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James C. Varenhorst
Past Grand Exalted Ruler

A Fraternal Organization

MEMORANDUM

DATE: December 4, 2009

TO: All Michigan Elks Lodges

As your State Sponsor it has become more evident that Lodges are advertising that they are OPEN TO THE PUBLIC. Elk Lodge cannot advertise that they are open to the public. It is a violation of Section 14.130 Laws of the Order.

Michigan Liquor Licenses do not permit you to sell to NON MEMBERS, even if they are a guest of a member. Members of the Elks are reminded over and over that their Lodges are for MEMBERS. Guests are welcome, but must be accompanied by a Member and the Members MUST pick up the tab for their guests, at the bar or dining room.

When non-Members pay their own costs for food, drinks, gaming, and other services at Lodges, the IRS will treat such payments as taxable Unrelated Business Income better known as UBIT. In addition to filing your 990 tax return, you also need to file a 990T tax return.

Lodges that are reported to me that are in violation of the Laws of the Order will give me no other choice to place that Lodge on Probation and that could lead to the LOSS of your Charter.

The current economic climate and other factors are resulting in more Lodges being audited by the Internal Revenue. If your Lodge is being audited please notify the Grand Secretary and this office.

LODGE SECRETARIES READ THIS MEMO AT YOUR NEXT LODGE MEETING AND PLACE IT WITH YOUR LODGE MINUTES – POST ON THE LODGE BULLITEN BOARD

Cordially and fraternally,

James C. Varenhorst

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State Sponsor