**Financial Overview**. Despite the lingering effects of COVID-19, the current financial position of MCA is healthy. The operating cash position is strong due to execution of the 2021 budget plan and financial & operational actions taken in 2020. 2021 revenues from advertising, sponsorships, contributions, and insurance are performing to plan. Retail sales and membership dues revenue are below the budget plan and leadership has responded to these deficiencies by investing in new products and promoting new opportunities for members and customers. Expenses are lower than budget plan because costs of goods decrease proportionally to lower sales and because of continued impediments to providing battlefield studies and other Commanders’ Forums to Marines. Investment returns are performing better than the benchmark; nearly $1M year to date. Total net assets, which represent the Association’s reserves are stronger than ever at ~$16M, more than 100% of annual operating expenses. Of note, in June 2021, the Small Business Administration issued 100% forgiveness of the $827,600 paycheck protection program funding MCA secured in April of 2020. In July 2021, CliftonLarsonAllen issued a clean audit report for FY2020. Kudos to Johnna Ebel and her Business Team on this tremendous accomplishment! MCA has not drawn down on the Loan Management Account and does not forecast a need to do so in the near term.

**Membership**. Membership remains MCA’s #1 challenge area. The number of total members is at the same level as it was this past Winter Board Meeting at 51,000. Our inability to gain consistent access to Marines at Marine Corps schools and training locations such as east and west coast Schools of Infantry, The Basic School, SNCO Academies, and other training institutions due to lingering effects of COVID are impactful. The Professional Development Membership Awards Program (PDMAP) was rolled out during this past year and has had some good early results; albeit not yet where the staff would like in terms of numbers. Together with the CEO, I do see recovery and growth with a focus on schools of Marine Corps University and Training Command as well as ongoing coordination we are doing with MCCS to work to get back into the recruit depots and talk with Marines at Parris Island and San Diego. The staff recently met with the new CG of Education Command/MCU BGen Field and has meetings set up during August with the new CG of Training Command, MajGen Alford, and of TECOM, LtGen Iiams to update them on MCA’s professional development resources with a particular focus on membership. The MCA CEO and select staff have also recently met with SES Cindy Whitman-Lacy and her MCCS staff members exploring potential opportunities together. The area of membership will continue to be a priority area of focus for the incoming President and CEO consistent with Strategic Plan.

**Strategic Plan**. We are making outstanding progress pursuing stated goals and objectives in our *MCA Strategic Plan 2025*. We will provide updates on select goals and objectives during the board meeting. Throughout the year, board members are invited and encouraged to look for opportunities to engage the me and VPs regarding Strategic Plan progress.

**MCA Internal Organization**. In support of Goal 8, Objective e, we have taken the first steps in assessing our MCA organizational structure to ensure optimal effectiveness in the future. All board members know of our previous organizational structure from the new member orientation briefing they received when they came aboard. Accordingly, they know that we had eight departments reporting directly to the COO. Additionally, the COO was responsible for management of The Marine Shop and was the MCA staff lead on Membership. In my opinion, this organizational structure impeded the efficient flow of information, lacked agility and responsiveness, and was inadequate to support MCA going forward. This fact, together w/ a misalignment of select functions across the organization, required action before I turned over to LtGen Chiarotti as the incoming President and CEO on 1 September. That said, the reorganization is far from complete and critically important organizational decisions remain and will need to be discussed and actioned by the incoming CEO together with the board. These include selection of the Executive Vice President (replacing the previous Chief Operating Officer position) as well as the new National Military Association / Expo Planner position.

**Magazines**. Of all the areas of MCA operations our monthly magazines, Marine Corps *Gazette* and Magazine of the Marines *Leatherneck*, remain the least impacted by COVID. Both magazine editors continue to successfully incorporate creative and timely articles of interest to Marine members and other Friends of the Corps. This, together with an increase in colorful advertising, and supporting action-focused pictures are reason for continued pride in these iconic publications.

**Retail Operations**. Retail sales and associated revenue is below the budget plan for the end end of first half of CY 2021. Leadership has responded to these deficiencies by investing in new products and promoting new opportunities for members and customers. Additionally, as part of an internal realignment of select MCA functions, all retail operations are now centralized under Col Reinwald as VP of Communications, Retail Operations and Editor of the Leatherneck. We believe this organizational change will result in not only greater efficiencies but increased sales. Mary has already either instituted or has underway actions related to greater inventory control, improvements in purchasing and overall operations management. Additionally, she has several efforts ongoing for necessary changes including a focus on improved communications by establishing a comprehensive schedule to include daily MCA retail staff huddles, weekly meetings with four retail managers and Communications representatives and a weekly meeting with retail managers and business reps.  Additional actions include establishment of inventory management assignments and procedures, assigned inventory manager to The Marine Shop, a realignment of warehouse chief and inventory chief under the Purchasing Manager and developing procedures and schedules for regular cycle counts. Additional actions are the creation of a comprehensive plan and schedule to include training, cycle counts, and personnel and equipment requirements for the annual inventory audit. Finally, the ongoing Assessment of all MCA Retail Operations led by the Futures Committee will certainly impact any future investment in retail operations going forward and it is critically important that these efforts are done in concert with Col Reinwald.

**Corporate Sponsorship**. We could not be more pleased with our corporate sponsorship program. Sponsors are eager to get back to “business as usual” including attending events and engaging with Marines and senior Marine Corps leadership. Our industry partners also repeatedly tell me that they deeply value networking opportunities during our various awards dinner events. Our overall # of MCA corporate sponsors is continuing to grow and LeeAnn Mitchell and her team’s aggressive work in maintaining contact throughout the entire COVID period is literally paying off for MCA and Marines. I have confidence that the CEO and staff will continue to work hard to keep current corporate sponsors and gain new ones in 2021. Our new role in Modern Day Marine doesn’t hurt in this regard either.

**Events**. Our Award Dinners are back in full swing during this period with the Ground Awards Dinner on 13 May where General Berger was the guest speaker, and the Logistics Awards Dinner on 22 July where the Assistant Commandant of the Marine Corps, General Thomas, provided comments. We believe it will take several months for our events to return to historical levels of attendance, but early indications are that both Marines and Industry are eager to return to a level of normalcy. Upcoming MCA events include:

* 26 Aug – DC CD&I Combat Development w/ GOH VADM Scott Conn (N7)
* 1 Sept – MCSC Ammo Tech Awards w/ GOH LtGen Dave Furness (DC PP&O)
* 16 Sept – DC Info Information Awards w/ GOH GEN Nakasone, CCDR CyberCom
* 21 Sept– MCA 2d Annual Meeting w/ GOH Gen Berger, CMC
* 21-23 Sept – Modern Day Marine Expo 2021
* 22 Sept – MDM 2021 w/ Keynote Speaker DepSecDef Dr Kathleen Hicks
* 7 Oct – Camp Lejeune/Wounded Warrior Awards and Dinner GOH TBD
* 18 Oct – 4th Annual Golf For the Marines – Creighton Farms
* 21 Oct – Force Design 2030 Lunch w/ GOH Gen Berger, CMC
* 27 Oct – CG MCLC Albany Professional Dinner w/ GOH VADM Skubic, Dir DLA

**Modern Day Marine Expo**. The MCA Staff together with the Marine Corps League continue to work to strengthen the relationship with HQMC in support of the Modern Day Marine (MDM) Expo. Planning is ongoing for a “live” MDM Expo this September aboard Marine Corps Base Quantico. Together with our MDM co-host, discussions between the MCA CEO and the National Commandant of the Marine Corps League are ongoing in support of the next version of the contract/agreement with Emerald Expos. For this year’s MDM in September, we have full endorsement and support of the Commandant of the Marine Corps and his senior leadership. As an indication of his newfound support of MDM and the Expo, General Berger laid the groundwork to get the Deputy Secretary of Defense, Dr Hicks, to be this year’s keynote speaker. As the 19 August MDM 2021 Final Planning Conference approaches, we are concurrently planning for MDM 2022 scheduled for May 2022 at the Washington Convention Center. Additionally, within the next 6 months, we are planning to hire a new Exec VP and an MDM Expo planner to specifically focus on the MDM Expo. Finally, we are working with both the MCL and Emerald Enterprises, on terms for the next version of our agreement that we hope to pen prior to May 2022. Col Woody Woodbridge remains our lead on this important effort. We will discuss this issue in greater depth during the board meeting.

**Relationships and Partnerships**. Relationships with sister service professional associations including AUSA, AFA and USNI and Navy League have never been better. The CEO has established personal and professional relationships that are already paying dividends through information shared with us to assist in planning for the upcoming Modern Day Marine Expo. Across the Marine Corps, the same applies to relationships with CEO relationships with the Heritage Foundation, University Foundation, Scholarship Foundation, Marine Corps League, to name the major ones. That said, there remains little appetite for merging of organizations or missions at this point. This may change in the future perhaps with MCA&F’s future designation as a National Military Association, engagement with Modern Day Marine, and working closely with CMC and HQMC, etc.

**Transition to New President & CEO and Outlook**.

As I serve my final few days as President and CEO, I want to thank the Board Chairman, Vice Chairman and all distinguished members of both the Board of Governors and Board of Directors. The Marine Corps Association is incredibly fortunate to have this group of professionals who are committed to the professional development of Marines in support of our beloved Corps. I am indeed humbled to be part of this group and support Marines

Thank you and I look forward to remaining active in support of the Marine Corps Association, Marines, and the Marine Corps.

Semper Fidelis,

William M. Faulkner

LtGen USMC (Ret)

President & CEO MCA

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

Approved: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_