



# Grand Lodge Auditing and Accounting Committee

## *Advanced Lodge Accounting using QuickBooks*

2021 Grand Lodge Convention  
Tampa, Florida



# Auditing and Accounting Seminar

## Advanced Accounting Using QuickBooks

### **Agenda**

- Allocation of Overhead
- Separate Corporations
- Adjusting Journal Entries
- Internal Controls and Engagement Letter
- Restricted Funds



# Auditing and Accounting Seminar

## Advanced Accounting Using QuickBooks

# *ALLOCATION OF OVERHEAD*

CHAPTER 3-121 in the Auditing and Accounting  
Manual



# Auditing and Accounting Seminar

## Overhead Allocation

Properly allocating overhead costs to your various departments or other activities allows for a better understanding of the profitability to the Lodge of each

*Examples include but are not limited to:*

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



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## Overhead Allocation

### Two Primary Options

#### Option 1

Direct Allocation Method involves “estimating” percentages of each overhead account

#### Option 2

“Prorated allocation” posted as an “Intra Lodge Rent Expense” and recorded monthly



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## Overhead Allocation

### Direct Allocation

Establishing a percentage share could include:

- 1) Percentage of Square footage
- 2) Hours of usage
- 3) Estimate of utility usage per department



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## Overhead Allocation

### QuickBooks Accounting

#### Electric Utility Payment Example

In the Write Checks or Enter Bills window on the expenses tab -- use the lines at the bottom to allocate the total to the necessary accounts. The total allocated must match the total being paid to the vendor.



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## Overhead Allocation

### Write Checks Window

Anytown Elks Lodge No. 8888 - QuickBooks Accountant Desktop 2020 - [Write Checks - Checking - Webster Bank]

File Edit View Lists Favorites Accountant Company Customers Vendors Employees Banking Reports Window Help

Main Reports

Find New Save Delete Create a Copy Memorize Print Print Later Pay Online Attach File Clear Splits Recalculate Batch Transactions Reorder Reminder Order Checks

BANK ACCOUNT: 10201 - Checking General:1020... ENDING BALANCE: 1,193.85

NO. 2882  
DATE 06/15/2021

PAY TO THE ORDER OF \$ 0.00

ADDRESS

MEMO

Expenses \$0.00 Items \$0.00

ACCOUNT	AMOUNT	MEMO	CUSTOMER:JOB	BILL...	CLASS

A red arrow points to the "Expenses" section of the window.

### Enter Bills Window

Anytown Elks Lodge No. 8888 - QuickBooks Accountant Desktop 2020 - [Enter Bills]

File Edit View Lists Favorites Accountant Company Customers Vendors Employees Banking Reports Window Help

Main Reports

Find New Save Delete Create a Copy Memorize Print Attach File Clear Splits Recalculate Pay Bill

Bill Credit Bill Received

Bill

VENDOR DATE 06/15/2021

ADDRESS REF. NO.

AMOUNT DUE 0.00

TERMS BILL DUE 06/25/2021

MEMO

Expenses \$0.00 Items \$0.00

ACCOUNT	MEMO	C...	BILLABLE?	CLASS

A red arrow points to the "Expenses" section of the window.





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## Overhead Allocation

### Prorated Allocation

Establishing an amount annual to be paid to the Lodge  
by the other departments per agreed upon percentages

Credit Account 30121	"Intra Lodge Rent Revenue"		
Debit Account 40399	"Intra Lodge Rent Expense"	Bar	} Other Cost Centers as appropriate
Debit Account 50399	"Intra Lodge Rent Expense"	Food	



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## Advanced Accounting Using QuickBooks

# *SEPARATE CORPORATIONS*



# Auditing and Accounting Seminar

## Separate Corporations

Lodges are permitted under Grand Lodge Statutes Section 16.030 to form a separate corporation, either not for-profit (exemption under IRC Section 501(c) or for-profit (C Corporation).

### **Non Profit Corporations**

The common theme for all nonprofits is that they are not organized solely for profit. They instead serve a social purpose. All of the Lodges of the Order are 501© (8). This category includes fraternal beneficiary societies and associations. They submit tax returns to the IRS on form 990 or 990-EZ annually. All of the lodges of the order fall under this category based on a long standing agreement with the IRS.

### **For Profit Corporations**

A for-profit organization is one, whose main goal is to make money, ie. make a profit. It contrasts with a non-profit organization or not-for-profit organization which focuses on keeping itself going. Non-profit organizations usually have other non-business goals, such as helping the community.



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## Separate Corporations

### **Examples of Separate Corporations include:**

- Building Corporations to hold the Lodge's Real Property (501(c)(2))
- Lodge owned Commercial Property
- Lodge Club or Other Facility
- Lodge Athletic Facilities (Golf or Tennis Clubs, Swimming Pool, Fitness Center, etc.)
- Other Lodge Recreational Facilities (RV Parks, Shooting Ranges, etc.)



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## Separate Corporations

### Subject to State law:

- Membership in the corporation shall consist of the ***elective*** officers (including Trustees) of the Lodge together with four additional persons who are Members of the Lodge. These four Members shall be elected by the other Corporation members and shall have one year terms.
- If Stock is required to be issued, the corporation shall issue one share in the name of the Lodge and the certificate to be delivered to the Lodge Secretary.

### Governance

- Non-Profit corporation – Board of directors of seven, all corporate members serving one year terms
- For Profit corporation – Board of directors of seven consisting of four elected Officers of the Lodge and three members of the Lodge at large serving one year terms



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## Separate Corporations

### **Governance** (continued)

- Corporate Officers consist of a President, Vice-President, Secretary and Treasurer. Elected annually by the Board of Directors from the members of the Board of Directors. President and Secretary shall not hold more than one office.

### **Other Grand Lodge Requirements**

- Corporate Books and Records at all time subject to inspection by the Grand Lodge
- Corporation to present to the Lodge for approval by the final regular Lodge meeting in April a segregated budget for the operation of the corporation
- Submit monthly written report of financial condition and comparison to budget
- Upon dissolution of separate corporation, all property to be distributed to the Lodge or other non-profit organization, fund, corporation or trust forming a part of or controlled by the Benevolent and Protective Order of Elks of the United States of America.



# Auditing and Accounting Seminar

## Separate Corporations

### **Other Grand Lodge Requirements** (continued)

- No Articles of Incorporation, trust agreement, formative documents or By-Laws or any amendment thereto of a separate corporation, trust or other related legal entity shall take effect unless submitted to and approved by the Committee on Judiciary.
- Entity shall be subject to and comply with the provisions of Sections 1.165, 16.011, 16.030 and 16.050 in all matters applicable thereto and the Laws of the order and the formative and governing documents of such entity shall require such compliance, regardless of when formed.
- Compliance with the above requires that the separate corporation report its financial activity monthly into the FRS. To accomplish this each separate corporation must have a unique “lodge” number in the 8XXX series assigned to it. The parent Lodge must establish a separate set of accounting records for the separate corporation.

All separate corporations must file the appropriate Federal and State tax and information returns on an annual basis and upload same to [elks.org](http://elks.org)



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## Advanced Accounting Using QuickBooks

# *Adjusting Journal Entries*





# Auditing and Accounting Seminar

## Adjusting Journal Entries

### Definition and Explanation

Adjusting entries (also known as end of period adjustments) are journal entries that are made at the end of an accounting period to adjust the accounts to accurately reflect revenues and expenditures of the current period.



# Auditing and Accounting Seminar

## Adjusting Journal Entries

### The Purpose of Adjusting Journal Entries

According to the accrual concept of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred. Some business transactions affect the revenue and expenses of more than one accounting period. For example, a service providing company may receive fee from its clients for more than one period or it may pay expenses in advance. All revenue received cannot be reported on the income statement of the current accounting period, the same for expenses.



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## Adjusting Journal Entries

### Types of Adjusting Entries

The preparation of adjusting entries is the fourth step of an accounting cycle and comes after the preparation of unadjusted trial balance. Adjusting entries can be divided into the following five types:

1. Accrued Revenue and Uncollected Revenue
2. Accrued Expenses and Unpaid Expenses
3. Deferred Revenue
4. Prepaid Expenses
5. Depreciation Expenses
6. Error Correction



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## Adjusting Journal Entries

### When are Adjusting Entries Made

Adjusting entries are usually made at the end of an accounting period. However, they can be made at the end of a quarter, a month, or even at the end of a day depending on the accounting requirements and the nature of business carried on by the company. In some cases, they may be made in the following year (Prior Period Adjusting Journal Entries).



## General Journal Entry Form

[illegible]



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## Adjusting Journal Entries

### Execute the Adjusting Journal Entries

Each adjusting entry will be prepared slightly different. Here is an example on how to record one type of adjusting journal entry:

Date	Account Name	Debit	Credit
1-Jan-21	Unearned Revenue	\$ 15,000	
	Client Revenue		\$ 15,000

Date	Account Name	Debit	Credit
10-Feb-21	Deferred Revenue	\$ 500	
	Service Revenue		\$ 500



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## Adjusting Journal Entries

### Adjusting Journal Entry – Final Thoughts

- Always verify that the entry has had the desired effect.
- Once you have completed your adjusting entries, remember to run an adjusted trial balance, which is used to create closing entries.
- For repetitive entries, consider using QuickBooks recurring journal entry feature to automate the entries
- Make use of spreadsheets for complicated or complex journal entries (i.e., depreciation methods other than straight line)



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## Advanced Accounting Using QuickBooks

# *Internal Controls*





# Auditing and Accounting Seminar

## Internal Controls

### Topics

- What are Internal Controls
- Responsibilities of Lodge Auditing Committee
- Secretary concerns
- Treasurer issues
- Trustee/Directors
- Pitfalls of lack of Internal Controls
- Examples of good Internal Controls
- Engagement Letters



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## Internal Controls

Internal Controls ensure:

- Process Assuring an Organization's objectives in operational effectiveness and efficiency are met.
- Reliable Financial Reporting
- Compliance with Laws and Regulations



# Auditing and Accounting Seminar

## Internal Controls

### Audit Committee Responsibilities (13.040)

1. Oversee the preparation of the Financial Reporting System (FRS) Report. FRS must include all books and records.
2. Receive from a Licensed Tax Professional all Federal and State Tax Returns completed for all entities of the Lodge.
3. Failure to submit FRS reports may subject the Lodge to \$100.00 per month plus \$100.00 thereafter not to exceed \$500.00.
4. Ensure all entities are included and documented in segregated profit and loss statements in FRS.
5. Require use of uniform chart of accounts in section 4.330.



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## Internal Controls

### Audit Committee Responsibilities (13.040) (continued)

6. Committee shall continue their duties till March (year end) is filed and tax returns submitted.
7. Local Lodges failure to follow FRS are subject to audit or review as determined by the Grand Lodge Committeemen and approved by the State Sponsor.
8. In the event the Lodge FRS indicates mismanagement, financial inconsistencies or failure to follow standard accounting principals, the Grand Lodge Audit and Accounting Committeemen with approval of the State Sponsor may require an audit or review.
9. Report to Lodge July, October and January. Review the record keeping, financial matters, compliance with budget and report at regular lodge meeting.



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## Internal Controls

### Audit Committee Cannot Include

1. Secretary
2. Treasurer
3. Trustees
4. Directors
5. Member of Supervising Body, Managing Body of the Club or Social entities.



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## Internal Controls

### **Secretary**

- Does not provide Receipts for cash & checks
- Makes Deposits for Treasurer
- Does not make available records when requested
- Difficult to meet in order to conduct an Audit or answer questions



# Auditing and Accounting Seminar

## Internal Controls

### **Treasurer**

- Keeps poor records which cannot easily be followed
- Difficult to meet in order to conduct an Audit or answer questions
- Maintains more than one set of Accounting records
- Only needs one signature or has a stamp of second signature.



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## Internal Controls

### **Trustees**

- Award contracts without following Bidding Process
- Failure to obtain Lodge approval for contracts
- Sell assets and equipment without proper notification to membership





# Auditing and Accounting Seminar

## Internal Controls

### **Charitable Expenditures (including Relief)**

- Money given without proper investigation and substantiation
- Money given to an individual rather than to an entity such as the Mortgage Company, Medical Provider, Utility Company, etc.

### **Other**

- Any cash expenditures given without proper substantiation
- Over pours or free drinks resulting in higher tips at the expense of the Lodge



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## Internal Controls

### **Committee Chairmen**

- Chairman has his own checkbook
- Deposits to Lodge Secretary made on a net basis
- Payments made in cash without receipts
- Advances not substantiated with receipts
- Poor or non-existent committee reports without supporting data (Appendix F A&A Manual)



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## Internal Controls

120 – Appendix F

### — SAMPLE EVENT REPORT —

ANYTOWN ELKS LODGE No. XXXX DATE: \_\_\_\_\_

Report of \_\_\_\_\_ Committee

Event Description \_\_\_\_\_

#### STATEMENT OF RECEIPTS and EXPENDITURES

##### RECEIPTS:

Tickets Sold \_\_\_\_\_ @ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Other Revenue (list) \$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

TOTAL RECEIPTS \$ \_\_\_\_\_

##### EXPENDITURES:

Paid By Vendor Item Amount

_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

TOTAL EXPENDITURES \$ \_\_\_\_\_

NET PROFIT/(LOSS) \$ \_\_\_\_\_

CASH TO LODGE SECRETARY \$ \_\_\_\_\_

ELKS HOURS \_\_\_\_\_ VOLUNTEER HOURS \_\_\_\_\_ PARTICIPANTS \_\_\_\_\_

Chairman \_\_\_\_\_



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## Internal Controls

### **Club Activities**

- Manipulation of the Cash Register
- Duplicate Register
- Register activity is not INDEPENDENTLY checked against bank deposits and Secretary Receipts book
- Theft of Inventory
- Over pours or no-rings



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## Internal Controls

### **When Controls Fail it Results in Loss of Funds that could be used for:**

- Charitable Purposes
- Pay Lodge Bills
- Improve Lodge Property
- Keep Bar Prices in Check
- Strengthen Fiscal Health of the Lodge



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## Internal Controls

### **When Controls Fail Lodge Credibility & Reputation is Negatively Affected**

- Inability to maintain or improve Membership
- Questionable Success of Future Fundraisers
- Community Mistrust in Future Elk Endeavors
- Opening to Grand Lodge & Regulatory Scrutiny
- “Do I want to support a Lodge that cannot control its Assets or Members?”



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## Internal Controls

### **Good Controls would include:**

- Treasurer is Treasurer of all Committees
- All expenditures must be substantiated
- All expenditures must be approved by the floor
- No Committee should have its own Checkbook including House, HCC, Convention, Blood Bank etc.
- The Club Inventory should be taken by the Audit Committee (no member of the House Committee should be on the Audit Committee)
- Checks & Balances between the Secretary & the Treasurer should be enforced



# Auditing and Accounting Seminar

## Internal Controls

### **Good Controls would include:**

- All contracts must be awarded via a bidding process and approved by the floor.
- An inventory control log should be maintained for all Lodge property
- Place Accountability where it belongs – Do not give anyone a free ride – They'll do it again





# Auditing and Accounting Seminar

## Internal Controls

### **Engagement Letters - A&A Manual Appendix D**

1. Agreement – Contract between lodge and accounting professional
2. Duties – preparation of lodge Federal, State and Local tax returns
3. Compensation paid to accounting professional
4. Milestone dates
5. Grand Lodge due date AUGUST 1<sup>ST</sup>
6. Adjustments supplied to lodge to update and reconcile lodge records to tax return



# Auditing and Accounting Seminar

## Internal Controls

### **New for 2020 – 2021 Reporting – Transmittal Letter**

- Similar to the Annual Financial Report Transmittal Letter
- Required to be uploaded with the Form 990
- Must be electronically signed by the Exalted Ruler, Lodge Secretary or Chairman of the Lodge Auditing and Accounting Committee



# Auditing and Accounting Seminar

## Internal Controls



### TRANSMITTAL LETTER

THIS DOCUMENT TO BE COMPLETED BY THE LODGE AUDIT  
COMMITTEE OR LODGE SECRETARY

For Fiscal Year Ending: March 31,

In accordance with Section 13.040 of the Grand Lodge Statutes:

Lodge No. State: District:

Mailing Address:

Street City State Zip

Lodge email address:

- |   | Yes                      | No                       |
|---|--------------------------|--------------------------|
| 1. Were any separate financial statements prepared for the Lodge?<br>Type: Preparation <input type="checkbox"/> Compilation <input type="checkbox"/> Review <input type="checkbox"/> Audit <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Was actual data for all entities submitted into the Financial<br>Reporting System for all months in the fiscal year?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Was all actual data for all entities reviewed by the Lodge<br>Auditing and Accounting Committee?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Were the Lodge's Investment Accounts reported at Fair<br>Market Value (FMV) at year end?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Were Forms W2 issued for the Lodge Secretary and Lodge<br>Treasurer wages and for all Lodge employees?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Were Forms 1099 issued for all outside contractors and<br>all entertainment contractors?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Did the Lodge use an employee leasing firm?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Did the Lodge obtain Director's & Officers insurance?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Were the Lodge's Form 990, Form 990-T and any State or Local<br>Information and Tax returns prepared by a preparer who is<br>independent of the Lodge?   | <input type="checkbox"/> | <input type="checkbox"/> |

Name: CPA ☐ Enrolled Agent ☐

10. Date Final Report, Information and Tax returns submitted to  
the Lodge for approval:

Under the Obligation of the Order, by completing this page and typing my name  
below I acknowledge that I am electronically signing this transmittal letter.

Name:

Title:

Email Address:

Phone:



# Auditing and Accounting Seminar

## Internal Controls

### **New for 2020 – 2021 Reporting Submission of Comparative Balance Sheet**

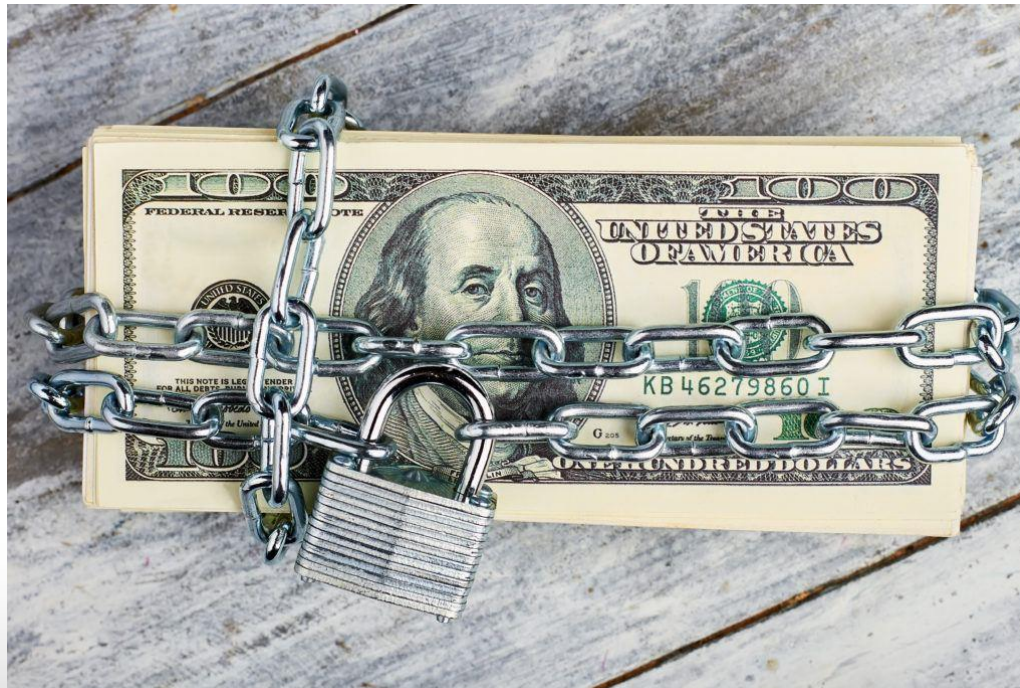
- Report directly from QuickBooks
- Save as a pdf file
- Upload with Form 990
- Will assist in reconciling data in the FRS to the Form 990



# Auditing and Accounting Seminar

## Advanced Accounting Using QuickBooks

# *Restricted Funds*





# Auditing and Accounting Seminar

## Restricted Funds

### **Definition**

Restricted Funds are defined in G.L.S. Section 1.165 as “Funds or other property donated to, raised by, or allocated by a Lodge or related entity to be expended during a specified time or for a designated purpose, or both.





# Auditing and Accounting Seminar

## Restricted Funds

### **Types of Restricted Funds**

#### **Temporary**

These are donated funds with a donor designated purpose and with a relatively short holding period by the Lodge until they are disbursed as directed. They are to be placed in a restricted account and not co-mingled with or available for general Lodge use. Grand Lodge Statutes Section 16.011 applies to management of these funds. These Funds become part of the Equity section of the Balance Sheet.



# Auditing and Accounting Seminar

## Restricted Funds

### **Examples of Temporary Restricted Funds**

- Funds are collected by a Lodge from its Members through a voluntary payment with their annual dues for the Elks National Foundation. All funds received are then forwarded to ENF in the Members' names.
- Lodge-approved event to raise money for the State Major Project. All funds received and all expenses paid would be recorded as a restricted fund.





# Auditing and Accounting Seminar

## Restricted Funds

### **Examples of Temporary Restricted Funds** (continued)

- A Lodge by vote of the floor agrees to set aside \$10,000 for any major building repair of more than \$1,000. The Lodge would transfer funds to the restricted bank account and when there is an expenditure it would be paid from that account.
- The Lodge receives various ENF grants to be used for a specific purpose. These become temporary due to a specific purpose and time frame. Once again the funds are deposited into a restricted bank account, and all expenditures are paid from that account



# Auditing and Accounting Seminar

## Restricted Funds

### **Restricted Funds**

#### **Permanent**

These are special purpose funds designated by the Donor, Grantors or a Bequests. Many times, legal documents state the purpose and duration. Lodges have a fiduciary duty to follow the dictates of the Donor. Diversion of these funds can be made only by the Donor and in some cases a court order. Legal documents will usually dictate how the fund is to be dissolved at the end of the purpose. These funds are part of the Equity Section of the Balance Sheet. Other strict enforcement standards are outlined in Grand Lodge Statutes Section 16.011.



# Auditing and Accounting Seminar

## Restricted Funds

### **Examples of Permanent Restricted Funds**

- A member dies and the deceased's will states that the Lodge is to receive \$50,000 for the purpose of giving a \$5,000 scholarship to a high school graduate selected by the Lodge based on need, scholastic and community involvement. Thus the purpose is scholarship for a period of 10 years.
- A Member hits the lottery and makes a gift to the Lodge of \$100,000 to support the youth activities of the Lodge with no more than \$5,000 spent each year. In this case the purpose is youth activities and the time period would be at least 20 years or longer if less is used in any year.



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## Restricted Funds

### **Examples of Permanent Restricted Funds** (continued)

- The Lodge receives a grant from a local bank of \$10,000 to assist the veterans of the community over a period not to exceed a period of five years. The purpose is for veterans and time period of five years.
- A Lodge receives \$200,000 from a local businessman with the stipulation that only the income earned can be used for one scholarship awarded to a high school senior pursuing a college degree in business. The purpose is to give a scholarship, and the time frame is infinity because only the yearly income can be used.



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## Restricted Funds

### **Restrictions placed by G.L.S. 16.011**

- a) A Lodge which holds Restricted Funds because of donor designation shall not expend, borrow from, or borrow against any of such property for a purpose or during a period other than that designated without the written authorization of the donor, or pursuant to an order from a court of competent jurisdiction.



# Auditing and Accounting Seminar

## Restricted Funds

### **Restrictions placed by G.L.S. 16.011** (continued)

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



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## Restricted Funds

### **Restrictions placed by G.L.S. 16.011** (continued)

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





# Auditing and Accounting Seminar

## Restricted Funds

### **Use of COA for Restricted Funds**

The Chart of Accounts is designed to provide accounts for all of the Lodge's Restricted Fund transactions. The 9XXXX series of accounts is designed to record all Restricted Revenues and Restricted Expenditures.

As with all the rest of the COA the use of two-character subaccounts is permitted to allow the Lodge to adapt the COA to unique activities within the Lodge. Subaccounts must begin with the same 5 digits as their parent account. However, subaccounts of subaccounts are not permitted. Lodges may not add any five-digit "parent" account numbers to the listing without prior approval of the Grand Lodge Auditing and Accounting Committee.





# Auditing and Accounting Seminar

## Restricted Funds

### **RESTRICTED FUNDS INCOME**

90100 · Bingo Sales Income  
90102 · Pull Tab Sales Income  
90103 · Bingo Supplies Sales Income  
90105 · Other Bingo Sales Income  
90110 · Other Gaming Revenues Income  
90121 · Intra Lodge Rent Revenue (Overhead Allocation) Income  
90125 · Dividends/Realized Gains/(Loss) on Restricted Investments Income  
90126 · Unrealized Gains/(Losses) on Restricted Investments Income  
90201 · Elks National Foundation – Donations Received Income  
90202 · State Major Project Revenues Income  
90205 · Local Charity Revenues Income  
90214 · ENF Grants Received Income  
90230 · Other Charity Revenues Income  
91000 · Permanent Lodge Grants Revenues Income  
91050 · Temporary Lodge Grants Revenues Income  
91051 · Lodge Transfers to Restricted Funds Income

### **RESTRICTED FUNDS EXPENSES**

92001 · Bingo Card Pay Out Expense  
92002 · Pull Tab Pay Out Expense  
92003 · Bingo Special Pay Out Expense  
92005 · Bingo Cash Over/Short Expense  
92006 · Bingo Bank Fees/Bad Checks Expense  
92010 · Bingo Supplies Expense  
92011 · Bingo Advertising Expense

92012 · Bingo Rent Expense  
92015 · Bingo Volunteer Expenses Expense  
92020 · Bingo Donations to Charities Expense  
92023 · Other Gaming Expenses Expense  
92025 · Pull Tab Supplies Expense  
93010 · Americanism Expense  
93100 · Civic Activities Expense  
93101 · Dictionary Program Expense  
93102 · Distress Members Expense  
93104 · Community Activities Expense  
93105 · Kids Christmas Expense  
93110 · Youth Programs (Hoop Shoot, Soccer Shoot, Youth Teams, etc.) Expense  
93116 · Law Enforcement Recognition Expense  
93120 · Veterans Activities Expense  
93123 · State Major Project Expenses Expense  
93150 · Other Local Charity Expenses Expense  
93214 · ENF Grants Expenses Expense  
93215 · ENF Member Donations Disbursed Expense  
93220 · Gaming Licenses, Fees & Taxes Expense  
93399 · Intra Lodge Rent Expense (Overhead Allocation) Expense  
95010 · Permanent Fund Disbursements Expense  
95020 · Temporary Fund Disbursements Expense  
99001 · Temporary Funds Year End Closing Expense  
99002 · Permanent Funds Year End closing Expense



# Auditing and Accounting Seminar

## Restricted Funds

### **Year End Closing**

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



# Auditing and Accounting Seminar

## Restricted Funds

### **TEMPORARY RESTRICTED FUNDS**

29010 · Bingo Net Restricted Long Term Liabilities

29011 · Gaming Net Long Term Liabilities

29013 · Elks National Foundation Long Term Liabilities

29014 · ENF Grants Temp Restricted Long Term Liabilities

29015 · State Major Projects Long Term Liabilities

29018 · Other Restricted Charities Long Term Liabilities

29020 · Lodge Designated Restricted Long Term Liabilities

### **PERMANENT RESTRICTED FUNDS**

29110 · Permanently Restricted Fund Balances Long



# Auditing and Accounting Seminar

## Restricted Funds

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



# Auditing and Accounting Seminar

## Restricted Funds

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

A detailed overview with examples is provided in Appendix J of this manual. Lodges are also encouraged to consult their outside accountant for additional help and support in working with their Restricted Funds.





# Auditing and Accounting Seminar

## Restricted Funds

APPENDIX J

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### ◀ Guide to Restricted Fund Account ▶

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

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

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

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

*Listed in order of preference, they are:*

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



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## Restricted Funds

At the end of the fiscal year I want to close Charity Expense Accounts to the Balance Sheet Restricted Funds Account. Elks National Foundation \$6,000.00, State Major Project \$7,500.00, Dictionary Project \$3,000.00, Kids Christmas \$500.00 and Veterans Activities \$4,000.00.

	<b>Debit</b>	<b>Credit</b>
Acct. 29013 Elks National Foundation	\$6,000.00	
Acct. 29015 Major Projects	\$7,500.00	
Acct. 29018 Other Charities	\$7,500.00	
Acct. 93215 Elks National Foundation		\$6,000.00
Acct. 93123 State Major Project		\$7,500.00
Acct. 93101 Dictionary Project		\$3,000.00
Acct. 93105 Kids Christmas		\$ 500.00
Acct. 93120 Veteran's Activities		\$4,000.00

Memo - To close Charity activities expenses to the Balance Sheet Restricted Funds



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## Restricted Funds

We received \$25,000.00 unrestricted grant which was posted to Account 91050 Temporary Restricted Income, and now we want to restrict its use for a future project before we close the books for the year. A lodge vote restricted the funds.

	<b>Debit</b>	<b>Credit</b>
Acct. 91050 Temp. Restricted Lodge Grant	\$25,000.00	
Acct. 29020 Temp. Restricted Lodge Funds		\$25,000.00

Memo - To transfer Lodge Grant funds to a future use fund by Lodge vote.



[illegible]



# Auditing and Accounting Seminar Restricted Funds

<https://www.elks.org/grandlodge/auditing/documents.cfm>

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## FRS Training Material

◀ Financial Reporting System

 [Year End Closing for Restricted Accounts \(xls\)](#)  
Excel workbook designed to make the task of closing the 9xxx series of accounts easier for lodges to perform. (Updated 4/9/2021)

 [FRS Due Date Calendar 2021/2022 \(pdf\)](#)



# Auditing and Accounting Seminar

## Restricted Funds

Microsoft Excel - Copy of YearEndClosingForRestrictedAccounts.xlsx

**Elks Year-end Closing for Restricted Accounts**

Run the Profit and Loss Report for the entire fiscal year (April 1 through March 31)

Enter the year for the March 31 date here: **2021**

Enter the amount as shown on the Profit and Loss Report for each of the accounts below:  
*If the amount is shown with a - sign, type the - sign before entering amount below*  
*Be sure to sum any sub-accounts to the base account number*  
There are 44 accounts in the list; not all accounts may have amounts

Once all amounts are entered below and verified, enter the journal entry information shown to the right (you can print it or save this workbook and attach it in QuickBooks).

Account	Amount
90100 Bingo Sales	
90102 Pull Tab Sales	
90103 Bingo Supplies Sales	
90105 Other Bingo Sales	
90110 Other Gaming Revenues	
90125 Invest IndActual G(L) Restrict	
90126 Unrealized G(L) on Investment	
90201 ENF - Donations Received	
90202 State Major Project Revenues	
90205 Local Charity Revenues	
90214 ENF Grants Received	
90230 Other Charity Revenues	
91000 Permanent Lodge Grants Revenues	
91005 Temporary Restricted ENF Grants	
91050 Temporary Lodge Grants Revenues	
91051 Lodge Trans to Restricted Funds	
92001 Bingo Card Pay Out	
92002 Pull Tab Pay Out	
92003 Bingo Special Pay Out	
92005 Bingo Cash Over/Short	
92006 Bingo Bank Fees/Bad Checks	
92010 Bingo Supplies	
92011 Bingo Advertising	
92012 Bingo Rent	
92015 Bingo Volunteer Expenses	
92020 Bingo Donations to Charities	
92023 Other Gaming Expenses	
92025 Pull Tab Supplies	
93010 Americanism	
93100 Civic Activities	
93101 Dictionary Program	
93102 Distress Members	
93104 Community Activities	
93105 Kids Christmas	
93110 Youth Programs	
93116 Law Enforcement Recognition	
93120 Veterans Activities	
93123 State Major Project Expenses	
93150 Local Charity Expenses	
93214 ENF Grant Expenses	
93215 ENF Member Donations Disbursed	
93220 Gaming Licenses/Fees & Taxes	
95010 Permanent Fund Disbursement	
95020 Temporary Fund Disbursement	

Date: 3/31/2021 Entry No: ECLOSE2021

Account	Debit	Credit	Memo
29010 - Bingo Net Restricted			Restricted Funds Close - FYE 2021
99001 - Temporary Funds Y/E Close Acct			Restricted Funds Close - FYE 2021
29011 - Gaming Net			Restricted Funds Close - FYE 2021
99001 - Temporary Funds Y/E Close Acct			Restricted Funds Close - FYE 2021
29013 - Elks National Foundation			Restricted Funds Close - FYE 2021
99001 - Temporary Funds Y/E Close Acct			Restricted Funds Close - FYE 2021
29014 - ENF Grants Temp Restricted			Restricted Funds Close - FYE 2021
99001 - Temporary Funds Y/E Close Acct			Restricted Funds Close - FYE 2021
29015 - State Major Projects			Restricted Funds Close - FYE 2021
99001 - Temporary Funds Y/E Close Acct			Restricted Funds Close - FYE 2021
29018 - Other Restricted Charities			Restricted Funds Close - FYE 2021
99001 - Temporary Funds Y/E Close Acct			Restricted Funds Close - FYE 2021
29020 - Lodge Designated Restricted			Restricted Funds Close - FYE 2021
99001 - Temporary Funds Y/E Close Acct			Restricted Funds Close - FYE 2021
29110 - Permanently Restricted Funds			Restricted Funds Close - FYE 2021
99002 - Permanent Funds Y/E Close Acct			Restricted Funds Close - FYE 2021

To print the journal entry above, simply click File, then choose Print, and if the correct printer is selected, click the Print icon



# Auditing and Accounting Seminar

## Restricted Funds



**I am done and you don't have to remember a thing I said today because every bit of it came either from the Auditing and Accounting Manual or other resources available to you every day on the Grand Lodge Website.**





# Auditing and Accounting Seminar

## Advanced Accounting Using QuickBooks

