



27 January 2022

Chairman and members of the Board of Directors and Board of Governors,

I am pleased to provide you my Annual Report for Calendar Year 2021. I submit this for approval for our 2022 Winter Board Meeting.

In every sense, 2020 was an extraordinary year. There are many words we could use to describe 2020: disruptive, challenging, unprecedented...but at the same time, the past year has been inspiring, collaborative, and hopeful. This year has been one marked by transition and efforts to find our footing as we continue to look for normalcy in our daily lives and in the workplace following disruptions caused by COVID-19. Here at the Marine Corps Association (MCA), there is much to be thankful for. First, I'd like to offer my personal gratitude to LtGen Mark Faulkner, USMC (Ret), who left the Association in July for setting the path for our successes in 2021 and who worked tirelessly to transition the reins of leadership to me. Congratulations to him and Janet as they turn the page to the next chapter in their lives. Secondly, I'd like to thank LtGen George Flynn, USMC (Ret), who has been our chairman since 2019 and has served on the board since the mid-90's. He has truly been "the keeper of the flame," and among his many memorable accomplishments during his tenure has been the direction that he provided in developing our 2020-2025 Strategic Plan. Thank you, George and best wishes to you and your family. We also welcome LtGen John Toolan, USMC (Ret) who became our chairman on 1 January 2022. Welcome aboard, Sir.

Taking the lead from our Marines and Sailors stationed and operating around the globe, the Marine Corps Association continued to provide sustained superior support throughout this period of uncertainty and disruption. This would not have been possible without the dedication and sense of mission that is shared amongst our family of employees here at the Association.

Over the past year, the Marine Corps Association has transformed the way we serve our members, while skillfully maintaining the personalized service for which we are known. Understanding the need to provide continuous support, our team has risen to the occasion by making marked improvements in all areas to include retail, membership, and circulation, and most importantly, we have sustained excellence in our Leatherneck and Gazette magazines, which are the bedrock of our professional association. We changed and are continuing to change, the way we do business across all fronts, creating new processes and protocols to ensure the customer experience was seamless across all delivery channels and customer touchpoints. Our team has redefined and reimaged how to better posture ourselves and the Association to better serve our membership. As a result, we can maintain tempo and support for all the activities that we hold ourselves accountable to our Marines and Sailors, members, and ultimately our Commandant. Our

team has done this without missing a beat. I could not be more proud of their accomplishments and their professionalism.

2021 has also seen the internal reorganization of our staff. In a move to bring synergy and alignment of functions internally to MCA, we have established five vice president positions. These five VP's replaced the previous structure of seven department heads. In the coming months, we will continue to our internal management actions to realign and streamline our organization to ensure that we remain effective and efficient.

During this past year we worked to reaffirm our long-standing partnerships and completed efforts to gain certification as a national military association. We have completed all required criteria and await final certification by the Secretary of Defense. On the partnership front, we recently concluded contractual agreements to continue our long-standing relationship with USAA, our affinity partner. This agreement secures our commitment to a five-year period of continued support and partnership and guarantees an annual revenue stream over the life of the agreement.

We exceeded our net goal for corporate sponsorship by ~\$244K in 2021 bringing our grand total contributions to ~\$1M. We remain strongly positioned to continue to increase and surpass our goals for 2022. Our partnerships with industry and their willingness and generosity to support our awards programs and professional events continue to be a strong indicator of the value that corporations find in our continued partnership.

The Foundation continued to excel and exceed annual goals of contribution and program delivery. Annual contributions surpassed budget goals by ~\$83K making a grand total amount of ~\$1.8M available to support commander's programs, unit libraries, battlefield studies, PME development, and award membership allocations. The generosity and kindness of our donor base continues to deliver and remains a highlight and consideration in all that we do.

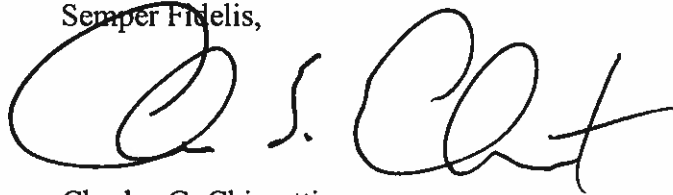
We have more work to do on the membership front. Membership for the Association continued to decline across the year following a downward spiral over the last several years. We have begun to see a consistently declining membership base across multiple years. Historical trend since 2016 indicates that we have lost ~20K members from ~68K in 2016 to ~48K in 2021. Many factors can explain this decline. Declining membership can be an indicator of how we are seen across the Marine Corps, or more than likely, an indication of the value that members and partners see in their professional association. Changing demographics and shifting interest from hard copy to digital/social media can be another contributing factor. Regardless, we are examining how to best address this problem. This trend is not unique to MCA;, rather it is a trend that has manifested itself across many member-based associations, and it is a constant topic that has been examined during industry forums. Presently, no easy solution is at hand. In the coming year, declining membership will be one of my highest priorities to address and continues to be an area of greatest concern.

Another area of concern and focus has been in The Marine Shop, the retail arm of the association. Impacted by supply chain and labor shortages, rising costs, and uncertainty in the marketplace, our results have fallen short of projections for this year. Our team has moved mountains to posture TMS, both our brick and mortar store and our ecommerce segment, to be more competitive in the coming years. We have established realistic sales goals and tailored projections to meet actual customer demand. I remain optimistic that we will be able to right the ship and turn our retail business into a profitable endeavor.

In closing, I want to provide you with one more piece of exciting news. In partnership with the Marine Corps League, we have been given the privilege of co-hosting this year's Modern Day Marine (MDM) Exposition at the Walter E. Washington Convention Center in Washington D.C. on 10-12 May. This will be the first time in the last three decades of MDM that the event will take place outside of a Marine Corps installation and back in the Nation's Capital. We will be publishing details of this schedule and content of this event in upcoming announcements.

I am honored and humbled to be given the opportunity to lead this association and our team into a new year and through all the exciting challenges that lay ahead. I thank you for your continued support to our association and more importantly, our United States Marine Corps.

Semper Fidelis,



Charles G. Chiarotti  
Lieutenant General, USMC (Ret)  
President & CEO

