Audit

Committee Members
Elyce Dilworth, Chair; Brandon Franklin, Vice Chair

John Davis, Teddy Decker, Tracy Edwards, Janet Goodridge

Ex-Officio: Dawson Hughes, Gary Keehner, Denise Dombay

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 relates to the audit, and monitor the independence and performance of USMS's external auditors. The Committee reports its findings to the Board.

With regard to the 2025 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 errors.

Discussions and Projects Since Last Annual Meeting

1. Held the annual executive session with the CEO, Dawson Hughes.
2. Reviewed and updated the Committee's charter and presented the updated charter to the Board for approval.
3. Reviewed and recommended approval of the 2025 audited financial statements to the Board. This included an annual meeting of the Committee members with KB via Zoom.
4. Reviewed and recommended approval of the Form 990 tax forms for the year ended December 31, 2025.
5. An overview of the audit process and results was presented to the Board at the Board's July mid-year meeting. The overview included the results of the 2025 audit process and findings.

Action Items

No action items for the House of Delegates.

Agenda

The Audit Committee has opted not to hold a meeting in conjunction with the 2026 annual meeting

Compensation and Benefits

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

Dan Cox, Mark O'Leary, Julie Dussliere

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. Reviewed and recommended 2025 CEO bonus goals to Board to include increasing and updated financial measurement targets in alignment with 2025 budget.
2. Evaluated CEO actual performance and organization measures against 2025 bonus goals and provided bonus payout calculation to BOD for final approval, which was paid at slightly less than 100% of target (18.6%).

Action Items

1. Recommend 2027 merit increase budget for staff based on survey market data.
2. Committee to recommend approval of 2027 CEO goals to the Board of Directors.
3. Evaluate 2026 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

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 Last Annual Meeting
1. Reviewed the Election Operating Guidelines and revised them as needed.
2. Received and processed Candidate applications and recommendation letters for the 2026 election. All open positions had applicants.
3. Reviewed and made minor revisions in the questions for the Meet the Candidate video interview.
4. Prepared for floor nominations to be taken at the Town Hall meeting.
5. Planned for the virtual Meet the Candidate Forum.
6. Prepared for the virtual election at the 2026 Annual meeting.

Action Items
1. The Election Operating Guidelines were revised and approved by the Board of Directors on 1/20/26.
2. The At-Large Director applications and nomination/recommendation forms were received and reviewed. All candidates who submitted applications met the requirements and were slated. Applications were received for all open positions.

Agenda of upcoming tasks
1. Any floor nominations received at the Town Hall Meeting will be reviewed and slated if the USMS qualifications are met.
2. The procedures for the Meet the Candidate Forum and the Election will be reviewed and finalized.
3. Feedback about the past and current election procedures will be collected and evaluated.

Finance

Committee Members

Brandon Franklin - Chair, Elyce Dilworth - Vice Chair,

Guy Davis, Teddy Decker, Eric Gordon, Phil Dodson, Peter Guadagni, Samantha Kraft, Denise Dombay

Ex-Officio: Dawson Hughes, Gary Keehner, Ralph Davis

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 four times since the 2025 annual meeting. We met in October and November to review and approve the 2026 USMS budget. The 2026 budget, including capital expenditure and Grown Up Swimming (GUS), was approved with a deficit driven by anticipated legal expenses and a small net loss in GUS. GUS, still in its development stage, is operating within initial projections. In our meetings thus far in 2026, we reviewed USMS financial performance for calendar year 2025, the Q1 2026 financial performance, and the latest reforecast for the 2026 year. The Q1 reforecast showed a shortfall from budget driven by board approved actions including headcount additions and projects,

Our remaining meetings will focus on 2026 reforecasts, business plans and preliminary budget assumptions for 2027 and other pertinent matters as required.

Regarding updates to Financial Operating Guidelines ("FOG"), a detailed review is anticipated in the calendar year but has not yet commenced. Finalization of the prior year exercise to include certain provisions from the outdated Manual of Accounting Policies ("MAP") so that MAP can be sunset, is being finalized and several stand alone policies are being reviewed for inclusion in FOG and thus being sunset as well.

Action Items Completed

1. Review and approval of 2026 USMS budget. (October/November 2023)
2. Review and discussion of the 2025 financial results of USMS and GUS.
3. Review of the ongoing 2026 USMS financial performance.
4. Supporting financial oversight of GUS (ongoing)

Future Agenda Items

1. Review the 2027 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 in line with an amount pre-authorized by the Board. Approve the draft budget to be submitted to the Board.
3. Support ongoing financial oversight of GUS.
4. Preparation of recommended updates to the FOG of USMS (July - November 2025)

Governance

Committee Members
Phyllis Quinn, Chair; [TBD], Vice Chair

Paige Buehler, Rob Copeland, Julie Dussliere, Lessly Field, Peter Guadagni, Matthew Harris, Chris McGiffin, Crystie McGrail, Patty Miller, Ellen Reynolds

Ex-Officio: Kristof Kertesz, Dawson Hughes

Introduction
The Governance Committee shall be responsible for ongoing review and recommendations to enhance the quality and future viability of the Board and the USMS governance structure, including committees and local and regional divisions of USMS. The committee shall be composed of Board and non-Board members with relevant involvement or expertise in governance and organizational development. The president shall appoint all committee members and a chair of the committee.

Discussions and Projects Since Last Annual Meeting

1. The Committee has been tasked by the BOD to review the LMSC's Bylaws.
2. All LMSC's have Bylaws according the LMSC Standards committee. These are submitted. The report for the LMSC Standards is self-reported. The Bylaws are not audited by the LMSC Standards committee. It is the view of the governance committee that these Bylaws should include consistent guidelines for an annual LMSC meeting, how the membership is informed of the meeting, minutes from the meeting and names of members attending the meeting.
3. LMSC Bylaws should include term limits for the officers of the LMSC and how the Officers are elected.

Action Items

1. Try to create a single Bylaws template that would be consistent across all LMSC's.
2. The committee is working on creating a template.

Agenda

1. The Bylaws of similar nonprofit sport organizations are being reviewed.

Investment

Committee Members

Ralph Davis, Chair; Chris Eckerman Vice Chair

Committee members; Phil Dodson, Robin Smith, Chris Eckerman, Guy Davis.

Ex-Officio: Gary Keehner, Denise Dombay, Brandon Franklin

Introduction

The Investment Committee is responsible for overseeing the investment of financial assets for both USMS and the Swimming Saves Lives Fund (SSL) that exceed required working capital. This oversight is conducted in accordance with prudent investment planning established by the USMS Investment Policy approved by the 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.

As of December 31, 2025, the USMS Investment Portfolio year-to-date gain was 14.2%, or a gain of $475,786 which includes dividend and interest income and portfolio appreciation. The value of the account at the end of the year was $3,826,622. In 2025, the SSL fund had year-to-date gain after expenses of 15.2%, or a gain of $68,483. The value of the account at the end of the year was $496,494.

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.

This year, 2026, has been a good year for the stock markets with the S&P 500 up 9.6% through June 30, 2026. The Dow is up 8.9% in the same period.

As of June 30, 2026, the USMS Investment Portfolio year-to-date return was 6.9% or a gain of $263,672 which includes dividend and interest income and portfolio appreciation. The value of the account at mid-year was $4,090,294. Since the inception of the Investment Committee in 2011, the USMS Investment Portfolio has a gain of $3.1 million or an average annual positive return of 7.2%.

As of June 30, 2026, the SSL fund year-to-date return was 7.5% or a gain of $35,799. The value of the account at the end of June was $507,699.

The current allocation of the USMS Investment Portfolio is 59.3% Equities, 30.9% Fixed Income and Bonds, 4.7% Real Estate, and 5.1% Cash. Our Investment Policy Statement has a range of 60-65% Equities, 35-40% Fixed Income and Cash (Short-term Treasuries). 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 long-term growth and income while maintaining a moderate level of risk. At our quarterly meetings, Northern Trust, our portfolio manager, reviews the portfolio's performance over the previous 90 days, and together we discuss investment strategies designed to achieve our long-term objectives.

We are pleased with the portfolio's 2026 year-to-date performance. While the outlook for the remainder of 2026 remains positive, we expect continued market volatility driven by geopolitical uncertainties. Given our moderately overweight risk positioning, we believe the portfolio is well positioned to achieve positive single-digit returns for the year.

We do not expect inflation to moderate significantly until oil prices stabilize, labor shortages ease, and the Federal Reserve begins gradually increasing interest rates, which are currently anticipated to begin in September. These expectations reaffirm the Investment Committee's decision to remain fully invested while maintaining a diversified asset allocation. We believe this continues to be the most prudent strategy for achieving our long-term investment objectives.

Discussions and Projects Since Last Convention

1. Continued quarterly review with our NT portfolio manager with purchase and sell adjustments to rebalance the portfolio and meet 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. Looking forward to 2026-2027 our main objectives are to work with our advisor, NT to
    a. Maintain sufficient cash balance or highly liquid alternatives to transfer to operations
    b. Be prepared for continued volatility
    c. Remain vigilant on the global economic and market outlooks
    d. Rebalance or shift asset allocation if conditions warrant.