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AUDITING & ACCOUNTING
COMMITTEE


PAUL M. CARPER, JR.

A Fraternal Organization

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To: Lodge Secretaries

4/15/2009

From:  P. M. Carper, Jr.
Area 4 Committeeman
Auditing and Accounting Committee

RE: Preparing of Lodge Audit

The following is provided for your assistance in filing the required Annual Lodge Audit. These suggestions do not address the financial position of your Lodge but strictly the preparing of the forms. From last years review of the filed Audits, I have identified several areas that need attention for you to file a completed Audit.

First and foremost, hire an accountant who will get your audit and tax forms prepared on time. If you send your return in late, the Grand Secretary will fine your Lodge \$100.00 for every 30 days you are late up too \$500.00. If you have a real reason you may contact me for an extension.

The Transmittal Letter:

Near the top of the page, fill in the **mailing address**.

To the left are five boxes to mark indicating that you have included five required items. Insure that all are included. This year the Annual Membership Report was filed on-line but you need to print a copy and include with your Audit.

Mark if you are using the Grand Lodge Chart of Accounts; indicate if all Lodge entities are included; show name of independent accountant who prepared Audit; the date the Audit was presented to the Lodge membership; and the date of your last insurance review.

You need to list three members on your Lodge Audit Committee along with addresses. You may use Lodge address if you wish.

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List the name of your new Exalted Ruler and Secretary as well as Chairman of the Auditing Committee.

Audit Forms:

Page one needs to have Accountant's Report, Page 7 needs to have Notes to Financial Statements by your Accountant, and Page 12 needs to have Accountant's recommendations and suggestions. You are paying an accountant and they should have some suggestions unless your facility is operating perfectly.

Pages 2 through 5 need to have past year and current year figures. You need to have budget figures for current year for both Lodge and Club.

Page 8 pertains to your Club operation. If you do not have a Club, please indicate this fact on the top of the page. If you do have a Club, you need to separate the Bar and Dining Room for this page. Complete all lines of this page. It is suggested that the Cost of Sales should not exceed 40% for both Bar and Dining Room.

Page 9 has several items and all lines need to be completed including the number of employees in different areas and which Lodge Officers are paid.

Page 10 pertains to membership and needs to be completed with all lines filled out. At the top you need number of Life and Regular Members with annual dues. Show gain and loss during the year.

Federal Tax Form 990:

Page 1, Item J has to be "X 501(c) 8". If you show any other number, your return will be reviewed and IRS may contact you to see if you wish to be dropped as an exempt organization. This could be a problem. Item I is to be Group Exemption Number 1156.

Page 7, Number 91a should be "**Lodge Secretary**" with the Lodge phone number and address.

Page 9, form should be signed by Lodge Officer and by accountant who prepared the form.

If there are questions about filing your Lodge Audit, you can contact me at the address and phone shown above.