laws and House Rules.

**ESTEEMED LEADING KNIGHT**

The Leading knight should be ready at all times to take on added responsibility to assist the Lodge and the Exalted Ruler.

**He/She should also:**

* Besides being able to perform his/her Ritual parts in an impressive and instructive manner, should familiarize the Exalted Ruler’s part so as to be able to fill in if necessary.
* Be prepared to preside over the Lodge in the absence of the ER
* As the chair of Charity, he/she should see that the Lodge performs its proper function in the relief of sorrow and distress.
* Attend all DDGER Clinics unless excused for good cause. He/She should notify the DDGER in writing in advance should he/she should be forces to be absent. **ESTEEMED LOYAL KNIGHT**
* The Loyal Knight should be proficient in the Ritual for his/her station and should learn the ER and Leading Knight parts as well.
* As the chair of Justice, he must also prosecute all charges brought against a member of the Lodge. In this he/she must be conscientious and fearless but without

prejudice. 20

Duties of Officers

**ESTEEMED LECTURING KNIGHT**

* Besides learning his/her portion of the rituals he/she should begin to learn those of the higher chairs. It also is his/her duty to develop a spirit of brotherhood among the members and to be an example of that. He/she should seek out newer members, welcome them to the lodge and get them involved in activities where they are comfortable.

**SECRETARY:**

Your office is the hub of continuity for specified Lodge operations. While the Exalted Ruler is ultimately responsible for administering the affairs of the Order, the laws of the Order and Lodge give the Exalted Ruler the right to rely on your office to tend too much of the administrative details. Specific duties are detailed in Section 12.050 of the Laws of the Order and in the Secretary’s Manual (Code 510800). That manual, and supplementary information furnished, should be referred to constantly as well as the Monthly Checklist—Reporting and Activities Calendar. (Appendix EXHIBIT G) You must be certain your office has copies of all of the manuals and other documents listed in the Appendix (EXHIBIT C).

•Lodge membership tracking and reporting records are now backed up automatically in the Chicago Lodge Membership System 2. Check the status of CLMS backup files at <http://www.elks.org/grandlodge/reports/clms2StatusReport.cfm>

* The Secretary also is charged with attending the Clinics of the District Deputy Grand Exalted Ruler for the District in which your Lodge is situated unless excused for good cause. *(Every effort should be made to avoid a conflict with this duty).*
* Also in January each year, Lodge Secretaries are asked to file their completed Local Lodge Directory forms at: [http://www.elks.org/clms2web/rolodex.cfm?menu=true.](http://www.elks.org/clms2web/rolodex.cfm?menu=true) Deadline for filing the form is March 1 with a grace period through March 15. The directory will go to press on April 10 each year with or without Lodges’ updated information.
* Keep correct minutes of all sessions of the lodge
* Keep correct accounts between the Lodge and its members including issuing membership cards, recording dues, issuing dues notices and reminders.

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Duties of Officers

**SECRETARY Cont.**

* + Receive all monies due the Lodge from whatever source and pay them to the Treasurer at the earliest moment practicable, obtaining a receipt there from.
	+ Attend to all correspondence, subject to the approval of the Exalted Ruler.
	+ Prepare for the Exalted Ruler’s signature on various reports on the Lodge membership, financial status and activities required by the Grand Lodge.

**TREASURER:** Specific duties and responsibilities as set forth in Section 12.060 of the Laws of the Order are:

* + To receive all monies of the Lodge from the Secretary giving him a receipt therefore.
	+ To pay all approved bills against the Lodge on vouchers signed by the Exalted Ruler and Secretary. The Lodge By-Laws may provide for payment of recurring bills after approval by the Board of Trustees (or Board of Directors as applicable) without obtaining prior Lodge approval. The payment shall be reported at the next Lodge meeting.
	+ To maintain an accurate record of receipts and disbursements.
	+ To act as Treasurer of all Committees unless otherwise provided in the By-Laws.
	+ To sign all checks unless the By-Laws also provide for a member of the Board of Trustees (or Board of Directors as applicable), designated by the Treasurer and approved by the Lodge, to sign.

**BOARD OF TRUSTEES/BOARD OF DIR:** The responsibilities of the Board and its members are set forth in Sections 12.070 and 16.050 of the Laws of the Order. Three or five members may serve as established in the Local Lodge By-Laws.

Amended Section 16.020 of the Laws of the Order to read as follows:

Section 16.020 … An incorporated Lodge **shall** make provision for a Board which shall be designated in accordance with the requirements of the corporation laws of the State or Territory in which such Lodge is situated and which shall be composed of the four chair Officers of the Lodge and the Trustees, and which shall be vested with the powers **and duties** conferred upon the Board of Trustees by the Laws of the Order.

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**Duties of Officers**

**Trustees/Board of Dir. Duties Cont.**

**SUBJECT TO THE CONTROL BY THE LODGE, THE BOARD SHALL HAVE THE POWERS:**

1. to control the funds, investments and real and personal property of the Lodge, no otherwise provided by law, and collect the income and rents there from and
2. to execute all leases, contracts or other papers when ordered by the Lodge.

**The Board’s duties shall include:**

* Maintaining a record of investments directed by the Lodge, showing original cost, due dates, income and disbursements there from; purchasing all supplies required by the Lodge
* Presenting written reports of its transactions at the first regular meetings of the Lodge in each month of the year
* Presenting a segregated budget to the Lodge, no later than its final meeting in April, containing separate appropriations for areas of expenditures for the Lodge during the ensuing year
* Establishing appropriate controls to ensure expenditures are within budget or those in excess are properly approved by the Lodge
* Establishing an Accident Prevention Program with one member of the Board designated to act as Accident Prevention Chairperson who will periodically review Lodge premises and complete the Self-Inspection Form (Appendix EXHIBIT I) and generally act as the Safety Inspector of the Lodge.
* The Chairperson of the Board must attend the Clinics of the District Deputy Grand Exalted Ruler for the District in which the Lodge is located unless excused for good cause. *(Every effort should be made to avoid any conflict with this duty).*
* The Board must be aware of the obligations of the Lodge to pay taxes. This
* obligation is set forth in the Appendix (**EXHIBIT J**).
* To properly discharge its responsibilities, the Board must meet at least once every month and keep accurate minutes of each meeting. Each member must be familiar with the Laws of the Order pertaining to the functions of the Board. There should be constant reference to the Monthly Checklist—Reporting and Activities Calendar (Appendix **EXHIBIT G**). 23

Duties of Officers

**TILER:** You are responsible for guarding the outer door of the Lodge. You must be thoroughly familiar with the duties set forth in Section 12.080 of the Laws of the Order, and in the Ritual of the Local Lodges (Code 511500).

**ESQUIRE:** As set forth in Section 12.090 of the Laws of the Order and the Ritual of the Local Lodges (Code 511500), you are responsible for organizing the Lodge for meetings, preparing candidates for initiation, examining and introducing visiting members, supervising the ballot and transmitting official messages as directed by the Exalted Ruler. Upon assuming office, you must review the parts in the Opening and Closing and Initiatory rituals applicable to your office and be sufficiently familiar with other rituals to permit impressive rendition of your parts.

**CHAPLAIN:** Section 12.100 of the Laws of the Order governs your office. Upon assuming office, you must review the parts of the Opening and Closing and Initiatory rituals applicable to your office and be sufficiently familiar with other rituals to permit impressive rendition of your parts. And although not required by the Laws of the Order, it is customary in most Lodges, where invocations and benedictions are part of the various social activities, that the Chaplain performs this function with suitable words of his or her choice.

**INNER GUARD:** Section 12.100 of the Laws of the Order and the Ritual of the Local Lodges (Code 511500) govern your office. Upon assuming office you must review the parts of the Opening and Closing and Initiatory rituals applicable to your office and be sufficiently familiar with other rituals to permit impressive rendition of your parts.

**ORGANIST:** You shall provide the music prescribed by the rituals of the Order and perform such other duties as assigned to you.

**VOCALIST:** You shall provide the vocals prescribed by the rituals of the Order and perform such other duties as assigned to you.

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**GOALS AND PLANS**

LEADERSHIP

Leaders – which means not only the Officers of a Lodge but also those who have strong influence – should determine where the Lodge ought to be in the next 6 months, year, or more and then develop plans to get there. If no plans are made, the Lodge just drifts along with interest and participation gradually declining.

Without definite plans for such things as obtaining new members, specific increased or new participation in one or more Grand Lodge or State programs, starting a new Lodge activity, improvement in the club facilities, or whatever, the members can logically ask what is being accomplished.

Also, Lodge activities, that are the social calendar, can be planned at the beginning of the Lodge year. All holidays, required and other special days and traditional Lodge events are known. The leaders should sit down and plan the whole year. Selecting Chairpersons and getting support is much easier if it is done well in advance.

**SET THE ATTITUDE AND ENVIRONMENT**

Leaders, (officers plus others), set the “tone” for the Lodge. They lead by example whether they know it or not, be it positive or negative. How they conduct themselves will be an example that others will follow, even if neither recognize it.

When the leaders are upbeat, positive, outgoing, and inclusive, others in the Lodge will be too. If the leaders are negative, secretive, and cliquish, the members will be also. Sooner or later those not in the “in group” will stop coming out to the Lodge.

Leaders also help settle differences, continually introduce new ideas, and strive to get ALL to work toward common goals. A strong leader is one who stays positive and is able to motivate others.

Specific facets of strong leadership include:

Setting challenging goals for Grand Lodge, State Association and Lodge programs. Formulating ways of attaining the goals.

Selecting proper personnel to perform the required duties. Delegating responsibility for performing duties.

Motivating personnel assigned to the duties. Ability to supervise without improper intervention.

Willingness to give credit where credit is due. 25

LEADERSHIP

Above all, is generating the respect of Members for the person and position. Respect is earned, not conferred

**DELEGATE BUT ACCEPT THE RESPONSIBILITY**

The leaders MUST delegate large portions of making a Lodge work. There just isn’t enough time for them to do it all. Nor should they try. And if other people can’t participate in making things happen they soon will tire of even coming out.

However, ultimately the responsibility for all that goes poorly is the leaders. It will do no good to say that someone appointed fell down on a job. The responsibility for the appointment, overview, follow-up and corrective action was and is the leaders.

The leaders could have helped, coached, guided or replaced the individual. If they did not, it is their error. Whatever may be said, it is their fault. They might as well accept it and get on with correcting the situation.

**CORRECT AND HELP AS NECESSARY**

Leaders must be willing to correct an individual or a group when they are going in a direction that is no appropriate, progress is not being made or something wrong is underway. Leaders must at times be firm and unwavering.

Should the situation demand, leaders must diplomatically replace the individual(s) who cannot or are not meeting the requirements of an assignment.

**RECOGNIZE**

Leaders recognize contributions by others in public settings – Lodge meetings, at social events, in the Lodge newsletter, etc... While most of the satisfaction in a job well done is in the mind of the individual, what keeps him coming back and taking on more jobs is the recognition given him in front of other members, family and so forth.

If criticism is necessary it MUST be done in private, one on one, and then **never** discussed with others. Nothing is more demeaning than to be “chewed out” in front of our friends, peers or family. One time is usually enough to drive most people away for a long time if not permanently.

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LEADERSHIP

**COMMUNICATE AND PROMOTE**

People can only support and participate when they know what is going on.

Leaders recognize that they need more than the “in group” to really have successful events. Things discussed just in the club or even at Lodge meetings are **unknown** to the large majority of the members. The only vehicle to make them aware of what is coming is the newsletter. Use it to promote the program, to commend those who have helped and to encourage attendance. Don’t plead (and be sure to never be negative, complain or criticize) but “promote” things in a manner to make the readers want to be there.

Nothing happens “automatically”. Leaders have to promote them constantly. At Lodge meetings, in the newsletter, at social events, with posters in the Lodge and club, etc…

**PREPARE SUCCESSORS**

One of the **MOST** important responsibilities of leadership is to prepare those who will follow. In an Elks Lodge this takes many forms. Sharing and participating in plans, program execution and overview, officer of the day duties, and all kinds of things can and should be used to help officers and members learn and grow.

Leaders are derelict in their duty if they do not develop and train those coming along in the Lodge.

**IDENTIFY AND APPOINT**

Leaders Identify members who can contribute, ask them face to face for their help and can get them involved in important activities. Leaders have enough self confidence that they can share responsibility AND credit with others. Leaders must also be able to select people on the basis of what is best for the Lodge and not just personal preferences, friends or those who can be influenced, etc…

Real leaders are willing to admit that others may be able to do things better than they – or that even if something isn’t done as well as the leaders might do it, it is good enough and the benefits of having others participate outweigh any shortcomings.

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LEADERSHIP

**UNDERSTAND AND ACCEPT DIFFERENCES**

Not all members are the same nor is everyone a member for the same reason.

Leaders recognize this, accept it and work effectively and positively with all.

**OBTAIN UNDERSTANDING AND COMMITMENT**

Effective leaders work with others to assure that goals, ways to do things and responsibilities are understood. Through this understanding and the commitment to shared goals, the various committees, groups and teams in the Lodge work together with minimal friction.

**OVERVIEW**

Once individuals have been given a task along with an understanding of the task and how it is to be accomplished and any limits, cost restraints, etc., leaders let those assigned “run with the ball.”

However, leaders also maintain an **“overview”** of progress and any problems so that assistance, further direction and additional funds can be arranged for as necessary.

**LEADERSHIP SUMMARY**

The requisites for a successful Lodge are officers (and others) with leadership abilities who lead by example, officers who know their duties and do them, officers who know every other officer’s duties but do not do for others what they can do for themselves!

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LEADERSHIP

**CONDUCT OF MEETINGS & MANAGING SPECIAL PROBLEMS**

This will not happen when the ER as chief executive officer and his officer management team, including committee chairs, plan the Lodge meeting business in advance, following A WELL-MANAGED Lodge will be reflected in well-managed Lodge meetings. Business should be conducted expeditiously in a well-planned agenda that still provides for the rights of individual members to be involved in all Lodge floor proceedings.

The greatest complaint from most members about Lodge meetings is that they last too long and they often turn into uncontrolled debate leading to no proper course of action. When that happens it is usually the fault of an officer corps and membership failing to recognize the difference between floor business and committee and officer business.

an agenda prepared in accordance with all required actions and reports.

Good management of Lodge meetings does not short-circuit any member’s right to participate in Lodge decisions. On the contrary, it simply organizes in an efficient manner how members exercise their rights.

This is accomplished by officers understanding the importance of:

* A calendar of due dates for required reports and actions.
* Requirement for all spending proposals to be submitted through the Trustees/Board of Directors/Governors.
* Referral of issues and controversies to the proper committees.
* Committee reports which are conclusive in their work and do not “Invite” the floor of the Lodge to turn into a committee-of-the-whole.
* Proper decorum and adherence to accepted parliamentary procedure.

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LEADERSHIP

**HOW TO KEEP A MEETING IN CONTROL**

* Have an AGENDA and know what needs to be accomplished
* Insist that those who wish to speak rise and remain silent until recognized
* Be respectful and courteous to all but be firm
* Do not tolerate bickering or side discussions
* know the basics of Robert’s Rules and use when needed
* Refer issued to Committees – including Trustees/Board of Directors/Governors – where appropriate

**COMMITTEE BUSINESS VS LODGE BUSINESS**

* “Work” should be done by Committees and their recommendations brought to the Lodge for approval

**PROPER DECORUM & PROCEDURES**

* Officers should dress the part for meetings. Coat and tie is best
* There is no room for horseplay – formality not required but business-like conduct is best
* Conform to Grand Lodge Statutes and Robert’s Rules of Order – they are time-tested and proven as good ways

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**DEFINITION OF A “COMMITTEE”**

**A BODY OF PERSONS “DELEGATED”**

**TO CONSIDER, INVESTIGATE, TAKE ACTION ON OR**

**REPORT ON**

**SOME SPECIFIC MATTER!**

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COMMITTEES & TEAMS

**OFFICERS & MEMBERS MUST DO COMMITTEE WORK**

In a successful Lodge, the work is done by Committees. All Committees need to be functioning. It is not enough for Committee members just to be named. The more of the programs of our Order and State Association that a Lodge participates in, the more alive the Lodge becomes.

Every Lodge Officer and member took an oath to “support the Constitution and obey the Statutes, rules and regulations of this Order, and the By- laws of the Lodge…” If our Order is to continue to exist, we must take that oath seriously.

**NECESSARY COMMITTEES**

* 1. There are about 20 Committees required by the Grand Lodge to promote programs run under its’ guidance.
	2. There are five Committees necessary to put into practice the State Association programs.
	3. Each Lodge has a number of Committees necessary for its’ own particular style of operation and activities.

**COMMITTEE MEMBERSHIP**

Every member should be expected to serve on at least one Committee. This is particularly important as a very important training ground for good officers.

Almost every person will donate 3 to 4 hours a month if they believe in the cause and are asked face to face.

If new members are properly indoctrinated, they will have a positive attitude toward serving the Lodge by working on a Committee.

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COMMITTEES & TEAMS

**FILLING COMMITTEES**

One method to fill Committees is to assign every member to a Committee. Allow the member his choice if possible or to switch to another, but insist that he serve on at least one.

Every member should be reminded periodically that all members are on the membership Committee and should seek out and propose for membership qualified individuals.

A special meeting can be called; every member invited, and then let people choose which Committee they want to serve on. Or, the Officers can meet and make assignments.

**OVERSIGHT BY OFFICERS**

The Exalted Ruler should assign each of the Chair Officers to provide oversight and guidance to one or more important committees. The officer should notify individuals of their appointment and offer them a chance to pick some other Committee if they wish.

The Officer should call the first meeting and chair it until a Chairman is ready to take over. He should also explain the Committee’s job, help the Committee set regular meetings (which he sits in on), help identify Committee goals, and se that regular reports are made to the Lodge.

The Officer should provide instructional materials, guidance and help throughout the year.

A typical assignment of Committee oversight is: Leading Knight - Elks National Foundation

House Committee Indoctrination Investigation Membership

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COMMITTEES & TEAMS

**OVERSIGHT BY OFFICERS** cont.

Loyal Knight - Building

Community Activities Elks Memorial Day Lodge Activities Scholarships

Youth Activities

Lecturing Knight - Americanism Flag Day

 Student of the month

Police officer of the month Veterans Services

Exalted Ruler - Auditing Ritual Training

**COMMITTEES REQUIRED BY GRAND LODGE STATUTES**

The Grand Lodge Statutes requires the Auditing and Accounting Committee to be three members. The Activities Committee and Fraternal Committee have Chairpersons and their Sub-Committees can have Chairpersons or Coordinators. The Exalted Ruler should decide what fits the Lodge’s particular situation and then do what is best. State Association program Committee size is up to the ER and/or Lodge. The following are the Committees specified by Grand Lodge with the Section of Statutes which describe what the Committee is to do shown in parenthesis. The Exalted Ruler appoints all Committees including naming the Chairperson.

Each Lodge is required to have a PER Association (Advisory committee) (13.190)

The Statutes (“Section 13.010) requires that the ER, three Knights, Secretary, and Treasurer shall constitute the Standing Relief Committee and outlines its’ duties.

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COMMITTEES & TEAMS

**STATUTORY COMMITTEES:**

Auditing and Accounting Committee (GL Statute 13.040) Three Members

Activities Committee (GL Statute 13.021) Accident Prevention Community Projects & Activities Drug Awareness

Government Relations Hoop Shoot

PER Association Public Relations Ritualistic Soccer Shoot

State Major Project Youth Activities

Fraternal Committee (GL Statute 13.022 Americanism

Elks National Foundation

Elks Memorial Day (1st Sunday in December) Flag Day

Lodge Activities… (Elk Programs) Membership

Veterans Service

*Special committees may be appointed for special purposes as the Lodge may direct.*

**ADDITIONAL COMMITTEES:**

*Appointed by the Exalted Ruler as needed to carry out Lodge programs:* Social Activities, Decorating, Entertainment, Golf, Building, Grounds, Officer Training, Editor, State Major Projects, etc...

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THE LODGE FINANCIAL MENAGEMENT SYSTEM GOVERNED BY….THREE PRIMARY STATUTES

12.050 – DUTIES OF THE SECRETARY

12.060 – DUTIES OF THE TREASURER

12.070 – DUTIES OF THE TRUSTEES/BOARD OF DIRECTORS/GOVERNORS

LOCAL LODGE AUDITING & ACCOUNTING COMMITTEE MANUAL

THE KEY PLAYERS AND THEIR ROLES EXALTED RULER – CHIEF EXECUTIVE OFFICE OF THE BUSINESS

•APPROVES VOUCHERS

SECRETARY–CHIEF ADMINISTRATIVE OFFICER OF THE BUSINESS

•RECEIVES MONIES FOR LODGE

•VERIFIES VOUCHERS FOR PAYMENT

TREASURER – CHIEF FINANCIAL OFFICER OF THE BUSINESS

•PAYS THE BILLS

•MAINTAINS THE FINANCIAL RECORDS

BOARD OF TRUSTEES, THE BOARD OF DIRECTORS OR GOVERNORS: KNOWN AS “THE BOARD”

•CONTROL FUNDS, INVESTMENTS, REAL PROPERTY

•MONITOR BUDGET EXECUTION – INCOME & EXPENSES

•SIGN OFF ON VOUCHERS FOR PAYMENT

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**HOW TO PAY BILLS**

Vouchers from Committees & members

Bills – from venders

Secretary receives bill – determines if it is related to committee expense.

Secretary returns bill for further investigation

Yes No – see GLS 12.070

Obtain committee approval of expenditure

Approved Not approved

Secretary verifies completeness of voucher and signs voucher on Secretary’s line and dates. Determine if previously approved.

Yes – previously approved No – not previously approved

Return to appropriate committee. Committee holds until Lodge session for approval.

Approved Not approved

Return to committee for appropriate action.

Board of Trustees/Dir. assign a voucher number from Voucher Control Log Book. Assign account numbers to items on voucher to ensure correct tracking of expenditures to funds budgeted. Sign voucher on Trustee’s line and date. Forward voucher to Exalted Ruler for approval.

Exalted Ruler approves voucher, sign and date. Forward voucher to Treasurer.

Treasurer verifies completeness of voucher pays the approved bill and records transaction in the Lodge accounting system.

Note: Lodge may approve in advance the payment of certain recurring bills such as utilities, bar supplies or may delegate the authority to certain Officer or Committees. Such a

delegation should be for a specified time period – such as for the Lodge year. 37

**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

KEY TO EFFECTIVE & EFFICIENT FINANCIAL MANAGEMENT

INTERNAL CONTROLS: SATISFACTORY INTERNAL CONTROLS HAVE FOUR GENERAL CHARACTERISTICS:

* + A PLAN OF ORGANIZATION THAT PROVIDES FOR SEPARATION OF AUTHORIZATION, EXECUTION, RECORDING AND CUSTODIAL DUTIES INVOLVING THE SAME TRANSACTION
	+ AUTHORIZATION AND RECORDING PROCEDURES THAT SPECIFY THE WAY IN WHICH DESIGNATED FORMS AND OTHER RECORDS ARE TO BE USED IN COLLECTING, CLASSIFYING AND COMMUNICATING FINANCIAL DATA
	+ SOUND PRACTICES TO ENSURE THAT ADOPTED PROCEDURES ARE CARRIED OUT
	+ PERSONNEL ARE CAPABLE AND TRAINED TO CARRY OUT ASSIGNED DUTIES

OBJECTIVES OF INTERNAL CONTROL: A SYSTEM OF INTERNAL CONTROL HAVING THESE FOUR CHARACTERISTICS EXTENDS BEYOND THE ACCOUNTING AND FINANCIAL OPERATION. SUCH A SYSTEM BROADLY SEEKS TO ACCOMPLISH THE FOLLOWING:

* + ASSURE RELIABILITY OF FINANCIAL DATA
	+ SAFEGUARD ASSETS FROM LOSSES
	+ PROMOTE OPERATIONAL EFFICIENCY AMONG THE VARIOUS LODGE FUNCTIONS
	+ ENCOURAGE ADHERENCE TO PRESCRIBED GRAND LODGE AND SUBORDINATE LODGE POLICIES

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**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

**BOARD OF TRUSTEES:** The responsibilities of the Board and its members are set forth in Sections 12.070 and 16.050 of the Laws of the Order. Three or five members may serve as established in the Local Lodge By-Laws.

Amended Section 16.020 of the Laws of the Order to read as follows:

Section 16.020 … An incorporated Lodge **shall** make provision for a Board which shall be designated in accordance with the requirements of the corporation laws of the State or Territory in which such Lodge is situated and which shall be composed of the four chair Officers of the Lodge and the Trustees, and which shall be vested with the powers **and duties** conferred upon the Board of Trustees by the Laws of the Order.

**SUBJECT TO THE CONTROL OF THE LODGE, THE BOARD SHALL HAVE THE POWERS:**

1. to control the funds, investments and real and personal property of the Lodge, no otherwise provided by law, and collect the income and rents there from and
2. to execute all leases, contracts or other papers when ordered by the Lodge.

**The Board’s duties shall include:**

* + Maintaining a record of investments directed by the Lodge, showing original cost, due dates, income and disbursements there from; purchasing all supplies required by the Lodge
	+ Presenting written reports of its transactions at the first regular meetings of the Lodge in each month of the year
	+ Presenting a segregated budget to the Lodge, no later than its final meeting in April, containing separate appropriations for areas of expenditures for the Lodge during the ensuing year
	+ Establishing appropriate controls to ensure expenditures are within budget or those in excess are properly approved by the Lodge

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**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

**The Board’s duties shall include:** cont.

* Establishing an Accident Prevention Program with one member of the Board designated to act as Accident Prevention Chairperson who will periodically review Lodge premises and complete the Self-Inspection Form (Appendix EXHIBIT I) and generally act as the Safety Inspector of the Lodge.
* The Chairperson of the Board must attend the Clinics of the District Deputy Grand Exalted Ruler for the District in which the Lodge is located unless excused for good cause. *(Every effort should be made to avoid any conflict with this duty).*
* The Board must be aware of the obligations of the Lodge to pay taxes. This obligation is set forth in the Appendix (**EXHIBIT J**).
* To properly discharge its responsibilities, the Board must meet at least once every month and keep accurate minutes of each meeting. Each member must be familiar with the Laws of the Order pertaining to the functions of the Board. There should be constant reference to the Monthly Checklist—Reporting and Activities Calendar (Appendix **EXHIBIT G**).

FINANCIAL MANAGEMENT OF THE LODGE IS PRINCIPALLY THE RESPONSIBILITY OF THE TRUSTEES / BOARD OF DIR. / GOV., **HOWEVER ALL OFFICERS AND ALL MEMBERS** GENERALLY SHOULD BE FAMILIAR WITH FINANCIAL MANAGEMENT REQUIREMENTS AND GOOD PRACTICES.

**IT IS EXTREMELY IMPORTANT THAT EACH AREA OR FUND OF THE LODGE BE SELF-SUFFICIENT.**

**The basic units of good financial management are: Budgeting** for all entities of the Lodge – House (club), kitchen,

swimming pool, bingo, etc. including budget adoption, amendment and monitoring.

**Auditing, Asset and Risk Management**

Use of **Chart of Accounts** for budgeting and Voucher System Use of **Voucher System** for all expenditures

Annual Audit

A responsibility of the Auditing Committee – not the 40

trustees/Board of Dir/Gov.

**THE LODGE FINANCIAL MANAGEMENT SYSTEM BUDGET GROUND RULES**

A Budget is a plan – a financial plan of income and expenses stated in terms to accomplishments the goals and objectives of an organization.

1. A segregated budget is required by Grand Lodge Statutes – Section 12.070. What that means is that for each Lodge entity there must be a separate and balanced budget – Lodge, Social Quarters, Bingo, etc…
2. Each separate functional are/committee responsible for expending Lodge funds should submit a budget for their expenses and to identify the source of the income with which to pay those expenses.
3. Budget submissions should be prioritized. There is not always enough money to support everything that everyone wants to do. Fundraisers must be a part of the solution.
4. Establish deadlines for submission – Exalted Ruler must review and Trustees/Board of Dir./Gov. cannot complete preparation, balance the budget and complete preparation for presentation until all pieces are included.

FEBRUARY

**SCHEDULE FOR BUDGET DEVELOPMENT**

LODGE OFFICERS AND COMMITTEES DEVELOP CALENDAR OF ACTIVITIES AND EVENTS

BUDGET PREPARATION PACKAGE TO INCOMING LODGE OFFICERS AND COMMITTEES WHO MUST PARTICIPATE

DISCUSSION OF BUDGET WITH OFFICERS AND COMMITTEE ACTIVITIES MARCH

ALL OFFICERS AND COMMITTEES REQUIRED TO SUBMIT BUDGET INPUT SUBMIT THEIR INPUT TO EXALTED RULER

EXALTED RULER AND TRUSTEES/BOARD OF DIR./GOV. MEET TO REVIEW BUDGET INPUT

TRUSTEES/BOARD OF DIR./GOV. DRAFT BUDGET

TRUSTEES/BOARD OF DIR./GOV. REVIEW AND FINALIZE LODGE BUDGET APRIL

TRUSTEES/BOARD OF DIR./GOV. PRESENT PROPOSED BUDGET TO LODGE FOR APPROVAL BY FINAL MEETING IN APRIL. 41

**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

THE BUDGET PROCESS

4-101. Definition: The budget process is that phase of accounting dealing with planning the activities of a Lodge in financial terms and comparing actual progress with the plan. 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.

4-102. Statutory Requirements: A budget is required for every entity of the Lodge as expressed in Sections 12.070 (Lodge), 16.030 (separate corporation) and 16.040 (Club and other facilities). These Statutes also require that each entity report to the Lodge monthly their actual progress as compared to the budget. Budgets must be presented to the Lodge for approval no later than the final regular meeting of the Lodge in April.

4-103. Preparation of the Budget: The initial action should be the Exalted Ruler-elect requesting from each of his committee chairmen their best estimate of fund-raising income and a detailed estimate of their expenses. The Secretary, Treasurer and Trustees should commence early to assemble estimates of those budget line items that do not require prior year actual data, such as dues and fees income, mortgage principal, interest expense, insurance, etc. With an effective accounting system, where postings are kept current, the General Ledger should provide actual income and expense data for the prior year within a short time after March 31st. The Trustees and other entity managers convene a budget meeting or series of meetings and develop the best available estimates, giving consideration to the Exalted Ruler’s plans, the committee estimates and prior year experience.

The following should be considered:

Prepare worksheets in advance. Examples are shown in Illustrations 4-103 a, b, c, d and e.

* Budget by same line items that are used to record income and expenses.
* Prepare income section first on the theory that you should not spend more than

you expect to receive. Be realistic and conservative. 42

**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

THE BUDGET PROCESS

* When preparing the expense sections estimate fixed and semi-fixed expenses first, i.e., those over which the Lodge has little or no control.
* Prepare separate schedules where more detail is desired, such as a detailed list of charity donations to be made.
* When budgeting activities which generate income, such as bingo or fund-raising events, always budget gross receipts and expenses, never the net income.
* Do not overlook capital items which are not “expenses”, such as purchase of equipment, mortgage principal, bond redemption, etc.
* Budget may include an amount for contingent purposes to cover unforeseen emergencies. Expenditures there from require a two-thirds affirmative vote of the Lodge.
* It is not good business practice to prepare a deficit budget. Keep expenses within the limits of anticipated income.
* It is advisable that the Lodge Trustees coordinate the various budgets to prevent overlapping and duplication.

4-104. Operating Within the Budget: Sec. 12.070 of the Statutes clearly states that after the budget has been adopted all expenditures must be kept within the limits of appropriations made and specifies 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:

* 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.

Approval of the Lodge should not be required to formally change the budget accordingly. This would seriously hinder day-to-day operations.

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**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

THE BUDGET PROCESS

* 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. Trustees should make appropriate recommendations.
* 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.
* Approval of expenditures which exceed the total amount budgeted must specify the source of funds. If savings are to be used the Trustees should so indicate in their recommendation.
* Amendment of a budget requires Lodge approval but does not require re-submission of a new budget.

4-105. Periodic Budget Reviews: This is a most important phase of the budget process. The Trustees, the Club supervising or managing body, and other entity managers should give this high priority on the agenda of their meetings, monthly or quarterly. 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.

4-106. Financial Operations: It is of extreme importance that the members recognize that each entity of the Lodge is to be financially self-sufficient adhering to their own budget; understanding that the funds from the Lodge are NOT to be used to maintain, or support, any other entity of the Lodge; such as the Club (Bar and Dining Room); Swimming Pool; Bingo; Tear Tickets; Corporation, etc.

The only exception to the above will pertain to the institution of an entity wherein a bank is required; however, in this case the funds transferred from the Lodge will

only be considered as a “LOAN” and are to be returned to the Lodge as soon as

possible. 44

**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

AUDITING AND ACCOUNTING COMMITTEE OPERATIONAL REVIEWS (CHAPTER 8, ACCOUNTING & AUDITING MANUAL)

* + LOCAL LODGE YEAR-END CHECK LIST
	+ BUDGET REVIEW
	+ REVIEW OF BOARD OF TRUSTEE’S/DIRECTOR’S/GOVERNOR’S OPERATION
	+ REVIEW OF SECRETARY’S OPERATION
	+ REVIEW OF TREASURER’S OPERATION
	+ REVIEW OF HOUSE COMMITTEE OPERATIONS
	+ LIQUOR LIABILITY EXPOSURE AND CONTROLS
	+ PETTY CASH / IMPREST FUND REVIEW
	+ BANK RECONCILIATIONS
	+ ANNUAL AUDIT CHECKLIST
	+ ANNUAL REVIEW CHECKLIST
	+ TAXES (ABC, PAYROLL, SALES, ETC…)
	+ LICENSES

SOME QUESTIONS:

HAS THE AUDIT COMMITTEE PERFORMED ANY OF THESE REVIEWS?

* ARE THE FINANCIAL MANAGEMENT PLAYERS FOLLOWING THE GUIDELINES?

DOES THE LODGE HAVE IMPLEMENTING PROCEEDURES?

ARE THEY BEING FOLLOWED?

HAS THE AUDIT COMMITTEE REVIEWED COMPLIANCE?

* DOES THE ER SIGN CHECKS?

DOES THE SECRETARY GIVE A RECEIPT FOR EVERY CASH TRANSACTION?

IS THE SECRETARY’S CASH BOOK RECONCILED WITH THE TREASURER’S RECEIPTS?

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**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

GRAND LODGE HAS GOOD RULES, GOOD MANUALS, AND GOOD PROCEDURES

YOU WON’T GO WRONG IF YOU FOLLOW THE RULES IF YOU’RE NOT FOLLOWING THE RULES…

YOU WILL GET IN TROUBLE!

KEY ELEMENT OF TRUSTEE’S BOARD OF DIRECTOR’S BOARD OF GOVERNOR’S SUCCESS

1. HAVE A PLAN TO ACCOMPLISH RESPONSIBILITIES
2. EFFECTIVELY AND EFFICIENTLY AND IMPARTIALLY DISCHARGE THOSE RESPONSIBILITIES
3. HAVE NO PERSONAL AGENDAS…BE STEWARDS FOR THE MEMBERSHIP

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**ASSET MANAGEMENT**

Each entity of the Lodge – House (bar), kitchen, swimming pool, bingo, etc. – should make an inventory of its assets at least annually. (the bar, depending on the volume of sales may need to take an inventory far more often – as often as monthly or even two weeks).

This inventory should include furniture fixtures (tables, chairs), office machines and furniture, other machinery and equipment, china and flatware, kitchen equipment.

Additionally, if the Lodge lends its property to its members from time to time, a written procedure should be employed so that at any given time, the whereabouts of the Lodge’s property can be determined.

The basic responsibility for assembling the total Lodge asset inventory is the Trustees through of course each function – House (bar), kitchen, bingo, etc. – is responsible for doing their own.

**RISK MANAGEMENT**

*(See current Liability Insurance Program booklet Code 513000 for more details)*

**Accident Prevention Manager**

The Trustees select one of their members to serve as the Accident Prevention Manager. GLS 12.070)

**Self Inspection List (see Exhibit I )**

The Accident Prevention Manager performs regular self inspection of the Lodge to identify any hazards and reports back to the Trustees ad Lodge, recommending corrective action.

**Accident Reporting**

The Accident Prevention Manager thoroughly investigates any accidents to determine if corrective action is warranted to prevent recurrence.

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**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

— EXHIBIT A —

**UNIFORM CHART OF ACCOUNTS**

INTRODUCTION: Use of this Uniform Chart of Accounts is mandatory for all Lodges as stated in Sections 4.330 and 13.040 of the Statutes. It is designed to allow flexibility in the number of different accounts each Lodge will use and is adaptable for use in a computerized system. Each Lodge should prepare its own listing of the accounts it will use and distribute the listing to all concerned for use in classifying assets, liabilities, receipts and expenditures for entry into the accounting system. Use the minimum number of accounts that will satisfy the following requirements:

Accounts needed by Trustees and entity managers for budget comparison and financial management.

Accounts needed to complete Federal, State and local income tax returns. Accounts needed to complete the annual Audit Report.

The Lodge listing should be updated annually by adding new accounts needed and eliminating those no longer used.

BASIC OUTLINE: 100-00 Series Assets 200-00 Series Liabilities and Equity

300-00 Series Lodge Income and Expenses

400-00 Series Bar or Social Quarters Income and Expenses 500-00 Series Dining Room Income and Expenses

600-00 Series **{ }**

700-00 Series **{** Use these series as necessary to record income **}** 800-00 Series **{** and expenses for bowling, golf course, swimming pool, etc **}** 900-00 Series **{ }**

EXPANDING CAPTIONED ACCOUNTS: The last two digits of most of the accounts listed will be “00”. These may be expanded or further divided by using these last two digits as follows:

101-01 Cash on Hand - Secretary’s Office 101-02 Cash on Hand - Bar #1

* 1. Cash on Hand - Bar #2
	2. Cash on Hand - Dining Room 101-05 Cash on Hand - Bingo

101-06 Cash on Hand – Etc

SEE PAGES **45 THROUGH 51** OF AUDITING AND ACCOUNTING MANUAL FOR FURTHER EXAMPLES OF A BUDGET

SEE PAGES **45 THROUGH 51** OF **AUDITING AND ACCOUNTING MANUAL** FOR

FURTHER EXAMPLES OF A BUDGET 48

**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

**UNIFORM CHART OF ACCOUNTS GENERAL**

**A/C No. Description Notes CURRENT ASSETS:**

101-00 Cash on Hand Cash not on deposit excluding cash in transit to be deposited.

Deposits Should be made currently and not held for accumulation.

102-00 Cash in Bank–Checking Use separate number for each account. Each account should be (Unrestricted) reconciled monthly and should agree with account balance in

General Ledger.

103-00 Cash in Savings Use separate number for each account. Each must be supported by (Unrestricted) passbook or certificate of deposit. These funds are of a current or

liquid nature such as CDs which mature within 12 months. If not current, see 181-00.

104-00 Cash on Deposit Use this series instead of the 103-00 series for funds (Restricted Funds) that have a restricted use. Balances in these

accounts should agree with restricted fund liability accounts, 241-00 and 279-00.

105-00 Accounts Receivable Receivables such as credit card sales, returned checks and other

items due the Lodge with exception of those covered by 106-00 and 107-00. Do not use for unpaid dues. Delinquent dues are not Considered to be an asset. See 211-00 and 301-00 for proper posting of membership dues.

106-00 Notes or Contracts For example, note held by Lodge for property it sold. (Receivable) Use sub-account numbers for each note or contract.

107-00 Interest Receivable Unpaid interest due at date of financial statement. Normally

recorded by journal entry.

* 1. Inventory Unusual supplies (such as large amounts of office supplies) and merchandise for re-sale, on hand or not used, at time monthly,

quarterly or annual physical inventory is taken, and always as of March 31st. Recorded by journal entry when financial statements are prepared. Use the following sub-accounts.

* 1. Inventory - Lodge Supplies
	2. Inventory - Bar
	3. Inventory - Dining Room
	4. Prepaid Expense Use following sub-accounts for any expense that covers a period

extending beyond date of financial statement. Lodges using accrual method make monthly or quarterly adjustments debiting the facility covered and crediting these accounts. All Lodges should use these accounts as of March 31st.

* 1. Prepaid Expense - Insurance
	2. Prepaid Expense - Licenses
	3. Prepaid Expense - Per Capita, Grand Lodge
	4. Prepaid Expense - Per Capita, State
	5. Prepaid Expense - Rent
	6. Prepaid Expense - Taxes

110-00 Deposits Use when deposit is required by vendor or contractor. This account is credited and appropriate expense account debited when deposit is

used to pay a bill.

111-00 Other Current Assets Use these accounts for other current assets not included

thru in one of the prior listed accounts. 49

149-00

**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

VOUCHER SYSTEM INTERNAL CONTROLS

General: 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 By-Laws of the Lodge. Additional controls needed are determined by the volume of business, complexity of 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.

The following controls should always be included:

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

* Voucher form to be used, as designed by the Lodge. Two examples are shown in

**Illustration 2-102.**

* Who prepares the voucher and attaches it to the bill (normally the Secretary).
* 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**

**Secretary will prepare the voucher which is then approved by the Secretary and Exalted Ruler**. Any Lodge may require that all vouchers / bills be approved by the Trustees to insure compliance with the budget. After all prior approvals are obtained, the Secretary reads the bills at a regular session of the Lodge under the order of business — “Bills Against the Lodge.” Subsequent to the Lodge meeting the Secretary will present the bills to the Treasurer for payment (Reference Sec.

12.060 of the Statutes).

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 (which can be used as a voucher) or book with the supervisor’s signature of approval for each pay period should be used. Treasurer should insure that pay rates for new- hires and any pay changes are properly authorized, preferably by actual record in

minutes of meetings of the supervising or managing body of the Club or other

entity. 50

|  |
| --- |
| PAYMENT VOUCHER |
| **REQUEST FOR PAYMENT**Date: Amount: $ Pay to:  | Request to be prepared by Committee Chairman and submitted to Trustees for Budget approval. Attach all invoices and/or receipts to this request. |
| For:  | TREASURER’S VOUCHER |
| Invoice No. |
| COMMITTEE: Committee Chairman: Account Name:  |
| Date: |
| Terms: |
| Amount |
| BUDGET APPROVAL BY TRUSTEES | Account No: | Less Discount |
|  | Budget Available |  |
| AMOUNT OF CHECK |
|  | This Request |  |
| Date Paid: |
|  | Budget Balance |  |
| Check No. |
| APPROVED FOR PAYMENT |
| DATE | SECRETARY | EXALTED RULER | TREASURER |

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**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

ANNUAL AUDIT

The intention in discussing the Annual Financial Report is to provide advice, guidance and assistance to the Lodge Officers and Auditing and Accounting Committee in preparing for your annual audit.

Three types of audits: An Audit, Review, Compilation

Duties of Auditing Committee: Get a copy of the New Auditing and Accounting Manual from your Secretary or from the Grand Lodge site on line. The two previous manuals are now one manual.

**Section 13.040 of the Statutes places responsibility on the Auditing and Accounting Committee to obtain and file the annual financial report.**

* Lodges have already received the Lodge Audit Report from Grand Lodge.

**If not-Go online and download now**

* The process of hiring an accountant should never be postponed beyond January
* If your Lodge has not engaged an accountant yet---then make it happen. Remember, you must present the proposal to the members at a Lodge meeting to vote to hire the accountant.
* If the accountant is not familiar with the Elks methods, show them Sec. 13.040 of the Statutes; a copy of the Grand Lodge Auditing and Accounting Manual; and a copy of

the prior year audit report.

* Make sure the accountant understands what is needed and that it **must be completed by June 1st. (No later then June 15th)**
* No later then June 15th the Lodge Auditing and Accounting Committee should deliver the Accountant’s report to the membership at a regularly scheduled Lodge session.
* No later than June 30th the Transmittal Letter, Financial Report forms (all audit pages), copy of the Annual Membership Report, and a copy of the Federal Tax Returns (all

officers names included) should be submitted to your Area Member of the Grand Lodge Auditing and Accounting Committee.

* Deadlines and fines, postmarked after June 30th there will be a $100.00 fine. Each 30 days thereafter will prompt another $100.00 fine not to exceed $500.00. However the report must still be filed with your Grand Lodge committeeman. No exceptions

List of Financial Information needed for the audit: Use this as a check-off list.

* Compile a notebook for the Auditor from list on following page

Audit dispensation Request (see Appendix **Exhibit S)** 52

**THE LODGE FINANCIAL MANAGEMENT SYSTEM**

ANNUAL AUDIT

**Financial Information Needed for the Annual Audit**

Section 13.040 of the Statutes places responsibility on the Auditing and Accounting Committee to obtain and file the annual financial report.

**Copies Only** of these documents can be placed in a **notebook** (three ring binders) for the accountant to perform the annual audit. This should be compiled during the Elk year. Use labeled dividers.

**Monthly:** (Include information applicable to your Lodge.)

Bank Statements with Reconciliation attached. Include the March Statement of the previous year as this will provide the balance at the end of previous Elk year. **(Treasurer)**

Lodge General Operating acct. Club acct. (if separate)

Bingo acct., Charity acct., Restricted acct., Savings acct., etc…….

ABC Reports

**Quarterly: (Secretary and/or Treasurer)**

941 (FICA) Payroll Report

WC Report

Sales Tax Report

Bingo-Conductors Quarterly Report Statement of Investments **(Trustees)**

Mutual Funds, Bonds, CD’s, etc…

**Annual: (Secretary and/or Treasurer)** Property Tax invoice and paid voucher 940 (FUTA) Report

W2’s and W3’s 1096’s and 1099’s W9’s and W4’s

Insurance Policies Declaration page showing: policy period, premium, amount of coverage and a copy of paid voucher for each. **(Secretary)**

Property Plus (schedule of buildings and equip. and values) Directors and Officers Liability

Workers Compensation Financial Reports:

Profit and Loss with Budget Comparison and Percentages (for each entity) **(Treasurer)** Balance Sheet (including all entities: Lodge, Club, Charities, Bingo, etc…) **(Treasurer)** Budget approved by the Lodge **(Trustees)**

Inventory

Inventory of Fixed Assets--as of March 31 of audit year **(Trustees)** Inventory of Club rotating stock as of March 31 of audit year **(Trustees)** Inventory of Kitchen rotating stock as of March 31 of audit year **(Trustees)**

Statement of Investments (Maybe quarterly)

Mutual Funds, Bonds, CD’s , etc…**(Trustees)**

List of all **Officers in the year being audited** (including appointed) (for form 990) **(Secretary) Prior Year’s documents:**

990, 990T, audit (**Auditing Committee)** 53

**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

*(See Grand Lodge Auditing and Accounting Manual for more details)*

Section 16.040 of the Laws of the Order provides the club operation (social quarters) of a Lodge shall be managed by one of the following methods specified in its By-Laws:

1. **The Exalted Ruler, the Knights and the Trustees of the Lodge;**
2. **The Trustees of the Lodge;**
3. **A House Committee of no fewer than three nor more than 13 members appointed by the Exalted Ruler *(number must be fixed by By-Laws)*.**
4. **A Board of Directors of a corporation formed under Section 16.030, Laws of the Order**

The Lodge Social Quarters are both the heart of the social life of our Order and the same time a most perilous minefield in terms of risk, financially and fraternally. Officers must understand the laws of our Order and those of the Community and State.

The management body is responsible for:

Managing club operation subject to the control and direction of the Lodge, except actions and decisions pertaining to an employment relationship and fixing prices for goods and services.

Holding meetings at least once a month and keeping minutes of them. *(If the Exalted Ruler is not a member of the body, he must be notified of each meeting).*

No later than the last regular meeting of the Lodge in April, present to the Lodge for approval a comprehensive budget of proposed expenditures for the club operation during the ensuing year, and make certain expenditures stay within budget unless specifically authorized by the Lodge.

The power to suspend a member from club privileges under Section 16.040 of the Laws of the Order.

Adoption and Grand Lodge approval of House Rules and then uniform conformance thereto Licensing requirements of the State and Community:

Bar management

Food service management

Use of Voucher System for expenditures

**Adherence to “Closed Door”/members only policy and practices.** 54

**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

**“CLOSED DOOR” / MEMBERS ONLY POLICY**

GL Statutes 14.130 states that we are a private organization and that our facilities are basically for the use of our members and their guests.

GLS 14.130, last paragraph states:

“Subject to state and local laws, the use of the Home or Club facilities shall be limited to Members in good standing in the Order, their spouses and guests of Members and those receiving Identification Cards under Section 14.140, as provided in the House Rules, so as to preserve the privacy of the use of such facilities to the Members of the Order. *Local Lodges shall take appropriate action to conform to the provisions of this Section.”*

This means that every non-member invited into our club facilities must be signed in as the guest of a member and that member must be present. Should the member leave, the guest must also leave.

In some states, guests are not allowed to purchase any beverage or food from the Lodge though often they may do so through from a Ladies Auxiliary or equivalent organization.

Though this sounds like a lot of inconvenience, you Lodge needs to make it happen. We do have Lodges that comply. Remember, the Lodge is subject to a fine and/or loss of their license for non-compliance.

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**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

The following Grand Lodge Statutes plus the Lodge By-Laws dictate the House Committee parameters

* 1. Section 4.460, Para. 6, a: – deals with the right of the District Deputy to examine all books and records of the Lodge, Club, Home Association, Separate Corporation and other Entities.
	2. Section 9.150: “Gambling in the Lodge or Club rooms or on other Lodge property is prohibited where not permitted by Local, State or Federal Law.” Op. 01: “Playing for drinks is a practice of selecting an involuntary host and is not gambling which is usually characterized by the exchange of money or tokens used therefore.”
	3. Section 14.130, Para. 3: “Club facilities shall be limited to members in good standing in the Order, etc..
	4. Section 14.130 Para 2: “Every member in good standing in a Lodge is entitled to all the rights and privileges of the Club connected therewith.”
	5. Section 16.080: A Lodge may hold a social session to which persons not members may be admitted. No social session shall be held during Elks Memorial Day Services, or during a meeting of the Lodge.
	6. Section 14.170: A Member owing any indebtedness to the Club or

Lodge may be dropped from the rolls of the Lodge.

* 1. Section 16.030, Para. 1: The Lodge may form a separate corporation for the Club. Para 2: All corporate powers shall be exercised by a Board of Directors. Para.2: Names corporate officers. Para. 3: The books and records of such corporation shall at all times be subject to inspection by the Grand Lodge of the Order. Para. 4: corporation must submit a budget to the Lodge and submit a monthly report to the Lodge. Para 5: All property owned, held or controlled by the corporation shall be transferred to the Lodge upon dissolution of the corporation. Para 6: “No Articles of Incorporation or By-Laws or any amendment thereto of a separate corporation shall take effect unless submitted to and approved by the Committee on Judiciary.” Para. 7: Corporation shall be subject to and comply with the provisions of Section 16.050 in all matters applicable thereto and the Laws of the Order. Op. 02: “All separate corporations, regardless of when organized are

subject to the provisions of this Section”. 56

**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

The following Grand Lodge Statutes plus the Lodge By-Laws dictate the House Committee parameters

* 1. Section 16.040: Discusses to methods of supervision and management of Club. Para 2: Supervision is “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.” Para 3: Discusses suspension powers. Para. 4: discusses method of appeal. Para. 5.: Budget must be presented to the floor not later than the last meeting in April for approval. Para 6: “No member of the supervising body shall be employed in any capacity by the supervising body, nor shall any Exalted Ruler be employed by a House Committee appointed by him.” Op. 02: “Funds derived from Club operations are Lodge funds.” Op. 03: The Governing Body cannot expend funds without the approval of the Lodge. Op.07: “The appointed House Committee not the Trustees operate the Club facility. The Trustees under budgeted items, keep up and maintain the physical plant, building, plumbing, repairs, insurance, decorating, etc. Both groups are subject to Lodge direction and control.”
	2. Section 16.090: All Homes, Clubs, Club Rooms and Social Parlors shall be closed during the hours of all regular and special meetings of the Lodge, except those facilities thereof designated for the use of and then being used only by the non-Member spouses and minor children of the Members of the Lodge, providing the use does not interfere with the proper functioning of Lodge meeting. Any Lodge violating this Section under any pretext whatever shall be liable to a forfeiture of its Charter.
	3. Section 17.050: Each Lodge shall enact or have in force House Rules for its own local government. By-Laws, Rules of Order, House Rules or amendments thereto are not enforceable until approved by the Committee on Judiciary. A Lodge failing to comply with the provisions of this Section shall be guilty of contumacy. (See Annotations 4.370-01 and 03.)

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**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

**Tape Transaction Nos.: Beginning # Ending #**

**DAILY SUMMARY OF BAR RECEIPTS**

**Date:**

**Sales: Liquor ........................................................................ $**

**Wine ..........................................................................**

**Beer ...........................................................................**

**Sundries ....................................................................**

**Sales Tax ............................................................................................**

**Machines ............................................................................................**

**Key Cards ............................................................................................**

**Other: \_**

 **\_**

 **\_**

**TOTAL: $**

**Register Change Fund $ Total Receipts, above + To Be Accounted For $ Cash Count $**

**Cash Over (Short) $**

A Daily Summary similar to this should be prepared by person, **other than bartender**, when cash is counted and tape is zeroed out and removed. Tape should indicate total sales by category.

Daily Summary, with day’s cash receipts, are turned over to the Secretary. Secretary records receipts and turns over to Treasurer. For a computerized system Daily Summary is used as input. For a manual system Treasurer should prepare Monthly Summary, similar to Illustration 1-107b, for end of month posting to General Ledger.

There may be a requirement of State or local law that the Daily Summary and cash register tapes be retained for a specified period in event of a sales tax audit.

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**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

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 House Committee.

**DUTIES OF MANAGER**

The duties of the manager are many and varied; selecting the staff, providing internal controls of funds and assets, establishing competent record keeping; supervising purchases, receiving, operations of the grill, restaurant and any entertainment. In addition he is responsible for the maintenance of equipment, sanitation and quarters.

In accordance with Grand Lodge Statute 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 on or before the first regular Lodge meeting in May 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.

**INTERNAL CONTROLS**

It is well known continuous attention must be paid to the entire operation of the bar and dining room, due

to careless employees, employees who are not trustworthy and those who are inefficient. 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 creates losses which could be avoided with proper internal controls.

Each club should have a recording cash register, with sufficient flexibility to record all sales by product; 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.

These tapes should be checked with cash receipts turned in by the employee and be compared with bank deposits to insure proper amounts are received.

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**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

**PRICING AND COST OF GOODS**

**BEVERAGE COST CONTROL**

Cost of goods sold in the bar must be controlled; steady portions sold, proper pricing, and avoidance of over-pouring, spillage and proper purchasing. **It is recommended the cost of goods sold does not exceed 35% of sales.**

All purchasing should be under the direct control of the manager; payment of purchases should only be paid as authorized by him. The exception would be when the vendor requires cash on delivery. If this is the case then the person paying the bill must have an itemized statement, compared with the delivery to determine if all items charged for are received; then a copy marked “paid” and signed by the delivery person.

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 on the inventory cards. These inventory cards should be checked by the Subordinate Lodge audit committee periodically and without prior notice.

**LABOR COSTS**

**Salaries and wages in the bar should never exceed 35% of sales**. This can be controlled by a study of the hours the bar is open and the non-productive periods **having a minimum of employees on duty.**

**ENTERTAINMENT COST**

We feel the cost of entertainment should be an expense where it is used. If you hold a dance and the Lodge receives the proceeds then the cost should be charged to the Lodge.

**Entertainment in the bar should be charged to the bar as cost of goods sold and should not exceed 6% of the sales**. If it is in the dining room then it should be charged to the dining room and again never more than 6% of the sales.

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**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

**PRICING AND COST OF GOODS**

**FOOD SERVICE**

Dining Room service is probably one of the most controversial and potentially financially dangerous of all the operations from a profit and loss standpoint. Our Lodges should not enter this field without first making a thorough survey and evaluation before entering the food business.

Is there a sufficient demand for these services?

Are there enough member customers to provide a profit or at least a break even?

Is a loss indicated which might be partially or completely overcome by increased beverage sales?

Have you sufficiently checked the cost of entering this new venture? Would competition of local area restaurants affect the dining room or the Lodge in any way?

Should we consider a full menu or just fast food type service? Are physical facilities adequate?

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.

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 provide a profit and yet be attractive enough to bring your members in to dine with you.

It is very important that a monthly inventory be taken with a complete comparison between purchases, sales and ending inventory to be assured nothing is being given away or stolen.

Monthly reports of income and expenses with a strict inventory comparison should be presented to the house committee and reported to the Lodge. Prices must be adjusted as well as portions served to insure a profit in the dining room. Strict inventory control is a must if you are to have a profit.

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**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

**PRICING AND COST OF GOODS**

**FOOD SERVICE cont.**

Proper purchasing is a must, then you must be assured you have received what you ordered, that you receive what you are charged for and that it is stored properly to avoid spoilage

You 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 you to serve quality food.

**As in the bar, cost of goods sold should never exceed 35% of sales and your labor should also not exceed 35%.** Volunteers should be utilized whenever possible.

If you find your dining room is constantly losing money, then consideration should be given to closing your food service. **Those who continually lose money are fooling themselves when they say they keep the dining room open to increase attendance in the bar!**

Ideal Cost of Goods

Cost of Goods (Bar and Food) 35% of Sales Employee Cost 35% of Sales

Entertainment 6% of Sales Profit 24%

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**CLUB MANAGEMENT / ROLE OF GOVERNING BODY**

 **ALCOHOLIC BEVERAGE CODE**

**ABC RULES AND REPORTING**

**Private Club Registration Permit**

**(In Appendix)**

**Monthly Reporting of ABC Tax Reporting Complimentary Drinks**

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ASMINISTRATIVE ACTION vs. SUBORDINATE FORUM

**Special Problems**

Infrequent but unfortunate events do arise in the life of Elks Lodges. The fact that these events are isolated does not detract from their critical importance, in fact, these are the events which can lead quickly to complete destruction of a Lodge.

Examples include, but are not limited to, efforts by unhappy members to impeach Lodge officers, actions on Lodge property by law enforcement authorities, audits by government agencies, physical altercations on Lodge premises, lawsuits filed by employees, members and/or others and natural disasters destroying Lodge property and disrupting normal activities for extended periods of time.

Because these events are infrequent and because every situation is unique, it is not possible to anticipate the many specific courses of action which would be required o officers who must respond when trouble comes. But there are fundamental management principles which apply to all situations.

**Key Lodge Officers** must understand that in every serious situation:

They should not assume that a problem situation will “maybe just go away.” They must ACT quickly and properly.

They just study the applicable law immediately in detail. An officer should never assume he knows the law and he should not assume that others members’ statements about the law are accurate. Public and our Order’s laws change!

Many laws which have bearing on special situations are complicated and have severe time frame requirements. Officers must understand that mishandling of serious situations can actually make them liable---even to the point of removal---for their failure to follow exact details of the law in point no matter now obscure.

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**Administrative Action -- Complaints**

The Club Governing Body has a responsibility to investigate events or happenings – even if they are rumors. There does not have to be a written complaint . The Governing Body has a responsibility to “Check it Out”, to “Investigate”. Then, if they feel it necessary—have a hearing. Maintaining communication among the Governing Body to stay on same page is a must.

Sometimes a resolution can be gained by the willingness of the two parties to discuss an issue with an Officer or member of the Club Governing Body. If it cannot be resolved in this manner, complaints can be filed with the Club Governing Body. All complaints must be investigated.

SUBORDINATE FORUM

Procedure for filing of Charges & Mediation

Filing of charges should be avoided if at all humanly possible. Their effect is extremely bad for the Lodge and goes on for a long time.

Mediation is required before charges can be filed – See the Statutes

Make all aware that filing of charges rarely rectifies any situation – almost always only makes it worse.

Many, many cases are overturned based on errors in the procedure and the agony goes on.

If you must go ahead, read the Statutes carefully and get advice/help from knowledgeable Elks.

Keeping it “Inside the Lodge” vs. asking for Help

Officers must NOT fall victim of the old trap of “Let’s keep this inside our Lodge.” The DD must be informed at the earliest possible moment because he can give guidance and help and, as in the case of government actions, the situation may be part of a larger picture.

Know the Statutes or “Know What You Don’t Know”

Get a personal copy of the Annotated Statutes and make it “bedside” reading.

Know your Lodges’ By-Laws and House Rules.

Don’t give opinions without double-checking and talk to others 65

if at all unsure.

***Community service is what Elkdom is all about!***

*A*n area to which most **Lodges should give more attention.**

These areas are essential to improvement of the public image of the Lodge:

* Public programs, Dedications, Sponsorship of community celebrations
* Youth humanitarian programs

**Community service programs help to gain community support through cooperation and participation.**

A favorable image of Elkdom in the community can be developed by:

* Increasing local goodwill and community acceptance through participation or sponsorship of community programs
* Favorable publicity, Good public relations
* **The Order of Elks was founded to provide community service by each Lodge and to help those less fortunate.**
* **We are expected to faithfully serve the communities in which we reside.**
* **Our civic duty is to support our communities and assist them whenever needed.**

Our Order has long been under-appreciated. We have great programs but neglect to tell others**. This must change.**

Each Lodge should let the community know what we are doing and thereby demonstrate our theme, **“Elks Care Elks Share.”**

**Unique Community Project —** The successful Lodge is one that sponsors a meaningful and **visible project** to fill a tangible community necessity.

The Lodge that prospers is the one **identified in the community for its unique charitable works.**

**Once a community identifies a Lodge with a “sponsored local charity,”** the Lodge gains publicity in the media which then generates interest in membership.

**If you have not established a unique community service program for your Lodge, consider doing so as one of your most pressing priorities.** There may well be ENF grant money to fund those programs from the Gratuity, Promise and Impact

grants. *It is a win-win situation!*

 1

 Financial Reporting System (FRS) Overview

**What you need to know**

**Section A**

**Financial Reporting System**

Resolution 2019-14 replaced the requirement of an Annual Financial Report (audit, review, or compilation) with a standardized on-line Financial Reporting System (FRS). As approved, each Lodge will be assessed a $160.00 annual fee for “user level” that will be billed each April as part of the Annual per capita assessments. If your lodge wants to get the “viewer access” you will be paying an additional $380.

The Auditing and Accounting Manual has been updated to implement the new requirements and the Laws of the

Order have been revised to implement the resolution. Full implementation of FRS, using the current Uniform Chart of Accounts (COA) must be completed by March 31, 2020. The March 31, 2020 yearend financial report must be submitted using the FRS with current COAs. Thereafter, monthly financial reports must be submitted by the 3rd Friday of each month for the previous month operations.

The FRS is not a program. It is not resident on your computer. Rather, it is a system of reporting your monthly financial activity in a consistent, standardized format that allows interpretation of the financial health of a

Lodge/club operation. The on-line FRS will enable 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 lodge. By using these reports and reacting to the alerts, financial concerns can be addressed as they arise rather than waiting until sometime after July.

The first step for transition to the FRS is to convert the Lodge Chart of Accounts to the authorized Uniform Chart of Accounts and complete the mapping process by March 31, 2020 (see Section “C”).

The responsible individual within the Lodge, either the Secretary or Treasurer, must decide on who will do the mapping and the monthly financials. If the bookkeeper is outside the Lodge, they will have to be trained and given access to the FRS. The requirement to forward monthly financials to the FRS remains the same and must be done by the 3rd Friday of the month for the previous month. The Lodge is responsible for compliance, not an outside accounting service

Other than the requirement to update the Lodge COA’s by March 31, 2020 and to send in the initial and monthly financial information, nothing else changes within the Lodge accounting. Lodges will continue to use their same bookkeeper/accountant, their same financial software (QuickBooks or other), their same Treasurer, Secretary, and Auditing and Accounting Committee. Lodge operations will stay the same.

If inconsistencies or problems are indicated by FRS then an “Audit” or “Review” may be required. All Lodges have until March 31, 2020 to fully implement the FRS system using the new COA’s. Lodges that are not using the FRS system to close out their March 31, 2020 yearend financials will be subject to either an Audit or Review as determined by the Grand Lodge A&A Committee Member and the State Sponsor. A “Compilation” or “In-House Review” are no longer an option.

It is strongly recommended that Lodges convert their accounting software to QuickBooks. Any version later than 2016. QuickBooks has been found to be the most complete user friendly, practical system that allows the complete range of financial reports for Lodge and Club operations as well as being most compatible with the FRS. If you are utilizing an outside accounting service, any program that they use is acceptable, if they are able to file the monthly activity reports.

**Section B**

**Uniform Chart of Accounts**

The use of the Grand Lodge Uniform Chart of Accounts (COA) is mandatory and must be completed by March 31, 2020. Only the 5-digit primary COAs are authorized. A Lodge cannot use their own COAs except subaccount of the primary COAs. All subaccounts must be mapped to their primary 5-digit account number

The lodges must use the primary 5-digit COA’s that are listed in the Uniform Chart of Accounts and use the stated Account identifiers. As an example: 30010 is “Members Dues Regular” is the correct way to identify that account. To further refine your data, you may use subaccounts such as 3001001 – six month dues pay; 3001002 – annual dues pay. Where the account name is longer than the allotted space, as much of the account name should be used to clearly identify the account that is assigned to that COA. You cannot create new Chart of Account numbers. If you need help finding an account to use, contact a Coordinator for guidance.

All subaccounts must use the 5-digit primary number, then by adding numbers or letters such as 3018001, 3018002, or 30180AA, 30180AB, etc. the sub account is created. Subaccounts can use numbers or letters but cannot exceed 7-charaters. You may use alpha, numeric or a combination of alpha numeric. All subaccounts must be mapped to their primary 5-digit account number. Commas, dashes, periods or other number separators are not allowed, and you cannot have a subaccount of a subaccount. If you use a numeric system for subaccounts you can have up to 99 subaccounts for any one primary account. If you use an alpha system for subaccounts it is possible to create over 700 subaccounts. A numeric sub account numbering system is recommended. The most current Chart of Accounts can be found on the elks.org website or contact any coordinator.

You only need to enter the primary account numbers that you will be using. You do not have to enter the entire chart of accounts.

**Section C**

**Mapping with the Chart of Accounts and Filing Monthly Activity Reports**

Mapping your current COAs into the FRS is the first step in transitioning to the FRS. Mapping is simply providing a list of the account numbers, including sub accounts in a prescribed Excel generated .CSV format. This .CSV format allows Adaptive Insights to produce a template of your accounts that is then used to “proofread” your monthly activity reports. AT any time during the year if you create a new sub account or if you add a new primary account number to your account file, you must submit a new mapping file. When submitting your mapping file to adaptive 3 Insights you will receive a return email stating “Submission was successfully processed” and you have completed the mapping process. Or, you will receive an email stating that your submission was rejected, and it will list the accounts that need to be corrected. If you need help contact any FRS Coordinator. There is a list of these Coordinators on elks.org.

If you have mapped any number of accounts that become inactive for several months, do not delete them. They will simply be read as inactive and will carry on until you need them again in the future.

The lodge will be required to provide two files at the beginning of each year to start using the system. Updates to these initial files will be required if the lodge changes its chart of accounts or budget. The lodge will be required to provide a file by the 3rd Friday of each month showing the financial activity during the previous month. Whoever does the bookkeeping / accounting for the Lodge should be the responsible person for completing the mapping and submittal process.

It is recommended that you start with the month of April 2019 and input the current COAs into your accounting program. When this completed, map April into the FRS program. Once you have mapped April using the current COAs then just submit the remaining months using the current COAs. You DO NOT have to map every month once you have established your accounting program using the current COAs, but you do have to start submitting the monthly financials.

Your order of submission is: 1) Mapping File of your current Chart of Accounts; 2) April 2019 Activity Report; 3) the balance of 2019 Monthly Activity reports thru March 2020; 4) the March 2019 Activity Report, Note: this reports give the beginning account balances for the start of the April 1, 2019 Lodge year; 5) The 2019-2020 Budget. Note: FRS will not accept a negative budget. It is understood that some Clubs budget for a loss, but a type of contingent account must be created to balance your budget prior to submission. Contact any FRS coordinator for help.

An option is available, for now, that allows you to map your old COAs to the new COAs to get you by for now. But you still must be fully implemented into FRS using the new COAs to close out the Lodge year ending March 31, 2020. Again, it is recommended that you use the first option and complete the full transition to the new Grand Lodge Chart of Accounts now.

All COAs used at your Lodge, no matter how often they are used should be mapped. If you submit your Actuals file that includes unmapped account - the data file will be rejected. When mapping is completed using the current COAs you will only need to remap a file if there were changes to your Lodge account numbers. You may map unused primary or sub account numbers that show a zero balance. These would be accounts that are being established now for future use, for example a lodge or club activity that will occur at a later date that you will want to record, but it may lay dormant for several months. This will not affect the accuracy of your submission nor will it cause your submission to be rejected. If you map it in the beginning, you will not have to file a new mapping report later in the year because you added the account. Either way, mapping the account now or mapping it later is acceptable.

Only the COAs listed are acceptable for use and must be use as their identifiers state. A Lodge CANNOT create their own COAs and cannot change what the current authorized COAs represent. The primary account numbers and their associated description are permanent and can only be changed by the committee overseeing the FRS. Address all requests to Past Grand Roger True.

If necessary, you can create sub-accounts to keep your income/expenses separate for determining whether the activity is profitable. For example, you can use 40100.1 for ballroom liquor sales and 40100.2 for bingo liquor sales. Both these would total into 40100 on your P&L and both would be mapped to 40100 in the mapping file. 4

Locally, you can generate a report with 40100.1 and its equivalent expense line to determine whether the ballroom was profitable.

To edit an account, including adding a sub account to your Chart of Accounts, use this example to link the sub accounts to their primary account number. See Exhibit A.

**ATTENTION:** Lodges with separate “Corporations” must map the Lodge first then contact the “elkshelp@morrmorr.com” desk for instructions for mapping the corporation.

Although not required, it is recommended that two years of history starting at 4/1/2017 be mapped into FRS. If that is not feasible, we require that you submit a beginning balance for the beginning of the earliest fiscal year you are providing. If you're starting at 4/1/2019, we would want the beginning balance from 4/1/2019, created by filing the March 2019 Activity Report and monthly activity files from that date.

Account Mappings, Monthly Account Balances and Annual Budgets are emailed to Adaptive@Elks.Cloud

The training videos are focused on desktop QuickBooks because that is the accounting that the majority of the Lodges are using. QuickBooks **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 similar to what is required then manipulated by spreadsheet software such as Excel to create the final file.

Budgets can be resubmitted at any time, but you must submit the entire fiscal year.

Training material is available on elks.Org. Exact placement will be determined by Elks.org website administrator.

You can also use this link to access all of the above: https://TinyURL.com/Elks-Adaptive

If the Lodge has a change in COAs they will need to submit a new mapping file prior to submitting that month’s activity. If a lodge resubmits new mapping file with a new COA then the Lodge will have to resubmit (map) the budget with the new COA listed. You can re-submit previous months account balances, as long as your account numbers have not changed. The system will overwrite previous months with new values.

**NOTE**: The FRS program will not accept a negative budget.

**Section D**

**Sales Tax Accounting**

Most Lodges include sales tax in the price of goods for sale. To properly account for sales tax and to avoid understating the Cost of Goods Sold (COGS) percentage, sales tax for various items needs to be removed from the sales accounts and entered to a liability account where the tax is paid from.

Sales Tax is NOT an expense – it is money collected from the purchaser to be remitted to the State, making it a liability.

The calculation of Sales Tax can be done on daily, weekly or monthly sales – this is a choice for the Lodge Treasurer.

The following example is based on calculating the Sales Tax at the end of a month:

Total Liquor Sales were $1,000; Beer Sales were $2,000; Wine Sales were $500; Food Sales were $1,250; there were no other taxable sales items for the month; the Sales Tax rate used in this example is 7%. To calculate tax at the 7% rate, divide the amount of sales by 15.2857. 5

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| --- | --- | --- |
| The following general journal entry needs to be recorded: **Account Number – Name (Type)**  | **Debit Amount**  | **Credit Amount**  |
| 40100 – Liquor Sales (Income)  | $ 65.42  |
| 40105 – Beer Sales (Income)  | $ 130.84  |
| 40106 – Wine Sales (Income)  | $ 32.71  |
| 50100 – Food Service Sales (Income)  | $ 81.78  |
| 20900 – Sales Tax (Other Current Liability)  |  $ 310.75  |

**DISTRICT DEPUTY VISIT**

THE DISTRICT DEPUTY WILL:

Examine all records of the Lodge, Club, Home Association, Separate Corporation and any other entities affecting Lodge well-being.

Inspect the facilities of the Lodge, Club and Social Quarters and grounds for safety issues.

**EXALTED RULER AND SECRETARY PREPARATION FOR DISTRICT DEPUTY VISIT**

About two weeks before the official visit of the District Deputy, you will be mailed a reminder with the date and time of the District Deputy’s arrival.

The District Deputy will want to meet with the Exalted Ruler, Secretary and Chairpersons of: the Board of Trustees, Club Management body, Auditing and Accounting Committee, Membership Committee and Accident Prevention Manager (Trustee).

It is required that you have a copy of:

1. The annual Lodge budget as adopted by the Lodge.
2. The Club Managing Body budgets (Club, dining room, health room, swimming pool, golf course and bingo) as adopted by the Lodge.
3. The Lodge profit-and-loss statement.
4. The Club and other profit-and-loss statements.
5. And any other information as required by the District Deputy.

The District Deputy will specify the time to meet with the other Lodge Officers.

**No longer are the elected and appointed Officers required to perform the Initiatory Ritual for the District Deputy’s official visit. That requirement, which had been** mandated under Section 4.490 of the Grand Lodge Statutes, **was repealed at the 2011 Grand Lodge Session.**

The Secretary must have available and exhibit the items listed on the Check Sheet for the Lodge of items required for District Deputy visit (**EXHIBIT C & C-2**).