

USMS BOD Committee Reports and Agendas

Audit

Committee Members

Elyce Dilworth, Chair; Jill Gellatly, Vice Chair
Ralph Davis, Jeanne Ensign, Laura Winslow
Ex-Officio: Phil Dodson, Susan Kuhlman

Introduction

The Audit Committee's primary responsibility is to monitor the reliability and integrity of the financial statements of United States Masters Swimming, Inc. (USMS), monitor compliance with legal and regulatory requirements, monitor and evaluate the effectiveness of the organization's operating systems, and monitor the independence and performance of USMS's external auditors.

With regard to the 2013 audit, USMS received an "unmodified" opinion from Kerkering, Barberio & Co. (K&B). An "unmodified opinion" is one that is free of material financial statement errors.

Discussions and Projects Since Last Convention

1. Reviewed and recommended approval of the 2013 audited financial statements to the BOD. Included annual meeting of members with K&B in Sarasota.
2. Reviewed and recommended approval of the Form 990 tax forms for the year ending December 31, 2013.
3. Executive Summary report provided to BOD for July mid-year meeting. The report included the results of the 2013 audit process and findings.

Action Items

1. Recommend to Finance Committee changes to FOG, if any.

Audit Committee Agenda Friday 8:00am – 9:15am – City Terrace 6

1. Executive Session
2. Discuss proposed changes to 2014 financial statements
3. Review changes to FOG
4. Review audit fee proposal for 2015-2017

Compensation and Benefits

Committee Members

Ed Coates, Chair; Sarah Welch, Vice Chair
Hill Carrow, Erika Braun, Jim Miller,
Ex-Officio: Nadine Day, Maria Elisa Williams,

Introduction

The Compensation and Benefits committee advises the Board of Directors on compensation and benefits programs for USMS staff.

Discussions and Projects Since Last Convention

1. Review Committee Charter
2. Review and recommend executive director goals

Action Items

1. Committee recommended approval of 2014 Executive Director goals by the Board of Directors.
2. Committee reviewed and recommended Board approval of Executive Director performance against the 2103 goals.
3. Committee reviewed, revised and recommended Board approval of the committee Charter.
4. All items recommended to the board were approved

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Compensation and Benefits Meeting Agenda

1. Open discussion
2. Preliminary review of 2014 goals results

Finance

Committee Members

Jeanne Ensign, Chair; Laszlo Eger, Vice Chair

Tom Boak, Ralph Davis, Elyce Dilworth, Betsy Durrant, Don Gilchrist, Harry Greenfield, Peter Guadagni, Lucy Johnson, Homer Lane, Jeff Moxie, Sarah Welch, Laura Winslow

Ex-Officio: Phil Dodson, Treasurer; Susan Kuhlman, Chief Financial Officer

Introduction

The Finance Committee's responsibility is to review and recommend to the Board the annual operating and capital budgets, to oversee financial performance, and to oversee the reliability and integrity of the financial statements, organization-wide risk management and compliance with regulatory requirements.

Discussions and Projects Since Last Convention

The committee met several times during the year by conference call, and will meet to discuss the budget in the weeks leading up to convention. As usual, many items were not agreed upon without lengthy discussion and debate. The entire committee was very active – most members participated in most calls.

During the year sub-groups provided guidance and recommendations to the FC in certain areas. The FOG subcommittee of Laszlo, Laura and Homer deserves special recognition for an extraordinary amount of time devoted to this project. Following is a summary of the year's actions:

1. Financial Operating Guidelines (FOG). A comprehensive rewrite was done and submitted to the Board of Directors for their approval.
2. Financial Policy. This document has been renamed "Financial Policy – Responsibilities and Roles" so the title is not in conflict with Article 508 of the Rule Book with the same title. This policy defines the roles and responsibilities for handling the financial assets and affairs of USMS. This is the document that created the FC as a committee of the board and defines the role of the committee. Changes were made for the first time since originally adopted in 2009, mostly housekeeping, as in the interim other committees of the board were established. The changes were submitted to the BOD for their approval.
3. Five-year Financial Plan. The subcommittee undertook a review of the plan presented to us at the last convention, comparing it to the strategic plan and identifying standards to help the BOD and National Office work with the plan. They also worked with the Rob B. to edit the Executive Summary of the plan.
4. Cost Benefit analyses. Investigated Key Performance Indicators (KPI) used by NO to analyze every program; offered minimal suggestions; no further action at this time.
5. Developed a one-page dashboard for periodic financial reports from the National Office for use by the BOD and FC.
6. Approved ED's request to reallocate \$25,000 of budgeted funds to a BOD-approved new Public Relations campaign.
7. Reviewed financial reports from CFO; reviewed final 2013 operating results and 2014 forecasts
8. Received quarterly reports from Investment Committee.
9. Agreed on a budget format presentation for capital items and related depreciation.
10. Agreed to present the BOD-approved budget to HOD on Friday, to provide delegates adequate time to prepare for budget vote on Saturday.

The committee also discussed:

1. Membership products: 16 month membership option; common LMSC fees; multi-year membership
2. Club collection fees by the National Office
3. Authority to establish fees
4. Open Water event insurance
5. Presentation of a deficit budget (if necessary and if approved by BOD)

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Action Items

1. Approval of minutes of meetings since prior convention
2. Review of any over budget requests since prior convention
3. Approval of 2015 budget

Finance Committee Agenda

Meeting #1 – Wednesday 4:00pm – 5:30 pm – Conference Center A

Meeting #2 – Thursday 3:30pm – 4:45pm – Boardroom 2

Meeting #3 – Friday 9:30am – 10:30am – Boardroom 1

Meeting #4 – Saturday 8:00am – 9:00am – Boardroom 1

1. Welcome and introductions
2. Approval of minutes of meetings since prior convention
3. Chief Financial Officer's report – Susan Kuhlman
4. Treasurer's report – Phil Dodson
5. Audit Committee report – Elyce Dilworth
6. Investment Committee update – Ralph Davis
7. Review all elements of 2015 budget, recommend amendments and present to BOD on Thursday
8. Upcoming projects
9. Other

Governance

Committee Members

Hugh Moore, Chair; Leianne Crittenden, Vice Chair

Carl Bromer, Sean Fitzgerald, Patty Miller, Anthony Thompson, Jim Wheeler

Introduction

The Governance Committee is responsible for ongoing review and recommendations to enhance the quality of the USMS governance structure, including the Board, committees, local, and regional divisions of USMS.

Discussions and Projects Since Last Convention

1. Committee Charter. The committee reviewed its charter and made recommendations to reorganize the existing list to better emphasize education. Revised wording is listed under action items.
2. Education. The chair provided BOD training at both the February and July BOD face-to-face meetings. The February meeting centered around the *Ten Basic Responsibilities of Non-profit Boards* and what the board can do to improve performance. The July meeting engaged Rob Lane of Kerkering-Barberio reviewing fiduciary responsibilities of non-profit boards. An Education sub-committee (Leianne - chair, Anthony, Jim, Patty, and Jim Miller) is working on a plan for continual board training.
3. Policy Manual. The Policy Manual Subcommittee (Carl and Hugh) reviewed the current USMS Policy Manual and made recommendations for changes for BOD consideration. Some of the changes have been incorporated as separate documents on the Policies and Governance page of the USMS Website. As a result some modifications of the Policy Manual will be required.
4. USMS Organizational Structure. The committee discussed the complexities of the USMS organization and attempted to capture the current structure, including members, national office, USMS committees, House of Delegates, LMSCs, clubs, and workout groups. The committee will use the conceptual organization chart to discuss optimizing communication, education and reporting structure.
5. LMSC Development. The committee has provided support for the LMSC Development Committee:
 - The chair led the Secretaries Peer-to-Peer Teleconference on May 14th.
 - The chair has been asked to help facilitate the LMSC Development BYOB (Bring Your own Bylaws) and MGD (Major Governance Documents) workshop on Friday, September 18 at 1 pm.

Action Items

1. The committee recommended purchase of *Ten Basic Responsibilities of Nonprofit Boards* from Board Source for all active members of the BOD and for all members of the Governance Committee.

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2. The committee recommended revising its charter as shown below:
 - a. The committee shall be composed of 5 to 7 members of the board and non-board members with relevant involvement or expertise in governance and organizational development appointed by the President

The committee shall have the following responsibilities:

- Designing and implementing an ongoing program of Board information and education for Board members
- Leading the periodic assessment of the board's performance and proposing, as appropriate, changes in board structure, roles, and responsibilities.
- Regularly reviewing the Board's practices regarding member participation, conflict of interest, confidentiality, etc., and suggesting improvements as needed.
- Evaluating the USMS governance process and structures, including the Board of Directors, Executive Committee, national committees, and local and regional divisions (LMSCs and Zones) and recommending appropriate changes.
- Maintaining the USMS Policy Manual. The committee will present updates and changes to the BOD for review and approval. The committee will also advise and assist committees, coordinators, liaisons and special appointments in maintaining policy related to their mission.

Governance Committee Agenda Saturday 7:00am – 8:00am – Room 4106

1. Education Subcommittee report.
2. Policy Manual Subcommittee report
3. USMS Organization Structure. Review of draft organization chart and optimizing organization for communication, education and reporting structure.

Swimming Saves Lives

Committee Members

Brandon Franklin, Chair; Debbie Malafsky, Vice Chair

Mel Goldstein, Dia Rianda, Ted Haartz, Tom Holmberg, Rob Copeland, Jim Miller, Doug Church, Nancy Ridout, Diane Bartlett

Ex-Officio: Nadine Day, Rob Butcher, Susan Kuhlman

The Swimming Saves Lives Foundation (SSLF) was established in 2010 as the charitable arm of U.S. Masters Swimming. The purpose of SSLF is to advocate and raise awareness, and to serve as a resource for programs providing adult learn-to-swim lessons. The program solicits charitable contributions and provides grants to SSLF program providers.

The primary focus of SSLF over the past several years has been to build awareness for our cause. There are more than 18 million swimming pools and hot tubs in the USA. Yet, according to the Center for Disease Control, 37% of American adults cannot swim the length of a pool. Every day, about 10 people die from drowning. The majority of unintentional drowning victims are adults and drowning ranks fifth among the leading causes of unintentional injury death in the United States.

The majority of effort over the past year has been focused on working with leaders in various communities around the country in the movement toward increasing awareness and the creation of Adult Learn-To-Swim Programs. A lot of progress has been made in terms of structure & awareness.

A key example is the April Adult Learn-To-Swim initiative. April is generally the month when pools, lakes, and beaches are opening up for spring and summer recreation. USMS and the SSLF declared April the Adult Learn to Swim month. A media campaign was created, Rowdy Gaines participated by creating a public service announcement (see here: <http://www.usms.org/giving/content/learntoswim>), and Governors of Indiana, Nebraska, Washington, Maine, New Jersey and Minnesota (http://mn.gov/governor/images/adult_learn_to_swim_month_2014.pdf) to name a few, issued proclamations in

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support of the initiative. This was a huge PR success, with the initiative being covered by many local and national media outlets, including ABC and the New York Times (http://well.blogs.nytimes.com/2014/04/28/a-stroke-you-must-have/?_php=true&_type=blogs&_r=0) amongst others. The plan is to continue with this PR approach and build on the momentum. This will ultimately support both the programs themselves and the fundraising activities through greater awareness.

On the structural side, progress is best illustrated by the program that has been evolving in the New England LMSC (NEM) under the direction of Bill Meier, Chair of the New England LMSC. As part of the April Learn-To-Swim initiative, Bill mobilized eight New England Masters swim teams: Cambridge Masters Swim Club, Johnson State College Masters, Martha's Vineyard Masters, Pace Makers Masters Swim Club, Pittsfield Polar Bear Masters, Stowe Masters, The Edge Swim Club, and Worcester Area Masters to offer free swimming lessons to adults. In total, 100 Masters Swimmers from these teams taught approximately 400 lessons to 175 participants. These eight NE Masters teams led the national *Swimming Saves Lives* effort, along with 14 other Masters teams from across the country.

In addition to the above, Bill has been very active in training volunteers in the art of teaching an adult how to swim. In March, Rob Butcher spent the day watching Bill train and educate 25 volunteers at Harvard University with what to expect as adult learn to swim instructors. Bill's program was formalized, there was role-play and the program is scalable. There are other programs evolving around the country that are also successful. Our plan is to work with these programs to create initiatives that can be replicated across the country.

The fundraising aspect of the SSLF, to date, has largely been reliant upon large donors and membership contributions via the annual registration process as opposed to a more aggressive approach of active fundraising. This has largely been driven by our need to build awareness and create a tangible program. Given we have made great strides in those areas, the SSLF board of trustees recommends USMS dedicate resources to hire a program manager for SSLF so more of our effort can be spent invested into the strategy of fundraising.

Our current approach with regard to our grant program is to seek out those programs that are in greatest need or have the greatest potential. Bill's program is one that received a grant that continues to pay for itself. There are many others that are equally impactful. A case of need is Richmond Aquatics in California. A diverse community with a low income threshold, Richmond received an SSLF grant and created this video to show the impact on its community: <http://vimeo.com/99992585>.

Grants have increased from \$10,866 in 2010 up to \$48,708 in 2013. The grants in 2013 provided lesson benefits to 1,157 adults. We estimate there will be between \$60,000 and \$75,000 in grants or approximately 20% of SSLF corpus for the 2014/5 giving year while our funds on hand have continued to increase.

Our goals for 2014/5 including the following:

- Continue to build awareness via the April Learn To Swim and other initiatives;
- Expand upon the programs that are having success and roll out elsewhere;
- Commence the process of building a fundraising capacity within SSLF.

Investment

Committee Members:

Ralph Davis Chair; Chair; Elyce Dilworth, Stan Benson, Bill Sherman, Homer Lane, Ex Officio: Susan Kuhlman, Phil Dodson.

Introduction:

This Committee is responsible for overseeing USMS's Investment Philosophy of investing the Financial assets of USMS in excess of needed working capital, consistent with a policy of prudent investment planning and protection of assets according to the established USMS Investment Policy approved by the USMS Board of Directors.

Discussions and Projects Since Last Convention:

1. Comprehensively reviewed the Morningstar/Lipper Performance-Benchmark Report, evaluating each Mutual Fund in the USMS Portfolio on a quarterly basis as a Committee, and monthly on an individual basis.

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2. Continued detailed quarterly discussions with our Northern Trust Portfolio Manager on Fund Performance, any recommended USMS Portfolio changes as well as meaningful Economic trends that would have impact on the USMS Portfolio.
3. Continued to prepare quarterly Investment Committee Reports for the Board of Directors and Finance Committee.

Action Items:

All the aforementioned projects continue to carry forward as regular action items.

Report on USMS Investments of June 30, 2014:

The Market Value of our USMS Portfolio ending 6/30/2014 was \$2,195,596 referenced to our original Cash Investment of \$1,699,976 in 2011. Please be reminded that USMS began 2014 with a portfolio value of \$2,080,520 for total appreciation of \$115,076. **For first six months of 2014 our USMS portfolio earned a composite Total Return (Capital Appreciation plus Income) of 5.53%.** I have attached a slide of our Investment Income from 2005 to 2014.

Our target asset allocation remains at 60% stock/40% fixed income-cash. As of June 30, 2014 our Equity Securities totaled 67.3%, Fixed Income Securities totaled 31.1%, plus 1.6% in Cash and Short Term securities. For your awareness, our estimated average Fund Costs for 2014 will be 22.9 basis points (\$5,067), and our Management Services Fee will be 29.4 basis points (\$6,506) – a great combined bargain for USMS!

The Investment Committee, along with our Portfolio Manager, still believes that our current Portfolio asset allocation remains appropriate for USMS.

The Investment Committee is pleased to continue to be entrusted to responsibly steward the assets of USMS.

Respectfully submitted,

Ralph Davis, Chair, USMS Investment Committee

Investment Committee Agenda

Meeting #1 - Wednesday 2:30pm – 4:00pm – Boardroom 2

Meeting #2 - Thursday 6:45pm – 7:45pm – Boardroom 2

1. Discussion of USMS Portfolio recommendations, if any, proposed by our Northern Trust Portfolio Manager.
2. Discussion of USMS Portfolio returns, and individual Fund performance to date.
3. Conference Call with Jim Walker, our Northern Trust Portfolio Manager.
4. Review of Investment Committee Meeting schedule for 2014-2015.
5. Review/Deliberation of recommended changes, if any, to the current USMS Investment Policy.
6. Other items requiring Investment Committee attention.



U.S. MASTERS SWIMMING

Investment Income

