



The Masonic Province of East Lancashire

A Lodge Treasurer's Handbook

The Lodge Treasurer

PROVINCIAL GRAND LODGE OF EAST LANCASHIRE

The Provincial Education and Development Committee is delighted to have been invited by the Province to produce the first ever East Lancashire Handbook for Lodge Treasurers.

We have tried to make it as user friendly as possible with a comprehensive index and easy headings.

It is meant to be a guide and covers all aspects of a Lodge Treasurer's work from everyday matters to the rare occurrence.

We hope you will find it a useful and informative addition to your library.

Duncan Ferguson

D. M. Ferguson, PProvJGW
Chairman

The Lodge Treasurer

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The Lodge Treasurer

1. Introduction

1.1. Role and responsibilities

The Treasurer of a private Lodge is elected (not appointed) annually. This is an indication of the importance of the position, which is one of the most highly regulated in Freemasonry. It is common for a Treasurer to hold office for a term of 5 years.

The Treasurer's role is to manage the Lodge finances, which therefore includes:

- Budgeting subscriptions and dining fees for the ensuing year,
- Collecting subscriptions and dining fees,
- Paying masonic dues and other expenses promptly,
- Keeping accurate records and preparing annual accounts, and
- Administering and disbursing Benevolent Funds.

The key to doing it well is being organised and methodical.

In a recent survey of Lodge Treasurers, the most common problems encountered were:

- Collecting subscriptions,
- Changing bank mandates,
- Budgeting, and
- Finding a successor.

The intention of these notes is to offer guidance, particularly to those Treasurers who do not have experience in bookkeeping or accountancy. It is hoped that guidance in the various aspects the role entails will help to avoid some of the more common pitfalls, and to minimise any problems which might arise.

The Treasurer has specific responsibilities laid down in both The Book of Constitutions and in his Lodge By-laws (which, in East Lancashire, generally follow a standard form). The abstracts and commentary below cover the principal points.

1.2. Book of Constitutions

- Rule 112(a) - Election of Treasurer.

The Treasurer shall be elected by the members on the regular day of election of the Master and in the same manner.

- Rule 145 - Lodge subscriptions.

All members must pay annually the same amount of subscription, except that, if the By-laws so provide, a smaller rate of annual subscription may be fixed for members who are not in a position to attend the Lodge regularly.

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- Rule 147 - Remittance of fees, etc.

When it makes its Annual Return to United Grand Lodge (done by the Secretary immediately after the Installation) the Lodge shall remit the dues payable in respect of every member whose name appears on the return, irrespective of whether his subscription has been paid or not. In the case of a member who has not paid his subscription, the date to which he has paid shall be stated in the appropriate place on the return.

The Annual Return is a list of all brethren who were members of the Lodge at any time during the year ending on the date of the return, and the dues are therefore by default always paid in arrears.

- Rule 148 - Cessation of membership when two years in arrears.

Should the subscription of a member to his Lodge remain unpaid for two full years, he shall automatically cease to be a member of the Lodge, and this fact must be reported to the Lodge at the next regular meeting, and recorded in the minutes.

- Rule 153 - Treasurer's Duties and Lodge Accounts.

When the Treasurer receives any Lodge monies, he must deposit them in the Lodge's bank account without undue delay. This is not only good practice, but also minimises the risk of loss or error.

The Treasurer shall make such payments as are duly authorised, or have been sanctioned by the Lodge.

All cheques must bear the signature of the Treasurer and of at least one other member authorised by the Lodge. Equivalent authorisation should be arranged if the Lodge makes payment electronically.

The Treasurer shall keep a complete record of all of the Lodge's financial transactions.

The Treasurer shall prepare an annual statement of accounts, made up to the date stated in the Lodge By-laws. The accounts shall be verified and audited by a Committee of members of the Lodge elected annually.

Note that both the Book of Constitutions and the East Lancashire model By-laws use the word 'audit', which legally is a formal process which must be carried out by a Registered Auditor. This is not the intention of the Masonic regulations, so it is assumed that 'audit' can be interpreted wherever it appears herein with its commonly understood meaning of an independent examination and verification.

The accounts shall be presented to the Lodge no later than the third meeting after the year-end date. This can be a tight timetable, especially for Lodges which meet monthly, so the Treasurer should prepare carefully and involve the Auditors at an early stage.

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Copies of the audited accounts shall be sent to all members of the Lodge with the summons convening the meeting at which they are to be considered, and the books of account shall be produced for inspection in open Lodge at that meeting.

- Rule 169 - Fee for Initiation.

When a person is made a mason, he shall pay to the Lodge the registration fee (as notified each year) payable to United Grand Lodge together with the Lodge initiation fee specified in its By-laws.

- Rule 171 - Responsibility for fees.

A member who proposes or seconds a candidate for initiation or joining membership shall be responsible to the Lodge for all fees payable under its By-laws in respect of that candidate.

- Rule 175 - Grant of certificates by Private Lodges.

In various circumstances, such as when joining another Lodge, a member will require a Clearance Certificate stating that he is not indebted to the Lodge. The certificate will normally be issued by the Secretary, but he will ask the Treasurer to confirm the financial position.

- Rule 269 - Annual Dues payable.

An annual fee (at the rate notified to the Secretary prior to the start of each Masonic year) is payable in arrears to United Grand Lodge in respect of each member of the Lodge. The full fee is payable even when a brother has only been a member for a part of the Masonic year. A Brother pays dues in every Lodge (with certain specific exceptions) of which he is a subscribing member

1.3. By-laws

- No. 5 - Audit committee and annual accounts.

The Accounts shall be made up to the last day in the month specified in the By-laws. This is usually the month immediately before the Installation.

The Accounts shall be audited by the Audit Committee, which consists of at least two members of the Lodge elected annually.

A copy of the Audited Accounts shall be sent to the members with the summons convening the meeting at which they are to be approved.

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- No. 6 - Fees and annual subscription.

Fees for initiation, joining and re-joining are specified in the By-laws. They can be changed only by changing the By-laws (which is more complex than a simple resolution on the summons). The By-laws will often provide that in addition the candidate shall pay such registration fees as are payable to United Grand Lodge and, if applicable, Provincial Grand Lodge.

The annual subscription shall such as the Lodge shall from time to time decide. If he wishes to change the subscription, the Treasurer needs to make a formal proposition by notice on the summons. Depending on the practice of the Lodge, he may first need the approval of the Lodge Committee, so he must be aware of the time it may take to enact a change.

Any member whose subscription is unpaid for 9 months shall be liable to be excluded from the Lodge.

- No. 7 - Non-dining or country members.

A Lodge may specify reduced fees for non-dining or country members.

- No. 10 - Payments from Lodge funds.

The Treasurer should seek approval from the Lodge for any payment if it is for other than ordinary purposes.

2. Bank

- 2.1. The Lodge will have current account, and may have a deposit account. Best practice, unless the Lodge uses the Grand Charity Relief Chest Scheme (see 6.3 below), is to have a separate account for its Benevolent Fund.
- 2.2. Changing the mandate is always difficult and takes time. The Treasurer should start the process of getting his name added to the mandate as soon as he is appointed.
- 2.3. It is for the Lodge to decide whether the Master is to be a signatory during his year of office. Given the time taken by banks to change mandates, this can be problematical and it is generally more practical to include the Secretary as a signatory as he commonly remains in office for several years.
- 2.4. It is recommended that, even though the Lodge only needs two cheque signatories, two or three senior Past Masters (possibly Past Treasurers) are kept on the mandate for emergencies.

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- 2.5. Electronic banking is recommended for several reasons:
- If the Lodge has several accounts, it is much easier to transfer funds between them,
 - Statements can be viewed online, so for example if members have told the Treasurer that they have paid their subs directly into the account, he doesn't have to wait for the next statement to check,
 - The Treasurer can make payments directly from the account – but the Lodge should approve this (per Rule 153, Book of Constitutions), as it may be that only one authorisation is needed, and
 - When the Treasurer hands-over to his successor, he just needs to give him the password - there's no new mandate required.

3. Income

- 3.1. Subscriptions and dining fees are the Lodge's two sources of income.
- 3.2. The Lodge subscription year runs from the first day of the month of the Installation, and subscriptions are payable in advance. It is usual for a candidate joining during a Lodge year to be charged a subscription calculated pro-rata to the number of meetings for which he is a member.
- 3.3. Once the Treasurer has prepared his budget and has calculated the subscriptions required for the next Lodge year, it is the practice in some Lodges to present his proposals for approval to the Lodge Committee. Once approved the Secretary will include this as a proposition on the summons for the meeting prior to the installation for approval by the members.
- 3.4. There is no need for a proposition if the required subscription is unchanged from the previous year.
- 3.5. Dining fees are set by the Treasurer, though he usually requests the approval of the Lodge Committee, particularly if he wants to increase them. Dining fees are not regulated in the By-laws and so there is no need for changes to be approved in open Lodge, although in some Lodges it is the custom to do so.
- 3.6. The Treasurer should be aware that there are several options when considering the level of fees, including:
- A single annual sum to cover both Lodge subscription and dining fees
 - Subsidising dining fees out of subscriptions
 - Charging different fees for members and visitors
 - Charging a different dining fee at the Installation Meeting

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- 3.7. If a Brother wishes to join another Lodge, he will be asked to provide a Clearance Certificate. This will be done by the Secretary, but he will need to confirm with the Treasurer that the Brother's subscriptions are paid up to date.

4. Masonic dues

- 4.1. United Grand Lodge charges an annual capitation fee which is payable with the Annual Return and which is payable in full in respect of any Brother who was a member at any time during the year. Note that the charge is levied in full for joiners or leavers, even though they may only have been members of the Lodge for a few months during the year. The fee is calculated in arrears, so is always paid after the end of the year to which it relates. The annual accounts must therefore include a provision for the amount due.
- 4.2. The same considerations apply for Provincial Grand Lodge.
- 4.3. Dispensations are required if, for example, a Lodge has to change the date of its meeting from the regular day. A fee is payable to Provincial Grand Lodge.

5. Other expenditure

- 5.1. Rent of the Lodge room is one of the Lodge's biggest expenses. It is calculated before the start of each year by the relevant Masonic Hall Company and is notified to the Secretary.
- 5.2. Dining costs are the next major expense. It is important that the Treasurer liaises regularly with the Catering Officer, to ensure that the cost of the meals he has selected is within budget, and with the Secretary, to ensure that the numbers ordered are correct. A lack of communication here can quickly lead to significant cost overruns.
- 5.3. The Treasurer should be aware that the finances of most Masonic Halls are run by volunteers and are finely balanced. It is important to pay promptly and in full.
- 5.4. If the Tyler and Organist are paid fees, they will usually be in cash. This should be recorded and shown as an expense in the accounts.
- 5.5. There will be other, more general expenses such as printing and postage and the Treasurer deals with payment of these as and when they arise. A supplier's invoice or similar voucher should be obtained for every payment from Lodge funds.

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6. Benevolent fund

- 6.1. Charity collections in the Lodge room, and by raffle or similar at the Social Board, are generally pooled into the Lodge Benevolent Fund. Unless the Lodge uses the Grand Charity Relief Chest Scheme, it is good practice to use a separate bank account for the Benevolent Fund.
- 6.2. Donations from the Lodge Benevolent Fund are usually discussed once a year at a meeting of the Lodge Committee, and once agreed are proposed by the Charity Steward in open Lodge. As soon as the resolution has been approved, cheques can be sent to the beneficiaries/charities selected.
- 6.3. The Grand Charity Relief Chest was established in 1986 as a free service to private Lodges. The scheme is a facility whereby Lodge Benevolent Funds are sent to the Grand Charity as and when they are received, and are held to the order of the Lodge. When the Lodge wishes to make a donation, it sends a withdrawal form to the Grand Charity and they send the donation directly to the beneficiary. The Lodge is sent a statement once a year showing deposits, donations and interest earned. The advantages of using the scheme include:
 - No need for a separate bank account,
 - Better rate of interest and no tax is payable thereon,
 - Avoids the possibility of mixing General and Benevolent monies – after each meeting the Treasurer simply sends a cheque, or makes an electronic transfer, for the total sum collected,
 - Donations by individuals can be gift-aided, which increases their value by 25%,
 - The scheme is operated free of charge to the Lodge.

7. Accounting records

- 7.1. The two key accounting records which the Treasurer needs to keep if he is to be able to control the Lodge finances and prepare annual accounts are the Cashbook and the Subscription Register. These records will be supported by files of Bank Statements and Payment Vouchers, and often the Treasurer will keep a Summary Sheet for each Lodge meeting, on which he records the various transactions which occur on the night (dining fees, subscriptions, alms collected, payments to Tyler and Organist, etc.) the total of which will be the sum he pays into the bank the next day.
- 7.2. The Cashbook is essentially a list of receipts and payments, including the date of the transaction and a description of the source of funds or of the name of the payee, and at a very basic level this is all that is required.

Commonly, however, it will also show an account balance and often it will be analysed into the various categories of income and expenditure to enable them to be easily summarised. The cashbook can be maintained manually (there are many ruled account books designed for this purpose) but it lends itself to being kept on a spreadsheet (and a fairly basic ability with such programs will suffice).

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An example of an analysed cashbook is included at Appendix I, and a spreadsheet version is available to download from the Provincial website.

The columns in the example are as follows:

- Left hand section – the cashbook
 - Date,
 - Ref(erence) – e.g. a cheque number,
 - Description – e.g. ‘January meeting’ or the name of an individual payee
 - Received/Paid – the amount, as appropriate,
 - Balance – i.e. the true balance, irrespective of whether an item has cleared through the bank account, and
 - Rec(onciled) – ticked off when the item has appeared on the bank statement.

- Right hand section - the analysis
 - Extend across from the receipt or payment into the relevant column(s) and, when totalled, these quickly show the running balance of the relevant item.
 - A receipt, such as ‘January meeting’, may well comprise subs, dining fees and a payment to the Tyler.
 - A payment may be for a single item, e.g. Annual Dues, or may extend into several, e.g. the Hall Company will usually be paid with a single cheque for both rent and dining fees.

7.3. The Subscription Register is simply a list of members, the amount of subs due each year and the date on which those subs were paid. Keeping a record for each member in this way means that the Treasurer does not have to find the individual receipts in the Cashbook, and work out to which year they relate, when he needs to check if a member is up-to-date.

8. Accounts

8.1. The Lodge financial year starts on the first day of the month in which the installation is usually held (By-law 2). Separate accounts should be prepared for the General and Benevolent Funds.

8.2. The Book of Constitutions states that the accounts should present the ‘exact financial position of the Lodge’. This means a Statement of Income and Expenditure and a Balance Sheet. Both accounts should include the figures for the previous year for comparison. Examples of accounts are given in the Appendices II and III.

8.3. The accounts should be audited and certified, again as shown in the appendices.

8.4. The Accounts, and the Report of the Auditors, need to be sent to the members with the summons for the meeting at which they are to be approved.

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9. Budgeting

- 9.1. One of the principal tasks for the Treasurer is to ensure that the Lodge has enough income to cover its expenditure.
- 9.2. In order to calculate the subscription needed for the ensuing year, the Treasurer needs to collate all the relevant information. Some of this may be actual figures which have been set in advance, e.g. the amount of United Grand Lodge dues or the rent for the Lodge room. Some may have to be estimates, e.g. the expected average cost of meals and the number of members attending. Historical data, and the Treasurer's own experience, is the best guide to these.
- 9.3. There are many ways to perform a calculation, and many Treasurers simply add a small percentage to the previous year's amount and hope for the best. This may work if the Lodge is in a reasonably static position, but if any costs rise by more than average, or if, e.g., the number of members or diners changes significantly from one year to the next, it could give the wrong answer.
- 9.4. To assist Treasurers, there is a spreadsheet available, summarised in Appendix IV and downloadable from the Provincial website. When numbers have been entered in each of the shaded fields, the required minimum subscription will be generated.

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Appendix II

EXAMPLE LODGE No. 1234

GENERAL FUND ACCOUNT

INCOME & EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>2012</u>	<u>2011</u>
	£	£
INCOME		
Subscriptions	13,350	12,800
Initiation and joining fees	177	109
Bank interest (net)	2	4
Members and visitors dining fees	7,435	6,825
	<u>20,965</u>	<u>19,738</u>
EXPENDITURE		
Dining costs	9,011	8,542
Rent of lodge room	6,490	6,012
Tyler and organist	100	90
Secretarial and sundry	684	658
United Grand Lodge dues	3,043	2,984
Provincial Grand Lodge dues	1,463	1,411
	<u>20,790</u>	<u>19,697</u>
EXCESS OF INCOME OVER EXPENDITURE	<u>£175</u>	<u>£41</u>

BALANCE SHEET AS AT 31 DECEMBER 2012

	<u>2012</u>	<u>2011</u>
	£	£
ASSETS		
Debtors and prepayments	781	380
Cash at bank and in hand	6,672	6,613
	<u>7,453</u>	<u>6,993</u>
LIABILITIES		
Creditors, accruals and subs in advance	5,750	5,465
	<u>£1,703</u>	<u>£1,528</u>
CAPITAL ACCOUNT		
Balance brought forward	1,528	1,487
Surplus for the year	175	41
Balance carried forward	<u>£1,703</u>	<u>£1,528</u>

AUDITORS' REPORT

We certify that that all balances have been checked and that the accounts have been duly audited.

Past Master 1 and **Past Master 2**, Auditors

Date

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Appendix III

EXAMPLE LODGE No. 1234

BENEVOLENT FUND ACCOUNT

RECEIPTS & DONATIONS FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>2012</u>	<u>2011</u>
	£	£
RECEIPTS		
Alms collections and social board raffles	2,277	2,075
Interest received	8	29
	<u>2,285</u>	<u>2,104</u>
DONATIONS		
RMBI 2015 Festival	1,000	1,000
Charity 1	250	200
Charity 2	250	200
Charity 3	250	0
Charity 4	250	0
Charity 5	250	0
Charity 6	0	200
Charity 7	0	200
Charity 8	0	200
	<u>2,250</u>	<u>2,000</u>
EXCESS OF RECEIPTS OVER DONATIONS	<u>£35</u>	<u>£104</u>

BALANCE SHEET AS AT 31 DECEMBER 2012

	<u>2012</u>	<u>2011</u>
	£	£
ASSETS		
Grand Charity Relief Chest	1,575	1,540
	<u>£1,575</u>	<u>£1,540</u>
CAPITAL ACCOUNT		
Balance brought forward	1,540	1,436
Surplus for the year	35	104
Balance carried forward	<u>£1,575</u>	<u>£1,540</u>

AUDITORS' REPORT

We certify that that all balances have been checked and that the accounts have been duly audited.

Past Master 1 and Past Master 2, Auditors

Date

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Appendix IV

Subscription calculator		
Name of Lodge	Example	
Year ending	31/12/2014	
Number of meetings held per year		7
Membership numbers		
	Number of members at start of year	72
	Number of initiates expected	2
	Number of joining members expected	0
Membership fees		
	Initiation fee	£100
	Joining fee	£100
Dining numbers		
	Members at regular meetings	38
	Visitors at regular meetings	8
	Guests of the Lodge at regular meetings	2
	Members at installation meeting	45
	Visitors at installation meeting	10
	Guests of the Lodge at installation meeting	4
Dining fees		
	Member charge at a regular meeting	£20
	Visitor charge at a regular meeting	£12
	Member charge installation meeting	£25
	Visitor charge at installation meeting	£12
Other income		
	Estimated bank interest receivable	£10
Costs		
	Rent per meeting	£940
	United Grand Lodge dues per member	£43
	Provincial Grand Lodge Dues per member	£20
	UGL initiation fee	£59
	UGL fee for Grand Lodge Certificate	£0
	Cost of meal at a regular meeting	£27
	Cost of meal at installation meeting	£27
	Tyler's fee per meeting	£20
	Organist's fee per meeting	£0
	Cost of summons per meeting	£12
	General secretarial costs per year	£400
	Other costs per year	£200
Subscription required to break even		£202.18