

2020 Virtual AGM

Exhibit 2 - Superyacht Racing / SYRA (April 2019 – March 2020)

Section 5 - Membership / Budget

2019 Budget and Financial Overview

Like many organizations and businesses, the SYRA is seeing immediate and negative impacts from the COVID-19 pandemic. But even prior to this, the organization was experiencing declining membership, diminished revenue and financial concerns.

It is important that members know where we are and what the future may hold for the SYRA.

SYRA's financials are quite straightforward. There are two primary revenue streams: membership dues and Differential Entry Fees (DEF's). Expenses are in two main categories: the management fee and direct expenses.

The trend over the last three years has shown a decline in annual memberships, with many participating yachts electing to pay the DEF instead of joining the association (1/2 membership dues). There appears to be a growing "pay to play" approach by captains. Additionally, the fact that there were fewer regattas these past two years than there were in 2017 negatively impacts both DEF revenue and membership. *A 10-year summary of superyacht racing participation and regattas can be found in section 4 of this AGM agenda.*

The management fee represents the largest portion of SYRA expenses. This fee covers personnel and a portion of office overhead (e.g. rent and utilities). Included in direct expenses are expenses incurred to support Fair Sailing, Safety and Rules initiatives. Other direct expenses are accounting, legal, the website and graphics.

SYRA revenue in 2018 and 2019 was very similar, falling approximately 20% short of 2017, when the association financials were last comfortably in the black. The expenses over that 3-year time frame have been relatively static.

A summary of SYRA members is as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Superyacht Regattas	8	6	6
Paying Members	65	58	50
Member Gains/Losses	-5	-7	-8

DEF receipts declined from \$45k in 2017 to \$25k in 2018 and rose slightly to \$30k in 2019.

With diminishing revenue in 2018 and 2019, the management company, Premiere Racing, Inc. wrote off the portion of the management fee (approximately 17%) required to keep the association net neutral.

The onset of the global pandemic early in the 2020 season led to the cancellation or postponement of all but two superyacht regattas (Millennium Cup and Antigua). The Millennium Cup is the only annual superyacht regatta that is not a member of the SYRA and makes no financial contribution to the organization.

In summary, the impact of COVID-19 further accentuates the obvious need to address SYRA's financial viability in 2020. Policies regarding membership, marketing and communications and ongoing initiatives need to be revised and assessed. To that end, we are planning a conference call and further reviews with the Executive Committee members. We need to chart the way forward for both the immediate future and the long-term viability of the SYRA.

Any policy decisions will be relayed to SYRA members as soon as practicable.