
November CEO Summary - Jack Gierhart

Since our meeting in San Francisco we have been focused on 2019 planning and filling the gaps to finish the year as strong as possible. For the staff and me, the board meeting and 2019 plan discussion was very productive, and we valued the questions and feedback. This approach of sharing preliminary plans for input prior to really drilling down is quite effective. We also felt the stakeholder summit was successful and provided an opportunity for our constituents to share their thoughts and learn more about what US Sailing is up to and how we can help. Feedback has been positive, and we look forward to more events like this.

Planning

We have completed the first round of the budget and will be compiling a second round by the end of next week. We have some gaps to fill and elements to be further developed, but I am confident we will provide a final plan that is achievable and sets the appropriate level of expectation. One significant element that we are not including in the core budget but as a standalone investment once the funds are secured, is the new database. As we shared, the first year is a \$180,000-200,000 investment for development and implementation and we want to have all of that secure before proceeding. We have \$50,000 and are confident that we will secure the remainder, although timing is somewhat uncertain. In the meantime, we are working with what we have to implement some of the changes the new system was going to facilitate; for example, one/two click membership purchases vs the 10+ it now takes, and we are moving a replica of the database to our email platform, so we can leverage its data mining tools for more targeted communications. There are things we can do to improve efficiencies and engagement with our inhouse skills and creative thinking.

Financials

Financially, while programs and membership are on target, as we have shared, we are under budget in fundraising and are continuing to be very mindful of our cash position. We expect that as the receipt of donations get pushed into December, we will need to access our reserves to fill the gap. Donna provides a detailed variance report below, and there will be further information on our fundraising campaigns below. Donna, John, Cory, Rich and I have been meeting via conference call on a regular basis to keep everyone up to date.

Partnerships

Peter, Martha and the marketing team have been focusing a good deal of time on renewing existing partnerships and prospecting for new ones. Zim is interested in working more with US Sailing and RS is also looking at expanding its relationship with us. We are discussing an extended agreement with Gill, and the Helly Hansen partnership will continue with its focus on the team. We are very pleased to have expanded our partnership with Rolex around the YoY that will include more media coverage, storytelling and fan engagement, supported by additional investment from Rolex. We are also integrating, for the first time, previous winners in the

selection process. The 2018 awards ceremony will be at the St Francis YC at the end of February. Finally we signed a one year renewal agreement with Gowrie for our insurance partnership. We will be working with Gowrie on opportunities for growth over the next several months, and also look to re-engage with Chubb mid 2019 to review the fee structure for 2020. We also continue to explore opportunities to bolster the existing insurance offerings with more sports/NGB-related coverages that benefit participants and simplify administration for local organizations. One disappointing development is West Marine. We were close to agreeing on a partnership framework with the CEO when he abruptly resigned. We are now back to square one.

Sustainability

Efficiency and sustainability are also front of mind with us as we plan 2019. We are excited that the Youth Worlds and Corpus Christi Yacht Club were awarded the Sustainability Award from World Sailing and 11th Hour. We are working on translating the success and learnings from that event and sharing them across our community. As part of that effort we are developing a draft of a sustainability strategy and plan that will support our strategic plan and provide a platform for implementing sustainable practices internally and externally through our member base.

We also have some short-term tactical initiatives underway. In 2019 we will be eliminating our hard copy membership packages (mailings, cards, coupons, inserts). We will still provide paper rule books for those that request them but will encourage adoption of the digital version. We are also working towards eliminating paper-based student materials from our courses, providing digital versions as the standard and paper-based as optional with extra fees. For the 2021-2024 quad, we are planning to move to a digital rulebook as the standard, with paper versions provided to specific constituents and as an optional purchase for others. We spend hundreds of thousands of dollars a year on printing, storage, shipping and handling, and we need to lead with better, more efficient and sustainable solutions. We will be calculated and prepared as we move in this direction, but we are moving in this direction.

World Sailing

Many of us attended the World Sailing annual meeting in Sarasota. It was great to have many staff there, welcoming the sailing world to our shores. We hosted a Americas breakfast that brought together over 50 representatives from North and South America. Our delegation did a wonderful job navigating the politics, contributing to the discussions and demonstrating the incredible knowledge and commitment of American sailors to the issues confronting sailing. We should all be extremely proud of these volunteers. As you know important decisions were debated and made, most critical the final event determination for 2024: mixed kites, mixed double handed dinghy and a mixed double handed offshore event are in, and the Finn, men's and women's 470's events are retiring after Tokyo. There was certainly strong disappointment, but fallout has been limited. I believe we are turning the corner and looking ahead. As our good friend Peter Harken said he learned from his dad, it's time to "suck it up and get on with it!"

Youth Development

As we shared in San Francisco, John, Stu and the IT department continue to make progress on a mobile app that will provide the distribution and engagement platform for new sailor skill system.

We have a proposal from the developer that has worked with USTA, USA Hockey and many other NGB's, have located the funds to cover the development and launch, and will be bringing to a BAR to the Board on 12/3 to approve the plan for moving forward. This is the one critical piece that will now enable us to move our small boat and youth programs to a new level and into the 21st century.

Communications

Michael Fortin, our media manager, and our new communications and social media coordinator, Brittney Manning are getting up to speed and beginning to produce some great content. Please continue to look for more stories about the team, athletes, our programs and members as they further ramp up. They are filling a critical need for us, and we expect to significantly improve our engagement with our members and the sailing community going forward.

Insurance renewals

On November 1 we renewed our health insurance, and while last year for the majority of staff premiums remained flat, this year unfortunately we saw a 10%+ increase. We worked to offset this by US Sailing assuming more of the deductible, which offered a little relief. Unfortunately, this is an issue we will continue to be faced with and will manage as best we can. On the flip side, we are renewing our corporate policies on 12/1, and it looks like those premiums may decline due to lower workman's comp claims.

Competitive Sailing

As we discussed in San Francisco, there continues to be a great deal of discussion locally, regionally and nationally around the state of competitive sailing, especially in big boats. Ron, Nathan and the offshore committee are developing ideas on how to begin addressing the decline in PHRF participation and the ongoing debate about multiple handicap rules. US Sailing needs to take a leadership role in engaging the stakeholders and bringing them together to develop concrete and creative plans to arrest the slide and rebuild participation. Sailors and sailing organizations are coming to the realization that alignment and coordinated efforts are necessary. Related to this is the role and impact on professional sailors on the sport. We are initiating discussions with the key influencers and parties involved to proactively look to turn professional sailors and the industry in to a strength and asset of the sport, not a detriment. Like other sports, it is absolutely possible to engage the professional community in building a stronger future for sailing.

SafeSport

On November 11th I attended a meeting of NGB leaders, SafeSport and USOC executives in Denver to discuss the strategy and plans for SafeSport. The Center is facing a growing case load and numerous other challenges. As one of the major stakeholders and investors, the NGB's are highly vested in its success. We left the meeting with a better understanding of the situation and where the priorities lay. We are working with the USOC and the board of the Center to make sure management is addressing the priorities and we are able to lend our support as best as possible. There is a lot of work to do, and while it is collectively quite daunting, I am pleased to report that relative to other sports, currently sailing is faring better than others. We still need to be diligent in our implementation and ensure we are supporting our members as best we can. This is an ongoing issue that will become harder before the pressure eases.

Over the Bow

Looking ahead we are focused on three key areas: event planning, 2019 budget and fundraising. Beginning on Monday we are hosting our coaches round table and symposium in Miami, followed by an in person OSC meeting. The Symposium will have over 100 attendees and looks to be a 15-20% increase over last year. Cory, Malcolm, Stu and I will also be meeting with the leadership of the Miami sailing center to offer support as they enter into a new lease agreement with the city and undertake new obligations around community engagement. NSPS and WCS Miami are right over the horizon and are looking to also be very well attended. Unfortunately, they fall directly on top of one another this year, so we are working on creative staffing to ensure both events are fully supported.

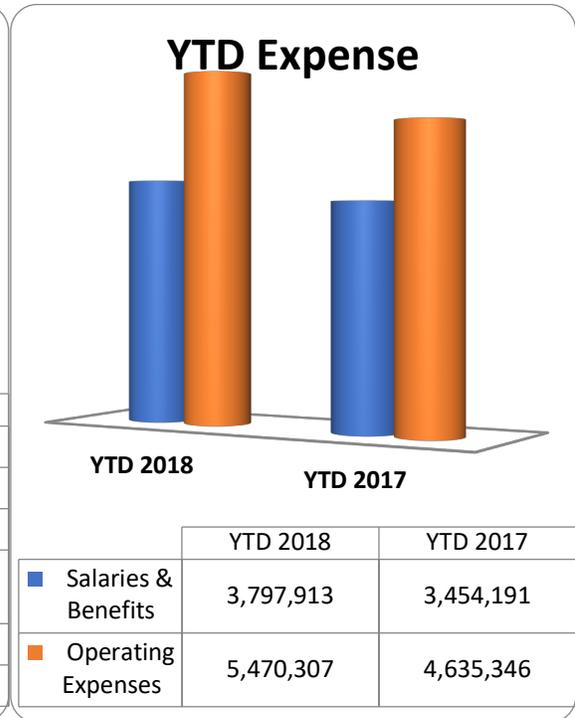
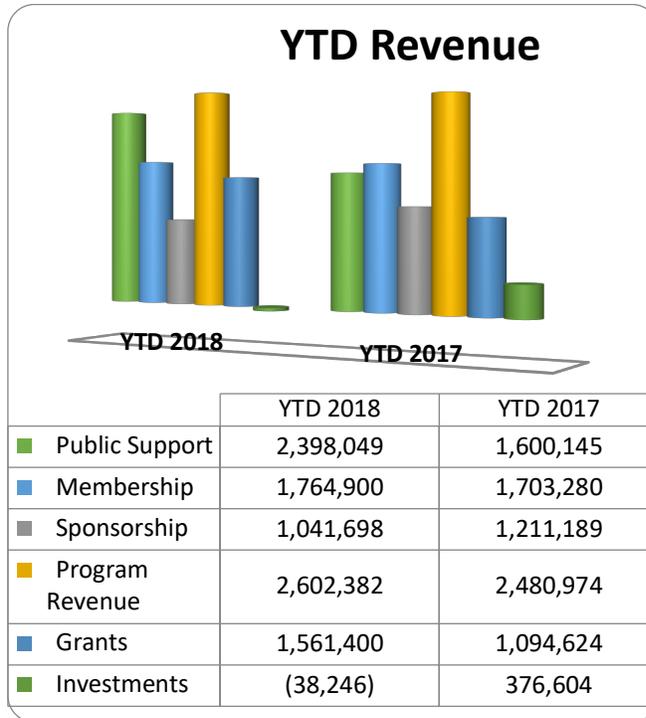
Regarding planning, we expect to have a final budget by early December, and ready for review by the budget committee on 12/10. Beyond the budget, the real push now is fundraising. We have aggressive goals for the year and have a good way to go if we are going to achieve them. The annual appeal is printed and will be mailed early next week. Georgia and I went through approximately 350 leadership donors and prospects and added hand writing notes to the letters. We are also fully focused on the sail number campaign, USA-1, and have enlisted Tom Whidden to support the campaign, identify potential owners who would be interested in participating in the auction, and also cosign the invitation with me. Preliminary indications suggest excitement and interest in this campaign. We will send individual invitations next week, followed by personal emails and phone calls. We will be forwarding you the invitation shortly, along with the list of invitees. We would welcome additional suggestions of folks to contact, and any support in reaching out to specific people on the list who you may know. We are excited about this campaign and believe it holds strong potential. We also continue to work with the OSC on building support for the team and athletes. As we shared in our recent letter to you about the state of our fundraising, it will take all of us working together, contributing where we can and are comfortable, to be successful. I really appreciate you considering where you can best support these important efforts. Finally, attached you will find information on a new corporate philanthropic program we are rolling out. Please share with potential prospects, or let us know if you have ideas on companies and/or people we can contact.

We have had a busy, challenging, but also rewarding year. We have work to do, and challenges to overcome but I have full confidence we will prevail and bring the organization to a new level. We have all the right elements in place: the best team of staff I believe the organization has ever had; experienced, passionate and committed leadership at the board and committee level; and a clear path on where we need to go. Thanksgiving is tomorrow, kicking off the holiday season. We have the opportunity to catch our breaths, enjoy friends and family and reflect on the incredible things we have accomplished over the past several years. Many things to be thankful for and proud of. A big thanks to our incredible staff and to all of you - Board, volunteers, members, partners - for your dedication and hard work. Have a safe and enjoyable Thanksgiving with friends and family. Thank you all for your contributions to US Sailing and our great sport.

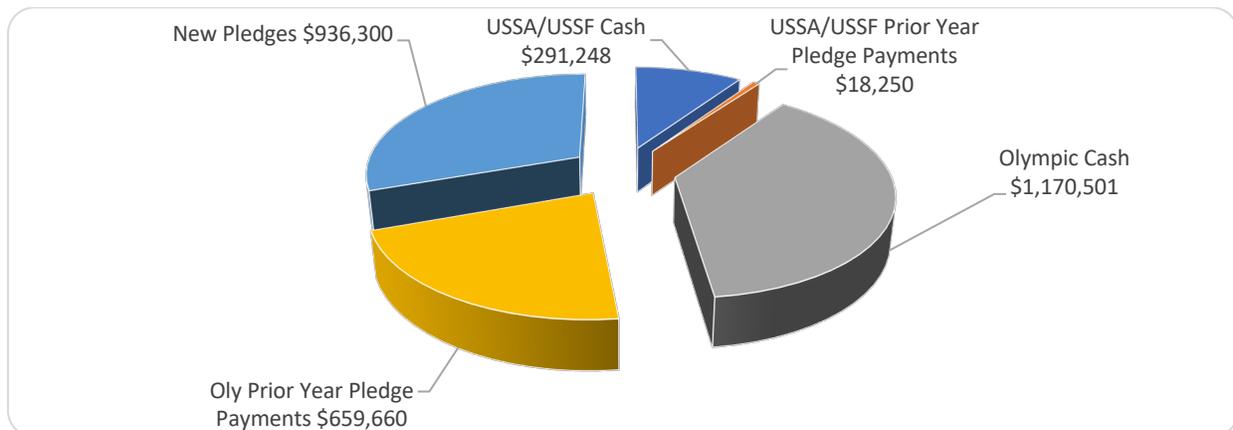
Cheers,
Jack and the US Sailing Staff

October 2018 Dashboard – Donna Kane

As of 10-31-18	USSA/USSF			Olympic			Total		
	2018	Revised Budget	2017	2018	Revised Budget	2017	2018	Revised Budget	2017
Revenue	5,421,324	5,516,119	6,145,104	3,908,859	4,304,113	2,321,712	9,330,183	9,820,232	8,466,816
Expense	5,684,428	5,856,953	5,451,233	3,865,075	3,914,150	2,889,694	9,549,503	9,771,103	8,340,927
Surplus/Deficit	(263,104)	(340,834)	693,871	43,784	389,963	(567,982)	(219,320)	49,129	125,889



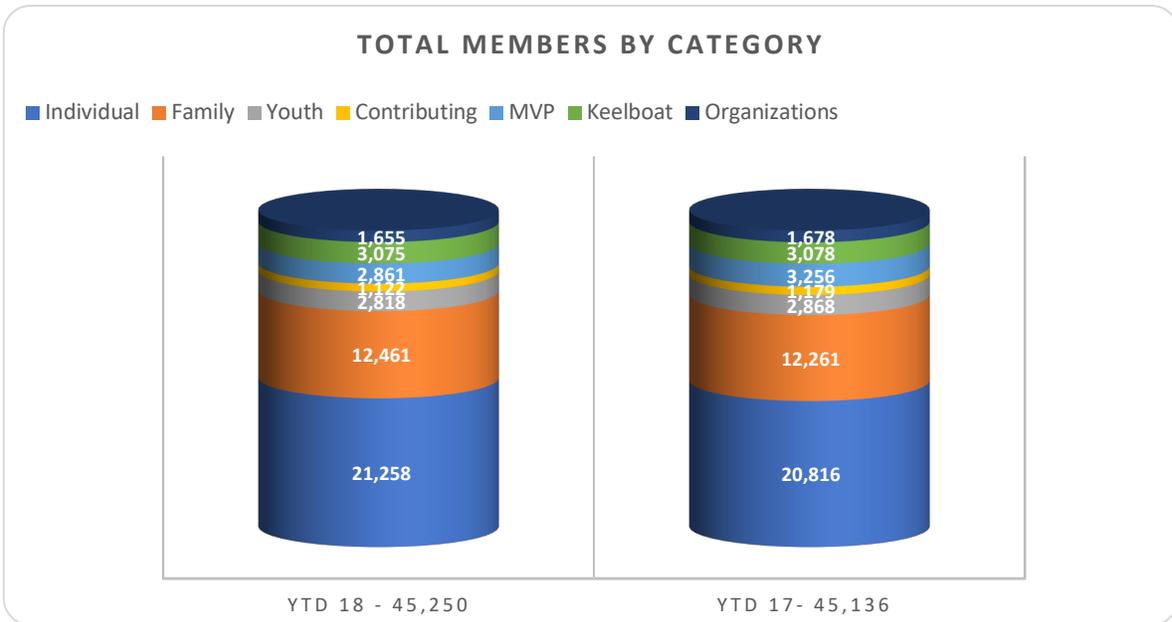
Donations



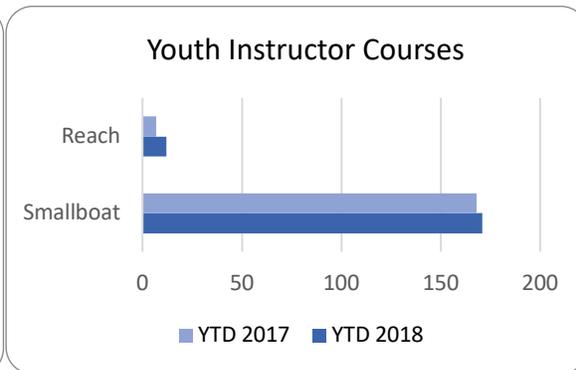
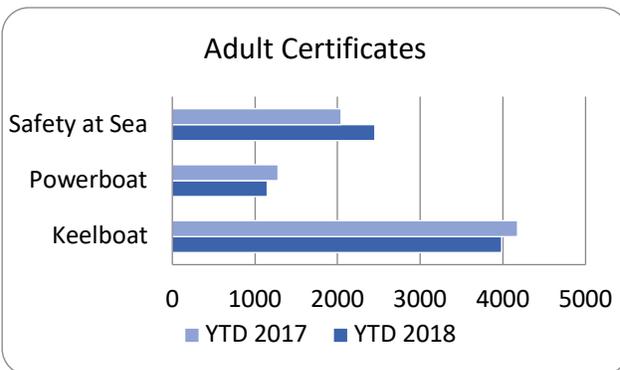
YTD 2018	Cash	Pledge Payments *	New Pledges	Total Cash & Pledges
As of 10-31-18	\$1,461,748	\$677,910	\$936,300	\$3,075,958

* Original Pledge received prior to 2018

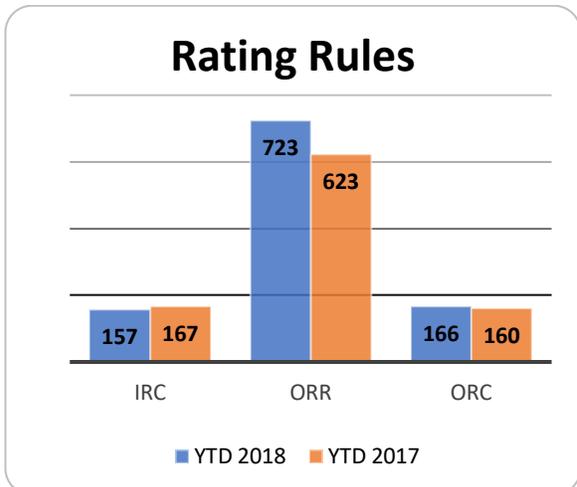
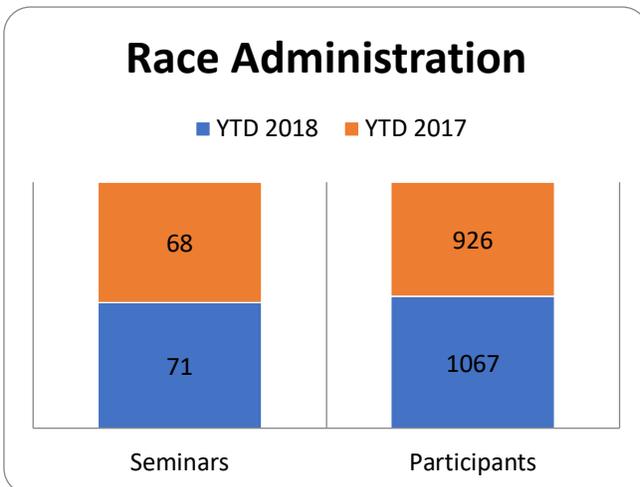
Membership



Adult & Youth



Race Administration & Rating Rules



Finance Director - Donna Kane

As of 10-31-18	YTD Actual	YTD Revised Budget	YTD Budget Variance	Prior Year Actual	Variance to Prior Year	Total Revised Budget
Revenue						
Public Support	1,461,749	1,642,887	(181,138)	1,600,145	(138,396)	2,689,294
New Pledges	936,300	936,300	0	0	936,300	936,300
Membership	1,764,900	1,763,955	945	1,703,280	61,620	2,088,915
Sponsorship	1,041,698	1,043,448	(1,750)	1,211,189	(169,491)	1,051,198
Program Revenue	1,964,460	1,937,059	27,401	1,801,068	163,393	2,007,734
Sales	546,778	536,164	10,614	588,154	(41,377)	582,979
USOC	851,400	851,400	0	841,614	9,786	860,000
Grants	710,000	960,000	(250,000)	253,010	456,990	960,000
Investment	(38,246)	56,666	(94,912)	376,604	(414,850)	59,383
Misc. Income	91,144	92,354	(1,210)	91,752	(608)	94,144
Total Revenue	9,330,183	9,820,233	(490,049)	8,466,816	863,367	11,329,946
Expenses						
Salaries & Benefits	3,797,913	3,833,679	35,766	3,454,191	343,722	4,577,059
Operating Expenses	5,470,307	5,684,258	213,951	4,635,346	834,961	6,564,200
Cost of Goods Sold	281,282	253,166	(28,116)	251,389	29,894	262,872
Total Expenses	9,549,502	9,771,103	221,601	8,340,927	1,208,576	11,404,131
Surplus/Deficit	(219,319)	49,129	(268,449)	125,890	(345,209)	(74,185)

As of October 2018, we have a deficit of \$219,319 against a budgeted surplus of \$49,129. In October we moved \$250K of a \$375K grant to deferred revenue; the grant was budgeted in the revised budget and received in the Olympic department at the entire amount of the grant. The grant is for a Sail Drone project that will take 3 years to complete. For accounting reasons, we had to defer the \$250K to 2019 and 2020. If we had not moved the \$250K (or had only budgeted the \$125K) we would be ahead of budget by \$31K.

Last month Jack spoke about the staffing changes for membership and that membership would now be under the Marketing department. I have moved all the revenue and expenses associated with membership for 2018 to the Marketing department. This will make it easier when next year when looking at departmental variances. The only place where you will see this change is in the individual department financials.

Major Variances are Explained Below

Revenue Variances to Budget

The most significant revenue variance to budget is in Public Support with a negative variance of \$181,138 in the Olympic department. Georgia and team are working to close the gap.

Program revenue is \$27K ahead of budget with positive and negative variances.

- Positive variances are: \$17K in Registration Fees in the Adult department, revenue for US Team Racing Champs and US Adult Champs was unbudgeted.; \$7,500 in Marketing which was unbudgeted;
- In the Competitive Service department three areas are ahead of total revised budget, New Certificates are \$9K, Amend Existing Certificates \$6K, and Revalidation \$10K.
- The largest negative variance is in Registration Fees of \$20K in the Youth department.

Sales are ahead of budget in the Adult department by \$9K which tracks with the increased registrations; \$4K ahead of budget in Youth; and \$3K below budget in Competitive services.

Grants has a variance of \$250K; we received a 3-year grant in the Olympic depart that was booked all at once, I have taken \$250K out of this year and moved it to Deferred Revenue for 2019 and 2020.

Expenses

Salaries and Benefits has a positive variance of \$36K mostly in salaries and healthcare from Marketing positions being filled later than expected.

Operating Expenses has a positive variance of \$214K.

- IRD Expense \$25K is timing in the Olympic department,
- Equipment Rental \$7K is small variances in each department,
- Printing & Stationary \$20K - \$7K is in education and the remainder in Membership materials,
- Postage \$25K is in Membership,
- Travel \$24K – this is made up of variances in each department,
- Non-Staff Travel \$99K – \$40K is timing in Education for National Faculty reimbursements, \$65K of this variance is in the Olympic department, and there are some small negative variances in the other departments,
- Accounting Fees \$11K – this will stay under budget.
- Consulting Fees \$14K – there is a \$25K positive variance in the Olympic department and small negative variances in each department,
- Instructor Fees \$10K in the Youth department correlates to the negative variance in Registration Fee revenue,
- Bank Charges \$12K – I increased bank changes in the revised budget for credit card fees, we have been slow in membership and donations reducing the number of credit cards we are charging,

- Registration Fees (\$23K) – the increase correlates to the positive variance in Registration Fee income, we are a pass through for some of the Championships,
- Individual Grants (\$15K) - \$5K of this variance is in the Olympic department, \$3K in Education, and \$7K in the Foundation (these were grants made from funds donated for Olympic department grants),
- Software (\$12K) – this is Blackbaud software in the Foundation that was underbudgeted.

Cost of Goods Sold has a negative variance of (\$28K).

- Royalties (\$18K) – the increase correlates to the positive variance in Competitive Services certificates,
- Publications (\$10K) – we changed software for the store on June 1 and are looking into this variance.

Balance Sheet

As of 10-31-18	Current Year	Prior Year	Current Year Change
Assets			
Cash	336,439	507,921	(171,482)
Investments	1,998,140	2,855,902	(857,762)
Receivables	122,527	25,068	97,459
Pledge Receivable	4,389,055	3,789,318	599,736
Inventory	225,404	447,332	(221,928)
Prepaid Expense	76,969	225,538	(148,569)
Assets & Depreciation	2,467,781	2,568,882	(101,101)
Total Assets	9,616,314	10,419,961	(803,647)
Liabilities			
Line of Credit & Loan	705,169	593,369	111,799
Accounts Payable	118,614	192,350	(73,737)
Accrued Expenses	336,274	233,013	103,261
Deferred Revenue	1,926,706	1,663,626	263,080
Net Assets & Current Earnings	6,529,552	7,737,602	(1,208,051)
Total Liabilities	9,616,314	10,419,961	(803,647)

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 (\$171K) is partially offset by the decrease in Accounts payable (\$74K) and the remainder is the increase in Accounts Receivable (\$97K). 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 decrease in prepaid expense is due to Sailing World Cup Miami expenses being treated differently this year, we are not prepaying for a majority of the expenses. We also had prepaid for many of the Sailing Leadership Forum expenses last year.

The loan is the furniture loan for the RWU building which we have a monthly principal payment of approximately \$4K. As of October, we have an outstanding balance of \$500K 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.

Marketing Targeted Communications

US Sailing Communications – October 2018

News and Announcements

Cory Sertl Elected President of US Sailing's Board of Directors

<https://www.ussailing.org/news/sertl-bod-2018/>

- October 23, 2018

Potts, Yankee Creole Race Team Wins U.S. Match Racing Championship

<https://www.ussailing.org/news/usmatch18-final/>

- October 21, 2018

Draheim, Favela Capture Championship of Champions

<https://www.ussailing.org/news/cofc2018-final/>

- October 21, 2018

US Sailing to Stream 2018 U.S. Match Racing Championship on Facebook Live

<https://www.ussailing.org/news/usmatch18-preview/>

- October 18, 2018

Mike Ingham Looks to Capture Third Title at Championship of Champions

<https://www.ussailing.org/news/championshipofchampions2018-preview/>

- October 17, 2018

Sailing Foundation of New York and New York Yacht Club Renew Support for US Sailing Team

<https://www.ussailing.org/news/goldenspinnaker2018/>

- October 12, 2018

US Sailing Education Zone at Extreme Sailing Series San Diego

<https://www.ussailing.org/news/educationzone-ess-sandiego18/>

- October 10, 2018

2018 U.S. Youth Olympic Sailing Team Ready for Buenos Aires 2018

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

- October 5, 2018

Targeted Communications, e-Newsletters, Blogs

20 - Geo-targeted emails promoting Regional Symposiums

- Individual and Organizational members

- Department Lead: Marketing, Member Engagement

2018 Annual Reach Initiative Impact Survey

<https://mailchi.mp/ussailing/us-sailing-reach-1193249>

- October 30, 2018

- Reach news subscribers

- Department Lead: Youth

National Coaching Symposium 2018 - We want you back!

<https://mailchi.mp/1962864e6e82/coachingsymposium2018-register>

- October 30, 2018

- Past Participants

- Department Lead: Youth, Education

National Coaching Symposium - Register by Nov. 1 and Save

<https://mailchi.mp/ussailing.org/coachingsymposium2018-4>

- October 29, 2018

- Instructors, Trainers, Race Admin

- Department Lead: Youth, Education

Helly Hansen: US Sailing Team Supporter Collection

<https://mailchi.mp/ussailing/hellyhansencollection>

- October 24, 2018

- The Medalist subscribers

- Department Lead: Marketing, Olympics

Level 3 Course in Vermont

- October 17, 2018

- Vermont member list

- Department Lead: Education, Youth

Hurricane Michael Recovery

- October 17, 2018

- Florida and Southeast states

- Department Lead: Member Engagement

Community Sailing Fall Newsletter

<https://mailchi.mp/ussailing/communitysailing-fall2018>

- October 16, 2018

- Community Sailing Centers
- Department Lead: Education, Youth

Fall Instructor Courses - Get a New Certification this Year!

<https://mailchi.mp/ussailing.org/reach-smallboat-education>

- October 15, 2018
- All Instructors, Trainers and Race Admin
- Department Lead: Education, Youth

US Sailing at Extreme Sailing Series San Diego

<https://mailchi.mp/8e79775d23c7/save-the-date-us-sailing-education-zone-at-extreme-sailing-series-1193197>

- October 9, 2018
- West Coast Organizations
- Department Lead: Marketing, Member Engagement

Youth Racing Newsletter

<https://mailchi.mp/ussailing/us-sailing-youth-racing-newsletter-october-1193193>

- October 9, 2018
- Organizational members
- Department Lead: Youth

Youth Racing Newsletter

<https://mailchi.mp/ussailing/us-sailing-youth-racing-newsletter-october-2018>

- October 5, 2018
- Youth Sailing subscribers
- Department Lead: Youth

National Coaching Symposium 2018: Register Today - Limited Capacity!

<https://mailchi.mp/ussailing/coachingsymposium2018-100318>

- October 4, 2018
- SLF 2018, 2016, 2014 & NSPS 2017, 2015 participants
- Department Lead: Youth, Education