



From the Personal Representative

Brothers:

The Wichita Scottish Rite recently went through a financial crisis that we knew would someday raise its ugly head, we just did not plan on it being this soon! We were faced with paying two large bills totaling almost \$90,000 by the end of January and to do so would wipe out our current operating funds and our reserves in the general fund investment accounts.

Thanks to the SGIG, Hugh W. Gill, III, 33° and the Trustees of Elmo Lodge we were given permission to use funds which would normally not be available to us in order to pay those bills. During the course of our discussions it was pointed out to me that everyone had expected to be at this point someday but no one expected to be at this point now. That is my fault because I did not communicate our situation clearly and avoided speaking plainly about our financial situation.

In this communication you will find some graphs that show the sources of our income and the primary categories of expenses we paid in 2015 and our income and expense budget for 2016 along with a graph on how our membership breaks down by age. It is obvious where our income is derived from, Dues and Events/Lease with smaller amounts from the other areas, expenses are a little more evenly distributed with the largest being salaries and utilities. As you can see expenses exceed revenues both for 2015 and for 2016, it has been this way for the last several years and without some significant changes, we can no longer sustain the losses.

We have done a good job overall of controlling expenses over the past few years and the growth in expenses has been small while our income continues to drop each year and there is the problem, expenses continue to increase while revenues continue to decline.

We began increasing our efforts to bring in more event business in 2015 by engaging a marketing firm to develop a plan for promotion of our event business

resulting in our creation of Venue 332. Those efforts have been successful and as you can see from the charts our event business was the primary source of our revenue in 2015. The second phase of our marketing plan will focus on attracting new members to Masonry and the Scottish Rite. We must reverse the losses we have been sustaining over the last decade or more if we have any hope at all of surviving, we simply cannot continue to lose members at the rate of 6% a year and expect to continue as a viable organization.

We are taking steps to further reduce our expenses focusing on those areas with the most impact, salaries, and utilities. We are now paying our off-duty police officers who provide security for our events as contractors rather than through our payroll. The expense for security is paid by those renting the facility but with the officers being on our payroll we were paying for some of the payroll taxes. We are using part time staff to help with the cleanup and re-setting for events when we have back to back rentals in order to reduce overtime and we have restructured our event staff to reduce overtime and again use part-time staff to cover events. **We will continue to look for opportunities to reduce salary cost where possible.**

It has been suggested that our staff/salaries should decline as our membership declines, while that might be an easy way to control costs it is not practical if you want to keep the building, run the fraternal business and continue to operate an event business as we do today. **It becomes a question of what do you not want to do?** We are not over staffed given the size of building we own and the amount of activities we support every day. We have an Executive Secretary who handles not only the Fraternal business but is also responsible for managing all of the day to day operations. We have an Event Manager who has one part time person who is present at the events, and we have an Office Manager who does most of the

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membership record keeping and processing, helps with the bookkeeping and manages the parking lot billing and payments as well as overseeing the office to ensure that things run smoothly. A Building Engineer is responsible for the building maintenance and custodial work who has two part time people to help him. The maintenance assistants also work the parking lot during events and ensure that our monthly parking folks have a place to park and provide security in the lot. Our paid staff is seven (7) people along with a few volunteers who donate their time and talents to help out as they can. I realize that if things continue to decline as they have some tough decisions will need to be made concerning staffing levels but with that will come some other decisions that will be equally difficult.

We are the only Valley in Kansas who still has their original building and we have it because we have worked hard for many years to see that we do keep it. Without our event business to keep it occupied and money coming in and without a maintenance staff to keep everything working along with keeping the building clean and shining we will not be able to keep the building or generate enough income to remain solvent. Without the office staff, our fraternal functions, the real reason for us to exist, will be severely limited. **So it comes back to what do you not want to do?**

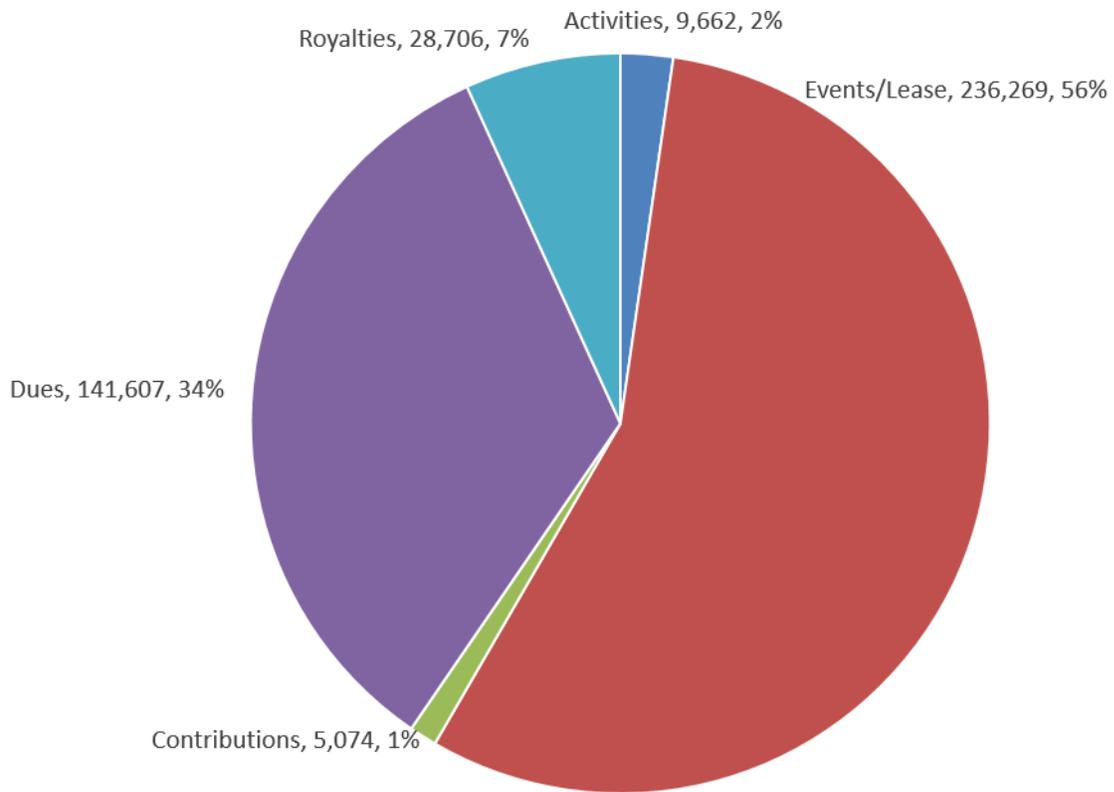
Our Building Engineer and his staff continue to look for ways to reduce utility costs in the building. We have made some major upgrades to the heating and cooling systems which have helped reduce those costs. We have replaced light bulbs with more efficient and longer lasting LED bulbs and have installed sensors that turn lights off when there is no one in the area and turn them back on when someone enters the area. Many other efforts are on-going as we look for ways to both improve the building and reduce costs.

We at the Center can only do so much, we need your assistance to make the changes necessary for creating a sound financial footing. We need for you to volunteer your skills and time to assist with work around the Center, we need for you to volunteer as tilers for our events and of course we need your financial support. **The thing we need the most is for you to speak to your lodge brothers who are not yet members of the Scottish Rite and encourage them to join us, talk to your friends who are not Masons and encourage them to join the fraternity.** Without new members at both the blue lodge level and the Scottish Rite we will become like the Odd Fellows and many other such organizations who have simply disappeared and are only a memory if they are remembered at all!

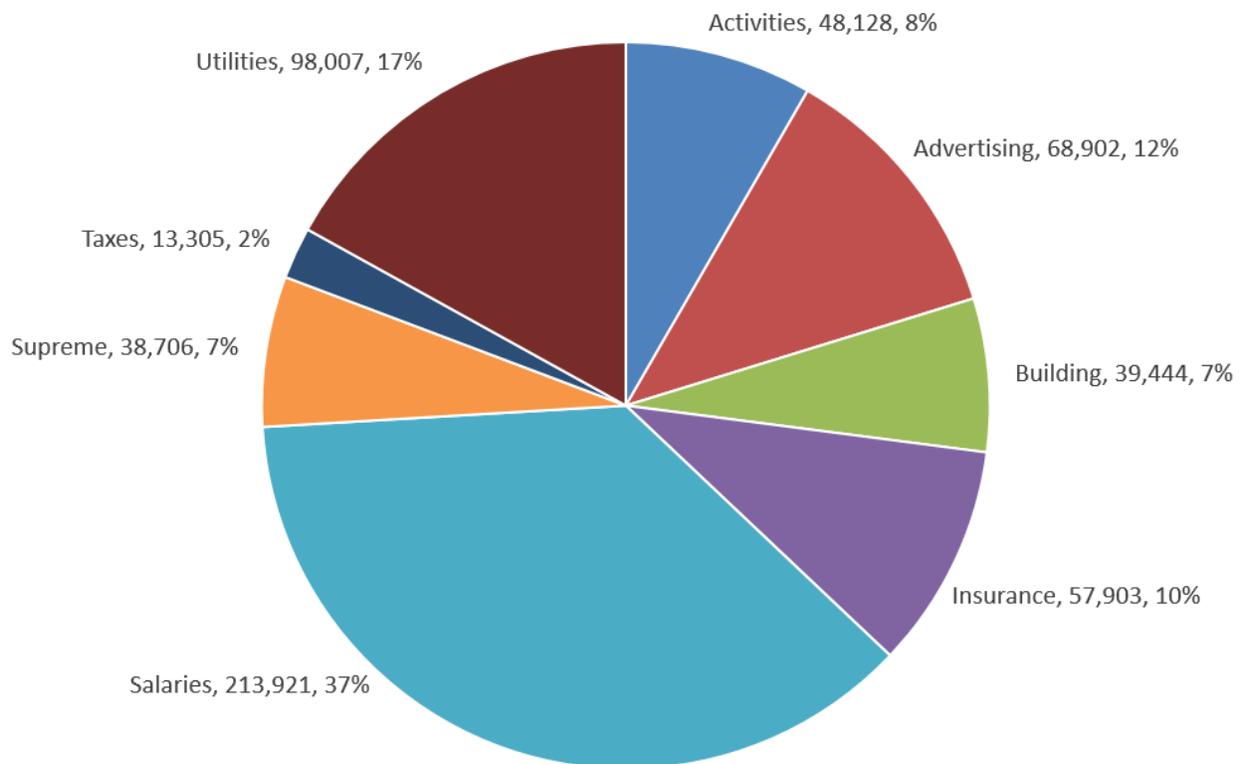
Look at the Membership graph, in every age category we have more inactive members (those who have been suspend for non-payment of dues) than we do active members. **Saving this fraternity is not just the responsibility of those of us in leadership positions, it is a responsibility we all share and we all must work together in order to keep the Scottish Rite and Freemasonry in general alive and strong for the future. The world needs our philosophy and our moral and ethical teachings in the worst way and it would be a shame if we do not make every effort possible to ensure that those teachings are available.** Become engaged, attend our meetings and our information sessions, volunteer your time and skills, talk to your friends about the fraternity and Scottish Rite in particular and talk to those men who have gone suspended about coming back, that is how we will survive and grow.

Fraternally,
R. Scott Kailer, 33°
Personal Representative
Valley of Wichita

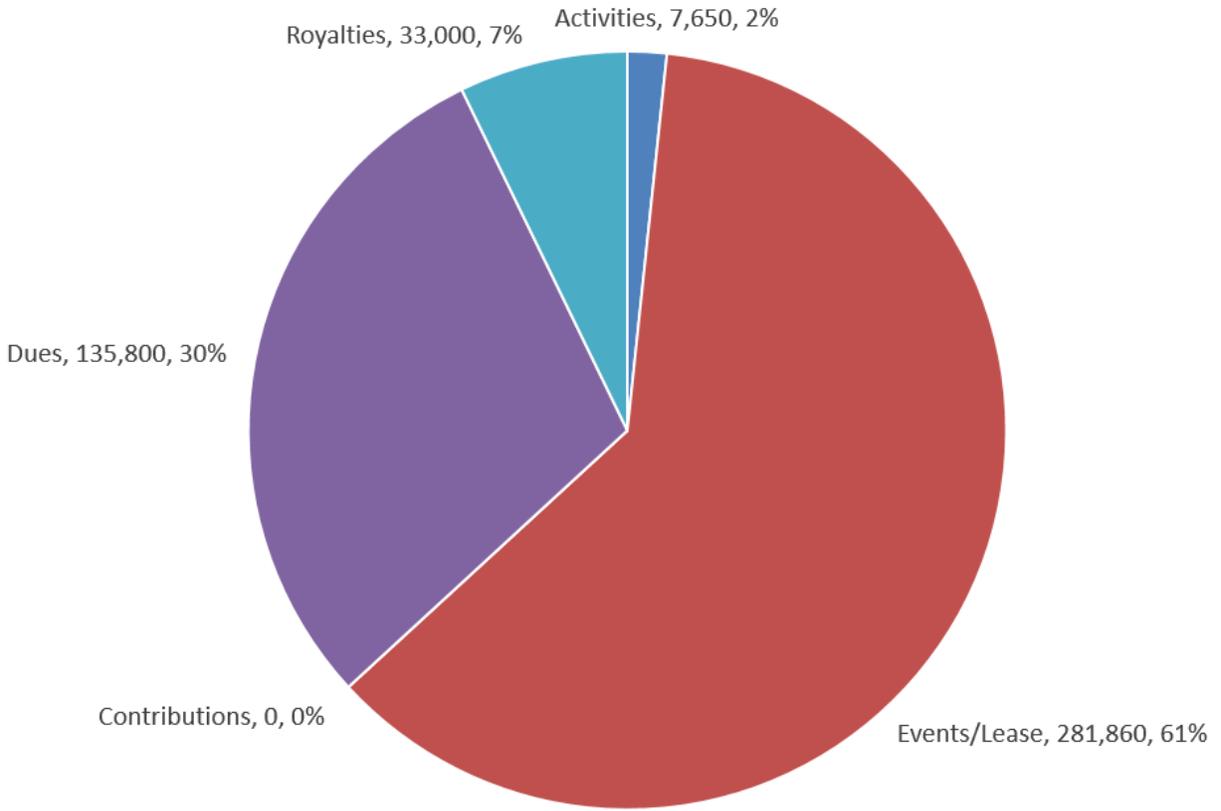
Revenue - 2015 FY - \$421,318



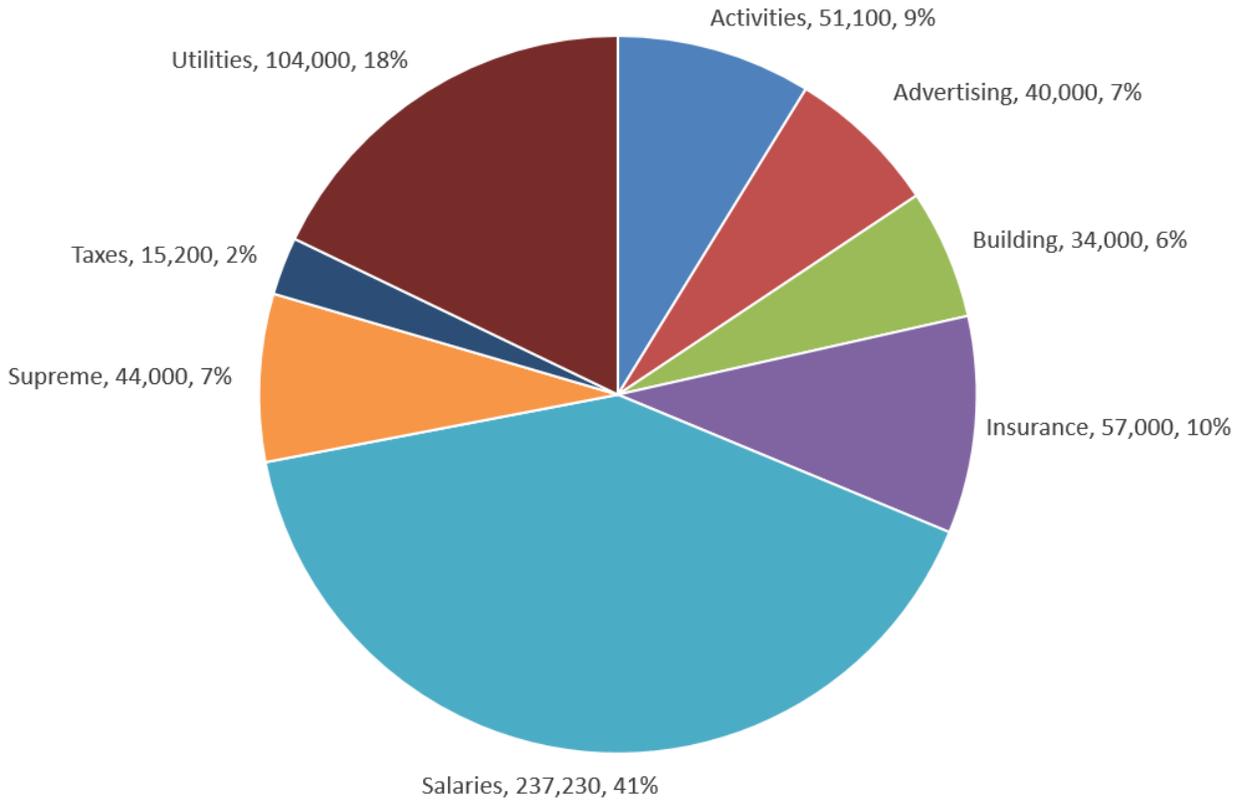
Expense - 2015 FY - \$578,316



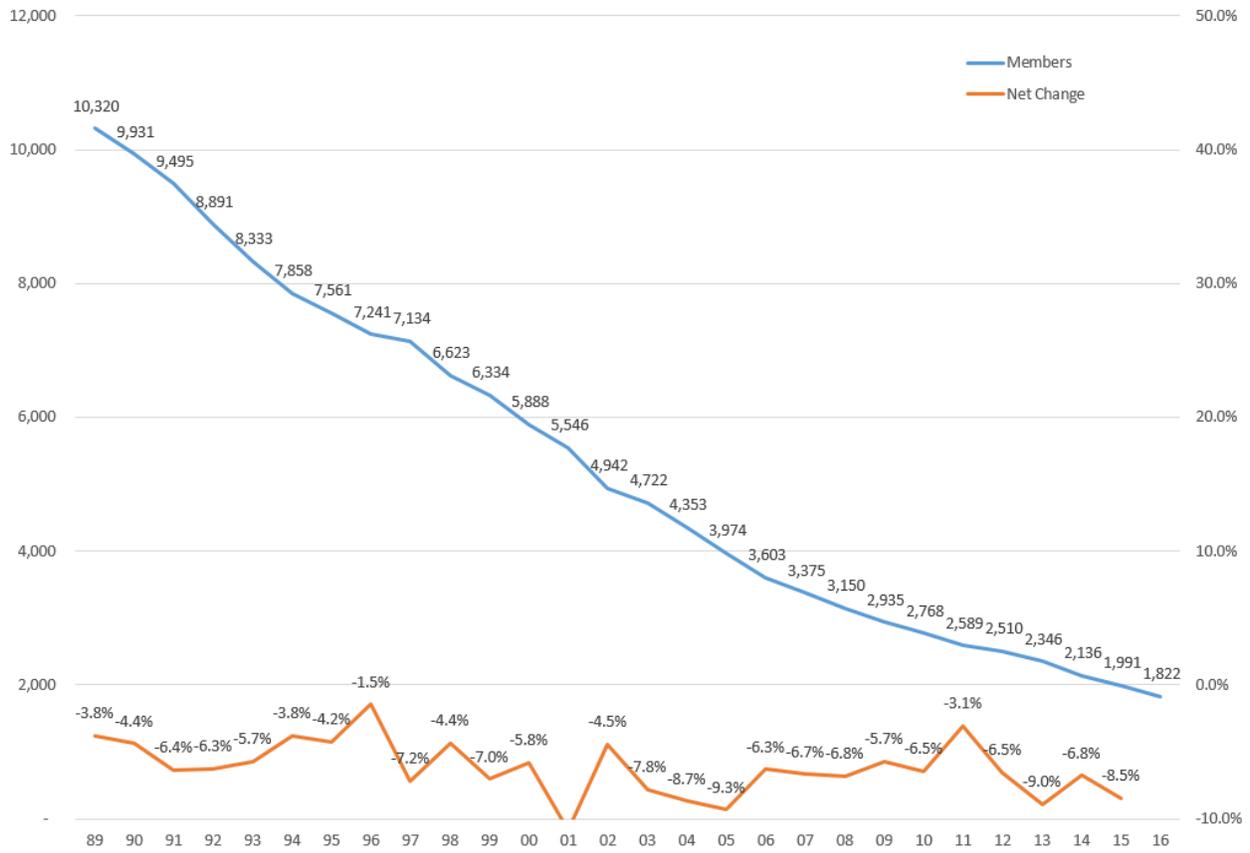
Revenue - 2016 FY - \$458,310



Expense Budget - 2016 FY - \$582,530



WSR Members



Member Age Groups

