

REPORT OF THE DIRECTOR GENERAL

DIRECTOR GENERAL DONALD ROSS: Supreme Governor Eisel, Grand Regent Mancuso, members of the Supreme Council and Grand Council, and the Advisory Boards, members of Supreme Lodge and Women of the Moose Boards and Committees, Past Governors and College of Regents, Governors and Senior Regents, Administrators and Recorders, and all other men and women representatives and members of the world's finest family fraternity – the Moose.

A CLEAR VISION

Recently Supreme Councilman McCullough informed me he had taken an informal survey of members attending a Leadership School. He stated he asked several questions about what the attendees understood of the direction the Moose was headed. Finally, he asked if the attendees thought the Supreme Council had lost their mind? And, the group startled G. W. when everyone raised their hand. While it suggests solidarity, it also suggests a clear understanding does not exist as to just where we are going. Brother McCullough did, however, conclude that while the vision for the future was not clear, there was at least some that indicated a trust, if not an understanding, of the Supreme Council and their actions. Let's see if we can clear up the blurred vision.

First, our objective is to grow this fraternity in members and in financial strength. We must improve the quality of our Moose operations and in those instances where quality is already present we must expand membership activity. As I stated in last year's address, I was going to insist on family activity, sports and community service be a part of every Moose operation.

Family activities include opportunities for mom and dad to spend quality time at the Moose, with their children. And, it should also provide events for grandma and grandpa to be with their grandchildren. It means family dinners, family dances, ice creams sundae nights, board and card games, DJs, visits from Santa and the Easter Bunny, picnics and BBQs, big screen TVs, kids' game rooms, father-son and mother-daughter events, and anything else that could be

enjoyed by a variety of age groups together. And, it should be provided in a wholesome smoke free environment, not necessarily in the social quarters.

Sports includes leagues and outings where opportunities are provided for softball, bowling, darts, horseshoes, pool, foosball, golf – on the course and on a video machine – and where possible tennis, basketball, curling and even tiddlywinks, if there is an interest. The events can be men only, women only, children only, or any combination. It is intended to provide opportunities for families to spend time together, and have some fun. Plan trips to major or minor league baseball games, or football or basketball games, or hockey matches. Include the entire family, and start or finish the day at the Moose.

Community Service is our opportunity to help our towns, villages and cities become better places in which to live. It also provides an opportunity to improve the image of our fraternity. Every Lodge and Chapter should be participating in the Moose Youth Awareness Program. It allows for a good message to be delivered by the teenagers to the younger children that will then assist the child in making good decisions, as they become teenagers themselves in the areas of drugs, or cigarettes, or vandalism, or dealing with strangers, or anything else that may cross the path of our young people. Our General Laws, Section 44.3 allows, “without the necessity of obtaining a dispensation from the General Governor, a lodge home may be utilized for legitimate community service programs and charitable fundraising events.” While non-members involved in community service programs or fundraising events shall not enter the lodge social quarters and community service and charitable fundraising events are subject to several restrictions, if you follow the laws of the Order, and local laws, too, you have an opportunity to raise funds for charity and improve the Moose image within your community. It is a win-win situation. Now let’s use some simple math towards making this point. Our benefit will be the typical spaghetti dinner, served with an Italian salad and a can of coca-cola. Your cost is about \$3, maybe less. You ask for a \$8 contribution. You net about \$5, after food costs. One hundred participate in the benefit, so your total is about \$500 for your charity. If your community service committee holds one benefit per month, your net for the year

is \$6,000. If each of our Moose Lodges and Chapters cooperated in this plan, that would be about 1,650 locations times \$6,000, or \$9.9 million in one year. If you would donate half those funds towards local charities, within your community, and the other half to Moose Charities for the operation of Mooseheart and Moosehaven, your communities are almost \$5 million ahead, and about \$2.5 million each goes to Mooseheart and Moosehaven. And, you have shown off your facilities twelve times in one year to your community, and I would sure guess you would have opened many doors to membership in the Lodge and Chapter that would have not otherwise been open. The community wins. Mooseheart and Moosehaven win. The Lodges and Chapters win, with the likelihood of more members, and the over all image of the Moose wins.

So, in summary, the operation of the Moose Home, the combination of the Lodge and Chapter, working together in harmony, as an Activity Center or as a Family Center must include family activity, sports and community service, and provide for our families to spend quality time together.

Here is what it should not be. I recall a few years back, a member complaining about children running around the social quarters, with the appearance of the lack of adult supervision. And, in another instance a member complained about very young children sleeping under a table in the social quarters while mom and dad sat drinking at the bar. In the first instance, I am told the Governor responded, to the complaint of the running children, you better get used to it, because that's what Moose international wants. And, in the second illustration, I was informed the answer to the complaint was given by the bartender, about the sleeping child, that this is a family fraternity. The insinuation was that since we are the family fraternity, children should always be allowed. Not so. House Committees, or joint management teams, must set hours that minors are allowed, as may be allowed by local laws. Saturday night dinner-dances for adults only, is very acceptable. Similarly, Lodge meeting nights, Chapter business meeting nights, Bingo nights, special events, after a certain hour on school nights, and maybe an hour or two later on Friday nights are all acceptable times to exclude minors. On the other hand, when all is set for your

weekly schedule of events, at the Moose Home, there should be activities for all ages as have been described.

Now, let's go back to the comment earlier about the "wholesome smoke free environment." Today, many state and local laws prevent smoking, in places like our Moose Homes, and these laws must be adhered to. If no related laws exist in your area, we strongly urge every House Committee to set a policy that allows for our non-smoking families to enjoy the activities of the Moose. This can be accomplished by establishing a non-smoking area, or a non-smoking Lodge room, similar to what you may find at a public restaurant. I recall one House Committee that set a non-smoking table in the middle of the smoke filled social quarters. They thought it was funny. They lost members. House Committees, please take actions to accommodate those who do not smoke. This is a serious issue.

I trust this all helps clear the vision of where the Moose Family Center concept is heading. Actually, the concept is rapidly becoming a reality, as more than half our Moose operations have been designated Family Centers.

MORE VISION

Now, let's attempt to clear any blurred vision that might exist in the area of computers and communications. It is June 2005! This is the month that every Lodge, Chapter and Moose Legion must have met certain technology requirements, which corresponds with the release of LCL.net. We will, over the next several months, eliminate nearly all our paper communications between fraternal units and Moose International, and correspond electronically. This will include eventually membership reports, financial reports, committee reports, and daily communications, as well. Image the possibilities! New members greeted within a few days, or a few hours, with a message on their home computer. Member sponsors thanked shortly after bringing in another candidate for enrollment on their home computer. Lodge, Chapter and Moose Legion financial statements analyzed monthly, and immediately, instead of the current several

month lag time. Mooseheart and Moosehaven updates brought to your attention moments after they happen, on the Website, as well as by email message to your Lodge, Chapter or Moose Legion computer. Dues money deposited electronically and member accounts updated without a trip to the bank or picking up a pen or pencil. All this is possible through technology. It will make us more efficient. It will make us more modern. It will allow for promotions and marketing to take place that have not been possible in the past. It will bring us all closer together, and provide considerably more opportunities to be fraternal.

JUST A LITTLE MORE VISION

And, lastly, in my attempt to clear any blurred vision, what are the expectations of the new management structure at Moose International, as it relates to our fraternal development? This is the very short version. First, it is the responsibility of the member relations' team (that is the combination of the former membership department and supreme secretary's office) to work with the Lodges and Chapters and Moose Legions towards creating the Moose Family Centers providing family activity, sports and community service, along with developing and promoting Moose Momentum. This team of Regional and Assistant Regional Managers, along with the Assistant Directors and Directors, also have the responsibility of helping you solve your problems, making sure you meet the technology requirements, helping you become better educated on Moose laws, policies, and procedures, and strengthening and maintaining the defending circle. Member Relations does this with the cooperation of Fraternal Education that provides the training tools and trains the trainers – that is the Certified Leadership Trainers and the TTCs, and the TIPS trainers, and those that conduct Executive Session, and Administrations Schools, and membership seminars. Member Relations does this with the cooperation of Member Retention that provides the programs and tools to assure more members renew their dues. Member Relations does this with the cooperation of marketing and membership development that provides an awareness of our fraternal

accomplishments and philanthropic causes. Member Relations does this with the cooperation of publications that provides us with Moose Magazine and continually evolving Websites. Member Relations does this with the cooperation of fraternal programs, that is the General Governor and Grand Chancellor that provides our fraternal direction in the areas of sports, ritual, youth groups, community service, the Moose Legion, lodge and chapter development, government relations, and the ongoing interpretation of our General Laws and Women of the Moose handbook. And, in addition to all that, the member relations' team must develop the call center, or the communications hub, that will stand ready to meet virtually your every need.

If all this works, and there is many reasons to believe it will work, we end up with a family fraternity, that is growing in members and financially. And, that goes a long way towards allowing for us to continue operating Mooseheart and Moosehaven.

TRADITIONS

Now, while we do all this, and build the modern day Moose, we must continue with our traditions. We must continue to visit the sick. We must continue to send get-well cards, birthday cards and anniversary cards to our members. We must attend funerals and be fraternal and supportive in times of grieving. We must conduct memorial services, as may be requested by families. We must continue with Lodge Brothers working towards invitation to the Fellowship and Pilgrim Degrees. We must continue with Chapter Co-workers working towards advancement to the Academy of Friendship, Star Recorder and College of Regents Degrees. We must continue to do good things for those less fortunate through our existing Lodge and Chapter structure, and we must continue to develop Lodge and Chapter committees, and where appropriate joint committees. We must continue to build the greatest partnership in the world – the Loyal Order of Moose, and the Women of the Moose. And, we must continue

to do so in harmony. We must continue to support Mooseheart and Moosehaven.

MOOSE CHARITIES

I am often asked the questions, what is the relevance of Moose Charities? Or, what is Moose Charities place in our fraternity. The answer is simple, from a financial standpoint; Moose Charities may very well be able to secure our future. Fundraising has been an important part of our fraternity for the last century. The Women of the Moose raise millions every year. The Moose Legion raises several hundred thousands of dollars every year. Our Lodges raise money. Our Moose Associations raise money. Our districts raise money. We contribute regularly to the Endowment Fund. And, it is important to understand that none of the historic fundraising procedures have changed. The Women of the Moose, the Moose Legion, our Lodges, Associations, districts and members have been and will continue to be our greatest and significant donors. I repeat, nothing in terms of fundraising has changed. What has changed is the method of keeping records of the contributions. What has changed is the method of acknowledging the contributions. What has changed, instead of passing through Moose International bank accounts on the way to Mooseheart and Moosehaven and other charitable endeavors, is the funds are deposited to Moose Charities, recorded, acknowledged (as required by IRS) and then granted to Mooseheart or to Moosehaven or to the charitable cause stipulated by the donor. Because Moose Charities operates with a grant from Moose International, all charitable giving – every dollar you donate to Mooseheart and Moosehaven – is granted to a charity. In addition to all this, Moose Charities has been given the not so small task of increasing the amount of funds donated annually to Mooseheart and Moosehaven. This is to – over time – take some of the financial burden off of the Lodges and Chapters, recalling what we have heard so often in our rituals, “A burden heavy to one is borne lightly by many.” First, Moose Charities has been given the charge to increase contributions through direct mail solicitation. This

method of fundraising is used by many charitable organizations and moves some of the financial burden from mandatory giving, like our ABC Dollar and Per Capita Taxes, to voluntary giving. The real trick here is to solicit funds from us, the member, but do so without upsetting us to the point we get tired of being asked for more money. Brothers and Co-workers, we would not ask, if we did not need the funds for operating Mooseheart and Moosehaven. We are developing a strategy designed to seek these funds from those with the greatest propensity to give. Second, we have charged Moose Charities with developing major and planned giving, including charitable gift annuities. This is an area that generally takes a decade or more to develop, but eventually, if handled properly will lead to more significant gifts – hundreds of thousands of dollars and more – being left to Mooseheart and Moosehaven in our wills through bequests, leaving a lasting legacy of your life, and in some instances major gifts during one's lifetime. Regarding the charitable gift annuities, do you realize, you can enter into such a contract with Moose Charities, receive an immediate tax benefit (for US citizens), and then receive annual annuity payments greater than what you would anticipate from Certificates of Deposits and other similar investments. That's another win-win situation. And thirdly, Moose Charities has been given the charge to develop relations outside the fraternity, such as foundations, corporate America, golf outings, motorcycle rides, and friends of the Moose, not members, but those with a propensity to give to provide for children. Again, these three charges are designed to take some of the financial burden of Mooseheart and Moosehaven off of the fraternity. In 2003, we projected what our income needs would be in 2013. If we get our membership to stabilize, or even creep back up a little bit, that would help. But, realistically, by 2013, with three percent inflation factored in, Moose Charities needs to grow significantly to meet the financial needs at Mooseheart and at Moosehaven. That should clearly answer the question of the relevance of Moose Charities.

FINANCES

While we are talking about money, here is a summary of the financial state of the Order. As I was deciding what I wanted to say on this subject, I tried to come up with the questions that many of you may want answered. I came up with, what have you done with the money? And, how much of the money is left?

First, what have you done with the money? We had about \$35 million in income at Moose International, from all sources, including ABC dollars and Women of the Moose per capita, risk pool, merchandise sales, etceteras. It cost about \$27.6 million to operate Moose International; therefore, the net income was about \$7.4 million, and this amount, less about \$1 million was granted to Mooseheart and Moosehaven.

The operating costs were distributed, as follows: payroll, \$8.6 million or 31.1% of the total; the risk pool program, \$4.75 million or 17.22%; the magazine, \$1.62 million or 5.88%; dues notices, \$945,000 or 3.42%; depreciation, \$1 million or 3.58% of the total; and other program expense, \$10.7 million or 38.8%. That is a total of \$27.6 million.

It cost \$17.54 million to operate Mooseheart, and for practical purposes all income comes from grants from Moose International, including Women of the Moose funding, Moose Foundation and Moose Charities. The operating costs were distributed, as follows: payroll, \$9.27 million or 53.07%; children's residential and medical, \$1.82 million or 10.3%; general insurances, \$1.8 million or 10.3%; non-cash expenses, rent to Moose International and depreciation, this is simply a journal entry, \$1.7million or 9.71%; and other expense, \$2.9 million or 16.62%. That is a total of \$17.5 million.

It cost \$15.7 million to operate Moosehaven, and except for social security, other pensions, and assets turned in by the residents, most all other income comes from grants from Moose International, including Women of the Moose and Moose Legion funding, Moose Foundation and Moose Charities. The operating costs were distributed, as follows: payroll, \$7.19 million or 45.73% of

the total; senior's residential and medical, \$1.41 million or 9.01%; food service, \$1.9 million or 12.06% of the total; depreciation, a non-cash expense, \$1 million or 6.37% of the total; and other expense, \$4.2 million or 26.83%. That is a total of \$15.7 million

Other operating expenses, incurred by Moose Charities and all other operations not detailed were \$4.2 million. That is a total of \$65 million to operate Moose International and all its related corporations. Now, where did the money come from? Moose International's income was about \$35 million, Moosehaven's income, from social security, residents pensions and assets turned in was about \$6 million, all contributions for operations was \$12 million, and \$12 million was taken from the investment portfolios. That adds up to the \$65 million necessary to operate for one year.

Now, to answer the question what is left? The best way to demonstrate this is to look at the net assets of Moose International and Moose Foundation. First, Moose Foundation – that is basically the endowment funds that have been invested, with the earnings used for the operation of Mooseheart and Moosehaven. The last few years shows the following, each date is April 30. In 2003, with the equity market down, there was a reduction to \$94.3 million. In 2004, with a robust market, we realized a significant increase to \$111.4 million. And, in 2005, we continued the improvement to \$115 million.

And secondly, the same illustration for Moose International follows – in 2003, the net assets were \$94.5 million, and this ended a string of four straight years of declines. During these years our Moose Foundation or endowment fund investment returns were negative or insignificant, thus the burden of Mooseheart and Moosehaven fell back on Moose International. However, In 2004, the net assets of Moose International leaped back up to \$121.2 million, and this past year, we showed a modest gain to about \$122 million. We count on an eight percent return on our investments to meet all our costs of operations – and that is just about what we realized. Thus you have a near breakeven on the Moose International financial statements.

I assure you we continue to keep our expenditures in line; we continue to right size our operations; and we attempt to grow the fraternity financially to keep pace with inflation.

The complete audited financial statements will appear in this convention's proceedings.

MOOSEHAVEN

When we were completing the LifeCare Center, back in late 2001, Mary Lynn and I were visiting Moosehaven. We decided to meet on Main Street, in the LifeCare Center, promptly at 4:45 p.m. one sunning and warm fall afternoon. The idea was to enjoy a dish of ice cream, at Moose Scoops South. However, I was late, very late, actually, as I did not arrive until about 5:30 p.m. Mary Lynn in the meantime had been visiting with one of our lady Moosehaven residents. She was also looking the new facilities over, very likely dreaming of the day she was going to be moving into the modern assisted living section. Anyway, because I was so late, Mary Lynn had mentioned to the senior lady, if I did not arrive soon, she was going to start looking for something new. To which the Moosehaven resident replied, dear, if you are going to look for something new, I would suggest you not start looking here! Well, as it turns out, at least one of our female Moosehaven residents did look around Moosehaven and she did find what she was looking for. The Reverend Helen Taylor, upon the bride being given away by yours truly, married Avis Lehman to Les Rasmussen, on February 19, 2005, in the Moosehaven Chapel. It demonstrated once again, that Moosehaven not only adds years to your life, but life to your years – at least that is what Avis and Les believe.

While you will hear much more about Moosehaven from Executive Director of Moosehaven Operations Faye Stevens, later in this convention, I would be remiss if I did not mention the performance of our Moosehaven employees, and residents, too, last summer and fall, as one tornado and three

hurricanes hammered our City of Contentment. We were fortunate in that none of the hurricanes directly hit Moosehaven, but all three, and the tornado, brought a level of fear to our residents, and provided the employees an opportunity to shine. I am happy to report, that we did not have one resident injured in any of the storms, and this is a tribute to the staff of employees that kept them safe and out of harms way. However, the pier and the seawall were both damaged. Many buildings were damaged with the pounding rain and winds. Several trees were lost and limbs and debris were scattered around the campus. In every instance, while we are still waiting for some of the repairs to be completed, the clean ups were handled quickly, and included the residents pitching in and helping. They were determined to clean up their home, and get back to their routines.

On a warm spring day, this past April, about one hundred, or so, Moosehaven residents gathered in the court yard of the old and abandoned Paul P. Schmitz Health Center, along with many leaders from the Ohio Moose Association, to kick off the largest known single Association fundraiser. Because of favorable laws in the Buckeye State, our Family and Activity Centers from Ohio have pledged \$10 million dollars over the next five years, or so, for the renovation of this old structure, the maintenance of the remodeled facility, and the day-to-day operation of Moosehaven. The breakdown is - \$4 million for the renovation, \$1 million for the ongoing maintenance, and \$5 million for operating expenses. This is a huge undertaking, unprecedented in Moose history. We salute the men and women of the Moose from Ohio and we gratefully thank you for accepting this magnificent project that will provide transitional living for Moosehaven residents between the residential community and the assisted living facilities.

Men and women of the Moose, the Moosehaven resident is being cared for as expected, and Moosehaven is in good hands under the leadership of Faye Stevens and the Moosehaven management team.

MOOSEHEART

Last fall, I met a new friend. He was in third grade, at Mooseheart Elementary School. His name is Omaru. He had invited me to attend the annual open house, and when I arrived, he greeted me at the door of his classroom, and proceeded to give me a guided tour. I was shown his work in arithmetic, reading, writing, spelling, and science. He was very proud of all his academic accomplishments, and you could sense he was a very outgoing eight year old. When we were finished, with the tour, Omaru's teacher, Mrs. Wells, took a picture of the two of us. She took it with one of those fast-developing cameras. Within a minute, or two, we were looking at the picture, and then Mrs. Wells got out the picture from the year before she had taken with Justin and I. At this point Omaru exclaimed, "Oh, look Mr. Ross, you have on the same suit!" We all laughed. Well, about two months later, I was back in the elementary school, and was passing through the gymnasium, where my little buddy Omaru was playing floor hockey with his classmates. Upon seeing me, he dropped his stick, raced across the floor to where I was standing, put his arm around me, and pointed out to everyone around, that "Mr. Ross does has more than one suit!"

While there were no tornados that touched down at Mooseheart, nor were there any hurricanes, Mooseheart did feel the rumbles of a small earthquake, last summer, but no injuries or damage was incurred.

Over the past winter, eleven buildings, all needing extensive repair, at Mooseheart were demolished, some of them like the Women's Building and the Auditorium were difficult to watch come down, because of their significance in our past. However, we have now eliminated a total of twenty underutilized older structures, including those gone with land sales, and we have reduced our building space by nearly twenty percent. This in turn reduces ongoing maintenance, utilities and property insurance expense by similar amounts, and I repeat what I have stated on many occasions, it has not affected the quality of care of the children.

In March, Mary Lynn and I had the opportunity to have dinner in Susquehanna Home on the Mooseheart campus. At the time, Jack, Paula and Nikki were the family teachers and they were raising seven Mooseheart residents and Jack and Paula's two – the nine youngsters were all six years old or under. Can you imagine sitting down to dinner, everyone in his or her own places, bibs on, and quiet listening to a short bible reading, before they were allowed to "dig in". And, dig in they did. They attacked the raw vegetables, inhaled the ravioli – I asked if we only fed them once a day? I was assured they get three meals, daily, and snacks, as appropriate, in between. We had a chance to visit with these little children, and we learned of their environments before Mooseheart. It may shock you to learn that two of the little girls resided in a car before they found the security of our "Child City".

Men and women of the Moose, as at Moosehaven, the Mooseheart resident is being cared for as expected, and Mooseheart is in good hands under the leadership of Scott Hart and the Mooseheart management team.

CONCLUSION

It is great to be a Moose. You must feel good about being a Moose. Your enthusiasm must boil over when you see the results of your efforts – the Moosehaven LifeCare Center, high school graduation at Mooseheart, sending a young adult off to the international student congress, providing a college scholarship, earning a merit award, becoming a champion ritualist, seeing a smile on the members face, when presented a life membership and fifty-year member pin, or becoming a twenty-five clubber or qualifying for the women's sponsors dinner, or becoming a collegiate or a pilgrim. And, finally, I remind you, the stories we tell about Mooseheart and Moosehaven are only possible because of you – you are the very foundation upon which our philanthropic causes are built. You must be proud to be a Moose. You must feel good about the happiness you bring a Moosehaven couple or little sisters at Mooseheart. You must be popping your shirt buttons, with the burst of satisfaction you must feel

because you bring safety, contentment and security to children and the aging, things they may not have enjoyed before you provided their care. Be proud! Stand proud! Isn't it great to be a Moose?