

Title: INTERNAL REVENUE AUDIT

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References: Auditing and Accounting Manual, Chapter 5 and Chapter 10

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DISCLAIMER

The Business Practice Committee of the B.P.O. Elks of the State of Florida has prepared this information to assist the Local Lodges of this Fraternal Order. The FSEA Business Practice Committee is neither responsible nor empowered to be responsible for the establishment of such procedures. The Business Practice Committee acts as a resource to assist Local Lodges. You should always consult your Lodge's tax and legal advisors before engaging in any endeavors or transactions to ensure compliance with Federal, State, and Local Laws.

INTERNAL REVENUE AUDIT

An Internal Revenue Audit of one of the Florida lodges was conducted at the end of 2018. The lodge audit was successful as the lodge was found to owe no money to the Internal Revenue and the tax exempt status remained intact. The Internal Revenue auditor provided the following information following the audit:

“Through the course of the examination, the examiner concluded that the following issues were present with the Benevolent & Protective Order of Elk lodge:

During our examination of the organizations Form 990, and related records, we determined that you didn’t complete Schedule G. Section 6033(a)(1) of the Internal Revenue Code provides, in part, as follows:

‘...every organization exempt from taxation under Section 501(a) shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the Internal Revenue laws as the Secretary may by forms of regulations prescribe...’

For subsequent returns, complete all required Parts in Schedule G. Failure to complete all required Parts on Form 990’s Schedule G in the future may subject you to incomplete return penalties as mentioned in Revenue Ruling 77-162.1977-1 C.B.400 as well as jeopardize your exempt status since you aren’t meeting the requirements under which exemption was granted.

It is in the Service’s best interest to educate the organization to foster future compliance.”

Lodges should pay close attention in their review of the 990 and 990T to insure the preparer has included all require forms and/or schedules prior to the signing, dating, and filing of the returns. **If you receive an Internal Revenue Service (IRS) audit notification letter, immediately contact the Chairman of the Business Practices Committee for assistance in preparing for the audit.**

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