
August CEO Summary - Jack Gierhart

As August ends, we are reflecting on the busy summer we have at US Sailing, which we hope you have been enjoying following via our newsletters, press releases and social media activity. Since our July report, we have been fully engaged in the complete spectrum of sailing from JO events and national championships, to youth and Olympic World Championships. There has been great energy within areas of the Junior Olympics, incredible performances by our Youth Worlds Team to capture 5 medals and the Nations Trophy, Olympic Games qualifications by our US Team in Aarhus, and new national champions in our youth and adult events. As September approaches we are beginning our 2019 planning and gearing up for the plethora of meetings and conferences involving all areas of US Sailing.

On September 12 the staff directors will come together to begin our 2019 planning. We will build our 2019 plan to support the strategies we have been developing over the past year and which are now final. Click [here](#) to review our 2018-2022 Strategic Plan. Our approach to 2019 is three-fold: 1) focus on and drive programs and initiatives that directly support the key strategies; 2) grow current programs and resources; and 3) improve productivity. This will involve leveraging and expanding current programs and activities, shelving others (filter), and in selective cases, initiating and developing new ones. We will focus on growth; growth in current programs, membership, partnerships, product sales (merchandise), events and development (fundraising). We will continue the work that started with Customer Connect to develop efficient and standard processes across the organization, streamline operating costs, improve sustainability, and establish an infrastructure that will support the member/customer engagement we must have to serve the sport going forward. Our work with the RACI project has been very valuable in preparation for this work. There are also initiatives and projects aligned and integral to our 2019 plan that the broader organization can help move forward in support of the strategic plan. Finally, we will also be thinking about 2020, the things that will need to be addressed/completed, and what we will need to do in 2019 to be productive in 2020.

At our October 11th Board meeting, we will present the 2019 objectives, priorities, key initiatives, plan framework, critical success factors, risks and proposed metrics for discussion and review. Once the framework is finalized we will develop the implementation plan, put numbers to it and develop the 2019 budget. We will have drafts for review by the budget committee in November, a final budget in early December for Budget committee approval, and then the final draft and recommendation for the Board in time for a discussion and vote on December 17. We expect and look forward to engaging the budget committee earlier in the process this year so they can be fully up to speed and offer productive input as we build the budget.

Regarding the Filter, at the end of 2017, the department directors took an inventory of their activities in preparation for the launch of our Strategic Plan 2018- 2022. The activities were scored through the Filter exercise identifying if there are legally required, appropriate, require resources, valuable and effective. The activities with the lowest scores were reviewed to see if they should be stopped, phased out or modified. There were 23 activities across 11 departments that we agreed would be reviewed during 2018.

On Tuesday August 21, 2018 the directors met for a check in on our work with the low scoring filter outputs. Takeaways from this meeting included status updates on partnerships, committee calls and task forces. An example of this is our Windsurfing Instructor course. In 2017, Youth and Education determined that US Windsurfing may be a potential partner that could oversee this certification experience. A clear answer on how they might be able to do it better has not come to fruition however, we're still exploring the partnership and how we might be able to leverage aspects of our educational infrastructure. We are also considering the future of a few adult championships. Betsy is leading calls with the committees in September to discuss possibilities. Some events may be phased out while others have strong participation and may just need to be modified. An example of modification is moving yearly events to run every other year. We will be working Filter decisions and results into the 2019 plan.

We have begun the rollout of our new compensation and bonus program. Earlier this month we met with the directors to review the findings and approach going forward. Lee and Donna have also meet individually with the directors to review the implementation process, particularly as it relates to the new performance-based bonus program. Next, we will be presenting it to the entire staff and then supervisors will meet individually with their team members. We will also be moving to an online review process and system that will simplify reporting and reviews and help us move to a quarterly review schedule. Overall, we are very pleased to validate our compensation structure and process, and know that our salaries, on average, are close to 100% of the market median. The bonus and review plan will be fully implemented in 2019.

Mike Waters and the IT team submitted a final spec to the vendor we have selected to work with us on the new association management system, the next generation for Sailorbase. They worked extensively with staff to develop specs on key processes, as well as general requirements for our next platform. Andrew and Rachel also spent a week in an education seminar with the vendor to learn more about the functionality and capabilities of the system. We expect the first phase of this will be a 9-12 month process from when we initiate the project. We will have a refined proposal from the vendor in the next two weeks, and a BAR for the board to review and vote on during the September board meeting. We will also be looking to engage a board member join the executive project team and work with us to keep the board and other members of the volunteer community informed and involved in the project. As we have shared previously, this is a critical piece to the success of our strategic plan and Customer Connect.

Greg Fisher will be officially onboard August 31. His initial priorities will involve analyzing with Malcolm, Meredith and the team our progress quad to date, and what the priorities are over the next 24 months in preparation for Tokyo: what are we doing that is productive, what are we not doing, and what do we need to stop doing. Greg will also be working with Leandro and the staff to define the next phase of the ODP program. We have had solid success and a lot of learning with ODP, and the strong momentum that needs to continue. Greg will be also working the John Pearce and the Youth department to create the continuum from youth sailing. As an extension of the short-term analysis and ODP planning, Greg will be working with me, Malcom and others on the 10-year business plan that will define concrete steps and pathways to deliver on Malcolm and the OSC's vision for the Olympic program position us to achieve our goals for LA 2028. Finally, Greg will be working closely with Georgia and the Foundation, and Peter and marketing on securing resources to support the Olympic program. We are excited to have him on board.

Finally, our new CMO Peter Glass is settled in and is integrating well with the team. His short-term focus has been to put urgency in our commercial sponsorship activities, as well as begin updating our

communications strategy and getting a good handle on membership. We are excited about the perspective and energy Peter is bringing to the marketing team and organization. We have a great marketing and communications group here that has been a bit short handed over the past eight months, and with Peter added to the team, we expect to begin to make some real headway.

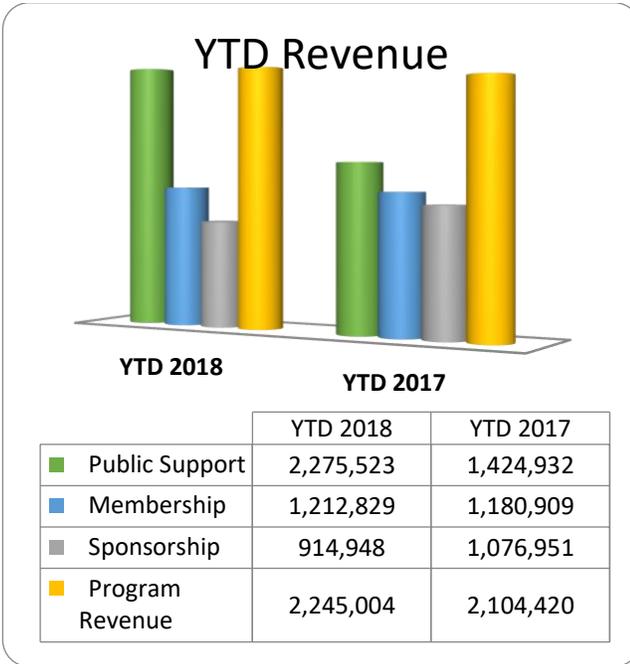
As Donna shares in her report, from a financial standpoint we are on track, but continue to keep a close eye on our cashflow. We have been successful securing pledges in support of Olympics, but those are pledges over several years, so not all the cash is available. We have also not been able to spend as much time on other campaigns as planned due to Olympic activities and staff changes. The for next four months it will be critical for us to focus on the broad array of campaigns and keep the momentum going. We have learned a great deal about success in development and believe we are doing the right things, but it takes time and hands to do the work, both staff and donors who are willing to help. Bruce attended a meeting of NGB volunteer Chairs and Presidents and learned that successful foundations and organizations spend 10-12% of their budgets on fundraising; we are in the 4-5% range. So, while we are well positioned with a world class team in place, we have hard work in front of us.

I hope as the summer winds down you are able to look back on some fond memories. I have had the great opportunity to spend time with some of our board members and many of our volunteers at events and on the water and I cannot say enough about the energy, passion and commitment you all demonstrate. A big thanks to the Board and our volunteers for all the guidance, passion and energy you contribute to US Sailing and the sport. Thanks to our members for supporting the us and helping us continue to improve the sport. And finally, as always, thank you to the staff who I have the great pleasure to work with every day; there is not a better team working to making sailing better.

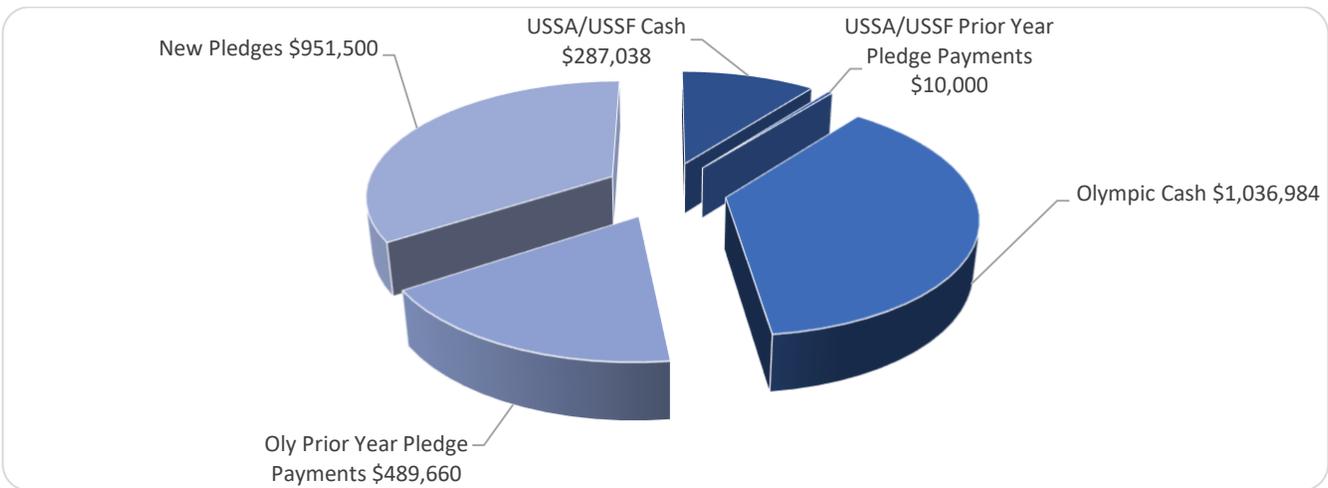
Cheers,
Jack

July 2018 Financial Dashboard – Donna Kane

As of 7-31-18	USSA/USSF			Olympic			Total		
	2018	Budget	2017	2018	Budget	2017	2018	Budget	2017
Revenue	4,538,983	4,771,477	5,077,091	3,554,873	2,763,444	1,908,379	8,093,856	7,534,921	6,985,470
Expense	4,165,351	4,469,643	3,830,098	2,698,266	3,330,518	1,967,175	6,863,617	7,800,161	5,797,273
Surplus/Deficit	373,632	301,834	1,246,993	856,607	(567,074)	(58,796)	1,230,239	(265,240)	1,188,197



Donations



YTD 2018	Cash	Pledge Payments *	New Pledges	Total Cash & Pledges
As of 7-31-18	\$1,324,022	\$499,660	\$951,500	\$2,775,182

* Original Pledge received prior to 2018

Financial Report

Starting in 2018 we are presenting the Association and Foundation financials combined. As of July 2018, we have a surplus of \$1,230,23 and are \$1,495,477 ahead of budget and \$42,041 ahead of the prior year. Most of the variance to budget and prior year is the \$951,500 in pledges. While we are doing well on paper we still need to raise a substantial amount in cash donations and cash sponsorships to meet expenses. We are doing well keeping expenses under budget (\$936,543) so far and will try to continue this trend. The revised budget is still in process.

Income Statement

As of 7-31-18	YTD Actual	YTD Budget	YTD Budget Variance	Prior Year Actual	Prior Year Variance	Total Budget
Revenue						
Public Support	1,324,023	2,197,142	(873,119)	1,424,932	(100,909)	3,704,600
New Pledges	951,500	0	951,500	0	951,500	0
Membership	1,212,829	1,428,361	(215,531)	1,180,909	31,921	2,130,161
Sponsorship	914,948	1,003,950	(89,002)	1,076,951	(162,003)	1,771,450
Program Revenue	1,817,899	1,719,859	98,040	1,624,623	193,276	1,949,222
Sales	427,105	385,527	41,578	479,797	(52,693)	598,573
USOC	636,400	471,567	164,833	608,215	28,185	808,400
Grants	710,000	223,750	486,250	253,010	456,990	380,000
Investment	31,034	104,767	(73,733)	292,145	(261,111)	179,600
Misc. Income	68,119	0	68,119	44,888	23,231	0
Total Revenue	8,093,856	7,534,921	558,935	6,985,471	1,108,386	11,522,005
Expenses						
Salaries & Benefits	2,606,544	2,727,224	120,680	2,329,773	276,771	4,663,793
Operating Expenses	4,048,935	4,895,165	846,230	3,273,267	775,668	7,476,571
Cost of Goods Sold	208,138	177,771	(30,367)	194,232	13,905	253,129
Total Expenses	6,863,618	7,800,160	936,543	5,797,273	1,066,345	12,393,493
Surplus/Deficit	1,230,238	(265,239)	1,495,477	1,188,198	42,041	(871,488)

The Major variances are explained below.

Revenue Variances:

Public Support cash in the door is \$873K below budget and \$101K below the prior year. The Olympic department makes up \$567K of the \$873K below budget. Pledges have been separated from Public Support this year; when a pledge is made the initial payment is posted as a donation and the remainder is posted as a pledge. So far this year our pledges total of \$951,500 and will be received over the next 3 years.

Membership is \$215K behind budget and \$32K ahead of the prior year, most of the membership variances are in timing of the budget; more than half of the total year projected was budgeted in the first 6 months of the year.

Sponsorship includes cash in the door and Value in Kind (VIK); combined we are below budget by \$89K with all the \$89K cash in the door. We are \$162K below the prior year which is the \$100K loss of the Sunbrella sponsorship for Miami and \$62K below budget in VIK which is timing.

Program revenue overall is \$98K ahead of budget and \$193K ahead of the prior year. The major positive variances to budget are:

- Registration Fees is ahead of budget by \$20K and the prior year by \$19K, mostly in the Youth department,
- New Certificates are \$33K ahead of budget and \$93K ahead of prior year in the Competitive Service department,
- Online Course Fees for Basic Keelboat and Safety at Sea in Adult are \$48K ahead of budget, and \$75K ahead of the prior year,
- Charter Fees of \$13K were unbudgeted in the Adult (\$4K) and Olympic department,
- Royalties are \$11K ahead of budget and will end the year ahead of budget,
- Revalidation is \$7K under budget with \$6K under budget in the Youth department. Competitive Services is \$35K ahead of the prior year is due to the Bermuda races every other year,
- \$8K in Fees mostly in Adult (\$6K) Keelboat Schools which were billed in August and the Youth department making up the remainder,
- Trial Certificates are \$7K below budget and \$5K below prior year in the Competitive Service department.
- Grants are ahead of budget by \$253K and ahead of the prior year by \$457K due to a Sport Performance Special technology grant from the USOC of \$375K,
- Investments are below budget by \$73K and prior year by \$261K which is due to the market and the transfer of Olympic investments to operations, and
- Misc. Income is not budgeted; the \$47K is proceeds from the sale of boats.

Expenses

Salaries & Benefits are under budget by \$121 partly because of unfilled positions and \$277K above the prior year due to the addition of positions in the Olympic department. Operating Expenses are \$846K below budget with \$165 of this variance in VIK and are above the prior year by \$775K.

The major variances to budget are:

- Organizational Grants mostly in the Education department are \$82K below budget which is partially offset by Individual Grants which are \$64K above budget,
- IRD expenses are below budget by \$10K above budget in the Olympic department,
- Equipment Rental is below budget by \$34K mostly in the Olympic department,
- Printing & Stationary is \$54K below budget and Postage is \$43K below budget with the majority in membership materials and the remainder in Fundraising,
- Supplies are \$35K over budget of that \$21K is in the Olympic department and the remainder of the variance is membership giveaways,
- Travel & Entertainment is \$36K below budget with the largest variance \$8K in Education and \$14K in Youth,
- Non-Staff Travel is below budget by \$85K due to timing with \$42K in Olympics, \$35K in Education,
- Consulting Fees is below budget by \$133K some of this is variance is for the budgeted training on a new CRM which has not begun yet the largest variances are: \$85K in the Olympic department, \$20K in Education, \$8K in Fundraising, and \$6K in member Engagement which should stay the same,
- Coaching Fees is below budget by \$137 with the Olympic department \$97K and Youth \$40K,
- Photography Fees of \$17K, Multimedia of \$45K, and Publications of \$20K are under budget due to waiting for funds to come in before proceeding with projects,
- Events is below budget by \$67K with a majority in the Member Engagement department with SLF expenses coming in under budget,
- Other Expense is below budget by \$112K in the Olympic department (boat purchases were budgeted as other expenses to capture the cost of operating the department, so far this year boat purchases have been \$106K,
- Logistics is under budget by \$31K all in the Olympic department,
- Bank Charges are \$25K over budget, our volume of online credit card payments has increased while the number of checks coming have decreased.

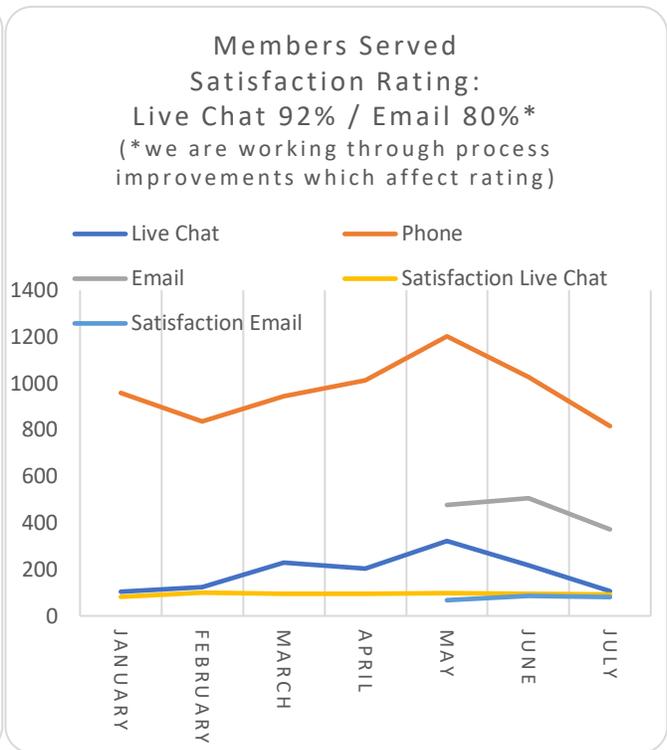
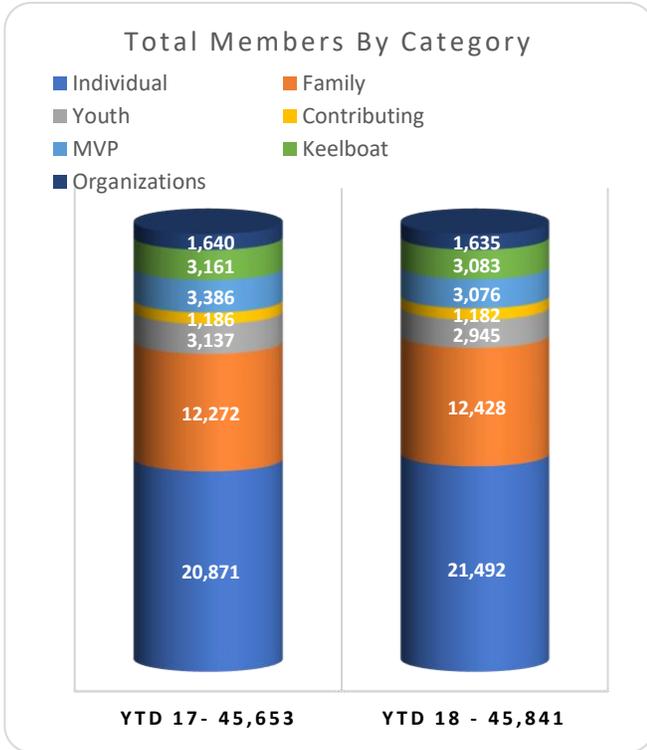
Balance Sheet

As of 7-31-18	Current Year	Prior Year	Current Year Change
Assets			
Cash	751,251	1,035,705	(284,454)
Investments	2,147,024	3,256,559	(1,109,535)
Receivables	142,696	48,955	93,741
Pledge Receivable	4,582,505	3,918,958	663,546
Inventory	217,078	440,443	(223,366)
Prepaid Expense	94,434	68,244	26,189
Assets & Depreciation	2,424,219	2,001,458	422,761
Total Assets	10,359,205	10,770,322	(411,117)
Liabilities			
Line of Credit & Loan	217,434	0	217,434
Accounts Payable	8,800	80,199	(71,399)
Accrued Expenses	343,991	240,181	103,810
Deferred Revenue	1,816,023	1,802,515	13,509
Net Assets & Current Earnings	7,972,956	8,647,426	(674,471)
Total Liabilities	10,359,205	10,770,322	(411,117)

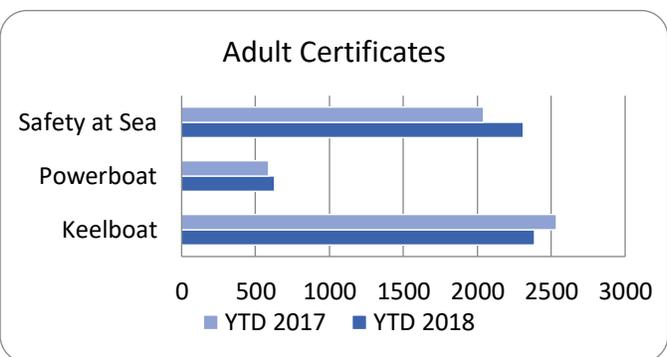
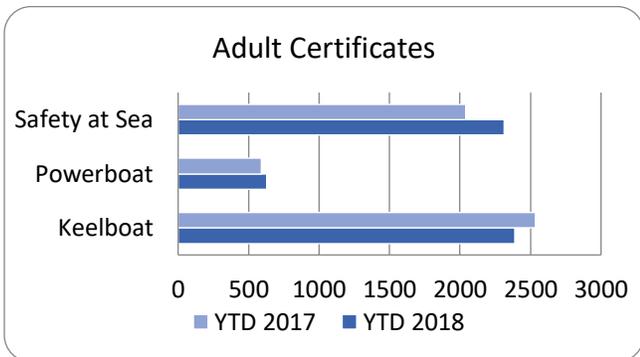
The most significant change in the balance sheet from the prior year is investments. During 2017 the board gave approval for the transfer of cash from the windfall fund for the expansion of the Olympic department. The decrease in cash is offset by the decrease in Accounts payable (\$71K), the increase in Accounts Receivable (\$94K), and the decrease in donations (\$101K). The change in pledges is the new pledges of \$952K and the pledge payments of \$500K we have received this year. Before the move we destroyed obsolete inventory and are only keeping a six-month supply of publications which accounts for the decrease in inventory.

The loan is the furniture loan for the RWU building which we have a monthly principal payment of approximately \$4K. The RWU furniture, artwork, and equipment account for \$405K of the asset increase with the remainder new boats for the Olympic department. The change in accrued expenses is partially the increase in an administrative accrual and more staff at the end of 2017 than 2016 increased the payroll accrual.

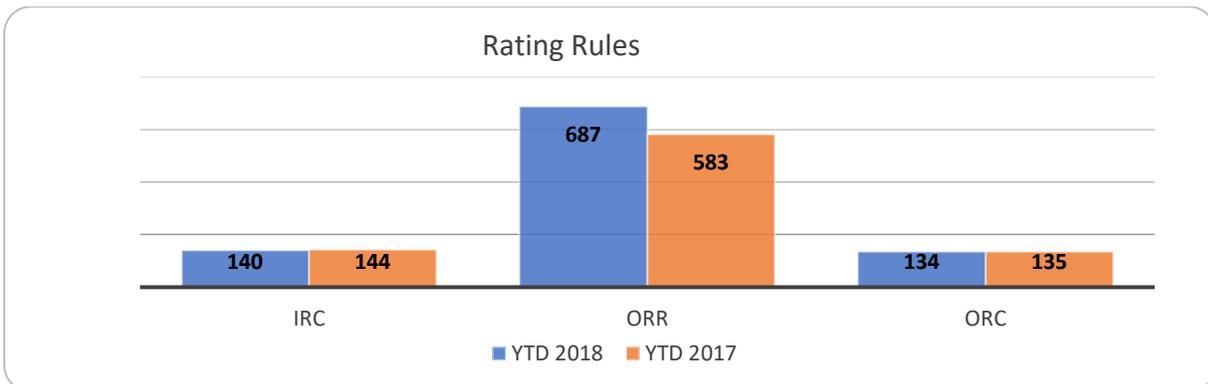
Membership & Member Engagement



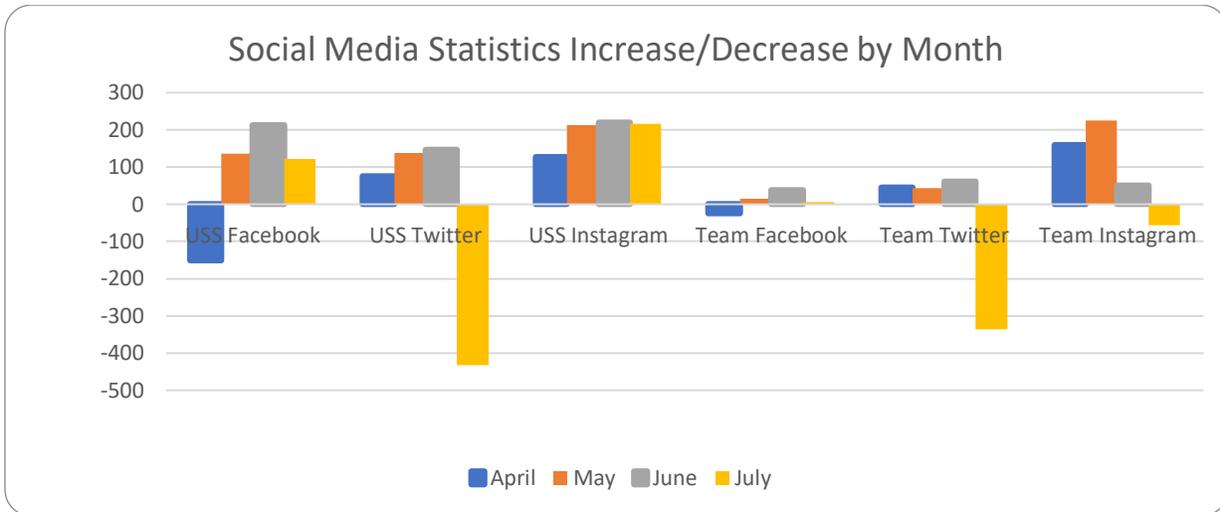
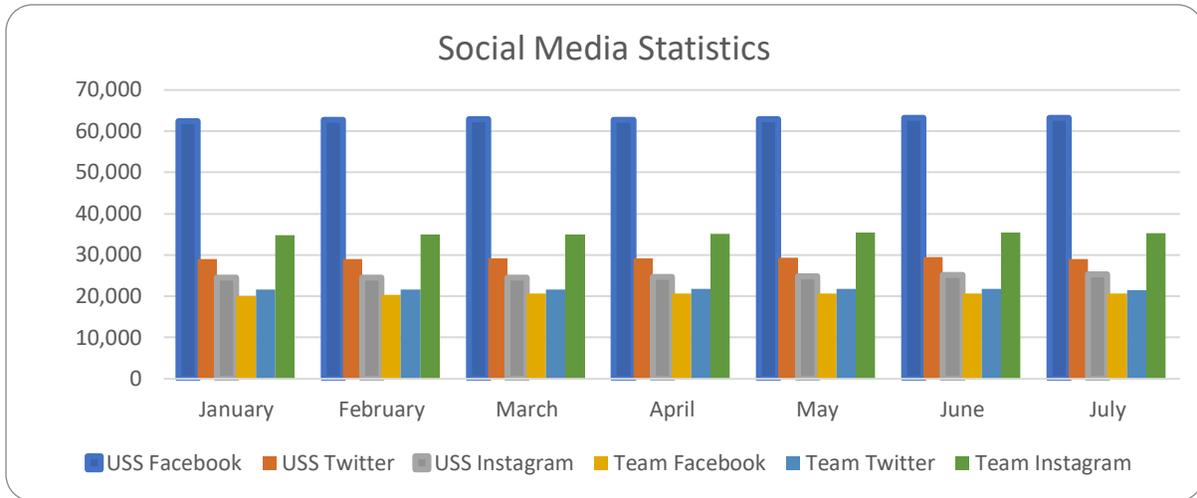
Adult & Youth



Rating Rules



Marketing



US Sailing Communications – July 2018

News and Announcements

US Sailing Team Takes on Olympic Qualifier at World Championships in Aarhus, Denmark

<https://www.ussailing.org/news/ussailingteam-worlds18-preview/>

- July 31, 2018

2018 U.S. Women's Match Racing Championship Now a 2019 Nations Cup Selection Event

https://www.ussailing.org/news/uswmrc_nationscup/

- July 31, 2018

Hawkins, Yoshiyasu Win Ida Lewis Trophy on Lake Erie

<https://www.ussailing.org/news/jwd2018-final/>

- July 29, 2018

Hawkins, Yoshiyasu Win Ida Lewis Trophy on Lake Erie

<https://www.ussailing.org/news/jwd2018-final/>

- July 29, 2018

Mentor Harbor Yachting Club to Host 2018 U.S. Junior Women's Doublehanded Championship

<https://www.ussailing.org/news/jwd2018-preview/>

- July 25, 2018

Shanahan Claims U.S. Junior Women's Singlehanded Championship Title

<https://www.ussailing.org/news/usjws18-final/>

- July 22, 2018

Project Pipeline Delivers Medal Haul at Youth Worlds

<https://www.ussailing.org/news/youth-worlds-day-5/>

- July 20, 2018

Team USA Secures Gold in Three Classes at Youth Worlds

<https://www.ussailing.org/news/youth-worlds-day-4/>

- July 19, 2018

Team USA Continues Strong Showing at Youth Worlds

<https://www.ussailing.org/news/team-usa-continues-strong-showing-at-youth-worlds/>

- July 18, 2018

Team USA Commands Four Classes at Youth Worlds

<https://www.ussailing.org/news/youth-worlds-day-2/>

- July 17, 2018

Nores, Hermus and Henry and the Cowles Lead Team USA at Youth Worlds

<https://www.ussailing.org/news/youth-worlds-day-1/>

- July 16, 2018

US Youth Team Looking For Medal Haul At Worlds

<https://www.ussailing.org/news/youth-worlds-preview/>

- July 15, 2018

US Sailing Announces Youth Olympic Games Roster for Buenos Aires 2018

<https://www.ussailing.org/news/yog18-team/>

- July 9, 2018

U.S. Team Represented at Youth Match Worlds this Week in Italy

<https://www.ussailing.org/news/u-s-team-represented-at-youth-match-worlds-this-week-in-italy/>

- July 3, 2018

Weaver, Lamphere Take Home U.S. Singlehanded Championship Honors from Houston

<https://www.ussailing.org/news/singlehandedchamps18-final/>

- July 3, 2018

Connecticut Based Team Takes Rose Cup at U.S. Youth Match Racing Championship

<https://www.ussailing.org/news/youthmatch18-final/>

- July 1, 2018

Targeted Communications and e-Newsletters

Smallboat Level 1 in August: Mass.

<http://ussailing.prismdc.com/viewers/emailviewer.ashx?full=y&cartitem=PqAgV5giEUE%3d>

- Department Lead: Education

- July 31, 2018

Smallboat Instructor Courses: Midwest

<http://ussailing.prismdc.com/viewers/emailviewer.ashx?full=y&cartitem=yVjxWi%2fS3Us%3d>

- Department Lead: Education

- July 31, 2018

Partner Promotions: Hobie Polarized

<https://mailchi.mp/ussailing/partner-promotions-hobie-discount-for-all-us-sailing-members>

- Department Lead: Marketing and Communications

- July 27, 2018

Weekly Wednesday Wisdom

<https://mailchi.mp/ussailing.org/weekly-wednesday-wisdom-1192881>

- Department Lead: Education

- July 25, 2018

Instructor Trainer Update

<https://mailchi.mp/ussailing.org/it-update-7202018>

- Department Lead: Education

- July 20, 2018

Weekly Wednesday Wisdom

<https://mailchi.mp/ussailing.org/weekly-wednesday-wisdom-1192877>

- Department Lead: Education

- July 18, 2018

Instructor Trainer Update

<https://mailchi.mp/ussailing.org/it-update-7122018>

- Department Lead: Education

- July 13, 2018

Weekly Wednesday Wisdom

<https://mailchi.mp/ussailing.org/weekly-wednesday-wisdom-1192873>

- Department Lead: Education

- July 11, 2018

NSPS 2019 – Registration is Open

<https://mailchi.mp/ussailing/nsps2019-registration-organizations>

- Department Lead: Marketing and Communications; Member Engagement

- July 11, 2018

US Sailing Organizational Member Benefits: Publications Preview Catalog

<https://mailchi.mp/934b529c79bb/publicationscatalog>

- Department Lead: Member Engagement, Marketing and Communications

- July 9, 2018

Instructor Trainer Update

<https://mailchi.mp/ussailing.org/it-update-752018>

- Department Lead: Education
- July 5, 2018

Youth Newsletter: Summer 2018

<https://mailchi.mp/ussailing/youth-racing-news-july-1192845>

- Department Lead: Youth Sailing
- July 5, 2018

Partner Promotions: Gill North America

<https://mailchi.mp/ussailing/partner-promotions-gill-gloves-youre-in-safe-hands>

- Department Lead: Marketing and Communications
- July 5, 2018

Weekly Wednesday Wisdom

<https://mailchi.mp/ussailing.org/weekly-wednesday-wisdom>

- Department Lead: Education
- July 4, 2018