

Jurisdiction of Illinois DeMolay International



Chapter Annual Financial Reporting, Audit and IRS Tax Reporting

Instructions

Mark L. Rauschenberger
Executive Officer – Illinois DeMolay
Effective 1/1/2011

**THE INTERNATIONAL SUPREME COUNCIL
ORDER OF DEMOLAY**

Mark L. Rauschenberger
Active Member
Executive Officer in Illinois



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To: DeMolay Chapter Chairman
Knighthood Priory Chairman
Legion of Honor Preceptory Leadership
Chevalier Courts Leadership

There is no greater obligation in a not for profit organization than to maintain the highest standards of bookkeeping and safeguarding the funds of our various DeMolay bodies. Although financial improprieties are rare, we must guard against the potential impact by adhering to the standards set by DeMolay International.

Each year DeMolay Chapters, and all appendent bodies associated to DeMolay, must audit the books for the previous year and file an Annual Financial Report with the Executive Officer.

In addition, the United States Internal Revenue Service has mandated all non-profit organizations must submit an IRS 990 for DeMolay to maintain the 501(c)3 status which is critical for our survival as a charitable organization. Chapters with gross receipts exceeding \$25,000 should speak to a tax consultant and file the appropriate paperwork (copies of which must be submitted to Illinois DeMolay). Chapter with gross receipts under \$50,000 may file a Form 990N e-Postcard which is done online.

You should plan to audit your books in February and submit the Annual Financial Report & Audit form, along with your IRS 990N by March 1 of following year.

Please don't hesitate to contact me if you need assistance.

Fraternally yours,

A handwritten signature in black ink, appearing to read 'Mark Rauschenberger'.

Mark Rauschenberger
Executive Officer – Illinois DeMolay

DeMolay By-Laws, Rules and Regulations

Financial Policies of DeMolay Chapters

Policies to govern chapter financial procedures are identified in the DeMolay International Rules and Regulations and policies of the Executive Officer of the Jurisdiction.

Section 321.1 – DeMolay Year. Each Chapter must arrange its books of account and annual report to conform to the DeMolay year fixed for that purpose.

(EO Note: The DeMolay Year is January 1 to December 31).

322.1 – DeMolay International Funds: Funds collected for DeMolay International, such as that portion of the initiation fee which belongs to DeMolay International, must not be used for other purposes and must be retained in the Chapter treasury and paid to DeMolay International on dates required by Article 21.

(EO Note: This applies to payments to Illinois DeMolay as well).

322.2 – Funds to be Deposited: The Treasurer shall immediately deposit all funds coming into his hands and belonging to the Chapter in the bank or other financial institution designated by the Advisory Council, and the funds may be withdrawn only as provided in these rules and regulations.

322.3 – Expenditures: All expenditures must be paid by check drawn upon the bank where the funds of the Chapter are deposited. The checks must be signed by either the Treasurer or Master Councilor and countersigned by a member of the Advisory Council, or signed by the Treasurer and two members of the Advisory Council. All expenditures, except those payable to DeMolay International, must be approved by the Chapter.

(EO Note: State of Illinois financial rules for business checking do not permit those under 18 to have authority to sign checks. Illinois DeMolay policy is checks must be signed by the Chapter Treasurer/Financial Advisor and one other Advisor approved by the Advisory Council. All checks must have two signatures regardless of the number of signatures required by the bank.

Expenditures payable to Illinois DeMolay, or pass through payments (such as monies paid by members to attend state events/activities) do not require a vote of the Chapter.

322.4 – Control: Every Chapter is required to retain control of its own financial affairs and to administer them by vote of its members upon approval of the Advisory Council.

322.5 – Loans: Current operating funds of the Chapter may NOT, at any time, be loaned. By vote of the Chapter and with the approval of the Advisory Council, surplus funds may be set aside for investment purposes, and those funds may be invested in stocks, bonds, or adequately secured loans. Each separate investment or loan must be approved by a two-third vote of all members of the Advisory Council.

322.7 – Appropriations: The Chapter cannot use or permit the use of any of its funds for any purpose either than the payment of necessary expenses of the Chapter in accordance with the approved budget of the Chapter. A Chapter may request the consent of the Advisory Council to include in the Budget and expend limited sums for charity and for other purposes as it may desire. Expenditures can only be made after approval of the Advisory Council.

322.8 – Gifts: The funds of the Chapter cannot be used to purchase presents for retiring officers or for distinguished brethren, but any Chapter, with the approval of the Advisory Council, may present to a retiring Master Councilor, whose service has been outstanding and whose record during his DeMolay membership has been above reproach, a Past Master Councilor’s jewel or pin, or other appropriate award, such as a plaque, trophy, or certificate. The Past Master Councilors Jewel or Pin may not be awarded to any Past Master Councilor who has failed to confer the Initiatory and DeMolay Degrees from memory at least once.

(EO Note: The Past Master Councilor must have “obligated” at least one new member during his term to be presented with his recognition/jewel. A Chapter, by majority vote of the members, may present an outgoing Chapter Sweetheart with a Past Sweetheart pin or other appropriate recognition.)

322.9 – Awards: By vote of the Chapter, approved by the Advisory Council, Chapter funds may be used to purchase awards

204.3(n) – Executive Officer Duties: On behalf of DeMolay International, shall take possession of all books, records, and other property of every description which are held or used by a Chapter surrendering its Charter, or which ceases to exist, or withdraws its allegiance to DeMolay International, and shall dispose of and distribute all the property and assets within the Jurisdiction for the best interest of the Order and shall report the details to the Grand Master.

Completing the Illinois DeMolay Chapter Annual Financial Report & Audit

Chapter Auditing Committee

Pursuant to the DeMolay International Rules and Regulations Article 19 section 319.1(c), the Chapter Auditing committee shall consist of one Advisor and no less than two Active DeMolays. The Advisor who maintains the Chapter financial records may NOT be the Advisor on the Audit committee (i.e. the Chapter Treasurer or Treasurer Advisor). The Audit should take place in the month of February to assure all documents are received by the Executive Officer by March 1st following the DeMolay Year reported.

The Audit

The Chapter Treasurer, or other advisor designated by the Advisory Council Chairman, shall complete the Chapter Annual Financial Report & Audit Form (<http://members.ILDeMolay.org> under the Forms/Resources Page). Copies of the January and December Statements from ALL Chapter bank accounts must be included. The Audit Committee shall review all income and expenditures and assure balance of books corresponds to the balance on bank statements. Upon approval, the Advisor and one DeMolay will approve the audit by signing the document. One copy of the Audit form and statements shall be retained by the Chapter and one copy of the Audit form and January/December bank statements will be submitted to the Executive Officer of DeMolay.

Completing the Financial Report & Audit Form.

The Chapter Financial Report & Audit Form is available at <http://members.ILDeMolay.org> under the Forms/Resources page. An Excel spreadsheet of the document is also available at this page for downloading. Before you begin, you will need:

- Your Chapter checkbook, properly reconciled against all Bank Statements for the DeMolay year.
- Statements for all Chapter bank accounts.
- Paper, pencil, calculator, etc.

The Figures for the Income and Expenses of the Chapter are taken from checks written and deposits made from the Chapter Checking Account(s). For all other financial accounts where funds are not directly drawn upon by check, only the end of year balance will be recorded on the Financial Report.

Step 1: Enter the correct Tax Year (the DeMolay Year being reported). Enter the Chapter Name, Chapter Number (starts with 14), your Federal Tax ID number (FEIN) and print the name of the person completing the form.

Step 2: Record all income and expense totals for information requested (lines B through S). Record the income received for that item in column 1, enter the expenses paid for that item in column 2 and then subtract column 2 (expense) from column 1 (income) and record that amount in Column 3.

Line A: Enter the starting balance from the Chapters January (or first statement after the account was opened) statement. If the Chapter changed banks during the DeMolay Year, or opened a new Checking Account during the year, the opening balances of both statements should be combined.

Line B: Advisor Registration Fees

Income: Enter moneys paid to the Chapter from Advisors for purposes of paying their annual Advisor Renewal paperwork.

Expense: Enter the money paid to DeMolay International to pay for the Advisor Renewal.

Line C: Annual Insurance Premium

Income: If the Chapter received funds from other bodies to help pay for the Annual Insurance bill, record that under income.

Expense: Record the amount paid to DeMolay for the Insurance Premium.

Line D: Awards/Recognitions

Income: If the Chapter received funds to help pay for awards, record that amount as income.

Expense: Enter the amount paid for any Awards/Recognitions paid for by the Chapter.

Line E: Chapter Events

Income: Enter the amount paid by members to attend Chapter activities (not State activities). This could be local dances or other Chapter entertainment.

Expense: Enter the amount spent to conduct Chapter Activities. Also include any meeting expenses such as snacks after meetings paid for by the Chapter such as a Chapter pizza parties.

Line F: Charity

Income: Enter monies raised by the Chapter for Charity such as Kanes for Kiddies or local Charity drive.

Expense: Enter the amount paid to the Charity from funds raised.

Line G: Contributions

Income: Enter any financial gift received by the Chapter.

Expense: Record any expenses spent seeking contributions that are not postage or copy related (those will be recorded in lines L and P)

Line H: Fund Raising

Income: Enter the amount of money raised in Chapter Fund Raising

Expense: Enter the total expenses for running a Chapter Fund Raiser. This could include purchasing the product sold, purchasing food for a breakfast/dinner, etc.

Line I: Interest/Dividends/Bank Fees

Income: Enter any interest transferred from your investment or savings accounts into the main Checking Account.

Expense: Enter any fees charged by your bank. This could include check purchases, monthly transaction fees, NSF check fees, etc.

Line J: Membership Fees (Youth)

Income: Monies paid by youth to become members of our Chapter, Sweetheart Courts or Squires Manors

Expense: Enter the fees paid to Illinois DeMolay to report these members.

Line K: Membership Recruiting

Income: Enter any money taken in for a Prospect Event or received to help pay for recruiting new members.

Expense: Enter the amount paid for events to recruit new members.

Line L: Postage/Shipping

Income: Enter any monies received to pay for mailing items

Expense: Enter the amount spent for mailing or shipping items (i.e. stamps, UPS)

Line M: Regalia Purchase (Note, this is NOT awards purchased, that goes under line D.

Income: Enter funds received specifically to purchase regalia.

Expense: Enter the amount paid for purchasing DeMolay regalia for the Chapter. This could be from DeMolay & More Store, Illinois DeMolay Store or any other vendor.

Line N: Rent (Lodge/Meeting Location)

Income: Enter funds received specifically to rent facilities for Chapter meetings/events.

Expense: Enter the amount paid for renting a facility for a meeting or activity or the amount of rent charged by your Masonic sponsor for meeting at the lodge or other meeting location.

Line O: State Events

Income: Enter monies paid by participants attending a state event/activity.

Expense: Enter the amount paid to Illinois DeMolay to attend state activities. Include any expenses paid to attend regional events such as ritual tournaments or leadership conferences.

Line P: Supplies/Copies

Income: Enter any monies received to pay for supplies/copies.

Expense: Enter the amount spent on making copies or purchasing supplies (such as office supplies) for the Chapter.

Line Q: Travel Expenses

Income: Enter any monies received from members to reimburse transportation costs to events.

Expense: Enter any amount spent on reimbursing fuel or renting a vehicle to transport the Chapter to an event. (Note travel expenses MUST be approved by the Advisory Council).

Lines R & S: Other

Income: Enter any other income received and what the income was for.

Expense: Enter any other expenses paid and what the expenditures were for.

Line T: Add all income items and place in box in column 1. Add all expense items and place in box in column 2.

Line U: To balance the Financial report to your bank statement, you may to adjust for any checks or deposits that have not cleared as of the December 31 statement (you may also need to adjust for checks/deposits made in the previous year but cleared in January. Enter checks in column 1 and deposits in column 2. Subtract the deposits (column 2) from the checks (column 1) and put the difference in column 3.)

Line V: Start with the opening balance of line A, add or subtract the items from lines B through S. Add or subtract the uncleared transactions in line U and enter the amount in line V. This amount **MUST** equal the ending balance of the statement(s) of your checking account(s).

Lines W, X & Y: Enter any bank accounts (i.e. savings, CDs or other investments). Enter the type of account, the bank it is held under and the balance as of December 31st.

Line Z: Add lines V, W, X & Y and write that amount in line Z as the Total Chapter Treasury as of December 31st.

The Audit committee should review the completed form, question the Treasurer on any items of concern. The auditing Advisor and one DeMolay must sign/approve the Audit. The completed Financial Report & Audit form, along with copies of all January and December bank statements must be sent to the Executive Officer no later than March 1st following the DeMolay year being reported. The Chapter shall keep all original audit documents for at least 7 years.

Completing the IRS 990-N e-Postcard

IRS Filing requirements

All DeMolay Chapters and affiliated bodies (Priorities/Preceptories/Chev Courts, etc) who hold and retain funds is required to have a Federal Tax ID number and annually submit an annual Tax return.

IRS Form 990 – If a Chapter receives MORE than \$50,000 in gross receipts (income) in the fiscal year, a more complete Form 990 will be required. Contact a local tax preparer for assistance if this form is necessary.

IRS Form 990N (e-Postcard) – Chapters receiving less than \$50,000 in gross receipts (income) may file an IRS 990-N e-Postcard which is a declaration that the organization earned the lesser amount of income and the non-profit is still in business. (Note: for tax year 2009 and earlier, gross receipts must have been less than \$25,000. For 2010 and later, the rate was raised to \$50,000.)

Failure to submit the required IRS returns may result in fines or possible revocation of the Chapter's (and possibly DeMolay International's) 501(c)3 tax status.

As Chapters will most likely not exceed \$50,000 in income, we will only be providing instructions for completing the 990-N e-Postcard.

Completing the 990N e-Postcard.

Go to the Website: <http://e-Postcard.form990.org>

STEP 1: Register as a New User

To file Form 990-N (e-Postcard), you must register and obtain a login ID. Be sure to record this ID so you can enter the site in subsequent years without re-registering. An email will be sent with a link to activate your ID. Once complete you can complete your 990N e-Postcard.

Request Login ID - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://epostcard.form990.org/frmMPRequestLogin2Info.Aspx

Urban Institute **e-Postcard**
file your electronic IRS Form 990-N

Request Login ID

Please enter the following information and then click the 'Next' button (All fields are required.)

Login ID Type: **Exempt Organization**

Login ID: **11900002501**

Organization Name: **SUPPORTING ORGANIZATION INC**

Password: NOTE: Password must be between 6 and 15 characters and is case sensitive.

Verify Password:

First Name:

Last Name:

Email Address:

Verify Email Address:

Daytime Phone:

<< Back Next >>

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 Last modified: December 13, 2007.

Done Internet

Request Login ID - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://epostcard.form990.org/frmMPRequestLogin2Info.Aspx

Urban Institute **e-Postcard**
file your electronic IRS Form 990-N

Request Login ID

Please enter the following information and then click the 'Next' button (All fields are required.)

Login ID Type: **Preparer**

Login ID: NOTE: Login ID must be between 6 and 15 characters and CANNOT contain any spaces.

Preparer Business Name: NOTE: If you do not have a business name, enter your first and last name.

Password: NOTE: Password must be between 6 and 15 characters and is case sensitive.

Verify Password:

First Name:

Last Name:

Email Address:

Verify Email Address:

Daytime Phone:

<< Back Next >>

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Done Internet

STEP 2: Create your Form 990-N (e-Postcard)

Notes: The proper name for the Organization is “DeMolay International”

The screenshot shows a web browser window titled "Form 990-N (e-Postcard) Online - Organization Information - Microsoft Internet Explorer". The address bar shows "http://epostcard.form990.org/IDEntry/Form990NCreate.asp". The page header includes the Urban Institute logo and the "e-Postcard" logo with the tagline "file your electronic IRS Form 990-N". Navigation links for "Form 990-N Home", "Control Panel", and "Log Out" are visible. The main content area is titled "Electronic Notice - Form 990-N (e-Postcard) Organization Information" and contains the following fields:

- A For the tax year period beginning and ending
- B Has your organization terminated or gone out of business?
- Are your gross receipts normally \$25,000 or less?
- C Organization's legal name - Line 1
Organization's legal name - Line 2
- D Employer identification number (EIN)

Buttons for "Cancel Filing" and "Next Page" are located below the form fields. A note at the bottom of the form area reads: "Click the image next to any field for help/instructions." Below the form, there is a footer section with the following text: "Questions or problems regarding this website should be directed to [Tech Support](#). Concerned about your privacy? Please view our [Privacy Policy](#). Website last modified on: October 23rd, 2007. This website is best viewed with Microsoft Internet Explorer 5.5+ or Mozilla Firefox 1.0+ with a screen resolution of 1024 X 768. You are currently using Microsoft Internet Explorer 6 in 1680 X 1050 resolution."

Lines A, C and D should be filled in and non-changeable. Line B, select NO for going out of business and YES that your receipts are under the allowable amount.

Click Next Page

The screenshot shows a web browser window titled "Form 990-N (e-Postcard) Online - Organization Address and Principal Officer Information Page". The browser address bar shows "http://epostcard.form990.org/DEntry/Form990NMainPartII.asp". The page header features the "Urban Institute" logo and the "e-Postcard" logo with the tagline "file your electronic IRS Form 990-N". A navigation bar includes "Quick Jump", "Form 990-N (e-Postcard)", and "Logout".

The main content area is titled "Electronic Notice - Form 990-N (e-Postcard) Organization Address and Principal Officer Information". It includes a "Save Changes" button and a warning: "Save Changes before jumping to another page." The form contains the following fields:

- Organization's legal name:** SUPPORTING ORGANIZATION INC
- If your organization conducts business using another name (dba), enter other name:**
 - DBA name: [Text Input]
 - DBA name - continued: [Text Input]
- Organization's mailing address:**
 - Country: United States (Dropdown)
 - Number and street (or PO Box) - Line 1: [Text Input]
 - Number and street (or PO Box) - Line 2: [Text Input]
 - City or town: [Text Input]
 - State: [Dropdown]
 - Zip code: [Text Input]
- Organization's website address, if applicable:** [Text Input]

The DBA Name should be Your Chapter ID number followed by the Chapter Name.
(14025-Rockford Chapter Order of DeMolay)

The Address, City, State and Zip Code should be the official address of the Chapter or other address specified by the Chapter Chairman.

Enter your Website Address or www.ILDeMolay.org

Scroll down to enter more information.

The screenshot shows a web browser window titled "Form 990-N (e-Postcard) Online - Organization Address and Principal Officer Information Page - Microsoft Internet Explorer". The address bar shows "http://epostcard.form990.org/DEntry/Form990NMainPartII.asp". The main content area contains the following fields:

- Number and street (or PO Box) - Line 1
- Number and street (or PO Box) - Line 2
- City or town
- State (dropdown menu)
- Zip code
- E Organization's website address, if applicable
- F Principal Officer:
 - Type of name (dropdown menu, currently set to "Person")
 - Person Name
 - Country (dropdown menu, currently set to "United States")
 - Number and street (or PO Box) - Line 1
 - Number and street (or PO Box) - Line 2
 - City or town
 - State (dropdown menu)
 - Zip code

At the bottom of the form area, there are three buttons: "Previous Page", "Save Changes", and "Submit Filing to IRS". Below the buttons, there is a note: "Click the ? image next to any field for help/instructions." At the very bottom of the page, there is a footer with the following text: "Questions or problems regarding this website should be directed to [Tech Support](#). Concerned about your privacy? Please view our [Privacy](#) Policy. Website last modified on: October 23rd, 2007. This website is best viewed with Microsoft Internet Explorer 5.5+ or Mozilla Firefox 1.0+ with a screen resolution of 1024 X 768. You are currently using Microsoft Internet Explorer 6 in 1680 X 1050 resolution."

The Principal Officer is your Chairman of your Advisory Council. The Address should be the address of the Chairman.

STEP 3: Submit your Form 990-N (e-Postcard)

Once you complete your e-Postcard, click the "Submit Filing to IRS" button.

STEP 4: Print the Electronic Notice (e-Postcard)

On the right of the main page should be a "Quick Menu". You may have to click the HOME link at the top of the web page. Select **Edit/View existing e-Postcard**.

Select **VIEW** for the tax year submitted. Then click "**View Form 990-N (e-Postcard)**". The form may not be viewable until the IRS has accepted your 990-N.

Print TWO copies. Retain one at the Chapter and submit one copy with your Annual Financial Report and Audit.