

## *Committees of the Board of Directors Reports*

---

### **Audit**

---

#### **Committee Members**

Brandon Franklin, Chair; Elyce Dilworth, Vice Chair

Tracy Edwards, Laura Shope

Ex-Officio: Teddy Decker, Treasurer, Dawson Hughes, CEO, Gary Keehner – Controller

#### **Introduction**

The Audit Committee (the Committee) assists the Board of Directors (the Board) with its financial oversight responsibilities. In doing so, the 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 internal controls, and monitor the independence and performance of USMS’s external auditors. The Committee reports its findings to the Board.

With regard to the 2022 audit, USMS received an “unmodified” opinion from Kerkering, Barberio & Co. (“KB”). An “unmodified opinion” is one that is free of material financial statement errors.

#### **Discussions and Projects Since Last Annual Meeting**

1. Reviewed and recommended approval of the 2022 audited financial statements to the Board. This included an annual meeting of Committee members with KB via Zoom.
2. Reviewed and recommended approval of the Form 990 tax forms for the year ended December 31, 2022.
3. Held the annual executive session with the CEO, Dawson Hughes.
4. An Executive Summary Report was provided to the Board for the July mid-year meeting. The report included the results of the 2022 audit process and findings.

#### **Action Items**

None. Committee tasks for the 2023 year have been completed.

**Compensation and Benefits**

---

**Committee Members**

Ian King, Chair; Maggie Williams-Dalgart, Vice Chair

Dan Cox, Jeff Moxie, Kendra Wilson

Ex-Officio: Dawson Hughes; EC – President: Peter Guadagni

**Introduction**

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

**Discussions and Projects Since Last Annual Meeting**

1. Chair role successfully transitioned from Erika Braun to Ian King.
2. Vice Chair role successful transitioned from Ian King to Maggie Williams-Dalgart.
3. Added new committee member, Kendra Wilson.
4. Reviewed and recommended 2023 CEO bonus goals to Board to include increasing the membership retention component weighting from 15% to 20% and updated financial measurement targets in alignment with 2023 budget.
5. Evaluated CEO actual performance and organization measures against 2022 bonus goals and provided bonus payout calculation to BOD for final approval, which was paid at nearly 127% of target.
6. Per request from USMS President, conducted research on NGB/Non-profit CEO bonus structure. Presented 2024 recommendations of change to Executive Board at July BOD meeting. Feedback obtained and will be incorporated into a second version of recommendations to be presented in October.
7. Provided advice and counsel to CEO on benefit options being considered.

**Action Items**

1. Launch the 2023 CEO Board Relations survey to Board members in early August and summarize results with prior year comparison.
2. Recommend 2024 merit increase budget for staff based on survey market data.
3. Committee to recommend approval of 2024 CEO goals to the Board of Directors.
4. Evaluate 2023 annual CEO bonus payout as it relates to actual yearend achievements compared to bonus criteria.
5. All items recommended to the board to be approved.

## **Elections**

---

### **Committee Members**

Erin Sullivan, Chair; Cheryl Gettelfinger, Vice Chair

MJ Caswell, Christopher Rieder, Jason Weis

Ex-Officio: Patty Miller, Jessica Reilly

### **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 Elections Committee is responsible for all aspects of the election from the announcement that nominations are open until the conclusion of the elections and the report of the winners. The goal is to make the elections accessible and fair for all. The Elections Committee is also responsible for submitting any special election procedures or changes to the EOG that may be required to accommodate changes to the USMS Annual Meeting.

### **Discussions and Projects Since Last Convention**

1. Reviewed and discussed all candidate packets.
2. Slated all candidates who were eligible for election.
3. Submitted proposed changes to the current EOG (basically an overhaul) during the Nov. 28, 2022 BOD meeting. The newly submitted EOG was written to accommodate in-person, virtual and hybrid Annual Meetings.
4. Prepared a revised EOG that incorporated suggested BOD edits.
5. Submitted a revised EOG to the BOD during the Dec. 19, 2022 BOD meeting.
6. The EOG was approved by the BOD during the Dec. 19, 2022 BOD meeting.
7. Submitted a proposed rule changes regarding 506.2.1 to the BOD during the May 15, 2023 BOD meeting that clarifies how an at-large director is nominated. The BOD will submit the proposal to the Legislation Committee.

### **Action Items**

1. Review floor nomination packets and slate qualified candidates.
2. Review possible changes to the EOG after this year's Annual Meeting

### **Agenda**

1. Floor nominations
2. Any necessary discussions regarding the proposed language change to 506.2.1.

## *Committees of the Board of Directors Reports*

---

### **Finance**

---

#### **Committee Members**

Guy Davis - Chair, Jill Gellatly - Vice Chair

Ralph Davis, Arlene Delmage, Phil Dodson, Susan Ehringer, Brandon Franklin, Susan Nolte, Maddie Sibilia, Chris Wagner.

Ex-Officio: Teddy Decker - Treasurer, Dawson Hughes - (CEO), Gary Keehner - Controller

#### **Purpose**

The Finance Committee is a Board of Directors (“Board”) Committee. Our role is to propose financial policies, to review periodic financial reports, to review and approve budget requests, and to assist in the preparation of USMS budgets to be submitted to the Board for approval.

#### **Discussions and Projects Since Last Annual Meeting**

The Finance Committee has met four times since the 2022 annual meeting. We met twice in November 2022 to review and approve the 2023 USMS budget. As with the 2022 budget and with the Board’s direction we again approved a net deficit to be covered from investment reserves. In our February 2022 meeting we reviewed USMS financial performance in 2022 and outlined the FC’s agenda for the remainder of 2023, In our May meeting we reviewed USMS’s Q1 financial performance and the latest forecast of 2023 financial performance. The FC also considered a detailed financial review of the digital transformation projects that had been completed since 2018 and the outline plans for further USMS digital infrastructure investment in 2023-25.

In April to June a subgroup of the Committee developed a list of recommended changes to the Financial Operating Guidelines (“FOG”) based on input from all of the FC. We plan to agree recommended changes to the FOG at our August meeting for presentation to the BOD. The suggested changes will include a minor reorganization of the FOG with the aim of improving its user friendliness. The updated FOG will be posted on the USMS web site upon Board approval.

From May the FC has been assisting the CEO in his ongoing review of the opportunity to bring Grown Up Swimming (“GUS”) into USMS. In June a subgroup of the FC met (vis Zoom) with the CEO and the founder of GUS for an in depth discussion of the GUS development plan. The FC subsequently provided the CEO with input on the structure and terms of a potential transaction. The FC agreed a memorandum to the BOD summarizing its views on the GUS opportunity and supporting USMS entering into a Letter of Intent under which negotiations towards a definitive transaction to bring GUS into USMS would continue.

#### **Action Items**

1. Review and approval of 2023 USMS budget. (November 2022)
2. Reviews of 2022 USMS financial results and ongoing 2023 USMS financial performance
3. Preparation of recommended updates to the FOG of USMS (April - August 2022)
4. Supporting the review of GUS and negotiations for its acquisition.

## *Committees of the Board of Directors Reports*

---

### **Agenda for the remainder of 2023**

1. Review the 2024 business plan, organizational goals, summary financial plan, funding priorities, and draft annual budget to ensure that the allocation of resources is appropriate for the organizational goals and funding priorities set forth by the Board.
2. Make any necessary changes to reach a budget with a Net Ordinary Deficit, or deficit no greater than that pre-authorized by the Board. Approve the draft budget to be submitted to the Board.
3. Support ongoing consideration of GUS acquisition as requested.

(October/November 2023)

## *Committees of the Board of Directors Reports*

---

### **Governance**

---

#### **Committee Members**

Paige Buehler, Chair

Ed Coates, Charles Cockrell, Chris Colburn, Rob Copeland, Julie Dussliere, Kristof Kertesz, Crystie McGrail, Jim Miller, M.D., Patty Miller, Jeff Moxie

Ex-Officio: Stephanie Gauzens, Peter Guadagni, Dawson Hughes

#### **Introduction**

The Governance committee provides guidance on USMS Governance structure, including enhancing the quality and future viability of the organization.

#### **Discussions and Projects Since Last Annual Meeting**

3. The committee met in January to discuss projects for this year. Two projects were agreed upon:
4. Evaluate the U.S. Masters Swimming bylaws to determine if the current structure is within best practices through research of other national sports governing bodies' bylaws. If not, make a proposal to the Board and ultimately to the House of Delegates on possible changes. This includes determining which USMS articles and rules are considered "bylaws" in nature and whether some elements should be part of policy.
5. Provide periodic training and educational resources to the Board on governance topics.
6. In May we reviewed where we are on the Bylaws project and the subcommittee got input from the full committee. The scope presented is a 2-year project with a target of June 2024 for any proposed legislation resulting from the evaluation.

#### **Action Items**

1. No action items for the House of Delegates.

#### **Agenda**

2. The Governance Committee has opted to not hold a meeting in conjunction with the 2023 Annual Meeting as the primary project is still in the development stages.

## **Investment**

---

### **Committee Members**

Ralph Davis, Chair; Stan Benson, Vice Chair

Guy Davis, Phil Dodson, CJ Rushman, Bill Sherman, Robin Smith

Ex-Officio: Gary Keehner, Teddy Decker

### **Introduction**

The Investment Committee is responsible for overseeing USMS's Investment Philosophy of the investing of financial assets of USMS and Swimming Saves Lives Fund (SSL) in excess of needed working capital, consistent with the policy of prudent investment planning and protection of assets according to the established USMS Investment Policy approved by the USMS Board of Directors. The Investment Committee members are all investment or accounting professionals considered outstanding in their fields with multiple designations and decades of fiduciary experience.

In 2022, 60/40 portfolios had one of their worst years in history because bonds had their worst year ever. Historically, the minority position in bonds provides the ballast for a 60/40 if the majority stake in stocks took a hit. Last year, bond lost 13% with long-term Treasury's slumping more than 29%, far worse than the 19.4% fall in the S&P 500.

The year 2023 has been good year for the stock markets with the S&P 500 up 16.8% primarily by 7 big tech names and the Dow up 3.8%. The U.S. economy picked up last quarter and remained [well clear of a recession](#) despite the Federal Reserve [pushing interest rates higher](#). [Gross domestic product](#) grew at a seasonally and inflation adjusted annual rate of 2.4% in the second quarter, picking up slightly from 2% growth in the first three months of the year,

Consumers, businesses and economists are feeling more optimistic about the outlook. As [inflation falls from historic highs](#) and the labor market remains tight, the prospect of a [soft landing](#) in which inflation returns close to [the Fed's 2% target](#) without a recession appears more probable.

Economists are now [dialing back their recession expectations](#) after many had projected a downturn would start in the middle of the year in response to Fed policy. The Fed acted to raise its benchmark interest rate to a 22-year high on Wednesday. Chair Jerome Powell didn't rule out another increase, but emphasized the amount of time it can take for higher interest rates to cool inflation. This is a much different outlook from last year.

As of July 31, 2023 the USMS Investment Portfolio year-to-date return was a 11.2% or a gain of \$361,181 which includes dividend and interest income and portfolio appreciation. The value of the account at mid-year was \$3,595,911. Since the inception of the Investment Committee in 2011, the USMS Investment Portfolio has a gain of \$1.9 million or an average positive return of 6.0%.

## *Committees of the Board of Directors Reports*

---

As of July 31, 2023 the SSL fund year to date return was a 8.2% or a gain of \$31,053. The value of the account at the end of the year was \$406,615.

The current allocation of the USMS Investment Portfolio is 55.7% Equities or Stocks, 25.5% Fixed Income and Bonds, 4.2% Real Estate, and 14.6% Cash. Our Investment Policy Statement has a range of 60-65% Equities, 35-40% Fixed Income and Cash. At our meetings we discuss performance in relation to the market, review current and projected market conditions, and review our portfolio that can drive growth and reduce risk.

Our Investment policy is to seek growth and income with moderate risk. In our quarterly meetings, Northern Trust, our portfolio manager, reviews with us the performance during the past 90 days and we discuss strategies that will accomplish our goals. We are pleased with the 2023 year to date results. This reaffirms the Investment Committees position of staying fully invested and the importance of remaining diversified in our asset allocation.

### **Discussions and Projects Since Last Convention**

1. Completed review of Investment Policy Statement.
2. Continued quarterly review with our NT portfolio manager with purchase and sell adjustments to current and anticipated needs of USMS.
3. Completed Spending Policy for SSL
4. Reviewed relationship with Investment Advisor as mandated in the Investment Policy and agreed to continue Northern Trust as the USMS investment advisor.

### **Action Items**

1. Review the Investment portfolio and SSL portfolio on a quarterly basis, more often if events dictate.
2. Look forward to 2023-2024, our main objectives are to work with our advisor, NT to 1) maintain sufficient cash balance or highly liquid alternatives 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 allocation if conditions warrant.



## *Committees of the Board of Directors Reports*

---

### **ALTS Programming Committee (ad hoc)**

---

#### **Committee Members**

Sue Nutty, Chair

Lina Bot, Jay DeFinis, Donita Flecker, Nadine Ford, Mike Hamm, Eric Hektner

Ex-Officio: Bill Brenner, Carrie Stolar

#### **Introduction**

The ALTS committee officially met in February, March, April and May. We went on hiatus for the summer months due to increased responsibilities of committee members in aquatic programming and the opening of outdoor swimming facilities – especially in the northern climates.

#### **Discussions and Projects Since Last Annual Meeting**

3. Auction
4. Grant program winners
5. Local support for new ALTS programs
6. Identification of ALTS contacts and flourishing programs in the country
7. Webinars
8. 2024 ALTS effort in conjunction with Olympic Swim Trials

#### **Action Items**

9. Auction contribution ideas from committee members' LMSCs. Ongoing
10. Contact grant recipients. Unsuccessful
11. Local support for ALTS instructors and new programs. Insurance questions, brainstorming ways to keep in contact and support newly certified instructors
12. Contacted a number of LMSCs and zone chairs to gather information on ALTS programs locally. Ongoing project
13. No webinars this year.
14. 2024 ALTS effort in Indy during Trials has not been pursued at this time.

#### **Agenda for the Future**

15. Auction contributions and support
16. Contact more LMSCs to learn of instructors, mentors, ideas and programs.
17. Continue to find ways to support all ALTS programs – new & experienced.
18. 2024 ALTS in Indy project?

**Adult Learn-to-Swim Programming Committee Meeting**  
**[Wednesday, August 16 • 8:00pm - 9:00pm EDT | Zoom Registration Link](#)**