

FINANCIAL STATEMENTS

HOW TO READ AND USE A BALANCE SHEET AND PROFIT & LOSS STATEMENT

Presented by David Tatlock

WHO AM I?

- DAVID TATLOCK, PER, CURRENT LODGE SECRETARY OF SANDPOINT LODGE #1376 AND CHAIRMAN OF IDAHO STATE ELKS YOUTH, INC,

WHAT ARE MY QUALIFICATIONS?

- I AM NOT AN ACCOUNTANT, HOWEVER, I HAVE STUDIED ACCOUNTING AND HAVE NEARLY 50 YEARS OF EXPERIENCE IN THE ACCOUNTING FIELD.

WHY AM I HERE?

- TO HELP YOU UNDERSTAND AND USE FINANCIAL STATEMENTS TO BETTER YOUR LODGE.

Balance Sheet vs. Profit & Loss Statement

A BALANCE SHEET REPORTS A COMPANY'S ASSETS, LIABILITIES AND EQUITY AT A SPECIFIC POINT IN TIME.

A BALANCE SHEET PROVIDES A SNAPSHOT AS TO HOW EFFECTIVELY A COMPANY'S MANAGEMENT USES ITS RESOURCES.

A PROFIT AND LOSS (P&L) STATEMENT SUMMARIZES THE REVENUES, COSTS AND EXPENSES INCURRED DURING A SPECIFIC PERIOD OF TIME.

A P&L STATEMENT PROVIDES INFORMATION ABOUT WHETHER A COMPANY CAN GENERATE PROFIT BY INCREASING REVENUE, REDUCING COSTS, OR BOTH.

Chart of Accounts

ACCOUNT TYPES: THERE ARE FIVE BASIC ACCOUNT TYPES IN THE GRAND LODGE CHART OF ACCOUNTS. THESE BASIC TYPES CONTROL ALL ASPECTS OF THE ACCOUNTING SYSTEM. THE FIVE BASIC TYPES ARE:

<u>TYPE</u>	<u>DESCRIPTION</u>	<u>FINANCIAL STATEMENT</u>
ASSETS	WHAT THE LODGE OWNS	BALANCE SHEET
LIABILITIES	WHAT THE LODGE OWES	BALANCE SHEET
EQUITY	WHAT IS THE NET WORTH OF THE LODGE	BALANCE SHEET
REVENUES	INCOME SOURCES OF THE LODGE	PROFIT AND LOSS
EXPENSES	OPERATING COSTS OF THE LODGE	PROFIT AND LOSS

Asset Types

CURRENT - CURRENT ASSETS ARE SHORT-TERM ASSETS THAT ARE TYPICALLY USED UP IN LESS THAN ONE YEAR. CURRENT ASSETS ARE USED IN THE DAY-TO-DAY OPERATIONS OF A BUSINESS TO KEEP IT RUNNING. EXAMPLES ARE CASH (EITHER ON HAND OR IN BANK ACCOUNTS), ACCOUNTS RECEIVABLE AND INVENTORY.

FIXED - FIXED ASSETS ARE LONG-TERM, PHYSICAL ASSETS, SUCH AS PROPERTY AND EQUIPMENT. FIXED ASSETS HAVE A USEFUL LIFE OF MORE THAN ONE YEAR.

Liability Types

CURRENT – DEBTS THAT ARE TO BE PAID WITHIN THE CURRENT YEAR. EXAMPLES ARE ACCOUNTS PAYABLE, TAXES PAYABLE, DEFERRED (PREPAID) INCOME.

LONG-TERM – DEBTS WITH A TERM OF MORE THAN A YEAR. EXAMPLES ARE LEASES, MORTGAGES, LONG TERM NOTES.

Equity

EQUITY - THE NET WORTH OF THE LODGE

TOTAL ASSETS MINUS TOTAL LIABILITIES EQUALS EQUITY

Revenues

REVENUES ARE THE INCOME SOURCES OF THE LODGE.

EXAMPLES ARE DUES, FEES, BULLETIN ADS, RAFFLES, RENTS, DONATIONS THAT ARE NOT RESTRICTED (DONOR SPECIFIED), FUND RAISERS. REMEMBER IF YOU RENT YOUR FACILITY TO A NON-MEMBER THAT RENT IS UNRELATED BUSINESS INCOME (UBI) AND MUST BE TRACKED SEPARATELY FROM MEMBER RENT INCOME.

Expenses

EXPENSES ARE THE OPERATING COSTS OF RUNNING THE LODGE

EXAMPLES INCLUDE SECURITY, ACCOUNTING, BULLETIN, CONVENTIONS, INSURANCE, MAINTENANCE, OFFICE EXPENSES, WAGES, TAXES, UTILITIES, CHARITIES.

CAPITOL EXPENSES ARE EXPENSES TO BUY, IMPROVE, OR EXTEND THE LIFE OF FIXED ASSETS AND WITH A USEFUL LIFE FOR ONE YEAR OR MORE. THESE EXPENSES DO NOT APPEAR ON AND P&L, BUT RATHER ON THE BALANCE SHEET.

Budgets

BUDGETS ARE ESTIMATED INCOME AND EXPENSES FOR THE YEAR. EVERY LODGE IS REQUIRED TO HAVE A BUDGET BY STATUTE. SHOULD BE CONSTANTLY REVIEWED AND ADJUSTED IF NEEDED.

Cost of Goods Sold (CoGS)

COST OF THE PRODUCTS USED FOR THE ITEMS SOLD DURING A GIVEN TIME PERIOD.
EXAMPLES INCLUDE LIQUOR, MIXERS, BEER, WINE, FOOD, SNACKS, ETC.

IT IS IMPORTANT TO UNDERSTAND THESE AND TO MONITOR THEM CLOSELY.

ANY LODGE #0000 BALANCE SHEET AS OF AUGUST 31, 2021

		Aug 31, 20			Aug 31, 20
ASSETS			LIABILITIES & EQUITY		
Current Assets			Liabilities		
Checking/Savings			Current Liabilities		
10103 - Cash Change Funds		1,000.00	20000 - Accounts Payable*		2,000.00
1020102 - Mountain West Bank Checking			Total Accounts Payable		2,000.00
1020103 - Checking - Operating Account		15,000.00	Other Current Liabilities		
10214 - Checking Restricted Funds		5,000.00	20900 - Sales Tax Payable		5,000.00
Total 1020102 - Mountain West Bank Checking		20,000.00	2090001 - City Sales Tax Payable		500.00
Total 10201 - Checking Lodge General		20,000.00	21600 - Payroll Tax Liabilities		2,000.00
Total Checking/Savings		21,000.00	21700 - Prepaid Rents		
Accounts Receivable			2170001 - Prepaid Lodge Rental Fee		500.00
10500 - Accounts Receivable		1,500.00	Total 21700 - Prepaid Rents		500.00
Total Accounts Receivable		1,500.00	21801 - Prepaid Fees		50.00
Other Current Assets			Total Other Current Liabilities		8,050.00
10802 - Bar Inventory		2,000.00	Total Current Liabilities		10,050.00
10803 - Food Inventory		2,500.00	Long Term Liabilities		
Total Other Current Assets		4,500.00	23200 - Mortgage Payable		
Total Current Assets		27,000.00	2320001 - Washington Trust Bank		45,000.00
Fixed Assets			Total 23200 - Mortgage Payable		45,000.00
15001 - Land		21,000.00	Total Long Term Liabilities		45,000.00
15100 - Buildings/Major Improvements		500,000.00	Total Liabilities		55,050.00
15200 - Accumulated Depreciation		-225,000.00	Equity		
15300 - Furniture/Fictures		18,000.00	Net Income		285,950.00
Total Fixed Assets		314,000.00	Total Equity		285,950.00
TOTAL ASSETS		341,000.00	TOTAL LIABILITIES & EQUITY		341,000.00

OH NO LODGE #9999 BALANCE SHEET AS OF AUGUST 31, 2021

		Aug 31, 20			Aug 31, 20
ASSETS			LIABILITIES & EQUITY		
Current Assets			Liabilities		
Checking/Savings			Current Liabilities		
10103 - Cash Change Funds		1,000.00	20000 - Accounts Payable*		2,000.00
1020102 - Mountain West Bank Checking			Total Accounts Payable		2,000.00
1020103 - Checking - Operating Account		5,000.00	Other Current Liabilities		
10214 - Checking Restricted Funds		500.00	20900 - Sales Tax Payable		5,000.00
Total 1020102 - Mountain West Bank Checking		5,500.00	2090001 - City Sales Tax Payable		500.00
Total 10201 - Checking Lodge General		5,500.00	21600 - Payroll Tax Liabilities		2,000.00
Total Checking/Savings		6,500.00	21700 - Prepaid Rents		
Accounts Receivable			2170001 - Prepaid Lodge Rental Fee		500.00
10500 - Accounts Receivable		500.00	Total 21700 - Prepaid Rents		500.00
Total Accounts Receivable		500.00	21801 - Prepaid Fees		50.00
Other Current Assets			Total Other Current Liabilities		8,050.00
10802 - Bar Inventory		1,000.00	Total Current Liabilities		10,050.00
10803 - Food Inventory		1,500.00	Long Term Liabilities		
Total Other Current Assets		2,500.00	23200 - Mortgage Payable		
Total Current Assets		9,500.00	2320001 - Washington Trust Bank		45,000.00
Fixed Assets			Total 23200 - Mortgage Payable		45,000.00
15001 - Land		21,000.00	Total Long Term Liabilities		45,000.00
15100 - Buildings/Major Improvements		500,000.00	Total Liabilities		55,050.00
15200 - Accumulated Depreciation		-225,000.00	Equity		
15300 - Furniture/Fictures		18,000.00	Net Income		268,450.00
Total Fixed Assets		314,000.00	Total Equity		268,450.00
TOTAL ASSETS		323,500.00	TOTAL LIABILITIES & EQUITY		323,500.00

What do you see wrong with this Balance Sheet?

OH NO LODGE #9999 BALANCE SHEET AS OF AUGUST 31, 2021

		Aug 31, 20			Aug 31, 20
ASSETS			LIABILITIES & EQUITY		
Current Assets			Liabilities		
Checking/Savings			Current Liabilities		
10103 - Cash Change Funds	1,000.00		20000 - Accounts Payable*	2,000.00	
1020102 - Mountain West Bank Checking			Total Accounts Payable	2,000.00	
1020103 - Checking - Operating Account	5,000.00		Other Current Liabilities		
10214 - Checking Restricted Funds	500.00		20900 - Sales Tax Payable	5,000.00	
Total 1020102 - Mountain West Bank Checking	5,500.00		2090001 - City Sales Tax Payable	500.00	
Total 10201 - Checking Lodge General	5,500.00		21600 - Payroll Tax Liabilities	2,000.00	
Total Checking/Savings	6,500.00		21700 - Prepaid Rents		
Accounts Receivable			2170001 - Prepaid Lodge Rental Fee	500.00	
10500 - Accounts Receivable	500.00		Total 21700 - Prepaid Rents	500.00	
Total Accounts Receivable	500.00		21801 - Prepaid Fees	50.00	
Other Current Assets			Total Other Current Liabilities	8,050.00	
10802 - Bar Inventory	1,000.00		Total Current Liabilities	10,050.00	
10803 - Food Inventory	1,500.00		Long Term Liabilities		
Total Other Current Assets	2,500.00		23200 - Mortgage Payable		
Total Current Assets	9,500.00		2320001 - Washington Trust Bank	45,000.00	
Fixed Assets			Total 23200 - Mortgage Payable	45,000.00	
15001 - Land	21,000.00		Total Long Term Liabilities	45,000.00	
15100 - Buildings/Major Improvements	500,000.00		Total Liabilities	55,050.00	
15200 - Accumulated Depreciation	-225,000.00		Equity		
15300 - Furniture/Fictures	18,000.00		Net Income	268,450.00	
Total Fixed Assets	314,000.00		Total Equity	268,450.00	
TOTAL ASSETS	323,500.00		TOTAL LIABILITIES & EQUITY	323,500.00	

Not enough cash to pay the bills, not enough current assets for the current liabilities!

ANY LODGE #0000 - LODGE PROFIT & LOSS APRIL 1, 2020 to APRIL 30, 2020

		2020			
		Apr 20			Apr 20
Ordinary Income/Expense				Expense	
	Income			30200 · Alarm Service	93.21
	30010 · Member Dues Regular	20,563.50		30205 · Accounting & Audit	281.10
	30011 · Life Member Dues	192.00		30220 · Bulletin	911.97
	30013 · Associate Dues	60.00		30225 · Key Cards	259.31
	30020 · GL Per-Capita Fees	5,852.50		30270 · Insurance G/L	4,115.00
	30021 · State Assoc. Per-Capita Fees	1,694.00		30305 · Lodge Supplies G/L	240.88
	30035 · Initiation Fee	50.00		30325 · Office Postage	751.50
	30040 · Transfers/Dimits	40.00		30330 · Office Supplies	34.95
	30110 · Raffle/Drawings	0.00		30350 · Officer Salary - Secretary	830.76
	Total Income	28,452.00		30370 · Per-Capita G/L	6,973.00
	Gross Profit	28,452.00		30375 · Per-Capita State	2,018.50
				30400 · Maintenance/Repair	53.95
				30425 · Taxes Payroll	102.98
				30445 · Telephone/Internet	262.94
				30450 · Electricity	130.66
				30455 · Gas	77.13
				30500 · Depreciation Lodge	212.50
				Total Expense	17,350.34
				Net Ordinary Income	11,101.66

Any Lodge #0000 – Bar/Lounge Profit and Loss April 1, 2020 to April 30, 2020

	Apr 20		Apr 20
Income		Expense	
40100 · Liquor Sales	750.00	40305 · Alarm Service (bar)	93.21
40105 · Beer Sales	624.00	40310 · Accounting	281.12
40106 · Wine Sales	115.00	40325 · Credit Card Exp/Bank/Bad Cks	29.95
40110 · Sundries Sales	65.00	40330 · Cash Over/(Short)	0.25
Total Income	1,554.00	40375 · Licenses	300.00
Cost of Goods Sold		40385 · Meals To Employees	25.00
40205 · Liquor Purchases	220.00	40420 · Wages-Bartenders/Waitress	350.00
40210 · Beer Purchases	175.00	40440 · Taxes-Payroll	25.00
40211 · Wine Purchases	40.00	40456 · Utilities-Water/Sewer (bar)	75.00
40215 · Sundries Purchases		40460 · Telephone/TV	80.00
4021501 · Sundries Purchase	24.00	40470 · Utilities-Electricity	75.00
Total 40215 · Sundries Purchases	24.00	40475 · Utilities-Gas	77.13
40226 · Bar Supplies	15.00	40495 · Depreciation Bar	135.50
Total COGS	474.00	Total Expense	1,547.16
Gross Profit	1,080.00	Net Income	-467.16

REPORT WITH MISSING G.L. AUDIT & ACCOUNTING REQUIRED ACCOUNTS

	Actuals						Budget					
	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021
Lodge Income												
30010 - Members Dues Regular	3,100	465	106	0	742	0	0	0	0	0	0	0
30110 - Raffles/Drawings	400	185	347	0	0	0	0	0	0	0	0	0
30112 - Gaming/Machine/Lottery Income – Unrestricted Non-Members	0	297	0	0	0	0	0	0	0	0	0	0
30115 - Rents Lodge	425	0	850	0	0	0	0	0	0	0	0	0
30130 - Interest	0	1	0	0	1	0	0	0	0	0	0	0
30135 - Donations Unrestricted	27	0	582	0	0	0	0	0	0	0	0	0
30150 - Miscellaneous	0	46	0	0	0	0	0	0	0	0	0	0
30155 - Golf Tournaments	235	3,030	3,738	0	0	0	0	0	0	0	0	0
Total Lodge Income	4,187	4,024	5,623	0	743	0	0	0	0	0	0	0
Lodge Expense	13,724	3,416	4,987	1,313	2,290	0	0	0	0	0	0	0
30205 - Accounting	69	0	0	0	0	0	0	0	0	0	0	0
30235 - Convention G/L	1,320	0	0	0	0	0	0	0	0	0	0	0
30270 - Insurance G. L. Property Plus	6,541	0	0	0	0	0	0	0	0	0	0	0
30275 - Insurance Workers Comp.	98	0	0	0	0	0	0	0	0	0	0	0
30320 - Office – Expenses	70	258	176	139	143	0	0	0	0	0	0	0
30370 - Per-Capita G/L	3,785	0	141	0	0	0	0	0	0	0	0	0
30375 - Per-Capita State	0	985	0	0	0	0	0	0	0	0	0	0
30400 - Maintenance/Repairs	0	276	2,675	0	65	0	0	0	0	0	0	0
30425 - Taxes-Payroll	281	493	0	0	0	0	0	0	0	0	0	0
30440 - Taxes-Other	170	133	192	176	103	0	0	0	0	0	0	0
30445 - Telephone/Internet	152	152	152	0	152	0	0	0	0	0	0	0
30450 - Utilities-Electricity	700	630	398	716	646	0	0	0	0	0	0	0
30455 - Utilities-Gas	177	205	265	0	138	0	0	0	0	0	0	0
30456 - Utilities-Water/Sewer	283	285	287	283	193	0	0	0	0	0	0	0
30470 - Lodge Expenses-Other	29	0	0	0	850	0	0	0	0	0	0	0
30511 - Gaming Expenses	49	0	0	0	0	0	0	0	0	0	0	0
30600 - Fund Raiser Expense	0	0	700	0	0	0	0	0	0	0	0	0
Lodge Net Income	(9,537)	608	635	(1,313)	(1,547)	0	0	0	0	0	0	0

REPORT WITH G.L. AUDIT & ACCOUNTING REQUIRED ACCOUNTS ADDED

	Actuals						Budget					
	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021
Lodge Income							0	0	0	0	0	0
30010- Members Dues Regular	3,100	465	106	0	742	0	0	0	0	0	0	0
30011 - Dues Life												
30012 - Dues Honorary Life												
30020 - Dues G L PerCapita Fees												
30021 - State Association PerCapita Fees												
30035 - Initiation Fees												
30040 - Transfer / Demits												
30045 - Reinstatements												
30047 - PER Association												
30110- Raffles/Drawings	400	185	347	0	0	0	0	0	0	0	0	0
30112- Gaming/Machine/Lottery Income – Unrestricted Non-Members	0	297	0	0	0	0	0	0	0	0	0	0
30115- Rents Lodge	425	0	850	0	0	0	0	0	0	0	0	0
30130- Interest	0	1	0	0	1	0	0	0	0	0	0	0
30135- Donations Unrestricted	27	0	582	0	0	0	0	0	0	0	0	0
30150- Miscellaneous	0	46	0	0	0	0	0	0	0	0	0	0
30155 - Golf Tournaments	235	3,030	3,738	0	0	0	0	0	0	0	0	0
Total Lodge Income	4,187	4,024	5,623	0	743	0	0	0	0	0	0	0
Lodge Expense							0	0	0	0	0	0
30205 - Accounting	69	0	0	0	0	0	0	0	0	0	0	0
30220 - Bulletin												
30225 - Key Card												
30235 - Convention G/L	1,320	0	0	0	0	0	0	0	0	0	0	0
30240 - Convention State												
30247 - PER Association												
30270- Insurance G. L. Property Plus	6,541	0	0	0	0	0	0	0	0	0	0	0
30275 - Insurance Workers Comp.	98	0	0	0	0	0	0	0	0	0	0	0
30290 - Janitorial Supplies												
30320- Office – Expenses	70	256	176	139	143	0	0	0	0	0	0	0
30345 - Officer Salary - Treasurer												
30350 - Officer Salary - Secretary												
30370- Per-Capita G/L	3,785	0	141	0	0	0	0	0	0	0	0	0
30375 - Per-Capita State	0	985	0	0	0	0	0	0	0	0	0	0
30400- Maintenance/Repairs	0	276	2,675	0	65	0	0	0	0	0	0	0
30425 - Taxes- Payroll	281	493	0	0	0	0	0	0	0	0	0	0
30440 - Taxes-Other	170	133	192	176	103	0	0	0	0	0	0	0
30445 - Telephone/Internet	152	152	152	0	152	0	0	0	0	0	0	0
30450- Utilities- Electricity	700	630	398	716	646	0	0	0	0	0	0	0
30455 - Utilities-Gas	177	205	265	0	138	0	0	0	0	0	0	0
30456 - Utilities-Water/Sewer	283	285	287	283	193	0	0	0	0	0	0	0
30470- Lodge Expenses-Other	29	0	0	0	850	0	0	0	0	0	0	0
30500 - Depreciation - Lodge												
30511- Gaming Expenses	49	0	0	0	0	0	0	0	0	0	0	0
30600- Fund Raiser Expense	0	0	700	0	0	0	0	0	0	0	0	0
30700- Lodge Charitable /Community Committee												
Total Lodge Expenses	13,724	3,416	4,987	1,313	2,290	0						
Lodge Net Income	(9,537)	608	636	(1,313)	(1,547)	0	0	0	0	0	0	0

REPORT WITH G.L. A & A REQUIRED ACCOUNTS ADDED (continued)

Food Service Income	9,655	6,046	9,755	16,822	12,299	0	0	0	0	0	0	0
50100 - Food Service Sales	9,655	6,046	9,755	16,822	12,299	0	0	0	0	0	0	0
Food Service Cost of Sales	1,578	4,892	0	0	4,578	0	0	0	0	0	0	0
50205 - Food Purchases	1,578	4,892	0	0	4,578	0	0	0	0	0	0	0
Food Service Gross Profit	8,077	1,154	9,755	16,822	7,720	0	0	0	0	0	0	0
Food Service Expenses	2,209	2,142	1,847	2,077	683	0	0	0	0	0	0	0
50310 - Accounting												
50320 - Food Service Supplies												
50325 - Kitchen Supplies												
50330 - Cash - Over(Short)												
50355 - Insurance G.L. Property Plus												
50371 - Wages-Janitor	200	370	0	0	0	0	0	0	0	0	0	0
50401 - Credit Card Fees & Expenses												
50405 - Entertainment	0	200	0	0	0	0	0	0	0	0	0	0
50440 - Waiters/Waitress/Bussing	2,009	1,572	1,847	2,077	49	0	0	0	0	0	0	0
50445 - Wages-Manager	0	0	0	0	448	0	0	0	0	0	0	0
50455 - Taxes - Payroll												
50470 - Uniforms	0	0	0	0	186	0	0	0	0	0	0	0
50500 - Depreciation												
Food Service Net Income	5,868	(989)	7,908	14,745	7,037	0	0	0	0	0	0	0

Cost of Goods Sold Calculation

COST OF THE PRODUCTS USED FOR THE ITEMS SOLD DURING A GIVEN TIME PERIOD. EXAMPLES INCLUDE LIQUOR, MIXERS, BEER, WINE, FOOD, SNACKS, ETC.

COST OF GOODS SOLD IS CALCULATED BY TAKING YOUR BEGINNING INVENTORY FOR THE PERIOD, ADDING PURCHASES MADE SINCE INVENTORY WAS TAKEN, LESS THE ENDING INVENTORY. EXAMPLE:

LIQUOR INVENTORY TAKEN 4/30 WAS \$1,000; LIQUOR PURCHASES FOR THE MONTH OF MAY WERE \$500, LIQUOR INVENTORY TAKEN ON MAY 31 WAS \$1,200.

$$\text{COGS} = 1,000 + 500 = 1,500 - 1,200 = \underline{\$300}$$

THE SAME PROCEDURE IS PERFORMED FOR EACH CATEGORY (LIQUOR, BEER, WINE, SUNDRIES AND FOOD)

Cost of Sales Percentage Calculations

THE COST OF SALES PERCENTAGE IS A FINANCIAL RATIO THAT COMPARES A COMPANY'S EXPENSES GENERATED BY SALES ACTIVITY TO ITS REVENUE. IN OTHER WORDS IT IS THE COST OF GOODS SOLD OR THE COST OF LABOR DIVIDED BY THE SALES OF THESE GOODS, OFTEN REFERRED TO AS THE SALES COST PERCENTAGE OR LABOR COST PERCENTAGE.

HIGH LEVEL **COST OF SALES PERCENTAGE** EXAMPLE: BAR SALES FOR THE MONTH WERE \$3,000. THE COST OF LIQUOR, BEER, WINE, SODA AND MIXERS WAS \$1,000. (COST) \$1,000 DIVIDED BY (SALES) \$3,000 = .333 OR 33.3%

HIGH LEVEL **COST OF LABOR PERCENTAGE** EXAMPLE: BAR SALES FOR THE MONTH WERE \$3,000. THE WAGES PAID WERE \$970 AND PAYROLL TAXES WERE \$30. (COST) \$970+\$30 = \$1,000 DIVIDED BY (SALES) \$3,000 = .333 OR 33.3%

HIGH LEVEL **COST OF ENTERTAINMENT PERCENTAGE** EXAMPLE: BAR SALES FOR THE MONTH WERE \$3,000. THE ENTERTAINMENT COSTS WERE \$150. (COST) \$150 DIVIDED BY (SALES) \$3,000 = .05 OR 5%

THE GRAND LODGE AUDIT AND ACCOUNTING COMMITTEE HAS ESTABLISHED THE STANDARD THAT EACH COST OF SALES AND COST OF LABOR NOT EXCEED 35% AND COST OF ENTERTAINMENT NOT EXCEED 6%.

THE REASONING IS THAT GIVEN THE EXAMPLES ABOVE THE LODGE WOULD HAVE \$850 REMAINING TO SPEND ON OPERATING EXPENSES (UTILITIES, CREDIT CARD FEES, DEPRECIATION, ETC.)

How to Determine Drink Prices

KNOWING HOW TO CALCULATE THE COST OF EACH DRINK WILL HELP KEEP YOUR COST OF SALES PERCENTAGE IN THE PROPER RATIO.

YOU MUST KNOW THE COST AND VOLUME OF THE BOTTLE AND YOU MUST KNOW THE SIZE OF THE POUR.

CALCULATE THE COST THEN DIVIDE BY YOUR SALES PRICE, DOES IT MEET THE 35% OR LESS PERCENTAGE?

EXAMPLE: YOU BUY TITO'S VODKA IN A 750ML BOTTLE FOR \$20, YOU POUR 1.5 OZ IN EACH DRINK. THERE ARE 17 POURS IN EACH BOTTLE. YOUR COST FOR EACH DRINK IS \$20 DIVIDED BY 17 = \$1.18. IF YOU SELL THIS FOR \$3.50 YOUR SALES PERCENTAGE IS \$1.18 DIVIDED BY \$3.50 = .337 X 100 = 33.7%

COST PERCENTAGE CALCULATOR

WELL DRINK PRICING (750ML)
RECOMMEND 35 % MAXIMUM COST PERCENTAGE (PC)

LIQUOR VOLUME 750ML	OUNCES DRINK PER BOTTLE	NUMBER OF DRINKS PER BOTTLE	POUR VOLUME PER INDIVIDUAL				
			7/8 OZ	1 oz	1 1/8 OZ	20	1/2 OZ
	25	23	29	25	23	20	17

Crown Royal Reserve	A	B	C	baileys	E	F	G	AVERAGE
COST PER BOTTLE	\$15.00	\$15.00	\$15.00	\$15.00	\$65.00	\$20.00	\$20.00	\$23.13
DRINK POUR COST @ 7/8 OZ	\$0.52	\$0.52	\$0.52	\$0.52	\$2.24	\$0.69	\$0.69	\$0.80
DRINK POUR COST @ 1 OZ	\$0.59	\$0.59	\$0.59	\$0.59	\$2.56	\$0.79	\$0.79	\$0.91
DRINK POUR COST @ 1 1/8 OZ	\$0.66	\$0.66	\$0.66	\$0.59	\$2.88	\$0.89	\$0.89	\$1.02
DRINK POUR COST @ 1 1/4 OZ	\$0.74	\$0.74	\$0.74	\$0.74	\$3.20	\$0.98	\$0.98	\$1.14
DRINK POUR COST @ 1 1/2 OZ	\$0.89	\$0.89	\$0.89	\$0.89	\$3.84	\$1.18	\$1.18	\$1.37
MIX COST	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SALES TAX COST	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL PER DRINK COST @ 7/8 OZ	\$0.52	\$0.52	\$0.52	\$0.52	\$2.24	\$0.69	\$0.69	\$0.80
TOTAL PER DRINK COST @ 1 OZ	\$0.59	\$0.59	\$0.59	\$0.59	\$2.56	\$0.79	\$0.79	\$0.91
TOTAL PER DRINK COST @ 1 1/8 OZ	\$0.66	\$0.66	\$0.66	\$0.59	\$2.88	\$0.89	\$0.89	\$1.02
TOTAL PER DRINK COST @ 1 1/4 OZ	\$0.74	\$0.74	\$0.74	\$0.74	\$3.20	\$0.98	\$0.98	\$1.14
TOTAL PER DRINK COST @ 1 1/2 OZ	\$0.89	\$0.89	\$0.89	\$0.89	\$3.84	\$1.18	\$1.18	\$1.37
SELLING PRICE PER DRINK	\$2.00	\$2.25	\$2.50	\$2.75	\$4.00	\$2.50	\$2.75	\$2.63
COST PERCENTAGE @ 7/8 OZ (PC)	25.84%	22.97%	20.67%	18.79%	55.98%	30.62%	27.56%	28.43%
COST PERCENTAGE @ 1 OZ (PC)	29.53%	26.25%	23.62%	21.47%	63.98%	35.00%	31.50%	32.50%
COST PERCENTAGE @ 1 1/8 OZ (PC)	33.22%	29.53%	26.57%	21.47%	71.97%	35.43%	32.21%	36.22%
COST PERCENTAGE @ 1 1/4 OZ (PC)	36.91%	32.81%	29.53%	26.84%	79.97%	43.74%	39.37%	40.62%
COST PERCENTAGE @ 1 1/2 OZ (PC)	44.29%	39.37%	35.43%	32.21%	95.96%	52.49%	47.24%	48.74%

Questions

IF QUESTIONS COME TO MIND FOLLOWING THE SESSION, FEEL FREE TO ASK, OR CONTACT ME DIRECTLY AFTER THE CONVENTION IS OVER.

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THANK YOU!