



THE FINANCE ADVISORY

prepared by

Grand Lodge Finance Advisory Committee

Volume 1, Issue 1 – November 2011

Greetings from your Grand Lodge Finance Advisory Committee

Welcome to the inaugural issue of *The Finance Advisory*. We plan to publish this newsletter several times per year and intend to provide useful and practical information that you can apply to improve the financial situation of your lodge and your lodge's home.

Although finance can be a rather dry topic, we hope to make *The Finance Advisory* so interesting and exciting that you cannot wait to read the next issue. We know that this will be a difficult task and we ask for your help. The Committee welcomes questions and/or suggestions for topics that could be addressed in future issues. Questions or suggestions not related to lodge or temple finances will be forwarded to the appropriate Grand Lodge Committee for response.

The Grand Lodge Finance Advisory Committee members are: Terry Horner (Chairman), David Armstrong, Bill Birdsall, Bob Collins (Editor of The Finance Advisory), Allan Freedman, Alan Fryer (Secretary), Robert Kliaman, Vince Phillips and John Rycroft.

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A Message from the Chairman

This is the first newsletter from your Financial Advisory Committee. First and foremost, I want to let you know the new Standing Committee is available to you at any time throughout the year and we intend to publish the newsletter quarterly or as special issues may require. We look forward to requests for financial information from both Lodges and Masonic Corporations.

The Committee has been together as a unit for several years now and includes Chartered Accountants, Financial Service Executives, Consultants and Senior Level Business Executives. These brethren have many years of experience in financial matters relative to business and buildings and many of them provide similar services for their respective Lodges, Corporations or Districts, as well as amity bodies.

As a team we continue to work toward user-friendly financial formats and protocols for the management of Lodges and Corporations. During the past few years, we have provided information requested from upwards of 100 Lodges and 20 Masonic Corporations.

The experience of the past few years tells us that a percentage of the Lodges are financially sound. The Master and Wardens are working with a Finance Committee, an Annual Budget and a level Dues Structure.

Please share this newsletter with your Masonic friends

A Message from the Chairman

continued from Page 1

The General Fund, Benevolence Fund and Life/Honorary Membership Fund are in separate accounts and provide clear Financial Reporting to all their members. Financially sound Lodges often field a few questions relative to structure and/or government reporting.

On the other hand, there is also a percentage of lodges that each year require information as to how to take a Lodge, Corporation or both into Darkness.

While we continue to assist both of the above, our main thrust is to assist the greater body of Lodges and Corporations that are beginning to feel the pressures of a low, multilevel dues structure, aging facilities and/or membership drop off.

Please call if you believe that you could use some assistance. We treat each and every request with professional care.

New Status of the Finance Advisory Committee

The Finance Advisory Committee has been a part of our Grand Lodge for some time, as a special committee of the Board of General Purposes. We have provided advice and assistance to lodges and temples, when asked, as well as to the Grand Lodge Office.

Recently, it has become increasingly apparent that many lodges and masonic buildings could benefit from financial advice on a more regular basis. In order to facilitate the provision of this financial advice and to broaden the scope of the work of the

Committee as described below in its mandate, changes to the Constitution of the Grand Lodge were made at the Annual Communication this past summer. The change to Section 135 of the Constitution made the Finance Advisory Committee a *standing* committee of the Board of General Purposes. As well, subsection (g) was added to Section 136 to define the powers and duties of the Committee.

Mandate of the Finance Advisory Committee

Section 136, Subsection (g), 2011 Constitution of the Grand Lodge of A.F. & A.M. of Canada in the Province of Ontario:

To provide the Lodges assistance and advise on matters of financial management and stewardship of financial resources.

To undertake the review and reporting from time to time on reference from the Grand Master, the Board of General Purposes, financial issues that require immediate attention in the interest and welfare of the Craft.

To provide financial advice, simplified protocols and facilitate financial understanding and stability to all Lodges and to Masonic Corporation Boards should they require advice regarding financial matters only.

To receive from the Committee on the Condition of Masonry the annual reports of the DDGM's in so far as they relate to financial matters of the Lodges and their respective facilities and report thereon to the Grand Lodge and the Board of General Purposes with whatever financial remediation may be prompted by these reports.

Mandate of the
Finance Advisory Committee

continued from Page 2

To consider and report to the Board of General Purposes on any financial matters referred to it.

To report annually to the Grand Master, the Board of General Purposes on all financial matters and on such other occasions as the Committee may deem desirable.

Without limiting the generality of the foregoing, to act in an advisory capacity to the Grand Master and Grand Lodge in all matters deemed to be in the best interest of and for the better financial administration of the Craft.

Question\$ and Answer\$

Does a lodge need to hire a Public Accountant to perform an audit of its Books and Records to be in compliance with Section 299 of the Book of Constitution at Installation or Investiture?

Essentially the references to auditors in our Book of Constitution are of two types, external and internal auditors.

- External auditors are governed by the rules of The Public Accountancy Act, 2004 (*Ontario*), and must be licensed by the Public Accounts Council of Ontario.
- Internal auditors are not governed in the Province of Ontario

For the purposes of Part I, Sections 123, 124 and 125 of the Constitution (Moneys and Accounts of Grand Lodge), the auditor

referred to in those sections is defined by Section 134(d) which states, “The Board shall annually appoint as auditor a public accountant licensed under The Public Accountancy Act of Ontario and shall determine his remuneration.”

For the purposes of Part I, Section 108 of the Constitution (Powers and Duties of District Deputy Grand Masters) and Part II, Section 299 of the Constitution (Lodge Records, Accounts and Moneys) of the Constitution, the audits described in those sections are internal audits and, as such, are not governed. Therefore, the auditors can be any elected (or appointed) members of your Lodge in good standing. However, brethren with some financial experience are desirable. Grand Lodge of A.F. & A.M. of Canada in the Province of Ontario has prepared suggested guidelines and a report.

What are the changes with respect to the Grand Lodge Semi-Annual Returns?

Commencing in January 2012, the amounts submitted with the semi-annual returns to Grand Lodge will increase from \$12.00 per year per member to \$20.00 per year per member.

Therefore, the July 2011 to December 2011 amount per member (covering one-half year) remains at \$6.00 and is due no later than January 8, 2012. The amount per member for January 2012 to June 2012 (also covering one-half year) becomes \$10.00 and is due no later than July 8, 2012.

The Lodge Treasurer
an office that should not be taken lightly

Many members have reluctantly taken on the office of Treasurer of their Lodge at election time, without fully understanding

The Lodge Treasurer
continued from Page 3

the responsibilities that are associated with this office. As Treasurer, you receive all monies from the Secretary, pay all bills approved by the Worshipful Master and the Lodge and may be the Chairman of the Lodge Finance Committee, responsible for all the financial issues of the Lodge both now and in the future.

The Treasurer should be present at all meetings and available to handle any financial emergencies, if requested by the Worshipful Master. The Treasurer should always have his records current and available for all to review. The Treasurer of a Masonic lodge is like the Chief Financial Officer (CFO) of the Lodge. The Treasurer does not need to be in possession of an accounting degree, however experience with bookkeeping and accounting is highly desirable. He can maintain the financial records by hand or use an accounting software system on a computer (the simpler the process the better). He needs to record all monies received, noting from whom and the reason, to write cheques for and properly record all monies paid out and be able to reconcile the Lodge chequebook to the monthly bank statement.

At or before the first meeting of the new officers' year, the Treasurer may prepare a budget in consultation with the Worshipful Master based on historical information and any other information that he can obtain for the coming year. If the Treasurer cannot balance that budget, it is imperative that he inform the Worshipful Master. The Worshipful Master, with the help of his officers, will then need to review his new trestle board for the coming year. In doing

so, he will want to increase the income of the Lodge and control the expenses to produce a balanced budget for the coming year.

Successful Planning for 2012

You are not alone. During the past three/four years, the Financial Advisory Committee has received enquiries from numerous lodges and meeting halls throughout Ontario seeking guidance in managing the financial side of their affairs. In addition, we have provided information concerning incorporated, not-for-profit corporations for meeting halls and insurance issues. Suffice it to say that many of the lodges and meeting halls that contacted us are well-managed and in sound financial health. Others have allowed the business side to lapse and are looking for guidance in getting their financial footing back on track.

We strongly believe that the cornerstone of managing lodge financial record keeping starts with a detailed budget.

A budget should be used in every Masonic Lodge. You may not have thought about it but everyone makes use of a budget one way or another in our personal and business lives. Budgeting is necessary to obtain your desired goals and to keep your income and expenses within the realm of reality. It requires a systematic evaluation of estimated income and expenditures to ensure that adequate funding will be available for all programs and activities throughout the year.

We would like to hear from you about your experience working with budgets.

Thank you for reading *The Financial Advisory*.