CEO Report

Board of Directors

2020 Summer Virtual Board Meeting

COVID-19. I begin my Summer 2020 report with what I believe is the most important topic to update you on which is the current pandemic caused by COVID-19 and the associated impact on the health of our MCA&F employees. To date, we have had one employee become ill from the virus and this was a result of likely being exposed to it from his wife, who had it first. I am happy to report that he has since fully recovered (as has his wife), completed his post-virus quarantine period, and is healthy and back at work. As for how we are dealing with the virus, during the conduct of our day to day operations, we are teleworking to the greatest extent possible with mostly our retail support, Marine Shop, and leadership employees actually coming into the workplace aboard Marine Corps Base Quantico. As for related guidance and policies that are now in place; we are encouraging protective masks are encouraged when in our buildings, we are cleaning and sanitizing frequently, hand sanitizers are positioned throughout buildings including conference rooms and of course we are exercising social distancing. We believe we are striking the right balance with a primary emphasis on health and safety.

Financial Overview. The economic impact of COVID-19 is apparent in all aspects of MCA&F operations, yet the current financial position is healthy due to spending adjustments and supplemental federal support. Revenues from sales, membership, sponsorships and donations are below the budget plan and leadership has met these deficiencies by reducing costs wherever possible. During these first six months of 2020, MCA&F has also benefitted from federal programs such as the SBA's Paycheck Protection Program, the Cares Act and the Families First Coronavirus Relief Act which have provided more than $835,000 in support. That said, in the next six to twelve months, MCA&F will face continued financial challenges related to COVID-19 and without additional federal programs, will likely require operational cash of $750,000 - $1,000,000 to continue day to day operations.

Business Operations. As we conduct this Summer Board meeting our annual financial audit conducted by Clifton Larsen and Allen (CLA) is ongoing and thus far we see no indications of any problem areas. CLA has also been very helpful as we navigated the various types of federal stimulus money made available associated with the pandemic.

Strategic Plan Development. We are in the process of rewriting our Strategic Plan. We learned a significant amount executing the current strategy and have already achieved most of the stated goals and objectives. We anticipate having an updated vision, goals and objectives for board member review between now and our Telephonic Board Meeting this coming October. Key initiatives like Modern Day Marine and the Professional Development Membership Awards

Program are significant efforts that show cause for a major rewrite/update. We expect to have a new and updated 5-year strategy by our Winter 2021 Board Meeting in February of next year.

Professional Development. The MCA&F staff has developed a new membership model that includes 20,000 memberships as part of a new program called the "Professional Development Membership Awards Program". This program awards select individuals a 1-year, no-cost to the Marine, membership valued at $20 with the priority of awards going to those officers and enlisted Marines undergoing training at Marine Corps University and Training Command in resident and distance education schools and MOS producing schools. Unrestricted donations to our Foundation will pay for these memberships. This program supports the Foundation and program delivery, advances MCA membership, and increases the number of Marines accessing our professional development resources. From a business aspect, the cost of providing the individual membership is passed from the Foundation to the Association as revenue. The Commandant is aware and provided a strong endorsement for the program that we will use in helping market it to Marines. Resources available through the Program can be found at https://mca-marines.org/professional-development/ and include: Digital access to current issues of both the Marine Corps Gazette and Leatherneck Magazine of the Marines; +100 years of both publications archives for use in research, development of academic papers and professional studies; Battle Study Guides including maps, books, articles, videos, podcasts, and reviews; Decision Making Exercises, Tactical Decision Games and Took Kit, Ethical Decision Games, and Historical Case Studies; Curated Collections on a variety of subject including Great Power Competition, Maneuver Warfare and First Hand Accounts; Audio podcasts featuring iconic Marine leaders; Audible library of articles from both magazines and Professional writing contests and awards.

Program Delivery. Overall, due almost entirely to the pandemic, program delivery in the Foundation is not where it should be by this time of year. Surprisingly, only the Commander's Forum Program is significantly under where budgeted and programmed. The other programs including Unit Library, Excellence Awards, and Marine Writing Program are close to projected numbers. As we look to the remainder of the year I do not see much of a change in today's status as Marine units will ..... A successful Professional Development Membership Awards Program should greatly assist in our overall program delivery numbers in the future.

Fundraising. Donations to the Marine Corps Association Foundation are slightly below where budgeted as of the end of June. This is not necessarily a "bad news story" as I anticipated us being more than $100,000 behind due to all the economic uncertainty and its impact on the market. Aggressive engagement and communications with our donors has been at least

partially responsible for our current position. Upcoming events the remainder of CY2020 including our upcoming matching gift campaign, our 2d Annual MCAF Golf Tournament and continued direct mail campaign should each be successful towards leading toward our budgeted goals.

Events. Our events have been greatly impacted by the coronavirus. We were able to host the West Coast and Okinawa Dinners as scheduled early in the year, but unfortunately, the Hawaii Dinner that was cancelled at the very last minute. Postponements have occurred for the Logistics Awards, Camp Lejeune Dinner, Information Awards, Ground Awards, Ammo Tech Awards, and Acquisition Awards totaling six events that have been rescheduled. Plus, our Chicago Dinner has been postponed until at least 2021. All events except Hawaii have been rescheduled beginning with our 20 August Camp Lejeune/Wounded Warrior Leadership Awards Dinner. We anticipate moving forward within the Virginia governmental guidelines which currently have maximum socially distanced and masked attendance of 250 people including the servers, videographers, band, color guard, and photographer. At Camp Lejeune, we will be limited to 100 people in each ballroom. We'll continue to work with health and safety foremost in mind as we traverse the new normal for Events. We are excited about our inaugural "Annual Meeting" in support of our future National Military Association designation. General Berger has agreed to be our guest of honor and we will do this at a breakfast event in Alexandria VA on 22 September.

Outlook. In closing although the near-term next 12 months remains uncertain due to continued fallout from COVID-19 the longer-term, strategic picture shows considerable promise and opportunity for financial stability, growth, strengthened relationships with HQMC and other organizations and most importantly, support to more Marines and other Friends of the Corps. This is on the backs of our amazingly talented and dedicated MCA&F team and supportive board members.

Semper Fidelis,

William M. Faulkner
LtGen USMC (Ret)
President & CEO MCA&F

Motion: That the CEO Report be accepted as written and presented.

Approved: _____ Date: _____

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