

## THE FINANCE ADVISORY

prepared by the  
**Grand Lodge Finance Advisory Committee**  
 Volume 1, Issue 2 – February 2012

### Greetings from your Grand Lodge Finance Advisory Committee

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 *(from left to right in photo above)*: John Rycroft, Bob Collins (Editor of The Finance Advisory), Bill Birdsall, Terry Horner (Chairman), Alan Fryer (Secretary), Vince Phillips and David Armstrong. Allan Freedman is also on the Committee but was absent for the photo.

### Contact Information

Terry Horner, Chairman <a href="mailto:hornerterry@gmail.com">hornerterry@gmail.com</a>	Bob Collins, Editor <a href="mailto:Bxxby@sympatico.ca">Bxxby@sympatico.ca</a>
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### A Message from the Chairman

As April approaches, tax season creeps into our thoughts and lodges often ask if they have to file returns. The question is often asked – What, in fact, is a NON-PROFIT ORGANIZATION (NPO)? As a result the Committee felt the following information would be useful.

An NPO, as described in paragraph 149 (1) of the Income Tax Act, is a club, society, or association that is not a charity and is organized and operated solely for Social Welfare, Civic Improvement, Pleasure or Recreation, or any other purpose, except profit. An NPO is exempt from tax under Part 1 of the Act on all or part of its taxable income for the fiscal period, if it meets the above requirements for the period.

A Lodge will have to file a Non-Profit Organization (NPO) Information Return (T1044) only if it:

- (1) received, or was entitled to receive, taxable dividends, interest, rentals or royalties totaling more than \$10,000. Note that dues and assessments are excluded,
- (2) had total assets of more than \$200,000, or
- (3) had to file a NPO Information Return in the previous year.

For code and subsection buffs, the information is found in subsection 149 (12) of the Income Tax Act.

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## A Message from the Chairman

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Any lodge which is required to file form T1044 and fails to do so on time, will be subject to a penalty of \$25.00 per day with a minimum of \$100 and maximum of \$2500.

Although there may be only a few Lodges which are required to file this form, the Committee would happy to provide assistance as required. Please contact Grand Lodge or our Committee.

## Lodge Financial Record Keeping

*“Lodge Financial Record Keeping” is a series of articles about various aspects of Lodge Record Keeping. The first of these articles concerns the Membership Roster, including the records required for Life Memberships. It appears in this issue of The Financial Advisory. Future articles, which deal with preparing a Budget, the Statement of Income and Expenses and the Lodge Statement of Financial Position, will be in future editions of The Financial Advisory.*

Over the years, there have been several dissertations on Lodge and Meeting Hall financial record keeping. In reviewing information on the Grand Lodge web site, it is interesting to note that going back nearly 30 years this methodology in financial record keeping has not changed significantly. What has improved over the years are the tools we now have available to prepare and maintain complete, detailed and up to date Lodge Financial records. You may choose any number of programs available but the most common is either EXCEL by Microsoft or Quicken by Intuit. Either program is intuitive to everyone with basic computer skills and, once set up, makes record keeping simple, fast and efficient.

During the past two years, the Finance Advisory Committee has fielded many questions asking for guidance in managing the financial side of lodges and meeting halls throughout Ontario. Suffice it to say that many of the lodges and meeting halls that contacted us are well-managed and in sound financial health. Others may have allowed the business side to lapse and are looking for guidance in getting their financial footing back on track.

We feel that there are some basic requirements that should be included in every Lodge’s Financial Record Keeping. They include the following:

1. Membership Roster
2. Annual Budget to include previous years results, the current year and a projection for three years going forward
3. A Statement of Income and Expenses
4. A Statement of Financial Position

This issue we will consider the Membership Roster in more detail.

## Membership Roster

Every lodge has a membership roster which is updated and filed annually with Grand Lodge. The membership roster is a valuable tool and the basic building block on which to base your Lodge Budget.

It is important in preparing a budget that it include the following.

- A.** An alphabetical listing of all dues paying members, showing their annual dues.
- B.** An alphabetical listing of all Life and Honorary Members (non-dues paying).
- C.** An up-to-date list of Dues Owing. This could be incorporated in “A”.

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Membership Roster  
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The following is one format. The lodge Secretary or Treasurer may elect to modify it

as they see fit, keeping in mind that a detailed roster of all lodge brothers and their status as honorary, life, out-of-town or regular is essential if a lodge is to arrive at a realistic budget and the setting of dues. The sample Lodge Roster is below.

## 2012 Lodge Roster for Any Lodge Anywhere, Ontario

Lodge Roster	Full Dues	Out of Town	Age Exempt	Hon & Life	Dues Paid	Dues Owing	Total
Ambler B.	\$150.00					\$150.00	\$150.00
Anson L.			\$0.00				
Appleton S.		\$100.00			\$100.00		\$100.00
Rogers D.	\$150.00				\$150.00		\$150.00
Turner G.				\$0.00			
<b>Total Dues</b>	<b>\$300.00</b>	<b>\$100.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$250.00</b>	<b>\$150.00</b>	<b>\$400.00</b>

You will note from our example that given the plethora of membership options it is important to stratify each to ensure a correct reconciliation of membership and to identify anticipated revenue from dues.

From our perspective, careful attention to Life and Honorary Memberships is very important. As we all know, Life and Honorary Memberships can be granted in a number of ways. Purchased by a member, if the lodge by-laws permit, granting LM's automatically at say age 65, granting to those who served as Worshipful Master or who served set number of years as a mason are a few examples.

It is imperative that no matter what plan your lodge has in place for all non-dues paying members, sufficient funds must be segregated and earn income to cover the annual expenses of all brothers in this category. Otherwise, other dues paying members will be subsidizing their dues.

Covering the cost of Life and Honorary Members, etc. from any other source is not a good practice and increasing the dues for other members to cover the costs is inequitable and usually not sustainable over time.

Thank you for reading  
*The Financial Advisory.*

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