

Our Vision:

"We are a private, non-profit, volunteer, service organization. As a **Center of Excellence**, we are committed to ensure that all available resources are used to assist personnel of the Naval Services -- active, retired, and their eligible family members -- to achieve financial self-sufficiency and find solutions to emergency needs."

ON THE COVER: A modern Sailor "mans the rail" from on board the U.S. Navy destroyer USS Ramage (DDG 61). Ramage provided escort for the world's oldest commissioned warship while tugs aided in her transit to Marblehead, MA. The USS Constitution celebrated her 200th birthday on October 21, 1997. U.S. Navy photo by Chief Photographer John E. Gay. INSIDE FRONT & BACK COVER: "Ocean's Highways." U.S. Navy photo of a painting by an unknown artist.

Foreword

Founded in 1904, the Navy-Marine Corps Relief Society is incorporated in the District of Columbia with its corporate headquarters located in Arlington, Virginia. The Society is managed by a Board of Managers comprising elected and ex officio members representing the active duty and retired communities of the United States Navy and Marine Corps.

The mission of the Navy-Marine Corps Relief Society is to provide, in partnership with the Navy and Marine Corps, financial, educational, and other assistance to members of the Naval Services of the United States, eligible family members, and survivors when in need; and to receive and manage funds to administer these programs.

The Society accomplishes this mission principally through the disbursement of interestfree loans and grants, but it also provides visiting nurse services, budget counseling services, and infant layettes, and administers food lockers and thrift shops. The Society also provides scholarships and interest-free loans for educational purposes through its education programs. Sponsored by the Department of the Navy, the Society operates more than 250 offices ashore and afloat at Navy and Marine Corps bases throughout the world.

More than 3,000 trained Volunteers, both ashore and aboard ships, accomplish the major portion of the Society's work. They are supported by a small cadre of employees. The Society enjoys an active partnership with the Navy and Marine Corps and benefits extensively from the active involvement of the command structure at the bases where the Society maintains a presence. The commanders themselves, as well the senior enlisted leadership, chaplains, and family service center personnel, play an important role in the conduct of the Society's business.

Although sponsored by the Department of the Navy, the Navy-Marine Corps Relief Society receives no funding from the government. The work of the Society is supported by an annual fund drive conducted by the Navy and Marine Corps under the auspices of the Secretary of the Navy. The Society facilitates the Secretary of the Navy's fund drive of the Navy and Marine Corps retired community through a direct mail campaign. Overhead expenses are covered by proceeds from the Reserve Fund established during World War II.

Contributions to the Society are deductible under section 170(b)(1)(a) of the IRS Code. The Society is exempt from Federal income tax under section 501(c)(3) of the Code.

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A Message from the Chief of Naval Operations



"Whether it is a shortterm loan, a grant during a family emergency, or an educational scholarship for a deserving child, the Society always responds."

The Navy-Marine Corps Relief Society has been selfless in helping the families of Sailors and Marines in times of crisis for 94 years. Whether it is a short-term loan, a grant during a family emergency, or an educational scholarship for a deserving child, the Society always responds.

This past year was an exceptionally busy and successful one for our naval forces. In operations spanning the globe, in countries from Albania to Zaire, in the Arabian Gulf and the Sea of Japan, the United States Navy and Marine Corps continued to excel, providing forward presence and crisis response in support of our nation's vital interests.

Such deployments are both professionally and personally challenging, and our Sailors take great comfort in knowing that the Navy-Marine Corps Relief Society is there to support them and their families when needed.

On behalf of the U.S. Navy, I salute you and thank you.

Sincerely,

JAY L. JOHNSON Admiral, U.S. Navy

A Message from the Commandant of the Marine Corps

One of the most honored hallmarks of our Corps is the tradition that "Marines take care of our own." More than just words, this tradition reflects our unique esprit and defines the attitudes and actions which demonstrate our concern for each other and for our families. Taking care of our own is something we do as a Corps and as individual Marines -- and it is something that the Navy-Marine Corps Relief Society has been helping us do since 1904.

Marines know that they can count on each other for support, and they know they can count on the Navy-Marine Corps Relief Society when they or their families are in need. On any given day there are over 21,000 Marines forward deployed, maintaining stability in the volatile regions of the world. While deployed, these Marines are focused on the mission at hand, because they know the Society is there for the care and welfare of their families. Over 60,000 Marines and Sailors who received financial support from the Society last year, know first hand, your generosity. Countless others benefited by taking advantage of the personal financial management counseling offered by your volunteers. And for thousands of sea service children, your scholarships opened the door of opportunity by making a lasting difference in their lives.

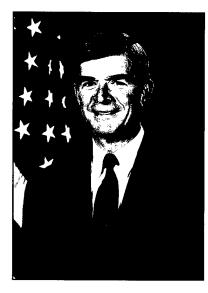
Marines must be prepared to help a fellow Marine anytime and anywhere. It is the Navy-Marine Corps Relief Society's willingness to commit to this same philosophy -- to go the extra mile -- which makes you such valuable members of our Marine Corps team. On behalf of Marines and their families everywhere, I thank you for your continued support of our Country, our Corps, and our loved ones.



"Marines know that they can count on each other for support, and they know they can count on the Navy-Marine Corps Relief Society when they or their families are in need."

General, U.S. Marine Co Commandant of the Marine Corps

President's Report



"Your Society is financially sound and continues to improve the quality of life for Sailors, Marines, and their families." Your Navy-Marine Corps Relief Society is financially sound and continues to improve the quality of life for Sailors, Marines and their families. A very rewarding, active, and successful 1997 brought the Society one step closer to achieving its vision as a **Center of Excellence**. We met the financial needs of our clients, critically reviewed our programs and services, and strengthened our partnership with the Navy and Marine Corps. The most important constant throughout the year, however, was the continuing commitment and motivation of the Society's dedicated Volunteers and employees to ensure prompt, responsive, and empathetic support to our active duty and retired personnel.

Strengthening Our Partnership

As the premier family service organization dedicated to the welfare of Navy and Marine Corps servicemembers and their families, it is imperative that we have an effective and continuing dialogue with the active duty leadership, as well as excellent communication with our sister service relief agencies and other family support organizations. We've never had better or more open lines of communication. Both at Headquarters and in the field, we're taking advantage of every opportunity. When members of the Headquarters staff travel to our field offices, it's standard procedure for them to meet with the local active duty leadership and the staffs of the Family Service Centers and the American Red Cross. And as months go by, we continue to receive new venues to tell our story. Here are some of the audiences we reach to enhance the visibility of the Society's assistance capabilities:

- Prospective Commanding Officer/Executive Officer (PCO/PXO) Shore Command Seminar in Washington, D.C., reaching about 35 senior Navy and Marine Corps leaders four times each year.
- * Surface PCO/PXO Course and Senior Enlisted Academy at Newport, Rhode Island.
- * Senior Marine Corps commanders at the Marine Corps University at Quantico.

- * Fleet and Force Master Chiefs and Command Master Chiefs and Sergeants Major during conferences in Washington, D.C. and New Orleans.
- * PCOs/PXOs of aviation commands and surface ships in San Diego, Norfolk, and other homeports.
- * Sailors and Marines (and Internet browsers) can now obtain information about the Society's programs, services, and locations by visiting our web page at www.nmcrs.org.

The message conveyed to our active duty officer and enlisted leadership is consistent: **your** contributions; **your** Volunteers; to serve members of **your** organization; **your** resource. We're a **readiness multiplier** that remains flexible and responsive.

Teaching Financial Responsibility

Preventive education remains the most effective method for combating financial mismanagement. The Society's 14 Budget Counselors continued to perform a valuable service during 1997, providing financial management training to an audience of more than 75,000. However, financial mismanagement was the second most-frequent reason for our clients' lack of funds again this year -- ranking only behind unforeseen emergencies.

Fortunately, help is on the way. The Society was instrumental in introducing language to the Department of Defense 1998 Appropriations Bill which acknowledges that an increasing number of new members of the Armed Forces lack the basic skills required for checkbook and credit card management. The Bill recognizes the relationship between personal financial management and military readiness and tasks DoD with developing and implementing a standard curriculum for basic personal financial management skills for all officer and enlisted accessions. Finally, it directs DoD to report to Congress on actions taken to address and correct this deficiency. It's safe to say that this area of the Society's interaction with Navy and Marine Corps leadership will receive greater emphasis and attention in the future. "Financial mismanagement was the second most-frequent reason for our clients' lack of funds."

The Important Role of Our Volunteers

"With competence, commitment, sacrifice, and professionalism, Volunteers perform every job associated with our mission."

Thirteen Volunteers founded the Navy-Marine Corps Relief Society in 1904, and today their numbers have grown to more than 3,000, including approximately 500 who serve aboard ships. Just as they were then, Volunteers remain the heart and backbone of our organization. Without them, the Society would be incapable of responding to the needs of its clients. With competence, commitment, sacrifice, and professionalism, Volunteers perform every job associated with our mission. Whether accomplishing the job of office support, administration, casework, thrift shop sales, volunteer management, layettes, or other relief services, the Society's Volunteers bring high energy, fresh perspective, creative spirit, breadth of experience, and a positive attitude to our organization. They contributed more than 495,000 hours of their "free" time during 1997. The commercial value of their time exceeds \$6.5 million. In addition, layette Volunteers produced and donated over 12,000 handmade articles of clothing and bedding for inclusion in the Society's "junior seabags."

Team NMCRS -- "Excellence in '97"

Last May, Executive Directors and Chairmen of Volunteers from Auxiliaries across the globe joined the Headquarters staff at an International Conference in Potomac, Maryland. This highly successful undertaking provided a forum for us to reaffirm and strengthen our commitment to the Society's strategic plan, our philosophy of Total Quality Leadership, and our vision of the Society as a Center of Excellence. The conference had a number of beneficial results, including improved communication between Headquarters and the field, and a stronger partnership between Executive Directors and Chairmen of Volunteers. By giving wide distribution to the post-conference report, containing a list of action items, "scribe notes," and workshop hand-outs, we are better equipped to move ahead in executing our strategic plan. Collectively, we're dedicated to improving the processes by which we carry out our mission. We have plenty of opportunities to excel, and we're on the path to success.

Educational Assistance

As a result of a 1996 decision by the Board of Managers to open the Vice Admiral E.P. Travers Scholarship and Loan Program to children of retired personnel and to spouses of active duty servicemembers, the Society's Education Programs grew substantially in 1997. Education loans and grants increased from \$2.6 million in 1996 to \$4.8 million in 1997, and the number of students assisted increased by 53%, from 2,530 in 1996 to 3,930 in 1997.

The Travers Program assisted 1,868 students in 1997, more than double the number assisted in 1996. The Admiral Mike Boorda Seaman-to-Admiral program also experienced significant growth in 1997, with 28% more active duty personnel receiving assistance from the program. Likewise, the Spouse Tuition Aid Program, which provides education grants for spouses who reside with their active duty spouse overseas, assisted 23% more in 1997 than in 1996.

On the Horizon

The coming year promises some exciting opportunities and challenges. Several specific areas deserve mention here:

• Information Systems. Last year was a time of consolidation and refinement for the Society's information systems. The main corporate database was transferred from an old, unreliable mini-computer to a modern super-server. Contractor-provided maintenance for our hardware and software was terminated in favor of "in-house" maintenance provided by the Information Systems Division. This has resulted in a significant cost-savings for the organization while preserving and sometimes improving our responsiveness to our field activities. Looking to the future, we have developed a two-phase plan to upgrade the Society's information systems that will allow us to improve field access to client information and provide the infrastructure necessary to allow the Society's business practices and policies to adapt to a changing environment. Rather than chasing the leading edge of technology, we will use existing, proven technologies. Our goal is to provide a solution that maximizes utility and minimizes costs while we remain good stewards of the funds entrusted to us.

• The American Red Cross. In 1997, the American Red Cross Board of Governors decided to discontinue direct funding of grants and loans for members of the military and their eligible family members. ARC stopped funding grant assistance to military members on July 1, 1997, and discontinued funding for loans on January 1, 1998. To insure that military personnel can continue to access financial assistance through Red "During academic year 1997-1998, the Society provided \$4.8 million to help students pursue their educational goals. In more than 3,000 cases, our assistance in the form of scholarships and interest-free loans helped their dreams of college come true."

Mary Laeske, Director, Education Division Cross offices worldwide, the four military aid societies and ARC entered into a written agreement whereby each military aid society will reimburse Red Cross for financial assistance given to members of their respective military communities. Our initial estimate suggests that this could cost the Society an additional \$3 million a year. ARC will continue to provide emergency communications for the Armed Forces as mandated by Congress.

Training. We renewed emphasis on training with two new initiatives in 1997. To improve the consistency and quality of instruction, the Society conducted two "Train the Trainer" workshops to improve the training skills of the field staff responsible for local training. During the year, designated personnel from the field conducted some of the training normally delivered by Headquarters personnel. This permitted our training staff to stay focused on developing a Society-wide training plan and a new caseworker training curriculum that will allow field activities to conduct "just-in-time" training. Our training plan will result in more efficient training, less dependence on Headquarters for the delivery of training, and more responsibility by Executive Directors and other staff for local training. The Training and Field Assistance Division will devote more time to curriculum development, delivery of advanced courses, field training support, and field liaison duties.

Summary

With Navy and Marine Corps forces forward deployed to the farthest corners of the world, poised to provide crisis response in support of our national interests, it is extremely rewarding to know that **Team NMCRS** remains ever-vigilant to assist them and their families left at home. By encouraging volunteerism throughout the military chain of command and the surrounding communities, the Navy and Marine Corps leadership helps ensure that our clients continue to receive prompt, compassionate, and effective support. Every member of the team that delivers the Society's services -- Volunteer, employee, and individual or corporate contributor -- should be justifiably proud of the quality service we provide our clients. They deserve it, and I thank all of you for making it possible!

Very best regards, J. L. JOHNSON

"Every member of the team that delivers the Society's services -Volunteer, employee, and individual or corporate contributor should be justifiably proud of the quality service we provide our clients."

1997 At a Glance

Worldwide Coverage, Professional Staff

37 Auxiliaries

279 Employees

44 Branches

- 2500 Volunteers (ashore)
- 38 Offices(ashore) 500 Volunteers (shipboard)
- 136 Offices (shipboard)

Financial Assistance of \$42.1 Million Involving 63,502 Cases

Emergency Aid (\$37.3 million)

- \$34.0M interest-free loans
- \$3.3M grants
- 59,572 cases

Food & shelter, vehicle repairs, household set-up, medical & dental, funeral, emergency transportation, miscellaneous

Education Program (\$4.8 million)

- \$1.7M interest-free loans
- \$3.1M grants
- 3,930 cases

Scholarships & loans: children of active, retired, and deceased servicemembers; spouses of active duty; enlisted in-service college programs

Other Forms of Assistance

- Layettes: "Junior seabags" furnished to 9,248 new family members
- Visiting Nurses: 31 Visiting Nurses made 40,226 patient contacts
- Budget Counselors: Presented money management seminars to 75,400
- Thrift Shops: 34 "boutiques" provided a source for low-cost clothing
- Food Lockers: Distributed emergency food rations valued at \$51,000
- Casework Services: 51,866 individual counseling and referral cases

Source of Funds

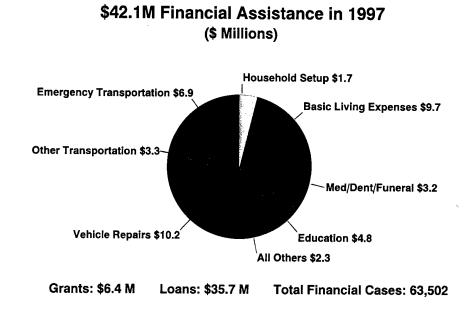
- Contributions: Annual fund drives, bequests, memorials
- Largest Single Contribution: Annual Navy Ball in Washington, D.C.
- Largest Source of Funds: Client repayment of interest-free loans
- Other Sources: Investments and receipts from Thrift Shops

Direct Financial Assistance

In 1997 the Society provided its clients with a combination of interest-free loans and grants totalling \$42.1 million, of which \$37.3 million were provided for emergency aid and \$4.8 million for educational assistance. About 85% of the total, or \$35.7 million, was in the form of interest-free loans. Grants totalled \$6.4 million.

Total assistance in 1997 increased by \$2.0 million even though overall client caseload decreased by about 5.5% to 63,502 cases. The increase in financial assisistance resulted from a significant expansion of the Society's education programs, primarily in the Vice Admiral E. T. Travers Scholarship and Loan Program.

The chart below shows the major categores of assistance rendered in 1997:

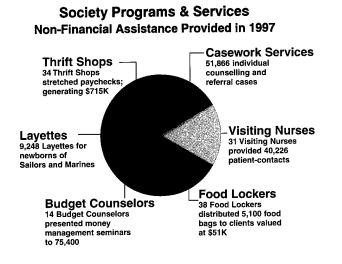


Vehicle repair, basic living expenses, and emergency travel continued to be the largest categories of assistance. In 1997, for the first time, vehicle repair assistance, \$10.2 million, exceeded assistance provided for basic living expenses, \$9.7 million. Otherwise, there were no significant changes in the categories of assistance from 1996 to 1997. The principal reason our clients needed assistance was due to unforeseen emergencies. The second biggest reason was mismanagement, i. e., spending money on "wants" before taking care of "needs."

Understandably, the overwhelming majority of our financial relief was provided to enlisted service members in the first five paygrades. These statistics reinforce the continuing need for a partnership between the Society and the Navy and Marine Corps to provide financial counseling and training.

Solving Problems Without Providing \$\$\$

In addition to responding to clients' emergency needs for financial assistance, the Navy-Marine Corps Relief Society offers a variety of non-financial programs and services to solve problems.



Layettes: To assist young families and welcome their newborns, the Society offers a gift layette of infant clothing and other basic items. This program includes a budget work-up normally offered through "Budget for Baby" presentations. Beginning in 1998, layettes are provided to parents in all paygrades who participate in "Budget for baby" presentations or individual budget sessions.

Thrift Shops: Society Thrift Shops enable servicemembers and their families to purchase used clothing, uniforms, and household items at a nominal cost. The sale income realized from thrift shops is returned to shipmates in the form of additional relief services.

Casework Services: After listening to clients' requests and conducting individual budget counseling sessions, the Society's trained interviewers are often able to help clients identify their own resources or additional community resources and programs to meet their needs.

Visiting Nurses: The Society's 31 Registered Nurses (paid and Volunteers) make home visits to new mothers and infants, geriatric and post-operative patients, and those with chronic medical conditions. VNs also provide health education and act as information sources for other resources.

Food Lockers: Food lockers help feed clients when providing funds is not practical or appropriate. Food lockers are stocked with limited quantities of nutritionally-balanced, essential items which provide three meals per day. They are not intended to provide long-term food assistance.

Budget Counselors: The Society devotes considerable attention and significant resources to educating servicemembers and their spouses in the basics of responsible money management. In many locations, staff budget counselors and trained Volunteers assist commands in providing personal financial management training. Budget Counselors also conduct seminars and workshops for family groups.

What These Casework Examples Have in Common...

From the original 13 who founded the Navy-Marine Corps Relief Society in 1904, the Volunteer force has expanded to over 2,500 ashore and more than 500 on ships. While numbers have changed, the role of Volunteers as the heart of our organization remains constant. Fewer than 300 employees complement the Volunteers. At more than 250 locations ashore and afloat, members of this team of professionals, with diverse experiences and backgrounds, share an enthusiastic commitment to serve Sailors, Marines, and their families in need. Whether active duty or retired, officer or enlisted, single, married, or widowed, or with no former ties to the military, the Society staff works diligently to help the Navy and Marine Corps "take care of their own." The human interest stories on these pages illustrate the Society's practical and compassionate response to the needs of our clients.



After having major car repairs, MS3 Murphy L. Greene, 31, of Naval Support Activity Naples Bachelor Housing Office, was left with a hefty repair bill. Having depleted most of his savings to pay for the repairs, but wanting to retain a small protective financial cushion, he sought help from Margaret Copson, Executive Director of the Society's Naples Auxiliary.

Greene said, "Margaret worked with me to set up a repayment plan that would pay my repair bills while protecting my savings. I was extremely happy that I was able to work out a solution to what was rapidly becoming a financial strain."

One week after he had visited NMCRS to set up the payment plan, he received a phone call from Copson with some unexpected good news uncovered by Mrs. Rebecca Deatherage, NMCRS Office Assistant and budget specialist.

"Margaret called and said, 'Petty Officer Greene, did you know that you're not getting a COLA?" Greene then quickly pulled out his most recent Leave and Earning Statement (LES). Carefully looking it over he shouted, "Margaret you're right!" After they both did some quick number crunching, it was determined that, because Greene had not received a COLA for 14 months, he was entitled to more than \$2000 in back allowances.



MS3 Murphy Greene

"Even though a Sailor or family member might not think they need a budget review, I would highly recommend it."

... Is the Society's Commitment to Render Assistance

Greene, a native of Opelousas, LA, had meticulously kept each of his LES's for the nine years that he had been in the Navy. After copying the previous 14 months of statements and sending them off to PSD, he received a check for just over \$2000 that arrived from the Defense Finance Center in about two weeks.

Greene said, "I was grinning from ear to ear because I was able to replace the money that I used to pay for my car problems. It was all thanks to Margaret and NMCRS."

"Even though a Sailor or family member might not think they need to have a budget review, I would highly recommend it. You might be surprised what you could find," he said.

Greene has taken his own advice to heart. Through the encouragement and positive experience he had with NMCRS, he has become a certified Command Financial Specialist. He now helps his shipmates with their budgets and aggressively searches for pay errors on their LES's.

"I look at people's LES forms very thoroughly. I basically go through them with a fine tooth comb hoping to find some money," Greene said.

As many people know, budgeting and financial management services are just one part of NMCRS. Petty Officer Greene has also been the beneficiary of an emergency NCMRS interest-free loan. He said, "Back in 1991, I was stationed aboard the USS Forrestal that was, ironically, in port in Naples when I received a call that I needed to return to the States on emergency leave. NMCRS loaned me money to fly home and arranged for transportation from the airport to my home."

According to Greene, NMCRS is Sailors and Marines helping each other when they most need it. He said, "I would encourage everyone to give to this year's fund drive because I can tell you from experience, your donations really do make a difference. Even if you can only give a few dollars, I like to think of each dollar as one hundred pennies."

Editor's note. Car repairs or pay problems are not unique to Italy. By publicizing actual casework (with a client's permission), the Society can highlight the programs and services available to help servicemembers and their families. Written by JOCS (SW) Jim Rostohar, U.S. Navy, Commander, Fleet Air Mediterranean Public Affairs Staff, this story first appeared in base newspapers throughout the Mediterranean. "NMCRS loaned me money to fly home and arranged for transportation from the airport to my home."

Volunteering Has Been a Real Education



Wendy Graefe

"This scholarship was the open door I needed to return to school and become the best person I can be." Wendy Graefe, a two-year Volunteer at the Society's Hampton Roads Auxiliary, shared the common perception that volunteering is its own reward: helping others makes you feel better about yourself. But what Wendy has received from her volunteer work is much more than self-satisfaction.

Married to a Marine Staff Sergeant, Wendy has two young children and began volunteering in September 1996. The Hampton Roads Auxiliary had just lost a talented Publicity Chairman due to PCS transfer, and Wendy's love of journalism, writing skills, and gregarious nature made her a natural replacement. At the time, the Society was anxious to publicize its Vice Admiral E. P. Travers Scholarship and Loan Program which had just expanded eligibility to active duty spouses and eligible children of Navy and Marine Corps retirees. After conducting her research, Wendy wrote and submitted an article on this education assistance program to *Flagship*, the newspaper serving the Tidewater audience of more than 90,000 Sailors, Marines, and their families.

"It was fun and fulfilling to see my byline in *Flagship*, and the newspaper is so supportive that it makes my job as Publicity Chairman easier," said Wendy.

In conducting research for the article, Wendy was excited to learn that she met the requirements for application. With a positive attitude and a "nothing ventured, nothing gained" philosophy, Wendy submitted the necessary paperwork and awaited the results.

She was on a cloud when the good news came that she'd been awarded a scholarship. "I am the wife of a Marine Staff Sergeant. I have two adorable, bright children. I would never have been able to attend Old Dominion University if I hadn't received the Society's scholarship. This scholarship was the open door I needed to return to school and become the best person I can be," said Wendy.

Not one to brag, Wendy was reluctant to report that she made the Dean's List her first semester at ODU and was recently inducted into the Golden Key National Honor Society. She's applied to the University's highly competitive Nursing Program. We wish her luck and are willing to bet she'll be admitted.

"My life is very full of wonderful opportunities. I feel that I want to give something back to all of those people who believed in me enough to award me this scholarship," Wendy added.

Shaun Krueger was also awarded a Travers Scholarship to Old Dominion University. His father, retired Senior Chief Fire Controlman Martin E. Johnson, expressed his appreciation in a letter to the Society, excerpts of which follow.

"Although this is late in coming, we sincerely wanted to thank the NMCRS for the scholarship. With the funds received and with Shaun living at home, we have been able to comfortably pay for his first year of college. He has done very well this school year. Educational expenses are going to be quite high for our family for the next several years. Again, I thank you for your assistance and support in making this year financially easier."

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Typical Problems...With Happy Endings

A young Marine stationed aboard ship came down with chicken pox. He was medically evacuated and sent home for convalescent leave. However, all of his pay records and clothing, including his uniforms, remained aboard the deployed ship. Following recovery, the Marine reported to the ship's homeport. While awaiting transportation to his ship, he was assigned to full duty at the Navy base. He had just one uniform and was receiving no pay. The Society provided funds to purchase uniforms and meet living expenses until he was returned to his ship.

The Society guaranteed \$15,000 for a chartered flight to Loma Linda Pediatric Hospital for the six-week-old child of a servicemember needing a heart transplant. The operation was a success. TRICARE paid the entire bill.

A servicemember with a child with cerebral palsy was assisted with the purchase of an air conditioner pump for the family home. The family also needed a ramp to get the child's wheelchair in and out of their mobile home. The Society purchased the materials, and a team of Chief-selectee shipmates from the serviceman's unit volunteered to construct the ramp.

The Society assisted a retiree with mortgage payments until he could get a full-time job. He repaid the Society. "Whether making funeral arrangements, towing a disabled car for a second estimate, convincing TRICARE to cover a medical procedure, or reserving a seat for emergency travel home, Society representatives work diligently to put the needs of their clients first!."

An Active Duty Master Chief

Contributions 1997

Active duty and retired Sailors and Marines again responded to the Annual Call for Contributions issued by the Secretary of the Navy. Contributions from all sources totalled almost \$9.9 million, including \$250,000 raised by the Navy Ball Committee -- the largest amount since 1989. The Society gratefully acknowledges the tremendous efforts of each individual involved in organizing and conducting the fund drives of active duty and retired personnel. The volume of contributions demonstrates continued support of the Society's programs, and the Board of Managers expresses its sincere gratitude to all contributors.

Listing of Receipts from Estates, Trusts, and Foundations

Armed Forces Relief Trust Captain & Mrs. Charles D. Fellows Foundation Estate of Celine A. Finn Robert & Virginia Heinlein Trust Estate of Gertrude Hilker George P. Lumsden Trust

Estate of Admiral and Mrs. Francis J. Mee, USN, Ret. Virginia A. Near Estate Estate of Queen Perry

Listing of Individuals and Organizations Contributing at Least \$1,000

Mr. Raymond Abel American Women's Welfare Association, Okinawa **ARINC Incorporated** Atlantic Fleet Chili Cook-Off, NAB Little Creek Bebevia (Nutrasweet) LT Gordon Bethune, USN, Ret. CAPT F. Boushee, USN, Ret. Bristol-Myers Squibb Company CDR Kevin J. Burke, USN, Ret. Stanley R. Byrd, P.S. Chapel Catholic Community, NAB Little Creek C. Llovd Johnson Co., Inc. HT1 Cecilia Clouse, USN Corpus Christi Roadrunners MGySgt Jimmie C. Cunningham, USMC, Ret. Mr. Andrew D. Danko Dessi Foods Digital Equipment Corporation EG&G Washington Analytical Services Center Family Magazine Mr. Carter Fisher, Sr. LCDR John B. Foresman, USN, Ret. USS FDR CV-42 Reunion Frito-Lay, Inc. John & Mary Garcia Golden Valley Microwave Foods H. J. Heinz, Special Markets

Hershey Chocolate Honolulu Council, Navy League of the United States Hunt-Wesson Foods, Inc. Japan Pepsi Company Keebler Company Captain Gerry Keen, USN, Ret. Kokusai Denshin Denwa, Co., Ltd. Kona Kai International Yacht Club CAPT Harry W. Konkel, USN, Ret. CAPT Theodore Lavoie, USN, Ret. Leaf Inc. USS Maddox Destroyer Assn. Marcal Paper Mills Marianas Naval Officers' Spouses' Club Marine MWR, Okinawa LtCol Ed McCann, USMC, Ret. CDR W. J. Morgan, Jr., USN, Ret. LT Edgar J. Millsprice, USN, Ret. Monarch Crown Corp. Mr. & Mrs. John C. Montgomery Nabisco, Inc. Naples Officers' Spouses Club NAS North Island MWR Fund NAS Patuxent River Religious **Offering** Fund Naval Officers' Wives' Club of San Diego National Security Industrial Assn., Point Loma, CA Navy Exchange Service Command

Nestles Chocolate Neutrogena Corp. **NEXCOM MWR & Recreation** Committee **Oilfield Chili Appreciation** Society, Inc. Pearl Harbor Performing Arts Assn. Pepsi Cola Company, Norfolk Women's Auxiliary, Commissioned Officers Mess, China Lake Quantico Chapel Fund RADM Kendall S. Reed, USN, Ret. Religious Offering Fund. Chapel of Hope, Japan R. K. Chevrolet, Inc. ATCS John Sage, USN, Ret. SARVIS, Jacksonville, FL Mr. & Mrs. John D. Shoup Mr. David P. Steinmann Surface Navy Association, Newport, RI Chapter Tidewater Officers' Wives' Club Dr. G. F. Thompson CAPT Frederick Triggs, USN, Ret. Tony's Pizza Unilife Services, LTD VS-21 Officers **VF-154 Officers Professional Fund** IM2 Patrick Wilmouth, USN Chief John T. Wilson, USN, Ret. 1stSgt R. Yarumian, USMC, Ret. Yokosuka Officers' Spouses' Club

Meritorious Service Award



The Meritorious Service Award is presented to Volunteers in recognition of outstanding service and unusual achievement. Nominations are submitted by the President of the local NMCRS Auxiliary. Awards are made by the Society President on behalf of the Board of Managers.

The following 36 outstanding Volunteers were honored for their exceptional contributions and performance in 1997:

Adrianne Barnett, Rhode Island Janet Beals, Monterey Jeanie Briggs, HQ Relief Committee MaryAnn Broughton, SKCS (SW), USN, USS Emory S. Land (AS-39) Debra Cila, Fallon James Patrick Conway, San Diego Vandy Costelloe, Puget Sound Lorraine Detweiler, Camp Pendleton Sandra Fleck, Okinawa Gayle Goodman, Quantico Nancy Gouge, Fallon Elizabeth Grant, Lemoore Barbara Gray, Yuma Laura Henderson, Cherry Point Shirley Hill, Rhode Island Joyce H. Hudson, Puget Sound Elsie E. Kohrt, Puget Sound Elizabeth Matthews, Miramar

Kara McLaughlin, Connecticut Helen Mills, Jacksonville Jill Mordhorst. Jacksonville Patricia Morris, Puerto Rico Susie Pool Moses, Everett Nancy Newkirk, Gulfport Terry Pope, Sasebo Lynne Quigley, Hawaii Jake Quinn, Camp Pendleton Jennifer Richards, Rhode Island Marianne G. Roser, Monterey Monika Shick, Earle LCDR Arthur M. Slagle, CHC, USN, USS Eisenhower (CVN-69) Carol Steindler, Rhode Island Chris Szabados, Camp Lejeune Mary G. Williams, South Weymouth Sharon Zacharias, Camp Lejeune Sheila Zimmerman, Monterey

Report of the Relief Committee

The Society's original purpose was for "the relief of dependent widows and orphans of officers and enlisted men of the Navy." That tradition continued to be carried on in 1997 by the Relief Committee at NMCRS Headquarters. The Relief Committee is comprised of the President of the Society and ten ex officio or elected spouses of senior officers and enlisted personnel representing the U.S. Navy and Marine Corps who serve as part of the Board of Managers of the Society.

Six members of the Relief Committee rotate the daily staffing of the Relief Desk in the Headquarters' Casework Division. These Volunteers give their time to approve or disapprove recommendations on widows' supplements, as well as complicated dental, medical, or vehicle repair cases. Three affirmative signatures are necessary to decide each case, always based on detailed data and research from the Casework Division and field Auxiliaries.

As the Volunteer presence at Headquarters, the Relief Committee's members are an important link between Headquarters and the Volunteers in the field. The members who staff the desk are always available to provide wise counsel and encouragement to the Volunteers who call. Committee members also serve as liaisons for all Chairmen of Volunteers and Honorary Chairmen of Volunteers in the Society via phone and written communications.

Monthly meetings keep Committee members current in matters such as automation systems, changes in policy, reorganization, and training within the Society. Throughout the year, members also travel to attend Professional Development Days and to serve as Headquarters' representatives on local selection boards for hiring Auxiliary Executive Directors.

Relief Committee members are well aware of the rewards in giving of one's time and are proud to serve an organization that truly can "take care of its own."

Barbone Q. March

BARBARA A. MARSH Chairman, Relief Committee

"The Casework Division has come to rely on members of the **Relief Committee for** their enthusiasm. support, and wisdom in dealing with the more difficult cases presented to Headquarters for resolution. These Volunteers bring a wealth of personal experience to the Society that is irreplaceable in providing quality service to our clients."

> Jill Stull Director, Casework Division

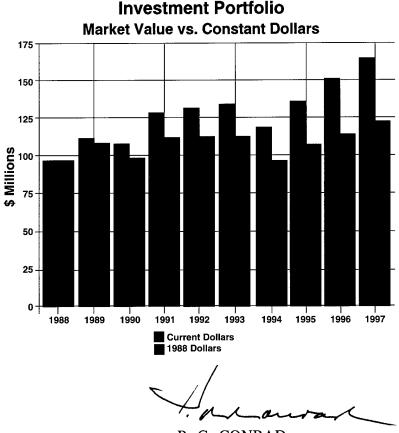
Report of the Finance Committee

The Finance Committee seeks to achieve a total return on the Society's Investment Portfolio that will: (1) fund any relief service expense not covered by contributions and loan repayments; (2) fund all administrative expenses; and (3) grow the remaining value of the Portfolio in excess of the rate of inflation as measured by the Consumer Price Index (CPI). In 1997, the Society was again successful in achieving these objectives.

The market value of the Society's Investment Portfolio at the end of December 1997 was \$170.6 million as compared to \$153.2 million at year-end 1996. The Reserve Fund's total return of 22.7% for the year places the Society's Portfolio in the top one-third of the endowment universe that we use to measure relative performance.

During the year, \$14.3 million was withdrawn from the Portfolio in the form of interest, dividends, and cash withdrawals. These funds were used to meet the administrative expenditures of \$9.2 million, with the remaining amount being used to augment funding of relief services.

The chart below displays the current market value of the Portfolio at year-end compared with its value in constant 1988 dollars as deflated by the CPI for a 10-year period.



P. C. CONRAD Chairman, Finance Committee

Statement of Financial Position

at December 31, 1997

Assets		
Cash	\$2,863,322	
Receivables	5,236,575	
Investments	170,565,613	
Outstanding Loans	20,906,126	
Property and Equipment	670,002	
Total Assets		<u>\$200,241,638</u>
Liabilities and Net Assets		
Accounts Payable	2,573,798	
Net Assets (see Summary of Operations)	<u>197,667,840</u>	
Total Liabilities and Net Assets		<u>\$200,241,638</u>

Summary of Operations

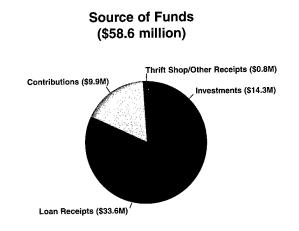
For the One-Year Period Ending December 31, 1997

Beginning Net Assests Revenues		\$181,608,778
Contributions	\$9,891,880	
Investment Returns	31,612,358	
Miscellaneous	<u> </u>	
Total Revenues	\$42,275,010	
Expenses		
Assistance (Financial and Programs)	\$16,224,869	
Administrative (includes depreciation)	9,991,079	
Total Expenses	\$26,215,948	
Change in Net Assets		\$16,059,062
Ending Net Assets		\$197,667,840

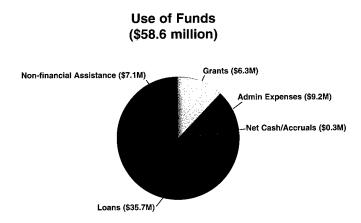
Independent Audit: The Navy-Marine Corps Relief Society's Financial Statements for the year ended December 31, 1997 were audited by the independent auditors from the firm Murray, Jonson, White & Associates, LTD, Certified Public Accountants, of Falls Church, Virginia. Copies of the report have been provided to each member of the Society's Board of Managers and to the Executive Director of each NMCRS Auxiliary. Copies of the audit report are available by contacting the Vice President, Chief Financial Officer, Navy-Marine Corps Relief Society, 801 North Randolph Street, Suite 1228, Arlington, VA 22203-1978.

Source and Use of Funds

The Society had an inflow of \$58.6 million in 1997. The majority of that amount, \$33.6 million, came from the repayment of interest-free loans by the Society's clients. Interest, dividends, and cash withdrawals from the Society's Investment Portfolio provided \$14.3 million. Contributions totalled \$9.9 million, principally from the active duty and retired annual fund drives, but also from bequests, memorials, and other types of contributions. Other Receipts, primarily proceeds from Thrift Shop operations, amounted to an additional \$.8 million.

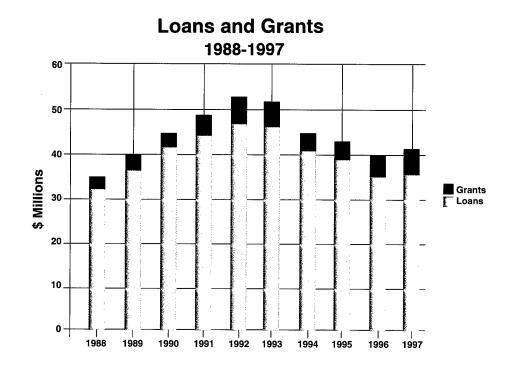


The Society used this inflow of funds to conduct operations as shown below. The largest use was for making new interest-free loans. Loan receipts and new loans are essentially a "wash," and with the exception of loans that are later converted to grants and loans that are ultimately declared as uncollectible, these funds act as a "revolving" fund. Administrative Expenses were covered, in their entirety, by funds provided from the Investment Portfolio. Grants and Non-Financial Assistance are funded principally by Contributions and, to a lesser extent, by Other Receipts (including Thrift Shop profits) and from withdrawals from the Society's Investments.



Financial Assistance 1988-1997

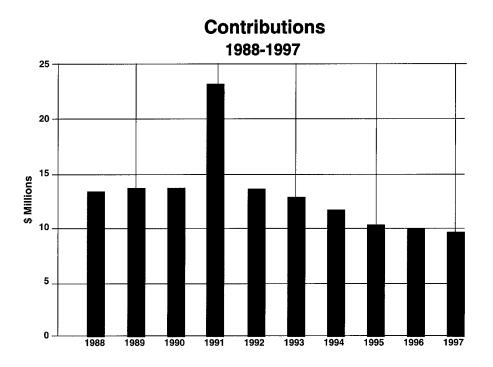
During the 10-year period from 1988 to 1997, the Society provided its clients financial assistance totalling \$450 million. The form of assistance -- interest-free loan or grant -- is dependent on the client's ability to repay. Approximately 90% of the Societ's assistance, or \$403 million, was provided in the form of interest-free loans. As loans are repaid, the "recycled" money becomes "income" for the Society, a major source for providing financial assistance to new clients.



The level of assistance provided during the years 1991 through 1993 was at an all-time high. Those years include the extraordinary number of requests/hardships associated with Operations Desert Storm and Desert Shield when the number of people eligible for assistance surged with the activation of Reserve Forces, as well as a number of natural disasters including hurricanes and tornadoes. The decrease in assistance provided by the Society from 1994 through 1996 parallels the downsizing of the Navy and Marine Corps. The increase from 1996 to 1997 was principally due to expansion of the Society's Education Program.

Contributions 1988-1997

The chart below shows the amount of contributions received by the Society over the most recent 10-year period. Other than the significant increase during the Gulf War, contributions were relatively steady over the period from 1988-1992. There is, however, a slight downward trend in total contributions over the most recent five years, no doubt an effect of the reduction in end strength of the Naval Service during this period.



The Society is involved in a variety of initiatives intended to reverse the downward trend. For example, the Active Duty Fund Drive Manual was revised to clarify and streamline the procedures used by active duty Sailors and Marines in administering the annual fund drive sponsored by the Secretary of the Navy. A generic "Captain's Column" -- easily adaptable for inclusion of local information -- was sent to NMCRS activities for distribution to base and station newspaper editors. To further increase awareness of the intrinsic rewards of helping shipmates in time of need, the Society released a series of first-person "testimonials" of clients outlining and praising the support they received from the Society. In cooperation with the Naval Media Center, the Society's programs and services are periodically showcased on the 30-minute weekly television program, "Navy-Marine Corps News."

Auxiliaries, Branches and Offices

(1 January 1998)

Camp Lejeune Auxiliary New River Branch Camp Pendleton Auxiliary **Barstow Branch Bridgeport** Office San Onofre Branch Cherry Point Auxiliary Connecticut Auxiliary Ballston Spa Office Newburgh Office New Hampshire Office Scotia Office Willow Grove Branch District of Columbia Auxiliary Bethesda Branch Dahlgren Branch Fort Meade Office Henderson Hall Branch Indian Head Office Lakehurst Office Naval Academy Branch Patuxent River Branch Sugar Grove Office Wallops Island Office El Toro Auxiliary Yuma Branch **Everett** Auxiliary Georgia Auxiliary Albany Branch Athens Office Atlanta Branch **NWS** Charleston Branch Great Lakes Auxiliary Gulfport Auxiliary Pascagoula Branch Hampton Roads Auxiliary Little Creek Branch Portsmouth Branch Shipboard Branch Yorktown Office

Hawaiian Auxiliary **Barbers Point Branch Barking Sands Office** Christchurch Office Kaneohe Branch Jacksonville Auxiliary Cecil Field Branch Guantanamo Bay Office Key West Office Orlando Branch Japan Auxiliary Atsugi Branch Chinhae Office Hong Kong Office Iwakuni Branch Misawa Office Sasebo Branch Singapore Office Lemoore Auxiliary Concord Branch Fallon Branch Monterey Branch London Auxiliary Bad Aibling Office **Digby Office** Iceland Office Lisbon Office Menwith Hill Office Mildenhall Office St Mawgan Office Stuttgart Office Marianas Auxiliary Mayport Auxiliary Memphis Auxiliary Meridian Branch Miramar Auxiliary El Centro Branch Naples Auxiliary **Bahrain** Office Gaeta Branch La Maddalena Branch

New Orleans Auxiliary Oceana Auxiliary Dam Neck Office Northwest Office Okinawa Auxiliary Camp Hansen Office Camp Kinser Office Parris Island Auxiliary Beaufort Branch Pensacola Auxiliary Corry Station Office Panama City Office Whiting Field Branch Port Hueneme Auxiliary China Lake Branch Point Mugu Branch Puerto Rican Auxiliary Sabana Seca Office Puget Sound Auxiliary **Bangor Branch** Quantico Auxiliary Rhode Island Auxiliary **Brunswick Branch** Cutler Office Earle Branch Winter Harbor Office San Diego Auxiliary MCRD Branch North Island Branch Sigonella Auxiliary Souda Bay Office Spain Auxiliary Texas Auxiliary Fort Worth Branch **Ingleside Branch** Kingsville Branch Twentynine Palms Auxiliary Whidbey Island Auxiliary

Financial Assistance and Contributions from Fund Drive

						Total	Reported
	New	Grants	New Loans		Loans and Grants		Fund Drive
AUXILIARIES	No.	Amount	No.	Amount	No.	Amount	Amount
CAMP LEJEUNE	179	\$59,892	3281	\$1,680,036	3,460	\$1,739,928	\$338,466
CAMP PENDLETON	220	72,340	3257	2,008,076	3,477	2,080,416	388,100
CHERRY POINT	25	12,215	817	381,490	842	393,705	121,426
CONNECTICUT	135	53,645	945	664,309	1,080	717,954	300,639
DISTRICT OF COLUMBIA	150	64,732	1206	749,641	1,356	814,373	496,497
EL TORO	265	116,441	1581	1,031,106	1,846	1,147,547	159,537
EVERETT	125	44,418	825	540,240	950	584,658	76,846
GEORGIA	122	54,819	923	618,753	1,045	673,572	183,690
GREAT LAKES	112	54,291	1392	795,713	1,504	850,004	410,197
GUANTANAMO BAY	0	0	14	6337	14	6,337	0
GULFPORT	68	28,711	965	592,978	1,033	621,689	96,177
HAMPTON ROADS	518	259,620	6391	3,850,787	6,909	4,110,407	909,263
HAWAIIAN	219	97,123	1715	1,195,615	1,934	1,292,738	455,760
HEADQUARTERS ***	5270	4,009,287	2769	3,539,113	8,039	7,548,400	937,713
JACKSONVILLE	315	127,433	2590	1,670,115	2,905	1,797,548	370,161
JAPAN	22	13,351	898	1,260,737	920	1,274,088	352,244
LEMOORE	141	44,358	1054	655,940	1,195	700,298	109,385
LONDON	12	4,138	167	136,010	179	140,148	92,910
MARIANAS	23	11,780	293	223,378	316	235,158	73,845
MAYPORT	243	119,333	1417	887,290	1,660	1,006,623	203,140
MEMPHIS	17	8,804	324	229,293	341	238,097	22,693
MIRAMAR	338	95,484	1315	1,005,101	1,653	1,100,585	43,671
NAPLES	7	1,663	409	368,006	416	369,669	
NEW ORLEANS	77	21,816	583	395,905	660	417,721	133,013
OCEANA	119	59,744	1229	718,286	1,348	778,030	179,516
OKINAWA	16	6,115	640	650,120	656	656,235	405,493
PARRIS ISLAND	115	33,616	1056	593,089	1,171	626,705	153,919
PENSACOLA	135	51,209	1799	986,114	1,934	1,037,323	263,876
PORT HUENEME	108	40,689	612	391,751	720	432,440	84,281
PUERTO RICAN	29	5,620	262	171,855	291	177,475	46,926
PUGET SOUND	295	134,125	1430	917,448	1,725	1,051,573	
QUANTICO	135	57,536	705	481,625	840	539,161	121,489
RHODE ISLAND	151	67,104	798	537,682	949	604,786	
SAN DIEGO	995	346,280	4489	3,187,736	5,484		914,538
SIGONELLA	4	2,854	680	515,367	684	518,221	39,562
SPAIN	20	6,475	280	215,023	300	221,498	44,277
TEXAS	170	66,975	1237	823,482	1,407	890,457	152,207
TWENTYNINE PALMS	191	82,327	907	499,729	1,098	582,056	98,308
WHIDBEY ISLAND	143	49,070	1018	553,954	1,161	603,024	92,425
GRAND TOTAL	11,229	\$6,385,437	52,273	\$35,729,229	63,502	\$42,114,663	\$9,291,421

*** Includes Education Grants and Loans

Board of Managers December 31, 1997

Navy-Marine Corps Liaisons	Admiral Jay L. Johnson, USN General Charles C. Krulak, USMC Vice Admiral Harold M. Koenig, MC, USN Vice Admiral Daniel T. Oliver, USN Lieutenant General Carol A. Mutter, USMC Rear Admiral Donald E. Hickman, SC, USN Rear Admiral Byron Holderby, CHC, USN Rear Admiral John D. Hutson, JAGC, USN Master Chief Petty Officer of the Navy John Hagan, USN Sergeant Major of the Marine Corps Lewis G. Lee, USMC
Ex Officio Members	Mrs. John Hagan Mrs. Charles C. Krulak Mrs. Lewis G. Lee
Elected Officers	 President Admiral Jerome L. Johnson, USN (Ret.) Executive Vice President, Chief Operations Officer Rear Admiral John R. Dalrymple, USN (Ret.) Vice President, Administration and Personnel Colonel G. K. Robinson, Jr., USMC (Ret.) Vice President, Chief Financial Officer Lieutenant Colonel George F. Warren, USMC (Ret.)
Elected Members	General Joseph J. Went, USMC (Ret.) Vice Admiral Jerry O. Tuttle, USN (Ret.) Rear Admiral Peter C. Conrad, USN (Ret.) Master Chief Petty Officer Steve E. Holton, USN Mrs. Terrence R. Dake Mrs. Jesse J. Hernandez Mrs. Larry R. Marsh Mrs. John S. Redd Mrs. Rodney P. Rempt Mrs. Martin R. Steele

Our Guiding Principles:

• We are committed to providing quality service.

We will meet our clients' emergency needs and, through quality services and programs, help them develop viable and lasting solutions to their problems. Our staff will apply the Society's policies on a consistent and compassionate basis. We will respond to emergent needs and changes.

• We value our clients. We will:

- provide a non-judgmental atmosphere that encourages our clients to achieve self-sufficiency;
- preserve their dignity and self-respect;
- maintain appropriate and effective communications with commands; and
- respect client confidentiality within published guidelines of the Society.

• We are committed to good stewardship.

We will be responsible stewards of the financial resources entrusted to us; we will exercise conscientious and diligent management of the Society's funds.

• We value our staff.

We will provide our staff -- Volunteers and employees -- with the training, education, and other tools necessary to attain the highest levels of effectiveness and professionalism throughout the organization.

• We value volunteerism.

We are committed to the principle of Volunteer Service; we will empower our Volunteers to administer the programs of the Society.

• We believe in personal financial responsibility.

By helping clients develop their own problem-solving capabilities, the Society encourages personal financial responsibility; we recognize that the best solution is not necessarily direct financial assistance.