
September CEO Summary - Jack Gierhart

September signals the start of meeting and show season and the beginning of 2019 planning. The Newport Boat Show opened Thursday, and US Sailing has its normal presence with a booth, staff and partner support for the four-day show. In early October we will move to Annapolis for the sail and powerboat shows. On September 28, the Sailing Foundation of New York is hosting the Golden Spinnaker Benefit Dinner at NYYC's Harbour Court for the Sailing Team. I will be in Colorado Springs next week for the USOC Assembly and then in Louisville in early October for the NGB Best Practices conference, where Peter Glass will also be joining me. The Board meets in San Francisco on October 11, followed by the West Coast Stakeholders Summit on the 12th where we look forward to hearing from leaders in the sailing community and getting feedback on priorities, challenges and opportunities. The National Faculty gathers in St Pete the last weekend in October, the World Sailing Annual Conference opens the same time in Sarasota, and then we will host the Coaches Round table and Clinic in Miami the week after Thanksgiving. A very busy fall.

As outlined in our August report, the staff directors have begun 2019 planning. We have met twice to present departmental plans for 2019. This is proving to be very productive as it puts all departments on the same page, highlight dependencies and redundancies, and will enable us to develop a comprehensive framework with a perspective to determine priorities. We will be providing a recommended 2019 plan with objectives, priorities and key programs to the board in October. Once we receive board feedback and approval, we will develop the 2019 budget from this plan.

We continue to fill vacant staff roles. Following on from our new CMO and COO of Olympic Sailing, this month we welcome a major gift officer, Sandrine Quenee from Miami who will be starting on September 21 and working closely with Georgia on Olympic and Association fund raising campaigns. Sandrine has worked with Meredith in Miami and has been very involved in the sailing community there. We also are happy to announce Michael Fortin has joined US Sailing as our content and creative services manager. Michael will be responsible for producing and managing our video and other digital content for communications and education, a new role that will be invaluable going forward. We currently have several other positions open – communications, member engagement, competitive services (offshore) and development (communications and stewardship) – and are currently interviewing candidates.

We recently shifted our health insurance and HR services business from the Hilde Group to Marsh & McLennan. Marsh has a package of services and tools for small business that leverages its size

and provides local account management teams that will work closely with Lee and Donna. It offers competitive health insurance options, extensive evaluation tools and an online platform for the staff to manage everything from onboarding to benefits. Our health insurance policy is up for renewal on November 1, and we will be evaluating the options over the next several weeks. Marsh will also be conducting an ERISA audit to ensure our compliance.

We have been busy over the past month refining the final spec for the new Association Management System and are presenting a Board Action Request for review and vote at the September 17 board meeting. This has been an extensive evaluation process across the entire organization. We are proposing to engage Fonteva that has developed a comprehensive membership management system based on the Salesforce CRM platform. It provides extensive tools for tracking member engagement, features for improving retention and acquisition, access to real-time data, rapid development capabilities for customization and the ability to provide our member organization access to the platform to engage their members. It will also integrate closely with our other systems (accounting, online store), improve efficiencies, and provide far better reliability. More details are in the BAR.

The Safety at Sea committee recently voted unanimously to approve the online course as an equivalent to the one-day in person seminar. This approval came after considerable work on the part of staff and the committee to track utilization and knowledge capture of the online course, and work with the key seminar providers and safety organizations (CCA, SYC) to address questions about the quality and effectiveness of the online course vs. the in-person seminar. This paves the way for organization to shift to more extensive hands on training with the online course being a pre-requisite, saving sailors and organizers time and money. It also provides high quality safety education to those in more remote areas. A big thank you to all that worked on making this happen, from Chuck Hawley and Sally Honey and all the volunteers on the Safety at Sea committee, to the seminar hosts and leadership of the safety and seamanship organizations, as well as Betsy, Nathan, Brad and the rest of our staff who have supported this program.

In addition to 2019 planning and all the meetings scheduled, for the next three and a half months we will be focused on sponsor acquisition and fundraising. While the heavy lifting and prospecting comes now, the fruits of our sponsor activity will come in 2019. Since Peter joined us, we have expanded our sponsor engagement activity and increased the conversations with prospects. The sponsorship market is competitive and demanding, no longer happy with logos and banners, companies expect direct, measurable results from their investments. On the fundraising side, we have aggressive goals for this year – both for Olympics and the Association - and the fourth quarter is where we look for our work throughout the year, to pay off. We will continue to build support for the Olympic program and are excited to have Greg Fish supporting those efforts. We also have several campaigns underway and in the works that are supporting the broader association. Successful fund raising takes the involvement and support of the entire

organization, so if you have ideas on potential donors, interested in hosting and event, or would like to help us say thank you, please contact Georgia to get involved.

We hope you have all enjoyed the summer and have had the opportunity to get out on the water to enjoy the fruits of what US Sailing provides and supports. This summer I have had the opportunity to meet and talk with many of our volunteers and those from local organizations and am always amazed at the work they do and the energy and commitment they show in their support of sailing. Thank you to everyone that promotes and runs events and activities and makes it possible for so many others to enjoy the sport of sailing. Thanks to our Board volunteers for all the guidance, passion and energy you contribute to US Sailing and the sport. And finally, as always, thank you to the staff for your excellent work over a busy summer and your commitment to providing first class service and support for our members and the sport.

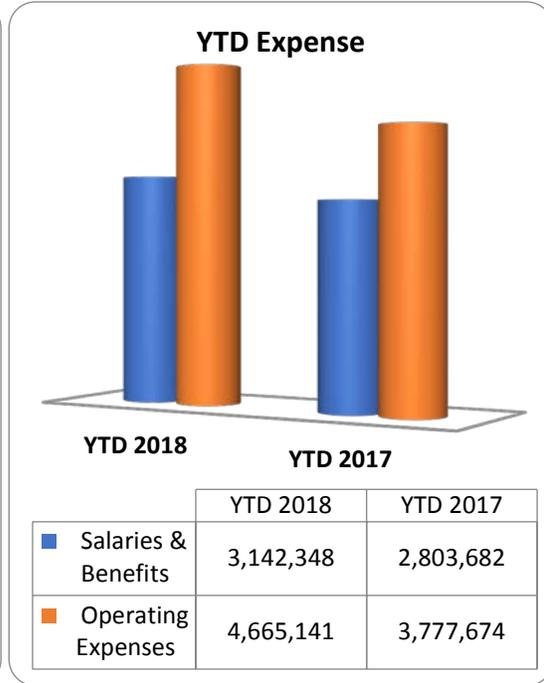
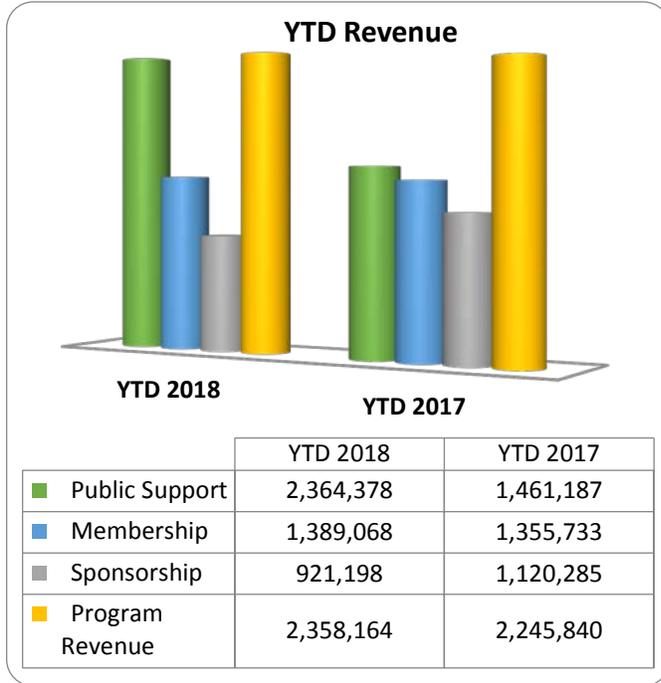
Cheers,

Jack

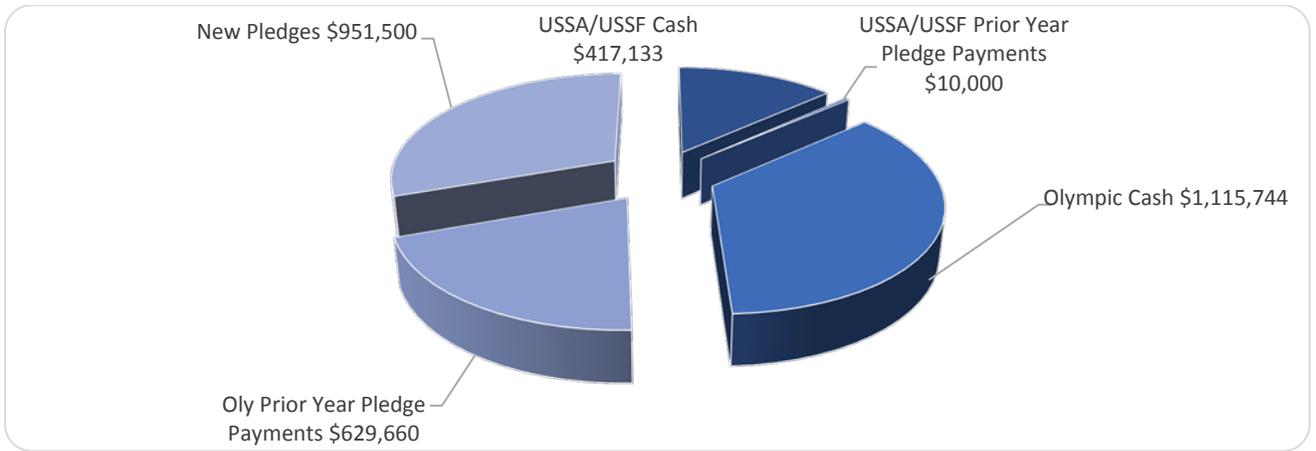
Jack and the US Sailing Staff

August 2018 Dashboard – Donna Kane

As of 8-31-18	USSA/USSF			Olympic			Total		
	2018	Original Budget	2017	2018	Original Budget	2017	2018	Original Budget	2017
Revenue	4,867,193	5,210,066	5,467,740	3,659,113	3,013,244	1,942,072	8,526,306	8,223,310	7,409,812
Expense	4,861,113	4,992,894	4,477,082	3,185,055	3,762,032	2,319,268	8,046,168	8,754,926	6,796,350
Surplus/Deficit	6,080	217,172	990,658	474,058	(748,788)	(377,196)	480,138	(531,616)	613,462



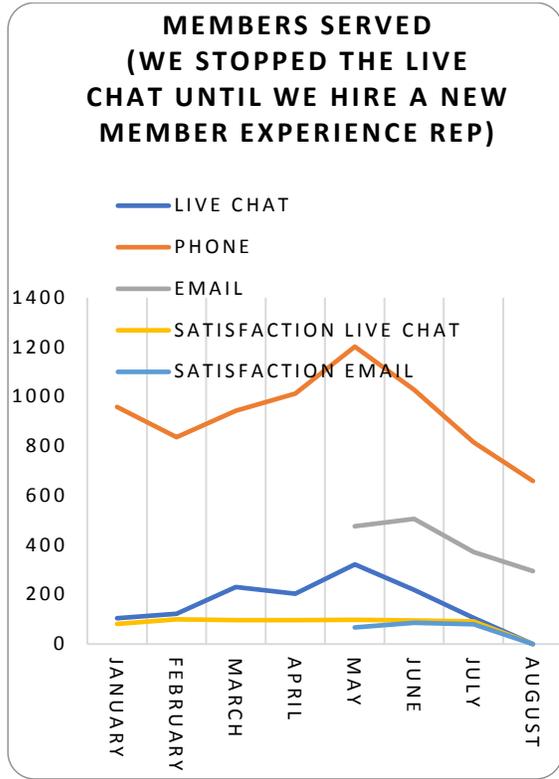
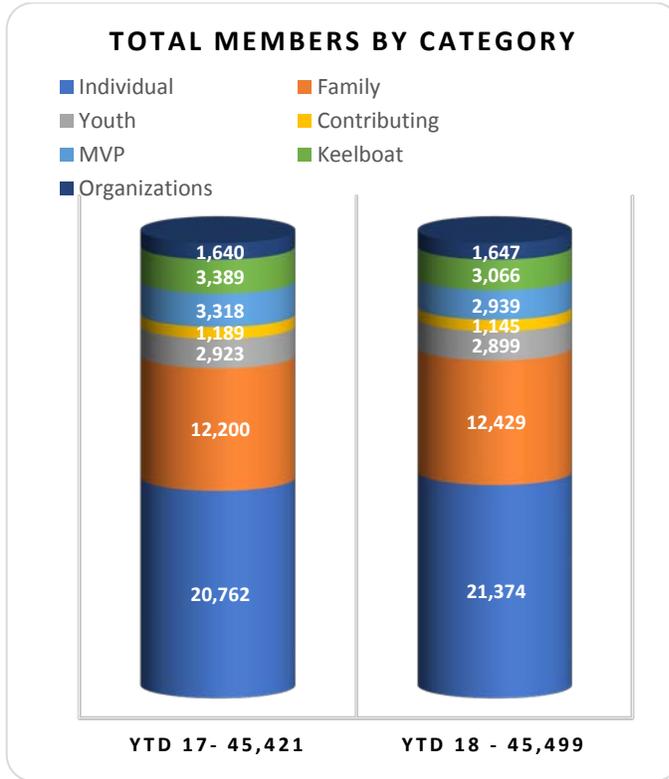
Donations



YTD 2018	Cash	Pledge Payments *	New Pledges	Total Cash & Pledges
As of 8-31-18	\$1,532,877	\$639,660	\$951,500	\$3,124,037

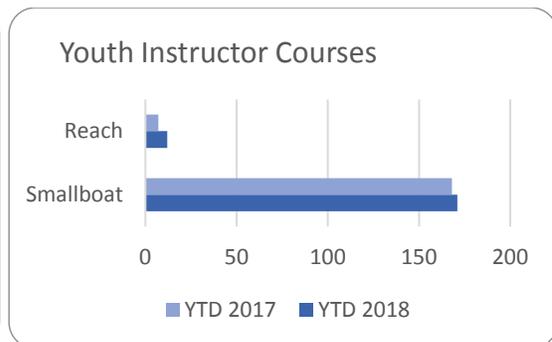
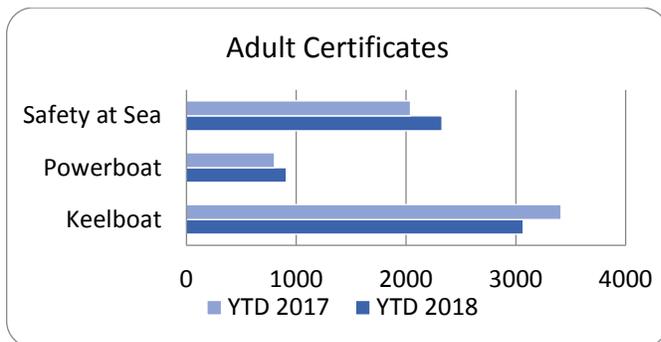
* Original Pledge received prior to 2018

Membership & Member Engagement

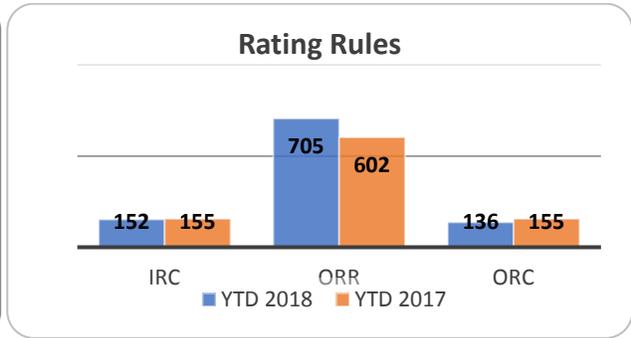
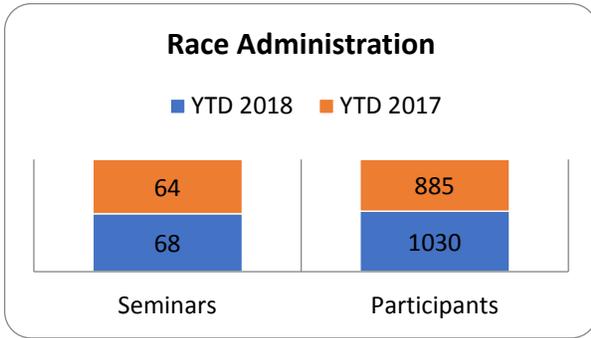


*Member Engagement - All but one negative comment was based on emails being forwarded to others within the organization who did not respond before the survey was sent. We need to continue to refine our timing on triggering the survey. One negative review was a communications issue we are working to resolve with Prism.

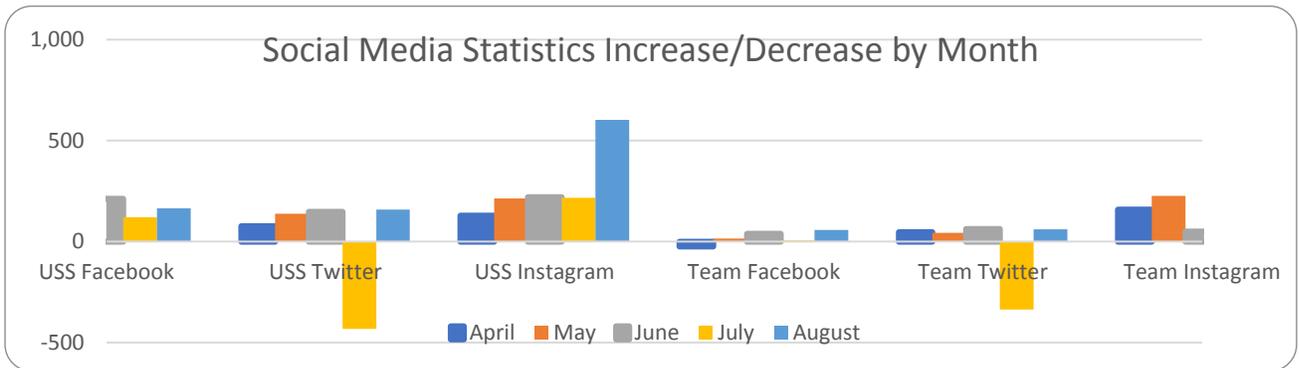
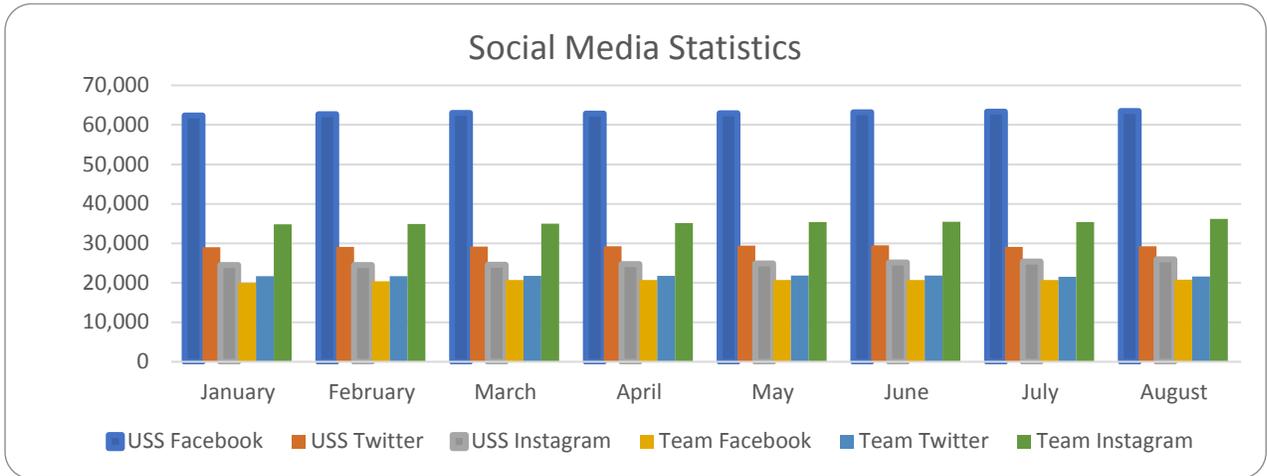
Adult & Youth



Race Administration & Rating Rules



Marketing



Finance Director - Donna Kane

In 2018 we started presenting the Association and Foundation financials combined. For August 2018 we are \$1,011,754 ahead of the budget and \$133,324 behind the prior year. It is important to understand that the income statement and significant surplus does not reflect our cash performance as pledges, which are non-cash, account for \$951,500 of the variance to budget; we book pledges when we receive the first payment, traditionally we have received the first payment

on new pledges in December. Breaking the variance further between the Olympic Department and USSA/USSF: USSA/USSF is \$6K ahead of original budget with \$126K in pledges for a cash difference of \$120K to income; and the Olympic department is \$474K ahead of original budget (\$375K of this is a 3 year grant beginning in 2018 – cash received), with \$250K of the grant for future years and \$825K in pledges the Olympic department has a cash difference of \$601K.

As of 8-31-18	YTD Actual	YTD Original Budget	YTD Budget Variance	Prior Year Actual	Prior Year Variance	Total Original Budget
Revenue						
Public Support	1,412,878	2,479,308	(1,066,431)	1,461,187	(48,310)	3,704,600
New Pledges	951,500	0	951,500	0	951,500	0
Membership	1,389,068	1,613,731	(224,663)	1,355,733	33,335	2,130,161
Sponsorship	921,198	1,015,550	(94,352)	1,120,285	(199,086)	1,771,450
Program Revenue	1,881,841	1,772,859	108,981	1,714,972	166,869	1,949,222
Sales	476,323	428,195	48,128	530,868	(54,546)	598,573
USOC	640,700	538,933	101,767	608,503	32,197	808,400
Grants	710,000	255,000	455,000	253,010	456,990	380,000
Investment	52,410	119,733	(67,323)	320,365	(267,955)	179,600
Misc. Income	90,389	0	90,389	44,888	45,501	0
Total Revenue	8,526,306	8,223,310	302,996	7,409,812	1,116,494	11,522,005
Expenses						
Salaries & Benefits	3,142,348	3,112,044	(30,304)	2,803,682	338,665	4,663,793
Operating Expenses	4,665,141	5,445,124	779,983	3,777,674	887,467	7,476,571
Cost of Goods Sold	238,679	197,758	(40,922)	214,994	23,686	253,129
Total Expenses	8,046,168	8,754,926	708,758	6,796,350	1,249,818	12,393,493
Surplus/Deficit	480,138	(531,616)	1,011,754	613,462	(133,324)	(871,488)

Major Variances are Explained Below

Revenue Variances

Public Support cash in is \$1,066,431 below original budget and \$1,408 above the prior year. USSA/USSF makes up \$567K of the variance and the Olympic department accounts for the other \$500K. Our revised budget has brought our cash in (excluding pledges) fundraising expectations from a total of \$3.7M to \$2.6M.

Membership is \$225K below original budget and \$33K ahead of the prior year. The total membership budget has been adjusted down by \$39K for the revised budget, most of the membership variances up to August are in timing of the original 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). Sponsorship cash is \$96K above the original budget and \$116K below the prior year with the loss of Sunbrella. Sponsorship cash in the Olympic department was budgeted heavily in the last part of the year in the original budget; the revised budget a decreased of \$292K in cash sponsorship.

Program revenue overall is \$108K ahead of original budget and \$166K ahead of the prior year. The lines that are ahead of the original budget are:

- Fees are ahead of total original budget by \$2K and prior year by \$2K,
- New Certificates are \$33K ahead of original budget and \$90K ahead of prior year in the Competitive Service department,
- Registration Fees is ahead of original budget by \$12K, the Youth department has surpassed their total original budget,
- Online Course Fees for Basic Keelboat and Safety at Sea in Adult are \$48K ahead of original budget, and \$75K ahead of the prior year,
- Charter Fees of \$13K were unbudgeted in the original budget,
- Royalties are \$11K ahead of original budget,
- Grants are ahead of original budget by \$253K and ahead of the prior year by \$457K due to a Sport Performance Special technology grant from the USOC of \$375K,
- Misc. Income is not budgeted; the \$47K is proceeds from the sale of boats.

Expenses

Salaries & Benefits are below the original budget by \$30K partly because of unfilled positions and \$338K above the prior year due to the addition of positions in the Olympic department. The revised budget will have a slight variance from the original budget; we have just filled three positions and have four vacant, two of which should be filled by the end of October.

Operating Expenses are \$780K below the original budget with \$175 of this variance in VIK. The major variances to original budget are:

- Organizational Grants mostly in the Education department are \$93K below original budget which is partially offset by Individual Grants which are \$70K above original budget,
- IRD expenses are below original budget by \$19K in the Olympic department, many of these expenses are covered by grants from the USOC,
- Equipment Rental is below original budget by \$34K mostly in the Olympic department,
- Printing & Stationary is \$60K below original budget and Postage is \$47K below original budget with the majority in membership materials and the remainder in Fundraising, these line items will be decreased in the revised budget,
- Supplies are \$35K over original budget of that \$21K is in the Olympic department and the remainder of the variance is membership giveaways, this line item will be increased in the revised budget,
- Travel & Entertainment is \$57K below original budget and will be decreased in the revised budget,
- Non-Staff Travel is below original budget by \$26K due to timing, more than half of the original budget was budget for the last 4 months of the year I am unsure how much this will change in the revised budget,
- Consulting Fees is below original budget by \$157K some of this is variance is for the budgeted training on a new AMS which will begin before the end of the year, the revised budget decreases the total for this year,

- Coaching Fees is below original budget by \$91, the revised budget will decrease this line item slightly,
- Photography Fees of \$25K, Multimedia of \$44K, and Publications of \$22K are under original budget due to waiting for funds to come in before proceeding with projects, these will be reduced in the revised budget,
- Events is below original budget by \$81K, there are some events schedule for the remainder of the year that will also come in under the original budget reducing this line in the revised budget,
- Other Expense is below original 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, we are keeping this line in the revised budget to ensure adequate cash flow to cover the purchase of boats,
- Bank Charges are \$25K over original budget, our volume of online credit card payments has increased while the number of payments by check have decreased, this line item is being increased in the revised budget.

Balance Sheet

As of 8-31-18	Current Year	Prior Year	Current Year Change
Assets			
Cash	434,140	623,359	(189,219)
Investments	2,117,112	3,284,400	(1,167,288)
Receivables	185,648	62,211	123,437
Pledge Receivable	4,442,505	3,801,458	641,046
Inventory	226,988	465,684	(238,696)
Prepaid Expense	101,614	116,088	(14,474)
Assets & Depreciation	2,450,717	2,185,911	264,806
Total Assets	9,958,725	10,539,112	(580,388)
Liabilities			
Line of Credit & Loan	523,375	109,682	413,693
Accounts Payable	67,256	192,218	(124,962)
Accrued Expenses	367,880	243,394	124,486
Deferred Revenue	1,777,638	1,801,128	(23,490)
Net Assets & Current Earnings	7,222,576	8,192,690	(970,114)
Total Liabilities	9,958,725	10,539,112	(580,388)

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 (\$189K) is offset by the decrease in Accounts payable (\$125K) and the increase in Accounts Receivable (\$123K). The change in pledges is the new pledges booked this year and the pledge payments 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. As of August 31, we have an outstanding balance of \$310K on the line of

credit and hope to pay this down fully by the end of the year if our revised fundraising goals are successful. 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.

Finance Department and Human Resources Update

We have instituted some major changes and programs in finance and human resources that will improve staff efficiency and reduce paper, a brief description of the changes is below.

For the last year we have been working with Keating Advisors on a compensation study and incentive plan for staff. The study and incentive plan were rolled out to directors in mid-August and staff in late-August. While working with Keating we also designed a performance management framework, staff input through a survey determined the competencies to be measured. The performance management metrics tie in to individual, departmental and organizational goals. We reviewed several online systems and decided on ReviewSnap which will be implemented in the end of September.

We have changed employee benefit brokers to a local March & McLennan Agency. Their HRLink system will allow employees to review and sign up for benefits online making the renewal process easier for employees as well as for me and Lee. The HRLink system will also be used for onboarding new employees and maintaining electronic employee records (eliminating the need for paper records). There are many other features we will use once we get through the November 1st insurance renewal.

A new budgeting software has been set up to use for the 2019 budget. The software integrates with the accounting system and transactional data from the accounting system will be uploaded to the budget system at least twice a week. This software is far more advanced and much more user-friendly than the past budgeting software. The directors were trained this week and are pleased with the amount of information they will be able to get on their own from the software in place of asking the accounting department to run reports. The use of the software year-round by directors to spot discrepancies to budget and errors will reduce the amount of time to produce monthly financials.

Most staff have been trained on our cloud-based document management system. All our accounts payable checks, accounts receivable payments, and bank deposits are scanned into the system. With the document management system staff can look up all of these up in place of asking accounting or going through paper files.

All these programs will make staff more efficient allowing more time to be devoted to programming. These programs also give staff the information they need to track progress towards and make needed adjustments to reach departmental and organizational goals.

Marketing Targeted Communications

News and Announcements

Nicole Breault Wins Third U.S. Women's Match Racing Championship

<https://www.ussailing.org/news/womensmatch2018-final/>

- August 26, 2018

High Stakes at 2018 U.S. Women's Match Racing Championship in San Francisco

<https://www.ussailing.org/news/uswmrc2018-preview/>

- August 22, 2018

US Sailing Announces Selection System for 2019 Youth Sailing World Championships

<https://www.ussailing.org/news/youthworlds2019-selectionprocedures/>

- August 17, 2018

US Sailing Family Mourns the Loss of Joseph Chomyn

<https://www.ussailing.org/news/joseph-chomyn/>

- August 14, 2018

Moroz Takes Third World Championship Title at Hempel Sailing Worlds in Aarhus

<https://www.ussailing.org/news/moroz-takes-third-world-title/>

- August 11, 2018

Chubb U.S. Junior Championships: New Titlists Decided for Sears, Bemis, and Smythe

<https://www.ussailing.org/news/chubbjrchamps18-final/>

- August 10, 2018

North Cape Yacht Club Hosting Chubb U.S. Junior Championships This Week on Lake Erie

<https://www.ussailing.org/news/chubbjrchamps18-preview/>

- August 8, 2018

Hempel World Championships: Team USA Embraces the Challenge

<https://www.ussailing.org/news/ussailingteam-worlds2018-mid-report/>

- August 6, 2018

2018 US Sailing Reach Initiative Grantees Announced

<https://www.ussailing.org/news/2018-us-sailing-reach-initiative-grantees-announced/>

- August 3, 2018

US Sailing Hires Greg Fisher as Chief Operating Officer of Olympic Sailing

<https://www.ussailing.org/news/fisher-ussailing/>

- August 2, 2018

Targeted Communications, e-Newsletters, Blogs

Stakeholder Summit – West Coast: Early Pricing Ends Tonight

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

- West Coast members

- August 31, 2018
- Department Lead: Member Engagement, Communications

The Quarterdeck Newsletter for Organizations

<https://spark.adobe.com/page/2m2KEMTTAysed/>

- Organizational Members of US Sailing
- August 30, 2018
- Department Lead: Member Engagement, Communications

e-USSailing Newsletter

<https://spark.adobe.com/page/POyiljPHC7Ffg/>

- Members of US Sailing
- August 29, 2018
- Department Lead: Communications

Newport Boat Show: Discount on Tickets

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

- Regional members
- August 29, 2018
- Department Lead: Member Engagement

Extreme Sailing Series

<https://mailchi.mp/b8938108719a/save-the-date-us-sailing-education-zone-at-extreme-sailing-series>

- West Coast organizations
- August 22, 2018
- Department Lead: Member Engagement, Communications

National Coaching Symposium – Promo 2

<https://mailchi.mp/dcf7f18c7ec4/coachingsymposium2018-1193061>

- Past Participants
- August 22, 2018
- Department Lead: Communications, Youth, Member Engagement, Education

Advanced Race Management Seminar in South Carolina

<http://ussailing.prismdc.com/viewers/emailviewer.ashx?full=y&cartitem=SPWNfi1zvig%3d>

- Regional Members
- August 22, 2018
- Department Lead: Member Engagement

US Sailing Blog – Creative Programming: Keeping Staff and Students Engaged

<http://ussailing.blog/creative-summer-programming/>

- Members, opt-ins
- August 16, 2018
- Department Lead: Communications

Partner Promotions: The Moorings

<https://mailchi.mp/ussailing/spoiler-alert-exciting-news-for-sailors>

- Partner Promotion list of opted in members
- August 9, 2018
- Department Lead: Marketing

Stakeholder Summit – West Coast

<https://mailchi.mp/2dd6d33903ec/stakeholdersummit2018-westcoastorgs>

- West Coast organizations
- August 8, 2018
- Department Lead: Communications, Member Engagement

National Coaching Symposium – Promo 1

<https://mailchi.mp/365f61b15432/coachingsymposium2018>

- Past Participants
- August 1, 2018
- Department Lead: Communications, Youth, Member Engagement, Education