



## Grand Lodge of Maine

415 Congress Street  
PO Box 15058  
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June 7, 2011

Subject: Bond Insurance for Lodge Treasurers and Secretaries

To: Worshipful Masters and Secretaries of Maine Masonic Lodges

Brethren:

Following a substantial financial claim paid by the Grand Lodge's insurance carrier in 2007, insurance carriers would no longer provide financial bond coverage for lodge treasurers and secretaries. During the 2009 Annual Communication, Grand Lodge provided limited funding for bond coverage that is required by Standing Regulation 43 of our Grand Constitutions, to help lodges recover from financial losses resulting from officer theft.

During the 2011 Annual Communication, Grand Lodge approved the following policies governing the Maine Masonic self-insurance program that provides limited bond coverage of lodge treasurers and secretaries.

The first \$5,000 of any covered financial loss shall be absorbed by the covered Masonic lodge and the maximum insurance payout on any loss shall be \$40,000. The \$5,000 represents a deductible, as exists in most insurance policies. As examples of possible coverage payouts, if the incurred loss is \$10,000, the insurance payout would be \$5,000; if the loss is \$40,000, the payout would be \$35,000; and if the loss is \$45,000 or more, the maximum payout would be \$40,000. Lodges with liquid and invested assets in excess of \$45,000 are encouraged to pursue possible additional bond coverage in the commercial insurance market.

To obtain an insurance payout from the Maine Masonic self-insurance fund, lodges **must** annually: 1) fulfill Internal Revenue Service form 990 reporting requirements, and 2) provide for an audit of the financial accounts of the lodge secretary, treasurer and other parties that control lodge funds and investments.

At the current time, tax-exempt lodges (and building associations) with gross receipts under \$50,000 need only to electronically file the simple 990-N form, which takes just a few moments to complete; larger bodies need to file Form 990-EZ or Form 990. The IRS report must be filed before the 15th day of the 5th month after the close of the tax year, *i.e.* May 15th for most Maine lodges. This filing date will be different for those lodges and building associations whose fiscal year does not end on December 31st.

Failure to file this form with the IRS could result in the loss of tax-exempt status, which would be very detrimental to the financial health of our Masonic bodies, and widespread non-compliance with this IRS reporting requirement could adversely affect the tax status of the fraternity. Therefore, to monitor compliance, each lodge and building association is to send a copy of the

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IRS issued acknowledgement of submission of the appropriate lodge 990 form to the Grand Treasurer when the form is transmitted to the IRS.

Maine law requires that non-profit organizations with annual contributions above \$30,000 must have financial reports audited by an accountant authorized by the Maine Board of Accountancy or any equivalent board in another state. Most lodges and building associations fall below this limit and may have their financial records reviewed by non-CPAs who can perform an appropriate verification that the secretary's, treasurer's and permanent fund trustee's reports are fairly stated; the records of the secretary and treasurer are in agreement; and that the treasurer's and fund trustees' records are reconciled to the statements received from banks, investment companies and other holders of lodge assets.

The annual audit is intended to protect each lodge against financial loss, and our fraternity from embarrassment caused by Masons who do not honor their Masonic obligations to not wrong, cheat or defraud his lodge or a brother. Such losses are too often attributable to persons no one would ever suspect. Therefore, the annual audits are prudent and necessary for all organizations, including Masonic lodges and building associations.

On another important financial matter, as communities pursue increased tax revenues, some may seek to tax Masonic buildings, not only those portions of our structures used for income producing purposes, but the Masonic apartments as well. If your Masonic building is advised it will be taxed, please immediately notify the Grand Secretary.

Regulatory questions on IRS 990 reporting requirements and state independent audit requirements should be addressed to an attorney or accountant. If you have any questions on these Grand Lodge programs, please contact the Grand Treasurer at [grandtreasurer@mainemason.org](mailto:grandtreasurer@mainemason.org), 207-773-5184 or 888-220-9606, or a member of the Finance Committee.

Fraternally,

Finance Committee

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