

# SECTION 14

## LODGE FINANCES (Advisory)



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## **SECTION 14 – LODGE FINANCES (Advisory)**

### **14.1 HOW TO ORGANIZE THE FINANCIAL RESOURCES OF YOUR LODGE**

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Every organization needs an adequate flow of funds to support its goals and objectives. Has your Lodge kept pace with the financial demands and expectations of modern life and inflation? Is it a comfortable location for the leaders of our communities to congregate and socialize? Are your social events adequately funded to insure the quality that separates the Masonic fraternity from other social organizations? Unfortunately, the answer to these important questions, in a great many Lodges, is NO.

Take a long hard look at yourself, your Lodge and your goals and objectives. Can you accomplish all the items on your priority list of goals and objectives with present resources alone? Probably not. If this is true, now is the time for action. To delay establishing a firm financial foundation only makes the situation worse and creates a larger problem for those in succeeding years. You may be thinking, "I don't want to be known as the Master who raised dues" or "We can get by for this year, but YOU will certainly have to do something about it next year". If this is the situation in your Lodge, determine that YOU will be part of the solution and not part of the problem.

A positive approach towards establishing a firm financial base will yield a positive result. Be proud of the fact that you and your officers saw the problem, studied the alternatives, established financial goals and moved towards a solution. Masons by nature are generous and accommodating. If given the facts, and a plan for action, they will respond in a positive manner.

There will always be those who complain about the slightest increase in any fee. If you do your homework well, they will be silenced by the broad support you have enlisted from your officers and members. To establish the Lodge on a path of financial stability is a badge of honor you should wear proudly.

"You can lead them to water, but you can't make them drink" is an expression that is appropriate in this instance. Your job is to lead the members of your lodge to water. If you don't, who else will? Once at the well, explain the importance of the water. If they are smart, and most of them are, they will soon dip in and enjoy it. If they are not, they will soon know the alternative. At least, you had the courage and foresight to lead them in the right direction.

## **14.2 THE NEED FOR A BUDGET**

One of the least understood and most feared principles of management is preparing a budget. Think of a budget as your road map for planning the programs and activities of your Lodge for the entire year. As Master, you can forget about the easy financial

devices available in your personal budget. A Lodge budget does not include charge accounts, credit cards or overdraft capabilities. Although all your transactions may be in the form of checks, the principle is very simple: cash money in and cash money out. You can only spend what you have earned. That is a budget.

Preparing a budget for your Lodge is a simple process. Whether or not a budget already exists in a Lodge is of no consequence. The budget process must start from scratch each year if you are to be effective in properly administering the funds of your Lodge. It starts, not with a review of the Lodge's finances, but with goals and objectives.

### **14.2.1 The Budget & Finance Committee**

A budget that is to be submitted for approval by the membership must be much more than just a document prepared by the Master for his specific year. To achieve wide spread support by the Brethren for your spending plan, it is necessary that you involve an appropriate number of respected and knowledgeable members to ensure that you consider all the various concerns of the Lodge. An active Budget and Finance Committee, which involves your Officers and selected members will be able to provide you with additional valuable input and information upon which to make valid budget decisions that will be accepted and supported by the membership.

### **14.2.2 Involving Membership**

Once the document has been adjusted to reflect your revenue, spending and savings, publish it in your trestle board to inform the membership. At your first Stated Meeting, distribute additional copies to all those attending and conduct a complete discussion. If questions arise, address them forthrightly and honestly. When your budget is approved by the Lodge, it now becomes their spending plan, not yours. The bottom line is that everyone has had the opportunity to discuss the plan and they fully realize the resources required for implementation. The rest is up to them.

### **14.2.3 How To Stay Within Your Budget**

It is vital to the integrity of your budget to monitor your expenditures to insure that your spending is within the authorized budget. If you can add, subtract and say "NO" you can effectively control the Lodge's budget. At the start of your year, ask both the Secretary and Treasurer to submit to you, prior to each Stated Meeting, a year-to-date statement of the total amount of revenue received and a list, by budget categories, of all expenditures. When compared to the approved budget, you now have a picture of your fiscal condition. If you are in the red, you must then say "NO" to further spending.

If you are in the black, then you can continue to implement your spending plan. Simple as that.

### **14.3 PLAN AHEAD**

Be extremely careful not to become elated if you find that you have early fiscal year budget surpluses. Be aware that what may appear to be excess revenue at the beginning of the year is due to receiving dues income early and not making major expenditures until later. Plan ahead and follow your system of traditional expenditures so that you may remain fiscally solvent for the entire year.

#### **14.3.1 Handling Unexpected Expenses**

It never fails to happen that, during each fiscal year, there will be some new unanticipated expenditure that appears vital to your Lodge and cannot be delayed until next fiscal year. When this occurs, and it will, be extremely careful to insure that the expenditure is in accord with both your spending plan and the wishes of the membership of the Lodge.

The first order of business is to assemble your Budget and Finance committee and review the existing appropriations and expenditures to prepare a recommendation to the membership. If the new expenditure can be accommodated by utilizing excess revenue from either under-expended accounts or increased revenue sources, then present the recommendation to the membership with a request for a budget category adjustment.

#### **14.3.2 Budget Limits**

Each budget category, by necessity, must have limits. Some adjustments can be made in categories that are under-expended to make up those areas which are deficient, due to unexpected expenses or unforeseen circumstances. Be careful to insure that your limits are reasonable and monitored carefully.

#### **14.3.3 Authorized Expenditures**

Insure that your budget plan and expenditures conform to both the requirements of the Grand Lodge and the budget which has been approved by your membership. Each Master must insure that the Lodge expends only that which is authorized. Review the Constitution of the Grand Lodge of Maine, its Standing Regulations, and the By-laws of your own Lodge to insure that the expenditures are consistent with both the letter and intent of the law.

## 14.4 DUES & DUES COLLECTION

Now that you have just finished deciding how to spend your Lodges' money, you had better determine how much your dues are going to be and how you are going to collect it. monitored and available revenues considered, then you must be forthright and communicate with your membership. Otherwise you could experience serious problems and possible defeat.

Continually make your case at Stated Meetings and in your trestleboard. Inform them about the financial situation within the Lodge and enlist their support. You will get some complaining, but with accurate information that is widely distributed, the membership will understand and respond.

As you are aware, a dues increase requires an amendment to the By-laws of your Lodge and the approval of the Grand Master. Notify the membership in writing of your intent before the By-laws can be changed. Make this a personal message from you to each member of the Lodge.

Enlist the aid and support of your Lodge Officers in this important venture, especially those in line. If your officers are supportive of your endeavor and are willing and able to assist you with the membership, it would be very difficult for the Brethren to discount the impact of a united unit of Lodge Officers.

### 14.4.1 Determining The Initiation Fee

The initiation fee for the privilege of becoming a Mason has, for the past many years, been a grossly neglected source of revenue for most Lodges. Many Lodges maintain initiation fees without regard to either the true worth of membership or the actual costs that are incurred in presenting the degrees and administratively supporting the new member. Some real important questions you should ask yourself are as follows:

- How long has our initiation fee been at its present level?
- What should it presently be, considering the impact of inflation since the last revision?
- What is the actual cost of presenting the degree, i.e., Lodge use (heat), presentations, apron, candidate education materials, etc.?
- How can an increase in fees assist in balancing our budget or increasing the quality of programs and services?
- What will the market reasonably bear?

Often times, we forget that what is received cheaply is not respected. Review your fees and if an increase is appropriate, prepare to change the By-laws of your Lodge to reflect both the increase in delivery cost and the true worth of Masonic membership.

### 14.4.2 Determining The Amount Of Dues

The amount of dues depends entirely upon the membership of the lodge and the level of expenditures that need to be made. A wealthy Lodge, of which there are some, may not require a large amount of dues to support its program because its revenues are ample for its needs. The majority of Lodges do not have large financial resources, and dues income is the single largest revenue category. In such cases, when dues are low, the program and services provided to the membership reflect the dues status. To determine appropriate dues, consider the following:

The first step is to take your plan of activities and your building costs and compare it with the financial resources that are necessary for implementation. The budget simplifies your plan for those activities which you foresee during your year in the Oriental Chair. It is nothing more and nothing less. Assemble your Budget and Finance Committee and have them review each category of income and expenditures.

Everyone must understand how the money comes in, how it goes out and what is left for savings.

Now it is important to superimpose your goals for this and future years. The next question is simple to ask, but hard to answer. Can we pay for it and how? If there are sufficient funds, no problem. If there are not sufficient funds, then you are left with only four alternatives:

- Eliminate or reduce the scope of the plan.
- Reduce expenditures in another existing category.
- Raise additional funds to cover additional costs.
- A combination of the above.

The initial choice is now up to you and your team. What financial plan do you prepare and take before your Lodge? It doesn't take an experienced budget manager to conclude, for example, that even a goal of increasing membership by 10 applications per year will result in increased expenditures. This is due to increased Lodge occupancy (heat), additional aprons, trestleboards, etc, etc. There is no such thing as a free lunch. Your budget therefore must be adjusted to compensate for your planned activities and programs either by reduced expenditures or an increase in revenues.

After the team has placed a firm dollar figure behind each budget category to reflect your goals for the year, you must now direct your attention to the revenue expenditure "How do we now pay for our lunch?" The anticipated revenue should exceed your expenditures by a minimum of 10 - 15%. The excess is necessary to provide both an emergency reserve and a hedge against inflation. To break even, in the long term, is to lose money. Your dues must be adjusted to pay for your program.

### 14.4.3 Ways To Collect Delinquent Dues

Delinquent dues is a continuing problem for each Lodge Master and certainly the Secretary, whose responsibility it is to “collect all money from the Brethren”. To reduce the problem of delinquent dues, consider the following:

- Be certain that each Brother is notified, in a timely manner, of his annual dues responsibility. Be sure that statements are sent to each member’s residence not later than November of each year. You cannot depend upon the Brethren to remember to pay their dues. Most individuals pay their bills monthly. Give them a bill, and the vast majority of the Brethren will promptly pay.
- Each Lodge needs a Delinquent Dues Committee to review quarterly the dues income, list those who have not yet paid and to notify the Secretary that the required delinquent notices must be sent to those in arrears. Don’t be bashful about notifying a delinquent member. Many have just forgotten or overlooked the responsibility. Make sure that the letter is a simple reminder, not abrupt or harsh.
- Before notifying a delinquent Brother of the possibility of suspension, be sure to make personal contact with him to insure that some problem doesn’t exist. The required suspension notice can be very upsetting to an individual, so be especially careful to insure personal contact prior to suspension.

### 14.4.4 A Dues Increase – How To Sell It

Dues are, in most Lodges, the single most important source of operating revenue. It is important to establish, as high priority, a program to increase dues, if necessary and justified. The following are some suggestions to assist you in that important task.

#### *The Budget and Finance Committee*

Make sure that the Budget and Finance Committee is composed of individuals who are respected within the Lodge as Brethren of integrity and responsibility. It is their report and recommendations that will be submitted to the membership for ratification. If the Brethren believe that the committee is faithfully observing the best interests of the Lodge, then the proposal will obtain fair consideration.

#### *Communication With the Membership*

Inform your membership of the financial situation within the Lodge. If a dues increase is necessary, and all categories of expenditures have been carefully

## 14.5 INVESTMENTS & MAXIMIZING YOUR INCOME

You have an obligation to your Lodge and its membership to insure that the dollars collected are earning maximum return for the benefit of the Lodge. Too often, Lodges will place their funds into what is convenient and easy, instead of where their funds can earn income. The Budget and Finance Committee should review with the Treasurer how the Lodge funds are invested and what the rate of return is. Some simple hints are as follows:

- In the checking account, keep only such funds as are necessary to pay the monthly obligations. Insure that you are receiving the highest interest on your checking account available within your community.
- Retain in a liquid savings account enough to fund unanticipated emergency expenses.
- Invest the remaining funds in accounts that provide the highest reasonable return in the safest possible manner.