

Board of Directors Committee Reports and Agenda

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 2018 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 2018 audited financial statements to the BOD. Included annual meeting of Audit Committee members with K&B in Sarasota.
2. Reviewed and recommended approval of the Form 990 tax forms for the year ended December 31, 2018.
3. Executive Summary report provided to BOD for July mid-year meeting. The report included the results of the 2018 audit process and findings.

Action Items

1. Recommend changes to Audit Committee Charter, if necessary.
2. Recommend to Finance Committee changes to FOG, if necessary.

Agenda

1. Review Audit Committee Charter.
2. Review changes to FOG, if any.
3. Discuss any changes to format of 2019 financial statements.
4. Discuss requirement of dual signatures on checks.

Audit Committee Meeting
Meeting #1: Friday, 8:00-9:15am, Sterling Studio 2

Compensation and Benefits

Committee Members

Ed Coates, Chair; Erika Braun, Vice Chair

Hill Carrow, Dan Cox, Mike Malik

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 as part of contract renewal process
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 to the Board of Directors as part of the contract renewal process
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
6. Review committee charter
7. Review annual activities list

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Elections

Committee Members

Erin Sullivan, Chair; Bruce Hopson, Vice Chair

Susan Ehringer, Nancy Ridout, Leianne Crittenden, Dan Wegner

Ex-Officio: Jessica Reilly, 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 elections with the goal of making the election accessible and fair while providing informative responses from candidates seeking office.

Discussions and Projects Since Last Convention

1. Reviewed and discussed all candidate packets.
2. Approved all candidate packets received prior to convention.
3. Discussed Meet the Candidates session.

Action Items

1. Receive any candidate packets received during floor nominations.
2. Review Electronic voting procedures and contingency plan.

Agenda

1. Review floor nomination packets
2. Discuss Meet the Candidates session. Assign responsibilities.
3. Discuss Electronic voting procedures.

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Finance

Committee Members

Jeanne Ensign, Chair; Laura Winslow, Vice Chair

Tom Boak, Guy Davis, Teddy Decker, Elyce Dilworth, Phil Dodson, Brandon Franklin, Jill Gellatly, John Gillis, Peter Guadagni, Homer Lane

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 in the weeks leading up to convention to discuss the 2020 budget. Committee discussions and actions during the year:

1. Reviewed and discussed monthly financial reports, final 2018 operating results and 2019 quarterly forecasts prepared by the CFO. Although USMS assets remain stable at \$4.2M members expressed concern about membership levels and its effect on finances.
2. Prepared a budget modernization legislative proposal for changing the timing of budget preparation and the responsibility for approving it. Unanimously recommended to the Board.
3. Submitted revised Financial Operating Guidelines (FOG) to the Board for approval at their mid-year meeting in July. Changes were for clarity, improved user-friendliness, and housekeeping. There were no policy changes.
4. Discussed Finance Committee oversight of the Swimming Saves Lives (“SSL”) budget prior to convention, information about it to be included in pre-convention packet, and convention workshop to highlight how gifts to SSL are being utilized.
5. Received briefings on 1) the IT Modernization project and future roadmap, 2) LMSC Financials spreadsheet template for use by LMSCs to report 2018 financial information to the National Office, and 3) the unified fee proposal.
6. As an appointee of the committee, Ralph Davis, reviewed contracts between USMS and 1) Azure Direct for cloud services, 2) Bayou Associates for renewal and revision of National Office lease resulting savings of \$76,452 over the 5-year life of the lease, and 3) Insurance Office of America IOA our new risk management partner. (FOG XII.D requires proposed contracts greater than \$30,000 to be reviewed by a representative of Finance Committee).
7. Approved an over budget request of \$2,650 from the Officials Committee to support the UANA Pan American Masters Championships in Orlando.

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Action Items

8. Approve minutes of meetings since prior convention
9. Approve 2020 budget and present to Board

Agenda

10. Welcome and Introductions
11. Approve meeting minutes since prior convention
12. Review of over budget requests since prior convention
13. Chief Financial Officer's report – Susan Kuhlman
14. Treasurer's report – Ralph Davis
15. Audit Committee report – Elyce Dilworth
16. Budget Q&A as needed (Wednesday and Thursday sessions)
17. Review all elements of 2020 budget; recommend amendments and present to Board (by end of Thursday session).
18. Other
19. Upcoming projects

Finance Committee Meeting Agenda

- Meeting #1: Wednesday, 4:00-5:30pm, Regency B**
Meeting #2: Thursday, 2:00-3:00pm, Sterling Studio 8
Meeting #3: Friday, 9:30-10:30am, Sterling Studio 1

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Investment

Committee Members

Stan Benson, Chair; Guy Davis, Vice Chair
Phil Dodson, Jay Definis, Homer Lane, Bill Sherman
Ex-Officio: Ralph Davis, Susan Kuhlman

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

Discussions and Projects Since Last Convention

1. Our mission remains the same: to manage USMS funds for conservative total return, using proven investment portfolio strategies. **As of June 30, 2019 the USMS portfolio experienced a strong return of 12.5%.** On that date the value of the portfolio was \$3,416,978 an increase of \$378,950 this year. This portfolio follows the Northern Trust model portfolio with tactical variations selected in consultation between the committee and the NT advisor.
2. **Similarly, the SSL portfolio (which follows the Northern Trust model portfolio) had an overall return of 11.1% return during the same time.** On June 30, 2019 the SSL portfolio was valued at \$225,225 an increase of \$22,521 for the year to date.
3. We comprehensively review and discuss, the Northern Trust Performance-Benchmark Report, evaluating each mutual fund in the USMS and SSL portfolios every quarter.
4. We continue to prepare quarterly Investment Committee Reports for the Board of Directors.
5. The committee reviews the Investment Policy for accuracy and updates if necessary. None was needed this year.

Action Items

1. All the aforementioned projects continue to carry forward as regular action items.
2. Looking forward to 2019-2020, 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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Agenda

1. Introduce all members with a brief bio from each.
2. Hear the presentation from Jim Gregory, Northern Trust Investment Manager
3. Review and discuss the presentation from NT. Vote on any necessary changes.
4. New business if any.
5. Adjourn

Investment Committee Meeting Agenda

Meeting #1 – Wednesday, 4:00pm– 5:30pm , Sterling Studio 8

Meeting #2 – Thursday, 11:30am – 12:30 pm, Sterling Studio 1

Governance

Committee Members

Jim Miller, MD, Chair; Jeff Strahota, Vice Chair

Paige Buehler, Ed Coates, Lianne Crittenden, Matt Hooper, Hugh Moore, Doug Sayles, Mike Heather, Chris Colburn, Rob Copeland, Dave Diehl, Tom Moore

Ex-Officio: Dawson Hughes, Bill Brenner, Patty Miller

Introduction:

From the 2019 Rule Book: 506.7.4 Governance Committee—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.

While you may find this stuffy, I think it is important to refer to the actual rule under which the Governance Committee was founded as well as its purpose. Typically, our work has two levels. First, the Governance Committee is charged with reviewing and making recommendations about the USMS governance structure. We do this at times by answering questions referred to us by others, such as some questions we answered for the Volunteers Task Force this year. We also can undertake this examination on our own or at the request of the Board. Going forward, with potential changes to the larger USAS convention structure, it may be time for the Governance Committee to examine representation at Convention, a topic that has remained unchanged for years despite the growth of USMS and the corresponding growth in numbers and expense of our House of Delegates.

Second is the ongoing orientation/education of the BOD as to their role in governance which includes a wide range of topics from mission statements to conflict of interest to my favorite topic: the “Big Picture” approach to our Corporation. The Education Subcommittee, chaired by Ed Coates (other members are Paige Buehler and Chris Colburn) conducts face to face presentations at BOD meetings, provides education to new BOD members soon after their election, and shares bi-monthly/quarterly reading assignments of articles selected from a constant supply of educational pieces

Discussions and Projects Since Last Convention

1. Education: Board Education soon following election directed to new Board Members as to their new roles nationally. Board Education presentations at both the Winter and Summer face to face Board Meetings in some cases staged as workshops. Bimonthly or quarterly reading materials selected as germane to the Board to promote their learning. This is one example of these topics:

New resource: "Wrestling with Board Dilemmas: Boardroom Confidentiality"
Nonprofit boards deal with a lot of confidential information, but what happens if

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a member starts sharing what happens behind closed doors? Our latest "Wrestling with Board Dilemmas" fictional case study tells a story about a board dealing with that same issue and includes suggestions on how to address it.

2. Topics for educational pieces, past and going forward.:
 - Communication (April '19)
 - Supporting/Evaluating the CEO (June '19)
 - Managing change (August '19)
 - Building and sustaining a qualified board (October '19)
 - Duty of care/ethics (December '19)
 - Ensuring adequate resources (February '20)
 - Protecting the assets of the organization (April '20)
3. Entertain Projects sent to us by the BOD or other committees directed through the BOD
4. Evaluation of Governance Committee member skills and how best to utilize them
5. Evaluation of Governance as to how to best link the volunteers to the staff
6. Look at Board structure following the 2019 Convention pending legislation changes that may be adopted
7. Evaluation of the 16 Volunteer Task Force (VTF) developed a roadmap and timeline for their recommendations and presented 16 proposals to the Board. None of the recommendations were felt to need to be evaluated by the Governance Committee, pending result of 2019 Convention

Action Items during the year

1. Approved committee meeting minutes from 1/16/19, 2/19/19, 3/19/19, 4/17/19, and 6/11/19.
2. Creation of the Education subcommittee (work noted above)
3. Governance Committee does not recommend codifying definitions of Working Groups or Task Forces but does recommend that the best practice of the organizing group is to review mission of task forces etc. that they have created on an annual basis.

Convention Agenda (An active exercise No goggles required!)

1. **Exercise:** Attendees will be divided into 4 groups with 4 questions that will be presented to them, so be on time! (20 minutes)
2. What excites your answers (or others' answers) about the educational topics above?
3. Any proposals that you see coming out of the 2019 Convention that you feel will need attention of the Governance Committee.
4. Is there any topic that you would like to see the Governance Committee to address that has not been mentioned?

Governance Committee Meeting Agenda Meeting #1: Thursday, 3:15-4:15pm, Sterling Studio 1

Swimming Saves Lives Foundation

Committee Members (Board of Trustees or BoT)

Jay DeFinis, Chair; Brandon Franklin, Vice-Chair

Susan Ehringer, Mia Erickson Stevens, Michael Hamm, Kristina Henry, William Kolb, Leo Letendre, Debbie Malafsky, Susan Pollard, Cheryl Richardson, Nancy Ridout, Lisa Ward

Ex-Officio: Bill Brenner, Patty Miller, Holly Neumann

Mission Statement

The USMS Swimming Saves Lives Foundation works to reduce adult drowning risk through education, financial support, 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

There are four key priorities, which were set out in the prior year report, that further advance SSLF's mission on which the committee continues to work. They are as follows:

- Development
 - Create a donor recognition program for all levels of giving
 - Planned giving options
 - Review of national and local grants available for SSL to apply
 - Cultivate a member donor base
 - Strategy for USMS 50th anniversary special recognition and campaign
- Grassroots fundraising
 - Created subcommittee to advise and prioritize local initiatives
 - Fitness series participants donated to SSLF, and proceeds benefitted SSLF
- April is Adult Learn-to-Swim Month programs and education
 - Continued focus and promotion of April is Adult Learn-to-Swim Month on local USMS programs occurring within the LMSC's
 - Volunteer participation
 - Community outreach

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- Marketing and Data Metrics
 - Develop a process that measures our success
 - Promoting SSLF nationally
 - Involvement in the drowning prevention community

On Saturday, September 14th at 11:15 a.m. in Regency E, a workshop will be held which sets forth how to run a successful adult learn-to-swim program. This workshop covers several of the topics above which can help drive success at both the local and national level.

2019 SSLF highlights that support our work

SSLF has had much success this year in terms of exposure and growth in a variety of areas. Following is a summary.

SSLF Funded Grant Programs: As it relates to the SSLF funded grant programs, through July 2019 more than 1,500 adults have taken lessons. For comparison, through July 2018, 817 had taken lessons in an SSLF-funded grant program. That is an increase of more than 80%. It should also be noted that for the full year 2018, 1,185 adults participated in grant programs while 2017 had 1,050 participants. Current year is pacing well ahead of those numbers.

April is Adult Learn-to-Swim Month: During the April is Adult Learn-to-Swim Month initiative, there were at least 1,236 adults in lessons at programs around the country, not all of which were funded by SSLF grants, versus 1,089 in 2018 for an increase of 13%. There were more than 500 instructors involved in the April initiative.

The Louisville SSLF program led the way in terms of media interest and was featured in the Facebook gratitude campaign at the end of 2018. This campaign included a video produced and promoted by Facebook (link here: <http://bit.ly/2Za2i6f>). To date, the video has nearly 600,000 views and been shared almost 500 times. The Louisville program was also featured on the covers of Swimmer magazine (May-June 2019 issue) and Louisville magazine (August 2019, with a [multi](#)-page photo essay).

As of this report, 771 people have joined the ***USMS Swimming Saves Lives Foundation*** Facebook Group, where programs and students can share and celebrate their successes. Please join here <http://bit.ly/2Z43nN5> and read some of the many inspirational stories.

Adult Learn-to-Swim Courses: The ALTS Summit was held in January. The summit, which is held every other year, serves to update and/or train the ~12 lead instructors that

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teach the ALTS course. In addition to reviewing administrative items (how to book flights, obtain supplies, etc.), the summit largely focused on changes to the curriculum to accommodate those with disabilities.

In addition to the summit, three ALTS instructor certification classes sponsored by SSL (Albuquerque, Chattanooga, Coeur d'Alene) resulted in 39 certified ALTS instructors. There are two SSLF-ALTS classes remaining in 2019 (Tallahassee, Oct. 5, and Muncie, Nov. 16). As of Aug. 19, 14 participants are registered for those two classes. The five classes are expected to net \$5,228 for SSL.

Inquiries for help in finding an instructor are significantly up, in large part due to the Facebook campaign and group page.

Events: This year marks the second annual ***Smarty Pants Vitamins USMS Fitness Series***. In 2019, the series is estimated to generate gross proceeds of ~\$25,000 as well as incremental donations made directly to SSL. You can register for or learn more about the series here: <http://bit.ly/2KC7NTi>

Giving Levels: During the year, the following giving levels were established:

<u>Level</u>	<u>Amount</u>	<u>Comments</u>
Life Saver	\$ 60	Approximate cost to teach one adult to learn to swim
Save a Family	\$ 120	Approximate cost to teach parents to learn to swim
Sponsor a Winning Relay	\$ 240	Approximate cost to teach 4 adults to learn to swim
Go the Extra Mile	\$1,650	Help support an SSLF Grant Program
Champion	\$2,500+	Help support 1 or more SSLF Grant Programs

Donations: Despite the increased exposure (i.e., Facebook) and growth in participation as outlined above, donations are down. Total donations received in 2017 were \$149,705, while in 2018, donations were \$130,635. Further, donations through June 2019 are down 30% over the same period in 2018, indicating a further reduction for full year 2019.

It is not believed this decrease is attributable to a single item. Rather, several possible reasons have been discussed, include the following: a) changes in tax law, making donations to 501(c)(3)'s less attractive from a tax deduction standpoint; b) the lack of dedicated fundraising resources for SSLF; and c) decline in USMS membership impacting the donor base. It is also possible the USMS membership base, from which the majority of the donations is derived, has been saturated.

Irrespective of the reason, fundraising must be the top priority going forward.

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Grants: A total of 69 programs were funded in the 2018/19 grant cycle for a total of \$132,500 (2017/18: \$126,663). However, given the reduced donations, the level of grants provided in the past cannot be sustained. It is therefore likely the SSLF BoT will be recommending an amount smaller than previous years.

Action Items at Convention

- USMS Board of Directors to review and vote on the committee recommendation of funds to be made available for grants in the 2019/20 grant cycle.
- Approval by the appropriate authority of the 2020 SSLF departmental budget.
- Announce the 2019/20 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
3. Overview of donation history
4. Overview of the grant review process and recipients (subject to USMS BoD Approval)
5. SSLF marketing priorities
6. Old business
7. New business

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