



# Semi-annual Financial Audits

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1295 – Aug 15

1295 – Feb 15



Semi-annual audits is an extremely important requirement that is overlooked by far too many councils in Ontario for far too long

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District Deputies need to make this a priority

# How big a problem is it and why is it important?

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- As of November 22<sup>nd</sup>, 2021 and out of 545 active councils
- 64 councils are missing one audit and astonishingly another 150 councils missing two or more, totaling 214 councils or 39%
- It is important to keep two consecutive audits on file with Supreme because once a council has 2 or more delinquent audits, both the FS and Treasurer lose their free \$5000 bonding from Supreme
- Without bonding protection, the FS and Treasurer would be personally responsible for any monetary loss incident of the council's money
- Sec. 130 of the Constitution and Laws states the two financial officers are required to be bonded for their responsibilities to receive monies; Sec. 130 even goes as far and states these two financial officers shall not take office or be installed or receive money until they are qualified with satisfactory bonds!

# Who is responsible and how do we correct this?

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- Sec. 145 of the Constitution and Laws states these financial audits shall be completed by the Trustees (audit the accounts of FS and Treasurer)
- **The FS or Treasurer cannot audit themselves!** DDs need to inquire.
- The Trustees cannot abstain from their responsibility to complete these two semi-annual financial audits; they volunteered for the position
- Executive officers have an extra duty to ensure they comply with the laws and rules of the Order
- Have the Trustees complete the previous two 1295 audits and submit to Supreme office and the bonding protection will be reinstated for the FS and Treasurer
- This was my first memo as State Advocate on July 18, 2019 which indicates how immense I knew this problem was in Ontario

# How big a problem is it really?

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- As of November 22<sup>nd</sup>, 2021 and out of 545 active councils
- 64 councils are missing one audit the bonding is still intact for now
- 150 councils missing two or more, need only to submit the past two semi-annual audits, not all the missing audits, to get the bonding protection returned for the FS and Treasurer
- Examples (5 worst cases): Remember, 150 in total at the moment.
- 2 active councils have not done this prior to 1996 (25+ yrs)
- 1 active council has not done this since June 2005 (16 yrs)
- 1 active council has not done this since June 2006 (15 yrs)
- 1 active council has not done this since June 2008 (13 yrs)

# Suggestions and tips

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- Councils that have many years of missing 1295 audits (only last 2 required)
- Trustees work backwards from the closing balance on June 30, 2021 toward the opening balance on January 1, 2021; repeat for next previous 6-month period
- Trustees work with bank statements and the vouchers between the FS and Treasurer (for both the general and regular charity bank accounts)
- FS only completes the membership data in schedule A of the form unless he uses the online Member Management/Member Billing then it isn't required and an X in the box indicates his use of MM/MB
- The closing balance of one report is the opening balance of the next (there cannot be a discrepancy between the two on this basic accounting principle)
- Charity Trust accounts (bingo and Nevada) are not to be included in audit

Councils delinquent for 2 or more audits,  
every FS and Treasurer are at financial risk and in  
violation of the Constitution and Laws.

The Trustees are responsible.

Our executive officers must be accountable.

## District Deputies have a discussion with every GK

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- The Star Tracker has this information
- I will email every DD the delinquent list
  - DDs need to help the Trustees



# State Per Capita

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2022



# State Per Capita

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- Councils shall not neglect to pay Supreme Council per capita or shall be ipso facto suspended after 3 months plus 10 days, Sec. 156 (a)
- Councils shall not neglect to pay State Council per capita or may be suspended or dissolved and its charter forfeited for many causes including Sec 157.8 (per capita tax)
- Supreme does not carry outstanding per capita for multiple years, suspension is ipso facto or automatic
- State carries indebtedness of councils owing per capita and suspension is not automatic but possible for extreme cases of refusal
- Councils with indebtedness must understand the outstanding debt is a burden to the State Board to operate properly and a gross unfairness to the rest of the councils in Ontario paying their fair share

# State Per Capita – Expect it by email.

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- Supreme bills per capita twice per year; January 1 and July 1
- State bills per capita once per year; January (**by email**)
- If the FS & GK do not receive a State per capita bill by January 31<sup>st</sup>, please inquire with Executive Secretary, Denis LaSalle, at the State office by email or phone. Do not ignore an expected billing.
- Contact info: [stateoffice@ontariokofc.ca](mailto:stateoffice@ontariokofc.ca) or 1-800-759-0959
- Councils can pay by cheque or by credit card @
- <https://ontariokofc.ca/knights/payments/>
- The Squires donation \$40/year (2017 resolution #11) can be drawn from the council's charity account

# Other financial matters

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- State per capita is charged against “billable members” (2022 to be announced this weekend and in this weeks State newsletter).
- Billable members do not include; Honorary Life, Exempt (formally Disabled), or Inactive members. With regards to our Inactive members, we refund the councils what Supreme refunds to us.
- State bulletin assessment of \$1 per billable member which also doesn’t charge the (HL, Exempt or Inactive) members.
- Financial Secretaries are not supposed to charge Honorary members full dues rather only charge them equal to the Supreme and State per capita and nothing more for the council general fund charges, Sec. 118 (c)

## Other financial matters

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- Every council must have a general and charity account. Special AGCO licenses such as bingo and neveda are deposited into charity trust accounts and are not to be used as the council's regular charity account.
- As mentioned previously, charity trust accounts are not included on the 1295 semi-annual audits. Each municipality monitors these accounts.
- As a general rule, there could be special and occasional exceptions, any program that invites the general public, that program's monies need to be deposited into your council's regular charity bank account. Council programs that are closed and are exclusively for members and their family; then the council can deposit that program's monies in their charity or general account.
- At Supremes' Officer Online, there is a Canadian Charitable Tax Status letter available for you to bring to your banking institution for the purpose to exclude bank charges. Find a bank or CU that will honour it.

# Money Matters



District Deputies have a discussion with every GK

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These are serious money matters.  
Do not leave it to an email.  
Make the call.



# David Gelinas

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State Treasurer  
[statetreasurer@ontariokofc.ca](mailto:statetreasurer@ontariokofc.ca)  
(226) 280-5086