

UNITED STATES MASTERS SWIMMING, INC.
Financial Operating Guidelines
As Amended through 09/20/21

<u>Section</u>	<u>Page</u>
Table of Contents	1
I. Purpose	2
II. Scope	2
III. Roles and Responsibilities	2
IV. Financial Reporting	3
V. Reimbursements and Disbursements	4
VI. Insurance	8
VII. Budgeting Process and Controls	8
VIII. Local Masters Swimming Committee Functions	11
IX. Investments and Reserves	12
X. Purchasing and Contracting Practices	14
XI. Fixed Assets	15
XII. Miscellaneous	16
XIII. FOG Updates and Clarifications	17

I. PURPOSE

United States Masters Swimming, Inc. (“USMS”) is a non-profit dedicated to ensuring that all financial operations are conducted under high standards of integrity and ethics and in compliance with strict internal controls to safeguard the organization’s assets and provide a strong financial foundation. USMS has established Financial Operating Guidelines (“FOG”) for the purpose of documenting the current policies and procedures.

II. SCOPE

FOG applies to all USMS individual members who volunteer to serve in leadership positions at various levels in the organization. This includes officers at the Local Masters Swimming Committee (“LMSC”), Zone, and the National levels, as well as all members of the House of Delegates (“HOD”) and USMS committees. FOG also applies to all USMS employees and contractors.

III. ROLES AND RESPONSIBILITIES

In order to meet the expectations outlined above, there are a number of specific roles and responsibilities enumerated below.

- A. The Finance Committee is responsible for reviewing and recommending the annual operating budget to the Board of Directors (“Board”), regularly monitoring the financial performance of USMS operations, and maintaining FOG and other financial policies.
- B. The Investment Committee is responsible for overseeing a long-term investment program in compliance with the Statement of Investment Objectives, Goals, and Policy Guidelines, and the Investment Spending Policy.
- C. The Audit Committee is responsible for overseeing the annual audit of USMS’ financial statements and preparation of the tax returns.
- D. The Chief Financial Officer (“CFO”) is responsible for maintaining the financial records, ensuring internal controls are appropriate and complied with to protect receipts and disbursements of money, monitoring other assets, and preparing financial statements. The CFO is also responsible for managing and executing the budget process as outlined in FOG section VII. The CFO is the staff ex-officio member on the Finance Committee, Audit Committee, and Investment Committee and the primary staff contact for the Treasurer.
- E. The Treasurer is the functional liaison among the Chief Executive Officer (“CEO”), CFO, Board, Finance Committee, Audit Committee, and Investment Committee.

- F. LMSC officers are responsible for overseeing the activities in their specified geographic territory and complying with the requirements enumerated in Section VIII.
- G. The Board has the ultimate fiduciary responsibility for the organization, approves the annual budget, oversees Audit, Investment and Finance Committees, and approves any modifications to FOG.
- H. The HOD approves the annual members' dues and club registration and sanctions fees.

IV. FINANCIAL REPORTING

A. The CFO shall:

1. Utilize a commercially available accounting software package;
2. Twice a year provide a year-to-date listing of all items charged to each Budget Control Head's account for budget line items greater than \$2,000;
3. Maintain a property and equipment log;
4. Prepare monthly and quarterly financial statements, prepare monthly, quarterly, annual, and two-year forecasts, and prepare budget work papers; and
5. Coordinate the audit and preparation of tax returns with the external auditors.

B. Additional key financial reporting tasks shall include:

1. Submission of draft audited financial statements to the Audit Committee after the close of USMS' fiscal year-end;
2. Upon request, the CFO shall make available all audit schedules prepared for the external auditors to the Audit Committee concurrent with distribution to the auditors;
3. The CFO, Treasurer, CEO, Audit Committee, and Board shall review the audited financial statements and present the related report to the Audit Committee and Board prior to finalization;
4. The CFO shall submit final audited financial statements and related reports to the Audit Committee, the Board, and the Finance Committee prior to the annual meeting; and
5. The CFO shall submit tax returns to the Audit Committee for review. The Audit Committee shall then submit a report to the Board with an

electronic draft of IRS Form 990, for their review prior to the submission to the appropriate government agencies.

V. REIMBURSEMENTS AND DISBURSEMENTS

A. Reimbursement Policy.

1. All expenses shall be budgeted for in advance and are subject to Section VII of FOG.
2. All reimbursement requests shall be accompanied by an EFT authorization form.
3. All payments for reimbursements shall be processed via electronic funds transfer.
4. All requests to the National Office for disbursements of USMS funds, including reimbursement of travel expenses, shall be made on an Expense Reimbursement Request, and include a detailed description of the item and appropriate receipts, and provide the proper budget code. The request shall be submitted by email within 30 days after incurring the expense.
5. All travel for the National Office staff and contractors shall be at the discretion of and prior approval of the CEO. Employees and contractors shall submit an Expense Reimbursement Request, with appropriate detail and receipts, to the CFO. After review, the CFO shall forward it to the CEO for approval prior to reimbursement. The CEO shall submit an Expense Reimbursement Request, with receipts (as required by V.A.11 below), to the Treasurer (or designee) for approval.
6. Travel for all Volunteers: Volunteers shall submit the Expense Reimbursement Request, with appropriate detail and receipts (as detailed in V.A.5 above), to their respective Budget Control Head for approval prior to reimbursement. In their absence, their Vice-President, the Treasurer, or the CEO may approve such budgeted items. All travel for Volunteer members, not budgeted for, shall require prior authorization by the President, Treasurer, or designee. Upon approval, the CEO, Budget Control Head, Treasurer, or Vice-President shall forward all requests received for expense reimbursement to the CFO electronically. In the absence of the CFO, the reimbursement may be submitted to the CEO.
7. For the Board meetings and the Annual Meeting, the President shall provide the Sr. Director of Volunteer Services an approved list of people to be reimbursed by the National Office. The Sr. Director of Volunteer Services shall review and approve expense reports for these individuals.

8. A Budget Control Head's respective Vice-President, the President, or the CEO must approve, prior to payment, any reimbursement for personal services provided to USMS by a Budget Control Head or by a company in which the Budget Control Head has ownership greater than 5% or is controlled by a Budget Control Head.
9. A completed IRS Form W-9 must accompany all personal service requests for payment if one is not already on file.
10. Receipts for any expenditure of more than \$25 must be submitted with reimbursement requests. For items under \$25, receipts are preferred but not required.
11. Limitations on Reimbursement.
 - a. Transportation - USMS shall reimburse actual expenses for transportation (limited to economy airfare) to and from the travel destination, including reasonable checked bag charges and reasonable costs for transportation to and from airports (including parking). Reimbursement for changes in flights is not permitted without the prior approval of the CFO. USMS shall not provide reimbursement for travel costs of a companion.
 - b. Lodging - USMS shall reimburse for actual lodging expenses at the lowest available room rate, at ½ of the rate for a double occupancy room. The CFO or CEO can approve a single occupancy room in certain circumstances. The President shall be reimbursed for single occupancy. USMS shall not reimburse for any auxiliary charges such as, but not limited to, movies, room service, non-pre approved Internet service, phone, pets, damages, or valet services.
 - c. Meals for employees, contractors, and volunteers are reimbursable only if incurred while conducting or travelling for USMS business. Other types of entertainment as defined by the Internal Revenue Code are not reimbursable except as permitted in other sections of FOG.
 - d. Alternative Transportation - Whenever FOG allows for reimbursement of airfare, alternative methods of transportation may be used. Reimbursement shall not exceed the cost of economy airfare between the person's home city and the destination, plus airport shuttle bus or cab transfer expenses.
 - e. Personal Auto Use - Reimbursement for personal auto use shall be at the IRS standard business mileage rate or the actual gas expense plus tolls and parking for the trip.
 - f. Rental Cars - Volunteer reimbursement for rental cars is not permitted without the prior approval by the CFO. Such approval shall be based on a comparison of costs for such rental car compared to other means of transportation as well as other factors

deemed appropriate by the CFO and CEO. USMS shall not reimburse for rental car insurance.

- g. Business meals - Expenses for meals incurred by the CEO or USMS staff in business dealings shall be reimbursed up to an amount not to exceed \$75.00 per guest per social event.
 - h. Communications - USMS shall reimburse the direct cost of any phone calls made on its behalf including allocable taxes. Access charges and base service charges are not reimbursable. Reimbursement for internet charges or electronic mail shall only be made upon budgeted approval by the CEO for the National Office staff and the President for the CEO and volunteers.
- B. Travel Expenses Policies for Annual Meetings, National Championships, Volunteer Summits, International Events and other USMS national meetings and events.

The Finance Committee, in consultation with the CEO, CFO, President, and Treasurer, shall develop expense reimbursement policies for all USMS national and international meetings and events, as needed.

1. For The Annual Meeting (when held in the traditional USAS Convention format)
 - a. The President shall provide an approved list of attendees to the Sr. Director of Volunteer Services for reimbursement.
 - b. Members of the Board, Chairs of Standing, Board, and Ad Hoc Committees, Zone Chairs (or approved replacements) shall be reimbursed for registration fees and travel and lodging expenses covering the duration of official business at the Annual Meeting. The lodging expenses will be covered up to four nights ending with Friday or Saturday night.
 - c. Members of the Board and other volunteer committee members that are required to attend the Wednesday meetings shall be reimbursed for up to five nights lodging expenses ending with the night prior to the last meeting. Exceptions to the four-night policy may be made at the discretion of the President or the Convention Coordinator.
 - d. Meals shall be reimbursed at a flat rate of \$115 for Board members and \$90 for Chairs of Standing, Board, and Ad Hoc Committees and Zone Chairs covering the duration of the Annual meeting.
 - e. The CEO shall oversee reimbursement for designated National Office staff and contractors for their required attendance at the Annual Meeting. The lodging expenses will be covered up to four nights ending with Friday or Saturday night. Staff and contractors

that are required to attend the Wednesday meetings shall be reimbursed for up to five nights ending with the night prior to the last meeting. Exceptions to the four-night policy may be made at the discretion of the President or the Convention Coordinator.

- f. Liaisons and special appointments shall be reimbursed for their registration fees.

2. For National Championships

- a. The President, CEO, select members of the Championship Committee, and select members of the National Office, at the discretion of the CEO, shall be reimbursed for their travel expenses.
- b. Officials and Officials Committee and Rules Committee Chairs or designees shall receive stipends to offset a portion of their travel costs.
- c. Liaisons to Open Water and Long Distance Championships shall be reimbursed for their travel expenses for their presence at these events.

3. For International Travel

- a. All persons traveling internationally for the first time as USMS representatives shall review allowable international travel reimbursements with the CFO prior to booking travel.
- b. Reimbursement for international travel is limited to:
 - i travel to and attendance at FINA Masters World Championships by the USMS President, the CEO, the USMS designated FINA Liaison, USMS designated coaches, and other designees for Masters World Championships and advance scouts;
 - ii travel to and attendance at the FINA Masters Technical meetings by the USMS designated representative;
 - iii travel to the UANA meetings for USMS members of the UANA Masters Technical Committee; and
 - iv travel to and attendance at Pan Pacific Championships and/or Masters Pan American Championships by the USMS designated representative, the CEO and the USMS designated FINA Liaison.
- c. Any individual incurring permissible international travel expenses shall be reimbursed by USMS only to the extent not reimbursed by other parties, including, but not limited to, FINA, LMSCs, grants, and travel agents.

C. Disbursements

1. The CFO shall follow procedures specified in MAP in processing all disbursement requests, preparing payments and maintaining supporting documents. No disbursements shall be issued without approval by the CFO and Treasurer, or in the CFO's absence, by the CEO and in the Treasurer's absence, by the President, provided such person was NOT the requester of funds to be disbursed; and
2. The CEO or the Treasurer may pre-approve preparation of checks or payments by direct bank debits for recurring monthly bills under the dollar limits set in MAP. Required signature authority shall be determined from time to time by Board resolution.

VI. INSURANCE

At a minimum, USMS shall carry the following types of insurance coverage:

- A. Excess Personal Accident Insurance – secondary to the primary insurance of any USMS registered member, or primary for a member with no insurance, for expenses incurred by a member as the direct result of an injury sustained while participating in a USMS-approved activity;
- B. General Liability Insurance - covering USMS, LMSCs, clubs, coaches, and sanctioned events, including volunteers supporting the sanctioned events as further described in the USMS Guide to Operations;
- C. Bonding for activities performed for USMS by the President, Treasurer, Immediate Past Treasurer, other members of the Board of Directors, CEO, CFO, Membership Services Coordinators, Long Distance Committee Chair, Championship Committee Chair, Finance Committee Chair, Investment Committee Chair, Audit Committee Chair, and the Chair, Treasurer, and Registrar of each LMSC that are in compliance with FOG Section VIII.

VII. BUDGETING PROCESS AND CONTROLS

- A. The budgeting process and timetable shall be managed as follows (Note: “current year” refers to the year of the Annual Meeting and “budget year” refers to the following year):
 1. By Mid-July - The CEO and/or CFO shall submit a Budget Timeline to the Finance Committee, Board and Committee Chairs;
 2. August Board Meeting - The CEO shall present a strategic update to the Board, including a discussion of new and continuing strategies and programs to be included in the budget;

3. Within a week following the August Board Meeting - The Finance Committee shall review draft budget assumptions and the business plan;
4. By September 1st - All proposed changes to fees subject to 508.2 shall be submitted to the Finance Committee Chair;
5. By the first week of September - The CEO, with recommendations from the Compensation and Benefits Committee, shall prepare the staffing plan for the budget year and for the five-year plan, and the compensation and benefit plan for the budget year;
6. No later than a week before the Annual Meeting - The CEO and/or CFO shall post the budget year business plan, including an executive summary of all new initiatives, together with the proposed membership, sanction, and recognition fees for the budget year;
7. Annual Meeting - The CEO, CFO, Treasurer and Finance Committee Chair shall present to the Finance Committee the 2nd quarter financial report and annual forecast for the current year, and shall update the Finance Committee and attending delegates on USMS' financial condition and continuing and new initiatives for the budget year, including answering delegate questions, and recommend fee changes subject to 508.2 for Board approval;
8. Annual Meeting - The Board shall approve changes to fees subject to 508.2 to recommend to the House of Delegates for approval;
9. Annual Meeting - The CEO and/or CFO with input from the Finance Committee Chair and Treasurer shall present the budget year assumptions, goals, and objectives to the HOD, including a review of new initiatives for the budget year. The HOD shall approve changes to fees subject to 508.2;
10. By Mid-October - The CFO shall distribute third quarter USMS financial results and budget year worksheets to all parties responsible for revenue or cost center budgets >\$2,000. The CFO and Finance Committee shall review all Committee requests for new initiatives or budget changes >\$1,000 prior to inclusion in the budget;
11. By the end of the third week of October - All Committee Chairs and National Office budget holders shall submit budget requests, including any assumptions and factors that impact the five-year plan, to the CFO. All budget requests for new initiatives shall be accompanied by documentation detailing their goals/objectives/desired outcomes;
12. By the end of the fourth week in October - The CEO, CFO, Treasurer, and Finance Committee Chair shall complete a review of the draft budget including business plan initiatives;

13. By the end of October - The CEO shall submit the following to the Finance Committee and the Board: business plan; organizational goals; summary financial plan; funding priorities; summary of all travel for the National Office and volunteers; and draft annual budget. The CEO is required to submit a no-deficit Net Ordinary Income Budget unless a different goal is pre-authorized by the Board;
 14. The first two weeks of November - The Finance Committee shall review the draft budget to ensure that the allocation of resources is appropriate for the organizational goals and funding priorities set forth by the Board. The Finance Committee shall also make any necessary changes to reach a budget with a no-deficit Net Ordinary Income unless a different goal is pre-authorized by the Board;
 15. By Mid-November - The Finance Committee shall approve the draft budget to be submitted to the Board;
 16. November Board meeting - The Board shall review and approve the draft budget submitted by the Finance Committee unless further information or changes are requested by the Board;
 17. Within a week following approval by the Board - The National Office staff shall post the approved budget on the USMS website;
 18. Following approval by the Board - The CFO shall break down the budget by quarter or month in the accounting software, and provide copies to the CEO, Board, and Finance Committee.
 19. Following approval by the Board - The CFO shall update the two-year financial forecast consistent with the approved budget and review with the Treasurer. Either the CFO or Treasurer shall present the forecast to the Board at their winter meeting and provide a copy to the Finance Committee.
- B. The CEO has the responsibility to manage USMS' finances to achieve budgeted Net Ordinary Income – including unbudgeted, over budget, and under budget extraordinary revenues and expenditures. This includes reallocation of funds between different line items under his/her budget responsibility. The CFO shall issue financial reports on a monthly basis with explanations of all deviations versus budget on a quarterly basis.
- C. Notwithstanding the above, any reallocation and extraordinary expenditures greater than \$30,000, as well as unbudgeted expenditures that will result in overspending budgeted National Office expenditures, shall require, prior to the disbursement of funds, approval by a majority vote of the Finance Committee and a majority vote of the Board, in that order. The Board may override the approval or disapproval of the Finance Committee with a two-thirds vote.
- D. In the case of Volunteer expenditures, the Treasurer, CFO, or CEO may approve over budget requests up to a cumulative total amount of \$1,000 per Committee budget in any one year. Requests of \$1,000-\$10,000 shall

require, prior to disbursement of funds, approval by a majority vote of the Finance Committee, and requests above \$10,000 the approval by a majority vote of the Finance Committee and Board in that order. The Board may override the approval or disapproval of the Finance Committee with a two-thirds vote.

Over-budget ("OB") requests shall be made using the USMS Over-budget Request Form approved by the Finance Committee and be sent to the CFO who, after review, shall forward the request and documentation to the Finance Committee. The Over-Budget Request Form lists the information required.

- E. Non-salary expense overruns directly attributable to revenue and/or expense volume exceeding assumptions made for budgeting purposes are exempt from the requirements of FOG.
- F. The CFO shall maintain a list of all over-budget requests indicating which are approved and not approved. All new funding and over-budget spending since the last annual meeting shall be presented to the Finance Committee at the annual meeting and included in the minutes of the Finance Committee.

VIII. LOCAL MASTERS SWIMMING COMMITTEE FUNCTIONS

The goal is for LMSCs to provide consistent financial reporting and remain in compliance with IRS requirements.

A. LMSC reporting shall include the following:

- 1. LMSCs shall prepare annual financial statements consisting of at least an income statement with itemized revenues and expenditures and a balance sheet.
 - a. Each LMSC shall use the same fiscal year-end as USMS, which is a calendar year; and
 - b. Each LMSC shall submit their annual financial statements to the USMS National Office by April 30 using the USMS consolidated reporting template.
- 2. LMSCs must file an annual tax return, per IRS guidelines.
 - a. Depending upon the annual receipts and expenses, the LMSCs shall file Form 990, 990-EZ or 990-N (e-postcard). LMSCs may consult with a tax advisor regarding filing requirements;
 - b. For LMSCs filing Form 990 or Form 990-EZ, a copy of the return shall be sent to the USMS National Office within 10 days after filing the return with the IRS;

- c. LMSCs filing Form 990-N shall forward the emailed receipt from the IRS to the National Office who shall verify that the IRS has recorded the returns; and
 - d. Any income unrelated to exempt activities may be taxable. Consult with a tax advisor.
 - 3. Form 1099-MISC shall be issued as appropriate based on IRS guidelines, including to any individual or business not operating as a corporation that the LMSC pays \$600 or more for services rendered, or \$600 or more for rent paid. Reimbursement of out-of-pocket expenses is not included on Form 1099-MISC.
- B. The LMSC Treasurer and Membership Coordinator shall be separate individuals.
- C. LMSC bank accounts shall be reconciled at least annually by a person other than a person who is authorized to sign checks.
- D. Someone in the LMSC other than the Treasurer and the person reconciling the bank statements shall perform periodic reviews of accounting records.
- E. LMSC expenditures of \$5,000 or more shall require LMSC Board of Directors' approval unless the expenditure is authorized in an annual operating budget.
- F. LMSC bank accounts shall be separate and distinct from any other account. LMSCs may not commingle funds with club funds for any reason or accept payment for matters not pertaining to the LMSC, member registration, or LMSC sanctioned or approved events.
- G. All LMSCs are subordinate organizations of USMS and derive their 501(c)(3) exempt status as members of USMS's group exemption. Therefore, USMS reserves the right to inspect all financial records of any LMSC upon reasonable notice to the LMSC.
- H. If the LMSC leadership finds it difficult to comply with any of these defined functions, they shall contact the USMS VP of Local Operations to arrange for assistance from USMS.

IX. INVESTMENTS AND RESERVES

The investment assets of USMS are intended to support an ever-broadening array of activities in support of the USMS mission. USMS has adopted an investment philosophy with a primary goal to invest the financial assets of the organization in excess of funds needed for current operations, and to provide maximum earnings growth, based on a total return approach, consistent with a policy of prudent investment and protection of assets. The Board has delegated to the Investment Committee the responsibility for overseeing its

long-term investment program operating within an approved Investment Policy. The Investment Policy does not apply to the Central Indiana Community Foundation, Inc.

A. Equity Reserve Funds shall be maintained such that USMS has an Operating Reserve Ratio of a minimum of six (6) months of average operating costs in cash or cash equivalents and an Opportunity Reserve. See the USMS Reserve Funds Policy for detailed information regarding the purpose, policy, monitoring and use of these funds.

B. Investments

1. Short-Term Investments and cash equivalents - The following investment vehicles are acceptable to USMS, including the LMSCs, for the investment of their cash balances:

- a. Checking accounts, certificates of deposit or money market accounts issued by U.S. banks in an amount not to exceed the current maximum insurance payable by the Federal Deposit Insurance Corp. (FDIC). Information on FDIC insurance can be found at www.fdic.gov;
- b. Money market mutual funds that seek to maintain a stable net asset value of \$1.00. Money market mutual funds are not a deposit of a bank and are not insured or guaranteed by the FDIC. It is possible to lose money by investing in a money market mutual fund. Before investing in a money market mutual fund, the prospectus should be read carefully and a fund's investment objective, risks and expenses should be considered;
- c. On an annual basis, the Investment Committee shall review the list of investments in IX.B.1.a. and b. for continued inclusion or replacement; and
- d. USMS and any of the LMSCs may own obligations consisting of U.S. dollar-denominated investments meeting any of the following criteria:
 - i. Marketable, direct obligations of the United States of America maturing within two years from the date of acquisition thereof;
 - ii. Prime commercial paper maturing within one year from the date of acquisition thereof, and at the time of acquisition, having a rating of A-1 or higher by Moody's Investors Service, Inc, or F-1 or higher by Fitch Ratings; and
 - iii. Interest-bearing certificates of deposit maturing within three years from the date of acquisition thereof issued by a commercial bank organized under the laws of the United States of America or any State thereof, issued by a commercial bank that is FDIC insured. Such certificates of

deposit shall not exceed current FDIC insurance limits from any one bank.

2. Long-Term Investments - A portion of the investment balances of USMS may be invested in readily marketable mutual funds, exchange traded funds, money market funds in accordance with the Investment Policy.

C. All authorized signers on all USMS' bank and investment accounts shall prepare and sign one letter directing each such institution where USMS has an account to send the original of each statement or statements for such accounts, together with all checks and/or records of trades and/or transfers made, to the Chief Financial Officer. A copy of all statements and/or records of trades and/or transfers made shall be provided to the Treasurer.

X. PURCHASING AND CONTRACTING PRACTICES

The goal is to obtain quality goods, services, and materials for USMS at a competitive price.

A. Bids shall be obtained for any single expenditure in excess of \$10,000 by submitting a Request for Proposal (RFP) to a minimum of three vendors unless there are fewer than three vendors offering the service, goods, or materials.

1. RFPs shall be submitted to vendors by the Committee Chair, CEO, CFO, President, or other designee; and

2. Bids shall be reviewed based on cost and what best meets the needs of USMS. While cost is not the deciding factor, if the lowest bid is not selected, then the rationale supporting the choice of a higher bid shall be presented in writing to the CEO and CFO, along with the requesting party's recommendation for approval.

B. If fewer than three vendors are available or suitable to bid, the requesting party must present the reasons supporting the bid process used to the CEO, along with recommendations for approval. Such approval shall be submitted in writing to the CFO prior to the disbursement of any funds. Nothing in this guideline shall be construed as precluding negotiations between USMS and a successful bidder in an attempt to improve a contract to the benefit of USMS.

C. Exceptions to this policy may be granted for the following providers to ensure continuity of service to the organization:

1. Service providers – for services such as printing costs for the Rule Book and SWIMMER magazine. These shall be reviewed at least every three years by the CEO, CFO, and Treasurer; and

2. Professional providers - for services such as auditing and tax preparation, legal, and investment advisors. These shall be reviewed at least every five to seven years by the CEO, CFO, Treasurer, and:
 - a. For auditing and tax preparation, the Chair of the Audit Committee;
 - b. For legal services, the Legal Counsel; and
 - c. For investment advisory services, the Chair of the Investment Committee.
 3. The Treasurer and CFO must approve such exceptions, with notification to the Finance Committee Chair. A list of these exceptions and others shall be maintained in MAP.
- D. Future Year Financial Commitments - For a financial commitment greater than \$50,000 outside of the current year budget, a spending plan shall be submitted to the Finance Committee. The Finance Committee shall review and comment on the commitment to the Board. The Board shall take the recommendation of the Finance Committee under advisement, and report back to the Finance Committee.
- E. The President, CEO, or an appointee of either shall negotiate contracts or agreements between USMS and sponsors, independent contractors, and employees for goods and/or services for which budget approval has been obtained. Proposed contracts or agreements greater than \$30,000 shall be reviewed by a representative of the Finance Committee, appointed by the Finance Committee Chair. Legal counsel and the risk management partner shall also review all contracts and agreements.

XI. FIXED ASSETS

The purpose is to provide a framework for the effective management of USMS's fixed assets.

- A. Property and equipment in excess of \$5,000 shall be capitalized. This includes buildings, building improvements, equipment, office furniture, and computers.
- B. Both capitalized and expensed items shall be properly tagged with records maintained by the CFO.
- C. Assets capitalized shall be depreciated based on Generally Accepted Accounting Principles and IRS guidelines, as appropriate.
- D. All property and equipment of USMS shall be retained by the person into whose custody it is given for the purpose of facilitating the work of USMS. If the person's assignment within USMS changes or he/she no longer has use for the equipment, it shall be made available to his/her successor or others in USMS who may have a need for the equipment.

- E. USMS equipment that is obsolete and not needed by any Board member or other USMS position may be sold. The priority is to make productive use of the property within USMS. However, consideration may be given to the age of the equipment, its replacement value, its maintenance cost, and cost of shipping.
- F. Equipment sales are also subject to the following conditions:
 - 1. All equipment sales must be approved by the CEO and billed by the CFO; and
 - 2. When USMS equipment is to be sold, the sales price shall be the greater of the fair market value of the equipment or \$25.
- G. Website and Software Development Costs
 - 1. Projects having a cost of \$50,000 or more and estimated to have a useful life of at least 3 years shall be capitalized. Capitalized costs shall be amortized on the straight-line basis over the estimated useful life. The amortization period depends on how long the software is expected to be used considering technology and obsolescence. Amortization shall begin for each module or component of a project when the module or component is ready for its intended use. Development costs shall be capitalized and amortized over a period during which significant changes are not anticipated.
 - 2. Calculation of the amount to be capitalized shall follow the IRS rules then in existence.
 - 3. All projects shall be defined, tracked, and reported to the CFO and Finance Committee Chair at the end of each calendar quarter with hours detail incurred on the project. Each report shall include the current quarter and year to date. The report shall also identify any out-of-pocket costs and purchased development tools attributable to the project.
 - 4. Determination of whether individual tasks are separate parts of one project or actual separate projects shall be based on the facts and circumstances in each case. This does not preclude parts of a project taking place over two or more years.

XII. MISCELLANEOUS

- A. The giving of gifts and awards is appropriate and consistent with the purposes of USMS and shall be encouraged. The making of grants shall only be made after legal review to ensure compliance with IRS tax-exempt guidelines.

- B. USMS shall donate to the International Swimming Hall of Fame an amount to be determined annually by the Finance Committee and approved by the Board in the budget.
- C. The price of items sold to individuals, not for resale, shall be established at the lesser of Fair Market Value or cost of the items, plus mailing costs, rounded up to the nearest dollar.
- D. Unless specifically disclosed as part of a previously signed conflict of interest statement, no Officer, Board member, Committee Chair, subcontractor, employee, or other official of USMS shall accept any gift of more than \$25 (annual cumulative total of \$200) and or any meal with a value of more than \$75 from any USMS vendor, bidder, or sponsor. This policy does not preclude participation in large, sponsored events or acceptance of items made widely available.
- E. Emergency/Disaster Over-Budget Procedure - In the event of an unanticipated occurrence which substantially inhibits or prevents the performance or maintenance of a necessary function of USMS, whether such occurrence relates to personnel or equipment, and delay in responding to such unanticipated occurrence shall be damaging to the best interests of USMS and its members, then any two (2) members of the Executive Committee or the CEO and one member of the Executive Committee may authorize the expenditure of such funds as may reasonably be necessary to address the unanticipated occurrence. As soon as practical thereafter, such officers shall communicate in writing the substance of the unanticipated occurrence and their reasons for proceeding. Such report shall be provided to the CEO, the CFO, the Finance Committee, the Executive Committee, and the Board.
- F. Travel Restrictions for Key Employees - Due to operational considerations, only two key employees of USMS may travel together. Key employees must share a travel calendar, including flight numbers, in order to comply with this policy. Exceptions to this policy must be pre-approved by the President or Treasurer. Key employees are defined as Senior Director level and above.

XIII. FOG UPDATES AND CLARIFICATIONS

Any updates to FOG shall be developed by the Finance Committee in conjunction with the USMS Treasurer and CFO on an annual basis and shall incorporate any financial policy or procedural change adopted by the Board during the course of the year. All recommended changes to FOG shall be presented by the Treasurer to the Board for approval. All Board approved FOG changes shall be presented to the HOD prior to the conclusion of the next annual meeting. The most current version of FOG shall be posted on the USMS website. Clarifications of any elements of FOG are available from the Treasurer, CFO, or Finance Committee Chair.