

Committees of the Board of Directors Reports

Audit

Committee Members

Brandon Franklin, Chair; Elyce Dilworth, Vice Chair

Teddy Decker, Tracy Edwards, Gregory Weber

Ex-Officio: Dawson Hughes, Gary Keehner, Jill Gellatly

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 related legal and regulatory requirements, monitor and evaluate the effectiveness of the organization's internal controls as it related to the audit, and monitor the independence and performance of the USMS external auditors. The Committee reports its findings to the Board.

With regard to the 2023 audit, and consistent with the prior year, USMS received an "unmodified" opinion from Kerkering, Barberio & Co. ("KB"). An "unmodified opinion" is one that is free of material financial statement error.

Discussions and Projects Since Last Annual Meeting

1. Reviewed and recommended approval of the 2023 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, 2023.
3. An overview of the audit process and results was presented to the Board at the July mid-year meeting. The overview included the results of the 2023 audit process and findings.

Action Items

1. 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

Ex-Officio: Dawson Hughes; EC – President: Ed Coates

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. Committee member, Kendra Wilson, stepped down in early 2024 due to personal reasons. Process under way to identify replacement.
2. Reviewed and recommended 2024 CEO bonus goals to Board to include increasing and updated financial measurement targets in alignment with 2024 budget.
3. Evaluated CEO actual performance and organization measures against 2023 bonus goals and provided bonus payout calculation to BOD for final approval
4. Per request from past and present USMS President, conducted research on NGB/Non-profit CEO bonus structure. Presented 2025 recommendations of change to Executive Board at July BOD meeting. Focus of changes was on Board Relations Survey measures and CEO management competencies measures. Feedback obtained and final recommendations will be at August BOD meeting.
5. Provided advice and counsel to CEO on benefit option on considerations and estimating merit increase percentage for 2025.

Action Items

1. Recommend 2025 merit increase budget for staff based on survey market data.
2. Committee to recommend approval of 2025 CEO goals to the Board of Directors.
3. Evaluate 2024 annual CEO bonus payout as it relates to actual yearend achievements compared to bonus criteria.
4. All items recommended to the board to be approved.

Elections

Committee Members

Kris Wingenroth, Chair|

Paige Buehler, Britta O’Leary, Jason Weis

Ex-Officio: Jessica Reilly

The Elections Committee wishes to recognize Stacy Abrams for providing the technical expertise to create the on-line application and forms used in the election this year. Without her hard work and many hours of time, we would not have been able to meet our goal of creating an on-line candidate application system.

Introduction

The Election Committee is responsible for holding annual elections for officers (odd years) and at large directors (even years) in accordance with the Election Operating Guidelines (EOG). The EOG is the basis for the operations of the elections. The Elections Committee is responsible for all aspects of the elections from the announcement that nominations are open until the conclusion of the elections and report of the winners. The goal is to make the elections accessible and fair for all. The Elections Committee is also responsible for proposing policies pertaining to the conduct of elections and for submitting any special election procedures or changes to the EOG that may be required to accommodate changes made to the USMS Annual Meeting.

Discussions and Projects Since the Last Annual Meeting

1. Reviewed the Election Operating Guidelines and revised them as needed.
2. Created an on-line system for candidates to submit their application for office.
3. Created an on-line system for nominators and recommenders to submit their nomination/recommendation letters.
4. Created a virtual Meet the Candidates introduction to be shown at the Town Hall meeting.
5. Prepared for floor nominations to be taken at the Town Hall meeting.
6. Planned for a virtual Meet the Candidate Forum. Created an on-line form for delegates to submit questions for the Meet the Candidate Forum and selected a Moderator.
7. Prepared for a virtual election at the 2024 Annual meeting.

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Action items:

1. The Election Operating Guidelines were revised and approved by the Board of Directors on 2/19/24 .
2. On-line Application and Nomination/Recommendation forms were created and approved by the Board of Directors on 2/19/24.
3. A recommendation to allow for the suspension of EOG part 2 #5C for those zones that don't have candidates for their At-Large Directors by June 20th, for this election cycle only, was made and approved by the Board of Directors on 6/11/24. Note: this option was not utilized since all Zones had candidates by the June 20th deadline.
4. The at large director applications and nomination/recommendation forms were received and reviewed. All candidates who submitted applications met the requirements and were slated on 6/28/24.

Agenda

1. Floor nominations will be reviewed and slated if qualifications are met.
2. Potential questions for the Meet the Candidate Forum will be discussed.
3. The procedures for the Meet the Candidate Forum and the Election will be reviewed.
4. Feedback about the current election procedures will be collected.

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Finance

Committee Members

Guy Davis - Chair, Brandon Franklin - Vice Chair,

Charles Cockrell, Ralph Davis, Arlene Delmage, Elyce Dilworth, Phil Dodson, Peter Guadagni, Samantha Kraft, Gregory Weber

Ex-Officio: Jill Gellatly , Dawson Hughes, Gary Keehner

Introduction

The Finance Committee is a Board of Directors (“Board”) Committee. Our role is to review financial policies, periodic financial reports, and recommend to the BOD an annual budget for approval.

Discussions and Projects Since Last Annual Meeting

The Finance Committee has met five times since the 2023 annual meeting. We met in October and November to review and approve the 2024 USMS budget. As with the 2022 and 2023 budgets and with the Board’s direction, we approved a net deficit to be covered from investment reserves. The budget for the new Grown-Up Swimming (“GUS”) operation was approved separately, as it will be during its development period. In our February meeting, we reviewed USMS financial performance for calendar year 2023 and outlined the FC’s agenda for the remainder of 2024. In our April meeting, we reviewed USMS’s Q1 financial performance and the latest forecast for the 2024 year. The FC also considered cash flow USMS forecasts for 2024 and recommended the Board make planned investment transfers from reserves in 2024 to cover expected cash deficits without recourse to USMS’s line of credit. In our April and July meetings, preliminary budget assumptions and business plans for 2025 were discussed and the FC recommended the Board propose a membership fee increase at the Annual Meeting in September.

Regarding updates to Financial Operating Guidelines (“FOG”), the principal item under consideration is to include certain provisions from the outdated Manual of Accounting Policies (“MAP”) so that MAP can be sunset, continuing the process of simplifying financial policy documentation.

A subgroup that includes FC members continues to assist the CEO in his ongoing oversight of GUS.

Action Items Completed

1. Review and approval of 2024 USMS budget. (October/November 2023)
2. Reviews of 2023 USMS financial results and ongoing 2024 USMS financial performance
3. Make recommendations to the Board on fee changes to be proposed to the HOD (July 2024)
4. Preparation of recommended updates to the FOG of USMS (April - August 2024)
5. Supporting financial oversight of GUS (ongoing)

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Future Agenda Items

1. Review the 2025 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 an amount pre-authorized by the Board. Approve the draft budget to be submitted to the Board.
3. Support ongoing financial oversight of GUS.

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Governance

Committee Members

Paige Buehler, Chair; Susan Ehringer, Vice Chair

Ed Coates, Rob Copeland, Julie Dussliere, Peter Guadagni, Kristof Kertesz, Crystie McGrail, Hugh Moore

Ex-Officio: Stephanie Gauzens, Dawson Hughes

Introduction

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

Discussions and Projects Since Last Annual Meeting

1. Revised 506.7 “Permanent Committees of the Board” to remove the restriction of appointing only Board members to Board committees. We recommended this proposal to the Board of Directors and it has passed out of that body and out of the Legislation committee for consideration by the House of Delegates.
2. The Board took an assessment survey (provided by BoardSource, a non-profit organization with a mission to inspire and support excellence in nonprofit governance and board and staff leadership) in the spring. We had 100% participation, received a summary report back from BoardSource, and presented the results to the Board at its Summer Board meeting July 13. Highlights included our strong oversight and strategy practices.
3. Improvements to Board member onboarding was highlighted as a need in the assessment survey. With six new and one returning member joining the Board this year there are plans to ensure a strong orientation cycle to prepare the Board for the budget approval process and CEO bonus objectives cycle, both of which occur at the end of the calendar year.
4. Review of existing national level role descriptions was done early in the summer. We are prioritizing descriptions for At-Large directors based on this election cycle, but there is a need for other national level liaisons and appointees to have role descriptions as well.
5. Board Education continues as an ongoing project to bring articles and speakers about good governing practices to the Board members. We invited J. Kenny Friedman, chair of the Houston/Harris County Sports Authority, to speak at the Winter Board meeting (early March in Houston) about qualities that lead to strong and weak boards based on his experience on multiple boards for many non-profits.
6. We will also continue to assign board buddies to foster collegial conversations on a regular basis between meetings.

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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 2024 Annual Meeting.

Investment

Committee Members

Ralph Davis, Chair; Stan Benson, Vice Chair

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

Ex-Officio: Gary Keehner, Jill Gellatly

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.

The S&P 500 finished the 2023 year up 24%, just 0.6% from its January 2022 record. The Dow Jones Industrial Average advanced 14% to top 37,000 for the first time. It's a far cry from the doom and gloom many were bracing for at the start of 2023.

As of December 31, 2023, the USMS Investment Portfolio year-to-date gain was 14.9%, or a gain of \$472,003, which includes dividend and interest income and portfolio appreciation. The value of the account at the end of the year was \$3,562,233. In 2023, the SSL fund had year-to-date gain after expenses of 11.4%, or a gain of \$42,906. The value of the account at the end of the year was \$420,467

Higher interest rates are here to stay. Even after policy rates recede from their cyclical peaks, in the decade ahead rates will settle at a higher level than we've grown accustomed to since the 2008 global financial crisis (GFC). This development ushers in a return to sound money—an environment of positive real interest rates—and the implications for the global economy and financial markets will be profound. Borrowing and savings behavior will reset, capital will be allocated more judiciously, and asset class return expectations will be recalibrated. A higher interest rate environment should serve long-term investors well, but the transition may be bumpy. Inflation is coming down and we are expecting a September Fed rate cut with the rest of world also heading into rate cuts.

The year 2024 has been a good year for the stock markets with the S&P 500 up 14.5% through June 30, 2024, led primarily by the 7 big tech companies. The Dow is up 3.8% in the same period.

As of June 30, 2024 the USMS Investment Portfolio year-to-date return was 6.4% or a gain of \$244,472 which includes dividend and interest income and portfolio appreciation. The value of the account at mid-year was \$3,468,960 after transferring out \$337,745 to fund

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USMS operations. Since the inception of the Investment Committee in 2011, the USMS Investment Portfolio has a gain of \$2.2 million or an average annual positive return of 6.5%.

As of June 30, 2024, the SSL fund year-to-date return was 4.6% or a gain of \$19,299. The value of the account at the end of June was \$439,766.

The current allocation of the USMS Investment Portfolio is 63.3% Equities or Stocks, 26.5% Fixed Income and Bonds, 4.4% Real Estate, and 5.8% 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's positions for growth at reduced 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 2024 year to date results. The outlook for 2024 remains positive with continued volatility in the face of Geo-political concerns and the 2024 elections. With our portfolio positioning of moderately overweight risk we should experience positive single-digit returns in 2024. We can expect Inflation to cool down, supply chain disruptions to improve, labor shortages to be moderate and the Federal Reserve slowly decreasing interest rates starting this September. 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. Continued quarterly review with our NT portfolio manager with purchase and sell adjustments to current and anticipated needs of USMS.

Action Items

1. Review the Investment portfolio and SSL portfolio on a quarterly basis, more often if events dictate.
2. Review the USMS Investment Policy Statement
3. Look forward to 2024-2025, 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.

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ALTS Programming Committee (ad hoc)

Committee Members

Sue Nutty, Chair

Barb Sloan, Mike Hamm, Brandi Bashor, Cindy Wood, David Smith, Eric Hektner, Carrie Stolar, Nadine Ford, Donita Flecker, Jay DeFinis Ex-Officio: Bill Brenner

Introduction

The ALTS Committee met in February, April and July. Time was spent getting to know new committee members as well as getting updates from returners. We had many new members join us this year!

Discussions and Projects Since Last Annual Meeting

1. Definition of the ALTS Committee mission and vision.
2. Ideas and info regarding: USASF golden goggles, auction and fund-raising issues, ALTS grants, ALTS program best practices, mentoring, having a presence at Relay.

Action Items

1. ALTS Mission Statement:
2. The **mission** of the Adult Learn-to-Swim Committee is to empower adults of all abilities to become educated, confident and proficient swimmers through our US Masters Swimming Adult Learn-to-Swim programs. We strive to create a supportive, inclusive and affordable environment where individuals can overcome their fears, develop essential water safety skills and unlock the joys of swimming for fitness, recreation and personal growth.
3. ALTS Vision Statement:
4. The **vision** of the Adult Learn-to-Swim Committee: every adult has the opportunity to learn the necessary skills for success in and around the water.

Agenda

1. East Coast possible mentoring project in VT. (Nadine, Brandy, Cindy)
2. Midwest subcommittee worked on mission and vision statements (Barb, Jay, David and Sue)
3. West Coast possible mentoring project (Mike, Erik and Donita)
4. ALTS grant report from Jay. Always looking for more funds and ideas to increase the number of grants awarded.
5. FL mentoring project (Barb)
6. Golden Goggles – Set for 11.23.24 in Indianapolis
7. Minnesota ALTS will once again be offering the program for Afghan men and women in the Twin Cities area in May.
8. Idea: could we have some video of ALTS programs to show during USASF September board meeting and USMS Relay in October? Great PR opportunity. Mahogany Masters/Evolutionary Aquatics (Nadine Ford) has some great video posted

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on their FB page. Checking with others (including committee members) for video as well.

9. Idea: Award or recognition for growing ALTS programs?
10. During July meeting, committee members reported on ALTS activities and programs in their local area.
11. Full copies of minutes and reports will be in the ALTS page on the forum.