

2023

THE FINANCIAL REVIEW COMMITTEE

**THE WHO, WHAT, WHERE, WHEN,
HOW AND WHY IT IS SO IMPORTANT!**



Why it is important

- To comply with IRS regulations
 - Protect Not for Profit Status
- To protect the assets of the lodge and lodge officers
 - Lodge Officers can be held financially accountable for lodge indebtedness
 - Identify misappropriation
- To ensure the General Laws are being followed



Why we have one

- Help Identify
 - 990 Tax Form Not Filed on Time
 - \$20 per day fine, EVERY day; loss of not-for-profit status after 3 years; liable for tax on ALL INCOME
 - Property Tax Not Paid
 - Sheriff's Sale of Property
 - Employee Taxes not Paid
 - Huge IRS fines and penalties
 - Sales Taxes not Paid
 - Loss of Liquor or Food Service License
 - Levy or huge penalties



What happens when

- Property Insurances lapses and damage occurs
 - Loss of building, business, and liability for injuries
- Worker's Compensation Insurance lapses
 - Law suit for injuries
 - Loss of business and operating licenses
- Surety/Fidelity Bond lapses and there is theft by employees/officers
 - Assets disappear for good



**These are only SOME
of the possible repercussions!**

What is it?

- **What is a financial review:**
 - Independent and systematic examination of:
 - Financial Records
 - Receipts
 - Non-financial records
 - Other Lodge document



What you will need monthly

- Income documents:
 - Weekly envelopes and matching deposit slips
 - Pull Tab tracking sheets & inventory
 - Video Gaming records
 - Receipt Books
 - Committee Funds
 - Committee Members are not bonded
 - Endowment, Membership Dues, Applications, Transfers, Hall Rental, Donations



What you will need monthly



- Expenditures:
 - Beer, liquor, wine, food, invoices
 - Vendor invoices, paid and unpaid
 - Other bills
 - Mortgage/Rent
 - Utilities
 - Repairs
 - Insurance
 - Charitable donations
 - Credit Card Bill
 - The list goes on.....

What you will need monthly

- Bank Statements and reconciliation summaries for all accounts including checking, savings, investments
- Last month's Balance Sheet and Profit & Loss Detail
- Meeting minutes – Board of Officer & General Membership
 - Signed by President & Administrator
 - Applicant and Sponsor Information
 - Bills Paid to include check number and amount
- Membership/LCL records
- Employee Records, I-9, W-4, W-2s
- 940/941 – Federal Payroll Tax
- State Payroll Tax Documents
- Sales Tax Filings



Examined less frequently



- **Annually**
 - 990's with all required schedules
 - Permits and Licenses
 - State Incorporation Status
 - Updated Bank Signature Cards
- **Semi-Annually**
 - Insurances
 - Fidelity Bond
 - Building & Property
 - Workers Compensation
 - Hall Rental
 - Other required at State & Local Filings
- **Quarterly**
 - Moose International A/R
 - Association Per Capita
 - 1099's & W-2G's

Where to hold the review

- Secure area within **the lodge**
 - No lodge property, paraphernalia, or documents should leave the lodge
- Don't leave files unattended
 - At least two persons shall remain with items to be reviewed at all times
- Do not share information beyond Committee members
 - A report shall be given monthly by the Committee Chairman in the General Membership meeting
- Allow sufficient time for review
 - Quarterly and Annual reviews may require more time
- Upon completion all items shall be returned to the Administrator



When to conduct reviews

- Monthly reviews should be scheduled as soon as the monthly bank reconciliations are complete
 - Reconciliations must be completed by the 15th of every month
 - Financial Review Committee Report to be read at the 2nd meeting of each month
- Chairman shall contact the Administrator to verify timing
- Administrator shall have all requested items available for committee
- Administrator should be available for questions
- Two out of three committee members shall be present for review



Who is the Financial Review Committee



- By virtue of elected office the Chaplain is on the Financial Review Committee
- President appoints a Committee Chairman and a second committee member
- Preferred Committee members should have some business, accounting, or financial knowledge/background
 - Other Elected Officers do not serve on this committee



Questions & Things to Remember

Real FRS Findings...

- Payroll taxes weren't paid - owe back taxes, owe penalties and fines
- Didn't pay real estate taxes – the Government is selling the Lodge
- Didn't pay liquor tax or renew licenses - no longer eligible to have liquor licenses
- Thought you had money but you don't



Board of Officers Reply to all of above

“We didn't know...”

And Now You Know...



- **A Reminder to the Board of Officers**
 - When the IRS says the “Lodge” owes taxes, fines, and penalties, and the “Lodge” doesn’t have any money, the Board of Officers’ personal finances are next on their list
 - So, Brother or Sister President, do you still have the excuse that “No one will do it”, or do you find just TWO members willing to help the lodge?

Reference Materials

- General Laws
- Officers' & Committeemen's Handbook
- Financial Review Committee Handbook
- Financial Review Committee Monthly and Semi-Annual Forms
- Financial Review Committee Checklist

