

# Board of Directors Committee Reports and Agendas

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## Audit

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### Committee Members

Elyce Dilworth, Chair; Jill Gellatly, Vice Chair  
Ralph Davis, Teddy Decker, Jeanne Ensign, Laura Winslow  
Ex-Officio: Phil Dodson, 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 2014 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 2014 audited financial statements to the BOD. Included annual meeting of members with K&B in Sarasota.
2. Reviewed and recommended approval of the Form 990 tax forms for the year ending December 31, 2014.
3. Executive Summary report provided to BOD for July mid-year meeting. The report included the results of the 2014 audit process and findings.

### Action Items

1. Review Audit Committee Charter and make any necessary changes.
2. Recommend to Finance Committee changes to FOG, if any.

### Audit Committee Meeting Agenda Friday (1:00pm – 2:00pm) – Executive Board Room

1. Discuss proposed changes to 2015 financial statements
2. Review Audit Committee Charter
3. Review changes to FOG, if any

## Compensation and Benefits

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### Committee Members

Ed Coates, Chair; Sarah Welch, Vice Chair  
Hill Carrow, Erika Braun, Jim Miller,  
Ex-Officio: Nadine Day

### 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

Review and recommend executive director goals

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### **Action Items**

1. Committee recommended approval of 2015 Executive Director goals by the Board of Directors.
2. Committee reviewed and recommended Board approval of Executive Director performance against the 2014 goals.
3. All items recommended to the board were approved

### **Compensation and Benefits Committee Meeting Agenda**

1. Open discussion
2. Preliminary review of 2015 goals results
3. Discussion of 2016 bonus goals

## **Finance**

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### **Committee Members**

Jeanne Ensign, Chair; Laszlo Eger, Vice Chair

Jon Blank, Ralph Davis, Elyce Dilworth, Don Gilchrist, Harry Greenfield, Peter Guadagni, Lucy Johnson, Homer Lane, Helen Naylor, Sarah Welch, Laura Winslow

Ex-Officio: Phil Dodson (Treasurer), Susan Kuhlman (CFO)

Associate: Jeff Moxie

### **Introduction**

Finance Committee is a committee of the Board of Directors (BOD). Its responsibility is to review and recommend to the BOD the annual operating and capital budgets, to oversee financial performance, and to oversee the reliability and integrity of the financial statements, organization-wide risk management and compliance with regulatory requirements.

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

The committee met during the year by conference call, and will meet to discuss the 2016 budget in the weeks leading up to convention. Many items were subject to lengthy discussion and debate and the Committee did not always agree or reach a consensus. During the year sub-groups provided guidance and recommendations to the Committee in certain areas.

Following is a summary of the year's activity:

1. The Sanction Fees Subcommittee analyzed costs of sanctioned pool and open water (OW) events and proposed a revenue model. The Committee accepted the event expense analysis and revenue model of the subcommittee without attaching any dollar amount to the model. The results were presented to the BOD at their mid-year meeting, and made available to the Board's Open Water Task Force.
2. The Committee formed a subcommittee to investigate potential alternative models for national pool championships with representatives from Championship, Finance, BOD and the National Office. The subcommittee considered our business model compared to models used by other organizations. The question arose as to how USMS perceives our national pool championships and whether USMS wants to provide a benefit to the organization and its members, or to generate money for the organization and/or meet host. Finance Committee has asked the BOD for policy guidance before proceeding.
3. Financial Operating Guidelines (FOG). A subcommittee will present draft updates of FOG to the Committee for review prior to Convention. Recommended changes will go the BOD.

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4. Manual of Accounting Procedures (MAP). A subcommittee will present draft updates of MAP to the Committee prior to Convention. During the year the Committee approved a change to MAP authorizing a third staff person to co-sign checks of \$10,000 or less. The Committee requested and received review the change by Audit Committee prior to approving.
5. Per FOG requirements, a representative of the Committee reviewed contracts for rental space and a new phone system for the national office.
6. Committee members reviewed financial reports from the CFO, final 2014 operating results and 2015 forecasts.

### Action Items

1. Approval of minutes of meetings since prior convention
2. Review of any over budget requests since prior convention
3. Approval of 2016 budget

### Finance Committee Meeting Agenda

- Meeting #1 – Wednesday (4:00pm – 5:30pm) – Colonial**  
**Meeting #2 – Thursday (10:00am – 11:15am) – Truman B**  
**Meeting #3 – Friday (9:30am – 10:30am) – McShann B**  
**Meeting #4 – Saturday (8:00am – 9:0am) – Big Joe A**

1. Welcome and Introductions
2. Approval of minutes of meetings since prior convention
3. Chief Financial Officer's report – Susan Kuhlman
4. Treasurer's report – Phil Dodson
5. Audit Committee report – Elyce Dilworth
6. Investment Committee update – Ralph Davis
7. Review all elements of 2016 budget, recommend amendments and present to BOD on Thursday
8. Upcoming projects
9. Other

## Governance

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### Committee Members

Leianne Crittenden, Chair; Jim Wheeler, Vice Chair  
Carl Bromer, Sean Fitzgerald, Patty Miller, Hugh Moore, Anthony Thompson, Nadine Day (ex officio)  
and Rob Butcher (ex officio)

### Introduction

The Governance Committee is responsible for ongoing review and recommendations to enhance the quality of the USMS governance structure, including the Board, committees, local, and regional divisions of USMS.

### Discussions and Projects Since Last Convention

1. Review of Allied and Affiliate Members. The committee reviewed USMS Rules and processes for allied and affiliate members, and USMS status as affiliated member of USA-S.
2. Review Changing Role of House of Delegates. Reviewed the changing composition, increases in size and role of the House of Delegates and what activities are best accomplished at the in person meetings, since much of the Committee work is done off site during the year.

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3. Ad Hoc Elections Committee. Review whether Election Committee Members should be automatic members of House of Delegates

4. Education of BOD Members. To implement the training program approved by the BOD last year, Patty Miller and Ed Tsuzuki provided training on Understanding Roles and Responsibilities at the July BOD face-to-face meeting. Additional training will follow the schedule approved last year, so that consistent training will be provided to all BOD Members during their tenure.

4. Policy Manual. The Policy Manual Subcommittee's (Carl and Hugh) recommendations were approved by the BOD and they are working with National Office staff to include individual sections of those policies posted on the USMS Website.

5. USMS Organizational Structure. The committee discussed how USMS is organized and how the current structure could better deliver services to members.

### **Action Items**

1. Legislative Proposals - coordinators

Delete Rule Book Section 503.7.1 that the President appoints coordinators, since these functions are being performed by National Office staff; In Section 504, remove coordinators from automatic membership in House of Delegates.

2. Education of BOD Members. Continue Educational sessions at in person BOD Meetings, following the BOD approved schedule.

### **Governance Committee Meeting Agenda Saturday (7:00am – 8:00am) – Andy Kirk A**

1. Policy Manual Subcommittee report
2. USMS Organization Structure

### **Swimming Saves Lives Foundation**

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#### **Committee Members**

Brandon Franklin, Chair; Debbie Malafsky, Vice Chair

Rob Copeland, Nadine Day, Ted Haartz, Tom Holmberg, Jim Miller, Nancy Ridout, Rob Butcher, Susan Kuhlman (Ex-Officio)

#### **Introduction**

The purpose of the USMS Swimming Saves Lives Foundation is to solicit charitable contributions and provide grants that encourage adults to swim and to provide grants for medical and research initiatives and a broad range of other programs that reinforce the benefit of swimming.

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

1. Awarded \$60,000 for the 2015 calendar year to 17 SSLF program partners
2. Coordinated with National Office to implement and secure written grant agreements with all the partners
3. Coordinated with the NO to collect a mid-year report from our partners
4. As of August 1, 994 adults benefitted with swim lessons from SSLF partners
5. Secured Misty Hyman as ambassador for April Adult Learn-to-Swim Month
6. Formalized and publicly announced an affiliate partnership that was endorsed by the USMS board of directors with the USA Swimming Foundation.
7. Adopted an investment strategy for SSLF corpus that will be administered by the USMS Investment Committee for the benefit of SSLF.

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### Action Items

1. The USMS board of directors approved awarding up to \$87,000 in grants for the 2016 calendar year which equals the total amount of membership giving in 2015
2. We have received 77 applications for 2016 grants; 71 meet our minimum requirements. The National Office and SSLF board of trustees are reviewing the applications to approve grant recommendations at convention.

### **Swimming Saves Lives Foundation Agenda Friday (8:00am – 9:15am) – Executive Board Room**

1. SSLF board of trustees will approve grant recommendations at the annual meeting.
2. Request National Office follow up with all 2016 grant recipients to formalize the written agreements. This will occur after convention in October and November.
3. Request National Office notify applicants who did not receive a grant.
4. Request National Office collect year end reports from our 2015 SSLF partners.

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### Investment

#### Committee Members:

Ralph Davis Chair; Vice-Chair, Stan Benson, Elyce Dilworth, Bill Sherman, Homer Lane, Ex Officio: Susan Kuhlman, Phil Dodson.

#### Introduction:

This Committee is responsible for overseeing USMS's Investment Philosophy of investing the financial assets of USMS in excess of needed working capital, consistent with a policy of prudent investment planning and protection of assets according to the established USMS Investment Policy approved by the USMS Board of Directors.

#### Discussions and Projects Since Last Convention:

1. Comprehensively reviewed the Morningstar/Lipper Performance-Benchmark Report, evaluating each Mutual Fund in the USMS Portfolio on a quarterly basis as a Committee, and monthly on an individual basis.
2. Continued detailed quarterly discussions with our Northern Trust Portfolio Manager on Fund Performance, any recommended USMS Portfolio changes as well as meaningful Economic trends that would have impact on the USMS Portfolio.
3. Continued to prepare quarterly Investment Committee Reports for the Board of Directors and Finance Committee.

#### Action Items:

All the aforementioned projects continue to carry forward as regular action items.

#### Report on USMS Investments of June 30, 2015:

The Market Value of our USMS Portfolio ending 6/30/2015 was \$2,254,671 referenced to our original Cash Investment of \$1,699,976 in 2011. Please be reminded that USMS began 2015 with a portfolio value of \$2,214,850 for total appreciation of \$39,821. **For first six months of 2015 our USMS portfolio earned a composite Total Return (Capital Appreciation plus Income) of 1.80%. We are forecasting a Total Return for year of 5.60 % which approximately \$125,000.** I have attached a slide of our Investment Income from 2008 to 2015.

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Our target asset allocation remains at 60% stock/40% fixed income-cash. As of June 30, 2015 our Equity Securities totaled 65.4%, Fixed Income Securities totaled 33.6%, plus 1.0% in Cash and Short Term securities. For your awareness, our estimated average Fund Costs for 2015 will be 23.0 basis points (\$5,200), and our Management Services Fee will be 29.4 basis points (\$6,400) – a great combined bargain for USMS!

The Investment Committee, along with our Portfolio Manager, still believes that our current Portfolio asset allocation remains appropriate for USMS.

The Investment Committee is pleased to continue to be entrusted to responsibly steward the assets of USMS.

Respectfully submitted,

Ralph Davis, Chair, USMS Investment Committee

### **Investment Committee Meeting Agenda**

**Meeting #1 - Wednesday (2:30pm – 4:00pm) – McShann A**

**Meeting #2 - Thursday (3:30pm – 4:45pm) – Hoover (Salon 4)**

1. Discussion of USMS Portfolio recommendations, if any, proposed by our Northern Trust Portfolio Manager.
2. Discussion of USMS Portfolio returns, and individual fund performance to date.
3. Conference Call with James Gregory, our Northern Trust Portfolio Manager.
4. Review of Investment Committee Meeting schedule for 2015-2016.
5. Review/Deliberation of recommended changes, if any, to the current USMS Investment Policy.
6. Other items requiring Investment Committee attention.