2015 Annual Report to Members

President’s Report

The Marine Corps Association Board of Governors, the Marine Corps Association Foundation Board of Directors, and the MCA&F management team are pleased to present the 2015 Annual Report to our membership. MCA&F remains committed to being the preeminent association and foundation for all Marine and friends of the Corps.

As we work diligently to advance our organization to better serve the Marine Corps and our members, we remain dedicated to the development and recognition of professional excellence and expanding awareness of the rich traditions, history, and esprit of the United States Marine Corps.

We made great strides in 2015 as we were able to halt the recent decline in membership and end the year with more than 66,000 members. For the second year in a row, the Marine Corps Association Foundation spent more than $1,000,000 in support of Marines throughout the Corps. The demand for our programs continues to rise and, with the enduring support of donors, members, and sponsors, we should be able to surpass this mark in 2016 as well.

Thank you for your membership with the Marine Corps Association and Foundation. Your support allows our organization to operate at its highest level and continue to serve Marines across the globe. We look forward to 2016 and continuing to advance leadership and recognize excellence.

Ed Usher
Major General, USMC (Ret)
President & CEO
Marine Corps Association & Foundation
Membership

MCA&F’s efforts resulted in an increase in membership in 2015. The number of active duty enlisted Marines increased by more than 8.5%, and the number of active duty officers decreased by less than 4%. The member status makeup stayed relatively the same from 2014 with a less than 1% difference in each segment. The same can be said for the age segments of our members. Additionally, our largest membership group continues to be persons 65 and older. MCA&F continues to work on increasing membership in all segments with a specific goal of targeting the younger veteran generation in 2016.

Members continue to be the best advocates for MCA&F, and we encourage members to share their membership experiences with Marines and friends of the Corps. Please continue to keep your records accurate and up-to-date by visiting our website (www.mca-marines.org) or calling Member Services at 866-622-1775.

Strategic Communications

To better serve our members and Marines, MCA&F created the Strategic Communications department in November 2015. The department cultivates collaboration in our communication efforts between all departments and ensures the consistency of our message in a holistic manner. Strategic Communications has also enhanced our social media platforms and increased growth on each platform including Facebook, Twitter, LinkedIn, Instagram, YouTube, and Google+. At year’s end, we had over 330,000 Facebook followers. Further expansion is projected in 2016 and numerous efforts are planned to continue to publicize our message of “Advancing Leadership and Recognizing Excellence.”

<table>
<thead>
<tr>
<th>MCA&amp;F MEMBERSHIP BY TYPE</th>
<th>MCA&amp;F ACTIVE DUTY MEMBERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular</td>
<td>56,858</td>
</tr>
<tr>
<td>Life</td>
<td>5,181</td>
</tr>
<tr>
<td>Insured</td>
<td>4,116</td>
</tr>
<tr>
<td>Corporate</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>66,165</td>
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</tbody>
</table>
Publishing

Mobile App
MCA&F continually strives to meet the needs of our members in an ever-changing world, and the creation of a mobile application for The Marine Corps Gazette and Leatherneck Magazine of the Marines enabled our members to access our magazine on the go. Members can download our free mobile apps and read Gazette and Leatherneck from their phone or other mobile devices. The apps are available on the App Store, Google play, Amazon, or by visiting https://www.mca-marines.org/apps. The app has many features including downloading content for offline reading, exclusive digital content, and the ability to share content on social media and other web platforms.

Leatherneck:
2015 was Col Mary Reinwald’s first full year as the editor of Leatherneck. During 2015, Leatherneck maintained its focus of being the magazine of Marines—yesterday, today and tomorrow. Throughout the year, Leatherneck published interviews with the outgoing Commandant and current Chairman of the Joint Chiefs of Staff, Gen Joseph Dunford, and the 17th Sergeant Major of the Marine Corps, Sergeant Major Michal Barrett; commemorated the anniversary of the start of the Vietnam War with a series of articles; highlighted the 20th anniversary of the Oklahoma City bombings with a first hand account from a Marine survivor, and provided historical accounts of Marine Corps Recruit Depot Parris Island on its 100th anniversary. In addition, a new department, “Corps Connections,” was created. MGySgt Ron Keene USMC (Ret), Sound Off Editor and writer, retired at the end of 2015 after more than 25 years as a member of the Leatherneck staff.

In 2016, Leatherneck is looking to expand its readership and provide its current readers with a larger breadth of content. This includes articles focusing on Marines transitioning from the Corps, the 100th anniversary of the Marine Corps Reserve, and lesser-known elements of Marine Corps history. Leatherneck can be read in magazine form, online at www.mca-marines.org/leatherneck, or on our new mobile application that can be downloaded at www.mca-marines.org/apps.

Marine Corps Gazette:
The Gazette remained true to the mission set forth by John A. Lejeune by continuing to encourage professional debate and discussion. The Marine Corps experienced many changes over the past year, and the Gazette has provided a forum to address numerous controversial issues. Articles for and against women in the infantry, changing physical fitness testing
standards, and evaluations of Corps doctrine were some of the more popular articles appearing in Gazette throughout the year. The Gazette itself also experienced a major change as, after almost a decade of service, Col John Keenan USMC (Ret) retired as the editor of the Marine Corps Gazette. In Dec 2015, Col Christopher “Woody” Woodbridge, USMC (Ret), assumed the role of editor.

2016 also marks the 100th anniversary of the Gazette, which will be celebrated all year long but was particularly recognized in March with a special 100th anniversary issue of the Gazette. You should expect to see other changes this year for the Gazette. Tactical Decision Games will make a comeback, and members will have new opportunities to share their comments and opinions on articles and to interact with Col Woodbridge and Gazette authors. The Gazette can be read in magazine form, online at www.mca-marines.org/gazette, or on our new mobile application that can be downloaded at www.mca-marines.org/apps.
Foundation

The Marine Corps Association Foundation completed its 6th year of providing exceptional support to Marines in 2015. The Foundation is young but has had a major impact on thousands of Marines and the Corps itself. Throughout the year, the Foundation continued to expand its five programs for Marines: Commanders’ Unit Library, Commanders’ Forum, Marine Excellence Awards, Marine Writing Awards, and Wounded Marine Support. Program expenses totaled more than $1,132,445 in 2015, a 20% increase from 2014. Despite this massive increase, general and administrative expenses only increased slightly from 2014 while fundraising expenses decreased by more than $100,000.

Our fundraising efforts in 2015 were focused on providing for our programs that directly benefit Marines and preparing for a financially stable future for the Foundation. As in the past, the majority of our Foundation program support comes from our individual donors, most of whom are also members. We would not be able to provide these resources to our Marines without the backing of our donors and members and we are very grateful for all of the support.

In 2015, the Foundation was able to support more than 94,000 Marines. MCAF delivered 55 Commanders’ Forums, which included trips to Belleau Wood, Normandy, Gettysburg and the Korean Demilitarized Zone. Funding for 229 Commanders’ Unit Libraries was approved and more than 500 Kindles containing books from the Commandants Professional Reading List were shipped to units throughout the Corps. The Foundation also supported 952 wounded Marines.

To connect with current donors and increase the number of new donors, we continued our direct mail and email efforts. General donations from new and loyal donors are becoming a reliable revenue stream to support active duty and reserve Marines. Many fundraising efforts including the Commanders’ Forum Campaign, Kindle Campaign, and Marine Corps Birthday Campaign were also successful in not only generating funds, but also spreading awareness of our programs for Marines. We continue to participate in the Combined Federal Campaign (CFC #19821) as a means for military and government workers to support our Foundation through payroll withholdings.
2016 & Beyond
As demand for our programs for Marines continues to grow, we will be continuing our current fundraising efforts and creating new avenues to generate funds. We will continue to produce programs that are leader-driven and relevant to the changing needs of the Corps. We will also be focusing on reducing our fundraising expenses without impacting the reach and quality of our programs. The Foundation was able to decrease its overhead ratio from 47.1% to 37.6% in 2015. We are committed to further decreasing the overhead ratio in 2016.

Marine Corps Association Foundation
Statement of Activities (Preliminary)
Years Ended December 31, 2015, 2014, and 2013

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions, Gifts, Grants</td>
<td>$1,624,617</td>
<td>$1,507,928</td>
<td>$1,668,660</td>
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<tr>
<td>Federated Campaigns</td>
<td>21,928</td>
<td>39,079</td>
<td>23,779</td>
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<tr>
<td>Contribution from MCA</td>
<td>75,000</td>
<td>80,000</td>
<td>165,420</td>
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<td>Membership Dues</td>
<td>27,463</td>
<td>23,242</td>
<td>25,218</td>
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<tr>
<td>Investment Income</td>
<td>1,372</td>
<td>3,747</td>
<td>266</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>1,750,380</strong></td>
<td><strong>1,653,996</strong></td>
<td><strong>1,883,343</strong></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programs (direct)</td>
<td>837,368</td>
<td>693,429</td>
<td>854,132</td>
</tr>
<tr>
<td>Programs (indirect)</td>
<td>295,077</td>
<td>243,827</td>
<td>172,467</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>122,648</td>
<td>110,983</td>
<td>108,136</td>
</tr>
<tr>
<td>Fundraising</td>
<td>535,632</td>
<td>653,477</td>
<td>736,249</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>1,790,725</strong></td>
<td><strong>1,701,716</strong></td>
<td><strong>1,870,984</strong></td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td><strong>$(40,345)</strong></td>
<td><strong>$(47,720)</strong></td>
<td><strong>$12,359</strong></td>
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</tbody>
</table>
Retail

The MARINE Shop was acquired by MCA&F in 2007 and began operating online in 2009. With its high quality products and tailoring and exceptional customer service, The MARINE Shop continues to be the preeminent place to shop for Marines, their families and friends of the Corps. The Quantico and Camp Lejeune stores host book signings, Family Days, and other special events throughout the year. In October 2015, The MARINE Shop launched its individual Facebook page that now boasts more than 22,000 followers. With the appointment of General Robert B. Neller as the 37th Commandant of the Marine Corps, The MARINE Shop will keep the Commandant’s Professional Reading List up to date, and all in-print books on the list will be available online or in store. All purchases will continue to support our Foundation’s programs for Marines.

The MARINE Shop Customers

<table>
<thead>
<tr>
<th>Year</th>
<th>Online Customers</th>
<th>Overall Customers</th>
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</thead>
<tbody>
<tr>
<td>2011</td>
<td>10,000</td>
<td>20,000</td>
</tr>
<tr>
<td>2012</td>
<td>15,000</td>
<td>30,000</td>
</tr>
<tr>
<td>2013</td>
<td>20,000</td>
<td>40,000</td>
</tr>
<tr>
<td>2014</td>
<td>25,000</td>
<td>50,000</td>
</tr>
<tr>
<td>2015</td>
<td>30,000</td>
<td>60,000</td>
</tr>
</tbody>
</table>

The MARINE Shop Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail Sales</th>
<th>E-Commerce Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$1,000,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>2012</td>
<td>$2,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>2013</td>
<td>$3,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>$4,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>2015</td>
<td>$5,000,000</td>
<td>$6,000,000</td>
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</tbody>
</table>

Members Receive a 10% discount on select items at The MARINE Shop at Quantico, Camp Lejeune, and online at www.marineshop.net
MCA&F Events

MCA&F hosted over a dozen events in 2015. Many of the events were held in the Washington, D.C. region, but we also traveled to Camp Lejeune, Phoenix for Marine Week, Carlsbad (CA), Albany (GA), Providence (RI) and Marine Corps Base Hawaii.

We were honored to have General Joseph F. Dunford Jr., 36th Commandant of the Marine Corps, as our guest speaker at the 12th Annual Ground Awards Dinner. MCA&F presented the Hulbert Award, Zembiec Award, MarSoc Critical Skills Operator Award, and the Chambers Award while honoring the Marine Divisions’ Marine of the Year Awards.

MCA&F also presented prestigious awards to Marines in the Intelligence, C4, Logistics, Ammunition Technician, and Wounded Warrior communities at our other recognition ceremonies.

Congratulations to all of our award recipients, and we appreciate everyone who attended our events to honor our award recipients, network, and connect with Marines and friends of the Corps. These events would not be possible without the support of our corporate and individual sponsors. We want to offer a heartfelt thank you to all of our sponsors throughout the year.
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Vice Chairman
Col John Lowry, USMC (Ret)

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Col William R. Costantini, USMC (Ret)

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MajGen Jon Gallinetti, USMC (Ret)

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Mr. Michael Martz

Sgt Maj Alford McMichael, USMC (Ret)

Mr. James Mosel

Mr. Thomas Nunemaker

Mr. Skip Sack

Not Pictured: Col Steve Zotti, USMC (Ret); LtCol Brian Grana, USMC (Ret)

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LtCol Aaron A. Angell, USMC
Col Jason Bohm, USMC

Maj Jonathan Burgess, USMC
Maj Scott Cuomo, USMC
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Maj Reid Houck, USMC
Col Greg Reeder, USMC

LtCol Brian Russell, USMC
MSgt Colleen Stewart, USMC
SgtMaj Richard Thresher, USMC
Col Craig Wonson, USMC
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USMC (Ret)

LtCol Skip Gaskill
USMC (Ret)

MajGen James Kessler
USMC (Ret)

Mr. Michael Martz

Mr. Skip Sack

Not Pictured: Mr. Christopher Bird; Mr. Kurt Chapman; Col Steve Zotti, USMC (Ret)

Marine Corps Association DOD Liaison

SgtMaj Ronald L. Green
Sergeant Major of the Marine Corps