



**2007 Report of the Interim President and Chief Executive Officer
of the National Fraternal Congress of America
121st NFCA Annual Meeting—Pittsburgh, Pennsylvania
September 7, 2007**

Delegates of the 121st NFCA Annual Meeting, officers and directors of the Board, honored guests, and my fellow fraternalists:

This is the first time that I have had the privilege to report to you on the activities of the NFCA. While I have been a part of this wonderful trade association for over three years, from my vantage point, the last three months have been challenging and literally flown by. Today, I hope to offer you the challenge to change as we enter a new year. However, first a quick review of the past year.

We have faced many challenges and accomplished many things. And, I emphasize “today” and will continually remind you in the future that our work is not yet done.

Much remains to be accomplished as we face the tax-exemption issue on Capitol Hill, and the hard choices facing some of our struggling member-societies. Concurrently, we must look to strengthen all our member-societies through a member accreditation program. A program tied directly to educational opportunities for members. A program designed to help every member-society help itself with educational opportunities and other NFCA-provided resources.

A Look Back Over the Year

Each year, at its November meeting, the Board of Directors establishes strategic priorities for the year ahead. And because they help guide the programs, activities and the budget of the NFCA, I will take a moment to review them with you. The strategic priorities are:

1. Preserve, protect and defend the federal 501(c)(8) tax-exemption through all appropriate means.
2. Minimize the impact of failing societies on the fraternal benefit system and ensure that all member-societies are viable business entities.
3. Establish reasonable fraternal benefit society performance standards that include fraternal and financial performance, best practices in management and governance, ethics, common bond and participation in the NFCA.
4. [Serve as] an important source of fraternal industry knowledge, education programs and materials, while actively engaging individuals, public policymakers, and communities to achieve our goals.
5. Help establish or charter new fraternal benefit societies in the United States.

These are the strategic priorities established by the Board last November and I believe that the Board and the NFCA staff followed through on them.

What We've Accomplished

On the tax-exemption issue, our message for the last year has been singular and strong, "Remain vigilant". These two words were a regular reminder for us this past year, a motivating message that procrastination and inactivity could not be tolerated.

We've routinely shared with you the progress we've made in Washington, D.C., in preserving, protecting and defending the tax-exemption and I'm not going to pre-empt Evan's presentation, which follows mine. But I do want you to know that over two-and-a-half years have passed since the tax-exemption issue re-emerged in January 2005. And it's still out there. We must continually acknowledge the threat to our very existence, noting that the 501(c)(8) tax-exemption is the fuel for fraternalism. We shall "Remain Vigilant" on this critical issue.

Fraternal visibility.....A few years back, then Chair of the Board, Michael Stivoric, reminded us all of the admonition in Luke, Chapter 11, Verse 33:

"No one, after lighting a lamp, puts it away in a cellar nor under a basket, but on the lamp stand, so that those who enter may see the light.

As Chair Janice Whipple mentioned yesterday, our response was ***Fraternalists-in-Action***. This program serves as a beacon of light, shining up and down the hallways of Congress, allowing us to showcase our 10 million fraternalists, and the marvelous work that they have and continue to do in local communities throughout the country.

Each month, MVPs are chosen to travel to D.C., to meet with their Members of Congress. Evan Migdail and his firm, DLA Piper, coordinate and accompany the MVP's to the meetings. The MVPs have visited with 39 U.S. Congressmen and women, and 48 U.S. Senators from 25 differing states.

It's a great program. Good for your members. Good for your society. Good for the fraternal benefit system. However, we need your help to re-invigorate this valuable program. The NFCA has exhausted the pool of previously submitted Fraternal MVPs, so we are asking the 48 participating member-societies to send us new submissions, and we'll be asking all other member-societies to join in. We have 10 million members nationwide, each with his or her own story. Help us, help you - - simply send us the name, a short bio and a picture - we'll do the rest.

As Chair of the House Ways & Means Committee, Charles Rangle, has publicly stated, "Under the Pay Go rule, if you don't raise your hand to protect your tax exemption, we'll get you." Our response? "Remain Vigilant" and I urge you to be a part of this terrific ***Fraternalists-in-Action*** program that puts a face on fraternalism with the Members of the United States Congress.

Now—a very brief mention of the NFCA Member Accreditation program. One year ago, almost to the day, then President & CEO, Fred Grubbe spoke of a Membership Standards Program that was taking shape, noting that no decision had been made.

And speaking of decisions, Elizabeth Dole once noted regarding the decision-making process, and I quote:

“What you always do before you make a decision is consult. The best policy is made when you are listening to the people who are going to be impacted.”

So, last year your association leadership listened and, very importantly, heard you and Mike Wade will bring you up-to-date next. The Membership Committee worked throughout the year to create a voluntary, accreditation process designed to be inclusive of all member-societies, not exclusive. The Committee shared its work product with you in mid-July. Why? So we could **consult with those who will be impacted** by the accreditation process when it becomes effective in 2009.

On a related topic, in early August, just one month ago, your society leadership received the 2006 Tillinghast ratio results. The results of this most recent run were “more of the same”, as the number of societies that received an overall rating of “RED” increased. We will continue to work with you and to improve the accuracy and timeliness of the data provided.

A brief word on JOIN HANDS DAY ...

JOIN HANDS DAY this year occurred on May 5. JOIN HANDS DAY is the single, most visible public relations program we have in local communities throughout the country. Why? Because a JOIN HANDS DAY event shows that “we practice what we preach.” We involve youth, we involve local groups, and we establish a presence in local communities.

And, as Evan Migdail said at this morning’s Presidents’ Section breakfast, “We need to invite legislators; we need to invite regulators and policymakers. We need to let them see what we see and do every day.” JOIN HANDS DAY will continue as a program of the fraternal benefit system. This year we had more than 1,000 events nationwide and in Canada and an estimated 25,000 participants. There has been very strong support throughout the fraternal benefit system and we thank you for that and look forward to your participation next year on May 3rd.

The Challenge

Today, I want to challenge you to lead your organization to a brighter, more visible fraternal identity, because it is that fraternal identity that attracts new members. It is that fraternal identity that serves as part of the social safety net in America, and it is that fraternal identity that will ensure the survival of the system for another 150 years.

Believe in your cause and do not hesitate to share it. Challenges do lie ahead, but by changing the way we think, the way we plan, the way we execute, we can change the course of our industry for the better, while maintaining the fraternal roots that go back generations.

It was King Whitney, Jr., who noted that change has a considerable psychological impact on the human mind.

To the fearful, change is threatening because it means that things may get worse.

To the hopeful, change is encouraging because things may get better.

To the confident, change is inspiring because the challenge exists to make things better.

Accept the challenge!

Thank you, and may God Bless!