

Board of Directors Committee Reports and Agenda

Audit

Committee Members

Elyce Dilworth, Chair; Laura Winslow, Vice Chair

Jeanne Ensign, Brandon Franklin, Jill Gellatly

Ex-Officio: Teddy Decker, 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 2020 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 Convention

1. Reviewed and recommended approval of the 2020 audited financial statements to the BOD. Included annual meeting of Audit Committee members with K&B via Zoom.
2. Reviewed and recommended approval of the Form 990 tax forms for the year ended December 31, 2020.
3. Executive Summary report provided to BOD for July mid-year meeting. The report included the results of the 2020 audit process and findings.

Action Items

4. Conduct biennial review of Audit Committee Charter.
5. Review KB engagement letter.
6. Meet in annual executive session with CEO, Dawson Hughes.

Compensation and Benefits

Committee Members

Erika Braun, Chair; Mike Malik Vice Chair

Ed Coates, Dan Cox, Jeff Moxie

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. Updated committee charter to redefine committee member terms to clarify five-year terms begin in the year in which the member is appointed, which was approved by the Board.
2. Reviewed and recommended 2021 CEO bonus goals to Board to include updating the payout criteria scales for budgeted Net Ordinary Income and budgeted Membership.
3. Reviewed and recommended 2021 CEO compensation to the Board to include a minimal merit increase due to pandemic, which may be reviewed again at the end of Q1 for additional consideration.
4. Evaluated CEO actual performance against 2020 Bonus goals, although CEO bonus was not paid out for 2020 in response to the pandemic.
5. Reviewed and recommended compensation and benefits budget to Finance Committee for inclusion in the 2021 budget.
6. In April 2021, staff received additional retroactive merit increase as previously approved by the Board as discretionary based on current year results.
7. Provided advice and counsel to CEO on personnel matters.
8. Confirmed filing for Form 5500 for 401(k) Retirement Plan.

Action Items

1. Distribute the 2021 CEO Board Relations survey to Board members with summarized results and prior year comparison.
2. Evaluate USMS positions to survey market data (ACES survey) to ensure equity and competitiveness for all positions.
3. Committee to recommend approval of 2022 CEO goals to the Board of Directors.
4. Recommend 2022 merit increase budget for staff based on survey market data.
5. Committee to recommend approval of 2022 CEO compensation to the Board of Directors.
6. Evaluate 2021 annual CEO bonus payout as it relates to actual yearend achievements compared to bonus criteria.
7. All items recommended to the board to be approved.

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Elections

Committee Members

Erin Sullivan, Chair; Cheryl Gettelfinger, Vice Chair

MJ Caswell, Susan Ehringer, Stephanie Gauzens

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 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 creating election procedures in the event of a virtual annual meeting and for suggesting changes to the EOG.

Discussions and Projects Since Last Convention

1. Reviewed and discussed all candidate packets.
2. Slated all candidates who were eligible for election.
3. Discussed election procedures in the event of a virtual meeting.
4. Submitted proposed election procedures for the virtual meeting.

Action Items

1. Review floor nomination packets and slate qualified candidates.
2. Review the Election Operating Guidelines. Begin discussions regarding changes to be made to the EOG that reflect virtual elections.

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Finance

Committee Members

Guy Davis - Chair, Jill Gellatly - Vice Chair

Ashley Braniecki, Tom Boak, Ralph Davis, Elyce Dilworth, Phil Dodson, Jeanne Ensign, Brandon Franklin, Homer Lane, Laura Winslow.

Ex-Officio: Dawson Hughes, Susan Parker

EC: Teddy Decker

Introduction

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 5 times since the 2020 virtual annual meeting. We met twice in November 2020 to review and approve the 2021 USMS budget in the knowledge that the pandemic has created much greater than usual uncertainty in membership levels. The approved budget was based on cautious assumptions about expected membership, and with the Board’s direction approved a net deficit to be covered from investment reserves. We met again in February and March to review budget adjustments in the light of evolving membership data and to approve overbudget requests. In June and July sub-groups of the Committee met to review the Financial Operating Guidelines (“FOG”) and propose updates. The most substantive update FOG needed was to the Budgeting Process and Controls section to codify the new budget process and timeline approved by the HOD in 2019 and used for the first time in 2020. The Committee met in late July to review and approve recommended updates to the FOG which have been forwarded to the Board for approval. The updated FOG will be posted on the USMS web site upon Board approval.

Action Items

1. Review and approval of 2021 USMS budget. (November 2020)
2. Review and approval of budget adjustments and overbudget requests. (February/March 2021)
3. Preparation of recommended updates to the FOG of USMS (June/July 2021)

Agenda for the remainder of 2021

1. Review the strategic plan and draft assumptions for the 2022 USMS budget (August 2021)

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2. Review the 2nd quarter financial report and annual forecast for 2021 and the new initiatives for 2022. (Annual meeting 2021)
3. Review the 2022 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. Make any necessary changes to reach a budget with a no-deficit Net Ordinary Income unless a different goal is pre-authorized by the Board and approve the draft budget to be submitted to the Board. (October/November)

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Investment

Committee Members

Ralph Davis, Chair; Stan Benson, Vice Chair

Committee members; Guy Davis, Phil Dodson, Homer Lane, Bill Sherman

Ex-Officio: Susan Kuhlman

EC: 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.

As of June 30, 2021 the USMS Investment Portfolio year-to-date return was 6.76% or a gain of \$244,432 which includes dividend and interest income and portfolio appreciation. The value of the account at mid-year was \$3,861,519. Since the inception of the Investment Committee in 2011, the USMS Investment Portfolio has a gain of \$2 million.

The SSL investment portfolio remains the same in that it continues to be invested and managed under the Northern Trust 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 model portfolio guidelines with tactical variations selected in consultation between the committee and our NT advisor. As of June 30, 2021 the SSL fund had a total net return after expenses of 6.57%, or a gain of \$21,070. The value of the account at the end of the year was \$426,874.

The current allocation of the USMS Investment Portfolio is 57.8% Equities or Stocks, 36.2% fixed Income or Bonds, 4.2% Real Estate, and 1.8% 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 that can drive growth and reduce risk.

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Our Investment policy is to seek growth and income with moderate risk. In our quarterly meetings, Northern reviews with us the performance during the past 90 days and we discuss strategies that will accomplish our goals.

Discussions and Projects Since Last Convention

1. Complete 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.

Action Items

1. Review the Investment portfolio and SSL portfolio on a quarterly basis, more often if events dictate.
2. Looking forward to 2021-2022, 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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Governance

Committee Members

Chair: Jim Miller, MD; Vice Chair: Jeff Strahota, Secretary: Paige Buehler

Ed Coates, Chris Colburn, Daniel Cox, Julie Dussliere, Patty Miller, Hugh Moore, Phyllis Quinn, Scott Schmidt

Ex officio: Bill Brenner, Dawson Hughes

EC: Peter Guadagni

Introduction

Charge to the 2021 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.

Always remember from our first meeting: *When we truly understand the PROs of our Governance structure then we can work on the CONs.*

The Governance Committee has focused on several major agenda items since the last Virtual Convention.

There is an ongoing focus on providing education to the Board of Directors. There is communication directly to all Board members every 2 months. Each communication has a focus topic. As an example, one series of articles focused on Conflict of Interest which included: What is it? How to recognize it? How to report it? How to create an environment conducive to open disclosure and reporting. Many of the selected articles come from Board Source, though not exclusively. This sub-committee does not create new articles. This sub-committee is chaired by Paige Buehler. I would like to thank Ed Coates for his years of service chairing this sub-committee over the past several years.

In addition, there is a focus on a Governance educational lecture after the annual meeting for new Board members. This presentation is modified/updated annually.

A second major topic is addressing Board Committees. The focus is on which of the Board Committees need modification, restructuring, redefining. Julie Dussliere is leading this sub-committee.

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Review and definitions of the roles of each of the group types within USMS requested by the President i.e. Task Force v Board Committee v Standing Committee v Individual assignments etc.

The Governance Board Committee welcomes input and participation of new members. If you have an expertise in the realm of governance, please reach out.

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Swimming Saves Lives Foundation

Committee Members

Jay M DeFinis, Chair; Brandon Franklin, Vice Chair

Stan Benson, Maria Elias, Leo Letendre, Jeff Moxie, Nancy Ridout, Patrick Weiss

Ex-Officio: Bill Brenner, Carri Stolar, Dawson Hughes

EC: Peter Guadagni

Introduction

2021 started with a Grant application process modified and approved due to Covid-19. The announcement of the Partnership with the USA SWIMMING FOUNDATION, the appointment and approval of Jeff Moxie and Jay DeFinis to the USA Swimming Foundation board of directors. USMS participation in the Golden Goggles Auction in November 2021. We did have a fundraising challenge during the Virtual meet challenge YTD USMS has raised, 36,946 thru July 31,2021.

Discussions and Projects Since Last Annual Meeting:

2021 Grants approved March ,2021

- Total Funds Awarded 40,967
- Percentage Awarded 46%
- Applications Received 24
- Applications Approved 17
- Percentage Approved 71%
- Average Grant Award 2,41

Continued coordination of the current USMS grant process with the administration of the 2022 grants on the USA swimming Foundation grant platform. The USA swimming foundation board meeting is to take place September 23,2021 with this topic on the agenda. (Dawson Hughes, Peter Guadagni, Jeff Moxie, and Jay DeFinis will attend the meeting)

Action Items

1. Oversee with USMS staff the transition of the grant process and communicate to the membership its progress.
2. Begin Securing donations and working on the Timeline for the Golden Goggle Auction and major Fundraising effort that will take place this November 2021.
3. Represent USMS interests at the USA swimming foundation board meeting Sept,23 2021.

ALTS Programming Committee (ad hoc)

Committee Members

Carrie Stolar, Chair

William Kolb, Michael Hamm, Eric Hektner, Sue Nutty, Marlys Cappaert

Ex-Officio: Bill Brenner, Jay DeFinis (SSLF Chair)

Introduction

The Adult Learn to Swim Programming Committee, created on the recommendation of the SSLF/ALTS Task Force, was formed in January of 2020. Its focus is on ALTS curriculum and education, formally separating these efforts from the fundraising and support efforts of SSLF. Its responsibilities include helping to grow ALTS programming, providing mentoring, connecting the ALTS community, providing continued support to engage certified instructors, sharing best practices and business models, and working to standardize ALTS outreach within each LMSC.

Discussions and Projects Since Last Convention

1. Hold monthly Peer to Peer calls to connect the ALTS Community
2. Support SSLF in the 2021 grant process and establish an outreach/mentorship program for the 2020 and 2021 grantees.
3. Refine the position description for a LMSC ALTS Coordinator and share it with the LMSC development committee
4. Identify a key ALTS contact person within each LMSC
5. Build an ALTS database.

Action Items

1. Continue to develop the ALTS Peer to Peer call series
2. Restart the ALTS in-person instructor certification program
3. Continue to gather LMSC ALTS contact information
4. Continue to populate the ALTS database
5. Publicize and support the 2022 SSLF grant cycle
6. Continue to support the ALTS community as programs reopen (mentorships)