



The  
Benevolent and Protective  
Order of Elks *of the United States of America*



Welcome  
To  
2016 Northern California  
Business Practices Seminar

# **Board of Directors/Trustees (12.070)**

- **Make up of Board of Directors**
- Four chair officers and the trustees.
- After the annual installation of officers, the board must meet and select a chairman and a secretary. The Lodge Secretary is not the Board of Directors Secretary. (This cannot be done prior to installation since the new directors cannot vote until after the installation).

# Duties of Board

- Board Chairman must attend all District Deputy Clinics unless excused for good cause in advance.
- Controls funds and investments of the Lodge with approval of the Lodge floor.
- Control the real and personal property of the Lodge unless otherwise provided in the bylaws. (The club is under authority of the Governing Body/House Committee).

# Duties of Board

- At least annual inventories must be taken by the Board of all Lodge personal property so that accurate records can be maintained in case of loss by fire or other disaster.
- Receive and collect income and rent from the Lodge property.
- Execute all leases, contracts and other legal papers when ordered by the Lodge.

# Duties of Board

- Hold meetings at least once a month.
- Keep minutes of each meeting.
- Purchase all supplies ordered by the Lodge and all supplies needed by the Officers. (All purchases must be authorized by the Lodge, even if budgeted).
- Establish an Accident Prevention Program with one member of the board being designated as Accident Prevention Manager.

# Duties of Board

- Present a segregated budget not later than the final regular meeting of the Lodge in April.
- If operating as a Board of Directors and the Board of Directors and the Governing Body is made up of the same Members, the Governing Body is to hold separate meetings with separate minutes reflecting the fact of separate meetings.

# What the Board cannot do.

- Authorize or incur any expense against the Lodge without first obtaining approval of the Lodge. (Even though the expenditures may be budgeted, a budget is a plan, not an authorization to spend money.)
- Demand access to the Lodge Secretary's records, Board is required to provide secure space for the Lodge Secretary.
- Sign Checks. (If the Lodge requires 2 signatures, the second signature must be approved on the Lodge floor).

# What the Board cannot do.

- Hire or terminate any employees. (Office employees work for the Lodge Secretary who has sole authority over them. Club employees work for the club and the governing body/House Committee has sole authority over them).
- Set the Salary of the Secretary. This must be done in the Lodge bylaws.



# What the Board cannot do.

- Purchase, make alterations, or encumber the Lodge facilities at a cost of more than \$25,000.00, sell the Lodge facilities or enter into a lease of the Lodge facilities for more than 5 years without first getting Lodge approval and Grand Lodge approval.
- List Lodge real estate for sale or execute a sales agreement without Lodge approval.
- The chair of the Board has no special authority other than that provided in Robert's Rules of Order, which includes the power to set the initial agenda for a meeting. (Note: Only the Chair can call a special meeting).

# What the Board cannot do.

- No Board member, including the Chair may act individually, unless the entire Board has delegated specific authority during a meeting. Board Members should always remember that they are agents of the Lodge and must always act in accordance with the instructions of the Lodge. In all matters, the Lodge has final authority over what the Board does.

# **Lodge Governing Body/House Committee (16.040)**

# **Different make up of Governing Board/House Committee as per Lodge bylaws.**

- By the Exalted Ruler, Leading Knight, Loyal Knight, Lecturing Knight and the Trustees of the Lodge.
- By the Trustees of the Lodge.
- By a House Committee (of not fewer than 3 or more than 13 members) to be appointed by the Exalted Ruler of the Lodge (the exact number must be set forth in the Lodge Bylaws).

# Duties of the Governing Body/House Committee

- Manage employee relations except for the Lodge Secretary's "Clerk".
- Establish club hours, prices and inventories.
- Manage all booked Lodge and outside events.
- Assist in formulating a club budget.
- Supervise members and employee health and safety programs.
- Hears and acts upon all club related member and employee complaints and disciplinary matters.

# Duties of the Governing Body/House Committee

- Recommends and enforces “House Rules”.
- Responsible for the sanitation of the Club.
- Any employee of the House Committee cannot volunteer his/her time into the same position.
- No Member of the Governing Body/House Committee can be employed by the Governing Body/House Committee.

# **Timeline for filing Lodge Annual Report (9-901)**

- The Lodge Audit and Accounting Committee is responsible for selecting and hiring outside accountant (with lodge approval).
- Must be brought on the floor of Lodge for approval in January.
- Auditing and Accounting Committee sends a letter of confirmation to outside accountant immediately after lodge approval.

# Timeline for filing Lodge Annual Report (9-901)

- Auditing and Accounting committee needs to deliver to the Accountant including a letter of instruction; the items needed to complete the audit and state and federal tax returns by May 1st. Accountant must have Lodge audit and tax returns back to Lodge by June 15<sup>th</sup>.
- Before June 30<sup>th</sup>, one copy of the annual financial report must be sent to the District Deputy Grand Exalted Ruler and one copy to the Area 7 Grand Lodge Auditing and Account Member.



# **Timeline for filing Lodge Annual Report (9-901)**

- Every Lodge Auditing and Accounting Committee should have available a current Audit and Accounting Manual for reference.
- Auditing Committee's term is not done until the final audit is read and approved on the floor of Lodge.

# Internal Controls (2-101)

- Each Lodge needs a system on 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 are determined by the volume of business, complexity of Lodge organization and number of employees available.
- Each Lodge needs to design its own system to hold your employees and volunteers accountable while maintaining transparency to the Membership.

# Internal Controls (2-101)

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.
- 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.

# Internal Controls (2-101)

- 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 reviewed and approved by the Board to ensure compliance with the budget.

# Internal Controls (2-101)

- 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”. After Lodge approval, the Secretary will present the bills to the Treasurer for payment (as per sec. 12.060).

# Internal Controls (2-101)

- Procedures for authorizing payment of employees. Treasurer should ensure that pay rates for new-hires and 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.
- Procedures for receipt of merchandise and supplies. Quality, weight and count should be checked. Delivery people should not be permitted to place merchandise in the storeroom without careful check. It is appropriate to limit the number of individuals who are authorized to sign for deliveries.

# Internal Controls (2-101)

- Treasurer, Bar manager, Food manager, should never be involved with inventory or receiving.
- Person originally receipting for cash should not be involved in depositing or recording receipts.
- Secretary's receipts should be reconciled with Treasurer's receipts each month. Delay increases difficulty in identifying discrepancies.
- All bank statements must be reconciled monthly and necessary corrections entered.

# Internal Controls (2-101)

- Bank deposits should be made promptly, daily if possible. Deposits are to be made by the Treasurer or another person as long as that person is covered by the Lodge insurance bond.
- Cash Kept in Lodge overnight should be stored in safes with combination locks that meet requirements of the casualty insurer.
- Lodge assets should be covered by adequate casualty insurance, and personnel who handle cash should be bonded. Sections 12.050 and 12.060 specify the minimum bond required for the Secretary and the Treasurer. Lodges should determine amount of bond to be carried for each person involved.



# Controls Applicable to Club Operations (2-102)

- Consideration should be given to the following when establishing the internal controls for the bar, food service, golf course, pool and similar club type operations.
- Management needs to pay close attention to Cost of Sales Ratio for the bar and food services.
- 35% for cost of goods sold, 35% for employee expenses and 6% for entertainment.

# Controls Applicable to Club Operations (2-102)

- When ratios exceed these guidelines, management should review existing practices on over-pouring, spillage, waste, pricing policies, purchasing functions, inventory control and so on.
- Improvements need to be implemented and selling prices need to be adjusted if necessary.
- It is good common sense that each entity of the Lodge should make a sufficient gross profit to support itself.

# Controls Applicable to Club Operations (2-102)

- Use recording cash registers with sufficient flexibility to record all sales by product and other cash receipts. Each register should be numbered with a continuous tape locked within each register.
- It is suggested that each register be able to produce a receipt to give each customer together with their change, immediately upon being served.
- Food service sales checks should be pre-numbered in sequential order and accounted for daily. Missing sales checks should be investigated by the supervisor.

# **Controls Applicable to Club Operations (2-102)**

- Separate cash drawers should be provided for each individual handling cash receipts.
- Access to the tape locked in the cash register should be limited to an individual, other than the bartender or cashier, who should count the cash, balance against tape totals, and prepare the daily summary of receipts.
- There should be an established policy for action to be taken on cash shortages/overages.

# Controls Applicable to Club Operations (2-102)

- Persons responsible for inventory should not be involved in inventory.
- Inventory of merchandise for resale should be taken monthly or quarterly as a minimum, at the end of year, March 31<sup>st</sup>.
- A member of the Auditing & Accounting committee, as an Officer or member of the club management committee should supervise taking the inventory and spot check pricing and extending.

# Distributing Overhead Costs

- **Purpose (3-101)** Lodges need to distribute overhead costs to each Department, class if using Quickbooks, entity or whatever you want to call it to obtain a true and more meaningful cost of operation for each. The practice of charging only direct costs and operating expenses to such entities as the club, and charging the overhead or indirect costs as Lodge expenses, is misleading and at times works to the detriment of the Lodge interests. Overhead costs should be considered as expense when determining profit.

# Distributing Overhead Costs

- **Overhead Costs (3-102)** These are costs incurred for the benefit of all departments and activities and cannot be assigned directly to any one department. These costs should be allocated to each department by percentage of use or other standard method. Overhead costs normally include, but are not limited to, the following:
  - Accounting and Legal Expenses
  - Depreciation
  - Insurance
  - Interest on Mortgage and Bonds
  - Janitorial Expenses
  - Pay of Secretary and Treasurer
  - Repair and maintenance of Building and Grounds
  - Utilities

# Distributing Overhead Costs

- **Prorating Overhead Costs (3-103)** Each lodge is encouraged to develop a method of assigning to each Department or Class if using QuickBooks a proportionate share of the total overhead costs. The method used may be based on building space and hours used, as a percentage of total; or on business revenue of each, as a percentage of total. The method used should be reasonable and understandable to members. The prorated share may be determined in advance and charged to each entity as “Intra-Lodge Rent”. Such rent would be included in the budget as income for the Lodge and as expense for the particular entities or major activities.



Should you have any questions  
please ask now or

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