

Audit

Committee Members

Elyce Dilworth, Chair; Teddy Decker, Vice Chair

Phil Dodson, Jeanne Ensign, Jill Gellatly, Laura Winslow

Ex-Officio: Ralph Davis, 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 2016 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 2016 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, 2016.
3. Executive Summary report provided to BOD for July mid-year meeting. The report included the results of the 2016 audit process and findings.
4. Reviewed progress of IT modernization project.

Action Items

1. Recommend changes to Audit Committee Charter, if necessary.
2. Recommend to Finance Committee changes to FOG, if necessary.
3. Recommend changes to LMSC Bank Reconciliation Standards, if necessary.

Agenda

1. Review Audit Committee Charter
2. Discuss any changes to format of 2017 financial statements
3. Review changes to FOG, if any
4. Review LMSC Bank Reconciliation Standards

Audit Committee Meeting Agenda
Meeting #1 – Friday, 8:00am-9:15am

Compensation and Benefits

Committee Members

Ed Coates, Chair; Sarah Welch, Vice Chair

Hill Carrow, Erika Braun, Jim Miller,

Ex-Officio: Patty Miller

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 and recommend CEO bonus goals to Board for 2017
2. Review and recommend CEO compensation adjustment for 2017
3. Evaluated CEO performance against 2016 Bonus goals and recommended payout
4. Review and Recommend compensation and benefits budget to Finance Committee for inclusion in the 2018 budget
5. Provided advice and counsel to CEO on personnel matters

Action Items

6. Committee recommended approval of 2017 CEO goals to the Board of Directors.
7. Committee recommended approval of 2017 CEO compensation adjustment to the Board of Directors
8. Committee recommended approval of 2016 CEO bonus payout to the Board of Directors.
9. All items recommended to the board were approved

Agenda

10. Open discussion
11. Preliminary review of 2017 goals results
12. Review CEO Board Relations Survey results
13. Discuss CEO annual compensation review
14. Discussion of 2018 bonus goals
15. Discussion of 401k Fiduciary responsibilities
16. Review Committee charter

Finance

Committee Members

Jeanne Ensign, Chair; Harry Greenfield, Vice Chair

Tom Boak, Elyce Dilworth, Phil Dodson, Jack Groselle, Peter Guadagni, Homer Lane, Laura Shope, Laura Winslow, Susie Young

Ex-Officio: Ralph Davis, Treasurer; Susan Kuhlman, CFO

Introduction

Finance Committee is a permanent committee of the Board of Directors (“Board”). Its responsibility is to propose policies pertaining to the financial affairs of USMS for approval by the Board, to receive and review the reports of the Treasurer and National Office and to review and recommend to the Board the annual operating and capital budgets prepared by the National Office.

Discussions and Projects Since Last Convention

The committee met during the year by conference call, and will meet to discuss the 2018 budget in the weeks leading up to convention. During the year committee members:

17. Reviewed and discussed monthly financial reports, final 2016 operating results and 2017 quarterly forecasts prepared by the CFO.
18. Discussed the timing and initiation of fee changes and as a result established a Budget and Fees Subcommittee chaired by Peter Guadagni. Following approval by the full committee the subcommittee recommendations were forwarded to the Board for consideration during their July meeting. The recommendations: 1) membership registration fees continue to be approved by the House of Delegates, 2) changes to a budget submitted by the Board require a two thirds affirmative vote by the House of Delegates, 3) the proposed budget be available to delegates prior to convention (which has been the practice in recent years but not previously formalized), and 4) hold an open forum early in the convention where delegates may ask questions, voice concerns or offer suggestions regarding the budget and fees. This forum is in addition to time during the first two Finance Committee meetings that are open to all delegates. The Board submitted legislation amendment proposals related to these recommendations.
19. A subcommittee is currently working on updates to FOG including those contained in the recommendations from the Budget and Fees Subcommittee (#2 above). The recommendations will be submitted to the Board. Following approval by the Board the policy and an executive summary will be posted in the minutes section of the USMS website.
20. Approved an over budget request of up to \$13,422 submitted by the Coaches Committee for coaches’ support at the 2017 FINA World Masters Championships.
21. Approved an over budget request of up to \$5,000 submitted by the LMSC Development Committee for the 2017 Leadership Summit.

22. Ralph Davis, as an appointee of the committee, reviewed the SouthTech contract for IT managed services. (FOG XII.D requires proposed contracts greater than \$30,000 to be reviewed by a representative of Finance Committee).

Action Items

23. Approval of minutes of meetings since prior convention
24. Review of over budget requests since prior convention
25. Approval of 2018 budget

Finance Committee Meeting Agenda
Meeting #1 – Wednesday, 4pm – 5:30pm
Meeting #2 – Thursday, 11am – 12pm
Meeting #3 – Friday, 9:30am – 10:30am

26. Welcome and Introductions
27. Approve meeting minutes since prior convention
28. Review over budget requests since prior convention
29. Chief Financial Officer's report – Susan Kuhlman
30. Treasurer's report – Ralph Davis
31. Audit Committee report – Elyce Dilworth
32. Budget Q&A (Wednesday and Thursday sessions)
33. Review all elements of 2018 budget, recommend amendments and present to BOD (by end of Thursday 11am-12pm session)
34. Upcoming projects

Investment

Committee Members:

Phil Dodson, Chair; Stan Benson, Vice Chair

Bill Sherman, Homer Lane, Guy Davis, Jay

Ex- officio: Susan Kuhlman, Ralph Davis

Introduction:

This Committee is responsible for overseeing USMS's Investment Philosophy of investing the financial assets of USMS and the Swimming Saves Lives Fund (SSL) 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. Recommended changes to the Investment Policy Statement, which the BOD approved. Changes were:
 - a. Permits Exchange Traded Funds (ETFs) as an investment vehicle
 - b. Permits investments in High Yield Bond Funds as an asset class
2. Approved procedures for investing new Board approved funds transferred into the USMS investment portfolio utilizing a "dollar cost averaging" investment methodology.
3. Comprehensively reviewed the Northern Trust Performance-Benchmark Report, evaluating each Mutual Fund and ETF in the USMS and SSL Portfolios on a quarterly basis as a committee.
4. Continued detailed quarterly discussions with our Northern Trust Portfolio Manager on; Fund Performance, recommended USMS Portfolio changes, and meaningful economic trends that could have impact on the USMS Portfolio.
5. Continued to prepare quarterly Investment Committee Reports for the Board of Directors.

Action Items:

1. All the aforementioned projects continue to carry forward as regular action items.
2. Monitor the investment of \$500,000 in new funds approved by the Board in July 2017.

Report on USMS Investments of June 30, 2017:

The Market Value of our USMS Portfolio ending 6/30/2016 was \$2,532,656 up \$832,680 from our original cash investment of \$1,699,976 in 2011, or nearly 49%, and the SSL Portfolio was \$201,179, up from its initial investment of \$175,000 in November 2015. **For first six months of 2017 our USMS portfolio was up 7.41% and the SSL portfolio up 6.85%.**

Our target asset allocation for the USMS portfolio remains at 60% stock/40% fixed income-cash. As of June 30, 2017 our Equity Securities totaled 62.3%, Fixed Income Securities totaled 34.3%, 0.5% in Cash and Short Term securities and 2.9% in Real Estate. The Investment Committee, along with our Portfolio Manager, still believes that our current Portfolio asset allocation remains appropriate for USMS.

Looking forward to the 2nd half of 2017, our main objectives are to work with our advisor (Northern Trust): 1) maintain sufficient cash balance to transfer to operations 2) be prepared for continued volatility 3) remain vigilant on the global economic and market outlooks and 4) rebalance or shift asset allocations if conditions warrant.

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

Respectfully submitted,

Phil Dodson, Chair, USMS Investment Committee

USMS BOD Committee Reports and Agendas:

Investment Committee Meeting Agenda

Meeting #1 - Wednesday, 2:30pm-4:00pm

Meeting #2 – Thursday, 9:45am-10:45am

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 James Gregory, our Northern Trust Portfolio Manager.
4. Review of Investment Committee Meeting schedule for 2017-2018.
5. Other items requiring Investment Committee attention.

Governance

Committee Members

Leianne Crittenden, Chair; Jim Wheeler, Vice Chair

Dave Diehl, Sean Fitzgerald, Bruce Hopson, Hugh Moore, Tom Moore, Chris Stevenson

Ex officio: Patty Miller, Dawson Hughes

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

The Governance Committee discussed questions posed for us by the BOD:

1. The Zone Chairs are the only elected positions that are not subject to term limits. Please discuss and make a recommendation.

Recommendation: Consensus was to encourage volunteers to run for office and have additional volunteers in the organization, we should make Zone chairs subject to term limits in the same manner as elected USMS Officers.

We submitted a Rule change that tracks the rule for officers:

"505.2.4 Each officer is eligible for election to the same office for two terms. No person so elected for two successive terms is eligible for reelection to the same office until after the lapse of two years following the term of office to which that person was last elected."

Here is the proposed Rule, as approved by the Board of Directors:

503.3.4 Each zone chair is eligible for election to the same office for two consecutive terms. No person so elected for two successive terms is eligible for reelection to the same position until after the lapse of two years following the term of office to which that person was last elected.

2. Discuss the roles of Committees whose tasks are administered primarily by the National Office.

Recommendation: We agreed to recommend smaller membership on these committees with activities to include acting as a resource, improving communication, and training as needed.

Board Education. The Governance Committee's Education Subcommittee discussed topics for Board education, and decided to initially have the Board complete a self assessment. This was completed and discussed at the July Board Meeting.

**Governance Committee Meeting Agenda
Meeting - Thursday, 1:30pm-2:30pm**

Swimming Saves Lives Foundation

Committee Members

Brandon Franklin, Chair; Debbie Malafsky, Vice Chair

Nadine Day, Jay Definis, Maria Elias-Williams, F.H. “Ted” Haartz, Michael Hamm, Tom Holmberg, Bill Meier, Patty Miller, Nancy Ridout, Leslie Scott

Ex-Officio: Holly Neumann

Introduction

The Swimming Saves Lives Foundation supports swim-lesson providers and programs with grants to allow lessons for adults to be offered at reduced- or no-cost. Grant funds come from charitable donations made by USMS members and the general public as well as from crowdfunding events and peer-to-peer fundraising efforts.

Discussions and Projects Since Last Convention

1. A key initiative in the current year is to clarify the messaging of The Swimming Saves Lives Foundation (SSLF), ALTS, the overall USMS organization and how it all fits together. In the past, USMS, the Adult Learn to Swim and SSLF have not had a singular message about the combined mission. The current year has been about tying it all together whereby a unified *USMS* message is provided which sets forth the key pillars:
 1. Fundraising;
 2. Teaching Adults to Learn to Swim;
 3. Certifying instructors; and
 4. Running programs

Further, the “April is Adult Learn to Swim Month” is the initiative that allows for USMS as a whole to set forth all that USMS does which includes SSLF, ALTS and the certification program.

2. The PR effort around the “April is Adult Learn to Swim Month” is improving as a result of the cumulative knowledge gained over the past years. Specific markets were targeted this past year as opposed to a more blanket approach previously employed.
3. Legendary pitchman Anthony Sullivan, who is also an active swimmer and adult learn-to-swim instructor, served as a spokeswoman for the “April is Adult Learn to Swim Month”. Here is a link to the public service announcement video on YouTube: <http://bit.ly/ASALTS2017>
4. In addition to the more concise structure and messaging as noted above, the concept of *Event Fundraising* across the broader USMS organization has been discussed. As an example, there will be several USMS sponsored fitness challenges taking place in 2018 which will have a SSLF fundraising component to it. This is a new area that will expand over time.

5. In 2017 a total of 38 grant programs were funded (from a total of 74 applications) for a total of ~\$88,240 in grants. The National Office supported the programs with gear and materials (T-shirt, goggles, caps, banners, lesson plans, etc.).
6. As of July 17, approximately 12 of the 38 programs have completed classes and reported their metrics while the remaining programs have yet to complete, which is reasonable given they have until the end of 2017 to finish up.
7. Of the 12 programs that have reported in thus far, 772 adults have been through the program. Based upon the mid-year reporting from prior year, 628 adults had been through the program. It is therefore not unreasonable to conclude that over 1,000 adults will go through the program in 2017.
8. It should also be noted that a greater number of programs receiving grants are utilizing a certified ALTS instructor to run the program than in previous years. This obviously improves coordination and communication between USMS and the program management which increases the likelihood of a successful program.
9. A total of 82 applications for 2018 grants were received before the deadline and are being considered for approval (74 in 2017).
10. Since the inception of SSLF, USMS has funded all Program and Overhead costs associated with running the SSLF program. The primary costs Program and Overhead costs USMS has covered include Caps, Goggles, Banners (Program Costs), Public Relations, Labor, IT, Office Space, etc. (Overhead). Going forward, a separate standalone budget will be prepared for SSLF as part of the annual budget process. As part of this process, a policy will be adopted whereby SSLF will fund a portion of the Program cost while USMS will continue to fund the Overhead costs. Further, a component of SSLF's annual fundraising amounts will be placed in reserve for future needs as appropriate. This policy is being discussed and will be submitted for approval to the USMS Board of Directors when appropriate.

Action Items

35. Board of Trustees to agree upon the following:
 1. The percentage of annual fundraising amounts to be applied toward funding overhead SSLF specific activities.
 2. The percentage of annual fundraising amounts to be placed in reserve.
 3. The number of grants and the relates amount of funds to be awarded for the 2017-18 grant programs.
36. Conclusions to the above be put forward to the Board of Directors of USMS.

Agenda

37. Overview of the Projects highlighted above

- 38. Overview of the Grant Applications
- 39. Recommendations to be approved and announced by board of trustees.
- 40. New business

Swimming Saves Lives Meeting Agenda
Meeting - Friday, 1:15pm-2:15pm