Agenda

- Background and Context
- Nonprofit Organizations
- Board Members’ Legal Duties
- Basic Board Responsibilities
Background and Context
How do we fit in?

Why are we here?
How Do We Fit In?

Federation Internationale de Natation (FINA)

• International federation for swimming, diving, synchronized swimming, water polo

• Only one recognized member federation from each country

• Union Americana De Natacion (UANA) – FINA governing body for Americas and Caribbean Nations

• United States Aquatic Sports (USAS) – member federation for the USA
United States Aquatic Sports

**Founded in 1970,** USMS is a national membership-operated nonprofit organization that provides membership benefits to over **60,000 Masters swimmers** across the country.

USMS and its **52 Local Masters Swimming Committees (LMSCs in 8 Zones)** provide direct support to more than **1,500 smaller clubs and workout groups.**
Our Mission

“To promote health, wellness, fitness, and competition for adults through swimming.”
Our Organization

- House of Delegates
  - President
    - Officers
      - Standing Committees
  - Board of Directors
    - The Executive Committee
      - Voting: Immediate Past President
      - Non-Voting: Executive Director and Legal Counsel
Our Organization

House of Delegates

Board of Directors

- Executive Committee
- At-Large Directors
- Executive Director (non-voting)
- Past Presidents (non-voting)
- National Office Staff
- BOD Standing Committees
The House of Delegates (HOD)

- One member from each LMSC
  - One more delegate if over 300 members
  - An additional delegate for every 500 members
- President appointed “at-large” delegates
- All voting members of the Board of Directors
- All past presidents
- All zone chairs
- All voting members of the Finance, Legislations, Long Distance and Rules committees
- The chairs of all standing committees
- The legal counsel
- The National Board of Review chair
Our Structure

The LMSCs implement and administer USMS programs and services at the local level.
Our Structure

- Breadbasket
- Colonies
- Dixie
- Great Lakes
- Northwest
- Oceana
- South Central
- Southwest
USMS Historic Milestones

- Late 1960s – Captain Ransom Arthur, MD began with the novel idea of adults swimming for exercise
- 1970 – Masters held its First Masters Nationals – 47 athletes in Amarillo, Texas
- 1973 – the AAU creates a Masters Swimming Committee
- 1980 – United States Aquatic Sports (USAS) is formed
- 1988 – USMS gains full recognition as an NGB in USAS
- 2008 – USMS hires a full-time executive director and establishes its headquarters in Sarasota
- 2015 – USMS holds its first “LMSC Leadership Summit”
USMS Membership Growth (last 30 years)
Why are we here?

“To promote health, wellness, fitness, and competition for adults through swimming.”

Your only hat!
Nonprofit Organizations
Three Sectors of U.S. Society

- For-Profit Businesses
- Government
- Non-Profit Entities
Can a “Nonprofit” Make a Profit?
Can a “Nonprofit” Make a Profit?

• For-profit organizations are operated for the benefit of their owners – *private inurement*
• Nonprofit organizations cannot use their profits for private inurement – any profits must be used to *further the nonprofit purpose*
Nonprofit vs. Tax-Exempt

- State law usually defines whether an organization is a nonprofit entity
- Federal tax law generally provides tax-exempt status
Tax-Exempt Status

- USMS is a tax-exempt organization under § 501(c)(3) of the Internal Revenue Code
- LMSCs are “subordinate organizations” under USMS’s tax-exempt status
- USMS and each of its subordinate organizations (LMSCs) must file a Form 990 “information return” with the IRS every year
Relevance to LMSC Leaders

• Private inurement vs. furthering the nonprofit purpose
• Maintaining tax-exempt status
  ✓ File Form 990 annually
  ✓ Procedures and policy to avoid conflict of interest
  ✓ Written acknowledgement for gift >$250
  ✓ Unrelated business income
  ✓ Restrict lobbying
  ✓ No political campaign activity
Board Members’ Legal Duties
Legal Duties

- Duty of Care
- Duty of Loyalty
- Duty of Obedience
Duty of Care

Standard – Exercise *reasonable care* when making decisions for the organization

- Be informed and prepared
- Be involved
- Manage finances responsibly
- Use good judgment
Duty of Loyalty

Act in the organization’s best interests – not your own or anyone else’s

- This is where the issue of conflict of interest may be implicated
- Remember the “hats”
Duty of Obedience

Understand and be faithful to the organization’s mission

“To promote health, wellness, fitness, and competition for adults through swimming”
Basic Board Responsibilities
Ensure Effective Planning

• Big picture
• Know where you are to decide where you want to go
• Allocate resources in line with the plan
• Include at least one strategic (big picture) item on the agenda at each board meeting
• Assess your LMSC’s structure occasionally
Monitor and Strengthen Programs and Services

- What are the “signature” activities in your LMSC? Why?
- What activities are the weakest? Why?
- How might you measure effectiveness?
- Do current and proposed programs align with the mission?
- Strengthen what works or could work – consider cutting things that don’t work
Protect Assets and Provide Financial Oversight

- Financial oversight is not just the Treasurer’s role
- Big picture – how does the LMSC budget and spend its money?
- Have and follow financial policies – e.g. reimbursable expenses
Build a Competent Board

- Board effectiveness depends on who is on the board
- Set expectations for board members
- Orient new board members
- *Have* new board members – no dynasties or “revolving doors”
Ensure Legal Compliance and Ethical Integrity

Compliance  Transparency  Accountability
Enhance the Organization’s Public Standing

- Find opportunities to say something good about the organization
- Be able to accurately portray the organization and its mission
Basic Board Responsibilities

- Ensure effective planning
- Monitor and strengthen programs and services
- Protect assets and provide financial oversight
- Build a competent board
- Ensure legal compliance and ethical integrity
- Enhance the organization’s public standing

Source: *Ten Basic Responsibilities of Nonprofit Boards*, R. Ingram (BoardSource, 2009)
Closing Reminders

Practice due diligence

Go beyond compliance – do the right thing

Respect your fellow board members and their right to an opinion

But – avoid *dysfunctional politeness* – candidly address important matters

Know what USMS does and whom it serves

Never miss an opportunity to say something good about USMS and your LMSC

There is a time to join a board – and a time to go
Thank You for Your Attention!