

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 2017 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 2017 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, 2017.
3. Executive Summary report provided to BOD for July mid-year meeting. The report included the results of the 2017 audit process and findings.

Action Items

1. Review/recommend approval of K&B engagement letter.
2. Recommend to Finance Committee changes to FOG, if necessary.

Agenda

3. Review K&B engagement letter.
4. Discuss changes to financial statements and notes for 2018.
5. Review changes to FOG, if any.

Audit Committee Meeting Agenda Meeting #1 – Friday 8:00am-9:15am, Boardroom 2

Compensation and Benefits

Committee Members

Ed Coates, Chair; Sarah Welch, Vice Chair

Hill Carrow, Erika Braun, Dan Cox

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

Action Items

1. Committee recommended approval of CEO goals to the Board of Directors.
2. Committee recommended approval of CEO compensation adjustment to the Board of Directors
3. Committee recommended approval of CEO bonus payout to the Board of Directors.
4. All items recommended to the board were approved

Agenda

1. Open discussion
2. Preliminary review of goals results
3. Review CEO Board Relations Survey results
4. Discuss CEO annual compensation review
5. Discussion of bonus goals

Elections

Committee Members

Cheryl Gettelfinger, Chair; Erin Sullivan, Vice-Chair

David Diehl, Susan Ehringer, Leianne Crittenden, Nancy Ridout, Dan Wegner

Ex-Officio: Jessica Porter, Onshalee Promchitmart

Introduction

The Election Committee is responsible for holding annual elections for officers (odd years) and at-large directors (even years). The Election Operating Guidelines or EOG are the basis for the operations of the elections. The Committee is responsible from announcement until the conclusion of the election with the goal of making the election accessible and fair while providing informative responses from candidates seeking election.

Discussions and Projects Since Last Convention

1. Reviewed and recommended a rule change to make chairs of all committees of the BOD automatic delegates. This was submitted by the Nebraska LMSC.
2. Reviewed and recommended some changes to the EOG which were approved with some changes at the 07/14/18 BOD meeting. The EOG may need to address EOG Part One, IV.B in the event of the use of electronic voting only due to the different requirements for paper ballots.
3. Responded to a request from the Convention Task Force to address the topic of zone endorsements. The Committee voted to retain endorsement at this time.
4. Following up on electronic voting tests that had been done in 2017 by committee member, Susan Ehringer, the chair did more testing before the vendor Election Runner was chosen. Currently, the request to allow electronic voting will be decided at the August BOD meeting. In addition, the Committee wishes to have at least one test vote before the election.
5. Reviewed Meet-the-Candidate scenarios from speed dating and other choices. The outline will be approved before convention but tweaks will be allowed up until its conclusion.
6. The Committee suggested to the BOD to publish results if electronic voting is used following standard practice due to transparency. The BOD has agreed on this matter.
7. The Committee is preparing documents from educational (how to use electronic voting), paper ballots (if electronic only not used or there is a failure), those without electronic devices and a contingency plan in the event of electronic failure.

Action Items

1. Final approval of Meet-the-Candidate outline.
2. Final approval of Electronic voting and contingency plan.
3. Education announcements as well as one test vote using Election Runner.

Agenda

1. Review any floor nomination packets.
2. Discuss Meet-the-Candidate session.
3. Discuss the contingency plan for electronic voting, providing substitute devices, length of time voting, etc.

Finance

Committee Members

Jeanne Ensign, Chair; Laura Winslow, Vice Chair

Tom Boak, Guy Davis, Teddy Decker, Elyce Dilworth, Phil Dodson, Harry Greenfield, Peter Guadagni, Homer Lane, Laura Shope, Susie Young

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

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 2019 budget in the weeks leading up to convention. During the year committee members:

1. Reviewed and discussed monthly financial reports, final 2017 operating results and 2018 quarterly forecasts prepared by the CFO.
2. Considered a proposal for changing the timing of preparing the annual budget and the responsibility for approving it in part and in total. Unanimously recommended proposal to the Board
3. Approved an over budget request of \$2,650 from the Officials Committee to support the UANA Pan American Masters Championships in Orlando.
4. Expressed their concern about the continuing shortfall in membership.
5. Ralph Davis, as an appointee of the committee, reviewed the Azure Direct contract for USMS cloud services. (FOG XII.D requires proposed contracts greater than \$30,000 to be reviewed by a representative of Finance Committee).

Action Items

1. Approve minutes of meetings since prior convention
2. Review of over budget requests since prior convention
3. Approval of 2019 budget

Finance Committee Meeting Agenda

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

Meeting #2 – Thursday, 2:00pm – 3:00pm, City Terrace 6

Meeting #3 – Friday, 9:30am – 10:30am City Terrace 7

4. Welcome and Introductions
5. Approve meeting minutes since prior convention
6. Review over budget requests since prior convention
7. Chief Financial Officer’s report – Susan Kuhlman
8. Treasurer’s report – Ralph Davis

9. Audit Committee report – Elyce Dilworth
10. Budget Q&A (Wednesday and Thursday sessions)
11. Review all elements of 2019 budget, recommend amendments and present to BOD (by end of Thursday 2-3pm session)
12. Upcoming projects

Investment

Committee Members:

Stan Benson Chair; Guy Davis, Vice-Chair,

Phil Dodson, Bill Sherman, Homer Lane, Jay Definis.

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. It should be noted that the committee members are all investment and accounting professionals considered outstanding in their fields with multiple designations and decades of fiduciary experience.

Discussions and Projects Since Last Convention:

1. Assumed responsibility for review and monitoring of the SSL portfolio after the Board approved establishing a \$175,000 SSL investment portfolio. Initial investments were made in Sept 2015 with the fund fully invested by December 2015 and managed under the NT model portfolio for growth and income investment objectives. These are the same investment objectives as the USMS investment portfolio. The only difference in management between the two portfolios is: SSL is passively managed to follow the NT model portfolio whereas the USMS investment fund is managed within the NT model portfolio guidelines with tactical variations selected in consultation between the committee and our NT advisor.
2. Comprehensively reviewed the Northern Trust Performance-Benchmark Report, evaluating each Mutual Fund in the USMS and SSL Portfolios on a quarterly basis as a committee.
3. 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.
4. Continued to prepare quarterly Investment Committee Reports for the Board of Directors.
5. Review Investment Policy for accuracy and update. None was needed this year

Action Items:

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

Report on USMS Investments of June 30, 2018:

The Market Value of our USMS Portfolio ending 6/30/2018 was \$3,221,8962 up 6.47% since July 1, 2017, down .52% since the beginning of 2018. USMS added \$500,000 to the portfolio in the past 12 months. We have adequate assets in short term investments available for future cash flow challenges, should the need arrive. Our original cash investment was \$1,699,976 in 2011, and the SSL Portfolio was \$182,536. **The SSL portfolio ended 6/30/2018 at \$214,304, down .58% for the first six months. For the trailing one year, the portfolio was up 7.03%.**

Our target asset allocation for the USMS portfolio remains at 60% stock/40% fixed income/real estate/cash. As of June 30, 2018 our Equity Securities totaled 60.8%, Fixed Income Securities totaled 34.4%, 3.6% in Real Estate and 1.2% in Cash/Short Term Securities. The Investment Committee, along with our Portfolio Manager, still believe that our current Portfolio asset allocation remains appropriate for USMS.

Looking forward to 2018-19, 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 Northern Trust outlook for 2018 remains the same as previous years; a 4-6% return and to remain overweigh equities and US equities.

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

Respectfully submitted,

Stan Benson, Chair, USMS Investment Committee

USMS BOD Committee Reports and Agendas:

Investment Committee Meeting Agenda

Meeting #1 - Wednesday 2:30 PM – 4:30 PM, Main Street 3

Meeting #2 - Thursday 11:30 AM – 12:30 PM, 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 James Gregory, our Northern Trust Portfolio Manager.
4. Review of Investment Committee Meeting schedule for 2018-2019.
5. Other items requiring Investment Committee attention.

Governance

Committee Members

Leianne Crittenden, Chair; Jim Miller, Vice Chair

Paige Buehler, Ed Coates, Rob Copeland, Dave Diehl, Michael Heather, Matt Hooper, Hugh Moore, Tom Moore

Ex officio: Bill Brenner, Dawson Hughes, Patty Miller

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 was asked by the BOD to discuss questions posed for us by USMS Task Forces:

1. Ed Tsuzuki, Chair of the Convention Task Force, asked the Committee to discuss (a) the roles of automatic delegates to the House of Delegates and what the criteria were for status as an automatic delegate, and (b) Should USMS consider a single presentation of proposed changes to the Rule Book, and a single Rules Committee (with access to subject matter experts) operate more effectively than four separate committees.
2. Laura Winslow, Chair of the Volunteer Task Force, asked the Committee to discuss operational and procedural functions that could or should be more effectively performed by the National Office and not by volunteers. This could be tasks where National Office has more expertise or technology that could be more effectively used. In addition, she asked the Committee to discuss the structure of USMS Committees.

The Governance Committee was also asked by the BOD to discuss whether the BOD should appoint a Nominating Committee of the Board to assure that qualified BOD candidates were identified and encouraged to run for at large Director positions.

Board Education: The Governance Committee Education Subcommittee provided a seminar on how to improve Board communications and discussions at the Spring BOD Meeting.

Governance Committee at Convention

We will continue our discussions concerning Nominating Committee.

Thursday, from 3:15 to 4:15 pm, Boardroom 2

Swimming Saves Lives Foundation

Committee Members (Board of Trustees or BoT)

Jay DeFinis, Chair; Brandon Franklin, Vice Chair

Debbie Malafsky, Nadine Day, Maria Elias-Williams, Ted Haartz, Michael Hamm, Bill Meier, Patty Miller, Nancy Ridout, Kristina Henry, Susan Ehringer, Homer Lane, Lisa Ward

Ex-Officio: Dawson Hughes, Holly Neumann

Mission

The USMS Swimming Saves Lives Foundation works to reduce adult drowning risk through education, resources, and community outreach.

Swimming Saves Lives supports adult learn-to-swim programs with grant funding and education so that quality swim lessons for adults can be offered at reduced or no cost. Grant funds come from donations made largely by USMS members, crowdfunding events, peer-to-peer fundraising efforts and, to a much smaller extent, the general public.

Discussions and Projects Since Last Convention

A key initiative in the current year was to create a mission statement for Swimming Saves Lives.

Also this year, SSL Board of Trustees began the process of updating the Swimming Saves Lives strategic plan to align with the updated USMS strategic plan. The current year has been about streamlining the SSL messaging to be more in line with the overall USMS mission and strategy.

Further, four key areas of concentration were prioritized to further advance SSL's mission:

1. Development
 - a. Create a donor recognition program for all levels of giving
 - b. Review and implement planned giving options
 - c. Cultivate a member donor base
 - d. Strategy for USMS 50th anniversary special recognition and campaign

2. Grassroots fundraising:
 - a. Workshop on how to generate a successful fundraiser
 - b. Created subcommittee to advise and prioritize local initiatives
 - c. Fitness series participants donated to SSLF, and proceeds benefitted SSLF

3. April is Adult Learn-to-Swim Month programs and education
 - a. Shifted the focus of April is Adult Learn-to-Swim Month from an external large national campaign toward the support and promotion of local USMS programs occurring within the LMSC's
 - b. Volunteer participation
 - c. Community outreach

4. Marketing and Data Metrics
 - a. Develop a process that measures our success
 - b. Promoting SSL nationally
 - c. Involvement in the drowning prevention community
 - d. Alignment with the USMS Fitness Series initiatives

2018 SSLF highlights

A total of 54 programs were funded in the 2017/18 grant cycle (from a total of 88 applications) for a total of \$126,433. For the upcoming grant cycle (2018/19), the SSL BoT are recommending to provide 63 programs (out of 82 applications) with \$132,500 in grant funding. The quality of the grant applicants has continued to improve as the applications process continues to be refined and communicated.

Through July 2018, 817 adults have taken lessons in SSL funded grant programs. In 2017, the full-year participation was 1050 people. In April 2018 there were 1,089 adults in lessons (not all of which were grant programs).

SSL donations also have been rising. Total donations received in 2016 were \$137,578, while in 2017, donations were \$149,705. Amendments to the donate feature on the membership renewal has been a large part of the increase in donations. To date through July, donations are ahead of 2017, driven partly by the Fitness Series events.

As of this report, there are 274 people who have "liked" Swimming Saves Lives on Facebook. Please like and share the page. Take a look at the adult learn-to-swim success stories.

Action Items at Convention

1. USMS Board of Directors to review and vote on the BoT's recommendation of funds to be made available for grants in the 2018/19 grant cycle.
2. Approval by the appropriate authority of the 2019 SSL departmental budget.
3. Announce the 2018/19 grant programs and the related amount of funds to be awarded to each (subject to USMS Board approval of the bullets above).

Swimming Saves Lives Meeting Agenda

1. Overview of SSLF
2. Discuss current year initiatives/priorities highlighted above
3. Overview of the grant review process and recipients (subject to bullet 3 above)
4. Strategic plan discussion
5. SSLF marketing priorities
6. Old business
7. New business

SSLF Committee Meeting Agenda

Meeting #1 – Friday 8:00am-1:15pm- 2:15pm, City Terrace 9