

# **Handbook for Lodge Treasurers**



**Adapted from publications of the  
Grand Lodge of Massachusetts,  
the Grand Lodge of Tennessee,  
and the Grand Lodge of Virginia  
for use in Wisconsin Lodges**

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# Handbook for Lodge Treasurers

## Table of Contents

<u>Page</u>	<u>Topic</u>
1	Treasurer
3	Responsibility of the Lodge Officers, Trustees, and Members
4	General Accounting Practices and Controls
6	The Annual Budget
8	Recording Lodge Financial Transactions
9	Contributions and Funds
10	Grand Lodge Dues
12	Demits and Resignations
13	Perpetual Memberships
14	Taxes and Related Issues
15	Investing Lodge Funds
16	Annual Lodge Financial Report
17	Audit
18	Other Issues
20	Form – Treasurer Annual Report to Lodge
21	Form – Trustees Annual Report to Lodge
22	Form – Quarterly Investment Summary Report to Lodge

## TREASURER

The Treasurer advises financial planning, procurement, and investment of funds for the Masonic Lodge. The Treasurer may delegate authority for receipt, disbursement, banking, protection and custody of funds, securities, and financial instruments. The Treasurer analyzes financial records to forecast future financial position and budget requirements, and evaluates need for procurement of funds and investment of surplus. The Treasurer advises the Lodge on investments and loans for short and long-term financial plans. He prepares financial reports for Lodge management, and he develops policies and procedures for accounts receivable. The Treasurer signs notes of indebtedness as approved by the Lodge and Worshipful Master.

While the following general duties require manual preparation of the Lodge financial records, the Treasurer is encouraged to use a computer program to track detailed information about the Lodge's financial records. The detail required must be accessible by the computer program, which reflects the bank check and corresponding bills in an automated fashion. In many smaller Lodges, hand written records are fine. If you are going to use a computer, there are several good accounting programs; to name a few there is Quicken, MS Money, and MS Excel.

General Duties for the Office of Treasurer:

1. A record of receipts in a detailed journal register for each account with the following information: date, from who received, items covered, and the amount. Deposit receipts are kept for the record. All financial records should be kept for seven years.
2. The detailed journal register showing receipts and expenditures should be open at all times for inspection by the Lodge officers and membership.
3. Pay by check all the approved bills of the Lodge. All payments should be accompanied by an invoice or statement with sufficient information to identify the person or business being paid and the services or products received.
4. Prepare a Lodge financial budget for approval by the Worshipful Master. This annual budget should be tied to the 5-year strategic plan for the Lodge.
  - a. Request expenses and expected receipts from each chairman, so a budget for the Lodge committees can be developed.
5. Direct the Lodge's attention to expenses that are running over budget and/or appropriation.
6. May serve as Budget Chairman and Chairman of the Finance Committee, except in an ex-officio capacity without vote, so the Finance Committee provides an independent recommendation to the Lodge.

7. Reconcile monthly bank statements and file all supporting documentation. The Lodge Secretary should review the bank statements after reconciliation by the Treasurer as a security precaution.

8. Prepare a monthly balance sheet and account balance statement for the Lodge membership.

a. This report should show the current account balance and the date of the balance figure.

b. This financial statement is filed with the Lodge meeting minutes.

9. Annually, prepare the appropriate IRS information returns if required. These must be filed within four and one half months following the fiscal year end. The form is entitled "Return of Organization Exempt from Income Tax 990." Some smaller Lodges may be required to simply file the electronic version of the form, others will file the Form 990 EZ and only the largest (in terms of financial worth) will file the regular Form 990. Instructions and the forms are on the IRS website [www.irs.gov](http://www.irs.gov). Failure to file the appropriate form in a timely manner could result in the Lodge losing its income tax exemption. A copy of the form 990, 990 EZ or copy of the E-postcard filing (electronic version) should be sent to the Grand Secretary of the Grand Lodge. In some jurisdictions, the Lodge may be included in a group return submitted by the Grand Lodge. Contact your Grand Secretary for additional assistance in this area.

10. Furnish all financial records for the annual audit to the Audit Committee. For specific information on the Audit Committee, please see the Audit Committee's section of this document.

## **Responsibilities of Lodge Officers, Trustees and Members**

The proper management of Lodge financial activities is an essential part of the smooth functioning of a Lodge. While Lodges avoid discussing most inflammatory issues that can breed disharmony in the Lodge, Lodges can not avoid discussing its finances and this can frequently result in strong feelings on the part of the membership. After all, every Lodge member is a “stockholder in the company.” He is entitled to information concerning the financial condition and transactions of the Lodge and, since the Lodge may rely on his dues to meet its financial obligations, he is entitled to participate in Lodge financial decisions. While lodge members may elect officers and trustees to act on their behalf, those so elected should be ever mindful that they are acting on behalf of others and not for themselves alone. The frequent disclosure of complete and correct disclosure of financial information will prevent the suspicion and doubt created by incomplete or incorrect disclosure. Likewise, the members have responsibility to understand financial activities and a right to expect full and correct disclosure. Financial irregularities and misappropriation frequently result from apathy on the part of the members.

Two important documents regarding Lodge financial activities are the Grand Masonic Code and your Lodge By-laws. The Code discusses such financial issues as Grand Lodge Dues, Lodge Dues, officer responsibilities and various other subjects. Your Lodge By-laws may concern various activities related to your Lodge including Lodge Dues, the need for Budgets and Audits, etc. The general or historic duties of the Lodge Treasurer are described in the ritual and the installation ceremony. They concern collecting monies, properly accounting for them and using them to pay bills approved by the Lodge. The Lodge Treasurer must familiarize himself with these documents to ensure that he and the Lodge are in compliance with their requirements. As a not-for profit entity (not a non-profit entity), your Lodge may also be required to file documents with certain regulatory authorities including the Internal Revenue Service, the State of Wisconsin, and your local community and are subject to their regulations and laws. While Officers and Trustees may bear direct responsibility for ensuring compliance, their actions or failure to act may reflect on or affect the entire membership.

Finally, while many lodges suffer from a lack of qualified individuals to perform various jobs, it is important that all the members take responsibility for the operation of the Lodge and periodically take their turn performing various Lodge functions. No man should be expected to serve as Treasurer or Trustee for life. Different individuals will bring new interests and perspective to the job and will provide an individual another opportunity to serve the Lodge and his brethren.

## **General Accounting Practices and Controls**

While accounting practices and controls may seem like a dark and mysterious subject to some, they are really only a matter of common sense and a system of checks and balances to ensure that funds are deposited in the right “bucket” and only used for the purposes for which they are intended. The use of inexpensive, readily-available accounting computer programs can greatly simplify the process. Most Lodges operate on a “cash” basis. Income is recorded when monies are received and expenses are recorded when monies are paid.

Operating funds may be segregated from “permanent” funds and may be subject to different accounting requirements. Much of this frequently depends on the size of the funds and the skill and knowledge of the accountant. It is recommended that Lodge charity funds be separately maintained and accounted for from Lodge operating funds. This is to ensure that such funds are not used for purposes other than those for which they were intended. Since most Lodges do not own the buildings in which they meet, they may have a limited number or amount of assets. Their assets usually consist of their regalia, the amount in their checking account, some invested funds and, possibly, some member dues owed the Lodge. Their liabilities usually consist of their equity in the invested funds and, maybe, some unpaid bills or accounts payable. Many Lodges only recognize income when received and expenses when actually paid. Invested funds should be recorded at current market value and reflect both realized and unrealized gains and losses. The Grand Lodge of Wisconsin does not require a specific chart of accounts but does require that the system accurately account for the funds and can provide readily available reports to Grand Lodge and Lodge members.

Proper accounting controls are necessary to ensure that all funds are received and utilized as intended. While the By-laws of each Lodge may address the issues of controls in a different manner, Grand Lodge requires that all expenditures be approved by the Lodge and a committee established by the Lodge for that purpose. Frequently the committee consists of the Master and Wardens. All major financial decisions should be thoroughly discussed and voted upon by the Lodge with prior notice to all Lodge members to allow their participation. Lodge investments are frequently overseen by the Lodge Trustees. Grand Lodge requires that the Trustees are active members who meet at least monthly and have no personal interest in the investment of the funds. A Lodge budget provides a standard by which to measure the financial activities of the Lodge and is required to be presented by the incoming Worshipful Master at the start of his term and approved by the Lodge. Any Lodge bank or investment account should have more than one authorized signer to allow the Lodge to function if a signer is incapacitated. The list of authorized signers should be reviewed at least annually to ensure that the list is current and appropriate. The greatest safe-guard of Lodge finances is an active and interested Lodge that requires frequent and complete financial disclosure and that openly considers all financial activities.

The use of financial controls is not for the purpose making the duties performed by the Officers or Trustees more difficult nor is it a reflection of a concern for their honesty or diligence. It is simply a method of ensuring compliance with the good financial order and the desires of the Lodge.

## The Annual Budget

Every well-governed Lodge must utilize an annual budget. Budgets are only an estimate of expected financial transactions over some period of time. Usually the budget period is one fiscal year that begins on January 1 and ends the next December 31. Everyone should understand that the budget is only an estimate and the one thing of which everyone can be certain is that the actual results will be different from the budget. While the budget is a guide to expected results, it should not prevent the Lodge from taking desired and appropriate action not contemplated in the budget due to some unforeseen event. An unanticipated postage increase should not prevent the mailing of the dues bills.

The preparation of the budget for the next Masonic year should take place well before the commencement of that year. The Budget Committee should consist of the presiding and incoming Masters, the Wardens, the Secretary and Treasurer, the Trustees and any other interested Brothers deemed appropriate and necessary. The Treasurer should provide the committee with the results of the financial activities of the Lodge for recent fiscal periods including the last complete fiscal year, the last budget and the financial results for the current year-to-date. The remaining estimated period for the current year should be evaluated giving attention to any known budget variances or timing differences.

Assuming that many of the current financial activities will be repeated in the next year, the updated budget may become the basis for the next fiscal year. The Trustees should provide an estimate of income and expenses to be generated by Lodge funds. The incoming Master should be asked to provide an estimate of the financial impact of any changes in Lodge programs that he proposes to implement. The committee should also include any other known changes such as an increase in Grand Lodge dues, postage or rent costs.

The budget should be prepared on a monthly basis with changes reflected in the month in which they are estimated to occur. If, for example, the Lodge does not meet in the months of July and August, the Lodge should not budget meeting expenses during that period. If the Lodge is planning a holiday party in the month of December, the budget for that month should reflect the appropriate expenses. While it is possible to estimate some items such as dues or printing costs, others are more difficult to estimate. The budget may include an estimate of income from interest and dividends on investments. It is very difficult to estimate gains or losses on investments and these items may be ignored in preparing the budget.

Once the budget is completed to the satisfaction of the Incoming Master, it should be presented to the Officers and the Lodge. Each Lodge member should receive a copy of the proposed budget in advance of the meeting at which the budget is to be discussed and adequate time must be available for discussion and approval.

Once the budget is approved by the Lodge, expenditures included therein should be so noted when they are to be approved by the Lodge. This should reduce the time required to review and approve expenditures at the meetings. Significant budget variances and items not included will require approval of the Lodge as a supplement to the budget. While this process may seem somewhat cumbersome, it is designed to enable the Lodge to act in a business-like manner and keep all Lodge members informed of its actions.

If the budget is adopted versus approved by the Lodge, those expenditures that are routine should be considered to be pre-approved up to the specified dollar limits. Additional funds and non-routine expenditures should not be paid or authorized until approved by the Lodge.

## **Recording Lodge Financial Transactions**

Lodges are not just small private social groups that can operate as the “members” see fit. They are fraternal organizations that are chartered by the Grand Lodge and operate under the authority of and are responsible to the Grand Lodge. They are also part of a Federal tax exempt group that operates under the Grand Lodge umbrella and they must comply with rules, regulations and laws of Grand Lodge and all government entities in whose jurisdiction they operate. To meet these requirements, the Grand Lodge requires that each Lodge maintain books of account that describe all Lodge financial transactions and are auditable at any time by the Grand Lodge or any government entity having jurisdiction. The Lodge books must include a list of transactions describing the financial transactions and should enable the Lodge to produce a Statement of Fund Changes (Income Statement) and a Statement of Fund Position (Balance Sheet) whenever necessary. The Lodge books may be kept in a manual or computer format, as long as they are readable. Some Lodge Treasurers use inexpensive accounting programs such as Quickbooks. Regardless of the format, they must be complete and supported by necessary source documents such as billings, invoices, bank statements, investment transactions and summaries, etc. All transactions must be completed in accordance with Lodge By-laws.

If, for instance, the By-laws require approval by the top three officers of the Lodge for an invoice to be paid, they should sign the invoice indicating their approval. In recent years, several Lodges and building associations under the jurisdiction of this Grand Lodge have been audited by the Internal Revenue Service it is very important that Lodge books be maintained with that in mind.

Lodge funds should be categorized according to the wishes of the provider. Funds donated to the Lodge for a specific purpose may only be used for that purpose. Such funds then appear on the Statement of Fund Position as Restricted, Temporarily Restricted or Unrestricted. Surplus funds generated by Lodge operations are considered Unrestricted. Contributions and Funds will be discussed further in the next section.

Buildings or other physical assets should be depreciated over the life of the asset. The IRS provides guidelines as to depreciable lives of various such assets. Land is not depreciable.

## Contributions and Funds

As described in the previous section, a Lodge may periodically receive contributions or bequests from members and may also generate net income or losses due to operations.

All contribution and bequests must be accounted for by the Lodge based on the nature of the contribution and the wishes of the donor. Contributions or bequests that do not have any restriction as to its use are classified as Unrestricted Funds and may be used in their entirety by the Lodge. An example of this would be a member presenting a check to the Lodge and stating that they Lodge may use it as they see fit. A second form of contribution would be one with a temporary restriction. An example of this might be of a contribution whose use was restricted to income earned on the invested fund until the Lodge's 50th anniversary. A third form of contribution would be Restricted Funds. An example of this would be a donation made to the Lodge whereby only the realized income could be used by the Lodge but the principal could never be used. If a Lodge is unwilling to accept the restrictions under which a contribution is made, it must decline the contribution.

Within these broad types of funds might be other categories, including building funds, charity funds, life membership funds and others. The key consideration in the establishment of these funds is that, once accepted, the fund may only be utilized based wishes of the donor. If the donor specified that funds were to be used for charity, the funds can not, under any circumstances, be used for the operation or maintenance of the Lodge or building. They can only be used for charity. If the Lodge wishes to change the restriction of funds received from a deceased donor, the Lodge must petition the courts. The courts may accept the wishes of the Lodge or may select another option that they believe would better serve the wishes of the donor. Since the actions of the court may not be entirely predictable and could be expensive, this step should not be taken without significant necessity. However, it is also important to remember that any funds designated to a specific purpose by a Board of Directors may be subsequently redesignated by another Board of Directors. An example of this would be a Board designating \$1,000 from Unrestricted Funds to the Lodge Scholarship Funds. A future Board could move that \$1,000 back to Unrestricted Funds.

A lodge may receive contributions from members for its charitable purposes such as relief or education. Such contributions are authorized deductions on the donor's income tax return; however, such contributions should be accounted for separately and only used for charitable purposes. Contributions for building maintenance or for operation of the Lodge are not authorized deductions for individual income tax return purposes. If the Lodge accepts charitable, tax-deductible donations from its members, it may be asked to provide a letter to that member stating the amount and purpose of the donation and that the donation is tax deductible. If the member is subsequently audited by the IRS, the Lodge may be asked to verify the contribution and its use for charitable purposes.

## **Grand Lodge Dues**

In accordance with Chapter 31 of the Masonic Code each Lodge shall annually pay to the Grand Lodge an amount for its charitable and other purposes designated as Grand Lodge Dues. Such amount is calculated annually based on a formula described in Chapter 31. Payment of Grand Lodge Dues is a responsibility of the Lodge. Failure to pay Grand Lodge Dues by a Lodge member or remission of dues by the Lodge does not relieve the Lodge of its responsibility to pay the Grand Lodge. Failure to pay Grand Lodge dues and other amounts owing the Grand Lodge may result in a Lodge not being allowed to work and vote in Grand Lodge and may ultimately result in the loss of the Lodge's Charter.

Grand Lodge Dues, called the Per Capita Tax, are calculated annually based on the number of members of a lodge as shown on the records of Grand Secretary as of December 31<sup>st</sup> multiplied by a fixed amount approved each year at Grand Lodge.

In January of each year a "Membership Recapitulation Report" is produced from the membership database maintained by Lodge Secretaries and Grand Secretary's office. This report represents the membership of the lodge as of December 31<sup>st</sup> for the period of January 1<sup>st</sup> thru December 31<sup>st</sup> of the prior year. The report includes every member of the lodge; those owing their Grand Lodge dues at that lodge, those who owe their Grand Lodge dues at another lodge and those who are perpetual members.

The Grand Secretary's office prepares a bill for the Grand Lodge dues, called a "per capita tax" owed by each lodge and sends this bill with a copy of the "Membership Recapitulation Report" to the lodge for payment. This payment is due at the Grand Lodge Office no later than March 1<sup>st</sup> (Code 31.03).

The Grand Lodge has put in place the following procedure for Lodges to follow when suspending members for non payment of dues. Our fraternity teaches brotherly love, relief and truth, adoption of following procedure will ensure that we suspend for non payment of dues only those brothers who have lost interest in the Fraternity:

## Suspension For Nonpayment of Dues, Restoration

**81.01 Suspension Defined.** Suspension for nonpayment of dues is a penalty imposed upon a Master Mason for failing to pay his dues and/or assessments to the lodge.

**81.02 Suspension Begins When Eight Months in Arrears.** A member of a lodge cannot be suspended for nonpayment of dues until eight months after the date to which his dues are paid.

**81.03 Pecuniary Inability to Pay Dues.** A lodge shall not suspend a member for nonpayment of dues when his failure to pay dues is wholly on account of his pecuniary inability to do so.

**81.04 Master Cannot be Suspended.** A Master of a lodge shall not be suspended for nonpayment of dues during his term of office.

**81.05 Insanity Precludes Suspension.** An insane or mentally incompetent member of a lodge shall not be suspended for nonpayment of dues.

**81.06 When Delinquency Occurs.** Any member failing to pay his dues for a period of eight months from the date to which his dues are last paid shall be deemed delinquent and shall be subject to discipline as hereinafter provided.

**81.07 Effect of Suspension.** Suspension for nonpayment of dues shall be a suspension from all of the rights, privileges and benefits of Masonry until such time as the suspended brother is restored to membership as provided by law.

**81.08 Procedure.** When a member is eight months in arrears in the payment of his dues, the Secretary shall compile a list of each such members by the first Stated meeting of September and shall submit it to the three principal officers of the lodge. That year one of them shall make contact, preferably in person, otherwise by letter with each of such members. If payment of such dues has not been made by October first, the Secretary shall send to each such member an official notice of delinquency by first class mail in a sealed envelope with return address thereon. This notice shall be over the signature of the Master, attested by the signature of the Secretary and under the seal of the lodge. It shall be mailed to the last known address of the member, informing him of his indebtedness to the lodge and notifying him that unless the same is paid within sixty days from the date of the notice, or unless he shows cause within the said sixty days, either in person or in writing to the Master of his lodge why he should not be suspended for nonpayment of dues, the lodge will take action on his delinquency.

**81.09 Procedure Continued.** At the first stated communication of the lodge immediately following the expiration of the sixty days notice the Secretary shall certify to the lodge the names of all members upon whom a demand has been made and who as it then may appear are still delinquent. Having fully complied with the aforesaid provisions and proof of indebtedness having been duly established in each case, the delinquent members may be suspended for nonpayment of their dues by a two-thirds vote of the members present.

**81.10 Remission of Dues.** For good cause, of which the lodge shall be the judge, it may remit all or any part of the dues of any delinquent member or it may grant him an extension of time to a definite stated communication in which to pay the dues.

**81.11 Procedure Deemed a Full Trial.** The procedures provided in 81.08 and 81.09 shall be deemed a full trial in cases of nonpayment of dues or assessments.

**81.12 Notice of Suspension by Secretary.** It shall be the duty of the Secretary to give written notice within ten days after suspension, by first class mail, addressed to the last known address of each suspended member, informing him of the action taken by the lodge and how he may exercise his right to restore his membership.

**81.13 Restoration Within Two Years.** If within two years from the date of his suspension a brother tenders payment to the Secretary of the lodge which suspended him, the amount he owed at the time of his suspension plus restoration fee of five dollars, and the amount of the dues for the current year, or if the lodge by a majority vote of the members present remits the same or a part thereof and if such payment and/or remission shall make him clear on the books, he shall be automatically restored to membership as of the date of such payment or remission and due notice shall be taken thereof in the minutes of the lodge at the next stated communication.

**81.14 Restoration After Two Years.** A suspended member who has remained suspended for a period of more than two years cannot be restored to membership automatically. Such a member shall be required to present a written request to the lodge setting forth his desire to be restored and shall tender therewith payment of all dues in arrears at the time of his suspension plus the amount of the dues for the current year and plus restoration fee of five dollars. The Master will appoint a committee for investigation and report. At a subsequent stated communication the lodge shall by secret ballot take action on the question of restoration. A three-fourths favorable ballot of the members present shall be necessary for restoration. If the member stands rejected the payment tendered with his request for restoration shall be returned to him, and he shall not apply again within six months from the date of rejection.

**81.15 Delinquents When Charter Surrendered.** The members of a lodge who are in arrears for dues at the time its charter is surrendered shall be deemed suspended Masons. Upon payment of their arrears to the Grand Secretary they shall be affiliated with a lodge as assigned by the Grand Secretary.

**81.16 When Restoration Not Permitted.** If the address of a member suspended for the nonpayment of dues is unknown and he has never signified a desire to restore his membership or if he dies while suspended, a lodge cannot accept from any other person a payment of his dues and then restore him to membership.

**81.17 Chapter Applies to All Exclusions.** All the provisions of this Chapter shall in like manner, apply to all Masons who have been, and are now, suspended from any lodge.

## **Demits and Resignations**

Demits are not issued by the Grand Lodge of Wisconsin (Code 82.07); however a member may resign his membership in any lodge of which he is a member at any time. Resignations require the member to be "current" on the books of the lodge.

## **Perpetual Memberships**

The Grand Lodge offers a “Perpetual Membership Plan” that enables members to make a single payment of a predetermined amount to satisfy all future dues obligations. A payment plan is also available. Details for this plan may be found in the Masonic Code, Chapter 94. A member who purchases a Perpetual Membership will be reported on the “Membership Recapitulation Report” as such and the Lodge will not be billed Grand Lodges dues for that particular brother in that or subsequent years. The lodge will receive the lodge’s portion of the annual dues payment from the Grand Lodge in perpetuity.

## **Taxes and Related Issues**

When engaged in normal Lodge business, Lodges are usually exempt from most taxes. This includes Federal and state income taxes, meals taxes and property taxes. However, when Lodges become involved with activities unrelated to their fraternal purpose, they are subject the taxation as if they were any other business. Lodges are NOT exempt from general sales taxes.

Masonic Lodges and related building associations operating under the tax exemption of the Grand Lodge of Wisconsin are fraternal organizations as defined under the provisions of Chapter 501 C 10 of the Internal Revenue Code. While Lodges and related building associations are not subject to income taxes while engaged in fraternal activities, they may be required to file informational tax returns and may be subject to taxation if engaged in business activities unrelated to fraternal purposes. If a Lodge has gross income equal to or exceeding \$25,000 when averaged with such income for the two previous years, the Lodge must file an informational tax return on Form 990 or 990EZ. Gross income includes all monies received regardless of the source and without consideration of any expenses, including such items as dues, interest, dividends, bequests and contributions, rent, dinners and meals, and any other income. Lodges under the jurisdiction of the Grand Lodge of Wisconsin are included in its tax exempt group and may file a joint return with the Grand Lodge. Appropriate documents for this purpose are issued by the Grand Secretary's Office and must be completed and returned by February 15<sup>th</sup>. If for some reason the lodge desires to file separately, it is strongly recommended that the return be prepared by a qualified tax professional. The Grand Lodge documents must be returned either way.

Since Lodges in Wisconsin are not public charities or corporations, it is not appropriate for them to file a Corporate Annual Report with the state.

Traditionally Lodge buildings have been exempted from property taxes by cities and towns within the State of Wisconsin. If a Lodge owns their Lodge building they should file each year or as requested with the appropriate office of their city or town to avoid municipal property taxes. If the Lodge owns property or part of a property that is not used as Lodge building, the municipality may assess property taxes on that property or part of a property not used for fraternal purposes and may also assess for public improvements to roads, etc.

## Investing Lodge Funds

Most Lodges and building associations have various funds that require management and oversight. Some have significant amounts in these funds, while others have much more modest resources. Whatever the amount of the resources, the members should develop an investment strategy so that their funds will grow and outpace inflation.

It is required that each Lodge has a committee of Trustees that meets monthly to oversee investments and other lodge assets. This group may be separate or the same as the building association. While they should work with the Treasurer, they should have the responsibility for investments and the Treasurer should provide the Trustees with whatever financial information they require to perform their duties.

The Lodge or building association should only invest what you can afford. Funds that are needed for current operations should be kept adequately liquid to meet those obligations. Along with the checking account, the Lodge or building association should consider the use of a bank savings or money market account for those funds. These afford a minimum of risk and a maximum of access to the funds. While these short-term investments provide ready access to the funds, they also generally provide returns that are significantly less than longer-term investments and should be used accordingly.

Individual Stock, Bonds and Mutual Funds offer a longer-term alternative to the short term investments previously discussed. These funds are appropriate for funds that are not needed for current operations and are available for longer term commitments. It is strongly recommended that the Lodge or building association utilize professional investment management through a nationally recognized investment company or financial institution. The Lodge or building association should receive monthly financial statements that are continually reviewed and available for audit.

While investment instruments and opportunities continually change and evolve, it is important to remember that investments are made on behalf of the Lodge and its members. The Treasurer and Trustees are entrusted with this special responsibility on behalf of the membership and serve on their behalf. Finally, there is no "free lunch" and if it seems "too good to be true," it probably is.

## **Annual Financial Report**

Each Lodge is required to prepare an Annual Financial Report as part of their Annual Returns to the Grand Lodge. The Grand Lodge Officers and Trustees have determined that it is important to ensure that Lodges remain financially strong and meet Federal and state laws and regulatory requirements. Particularly since the Internal Revenue Service and state regulatory authorities recognize them as subsidiary entities of the Grand Lodge.

The Annual Financial Report is in the form of the statement of a Profit and Loss Statement, Balance Sheet and Certification of Audit of Annual Reports. A separate form may be designed and used for annual reporting to the lodge members at the instruction of the Treasurer or Master of the lodge.

The Balance Sheet provides information on Lodge financial assets and liabilities at the end of the reporting period. The Profit and Loss Statement shows the various categories of revenue and expense for the Lodge with some items detailed. Detail schedules are required to be completed if the lodge reports gross revenue exceeding \$25,000.

Finally, the Certification of Audit of Annual Reports certifies that the reports are true and accurate and that the supporting records have been audited by the audit committee. A report of a Certified Public Accountant may be attached in lieu of the certification of the audit Committee, but is not required. Often, the signature of the Master, Treasurer, or Secretary is sufficient to certify the reports.

These reports must be filed as part of the Lodge's Annual Return to the Grand Lodge no later than February 15<sup>th</sup> each year. Failure of the Lodge to file complete and accurate annual financial information will subject the Lodge to the penalties defined in the Code of the Grand Lodge of Wisconsin

## **Audit**

Each Lodge and building association should have an annual audit of its financial records. Many Lodges and building associations have this requirement in their By-laws, but regardless of the By-law requirement an annual audit of the financial records should be conducted to ensure the financial integrity of the Lodge. The Audit can be conducted by professional auditors or by members of the Lodge with accounting or auditing knowledge. However, if such individuals do not exist in the Lodge, it can be performed by other members of the Lodge but at no time should the Treasurer or Secretary be the auditors.

The audit should begin by the auditors reviewing the By-laws of the Lodge or building association because part of their charge is to ensure that the requirements of the By-laws are being met. If, for instance, all bills must be approved by a vote of the Lodge, then the Lodge meeting minutes should reflect such votes. If the finance committee must approve each payment, then the payments should reflect such approval. If the By-laws were not followed, then the Lodge should be so informed and corrective action taken.

All checking accounts should be reconciled to applicable bank statements and balances verified to bank statements. All investment accounts should be reconciled to investment statements and verified to investment statements. The status and value of any other assets should be identified and valued. All payments should be reviewed to ensure that they are valid and properly recorded. Any questionable items should be verified by contacting the bank or investment company.

All receipts, with the exception of bank or investment income should be paid to the Lodge Secretary and forwarded to the Lodge Treasurer with the Treasurer giving his receipt to the Secretary. The audit should verify that the records of the Secretary and Treasurer are in agreement. The amount received for Lodge dues should be reconciled to the number of Lodge members. The audit should also ensure that all income was properly recorded.

The auditors should also ensure that any necessary reports such as the Federal Form 990 or the Annual Financial Report and reports to Lodge membership are accurate and filed in a timely manner if required.

Finally, the auditors should sign a statement that they have conducted the audit and that either the records are in order or any exceptions or problems noted. Any questions concerning the performance of the annual audit may be referred to the Office of the Grand Treasurer.

## **Other Issues**

### **Insurance**

The Board of Directors of the Grand Lodge and the Grand Master have determined that each Lodge is required to have insurance for their Lodge through the Grand Lodge insurance program. In addition, building associations who own buildings or real estate must insure their property. They may insure through the Grand Lodge Insurance or elsewhere as long as they can demonstrate “adequate coverage” as defined by the Grand Lodge Insurance Committee.

Lodge insurance includes coverage for liability, contents, flood, earthquake, and all perils, regalia and workman’s compensation, all under the Grand Lodge ‘umbrella’. In addition a lodge may purchase additional coverage for directors and officers, plate glass and fine arts. It does not cover buildings or claims related to buildings. Such insurance is also available, at cost, through the Grand Lodge insurance program. Contact the Grand Treasurer’s Office to obtain information regarding the Grand Lodge insurance programs.

Additionally, Lodge insurance policies typically do not cover the liabilities or property of other groups that may meet in or use the building. Any such groups should obtain their own insurance and file a copy of the policy with the Lodge.

### **Recommended Reading for Lodge Treasurers**

It is suggested that the Treasurer become familiar with some simple methods of accounting that may assist him and the Lodge in managing financial records. Even though the Treasurer does not absolutely need these skills, his duties become much easier to perform and the Lodge can understand better its financial position.

The following books are suggested reading for the office of Treasurer. These books may be found in most Public Libraries.

1. 10 Minute Guide to Accounting for Non-Accountants by Wayne A. Label Dr.
2. Step-by-Step Bookkeeping by Robert C. Ragan
3. Bookkeeping the Easy Way by Wallace W. Kravitz
4. Accounting for Dummies by John A. Tracy
5. Basic Accounting for Small Businesses by Clive G. Cornish

## Updates to this Manual

It is intended that this be a living document that is updated to reflect improvements and changes as the need arises. Please direct your suggestions for improvement to:

Secretary  
Waverly Lodge #51  
315 S. Bluemound Drive  
Appleton, WI 54914.  
[secretary@waverly51.org](mailto:secretary@waverly51.org)

Be sure to include your name, address, and email or phone number in case we need to contact you for any information or clarification.





**Annual Trustee's Report for the Masonic Year :** \_\_\_\_\_

Given pursuant to the Masonic Code of Wisconsin, Chapter 60.04

Lodge Name and Number: \_\_\_\_\_

District: \_\_\_\_\_ Area: \_\_\_\_\_

**FIXED ASSETS**

Furniture and Fixtures (Replacement Cost from Inventory)	\$
Lodge Masonic Paraphernalia (Replacement Cost from Inventory)	\$
Value of Owned Real Estate (Estimate)	\$
Value of Owned Cemetery Plots (Estimate)	\$
<b>TOTAL FIXED ASSETS (E)</b>	\$

**INVESTMENTS**

Stock, Bonds, and Mutual Funds	\$
Certificates of Deposit	\$
Savings - Regular	\$
Savings - Building Fund	\$
Savings - Relief Fund	\$
Savings - Annuity, PMP, Etc.	\$
<b>TOTAL INVESTMENTS (F)</b>	\$

	<b>YES</b>	<b>NO</b>
The above investment accounts reconcile to the last received statements for those accounts:		
I have attached an Inventory of Lodge Property as required by Masonic Code (60.08):		
I have attached an Evaluation Report on the condition of the Lodge Property:		
The Lodge does or does not own its quarters. If renting, from who?		
The Lodge does or does not own stock or have interest in a Temple Company		
If interest in a Temple Company, percentage of Lodge ownership?		
If interest in a Temple Company, how are representatives chosen?		
If interest in a Temple Company, date Temple Co. Annual Report provided?		
There is or is not a mortgage or indebtedness which is a liability of the lodge		
If mortgage or indebtedness, list amount, interest rate, and repayment schedule:		
The lodge does or does not own insurance separate from the Grand Lodge? If yes indicate carriers, types and amounts of coverages.		

**CERTIFICATION**

I hereby certify that, to the best of my knowledge, the above report reflects an accurate representation of the assets of the lodge and I have communicated this information to the Treasurer and Secretary of the lodge for inclusion in the minutes of the stated meeting held on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Chairman of Trustees

**WAVERLY LODGE #51**  
**YEAR TO DATE INVESTMENT SUMMARY REPORT**

This report is given and formatted as per Lodge Resolution dated 8/2/2005. It must be read in open lodge not later than the second stated communication after March 31, June 30, September 30, and December 31 and a copy thereof given to the Secretary for records purposes.

QUARTERLY PERIOD ENDING:

ORIGINAL INVESTMENT AMOUNT: \$

GROWTH SINCE ORIGINAL INVESTMENT: \$

MARKET VALUE AS OF JANUARY 1 CURRENT YEAR: \$

MARKET VAULE AS OF PERIOD START DATE: \$

MARKET VALUE AS OF PERIOD END DATE: \$

MARKET VALUE PERIOD NET CHANGE: \$

MARKET VALUE YEAR TO DATE NET CHANGE: \$

FUNDS TRANSFERRED FOR USE BY LODGE  
CURRENT PERIOD: \$

FUNDS TRANSFERRED FOR USE BY LODGE  
YEAR TO DATE: \$

OF ABOVE TRANSFERRED FUNDS YEAR TO DATE,  
AMOUNT USED FOR CAPITAL PROJECTS YEAR TO DATE: \$