

## 2017 Objectives - September 2017

*Financial Metrics Based on August 2017 Financial Statements and Membership Report*

Goal	YTD/Status
<b>Financial Metrics – by 12/31/17</b>	
2017 Surplus: \$25,519 W/O Olympic Department	\$877,890 vs. budget of \$334,158
Membership: 47,000	45,741 (8/31/2016) vs. 45,430 (8/31/17); - 0.7% decrease
<b><i>Development (budget): \$2,466,500 – Foundation and ancillary contributions to US Sailing</i></b>	
US Sailing General - \$690,000	\$ 994,997- donations YTD
Olympic Medalist - \$1,766,500	\$ 767,420 - donations YTD
<b>Strategic Programs - Status</b>	
<b><i>Youth</i></b>	
Design & launch Sailor Development Framework	Youth “This is what we do” video was the first communication featuring the “squaring the pyramid” concept central to Development Model. Working with Education and Marketing to outline delivery timelines of new resources and messaging in early 2018. Finalizing skills framework and levels along with first round of resources will be a topic at National Faculty in October as well as Coaching Roundtable/Symposium in November.
Develop recreational pathway	Recreational sailing is key to the development model and has evolved to be a fundamental part of the planned resources and messaging.
<b><i>Adult</i></b>	
Promote USS Education brand and implement proactive marketing to grow core programs	A marketing plan for Keelboat was developed and launched in June and is ongoing. Plans for SAS and First Sail are underway, with print and other social

	<p>media promotion rolling out this fall into the winter. Powerboat, and Championship plans still need to be developed later this year for a 2018 rollout.</p>
<p>Launch and grow Safety at Sea 2.0</p>	<p>SAS Online is being updated to include 2 more chapters which will make it a direct alternative to the in-person SAS Offshore one day course. Segments have been shot and are being edited with an anticipated test/review period late fall (November?) with a full roll out to public in time for Jan 2018.</p>
<p>Activate First Sail</p>	<p>First Sail has had slow growth of locations coming on board in 2017. Industry support (financial) has been limited to date and poses some restriction on full marketing plan implementation to grow the program. Working on supplemental educational materials to aid locations in ongoing programming.</p>
<p><b><i>Competitive Services and Support</i></b></p>	
<p>Complete UCS (Universal Certificate System)</p>	<p>Processing ORC certificates via the UCS is 99% complete. The final step required is to make the certificates appear as valid on the ORC server. The final 1% of development is reliant on the ORC software developer. IRC integration is well under way with the IRC programmer and the SAP team working together on the technical integration. The political considerations of integrating IRC into the UCS have been resolved.</p>
<p>Develop and launch new RM education offering</p>	<p>Race Committee 201 is in development and will be taken up at an accelerated pace at the National Faculty meeting in late October. It should be ready for initial offering in spring of 2018.</p>

<b>Olympics</b>	
<p><b>TALENT</b> – We are executing a First Who, Then What Strategy as we focus on transforming our Olympic Program.</p>	<p>This transformation process entered its execution phase in January of 2017 with the onboarding of Malcolm Page as our Chief of Olympic Sailing. To augment Malcolm’s Performance-focus, Jim Campbell was brought to help secure the needed funding to fuel the complex System-building process and help orchestrate this complex organizational change initiative.</p> <p>Key organizational changes have been made with Malcolm’s OLT along with the honing of roles</p> <ul style="list-style-type: none"> <li>● <u>Performance</u> – key hires to date have been Peter Logan as director of IR&amp;D and Riley Schutt as Performance Analyst. Meredith Carroll was also on-boarded in late June in a key role bridging the focus of our ODP and Youth development programs.</li> </ul> <p><u>Business</u> – the thrust to date has been in leveraging the USSF team as well as volunteers to help us make the right connections to an expanding donor community. In August, the need for a dedicated development officer has been confirmed.</p>
<b>Marketing &amp; Communications</b>	
<p>Improve member satisfaction – 20% increase in value, satisfaction and understanding</p>	<p>Baseline local sailing organization survey complete. See comms note below.</p>
<p>Implement Effective Communication Capability – broaden distribution, increase awareness</p>	<p>“This is What We Do” Video series continues to be the “above-the-fold” headline for Sailing S’butt - recently featuring separate videos with John Pearce, Betsy Alison and Stu Gilfillen. “E-US Sailing” and “The Quarterdeck” both totally re-designed and focussed on providing tangible resources, knowledge and inspiration to members. The “US Sailing Blog” is contributing original content in an</p>

	attractive, digestible format. We are pushing new boundaries and experimenting with FB live video with graphics for Championships.
<b>Administration</b>	
Complete move to RWU	Office is packed and movers arrive tomorrow, September 15th
Improve processes and efficiencies	Resume working on fulfillment improvements throughout Fall 2017 with plans to become more efficient for 2018 budgeting

## **Association Report – September 2017**

### **CEO Summary – Jack Gierhart**

Our September report is brief and does not include staff updates due to our focus on the move last Friday. We will resume a full staff report in October.

The big news this month is our move to Roger Williams. As of 15:30 on Friday, the last boxes and pieces from 15 Maritime Drive were on site at our new home:

US Sailing  
1 Roger Williams University Way  
Bristol, RI 02809  
Main Phone: (401) 342-7900  
Fax: (401) 342-7940

I can't express enough how well the moving and logistics team – Lauren, Lee, Donna, Tim, Mike – and the Renovation team – Martha, Robin, Brad – did with planning and prepping for this big move, and how the entire staff got behind these teams to make it happen. Our IT team did a spectacular job moving our systems on Thursday evening and getting them up and running on Friday without the outside world knowing anything had changed. They worked throughout the weekend to make sure everything was operating correctly. Phones came online yesterday. The staff came by at various times on Sunday to unpack and get workspaces set up. The Patriots – Saints game was streaming live on the big screen in the collaboration space. We will be up and running, open for business Monday morning at 08:30.

In the process of preparing for the move, we reduced our storage needs by 2/3 to 3/4 and reinvented the way we are doing many things. We moved a good deal of inventory offsite to be fulfilled by others, digitized over 300,000 pages, and threw away or gave away a great amount of stuff we were not using or had not touched in years. A lot of stuff accumulated in the 20 years were at 15 Maritime Drive. We also uncovered some interesting artifacts as well, and will be revisiting those in the days and months ahead.



Above is a picture of the new board room with the trophy cabinet, filled with some of sailing's most prestigious trophies. We look forward to showing you the rest of the office in October.

There will certainly be some kinks to work out. We are still awaiting some of the furniture and artwork, but that should be in place by our christening on October 19. We will all be adjusting to the new space and layout, and finding that some of the assumptions we used during the design phase may not have been totally accurate. Nevertheless, the place looks great and the atmosphere of being on a college campus is extremely energizing.

I will provide a verbal update on other items of interest during our call on Monday, October 18.

Again, a big thanks to an incredible team that made this possible. They continue to get better and better, and I am so proud to work with them on a daily basis. Thanks to all of you for your ongoing support of us, and your contributions to the sport.

Cheers,

Jack and the team at US Sailing.

**Finance – Donna Kane Completed 9/14/2017**

Overall there is a \$415,179 surplus at the end of August against a budgeted deficit of \$1,284,714 for a positive variance of \$1,699,893. Revenue is ahead of budget by \$1,489,852 and expenses are \$210K under budget. We are behind of the prior year by \$166,834 because of a \$550K pledge that was recognized in 2016; without that pledge, we are \$383K ahead of the prior year. The Olympic department has a budgeted YTD deficit of \$457,710 and a total budget deficit of \$1,358,284. The first table is the financials for the Association with all the departments combined. The second table does not include the Olympic department.

**All Association Departments Combined**

Aug-17	Current YTD vs Budget				Current YTD vs Prior YTD		
	YTD Actual	YTD Budget	YTD Budget Variance	Total Budget	YTD Actual	Prior YTD Actual	YTD Variance
Revenue							
Membership	1,363,208	1,589,684	(226,477)	2,102,567	1,363,208	1,329,110	34,098
Public Support	944,997	219,403	725,594	1,827,000	944,997	1,264,989	(319,992)
Sponsorship	1,125,285	963,083	162,201	1,335,750	1,125,285	1,424,691	(299,406)
Program Revenue	1,714,972	1,516,484	198,488	1,766,529	1,714,972	1,731,666	(16,694)
USOC	608,503	844,582	(236,079)	862,673	608,503	792,300	(183,797)
Investment	290,214	66,333	223,880	99,500	290,214	188,165	102,049

Grants	571,645	25,000	546,645		66,381	571,645	257,573	314,072
Sales	530,868	464,319	66,550		657,618	530,868	454,828	76,040
Misc. Income	144,888	115,840	29,048		173,761	144,888	12,595	132,293
Total Revenue	7,294,580	5,804,728	1,489,852		8,891,779	7,294,580	7,455,917	(161,337)
Expenses	YTD Actual	YTD Budget	YTD Budget Variance		Total Budget	YTD Actual	Prior YTD Actual	YTD Variance
Salaries & Benefits	2,813,396	2,779,805	(33,591)		4,053,263	2,813,396	2,437,907	(375,489)
Operating Expenses	3,851,011	4,122,285	271,274		5,904,428	3,851,011	4,320,580	469,569
Cost of Goods Sold	214,994	187,352	(27,641)		266,852	214,994	115,419	(99,575)
Total Expenses	6,879,401	7,089,442	210,041		10,224,543	6,879,401	6,873,906	(5,495)
Surplus/Deficit	415,179	(1,284,714)	1,699,893		(1,332,765)	415,179	582,013	(166,834)



**Association without Olympic Department**

Aug-17 No Olympic Department	Current YTD vs Budget			Current YTD vs Prior YTD		
<b>Revenue</b>						
Membership	1,363,208	1,589,684	(226,477)	2,102,567	1,363,208	1,329,110 34,098
Public Support	357,578	219,403	138,175	277,000	357,578	235,071 122,507
Sponsorship	892,971	847,583	45,387	1,207,750	892,971	557,542 335,429
Program Revenue	1,572,240	1,427,978	144,262	1,633,770	1,572,240	1,364,720 207,520
Investment	290,214	66,333	223,880	99,500	290,214	188,537 101,677
Grants	321,645	10,000	311,645	51,381	321,645	151,788 169,857
Sales	529,323	464,319	65,004	657,618	529,323	453,398 75,925
Misc. Income	130,332	115,840	14,491	173,761	130,332	10,595 119,737
<b>Total Revenue</b>	5,457,508	4,741,140	716,368	6,203,346	5,457,508	4,290,763 1,166,745
<b>Expenses</b>						
Salaries & Benefits	2,107,971	1,972,145	(135,826)	2,848,818	2,107,971	1,800,831 (307,140)
Operating Expenses	2,256,689	2,247,485	(9,204)	3,062,157	2,256,689	2,067,074 (189,615)

Cost of Goods Sold	214,959	187,352	(27,606)		266,852		214,959	115,243	(99,716)
<b>Total Expenses</b>	4,579,619	4,406,983	(172,636)		6,177,828		4,579,619	3,983,148	(596,471)
<b>Surplus/Deficit</b>	877,890	334,158	543,732		25,519		877,890	307,615	570,275

### ***Variance analysis for Association financials including the Olympic Department***

*Explanations of major variances are below.*

#### ***Revenue***

Overall membership revenue is \$226K below budget and \$34K ahead of the prior year. We over budgeted membership for this year but will continue to be ahead of the prior year. There are still 2 membership/marketing acquisition campaigns that will be run in 2017. We just completed a Swell campaign that did very well. Youth memberships have been consistently lower than expected this year; a JO event was cancelled in August and the hurricane may affect the events that were scheduled for Florida. The 2018 campaigns are now in the planning stage and we are reviewing the structure of Organization memberships.

Public support is \$725K ahead of budget and \$320K behind the prior year. The variance to budget is in a \$125K restricted grant to the REACH program, \$293K restricted contribution to the Olympic program for the purchase of boats, and unbudgeted restricted contributions to the Education and Adult programs. We are behind (\$30K) schedule with unrestricted contributions. The variance with 2016 is the recognition of \$550K in pledges for the Olympic program in 2016.

Sponsorship consists of cash in the door and VIK. We are ahead of budget by \$80K in cash sponsorships. The VIK is booked as we use it; up until July we were below budget for VIK revenue and expenses, we are now ahead of budget. This year the SAP VIK is being booked at \$25K a month for a total of \$300K for the year instead of at the end of the fiscal year. The Olympic program VIK for coaching is included and is offset by the Coaching VIK expense. We are ahead by \$115K in the timing of sponsorship cash.

Program revenue is \$198K ahead of budget. The major variances are in: registration fees - we are at 99% of total budget; amend existing certificates are at 112% total budget; new

certificates are at 147% of total budget; trial certificates are at 117% of total budget; and application fees are at 325% of total budget. Sail number is below budget by \$16K; a sail number was sold for \$10K which went into restricted contributions. Fees are below budget by \$6K.

The variance in USOC performance funding is timing.

Of the positive variance \$223K is in investment earnings. Revenue from investments was budgeted for \$99K for the year and is \$290K year to date. Another \$198K is in grants from The Coast Guard that were not budgeted; \$79K of this is from the prior year deferred revenue.

Publication sales are ahead of budget by \$30K which is timing of new publications.

Unbudgeted sales of boats in miscellaneous income has put the category over budget. Revenue from the Foundation has been recognized at \$100K as of August; \$15K below budget.

## **Expenses**

Overall salaries and benefits are \$33K above budget. There are variances in each department with the moving of staff to different departments. The major variances are in wages and temporary services (\$55K); we have used temporary employees to fill some open positions until permanent staff can be hired.

Operating expenses are \$271K below budget.

Shipping and postage were separated for this fiscal year. The separation was to break down the postal service mail from UPS and FedEx to understand where we are using postage and if there is a way to reduce shipping costs. Postage is \$20K under budget and shipping is \$27K over budget.

Coaching VIK was unbudgeted as was the revenue that offsets this expense.

Events has a positive variance of \$39K with \$20K from NSPS and national conference expenses coming in under budget; and the timing of variance smaller events.

There are several major variances under budget in the Olympic department which are timing issues that will be caught up by November: Staff travel \$25k, non-staff travel \$100k, charter fees \$60k, and coaching \$78k. There is also a \$93K positive variance in non-staff travel in the Youth program which will which is also timing. Major variances under budget due to timing are printing and stationary \$61K, advertising \$49K, and photography fees \$32K.

Organizational grants are over budget by \$36K from the Reach grant that was unbudgeted and individual grants are \$18K below budget.

Consulting fees are over budget \$36K with a majority of this from unbudgeted strategic planning. Publications of \$28K is due to increased sales in small boat level 1 course materials. Registration fees are \$100K over budget from championships in the youth department which is partially offset by the registration revenue.

## ***Year end projections by department***

### ***Member Engagement***

Revenue is ahead of budget as of August with no additional revenue expected for the remainder of the year. The surplus is from better than expected attendance and sponsorship at NSPS.

The positive variance in expense is mainly due to NSPS coming in under budget which shows up in Equipment Rental and Events (this will close a little but still be a pretty substantial variance). There are timing differences in shipping, supplies, travel and entertainment, soft goods, member incentives, and printing that will likely come in closer to budget after 3 boat shows and regional symposiums this fall.

### ***Youth Department***

Through August, the Youth Department has an overall surplus variance of \$1,748; with total revenue ahead of budget by \$29K and expenses \$31K more than budget. With the regatta and certification season winding down, not much additional revenue is expected at this point. For that reason, it is expected that we will fall short of our budget goals by the end of the year. It's hard to nail down the exact amount at this time.

Youth Champs and Junior Women's Doublehanded have done well by keeping costs down, while Junior Women's Singlehanded and Youth Match Race Champs have been roughly on-budget. Level 2 Smallboat Instructor Certifications has had a successful year in terms of course numbers, but Level 1 is slightly below target and Level 3 Coach is low. Three Level 1 courses and one Level 2 course are scheduled for the rest of the year, so the smallboat numbers will not change much in the coming months. The new Level 3 Head Instructor course has not had any activity this year.

### ***Race Administration***

Race Administration is on budget. Publications have already exceeded budgeted revenue, and we expect moderate continued growth. Similarly, we anticipate continued seminar revenue as budgeted.

### ***Offshore***

Offshore overall is on or ahead of budget in all programs. IRC is ahead in revenue and below budget in expenses. PHRF year to date actual exceeds total budgeted revenue for the year with no additional revenue expected; there will be a few additional expenses. ORC is over budget as of August but is not expected to reach budget by the end of the year; the recent hurricanes have affected the primary fleets. ORR total revenue and expenses are over total budget as of August. We are not expecting Revalidations to reach budget; the season is essentially over and we did not make our numbers. New Certificates are over budget mostly due to expedited certificate fees being higher.

### ***Education***

Total revenue is \$116K above budget due to the Reach grant that was unbudgeted as well as organizational grants that \$87K that were given as part of the grant. National Faculty will occur the end of October there may be a slight budget variance at this event.

### ***Adult***

First Sail was budgeted for \$50K in sponsorship but has not received any as of this time; there has also been no expenses. Adaptive sailing is under budget in revenue and expenses because some courses were not run. Powerboat is ahead of budget; we have had more courses run than were budgeted with more courses being scheduled for the remainder of the year. Keelboat is \$95K ahead of budget and will continue to increase; there has been a major marketing inhouse campaign as opposed to giving grants to schools to market on their own. Safety at Sea is under budget; the projected revenue in online courses has not met their goals. There will be an upcoming push for online education courses for both Keelboat and Safety at Sea.

### ***Marketing (completed 9/14)***

Marketing Revenue is slightly ahead of projection overall and expects this to be a permanent non-material positive variance. We have signed a new, smaller sponsor in Regatta Ginger Beer and are extending expiring deals with Sunsail and Moorings at modestly higher levels.

Marketing Expenses are also showing a solid positive variance. Salaries and benefits, where the leverage of the departmental expenses exist, are within 1% of budget. Some of the non-salary operating expense positive variances we are experiencing currently like travel should continue. Other positive variances such as multimedia expense we project will be erased as we will need all of the budget to achieve our championship media objectives.

We do expect a negative variance to begin to aggregate under the consulting expense line as Degan Media has been contracted to assist in the acquisition of new sponsors. This was an unplanned expense at \$6,000 per month. Further to the consulting line, thanks to the foundation, we have received a donation to fund the contracting of Design Principles. Design Principles is leading our web re-design project. While the donation will cover the roughly \$6,000 per month expense, the consulting line also increase by that amount.

### ***Development***

The majority of development activity will be occurring within the Foundation. A small portion of development revenue is budgeted in the Association. Public support revenue for the Association is over budget as noted in variance report and expenses budgeted in the Association are on budget at this time. We do not expect any major variances from budgeted expenses going forward.

### **Update from Marketing on Degan Media**

Dan Egan has hit the ground running with his consultant and sponsor acquisition work, working with Martha on an almost daily basis to gather information, reach out to contacts, and begin to frame an outline for sponsorship packages. His first few meetings consisted of information downloads so that he has a comprehensive understanding of the US Sailing Team and US Sailing assets, operations, activities, and goals. His vision for the team revolves around media relationships and creation, to connect the USST to something bigger than what it has on its own, with Sailing World and The Weather Channel being two primary targets. World Cup Series USA Miami has been targeted as a high priority for sponsorship, and a starting point for many of the conversations, though the hurricane has impeded communication down there somewhat. Communication has already been made with Yanmar, BMW, Volvo, Land Rover, Fairmount, Bermuda Tourism, Red Bull, Wheels Up, Yeti, and Rockport.