

USA Swimming Board of Directors Meeting Minutes

February 2, 2019 / Colorado Springs, CO

1 CALL TO ORDER

2 Bob Vincent, Board Chair, called the February 2, 2019 Board of Directors meeting to order
3 at 9:00 a.m. Mountain Time with the following members in attendance:

4
5 **PRESENT:** Dale Ammon, John Bradley, Maya DiRado, Cecil Gordon, Natalie Hall, Tim
6 Hinchey, Lucinda McRoberts, John Roy, Jeanette Skow, Jay Thomas, Mary Turner, Tom
7 Ugast, Robert Vincent, Davis Tarwater (via teleconference).

8
9 **NOT PRESENT:** Chris Brearton, Teri McKeever.

10 11 GUESTS

12 Sean Redmond (Western Zone Director), Tristan Formon (Eastern Zone Director), Pam
13 Lowenthal (Central Zone Director), Dave Smith (Southern Zone Director), Bill Charney
14 (Charney Associates).

15 16 STAFF

17 Tom Avischious, Paula D'Amico, Jim Harvey, Debbie Hesse, Isabelle McLemore, Lindsay
18 Mintenko, Eric Skufca, Joel Shinofield, MJ Truex, Mike Unger, George Ward.

19 20 MOMENT OF SILENCE

21 A moment of silence was observed for USA swimming members who have passed away
22 since the last USA swimming Board of Directors meeting.

23 24 AGENDA REVIEW

25 Bob Vincent presented the agenda (Attachment 1).

26 27 RULES OF ENGAGEMENT / COVENANTS

28 Bob Vincent provided an overview of the Rules of Engagement.

29 30 DECLARATION OF CONFLICT OF INTEREST (2.5.4)

31 *"Is any member aware of any conflict of interest (that is, of a personal interest or direct or*
32 *indirect pecuniary interest) in any matter being considered by this meeting which should now*
33 *be reported or disclosed or addressed under the USA Swimming Conflict of Interest Policy?"*

34
35 If a Board member determines there to be a conflict of interest at any point during the
36 course of the meeting when a specific subject is being discussed and / or action is being
37 taken, a declaration of a conflict of interest should be made at that time.

40 **BOARD CHAIR'S REMARKS**

41 Bob Vincent thanked everyone for attending the Safe Sport Leadership Conference,
42 emphasized the need to always talk about safety at Board meetings, and described the
43 "Four Corners" from *Servant Leadership in Action: How You Can Achieve Great Relationships*
44 *and Results*.

45
46 **MINUTES**

47 **MOTION:** *To approve the November 18, 2018 Board of Directors meeting minutes*
48 *(Attachment 2). Seconded. APPROVED.*

49
50 **WELCOME TO BOARDPAQ**

51 Bob Vincent provided an overview of BoardPaq and how to use it.

52
53 **BOARD WORK PLAN UPDATE (2.3.2)**

54 Davis Tarwater provided an update on the Governance Committee's next steps regarding
55 putting together a Board work plan.

56
57 **CLOSED SESSION (2.3.6)**

58 **LITIGATION UPDATE**

59 The Board meeting went into closed session so that USA Swimming's General Counsel,
60 Lucinda McRoberts, could give a legal update.

61
62 **BOARD PROCESS**

63 **AUDIT COMMITTEE RECOMMENDS AUDITOR ENGAGEMENT TO BOARD BY**
64 **FEBRUARY 28 (2.8.3.A)**

65
66 **MOTION:** *To approve Waugh & Goodwin, LLP as the auditing agency for USA Swimming for*
67 *the year ending December 31, 2019. Seconded. APPROVED.*

68
69 **BOARD ESTABLISHES CURRENT YEAR "CHARGE" WITH TARGETED**
70 **SKILLS/ATTRIBUTES FOR NOMINATING COMMITTEE (2.9.3)**

71 Bob Vincent provided Board and USA Swimming membership demographics to formulate
72 criteria for the Nominating Committee when they consider nominees for the Board and
73 added that Wendy Boglioli is coming off the committee and the Board will be approving a
74 nominee to replace her on the committee.

75 John Bradley recommended someone with an advocacy background for the Board

76 The Board discussed deadlines for applications and the overall time frames for the
77 nominating process.

78 **3.7 - EXECUTIVE COMPENSATION COMMITTEE PROCESS TO UPDATE CEO**
79 **EMPLOYMENT AGREEMENT (2.8.7)**

80 Bob Vincent tasked the Executive Compensation Committee to review Tim Hinchey's
81 contract regarding benefits and length.

82
83 **MEMBER RELATIONS COMMITTEE UPDATE**

84 Bob Vincent reported on the intentions of the Membership Relations Committee and
85 provided tasks for the committee to complete in order to bring recommendations to the
86 Board in April.

87
88 **MANAGEMENT PARAMETERS MONITORING (4.4)**

89 **POLICY 3.3 - TREATMENT OF STAFF**

90 Lucinda McRoberts presented the Policy 3.3 - Treatment of Staff (Attachment 3).
91 Bob Vincent charged the staff to ensure each volunteer committee can answer how they are
92 furthering the goals and vision of USA Swimming, and additionally asked for the roles of
93 Staff Lead and Committee Chair to be defined for each committee.

94
95 Mike Unger provided some background on the committee appointment process.

96
97 **MOTION:** *To approve the performance monitoring report on Policy 3.3, "Treatment of Staff,"*
98 *conveys (a) interpretations of the policy that are reasonable, and (b) that the report*
99 *reasonably substantiates compliance with the policy requirements, consistent with the CEO's*
100 *interpretations. Seconded. APPROVED.*

101
102 **POLICY 3.4 - FINANCIAL CONDITION & ACTIVITIES (INT)**

103 Eric Skufca introduced himself as the new Chief Financial Officer and reported non-
104 compliance on Policy Provision #2. Mr. Skufca explained that while the 2018 total
105 operating projected expenses will be better than budgeted, it did not exceed the shortfall in
106 total revenue (primarily corporate sponsorship and membership). Mr. Skufca added that
107 the 2018 operating deficit is projected to miss budget by \$1.12 million or 3% of 2018
108 projected revenue or 0.5% of the total quad projected revenue. Mr. Skufca noted the goal is
109 to finish the Quad at budget neutral and further explained the variance in missed budget
110 projection is due to an accounting revenue recognition related to the partnership with the
111 Omaha Sports Commission and the choice to conservatively recognize the applicable rights
112 fee revenue consistent with previous quads and our current quad budget (Attachments 4 -
113 5).

114
115 Mr. Skufca summarized the 2018 preliminary budget projection with the expectation to
116 close the books in February 2019.

Tim Hinchey explained the learning opportunities for staff with regards to the sales process moving forward so that sponsorship sales and projections are better accounted for in the budget. Mr. Hinchey expressed his confidence in reaching the projected 2019 revenue of \$5.5 million and recommended a discussion at the next Board meeting regarding how the organization drives revenue.

Mike Unger provided background on membership projections from year to year.

The Board engaged in discussion regarding the quad budget and expenses related to Golden Goggles particularly in relation to giving to the Foundation.

MOTION: To approve the performance monitoring report on Policy 3.4, "Financial Condition and Activities," conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates compliance with the policy requirements, consistent with the CEO's interpretations. Seconded. **APPROVED.**

POLICY 3.7 - COMPENSATION & BENEFITS

Tim Hinchey spoke to the compensation for staff as it pertains to market value and succession planning, performance reviews, and a new bonus structure (Attachment 6).

MOTION: To approve the performance monitoring report on Policy 3.7, "Compensation and Benefits," conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates compliance with the policy requirements, consistent with the CEO's interpretations. Seconded. **APPROVED.**

STAFF REPORTS

CHIEF ADMINISTRATIVE OFFICER & GENERAL COUNSEL

Lucinda McRoberts provided the Board with an update regarding the hiring of a new Human Resources Director, the timeline for USA Swimming's office redesign, and the "operating agreement" between LSCs and USA Swimming to memorialize their existing relationships, including the use of intellectual property.

CHIEF FINANCIAL OFFICER

Eric Skufca provided an update on fourth quarter investments, including that the investments overall are down, but the organization beat the benchmarks for the quarter, the three year, the five year and the ten year (Attachment 7).

157 **CHIEF OPERATING OFFICER**

158 Lindsay Mintenko provided updates regarding the Coach Incentive Program, which
159 provides money to coaches who put athletes on the podium at Operation Gold competitions
160 and is supported by the USA Swimming Foundation and Carolyn Dirks; highlighted her
161 recent trip to Hangzhou, China for the FINA World Swimming Championships, including
162 appreciation for having the budget to have the team stay longer in order to better prepare
163 for the competition, the quality of the accommodations, and the success of the team; and
164 noted she is currently filling international team coaching staffs for 2019.

165
166 Mike Unger reported that the IRC endorsed Van Donkersgoed as a nominee to the UANA
167 Executive Committee in the role of Vice President and Janet Events as a nominee for FINA
168 Treasurer.

169
170 **MOTION:** *To approve Van Donkersgoed as the nominee for Vice President to the UANA*
171 *Executive Committee. Seconded. APPROVED.*

172
173 **MOTION:** *To approve Janet Evans as a nominee for Treasurer of FINA. Seconded.*
174 **APPROVED.**

175
176 Mr. Unger provided updates on the calmed relationship between FINA and the
177 International Swim League (ISL); FINA's newly created Champions Series in which USA
178 Swimming is hosting the final meet in Indianapolis May 31 - June 1; FINA's decision to sign
179 with the International Testing Agency; 2020 Olympic Trials including a signed contract
180 with Omaha and ticket sales; and, highlighted membership numbers across the country and
181 the overall success of flex membership (Attachments 8 – 9).

182
183 MJ Truex updated the Board on transgender legislation including the creation of two
184 panels, the Intake Panel and the National Eligibility Appeals Panel.

185
186 **MANAGING DIRECTOR, COMMUNICATIONS**

187 Belle McLemore reported that USA Swimming will be streamlining its brand throughout
188 the organization which will include identity standards guidelines to be used by anyone who
189 uses USA Swimming intellectual property, and finally noted some staffing changes
190 including that Amanda Bryant will be working within Event Marketing and taking over the
191 AquaZone at the 2020 Olympic Trials.

192
193 **CEO'S UPDATE**

194 Cecil Gordon reported that the Foundation Task Force will take an in depth look at Board
195 selection, size, and responsibilities with the goal of looking at the relationship between the
196 USA Swimming Foundation and USA Swimming and how the two can better work together.

Bob Vincent presented the motion to re-elect Cecil Gordon and Elizabeth Beisel as well as elect David Shackley to the USA Swimming Foundation Board of Directors. Mr. Hinchey provided background on Mr. Shackley.

MOTION: *To re-elect Cecil Gordon and Elizabeth Beisel to a two-year term and to elect David Shackley for a term commencing effective immediately until December 31, 2020 to the USA Swimming Foundation Board of Directors. Seconded. APPROVED.*

Mr. Hinchey thanked Paris Jacobs for her time on the Foundation Board as she rolls off the board and noted Jim Wood's contribution to the organization.

Debbie Hesse announced new trustees, Sara and Steve Schramm.

Mr. Hinchey reported on signed agreements with Phillips 66, Toyota, Streamline Brands, and Neptune Benson; verbal agreements with Comcast XFINITY, Golden Road Brewery and Marriott; and pending agreements with Counsilman Hunsaker and Beecher Carlson. Mr. Hinchey lastly provided an update on the Chief Commercial Officer position to which he decided to not hire a search firm and gave some background on candidates with the objective of having someone hired by the end of March and start by the beginning of April (Attachment 10).

ZONE DIRECTORS PRESENTATION

Tristan Formon presented on what Zones are and how they fit into the governance structure of USA Swimming, including how they are comprised, responsibilities of the Zone Directors, and how Zones build and retain the base of USA Swimming (Attachment 11).

Dave Smith provided a brief overview of how the Southern Zone has been proactive through their Zone Board of Review process.

Sean Redmond reported on the strategic priorities of the Zones as well as the strategic focus of the USA Swimming Board from the perspective of the Zones.

Pam Lowenthal briefly described the partnership between USA Swimming, Local Swimming Committees (LSCs), and inner-city clubs, specifically the Chicago Park District with the focus on promotion and sustainability of their swim programs including open water.

"ENDS" MONITORING

1.0 – BROADEST (GROWTH/SUCCESS OF SWIMMING)

Bob Vincent presented the Policy 1.0 – Broadest End: Growth and Success of Swimming (Attachment 12).

MOTION: To approve the performance monitoring report on Policy 1.0, "Broadest End – Growth and Success of Swimming," conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates compliance with the policy requirements, consistent with the CEO's interpretations. Seconded. **APPROVED.**

GUEST PRESENTATION

DAN MCGINN & REX REPASS – MEMBER SURVEY & MISSION VALUES

Belle McLemore introduced Rex Repass, the President of Research America.

Mr. Repass presented the results of his research on the awareness and opinions of USA Swimming members and non-members regarding our programs, and their understanding and thoughts about our organization as a way to assess USA Swimming's mission, vision and values.

CLOSING ROUNDTABLE

TASK ASSIGNMENTS REVIEW

Bob Vincent reviewed the tasks handed out over the course of the meeting.

NEXT MEETING / EVENTS

- Friday, April 26, 2019 in Colorado Springs, CO
- Wednesday, September 11, 2019 in St. Louis, MO
- Saturday, September 14, 2019 in St. Louis, MO
- Thursday and Friday, October 3-4, 2019 in Colorado Springs, CO (Board Orientation)

MEETING ASSESSMENT

The Board engaged in a round table discussion assessing the days meeting.

Bob Vincent asked the Board to reach chapters 2 and 19 of "Servant Leadership" before the next Board meeting.

ADJOURN

Bob Vincent, Board Chair, adjourned this meeting at 2:50 p.m. Mountain Time.

Respectfully submitted:



Lucinda McRoberts, CAO & General Counsel



Bob Vincent, Board Chair

USA Swimming Board of Directors Minutes Attachments

February 2, 2019 / Colorado Springs, CO

Attachment 1	Page 1 – Agenda
Attachment 2	Page 2 – DRAFT BOD Minutes November 18, 2018
Attachment 3	Page 3 – Policy 3.3: Treatment of Employees & Volunteers
Attachment 4	Page 3 – Policy 3.4: Financial Condition & Activities
Attachment 5	Page 3 – Financial Update
Attachment 6	Page 4 – Policy 3.7: Compensation and Benefits
Attachment 7	Page 4 – USA Swimming Q4 2018 Investment Summary
Attachment 8	Page 5 – Membership Dashboard
Attachment 9	Page 5 – Flex Dashboard
Attachment 10	Page 6 – CEO Report to the Board
Attachment 11	Page 6 – Zone Directors’ Presentation
Attachment 12	Page 6 – Policy 1.1: Broadest End – Growth & Success of Swimming



AGENDA

USA Swimming
Board of Directors
Board of Directors Meeting
Saturday, February 2, 2019, 9:00 am - 3:00 pm
Colorado Springs Marriott

- | | | |
|---|---------|-------|
| A. Welcome | Bob | 9:00 |
| 1. Call to Order / Record of Attendance (2.6.2) | | |
| 2. Introductions | | |
| 3. Moment of Silence | | |
| 4. Agenda Review (2.3.3) | | |
| 5. Rule of Engagement / Covenants | | |
| 6. Declaration of Conflict of Interest (2.5.4) | | |
| 7. Board Chair's Remarks | | |
| 8. ACTION: Approve November 2018 Board Meeting Minutes | | |
| B. Welcome to BoardPaq! | Bob | 9:10 |
| C. Board Work Plan Update (2.3.2) | Davis | 9:20 |
| D. Closed Session (2.3.6) | Lucinda | |
| 1. Litigation Update | | 9:35 |
| 2. Personnel Update | | 9:45 |
| E. BREAK | | 9:50 |
| F. Board Process | Bob | |
| 1. Audit Committee recommends Auditor engagement to Board by February 28 (2.8.3.A) | Tom | 10:05 |
| 2. Board establishes current year "charge" with targeted skills/attributes for Nominating Committee (2.9.3) | Bob | 10:10 |
| 3. 3.7 - Executive Compensation Committee (2.8.7) Process to Update CEO Employment Agreement | Bob | 10:25 |
| 4. Member Relations Committee Update | Mary | 10:30 |
| G. Management Parameters Monitoring (4.4) | | |

1. Policy 3.3 - Treatment of Staff	Lucinda	10:35
2. Policy 3.4 - Financial Condition & Activities (INT)	Eric	10:45
3. Policy 3.7 - Compensation & Benefits	Lucinda	10:55
H. Break		11:05
I. Staff Reports		
1. Chief Administrative Officer & General Counsel	Lucinda	11:15
2. Chief Financial Officer	Eric	11:25
3. Chief Operating Officer	Mike	11:35
4. Managing Director, Communications	Belle	11:50
5. CEO's Update	Tim	12:00
J. LUNCH		12:15
K. Zone Directors Presentation	Dale	12:45
L. "ENDS" Monitoring		1:15
1. 1.0 - Broadest (Growth/Success of Swimming)	Tim	1:25
M. Guest Presentation		1:35
Dan McGinn & Rex Repass - Member Survey & Mission Values		
N. Break		2:25
O. Closing Roundtable	Bob	2:40
1. Task Assignments Review		
2. Next Meeting / Upcoming Events		
3. Meeting Assessment		
P. Adjourn		3:00

Total Meeting Time: 6h 0m

These minutes will be officially approved by the USA Swimming Board of Directors at its February 2, 2019 meeting.

USA Swimming Board of Directors Meeting Minutes

November 18, 2018 / New York, NY

CALL TO ORDER

Bob Vincent, Board Chair, called the November 18, 2018 Board of Directors meeting to order at 9:03 a.m. Eastern Time with the following members in attendance:

PRESENT: Dale Ammon, John Bradley, Maya DiRado, Cecil Gordon, Tim Hinchey, Lucinda McRoberts, John Roy, Jeanette Skow, Davis Tarwater, Jay Thomas, Mary Turner, Tom Ugast, Robert Vincent.

NOT PRESENT: Chris Brearton (via conference line), Natalie Hall (via conference line), Teri McKeever (via conference line).

GUESTS

Bill Charney (Charney Associates), Tristan Formon (Eastern Zone Director), Paris Jacobs (Potomac Valley Swimming), Eric Skufca (Kroenke Sports).

STAFF

Paula D'Amico, Cathy Durance, Jake Grosser, Jim Harvey, Debbie Hesse, Isabelle McLemore, Lindsay Mintenko, Joel Shinofield, Mike Unger.

MOMENT OF SILENCE

A moment of silence was observed for USA swimming members who have passed away since the last USA swimming board of directors meeting.

AGENDA REVIEW

Bob Vincent presented the agenda (Attachment 1).

RULES OF ENGAGEMENT / COVENANTS

Bob Vincent set expectations for the Board moving forward.

CONFLICT OF INTEREST

"Is any member aware of any conflict of interest (that is, of a personal interest or direct or indirect pecuniary interest) in any matter being considered by this meeting which should now be reported or disclosed or addressed under the USA Swimming Conflict of Interest Policy?"

If a Board member determines there to be a conflict of interest at any point during the course of the meeting when a specific subject is being discussed and / or action is being taken, a declaration of a conflict of interest should be made at that time.

These minutes will be officially approved by the USA Swimming Board of Directors at its February 2, 2019 meeting.

BOARD CHAIR'S REMARKS

Bob Vincent welcomed the group and expressed his excitement with the new governance structure, including the role of the Board moving forward.

MINUTES

MOTION: *To approve the September 25, 2018 Board of Directors meeting minutes (Attachment 2). Seconded. APPROVED.*

MOTION: *To approve the September 29, 2018 Board of Directors meeting minutes (Attachment 3). Seconded. APPROVED.*

MOTION: *To approve the October 27, 2018 Board of Directors meeting minutes (Attachment 4). Seconded. APPROVED.*

BOARD WORK PLAN DEVELOPMENT AND APPROVAL

BOARD SURVEY REVIEW OF RESPONSES

Bob Vincent provided highlights from the Board Survey and how the results would be used by the Governance Committee to generate the Board Work Plan.

ANNUAL BOARD CALENDAR / WORK PLAN

BOARD / STANDING COMMITTEE ASSIGNMENTS

Bob Vincent presented his recommendations for the nine committees under the Board of Directors.

MOTION: *To approve Cecil Gordon (2 yr.) and John Bradley (1 yr.) to be on the Nominating Committee. Seconded. APPROVED.*

MOTION: *To approve Tom Ugast and Ellen Colket as additions to the Investment Committee. Seconded. APPROVED.*

OPERATIONS PERFORMANCE MONITORING

Bill Charney explained the purpose and significance of the monitoring reports.

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GENERAL MANAGEMENT CONSTRAINT (3.0)

Tim Hinchey reported on Policy 3.0, "General Management Constraint" and Lucinda McRoberts provided an update on USA Swimming becoming compliant with the USOC Bylaws (Attachment 5).

MOTION: To approve the performance monitoring report on Policy 3.0, "General Management Constraint," conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates compliance with the policy requirements, consistent with the CEO's interpretations. Seconded. **APPROVED.**

TREATMENT OF MEMBERS / CUSTOMERS (3.1)

Tim Hinchey reported on Policy 3.1, "Treatment of Members/Customers," and the Board discussed auditing, security self-assessment for secure credit card processing, and U.S. Center for SafeSport response times (Attachment 6).

MOTION: To approve the performance monitoring report on Policy 3.1, "Treatment of Members/Customers," conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates compliance with the policy requirements, consistent with the CEO's interpretations. Seconded. **APPROVED.**

FINANCIAL CONDITION AND ACTIVITIES (3.4)

Jim Harvey reported on Policy 3.4, "Financial Condition and Activities" and highlighted his written financial report (Attachments 7-8).

MOTION: To approve the performance monitoring report on Policy 3.4, "Financial Condition and Activities," conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates compliance with the policy requirements, consistent with the CEO's interpretations. Seconded. **APPROVED.**

FINANCIAL PLANNING AND BUDGETING (3.6)

Bill Charney provided criteria on approving the budget and report.

Jim Harvey reported on Policy 3.6, "Financial Planning and Budgeting" and highlighted aspects of the third quarter financial and investment reports (Attachments 9-11). Mr. Harvey also reported on the USA Swimming 2019 Budget, items that would come out of excess operating reserves, including the CRM Project, Flex Membership and Athlete's Leadership Summit, and the Foundation's third quarter financials (Attachments 12 -14).

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MOTION: To approve the amended Financial Report to reflect that funding for the CRM Project, Flex Membership and Athlete's Leadership Summit will come from excess operating reserves. Seconded. **APPROVED.**

MOTION: To approve the performance monitoring report on Policy 3.6, "Financial Planning and Budgeting," conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates compliance with the policy requirements, consistent with the CEO's interpretations. Seconded. **APPROVED.**

Bill Charney explained the Board's duty to approve the budget criteria within Policy 3.6, not necessarily every line item within the budget.

The Board discussed the budgeted deficit, Risk Management premiums in relation to growth in membership, Trials revenue, and budget increases for Safe Sport and National Team.

MOTION: To approve the 2019 Budget Plan as being consistent with the Board's standards as set forth in Policy 3.6, "Financial Planning and Budgeting." Seconded. **APPROVED.**

BOARD AWARENESS AND SUPPORT (3.9)

Tim Hinchey reported on Policy 3.9 "Board Awareness and Support" (Attachment 15).

MOTION: To approve the performance monitoring report on Policy 3.9, "Board Awareness and Support," conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates compliance with the policy requirements, consistent with the CEO's interpretations. Seconded. **APPROVED.**

CLOSED SESSION

LITIGATION UPDATE

The Board meeting went into closed session so that USA Swimming's General Counsel, Lucinda McRoberts, could give a legal update.

CUSTOMER RELATIONS MANAGEMENT PRESENTATION

Jake Grosser gave a presentation on USA Swimming's Customer Relations Management (CRM) project, including what has been done so far in the implementation process, its overall function, timeline, budget and next steps.

SOCIAL MEDIA TRAINING

Kara Raney provided an overview of how USA Swimming utilizes social media to engage stakeholders and suggested ways in which the Board can as well.

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ENDS PERFORMANCE MONITORING / STRATEGIC ENDS DISCUSSION

SUCCESSFUL ATHLETES, COACHES, AND CLUBS (1.2)

Bob Vincent remarked on how this policy allows the staff to engineer how USA Swimming serves its membership (Attachment 16).

Mike Unger provided background on the shaping of Policy 1.2: Successful Athletes, Coaches, and Clubs, including how USA Swimming plans to evaluate services provided to members as well as the addition of metrics for those services.

The Board engaged in discussion around language in Provision A regarding the use of “have and use,” as well as the policy’s Key Performance Indicators (KPIs).

MOTION: To approve the performance monitoring report on Policy 1.2, “Successful Coaches and Clubs,” as amended, conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates achievement with the policy requirements, consistent with the CEO’s interpretations. Seconded. **APPROVED.**

RECOGNITION OF USA SWIMMING (1.4)

Lucinda McRoberts clarified the outdated numbers within Provision B (Attachment 17).

The Board engaged in discussion around Swim Assist and membership numbers.

MOTION: To approve the performance monitoring report on Policy 1.4, “Recognition of USA SWIMMING,” as amended, conveys (a) interpretations of the policy that are reasonable, and (b) that the report reasonably substantiates achievement with the policy requirements, consistent with the CEO’s interpretations. Seconded. **APPROVED.**

STAFF REPORTS

Tim Hinchey submitted a written report (Attachment 18).

Technical/Sport

Mike Unger announced Deanna Paschal’s retirement after 30 years with the organization and provided various updates, including changes to Winter Nationals; membership numbers for flex and premium memberships; meeting with other international federations while at Short Course Worlds in Hangzhou, China; and Board accommodations during Trials. Mr. Unger also reported on the operating committee composition process, including the naming and vetting of the chair for each committee.

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Cathy Durance brought forward a motion regarding housekeeping on membership fees for dual memberships, athlete and nonathlete, for the Policy Manual.

MOTION: *To require members who wish to have a dual membership (athlete and non-athlete) in the same year to pay either a Premium Athlete or a non-athlete membership. The fee for the second membership shall be waived. Individuals may have one athlete and one non-athlete membership per year. Seconded. APPROVED.*

Finance

Jim Harvey introduced Eric Skufca as USA Swimming's new Chief Financial Officer.

Commercial

Tim Hinchey provided an update on the Commercial Division's organizational restructure with the departure of Matt Farrell, including the promotion of Isabelle McLemore to Managing Director of Commutations. Mr. Hinchey also provided updates on potential new sponsorships.

Jim Fox and Annie White gave a preview of the 2020 U.S. Olympic Swimming Trials and what to expect in the AquaZone and with USA Swimming Live.

Mr. Fox updated the Board on the Marriott partnership.

Business Affairs

Lucinda McRoberts provided updates on the USA Swimming office redesign and LSC Operating Agreement.

Foundation

Debbie Hesse announced new officers for the Foundation Board of Directors, including Cecil Gordon as the new Chair and Dave Wiederecht as Secretary. Ms. Hesse reported that the Foundation Board approved their 2019 goals and budget, which includes a break-even budget and a stabilizing operating budget. Finally, Ms. Hesse reported that the Foundation is no longer receiving financial support from USA Swimming.

Tim Hinchey reported on the restructure of the Foundation Board, including its function as a true fundraising board, and that a task force will be formed with the objectives of nominating new members to the Foundation Board of Directors, developing a memorandum of understanding between USA Swimming and the Foundation, developing

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an on-boarding process for new Foundation Board members, and reviewing the operating and fundraising goals.

Ms. Hesse wrapped up with an update on annual funds, increased grants to the National Team and Sport Development, and that the Foundation was able to give additional money to the Athletes Partnership Agreement (APA).

Bob Vincent asked the Board to become Champion's Club members.

CLOSING ROUNDTABLE

The Board and staff discussed what they enjoyed most about the meeting as well as recommendations on areas of improvements.

Bob Vincent made a few closing announcements including that there will be a Board Orientation for those who could not attend the one in October; a survey will be sent out regarding the Board meeting; and finally, he asked the Board to read chapter 18 from "Servant Leadership" and be prepared to answer: "Where are you?"

NEXT MEETING / EVENTS

- Safe Sport Leadership Conference – Colorado Springs
 - Thursday, January 31 – 4:00 p.m. to 8:00 p.m.
 - Friday, February 1 – 8:00 a.m. to 4:30 p.m.
- USA Swimming Board Social – Friday, February 1 (evening)
- USA Swimming Board Meeting – Saturday, February 2 8:00 a.m. – 4:00 p.m.

ADJOURNMENT OF REGULAR MEETING

Bob Vincent, Board Chair adjourned the regular meeting at 3:25 p.m. Eastern Time.

CLOSED SESSION

The Board went into closed session to discuss the Executive Compensation Committee and to conduct the annual CEO performance and compensation review.

ADJOURN

Bob Vincent, Board Chair, adjourned this meeting at 4:15 p.m. Eastern Time.

Respectfully submitted:

DRAFT

DRAFT

DRAFT

These minutes will be officially approved by the USA Swimming Board of Directors at its February 2, 2019 meeting.

Lucinda McRoberts

Bob Vincent

Lucinda McRoberts, General Counsel & VP Business Affairs

Bob Vincent, Board Chair

DRAFT

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USA Swimming Board of Directors Minutes Attachments

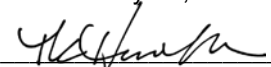
November 18, 2018 / New York, NY

Attachment 1	Page 1 – Agenda
Attachment 2	Page 2 – DRAFT BOD Minutes September 25, 2018
Attachment 3	Page 2 – DRAFT BOD Minutes September 29, 2018
Attachment 4	Page 2 – DRAFT BOD Minutes October 27, 2018
Attachment 5	Page 3 – Policy 3.0 General Management Constraint
Attachment 6	Page 3 – Policy 3.1 Treatment of Members & Customers
Attachment 7	Page 3 – Policy 3.4 Financial Condition & Activities
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Performance Monitoring Report

TO: USA Swimming Board of Directors
FR: Tim Hinchey, Chief Executive Officer
RE: Internal Report – Management Parameters
Annual Monitoring on **Policy 3.3: Treatment of Employees and Volunteers**
DA: January 25, 2019

I hereby present the monitoring report on Management Parameters Policy 3.3 “Treatment of Employees and Volunteers,” per the monitoring schedule set forth in Board policy and certify that the information contained in this report is true for the year ended January 15, 2019

Signed , President & CEO

Broadest Policy Provision:

With respect to the treatment of employees and volunteers, the CEO will not cause or allow conditions that are unfair, unsafe or undignified.

CEO’s Interpretation:

I submit that the Board’s concerns about employees are comprehensively addressed by this policy’s subsequent provisions. My interpretations and reporting data are presented with those provisions, below.

Regarding volunteers, my interpretation is volunteer commitment and leadership participation have been and continue to be a vital organizational asset. As such, we are to ensure that volunteers at the NGB level are treated with respect and equitably (i.e. ensuring inclusion, fairness of opportunity and avoidance of nepotism). We are to ensure that appreciation for their commitment to the organization is expressed and that volunteers do not encounter physical harm or threatening situations while performing services on our behalf.

REPORT:

Since last September’s convention, we have begun transitioning the volunteer committee structure per the 2017 legislative changes adopted by the House of Delegates. As I have informed the Board in periodic updates, our short-term intent is not to make immediate changes to the overall structure. Instead, we will identify potential modifications to operational committees that will enhance productivity and efficiency while ensuring we benefit from the perspectives and talent offered by volunteer leaders.

Staff liaisons were previously assigned to support each committee and were responsive to the support requests made of respective volunteer chairs and operational Vice-Chairs. In the past three months, as we’ve processed volunteer applications, made assignments and assessed overall committee functions, we have realized that the manner in which volunteers have received communications has been inconsistent. For example, acknowledgements and thank you notes were sent at the behest of some (but not all) individual committee chairs.

Our initial priorities in this transition have been the International Relations Committee (IRC) and Program & Events Committee. There have been some challenges, virtually all of which we believe we can overcome with improved communications. Among volunteers, we know some have struggled with a loss of actual or perceived authority. Though not unanticipated, we aim to ensure that their individual contributions and wisdom are acknowledged.

Especially among those who have a long history of volunteer engagement, we know there are heightened expectations and scrutiny as to how we engage and recognize our volunteer resources. In response, we need to develop and deliver consistency in how volunteers are recognized, communicated with and treated, starting when they submit an application to participate. We’re not there yet, but this is being prioritized as we begin to implement the transition with other committees. We will inform you of progress in our operational updates throughout 2019.

While the need to address inconsistencies and improve systems as part of this first-year transition is acknowledged, we have not received complaints or expressed concerns of volunteer mistreatment, as interpreted above. On that basis, I **report compliance.**

POLICY PROVISION #1: The CEO will not: Operate without ensuring employees are provided with written personnel policies, reviewed by qualified legal counsel, which clarify personnel rules for employees and provide for effective handling of complaints/grievances.

CEO's Interpretation:

I interpret "*May not operate without ensuring that employees are provided with written personnel policies... which clarify personnel rules for employees...*" to mean that all employees must be provided an Employee Handbook that sets forth the expectations of employment such as work hours, overtime pay, expense reimbursements, personnel leave, procedures to follow in case of emergencies, as well as examples of and expected response to unacceptable conduct.

I interpret "*reviewed by qualified legal counsel*" to mean that an attorney competent in human resource matters has reviewed and approved the initial and all material changes to the *Handbook*, with exceptions for minor procedural matters (e.g. vacation scheduling, reimbursement procedures, etc.).

Finally, I interpret "*provide for effective handling of complaints/grievances*" to mean that personnel policies must provide a process and assurances that formal complaints/grievances will be addressed professionally and fairly. The manual should outline the manner in which a complaint/grievance is to be initiated and what the concerned employee has the right to expect from the process. Further, I interpret this to mean that even if the result of the process is not satisfactory or pleasing to such employee, he or she would agree that their grievance was heard, considered and responded to in a timely, courteous and confidential manner.

REPORT:

Personnel policies are contained in our Employee Handbook, an update of which has been a significant initiative undertaken by our Director of Human Resources, Katie Bloomstrom, with legal review overseen by outside counsel. The 2019 version has been distributed electronically to all employees and is housed on our human resources information system.

All employees sign an acknowledgment of receipt, and these written acknowledgements are maintained in personnel files. Effective with the 2019 version of the Handbook, the acknowledgement also conveys awareness of access to the Board's Governing Policies, as required by Provision 1A, below.

A copy of the 2019 Employee Handbook is available for Board members' review upon request.

I report compliance.

POLICY PROVISION #1A: The CEO will not: Allow employees to be unaware of the Board's governing policies including, but not limited to, this Treatment of Staff policy, along with the CEO's interpretations of staff's protections under this policy.

CEO's Interpretation:

To meet this requirement, and those of Provisions #1 and #3, the Employee Handbook must reference, and employees must be made aware of and how to access the Board's Governing Policies Manual. This is to include specific reference to this Treatment of Employees and Volunteers policy. Further, upon the Board's acceptance of these interpretations as reasonable, they are also to be made accessible to and, upon request, explained to employees.

REPORT:

The 2019 Employee Handbook references the Board's Governing Policies manual and includes the link to access its most current version on the usaswimming.org website.

I report compliance.

POLICY PROVISION #2: The CEO will not: Allow employees to be unprepared to deal with reasonably foreseeable emergency situations.

CEO's Interpretation:

Response plans are to be in place, with employees provided appropriate orientation/training, as pertinent to different components of our operations. Examples of “reasonably foreseeable” situations include situations that could occur in two distinct contexts: at our OTC headquarters or at events.

At OTC, there are potential internal emergencies, key examples including but not limited to data breaches and security or other impediments to building access or egress. At events, the most prevalent concerns are weather related emergencies and, at events with high attendance, intruders with malice.

REPORT:

Basic emergency procedures are in place. For example, we maintain and regularly update a Disaster Recovery Plan (with 12 appendices that range from inventory and configuration to SWIMS info and restore procedures) to address potential data breaches. We also have a “text tree” for contacting all staff. This has been predominantly used to address changes in office hours/closings due to inclement weather but would be applicable in other emergency situations.

Our OTC headquarters does provide a greater degree of protection from some risks, such as intruders, than we would be exposed to in a regular office space, including security check-ins at points of access to campus, locked gates, and keycard access. The USOC also hosts risk management events, including, for example, an active shooter presentation, that USA Swimming regularly attend.

As to events, we are more actively identifying risk factors and appropriate steps that will enhance our preparedness. In addition to existing coordination with local facilities, Joel Shinofield is actively working on security/safety best practices at meets.

In summary, effective risk management requires that we stay aware of changes as to the types of emergencies that are reasonably foreseeable and respond accordingly. This is an ongoing process, never completed. As to the results in the past year, there’ve been no notable blips with regard to preparation. As reasonably interpreted, **I report compliance.**

POLICY PROVISION #3: The CEO will not: Retaliate or allow retaliation against an employee for non-disruptive, internal expression of dissent, or for reporting to management or to the Board of Directors (per the process for handling of grievances in the personnel policies) acts or omissions by USA-S personnel, management or the Board of Directors that the employee believes, in good faith and based on credible information, constitutes a violation of state or federal law or a governing policy of the Board.

CEO’s Interpretation:

“Expression of dissent” is any statement by an employee that indicates disagreement with a decision made by management and/or the Board of Directors. Such expression is “non-disruptive” when there is no refusal to perform work, no encouragement of others not to perform work, when it is made in a courteous and internal manner, i.e. not publicly, including social and other forms of media. Employees who disagree non-disruptively (as defined above) with management or board decisions may not experience “retaliation” from the CEO or any other member of management, such as firing, reassignment to less desirable jobs or job hours, or initiation of a formal discipline procedure.

The remainder of provision provides “whistleblower protection” to employees who report inappropriate activities/behaviors in the manner outlined in the Employee Handbook. Given its importance to workplace culture, and liability implications if not afforded, we are to ensure that employees who use that process to report alleged wrongdoing, as defined above and on a “good faith” and “credible information” basis, are to also be protected from retaliation by the CEO or any other member of management.

REPORT:

In the past year, there were a limited number of formal concerns expressed to HR (~2-6). In all such cases, the concerns raised were investigated and addressed, ranging from termination to no action. There are no outstanding complaints or investigations pending.

I report compliance.

POLICY PROVISION #3A: The CEO will not: Prevent employees from grieving to the Board when (a) internal grievance procedures outlined in the Employee Handbook have been exhausted and (b) the employee alleges that Board policy has been violated.

CEO’s Interpretation:

The Employee Handbook must convey that if the grievance process does not produce a result satisfactory to the grieving employee, the employee may bring the concern to the Board as a last step in the process, but only if the grievance includes an allegation that Board policy has been violated. In such a case, he or she must be provided with a notice outlining how the matter may be presented to the Board. "Prevention" of a staff member using this option in this unlikely circumstance would be constituted by any threat of reprisal.

While this policy provides employees the opportunity to elevate a grievance to the Board under the very specific enumerated circumstances, I interpret it as also affirming that the Board will support my personnel-related decisions, as long as consistent with Board policy.

REPORT:

As noted above, we recently issued the 2019 Employee Handbook. The previous version did not include the specific complaint/grievance process requirements consistent with this *Treatment of Employees and Volunteers* policy. If it had, however, it would not have been invoked, as none of the concerns/complaints addressed to our Human Resources department were unresolved at the senior management level. **I report compliance.**

"FINANCIAL CONDITION & ACTIVITIES" POLICY MONITORING REPORT

TO: USA Swimming Board of Directors
FR: Tim Hinchey, Chief Executive Officer
Eric Skufca, Chief Financial Officer
Jim Harvey, Chief Financial Officer (Former)
RE: INTERNAL MONITORING REPORT — MANAGEMENT LIMITATIONS
Quarterly Monitoring on Policy 3.4: **FINANCIAL CONDITION & ACTIVITIES**
DATE: January 25, 2019

We hereby present the monitoring report on the Policy 3.4 "Financial Condition and Activities" in accordance with the monitoring schedule set forth in Board policy.

As has been brought to your attention in separate correspondence, there are FY 2018 Budget to Projection variances different from our last communication in November 2018 that are stated on a preliminary basis herein. We note 2018 financial results are not final at this time and note probable financial adjustments between this report and the 2/2/2019 Board of Directors meeting as we continue to close the books. As such, all stated 2018 financial results herein are preliminary as of our latest projection.

We certify that the information contained in this report and the accompanying Income Statement and Balance Sheet, are true as of December 31, 2018 on a preliminary basis.

BROADEST POLICY PROVISION: *"With respect to financial condition and activities, the CEO will not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established in Ends policies."*

CEO's INTERPRETATION: I submit that the Board's concerns about avoiding fiscal jeopardy are comprehensively interpreted in this policy's subsequent provisions. Regarding expenditures, I interpret "material deviation from Ends priorities" to mean avoidance of waste, such that all expenditures are be viewed and can be correlated as investments towards the achievement of USA Swimming's Ends.

REPORT: As to expenditures deviating from Ends policies, anticipated expenditures were itemized in our approved FY 2018 budget and are subject to review by the Board, using its monitoring system to ensure adherence to our Budget Policy (3.6). All expenditures/procurements during this reporting period have been authorized and determined to be consistent with the FY 2018 budget and Ends achievement subject to the exceptions noted below in Policy Provision #2. In total, we are projecting FY 2018 expenses to be within budget, but **we report NON-COMPLIANCE given Policy Provision #2 below.**

Interpretations and reporting data on the fiscal jeopardy provisions are presented with those provisions, below.

POLICY PROVISION #1: *"The CEO will not manage finances without adherence to applicable Generally Accepted Accounting Principles (GAAP), as promulgated by the Financial Accounting Standards Board (FASB)."*

CEO's INTERPRETATION: I interpret this to be a clearly articulated standard, addressed to the best of our Chief Financial Officer's ability throughout the year, with compliance verified at the conclusion of each fiscal year in the report of the independent auditor.

REPORT: The organization's financial statements as of and for the year ended December 31, 2017 were audited and issued a clean opinion. The Chief Financial Officer continues to abide by GAAP and issued an unaudited financial projection report as of and for the quarter ended December 31, 2018. **We report COMPLIANCE.**

POLICY PROVISION #2: *"The CEO will not expend more funds than have been projected to be received in the fiscal year, except up to the amount of any Board-approved operating deficit for such fiscal year."*

CEO's INTERPRETATION: This policy requires that annual operating expenses be less than total projected revenues, with the exception being up to the amount of a deficit-spend that the Board may have approved for a given fiscal year.

REPORT: In the previous version of this Monitoring Report dated November 9, 2018, we anticipated a FY 2018 operating deficit of (\$493,863) which was \$4,237 better than the budgeted deficit of (\$498,100). Current forecast for FY 2018 is total operating revenue of approximately \$36,140,000 and total operating expenses of approximately \$37,620,000. We thus anticipate an operating deficit of approximately (\$1,480,000) which is approximately (\$981,900) worse than the deficit of (\$498,100) approved by this body and the House of Delegates in September 2017. We understand we are accountable for the November 2018 mis-projection of operating results. We will provide variance detail and explanation at the 2/2/2019 Board of Directors meeting along with additional discussion. **We report NON-COMPLIANCE.**

As a reminder, we will review the first quarter FY 2019 financial results at our next April Board meeting. At this meeting, we will also provide a financial plan of how we can meet and exceed the FY 2019 approved operating deficit of (\$2,237,100). Additionally, we will provide an updated quad projection with breakeven operating results as originally budgeted.

POLICY PROVISION #3: “The CEO will not allow cash and cash equivalents to drop below that amount necessary to meet operating expenditures over a 30-day period.”

CEO's INTERPRETATION: This policy requires that we maintain liquid investments adequate to meet one month of operating expenses. I interpret these to include cash expenses only (not depreciation).

REPORT: Cash and cash equivalents were \$7,217,977 as of December 31, 2018. 2019 budgeted monthly operating expenses are approximately \$3,350,000. **We report COMPLIANCE.**

POLICY PROVISION #4: “The CEO will not borrow funds (with exception of credit cards used for normal business purposes and paid in full each month.)

CEO's INTERPRETATION: CEO/Staff are not authorized to borrow funds or use corporate assets as security for any purchase contracts. Use of credit cards by staff is permitted, with each card paid in full on a monthly basis.

REPORT: Strategy Team members are not currently utilizing corporate credit cards, but approximately twelve other staff have corporate credit cards, with balances paid in full through the last statements. We have no other current debt. **We report COMPLIANCE.**

POLICY PROVISION #5: “The CEO will not use Board-designated Operating Reserve funds.”

CEO's INTERPRETATION: Accessing the Operating Reserve fund is purely at the discretion of, and requires explicit authorization by, the Board of Directors.

REPORT: The CFO calculated the Operating Reserve requirement annually per the policy and has reported \$5,699,753 of excess reserves above the required Operating Reserve of \$18,957,200 (six months budgeted operating expenses) at December 31, 2017. The required Operating Reserve was not tapped in FY 2018. Company Policy states our annual Operating Reserve calculation is performed after our annual audit (April 2019), but we performed a preliminary calculation concluding the reserve is in excess of six months budgeted operating expenses. **We report COMPLIANCE.**

POLICY PROVISION #6: “The CEO will not operate without settling payroll obligations and payables in a timely manner.”

CEO's INTERPRETATION: Payroll must meet its obligations every two weeks starting Friday, January 5, 2018. For other payables, I interpret “timely” to mean by the date stipulated in agreement with the vendor, or if not explicit, within thirty days of invoice (assuming provision of goods or services has been completed).

REPORT: Payroll has met the schedule as interpreted above. USA Swimming processes payables weekly. There were no invoices in dispute as of December 31, 2018 and all payables have been paid on time. **We report COMPLIANCE.**

POLICY PROVISION #7: “The CEO will not allow tax or other government-ordered payments or filings to be overdue or inaccurately filed.”

CEO’s INTERPRETATION: All tax and governmentally required payments or filings (payroll, Form 990, 1099’s, etc.) must be made in a timely and accurate manner.

REPORT: All withholding taxes and other such payroll payments and filings have been made within deadline by our payroll provider, ADP. Forms 1099/1096 were filed by January 31, 2019. Form 990 was filed prior to November 15, 2018. There are no outstanding filings and there have been no late penalties. **We report COMPLIANCE.**

POLICY PROVISION #8: “The CEO will not execute a purchase commitment, check or electronic funds transfer for greater than \$250,000, unless such expenditure was explicitly itemized in budget monitoring data previously disclosed to the Board. Splitting orders to avoid this limit is not acceptable.

CEO’s INTERPRETATION: Any expenditure in excess of \$250,000 that was not disclosed as part of our budget plan must be approved by the Board.

REPORT: No such expenditures in excess of \$250,000 have been incurred thus far in this fiscal year. **We report COMPLIANCE.**

POLICY PROVISION #9: “The CEO will not acquire, encumber, lease or dispose of real property.”

CEO’s INTERPRETATION: All decisions regarding the purchase, lease, sale or other claim of/on land, buildings, office or warehouse space are considered to be at the discretion of the Board.

REPORT: No decisions or changes with respect to real property were made during this reporting quarter. **We report COMPLIANCE.**

POLICY PROVISION #10: “The CEO will not operate without aggressively pursuing material receivables after a reasonable grace period.”

CEO’s INTERPRETATION: USA Swimming is not to be lackadaisical regarding collections. “Material” is interpreted to be receivables that, when collected, are of greater value than the cost of collection (including staff time), but generally anything over \$100,000. “Aggressively” is interpreted to mean that we will seek legal counsel after a “grace period” of 60 days and reasonable collection efforts have been unsuccessful.

REPORT: Primary receivables are membership dues, sponsorship payments, event fees, etc. At quarter end, there were two sponsorship receivables over 60 days past due. We anticipate successful resolutions of these receivables without legal intervention. **We report COMPLIANCE.**

POLICY PROVISION #11: “The CEO will not operate without adequate internal controls over receipts and disbursements to avoid unauthorized payments or material dissipation of assets.”

CEO’s INTERPRETATION: Controls must be in place that ensure that all disbursements are appropriately authorized. Further, all payments (checks, credit card purchases, petty cash, etc.) and capitalized assets must have corresponding documentation sufficient to satisfy the auditors. I interpret fulfillment of this policy to be evidenced by written Policies and Procedures that the auditor considers when performing audit procedures. Complete implementation (or absence) of recommendations brought forth by the auditor in a Management Letter is further evidence of compliance.

REPORT: Controls in place are consistent with Board policy and the standards prescribed in the auditor’s Management Letter from the 2017 fiscal audit. **We report COMPLIANCE.**

#11A: “The CEO will not operate without clearly delineated procedures and limitations for reimbursement of authorized expenses incurred by board members and committee members, and others who are entitled to reimbursement from USA-S.”

CEO’s INTERPRETATION: Staff is to maintain, disseminate and ensure adherence to travel/expense reimbursement policies applicable to staff, Board members and other volunteers.

REPORT: All travel/expense reimbursement processes have been uniformly applied, with minimal exceptions (e.g. a missing cab receipt). **We report COMPLIANCE.**

#11B: *“CEO credit card statements and/or expense reimbursements must be reviewed and authorized for payment by the Vice Chair-Fiscal Oversight. CEO credit card statements must be reviewed and approved within 30 days of payment.”*

CEO’s INTERPRETATION: Documentation/receipts for CEO credit card statements and expense reports are to be provided electronically (Concur) to the Vice Chair – Fiscal Oversight for approval before payment.

REPORT: Vice Chair-Fiscal Oversight reviewed and approved all expense reimbursements submitted by the CEO during the fourth quarter 2018. As to credit card statements, the CEO does not currently utilize a corporate credit card. **We report COMPLIANCE.**

USA Swimming

2018 Preliminary Budget Projection & Discussion

2/2/2019

2018 Financial Results:

- Total operating expenses were better than budget but did not exceed the shortfall in revenue (primarily Corporate and Membership).
- 2018 operating deficit is projected to miss budget by (\$1.12M) or (3%) of 2018 projected revenue and (0.5%) of total quad projected revenue.
- Goal is to still end the 2020 Quad with breakeven operating results.

Note: When Bob Vincent reached out to the Board to discuss initial 2018 projected results, he gave an approximate budget miss of (\$700K) vs. the current (\$1.12M). The large majority of the difference is due to an accounting revenue recognition principle related to our partnership with the Omaha Sports Commission. We chose to conservatively recognize the applicable rights fee revenue consistent with previous quads and our current quad budget.

Finance Department Outlook:

- 1) Educate and Internal Audit.
- 2) Collaboratively Monitor and Communicate.
- 3) Strategically Support the Organization.

USA Swimming
2018 Preliminary Budget Projection
2/2/2019

	Approved Budget 2018	Projected Total 2018	2018 Projected Variance B/(W)	Explanation
REVENUE:				
Membership	\$ 23,395,000	\$ 22,778,145	\$ (616,855)	Year-round athlete membership down (2.2%).
Corporate Revenue	5,573,500	4,436,219	(1,137,281)	Prospects, Marriott, Chobani, Web Advertising, others.
Consumer Revenue	357,000	230,311	(126,689)	SwimJitsu discontinued.
USOC Partnership	5,094,700	5,294,900	200,200	Athlete support. Revised USOC PPA post budget.
Investment Income	1,010,500	1,070,021	59,521	Short-term investment interest income.
Foundation	815,000	963,600	148,600	More athlete support (corresponding expense below).
Sport and Events	911,500	791,489	(120,011)	Golden Goggles Awards.
Other Income	670,600	726,976	56,376	
Total Revenue	37,827,800	36,291,661	(1,536,139)	Missed budget by (4.0%)
EXPENSES:				
Technical/Sport:				
Sport Development	4,847,000	4,664,573	182,427	
Events and Member Services	7,357,300	7,742,604	(385,304)	
National Team Division	9,533,500	9,197,433	336,067	
Total Technical/Sport	21,737,800	21,604,610	133,190	
Other Programs:				
Commercial	6,510,200	6,259,758	250,442	
Risk Management	3,106,800	3,063,524	43,276	
Foundation & Make a Splash Support	965,000	965,076	(76)	
Total Other Programs	10,582,000	10,288,358	293,642	
Administration:				
Executive	1,552,700	1,535,369	17,331	
Finance	914,000	905,157	8,843	
Business Affairs	3,539,400	3,574,471	(35,071)	
Total Administration	6,006,100	6,014,997	(8,897)	
Total Expenses	38,325,900	37,907,965	417,935	Better than budget by 1.1%
OPERATING SURPLUS (DEFICIT)	(498,100)	(1,616,304)	(1,118,204)	
Reserves Spending:				
Disaster Relief	-	(20,606)	(20,606)	
Special IT Projects (CRM)	-	(327,086)	(327,086)	
Safe Sport Expenses/Contingency	(750,000)	(711,907)	38,093	
Athlete Leadership Camp	(240,000)	(266,618)	(26,618)	
Total Reserve Spending	(990,000)	(1,326,217)	(336,217)	
Surplus/(Deficit) Before Invsmt G/(L)	(1,488,100)	(2,942,521)	(1,454,421)	
Investment Gains (Losses)	573,000	(2,480,166)	(3,053,166)	
NET SURPLUS (DEFICIT)	(915,100)	(5,422,687)	(4,507,587)	

USA Swimming
2020 Quad Business Plan Summary

	Actual 2017	Current Projection 2018	Proposed Budget 2019	Projected Budget 2020	TOTAL 2020 Quad Current Proj
REVENUE:					
Membership	\$ 22,483,811	\$ 22,778,145	\$ 23,203,900	\$ 23,806,500	\$ 92,272,356
Corporate Revenue	4,364,233	4,436,219	5,582,500	6,145,800	20,528,752
Consumer Revenue	527,967	230,311	229,500	229,500	1,217,278
USOC Partnership	5,134,700	5,294,900	5,304,500	5,304,500	21,038,600
Investment Income	1,001,643	1,070,021	1,788,900	1,813,900	5,674,464
Foundation	792,500	963,600	915,700	933,200	3,605,000
Sport and Events	978,254	791,489	721,500	5,981,500	8,472,743
Other Income	331,745	726,976	248,400	239,100	1,546,221
Total Revenue	35,614,853	36,291,661	37,994,900	44,454,000	154,355,414
EXPENSES:					
Technical/Sport:					
Sport Development	4,455,110	4,664,573	4,907,800	4,922,200	18,949,683
Events and Member Services	8,581,871	7,742,604	7,245,300	6,909,900	30,479,675
National Team Division	8,004,303	9,197,433	10,892,400	11,017,700	39,111,836
Total Technical/Sport	21,041,284	21,604,610	23,045,500	22,849,800	88,541,194
Other Programs:					
Commercial	5,172,794	6,259,758	6,751,600	7,581,600	25,765,752
Risk Management	3,004,431	3,063,524	3,184,200	3,332,900	12,585,055
Foundation & Make a Splash Support	525,371	965,076	311,000	311,000	2,112,447
Total Other Programs	8,702,595	10,288,358	10,246,800	11,225,500	40,463,254
Administration:					
Executive	4,013,797	1,535,369	1,552,500	1,740,500	8,842,166
Finance	1,364,162	905,157	1,139,300	887,400	4,296,019
Business Affairs	1,240,827	3,574,471	4,247,900	4,267,700	13,330,898
Total Administration	6,618,787	6,014,997	6,939,700	6,895,600	26,469,083
Total Expenses	36,362,666	37,907,965	40,232,000	40,970,900	155,473,531
OPERATING SURPLUS (DEFICIT)	(747,813)	(1,616,304)	(2,237,100)	3,483,100	(1,118,118)
					-0.5% A (see below)
					-1.4% B (see below)
Reserves Spending:					
Special IT Projects (CRM)		(327,086)	(950,000)	(350,000)	(1,627,086)
Remodel Depreciation			(120,000)	(180,000)	(300,000)
Disaster Donations		(20,606)			(20,606)
Safe Sport Expenses/ Contingency		(711,907)			(711,907)
Cost of Flex			(1,000,000)	(700,000)	(1,700,000)
Athlete Leadership Summit		(266,618)	(214,000)		(480,618)
Foundation Endowment Donation	(1,000,000)				(1,000,000)
Total Reserve Spending	(1,000,000)	(1,326,217)	(2,284,000)	(1,230,000)	(5,840,217)
Surplus (Deficit) Before Investment Gains (Losses)	(1,747,813)	(2,942,521)	(4,521,100)	2,253,100	(6,958,335)
Investment Gains (Losses)	3,816,462	(2,480,166)	-	-	1,336,296
NET SURPLUS (DEFICIT)	2,068,649	(5,422,687)	(4,521,100)	2,253,100	(5,622,039)

Tickmarks:

A: Current quad operating deficit as a percentage of total quad projected revenue.

B: Current quad operating deficit as a percentage of remaining quad projected revenue.

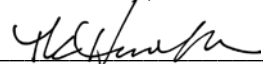
USA Swimming
2018 Preliminary Balance Sheet
2/2/2019

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>\$ Change</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 7,217,977	\$ 8,300,316	\$ (1,082,339)
Accounts receivable	1,351,312	1,030,969	320,343
Prepaid expenses and deferred charges	<u>1,373,517</u>	<u>1,584,398</u>	<u>(210,881)</u>
Total Current Assets	9,942,806	10,915,683	(972,877)
FIXED ASSETS:			
Leasehold Imp, IT Systems, FF&E, Other	13,275,005	12,037,734	1,237,271
Accumulated depreciation & amortization	<u>(9,018,964)</u>	<u>(8,054,468)</u>	<u>(964,496)</u>
Total Fixed Assets	4,256,041	3,983,266	272,775
LONG-TERM INVESTMENTS:			
Long-term Investments	32,023,658	36,995,751	(4,972,093)
OTHER ASSETS:			
Investment - 2020 Trials, LLC	107,629	154,170	(46,541)
Prepaid rent	<u>2,164,760</u>	<u>2,334,833</u>	<u>(170,073)</u>
Total Other Assets	<u>2,272,389</u>	<u>2,489,003</u>	<u>(216,614)</u>
TOTAL ASSETS	<u>48,494,894</u>	<u>54,383,703</u>	<u>(5,888,809)</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	1,777,434	1,166,562	610,872
Accrued expenses and other liabilities	1,315,101	2,515,894	(1,200,793)
Deferred revenue	<u>14,515,659</u>	<u>14,391,860</u>	<u>123,799</u>
Total Current Liabilities	17,608,194	18,074,316	(466,122)
NONCURRENT LIABILITIES:			
Total Liabilities	<u>17,608,194</u>	<u>18,074,316</u>	<u>(466,122)</u>
NET ASSETS:			
Unrestricted:			
Undesignated Net Assets	11,872,411	16,583,191	(4,710,780)
Board Designated - USSIC	<u>19,014,289</u>	<u>19,726,196</u>	<u>(711,907)</u>
Total Unrestricted Net Assets	<u>30,886,700</u>	<u>36,309,387</u>	<u>(5,422,687)</u>
Total Net Assets	<u>30,886,700</u>	<u>36,309,387</u>	<u>(5,422,687)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>48,494,894</u>	<u>54,383,703</u>	<u>(5,888,809)</u>

Performance Monitoring Report

TO: USA Swimming Board of Directors
FR: Tim Hinchey, Chief Executive Officer
RE: Internal Report – Management Parameters
Annual Monitoring on **Policy 3.7: Compensation and Benefits**
DA: January 25, 2019

I hereby present the monitoring report on Management Parameters Policy 3.7 “Compensation and Benefits” per the monitoring schedule set forth in Board policy and certify that the information contained in this report is true for the year ended December 31, 2018.

Signed , President & CEO

Broadest Policy Provision:

With respect to employment, compensation and benefits for employees, consultants, contractors or volunteers, the CEO will not cause or allow jeopardy to USA-S’ fiscal integrity or public image.

CEO’s Interpretation:

When determining and adjusting the compensation and benefits afforded to employees, consultants and contract workers, and recognition/perquisites afforded to volunteers, the CEO must be cognizant of and balance our reputation as a competitive employer that attracts top talent and as a prudently run non-profit corporation.

As to the benefits afforded to volunteers, the critical issue is that they be appropriately recognized and treated fairly. These are addressed in our monitoring report on our *Treatment of Employees and Volunteers*” policy (3.3). Other than that, the subsequent provisions comprehensively address this broadest policy statement. They are interpreted and reported on below.

POLICY PROVISION #1: *The CEO will not:* Establish salaries and benefits that deviate materially from the geographic and/or professional market value for the skills employed.

CEO’s Interpretation:

To be a “best in class” NGB, our human resources need to perform and be recognized as one of our most vital assets. This requires that we offer competitive compensation and benefits packages and provide opportunities for growth and recognition. “Competitive” in our case would be packages at least similar to those for peer positions at comparable organizations (i.e. non-profits with annual operating budgets between \$25-50 million) and with consideration of geography. The lower cost of living in Colorado Springs is favorable in many ways, offset in part by the fact that for senior management positions, we aim to attract and retain highly qualified professionals from a national talent pool.

Salary bands have been established based on the level of positions in the organization, with assessments of market data (as applicable), such as those periodically published by Employers Council. We generally target the median salary for comparable positions, with variation depending on years of experience, specific job descriptions, etc.

REPORT:

I recognized in late 2017, soon after becoming CEO, that our compensation levels paid to staff exceeds peer group averages and are generally above median.

We have many staff members with long tenures at USA Swimming, approximately 20% of whom have been at salaries considerably above the median for their respective positions. Other than rewarding exceptional performance and/or elevations in responsibilities, future adjustments to these base salaries will be predicated primarily on cost-of-living adjustments.

Seeing these challenges, and the needs to strengthen our compensation structure to be more performance-based and to “right-size” the staff, we created the “Director of Human Resources” position in 2018.

Our key strategy for the entire team is to ensure that compensation is generous for high performance, with a new bonus structure just introduced for 2019 that will be individually earned.

To summarize, in the past year we have built new processes and systems for performance evaluations and compensation decisions, and these are now being implemented and used for all current decisions, including ensuring that new hires are installed at levels consistent with the market for the skills employed.

With acknowledgement that there are a substantial number of longer-tenured staff that are at substantially above-market salaries, **I report partial compliance.**

POLICY PROVISION #2: The CEO will not: Change his or her own compensation.

CEO’s Interpretation:

I interpret this to mean that I may not change my compensation, defined as salary and/or money received as bonus compensation. Governance Process Policy 2.3 “Agenda Planning” states that CEO remuneration will be decided by the Board of Directors in November, to be effective on January 1st, and that any bonus compensation will be determined in the first meeting of the subsequent calendar year and paid not later than February 28th.

REPORT:

My salary from time of initial employment (July 2017) through December 31, 2018 was as established at my time of hire. At its November 18, 2018 meeting, the Board awarded me a salary increase, effective January 1, 2019. While ahead of the published schedule, the Board also made its determination with regard to the bonus provision of my employment contract, which was paid on December 21, 2018. There have been no other changes to my compensation. **I report compliance.**

POLICY PROVISION #3: The CEO will not: Change his or her own benefits, except as consistent with the package for all other employees.

CEO’s Interpretation:

I interpret this to mean that I cannot change my benefits package, except for changes that are consistent with the benefit program provided to all full-time employees. These benefits currently include paid time off, health insurance, dental insurance, vision insurance, life insurance, a 401k plan and short- and long-term disability plans. My authority to make changes to the full-time employees’ benefits is restricted to changes being compliant with policy provision #4 below, addressing the importance of our benefit offerings being competitive with, but not deviating materially from, the geographic market.

REPORT:

I receive the same employee benefits package as all other full-time employees. The only material change made to this package in the past year was the transition of employee dental benefits from Principal Dental back to Delta Dental. As per my employment contract, I do receive other benefits as CEO, but have made no changes to those since I began employment here at USA Swimming. **Therefore, I report compliance.**

POLICY PROVISION #4: The CEO will not: Promise or imply anything other than "at-will" employment.

CEO’s Interpretation: I interpret this policy to mean I do not have authority to offer, promise imply, or approve, either verbally or in any written correspondence, permanent or guaranteed employment, either at the time of recruitment or during the term of employment. I interpret “at-will employment” to mean that either party is free to terminate the employment relationship at any time with or without cause.

Though not currently foreseen, if a key hiring opportunity were to present itself and an employment contract was vital to attract a senior staff member, any such decision would require approval by the Board of Directors.

REPORT:

Other than me, the only USA Swimming staff member that has an employment contract is Mike Unger. That agreement, which runs through December 31, 2020, was initially extended to Mike by the Board in Summer 2017 to support the transition upon my hire as CEO.

All new hires are provided with an offer letter containing explicit language regarding their “at-will” status, with language including: *“The information in this letter is not intended to constitute a contract of employment, either express or implied. Your employment with USA Swimming is at-will and either you or the company may terminate the relationship at any time.”*

Additionally, all employees are provided with a copy of our Employee Handbook that contains explicit affirmation of employees working solely “at-will,” with language including: *“At USA Swimming, neither the employee nor the company is committed to an employment relationship for a fixed period of time. Either the employee or management has the right to terminate the employment relationship at any time, for any reason.”*

All employees sign a document acknowledging receipt of this handbook. The acknowledgement form also states explicitly that we are an at-will employer. All employees with hiring authority have been explicitly trained in the importance of adhering to this policy. **I therefore report compliance.**

POLICY PROVISION #5: The CEO will not: Create obligations to consultants or contract vendors that are not consistent with annual/quadrennial budget plans.

CEO’s Interpretation:

I interpret this to mean that I’m not permitted to enter into contracts, agreements or any other form of binding obligation that would extend beyond a quadrennial period without Board approval.

REPORT:

All contracts, agreements and binding obligations are entered into for intervals within this limitation. Further, we ensure there are “out-clauses” that relieve us of obligations if a vendor/venue does not meet contracted performance requirements.

I report compliance.

POLICY PROVISION #6: The CEO will not: Establish or change retirement benefits that would cause situations unpredictable for the organization or inequitable for employees.

CEO’s Interpretation:

I interpret this policy to mean that while, per provision #1 above, I have authority to establish and/or modify benefit programs to ensure consistency and competitiveness with the marketplace, as long as consistent with all Board policies. As to retirement benefits, I may not enter into or revise any such programs if the consequence to the organization would be either unknown in advance or not equitable among affected employees. Our retirement benefits program is a “defined contribution” plan, which mitigates that risk.

REPORT: Our current 401(k) program benefits, in place since January 1, 2002, are as follows:

- All full-time employees receive an employer contribution of 3% of base salary after one year of employment (effective January 1 or July 1 of each year, depending on start date).
- After two years, USA Swimming makes a 10% contribution, up to a maximum of \$27,500.

These benefits are offered equally to all full-time employees. **I report compliance.**



FIRSTwestern

Quarterly Investment Review

USA SWIMMING, INC.

&

USA SWIMMING FOUNDATION, INC.

4th QUARTER 2018

- I. QUARTERLY ECONOMIC AND MARKET REVIEW**
- II. PORTFOLIO PERFORMANCE**
- III. FUNDS REVIEW**
- IV. OUTLOOK**



1Q19 Economic & Market Update

Points of Interest

- Fed raises rates by 0.25% at December meeting bringing Fed Funds to 2.25-2.50%.
- 3Q GDP slows from 4.2% to 3.4%.
- S&P 500 experiences worst year since 2008, capped by its worst December since 1931.
- Technology-heavy NASDAQ and Russell 2000 (small caps) enter “bear” market territory falling by more than 20% from recent highs.
- U.S. government shut-down closes 25% of federal government.
- Dec. unemployment rises 0.2% to 3.9%, as more people look for work- a good thing.

Inside this Issue:

- Overview.....2**
- S&P 500 Chronology
 - Economic Scorecard

- Domestic Economic Review.....3**

- International Economic Review.....4**

- Equity Markets.....5**

- Fixed Income Markets...6**

- Disclosures.....7**

Fourth Quarter Recap

As any parent who has tried to get their child’s attention knows, there is a difference between hearing and listening, much like there is a difference between looking and seeing. After “looking” at the headlines during the third quarter, investors began “seeing” them in the fourth quarter. The result, the S&P 500’s first year of negative returns since 2008. Concerns about slowing global growth, rising interest rates, a flattening yield curve, U.S. monetary policy, and, late in the quarter, a government shutdown, were all factors.



Trade, however, was the dominant concern, with markets hoping for a resolution to the burgeoning trade war between the U.S. and China before it resulted in lasting economic damage. Unfortunately, beyond the two sides agreeing to a 90-day truce on further tariffs, and an agreement to hold in-person talks in early January, there were few signs of progress.

Despite an uptick in market volatility, the Fed raised rates again in December. The move, the fourth such increase in 2018, brought the Fed Funds rate to a range of 2.25-2.50%. In post-meeting remarks, Fed Chair Jay Powell indicated that the Fed was largely indifferent to recent market volatility and more focused on economic fundamentals. Market reaction was negative as investors had been hoping for a more “dovish” tone.

U.S. economic data remained supportive of further growth, though a deceleration in third quarter GDP, from 4.2% to 3.4%, suggested that the economic benefits resulting from the 2017 tax cuts may already be receding. The current consensus forecast for 2019, calls for economic growth to slow to 2.6% vs. 2.9% in 2018.

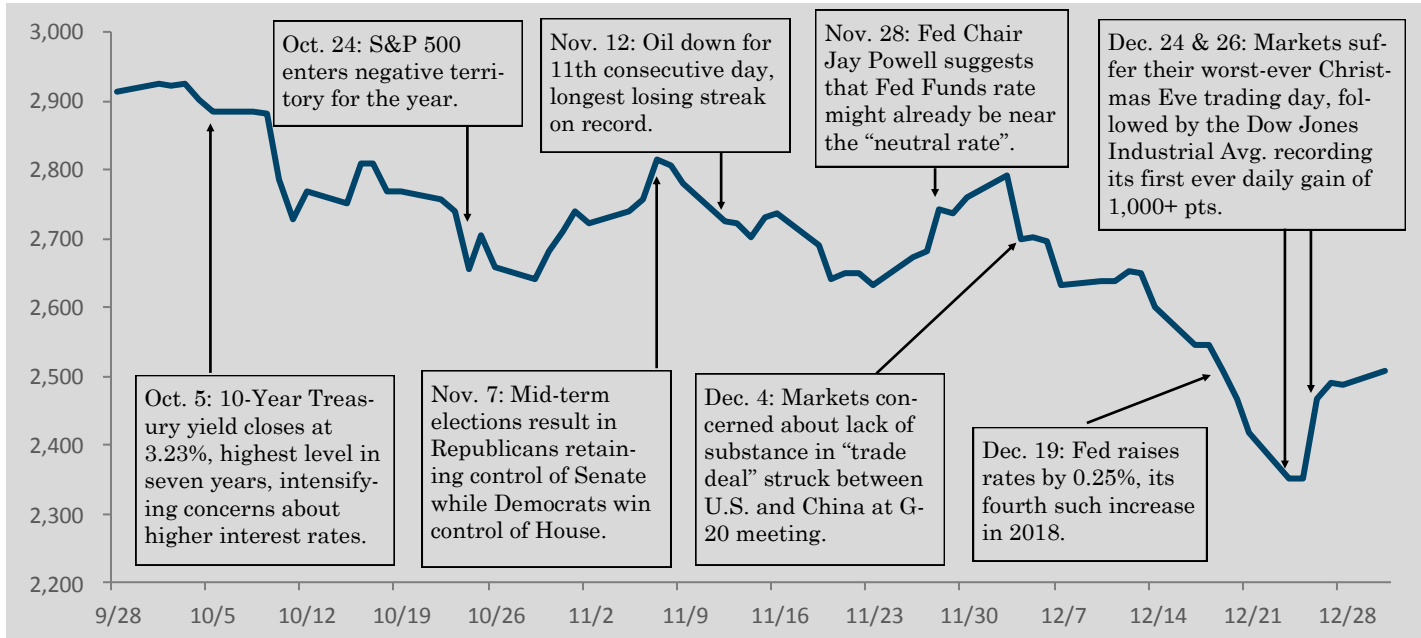
In Europe, concerns about a showdown between the EU and Italy over the country’s proposed budget, gave way to increasing concerns about the outcome of Brexit. After her party suffered significant losses in state-level elections, Germany’s Angela Merkel announced that she will step down as Chancellor in 2021.

Outlook– As we enter 2019, markets remain confronted with a number of uncertainties including, trade, monetary policy, the government shutdown, and concerns about both economic and corporate earnings growth. Despite recent market-induced concerns of a recession, we continue to believe that we are currently experiencing a market recalibration, in anticipation of a return to trend-line economic growth, as opposed to a potential recession. One benefit of the fourth-quarter selloff is that valuations are now much more attractive than they were just a year ago. This could prove to have a stabilizing effect on the markets, as investors look for post-selloff “bargains”. With the prospect of volatility remaining elevated in the near-term, we would caution investors against trying to time the markets. However, there is a difference between staying invested and doing nothing. To that end, we will continue to make fundamentally-driven, tactical changes in response to market developments in order to realize compelling opportunities.

OVERVIEW

4Q18 S&P 500 Chronology

Volatility surged on fears of a full-blown trade war between China and the U.S. Investors, seeking safety in bonds, drove yields down which in turn raised concerns about a yield curve inversion and possible recession.



Source: First Western Trust.

Economic Scorecard

Indicator	Level	Outcome	Trend*	Comment
3Q18 GDP	3.4%	Below Expectation	↓	Driven by business spending (inventories). A plunge in exports and a sharp rise in imports trimmed ~2pts. from GDP.
U.S. Unemployment (Dec.)	3.9%	Above Expectation	↓	Unemployment up 0.2% due to 400k individuals entering workforce (good). Dec. hiring of 312k, best since Feb. 2018.
Housing Starts (Nov.)	1.256M	Above Expectation	↑	Data driven largely by multi-family units, not the more important single-family units. Y/Y, starts down -3.6%.
Case-Shiller Home Price Index (Oct.)	0.4%	Inline w/ Expectation	↓	Y/Y, up 5.0%, lowest level since Oct. 2016, reflecting slowing housing market conditions.
Core CPI (Nov.)	0.0%	Inline w/ Expectation	↓	Continues to moderate. Slowest monthly increase since Feb. 2018. Y/Y, slowed to 2.2%. Core CPI also at 2.2%, Y/Y.
Consumer Spending (Nov.)	0.4%	Above Expectation	↓	Spending driven by a nearly 1% increase on durables. October spending revised upwards to a very strong 0.8%.
Personal Income (Nov.)	0.2%	Below Expectation	↓	Savings rate down -0.1% to 6.0%.
Consumer Confidence (Dec.)	128.1	Below Expectation	↓	Lowest reading since July. Current conditions remain strong, while expectations component showing weakness.
ISM Manufacturing (Dec.)	54.1	Below Expectation	↓	Lowest level since Nov. 2016. Sharp slowdown in new orders was largest detractor. Hiring and production also slowed.

Outcome: Relative to consensus expectation. * Trend reflects month-over-month change, except GDP which is quarter-over-quarter; ↑ indicates improvement from prior month; ↓ indicates deterioration from prior month; ↔ indicates no change from prior month.

DISCLOSURE INFORMATION

- Information and research contained herein do not represent a recommendation of investment advice to buy or sell stocks or any financial instrument nor is it intended as an endorsement of any security or investment and it does not constitute an offer or solicitation to buy or sell any securities.
- Any forecasts, figures, or opinions set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice.
- These materials have been prepared solely for informational purposes based upon information generally available to the public from sources believed to be reliable.
- It is not possible to invest directly in an index. There is no assurance that investment products based on the index will accurately track index performance or provide positive investment returns.
- Investment and insurance products and services are not a deposit, are not FDIC- insured, are not insured by any federal government agency, are not guaranteed by the bank and may go down in value.

NOT FDIC INSURED**MAY LOSE VALUE****NO BANK GUARANTEE**

First Western Trust | 1900 16th St., Suite 1200 | Denver, CO 80202 | Phone: 303-531-8100 | Website: www.myfw.com

Activity Summary

	USA Swimming, Inc. - Equities	USA Swimming, Inc. - Fixed Income	Consolidated Accounts		
	Quarter to Date	Quarter to Date	Quarter to Date	Year to Date	Since Inception 6/26/2008
Beginning Value^{(1),(2)}	\$19,413,238	\$14,901,443	\$34,314,681	\$37,075,175	\$0
Net Contributions/Withdrawals ⁽³⁾	\$2,100,000	-\$2,100,000	\$0	-\$3,490,539	\$23,862,724
Gain/Loss	-\$2,394,095	\$168,055	-\$2,226,040	-\$1,495,995	\$8,225,916
Ending Value^{(1),(2)}	\$19,119,143	\$12,969,497	\$32,088,640	\$32,088,640	\$32,088,640

Performance

Time Weighted/Net of Fees	-6.49%	-4.58%	4.56%
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Asset Allocation

	Market Value	Portfolio %	Target %
US Large Cap Equities	\$7,636,127	23.80%	25.00%
US Small Cap Equities	\$1,272,059	3.96%	5.00%
International Equities	\$8,206,287	25.57%	23.00%
REITs	\$1,019,663	3.18%	4.00%
Commodities	\$755,585	2.35%	3.00%
High Yield Bonds	\$36,902	0.12%	0.00%
Fixed Income	\$12,766,154	39.78%	39.00%
Cash & Equivalents	\$395,864	1.23%	1.00%
	\$32,088,640	100.00%	100.00%

(1) Values include Accrued Income.

(2) Values do not include Non-Discretionary or Non-Reportable Assets.

Performance by Sector: As of December 31, 2018

	Market Value ^{(1),(2),(4)} As Of 12/31/2018	Portfolio ⁽⁵⁾ Weight	QTD	YTD	1Yr	3Yr	5Yr	10Yr	Since ^{(3),(4)} Inception	Inception Date
Broad Equity Market Index										
MSCI ACW Index NR			-12.75	-9.42	-9.42	6.60	4.26	9.46		
US Large Cap Equities	\$7,636,127	24%	-13.28	-4.31	-4.31	9.32	8.26	12.80	7.90	6/26/2008
S&P 500 Index			-13.52	-4.38	-4.38	9.26	8.49	13.12		
Russell 1000 Index			-13.82	-4.78	-4.78	9.09	8.21	13.28		
US Small Cap Equities	\$1,272,059	4%	-20.24	-11.59	-11.59	7.25	3.88	12.26	6.76	6/26/2008
Russell 2000 Index			-20.20	-11.01	-11.01	7.36	4.41	11.97		
International Equities	\$8,206,287	26%	-11.31	-12.28	-12.28	4.61	0.97	6.37	1.12	6/26/2008
MSCI ACW Index Ex-US			-11.46	-14.20	-14.20	4.48	0.68	6.57		
MSCI EAFE Index			-12.54	-13.79	-13.79	2.87	0.53	6.32		
MSCI Emerging Markets Index			-7.47	-14.58	-14.58	9.25	1.65	8.02		
REITs	\$1,019,663	3%	-6.72	-4.48	-4.48	3.71	5.10	9.40	4.56	6/26/2008
FTSE EPRA/NAREIT Developed Index			-5.69	-5.63	-5.63	2.72	4.34	9.65		
Commodities	\$755,585	2%	-12.06	-13.90	-13.90	0.37	-9.21		-8.83	7/11/2013
Bloomberg Commodity Index			-9.41	-11.25	-11.25	0.30	-8.80	-3.78		
High Yield Bonds	\$36,902	0%	3.73	-5.99	-5.99	3.30	2.74		4.36	7/12/2011
BofAML HY Master II Index			-4.67	-2.26	-2.26	7.27	3.82	10.99		
Fixed Income	\$12,766,154	40%	1.30	0.16	0.16	2.65	2.90	3.92	3.99	6/26/2008
Barclays Cap Aggregate Bond Index			1.64	0.01	0.01	2.06	2.52	3.48		
Cash & Equivalents	\$395,864	1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofAML US 3 Month T-Bill Index			0.57	1.88	1.88	1.02	0.63	0.37		
Total Portfolio	\$32,088,640	100%	-6.49	-4.58	-4.58	5.05	3.57	7.09	4.58	6/26/2008
Blended Benchmark ⁽⁶⁾			-6.72	-5.41	-5.41	4.59	3.33	6.94		
Inflation + 3%			3.41	5.21	5.21	5.03	4.55	4.72		

(1) Values include Accrued Income.

(2) Values do not include Non-Discretionary, Non-Reportable or Managed Alternative Assets.

(3) Returns are Annualized for periods over 1 year.

(4) Certain Sectors may not have been held for the entire reporting period of the Portfolio.

(5) Portfolio Weights reflect current holdings as of period end. Portfolio may have had varying sectors weightings over historical periods.

(6) Blended Benchmark Index is based on 53% MSCI ACW1 + 4% NAREIT Dev Index + 3% Bloomberg Commodity Index + 40% Barclay AggBond

USA Swimming, Inc. - Equities

Performance by Sector: As of December 31, 2018



	Market Value ^{(1),(2),(4)}	Portfolio ⁽⁵⁾							Since ^{(3),(4)}	Inception
	As Of 12/31/2018	Weight	QTD	YTD	1Yr	3Yr	5Yr	10Yr	Inception	Date
US Large Cap Equities	\$7,636,127	40%	-13.28	-4.31	-4.31	9.32	8.26	12.82	8.08	6/26/2008
S&P 500 Index			-13.52	-4.38	-4.38	9.26	8.49	13.12		
US Small Cap Equities	\$1,272,059	7%	-20.24	-11.59	-11.59	7.25	3.88	12.33	7.09	6/26/2008
Russell 2000 Index			-20.20	-11.01	-11.01	7.36	4.41	11.97		
International Equities	\$8,206,287	43%	-11.31	-12.28	-12.28	4.61	0.97	6.35	1.44	6/26/2008
MSCI EAFE Index			-12.54	-13.79	-13.79	2.87	0.53	6.32		
MSCI Emerging Markets Index			-7.47	-14.58	-14.58	9.25	1.65	8.02		
REITs	\$1,019,663	5%	-6.72	-4.48	-4.48	3.71	5.10	9.02	4.38	6/26/2008
Wilshire U.S. REIT Index			-6.93	-4.84	-4.84	2.06	7.87	12.19		
FTSE EPRA/NAREIT Developed Index			-5.69	-5.63	-5.63	2.72	4.34	9.65		
Commodities	\$755,585	4%	-12.06	-13.90	-13.90	0.37	-9.21		-8.83	7/11/2013
Bloomberg Commodity Index			-9.41	-11.25	-11.25	0.30	-8.80	-3.78		
Cash & Equivalents	\$229,423	1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofAML US 3 Month T-Bill Index			0.57	1.88	1.88	1.02	0.63	0.37		
Total Portfolio	\$19,119,143	100%	-12.83	-9.02	-9.02	6.19	3.80	9.17	5.00	6/26/2008

(1) Values include Accrued Income.

(2) Values do not include Non-Discretionary, Non-Reportable or Managed Alternative Assets.

(3) Returns are Annualized for periods over 1 year.

(4) Certain Sectors may not have been held for the entire reporting period of the Portfolio.

(5) Portfolio Weights reflect current holdings as of period end. Portfolio may have had varying sectors weightings over historical periods.

First Western Trust Bank
PORTFOLIO APPRAISAL
USA Swimming, Inc. - Equities
612422055 (Formerly Fidelity 673218332)
December 31, 2018

Quantity	Security	Security Symbol	Adjusted Unit Cost	Total Adjusted Cost	Price	Market Value	Pct. Assets	Yield
US Large Cap Equities								
33,228	VANGUARD INDEX FDS S&P 500 ETF SHS NEW	VOO	195.01	6,479,851.84	229.81	7,636,126.68	39.9	1.36
US Small Cap Equities								
21,370.301	DFA US SMALL CAP PORT INSTL	DFSTX	34.59	739,102.95	29.75	635,766.45	3.3	1.14
4,752	ISHARES RUSSELL 2000 ETF	IWM	142.36	676,504.39	133.90	636,292.80	3.3	1.26
				1,415,607.34		1,272,059.25	6.7	1.20
International Equities								
244,861.053	LAZARD INTL STRATEGIC EQUITY PORT INST CL	LISIX	13.25	3,245,237.89	12.89	3,156,258.97	16.5	0.70
50,344.994	OPPENHEIMER DEVELOPING MKTS FD CL I	ODVIX	34.22	1,722,575.32	37.58	1,891,964.87	9.9	0.79
85,123	VANGUARD FTSE DEVELOPED MARKETS ETF	VEA	36.63	3,117,755.74	37.10	3,158,063.30	16.5	3.35
				8,085,568.95		8,206,287.15	42.9	1.74
REITs								
37,309.293	VIRTUS DUFF & PHELPS GLOBAL REAL ESTATE SECURITIES FUND CLASS I #1860	VGISX	27.23	1,015,793.11	27.33	1,019,662.98	5.3	3.67
Commodities								
136,387.124	PIMCO COMMODITY REALRETURN STRATEGY FUND INST #45	PCRIX	6.62	903,150.91	5.54	755,584.67	4.0	5.92
Cash & Equivalents								
	FIRST WESTERN ICS MONEY MARKET	FWICS		229,422.55		229,422.55	1.2	2.27
TOTAL PORTFOLIO				18,129,394.70		19,119,143.28	100.0	1.83

USA Swimming, Inc. - Fixed Income

Performance by Sector: As of December 31, 2018



	Market Value ^{(1),(2),(4)}	Portfolio ⁽⁵⁾							Since ^{(3),(4)}	Inception
	As Of 12/31/2018	Weight	QTD	YTD	1Yr	3Yr	5Yr	10Yr	Inception	Date
High Yield Bonds	\$36,902	0%	3.73	-5.99	-5.99	3.51	4.60		3.97	1/02/2013
BofAML HY Master II Index			-4.67	-2.26	-2.26	7.27	3.82	10.99		
Fixed Income	\$12,766,154	98%	1.30	0.16	0.16	2.84	3.01	6.87	7.16	7/31/2008
Barclays Cap Aggregate Bond Index			1.64	0.01	0.01	2.06	2.52	3.48		
Barclays Municipal 1-10 Yr. Blend Index			1.61	1.64	1.64	1.67	2.42	3.30		
Barclays Municipal 1-15 Yr. Blend Index			1.72	1.58	1.58	1.96	3.00	3.89		
Cash & Equivalents	\$166,441	1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofAML US 3 Month T-Bill Index			0.57	1.88	1.88	1.02	0.63	0.37		
Total Portfolio	\$12,969,497	100%	1.16	-0.33	-0.33	2.38	2.55	5.81	6.09	6/26/2008

(1) Values include Accrued Income.

(2) Values do not include Non-Discretionary, Non-Reportable or Managed Alternative Assets.

(3) Returns are Annualized for periods over 1 year.

(4) Certain Sectors may not have been held for the entire reporting period of the Portfolio.

(5) Portfolio Weights reflect current holdings as of period end. Portfolio may have had varying sectors weightings over historical periods.

Activity Summary

	USA Swimming Foundation, Inc. - Equities	USA Swimming Foundation, Inc. - Fixed Income	Consolidated Accounts		
	Quarter to Date	Quarter to Date	Quarter to Date	Year to Date	Since Inception 11/30/2011
Beginning Value^{(1),(2)}	\$10,200,808	\$6,436,321	\$16,637,129	\$15,549,272	\$586,463
Net Contributions/Withdrawals ⁽³⁾	-\$4,475	\$0	-\$4,475	\$735,490	\$12,021,867
Gain/Loss	-\$1,298,918	\$73,606	-\$1,225,312	-\$877,419	\$2,799,013
Ending Value^{(1),(2)}	\$8,897,415	\$6,509,927	\$15,407,342	\$15,407,342	\$15,407,342

Performance

Time Weighted/Net of Fees	-7.22%	-5.25%	5.87%
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Asset Allocation

	Market Value	Portfolio %	Target %
US Large Cap Equities	\$3,545,509	23.01%	25.00%
US Small Cap Equities	\$601,615	3.90%	5.00%
International Equities	\$3,837,428	24.91%	23.00%
REITs	\$473,694	3.07%	4.00%
Commodities	\$348,639	2.26%	3.00%
High Yield Bonds	\$14,351	0.09%	0.00%
Fixed Income	\$6,388,922	41.47%	39.00%
Cash & Equivalents	\$197,185	1.28%	1.00%
	\$15,407,342	100.00%	100.00%

(1) Values include Accrued Income.

(2) Values do not include Non-Discretionary or Non-Reportable Assets.

USA Swimming Foundation, Inc.

Performance by Sector: As of December 31, 2018



	Market Value ^{(1),(2),(4)} As Of 12/31/2018	Portfolio ⁽⁵⁾ Weight	QTD	YTD	1Yr	3Yr	5Yr	10Yr	Since ^{(3),(4)} Inception	Inception Date
Broad Equity Market Index										
MSCI ACW Index NR			-12.75	-9.42	-9.42	6.60	4.26	9.46		
US Large Cap Equities	\$3,545,509	23%	-13.39	-4.43	-4.43	8.98	8.04		12.09	11/30/2011
S&P 500 Index			-13.52	-4.38	-4.38	9.26	8.49	13.12		
Russell 1000 Index			-13.82	-4.78	-4.78	9.09	8.21	13.28		
US Small Cap Equities	\$601,615	4%	-19.82	-10.88	-10.88	7.29	3.88		10.43	11/30/2011
Russell 2000 Index			-20.20	-11.01	-11.01	7.36	4.41	11.97		
International Equities	\$3,837,428	25%	-11.27	-12.16	-12.16	4.68	1.01		5.01	11/30/2011
MSCI ACW Index Ex-US			-11.46	-14.20	-14.20	4.48	0.68	6.57		
MSCI EAFE Index			-12.54	-13.79	-13.79	2.87	0.53	6.32		
MSCI Emerging Markets Index			-7.47	-14.58	-14.58	9.25	1.65	8.02		
REITs	\$473,694	3%	-6.78	-4.23	-4.23	3.70	5.09		7.90	11/30/2011
FTSE EPRA/NAREIT Developed Index			-5.69	-5.63	-5.63	2.72	4.34	9.65		
Commodities	\$348,639	2%	-11.94	-13.89	-13.89	0.49	-9.10		-8.73	7/11/2013
Bloomberg Commodity Index			-9.41	-11.25	-11.25	0.30	-8.80	-3.78		
High Yield Bonds	\$14,351	0%	3.73	-6.12	-6.12	3.37	2.81		4.82	11/30/2011
BofAML HY Master II Index			-4.67	-2.26	-2.26	7.27	3.82	10.99		
Fixed Income	\$6,388,922	41%	1.26	0.12	0.12	2.78	2.97		2.87	12/06/2011
Barclays Cap Aggregate Bond Index			1.64	0.01	0.01	2.06	2.52	3.48		
Cash & Equivalents	\$197,185	1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofAML US 3 Month T-Bill Index			0.57	1.88	1.88	1.02	0.63	0.37		
Total Portfolio	\$15,407,342	100%	-7.22	-5.25	-5.25	5.00	3.55		5.86	11/30/2011
Blended Benchmark ⁽⁶⁾			-6.72	-5.41	-5.41	4.59	3.33			
Inflation + 3%			3.41	5.21	5.21	5.03	4.55	4.72		

(1) Values include Accrued Income.

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(3) Returns are Annualized for periods over 1 year.

(4) Certain Sectors may not have been held for the entire reporting period of the Portfolio.

(5) Portfolio Weights reflect current holdings as of period end. Portfolio may have had varying sectors weightings over historical periods.

(6) Blended Benchmark Index is based on 53% MSCI ACW1 + 4% NAREIT Dev Index + 3% Bloomberg Commodity Index + 40% Barclay AggBond

USA Swimming Foundation, Inc. - Equities

Performance by Sector: As of December 31, 2018



	Market Value ^{(1),(2),(4)}	Portfolio ⁽⁵⁾							Since ^{(3),(4)}	Inception
	As Of 12/31/2018	Weight	QTD	YTD	1Yr	3Yr	5Yr	10Yr	Inception	Date
US Large Cap Equities	\$3,545,509	40%	-13.39	-4.43	-4.43	8.98	8.04		12.10	11/30/2011
S&P 500 Index			-13.52	-4.38	-4.38	9.26	8.49	13.12		
US Small Cap Equities	\$601,615	7%	-19.82	-10.88	-10.88	7.29	3.88		10.43	11/30/2011
Russell 2000 Index			-20.20	-11.01	-11.01	7.36	4.41	11.97		
International Equities	\$3,837,428	43%	-11.27	-12.16	-12.16	4.68	1.01		5.02	11/30/2011
MSCI EAFE Index			-12.54	-13.79	-13.79	2.87	0.53	6.32		
MSCI Emerging Markets Index			-7.47	-14.58	-14.58	9.25	1.65	8.02		
REITs	\$473,694	5%	-6.78	-4.23	-4.23	3.70	5.09		7.91	11/30/2011
Wilshire U.S. REIT Index			-6.93	-4.84	-4.84	2.06	7.87	12.19		
FTSE EPRA/NAREIT Developed Index			-5.69	-5.63	-5.63	2.72	4.34	9.65		
Commodities	\$348,639	4%	-11.94	-13.89	-13.89	0.49	-9.10		-8.73	7/11/2013
Bloomberg Commodity Index			-9.41	-11.25	-11.25	0.30	-8.80	-3.78		
Cash & Equivalents	\$90,530	1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofAML US 3 Month T-Bill Index			0.57	1.88	1.88	1.02	0.63	0.37		
Total Portfolio	\$8,897,415	100%	-12.30	-8.47	-8.47	6.73	4.14		8.08	11/30/2011

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First Western Trust Bank
PORTFOLIO APPRAISAL
USA Swimming Foundation, Inc. - Equities
612422022
Moderate
December 31, 2018

Quantity	Security	Security Symbol	Adjusted Unit Cost	Total Adjusted Cost	Price	Market Value	Pct. Assets	Yield
US Large Cap Equities								
15,428	VANGUARD INDEX FDS S&P 500 ETF SHS NEW	VOO	201.60	3,110,307.95	229.81	3,545,508.68	39.8	1.36
US Small Cap Equities								
10,342.993	DFA US SMALL CAP PORT INSTL	DFSTX	34.83	360,253.09	29.75	307,704.04	3.5	1.14
2,195	ISHARES RUSSELL 2000 ETF	IWM	143.72	315,457.51	133.90	293,910.50	3.3	1.26
				675,710.60		601,614.54	6.8	1.19
International Equities								
113,773.345	LAZARD INTL STRATEGIC EQUITY PORT INST CL	LISIX	13.29	1,512,314.52	12.89	1,466,538.42	16.5	0.70
24,050.227	OPPENHEIMER DEVELOPING MKTS FD CL I	ODVIX	36.24	871,467.01	37.58	903,807.53	10.2	0.79
39,544	VANGUARD FTSE DEVELOPED MARKETS ETF	VEA	38.40	1,518,497.14	37.10	1,467,082.40	16.5	3.35
				3,902,278.67		3,837,428.35	43.1	1.73
REITs								
17,332.397	VIRTUS DUFF & PHELPS GLOBAL REAL ESTATE SECURITIES FUND CLASS I #1860	VGISX	27.31	473,295.44	27.33	473,694.41	5.3	3.67
Commodities								
62,931.218	PIMCO COMMODITY REALRETURN STRATEGY FUND INST #45	PCRIX	6.87	432,068.99	5.54	348,638.95	3.9	5.92
Cash & Equivalents								
	FIRST WESTERN ICS MONEY MARKET	FWICS		90,530.29		90,530.29	1.0	2.27

First Western Trust Bank
PORTFOLIO APPRAISAL
USA Swimming Foundation, Inc. - Equities
612422022
Moderate
December 31, 2018

<u>Quantity</u>	<u>Security</u>	<u>Security Symbol</u>	<u>Adjusted Unit Cost</u>	<u>Total Adjusted Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Yield</u>
TOTAL PORTFOLIO				8,684,191.94		8,897,415.22	100.0	1.82

USA Swimming Foundation, Inc. - Fixed Income

Performance by Sector: As of December 31, 2018



	Market Value ^{(1),(2),(4)}	Portfolio ⁽⁵⁾							Since ^{(3),(4)}	Inception
	As Of 12/31/2018	Weight	QTD	YTD	1Yr	3Yr	5Yr	10Yr	Inception	Date
High Yield Bonds	\$14,351	0%	3.73	-6.12	-6.12	3.40	4.53		3.91	1/02/2013
BofAML HY Master II Index			-4.67	-2.26	-2.26	7.27	3.82	10.99		
Fixed Income	\$6,388,922	98%	1.26	0.12	0.12	2.85	3.01		2.90	12/06/2011
Barclays Cap Aggregate Bond Index			1.64	0.01	0.01	2.06	2.52	3.48		
Barclays Municipal 1-10 Yr. Blend Index			1.61	1.64	1.64	1.67	2.42	3.30		
Barclays Municipal 1-15 Yr. Blend Index			1.72	1.58	1.58	1.96	3.00	3.89		
Cash & Equivalents	\$106,654	2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofAML US 3 Month T-Bill Index			0.57	1.88	1.88	1.02	0.63	0.37		
Total Portfolio	\$6,509,927	100%	1.14	-0.34	-0.34	2.40	2.55		2.44	12/06/2011

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USA Swimming
USA Swimming Athletes Foundation

Anthony T. Corallo, CTP
Executive Director
Senior Client Strategist
Tel: 650-401-2239
tcorallo@sterlingcapital.com



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Characteristics & Performance



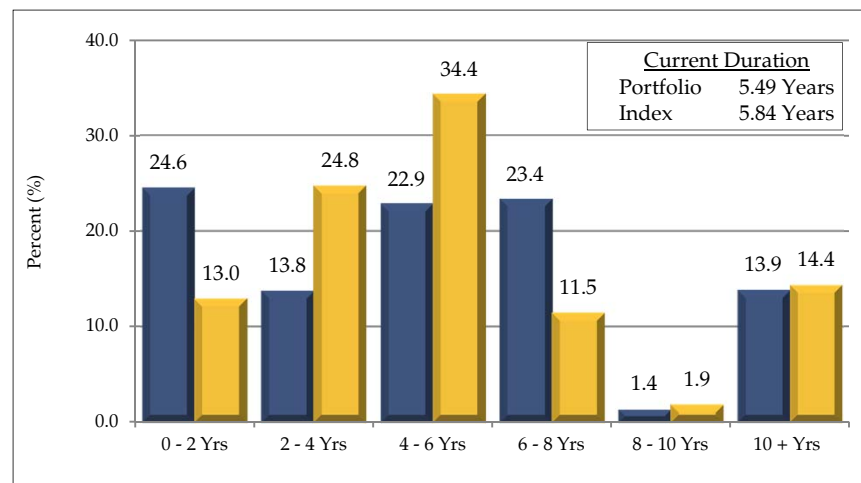
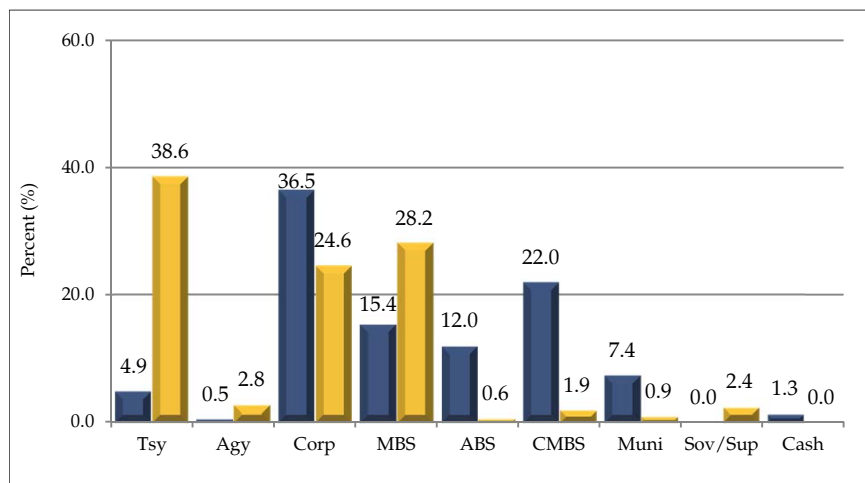
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USA Swimming – Fixed Income Characteristics

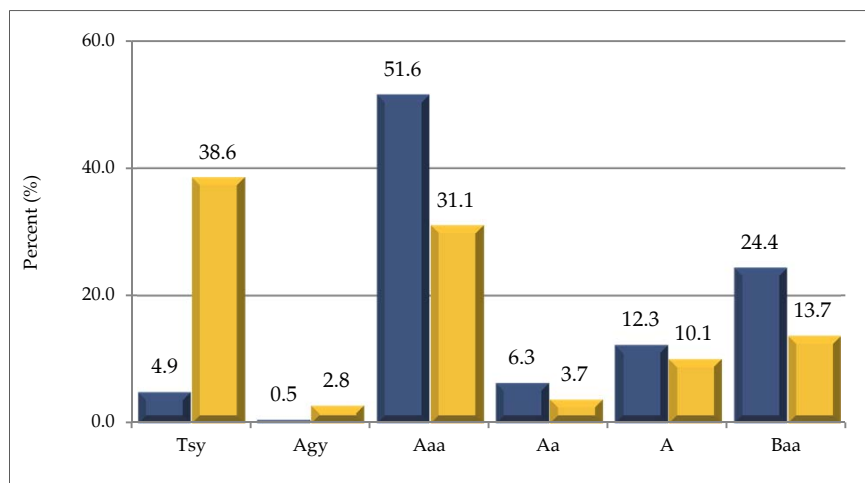
Sector

As of 12/31/18

Duration Distribution



Ratings



Characteristics

Duration	5.49 Years
Maturity	8.26 Years
Yield-to-Maturity	3.67%
Benchmark Yield-to-Maturity	3.28%
Credit Rating	Aa3

USA Swimming
Bloomberg Barclays U.S. Aggregate Bond Index



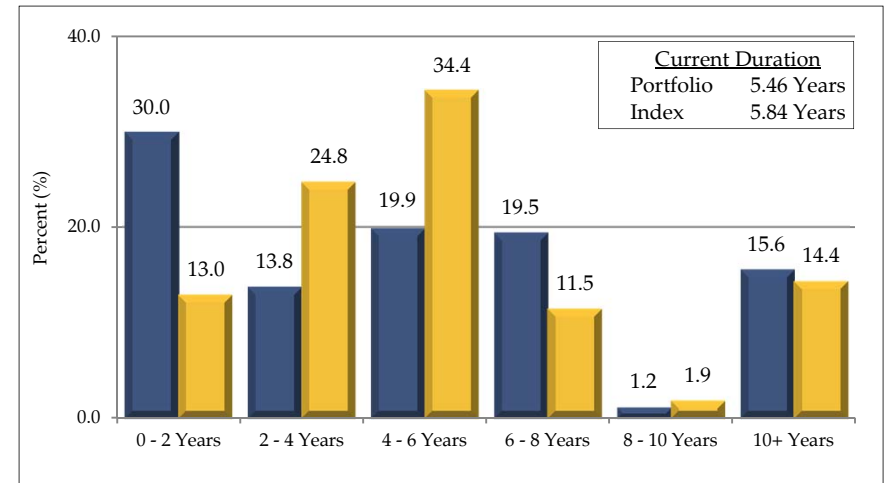
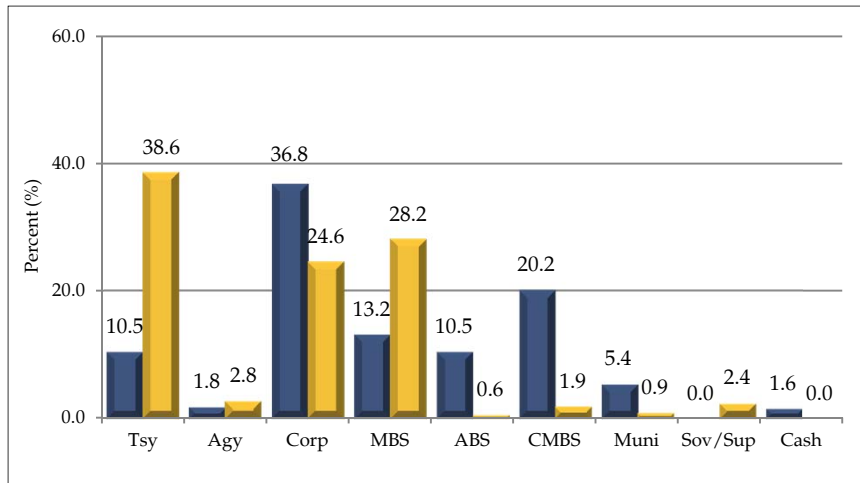
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USA Swimming Foundation – Fixed Income Characteristics

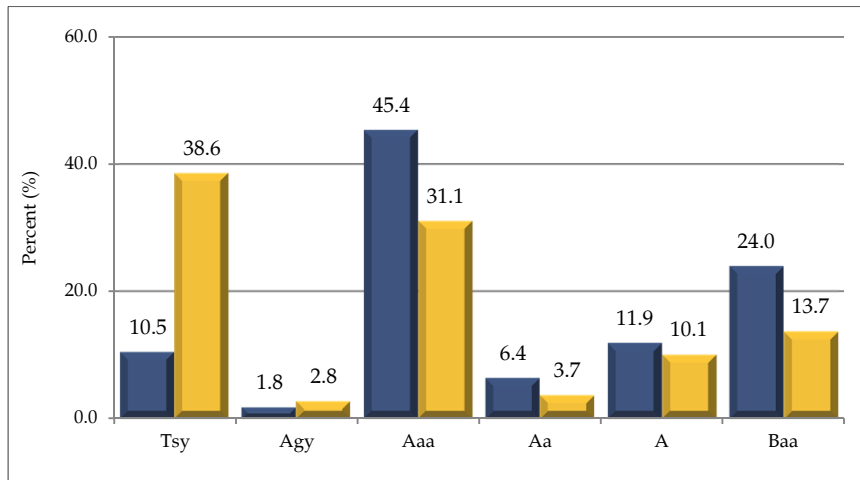
Sector

As of 12/31/18

Duration Distribution



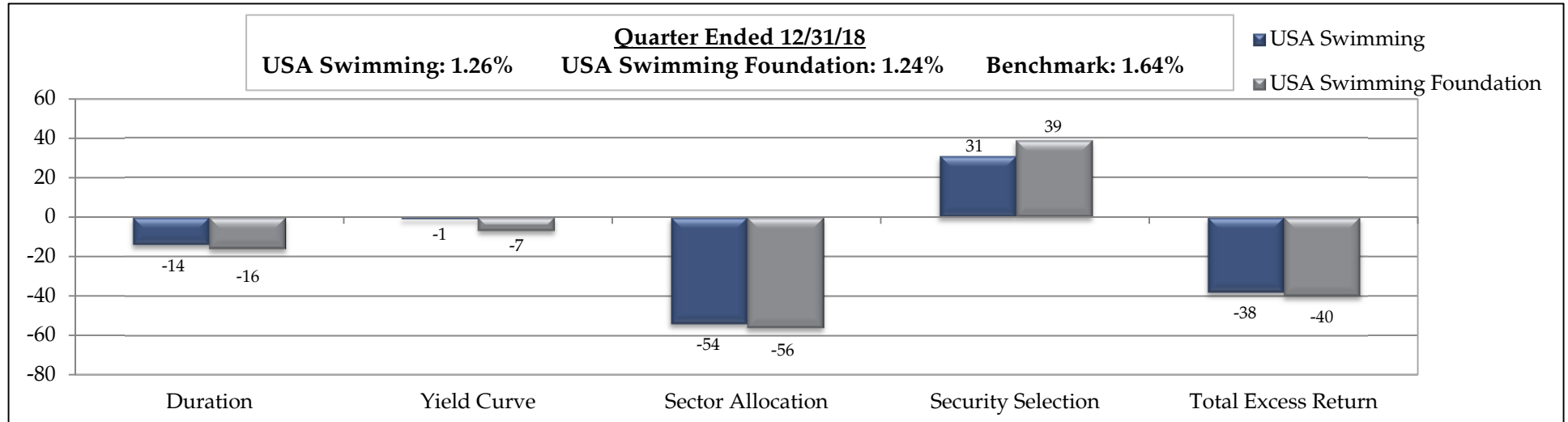
Ratings



Characteristics

Duration	5.46 Years
Maturity	8.05 Years
Yield-to-Maturity	3.59%
Benchmark Yield-to-Maturity	3.28%
Credit Rating	Aa3

USA Swimming Foundation
Bloomberg Barclays U.S. Aggregate Bond Index



Active Decision

Duration

- Duration managed short

Yield Curve

- Underweight 2-6 year segment

Sector Allocation

- Overweight corporate bonds
- Overweight CMBS bonds

Security Selection & Timing

- Allocation to finance sector
- Underweight 30 year MBS

Comments

- Interest rates moved lower
- Rates decreased most in this segment
- Underperformance from sector due to trade and global growth concerns
- Sector underperformed due to market concerns
- Sub-sector outperformed on a relative basis
- With increased volatility, MBS underperformed

Effect

- Negative
- Negative
- Negative
- Negative
- Positive
- Positive



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Portfolio Activity

- The FOMC increased the target rate by 25 basis points in the fourth quarter and delivered a hawkish tone.
- Additionally, trade and global growth concerns rattled the markets. These factors were primary drivers for interest rates to decline and most risk assets to underperform versus similar duration Treasury bonds.
- The allocation to corporate bonds decreased, including reductions in American Honda Finance, Glaxo SmithKline, National City Corporation and Prologis.
- Added Agency CMBS as a high quality asset with yield advantages to Treasury bonds.
- Managed duration short and continued the barbell curve allocation in the portfolio.

Strategy & Outlook



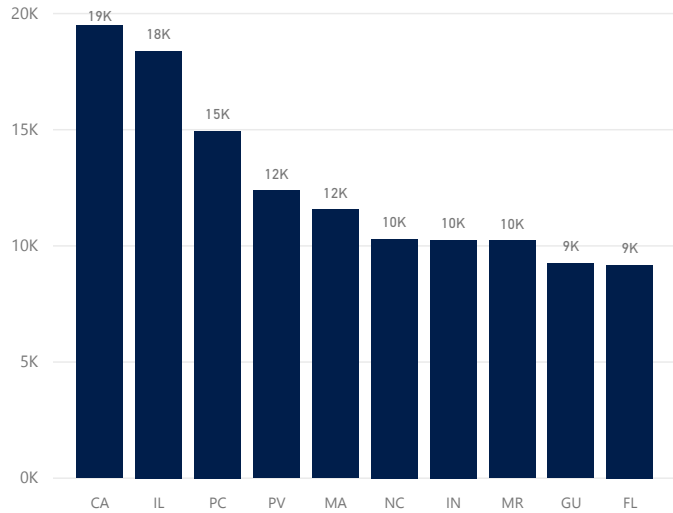
INVESTMENT OUTLOOK

- The outlook for the economy remains healthy, and we believe the market underestimates the potential for economic growth and Federal Reserve rate hikes.
- We believe the economy will grow at a rate of approximately 2.0 to 2.5 percent in 2019 as healthy consumer spending and business investment support economic growth.
- We look for labor markets to continue to tighten, pressuring wages and inflation higher and keeping the Federal Reserve on track to raise rates two times in 2019.
- Despite confidence in our outlook, there are several risks on the horizon that would prompt us to reconsider our base case investment thesis and portfolio positioning. Pending trade negotiations between the U.S. and China and ongoing political uncertainty at home and abroad remain important risks for market stability. Amid the swirling unknowns, business confidence requires close monitoring in 2019.

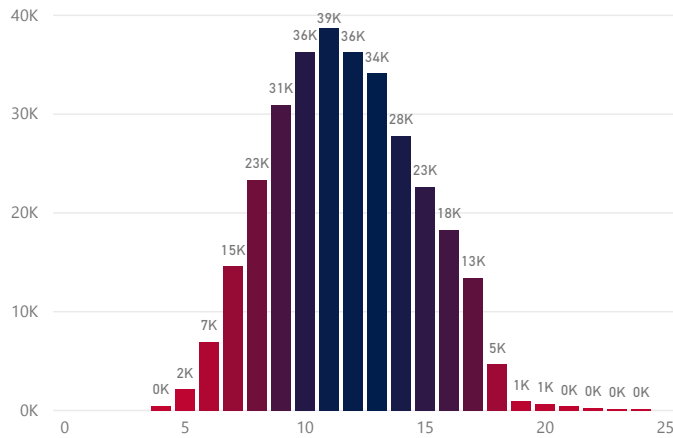
STRATEGIC POSITIONING OF OUR PORTFOLIOS

- Durations will be managed short relative to benchmark durations.
- Underweight Treasury securities in favor of corporate bonds and non-agency securitized products.
- Underweight agency MBS as the sector is exposed to a weak technical landscape as the Federal Reserve's balance sheet reduction program adds significant supply for private participants to absorb.
- Overweight Agency CMBS due to attractive spread, high credit quality, and investor-friendly prepayment protections.

Most Populated LSCs



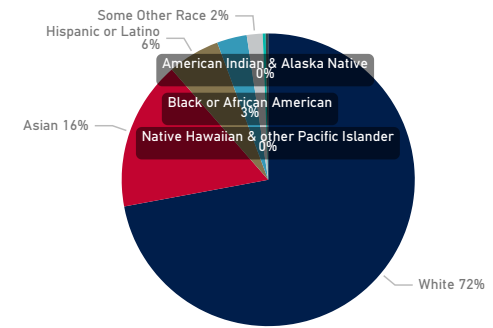
Member Age Histogram



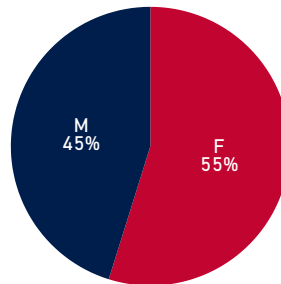
Membership Type

- ☐ Athlete
- ☐ Athlete Flex
- ☐ Athlete Individual Season
- ☐ Athlete Outreach
- ☐ Athlete Season 1
- ☐ Athlete Season 2
- ☐ Athlete Single Meet

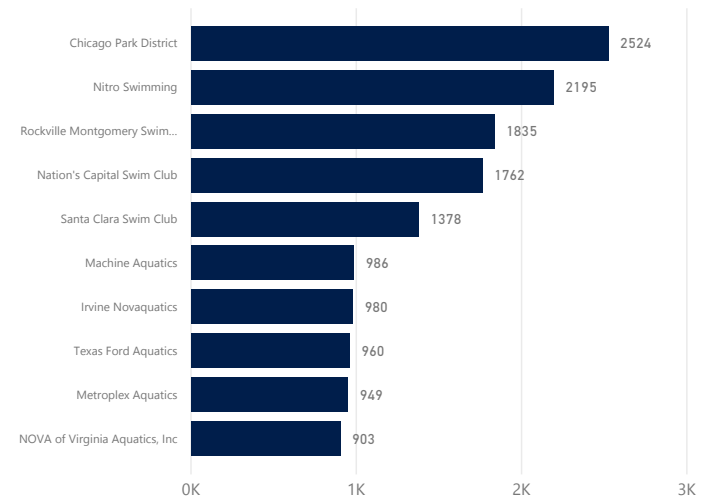
Ethnicity (Ignoring 120K "No Response")



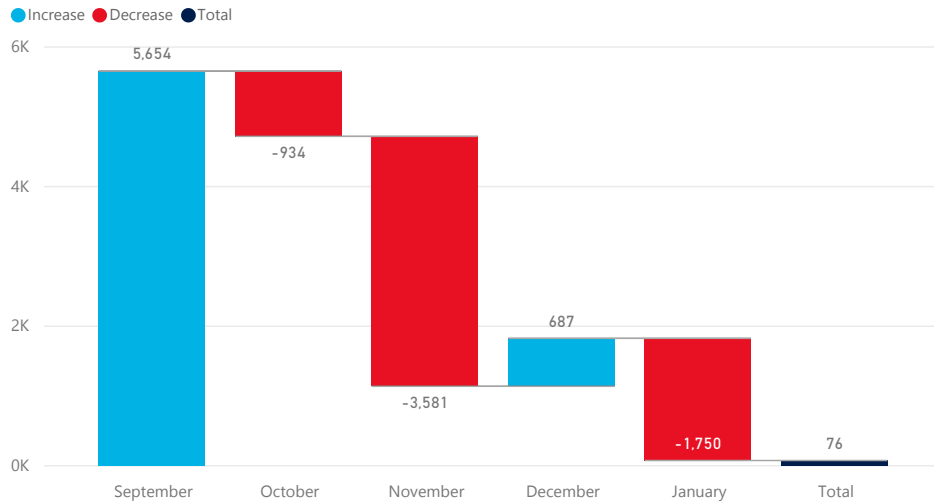
Gender Breakdown



Most Populated Clubs



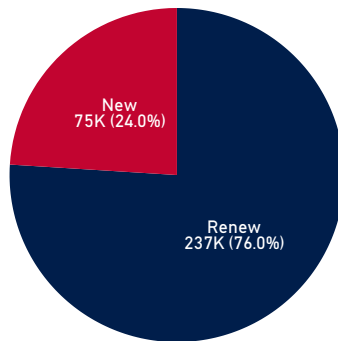
Membership Variances 2019 vs. 2018 YTD



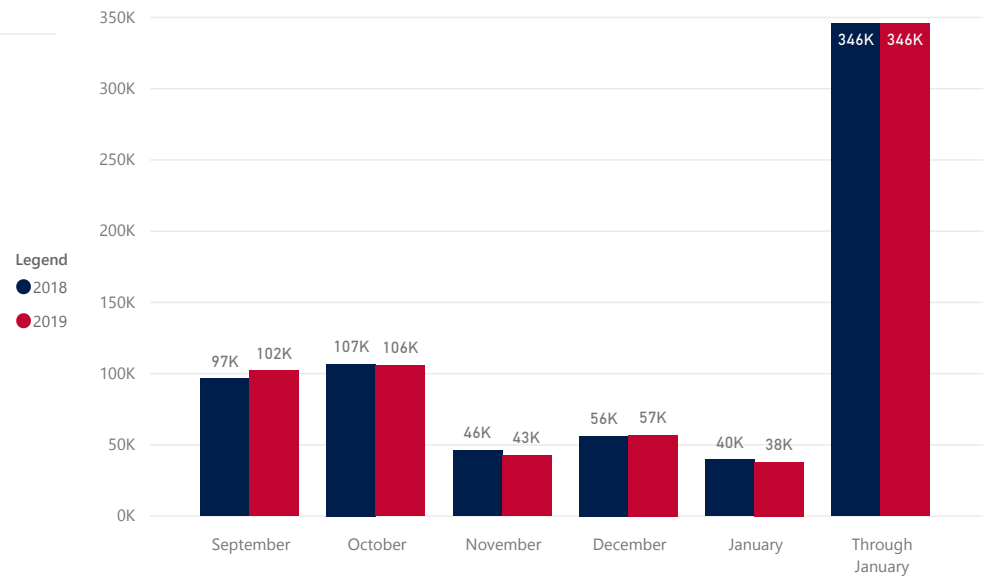
Membership

- ☐ Athlete Flex
- ☐ Athlete Premium
- ☐ Ind. Season Athlete
- ☐ Non-Athlete
- ☐ Overall
- ☐ Season 1 Athlete
- ☐ Season 2 Athlete
- ☐ Single Meet Athlete

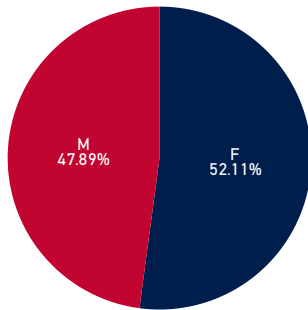
All Athlete Types Membership Renewals



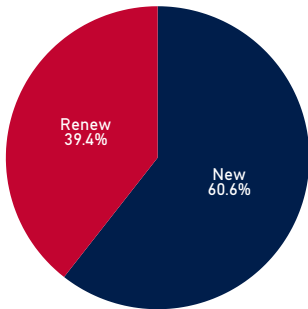
Membership Yearly Comparison



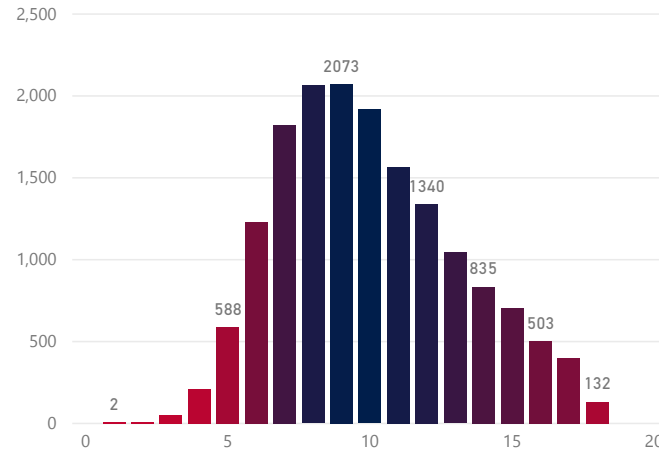
Flex Members Gender Breakdown



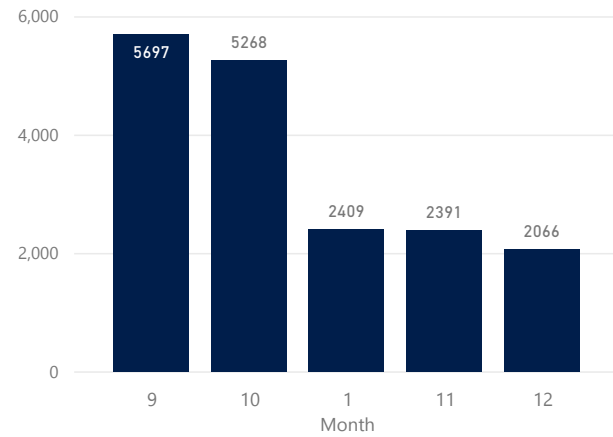
Flex Membership New vs. Renew



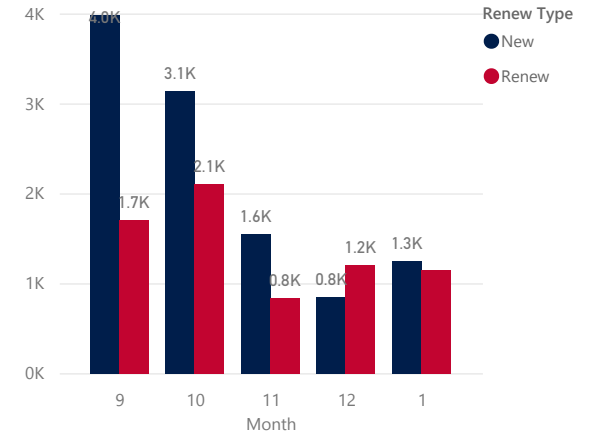
Flex Member Age Distribution



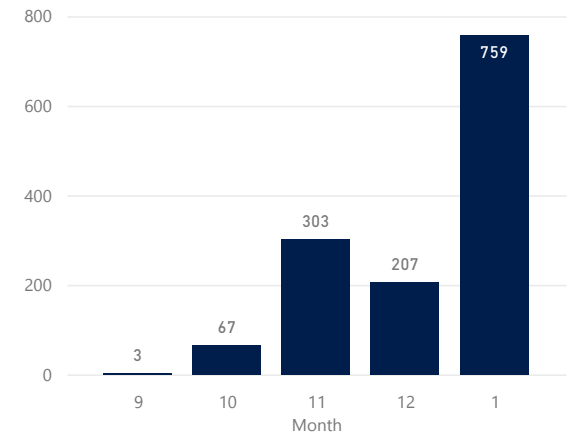
Flex Sign-ups by Month



Members by Month and Renew Type



Upgrades



Clubs Teams- New Athletes

Club Name	LSC	City	State	Desc	Count
Rose Bowl Aquatics	CA	Pasadena	CA	New	202
Sevier Aquatics Club	SE	Sevierville	TN	New	151
North Shore Swim Club	NE	Lexington	MA	New	148
Tide Swimming	VA	Virginia Beach	VA	New	148
YMCA of Northwest North Carolina Riptyde	NC	Winston-Salem	NC	New	139
East Carolina Aquatics	NC	Greenville	NC	New	123
Swim Florida	FL	Fort Myers	FL	New	113
Excel Swim Club	PN	Seattle	WA	New	108
New Wave Swim Team	NC	Raleigh	NC	New	107
Daland Swim Team	CA	Thousand Oaks	CA	New	102
Clovis Swim Club	CC	Clovis	CA	New	100
Machine Aquatics	PV	Fairfax	VA	New	99
Ensworth Aquatics	SE	Nashville	TN	New	98
Mason Makos Swim Team	PV	Fairfax	VA	New	94
Beach Cities Swimming	CA	Redondo Beach	CA	New	93
Parkland Swimming Club	MA		NULL	New	93
SwimRVA	VA		NULL	New	93
DART Swimming	SN	Davis	CA	New	91
Snow Swimming	PV	Leesburg	VA	New	89
Lower Merion Aquatic Club	MA	Merion	PA	New	88
Makos Aquatics Club of Gainesville	FL		NULL	New	87
Houston Bridge Bats	GU	Houston	TX	New	82
Wasatch Swim Club	UT		NULL	New	80
TAC Titans	NC	Cary	NC	New	79
Big Blue Aquatics	IL	Chicago	IL	New	78
Kansas City Blazers	MV	Kansas City	MO	New	76
Team Santa Monica	CA	Santa Monica	CA	New	76
Huntsville Swim Association	SE	Huntsville	AL	New	72
Total					10784

Clubs Teams- Downgraded Athletes

Club Name	LSC	City	State	Desc	Count
Excel Swim Club	PN	Seattle	WA	Renew	200
King Marlin Swim Club	OK	Oklahoma City	OK	Renew	186
North Shore Swim Club	NE	Lexington	MA	Renew	186
Swim Florida	FL	Fort Myers	FL	Renew	162
Arlington Aquatic Club	PV	Arlington	VA	Renew	146
Greater Pensacola Aquatic Club	SE	Pensacola	FL	Renew	134
Houston Bridge Bats	GU	Houston	TX	Renew	115
Barracuda Swim Club of Northeast Tennessee	SE	Kingsport	TN	Renew	114
Fort Belvoir Swim Team	PV	Alexandria	VA	Renew	110
Panama City Swim Team	SE	Panama City	FL	Renew	108
Team Santa Monica	CA	Santa Monica	CA	Renew	106
New Wave Swim Team	NC	Raleigh	NC	Renew	101
Snow Swimming	PV	Leesburg	VA	Renew	94
Potomac Marlins	PV	Fairfax	VA	Renew	78
East Carolina Aquatics	NC	Greenville	NC	Renew	72
Raleigh Swimming Association	NC	Raleigh	NC	Renew	65
YMCA of Northwest North Carolina Riptyde	NC	Winston-Salem	NC	Renew	62
Peninsula Wave Riders Swimming	AM	Erie	PA	Renew	61
Lander Swim Club	WY	Lander	WY	Renew	60
Lion Swim Academy	MR	New York	NY	Renew	60
Zionsville Swim Club	IN	Zionsville	IN	Renew	56
Rocket Fish	CA	Long Beach	CA	Renew	55
Coast Guard Blue Dolphins	VA	Newport News	VA	Renew	52
DART Swimming	SN	Davis	CA	Renew	47
Syracuse Chargers	NI		NULL	Renew	45
Lost Creek Aquatics	ST	Austin	TX	Renew	44
Sienna Plantation Aquatics	GU	Houston	TX	Renew	43
Total					7020

Clubs Teams- Upgrades

Club Name	LSC	City	State	Desc	Upgrades
Mason Makos Swim Team	PV	Fairfax	VA	New	61
Rose Bowl Aquatics	CA	Pasadena	CA	New	46
FAST Swim Team	CA	Fullerton	CA	New	34
Pearland Aquatics	GU	Pearland	TX	New	31
East Central Swim Team	IN	St. Leon	IN	New	17
Snow Swimming	PV	Leesburg	VA	New	15
City of Charleston Southern Marlins Racing Team	SC	Charleston	SC	New	14
SwimRVA	VA		NULL	New	14
Total					769

Club Name	LSC	City	Desc	State	Upgrades
King Marlin Swim Club	OK	Oklahoma City	Renew	OK	150
East Central Swim Team	IN	St. Leon	Renew	IN	42
Snow Swimming	PV	Leesburg	Renew	VA	20
Zionsville Swim Club	IN	Zionsville	Renew	IN	20
Raleigh Swimming Association	NC	Raleigh	Renew	NC	17
Riptide Aquatics	MV		Renew	NULL	15
Palmetto Aquatics	SC	Columbia	Renew	SC	14
Lander Swim Club	WY	Lander	Renew	WY	12
Mason Makos Swim Team	PV	Fairfax	Renew	VA	12
Total					567

LSCs- New Athletes

LSC	LSC Name	Desc	Count
CA	SOUTHERN CALIFORNIA SWIMMING	New	856
SE	SOUTHEASTERN SWIMMING	New	836
NC	NORTH CAROLINA SWIMMING	New	802
SN	SIERRA NEVADA SWIMMING	New	586
IN	INDIANA SWIMMING	New	535
MA	MIDDLE ATLANTIC SWIMMING	New	531
PV	POTOMAC VALLEY SWIMMING	New	516
FL	FLORIDA SWIMMING	New	503
GU	GULF SWIMMING	New	491
VA	VIRGINIA SWIMMING	New	419
NE	NEW ENGLAND SWIMMING	New	313
AZ	ARIZONA SWIMMING	New	276
MV	MISSOURI VALLEY SWIMMING	New	265
MD	MARYLAND SWIMMING	New	260
PN	PACIFIC NORTHWEST SWIMMING	New	235
ST	SOUTH TEXAS SWIMMING	New	223
AM	ALLEGHENY MOUNTAIN SWIMMING	New	213
GA	GEORGIA SWIMMING	New	207
NI	NIAGARA SWIMMING	New	200
LE	LAKE ERIE SWIMMING	New	197
OR	OREGON SWIMMING	New	165
IL	ILLINOIS SWIMMING	New	154
SC	SOUTH CAROLINA SWIMMING	New	154
CC	CENTRAL CALIFORNIA SWIMMING	New	145
CO	COLORADO SWIMMING	New	141
UT	UTAH SWIMMING	New	141
IA	IOWA SWIMMING	New	133
MR	METROPOLITAN SWIMMING	New	128
LA	LOUISIANA SWIMMING	New	123
Total			10784

LSCs- Downgraded Athletes

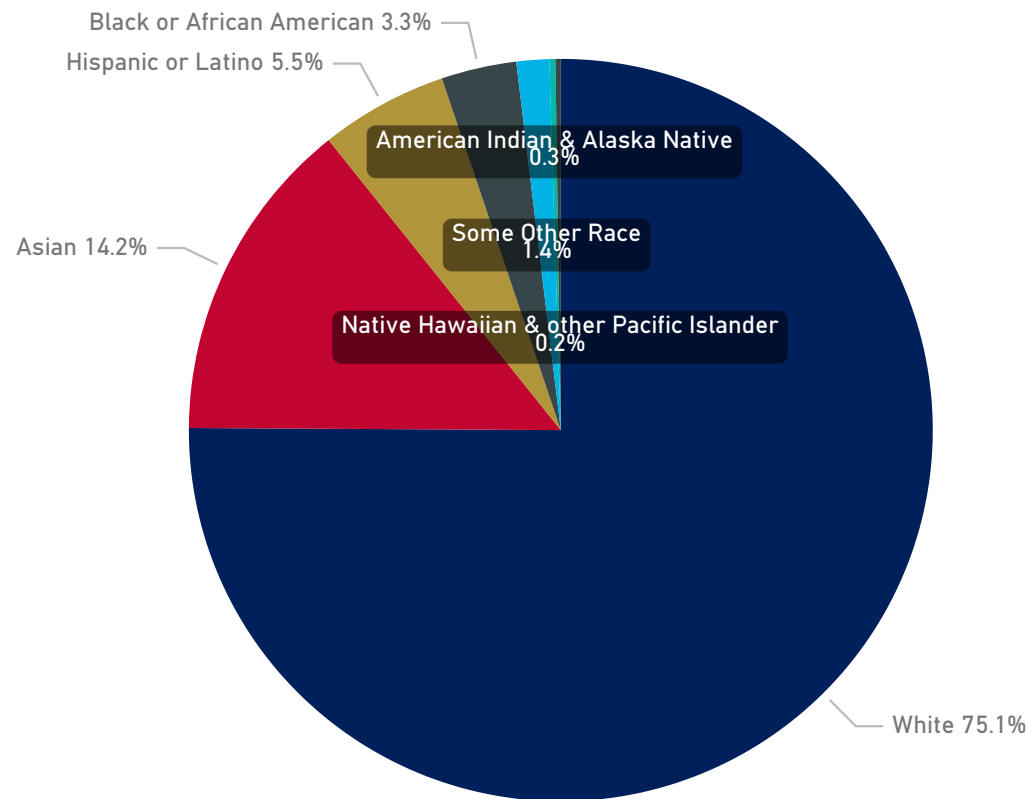
LSC	LSC Name	Desc	Count
AD	ADIRONDACK SWIMMING	Renew	108
AM	ALLEGHENY MOUNTAIN SWIMMING	Renew	197
AR	ARKANSAS SWIMMING	Renew	5
AZ	ARIZONA SWIMMING	Renew	81
BD	BORDER SWIMMING	Renew	3
CA	SOUTHERN CALIFORNIA SWIMMING	Renew	438
CC	CENTRAL CALIFORNIA SWIMMING	Renew	45
CO	COLORADO SWIMMING	Renew	145
FG	FLORIDA GOLD COAST SWIMMING	Renew	11
FL	FLORIDA SWIMMING	Renew	324
GA	GEORGIA SWIMMING	Renew	91
GU	GULF SWIMMING	Renew	372
HI	HAWAIIAN SWIMMING	Renew	49
IA	IOWA SWIMMING	Renew	70
IE	INLAND EMPIRE SWIMMING	Renew	41
IL	ILLINOIS SWIMMING	Renew	41
IN	INDIANA SWIMMING	Renew	444
KY	KENTUCKY SWIMMING	Renew	47
LA	LOUISIANA SWIMMING	Renew	42
LE	LAKE ERIE SWIMMING	Renew	89
MA	MIDDLE ATLANTIC SWIMMING	Renew	200
MD	MARYLAND SWIMMING	Renew	34
ME	MAINE SWIMMING	Renew	26
MR	METROPOLITAN SWIMMING	Renew	65
MT	MONTANA SWIMMING	Renew	3
MV	MISSOURI VALLEY SWIMMING	Renew	109
MW	MIDWESTERN SWIMMING	Renew	42
NC	NORTH CAROLINA SWIMMING	Renew	442
ND	NORTH DAKOTA SWIMMING	Renew	16
Total			7020

LSCs- Upgrades

LSC	LSC Name	Desc	Upgrades
CA	SOUTHERN CALIFORNIA SWIMMING	New	103
PV	POTOMAC VALLEY SWIMMING	New	92
GU	GULF SWIMMING	New	63
IN	INDIANA SWIMMING	New	61
GA	GEORGIA SWIMMING	New	34
NC	NORTH CAROLINA SWIMMING	New	34
SN	SIERRA NEVADA SWIMMING	New	32
NE	NEW ENGLAND SWIMMING	New	28
SE	SOUTHEASTERN SWIMMING	New	28
NI	NIAGARA SWIMMING	New	27
SC	SOUTH CAROLINA SWIMMING	New	27
VA	VIRGINIA SWIMMING	New	27
Total			769

LSC	LSC Name	Desc	Upgrades
OK	OKLAHOMA SWIMMING	Renew	150
IN	INDIANA SWIMMING	Renew	84
PV	POTOMAC VALLEY SWIMMING	Renew	55
NC	NORTH CAROLINA SWIMMING	Renew	36
GU	GULF SWIMMING	Renew	25
SE	SOUTHEASTERN SWIMMING	Renew	25
MV	MISSOURI VALLEY SWIMMING	Renew	18
NE	NEW ENGLAND SWIMMING	Renew	18
SN	SIERRA NEVADA SWIMMING	Renew	17
ST	SOUTH TEXAS SWIMMING	Renew	15
SC	SOUTH CAROLINA SWIMMING	Renew	14
NI	NIAGARA SWIMMING	Renew	12
Total			567

Flex Member Diversity





TO: Board of Directors
FROM: Tim Hinchey III
COPY: Staff & Selected Others
DATE: January 23, 2019
SUBJECT: General Update

Dear USA Swimming Board of Directors,

In advance of our busy agenda, please see below some additional updates from our staff regarding current ongoing business at USA Swimming.

Best regards,

Tim Hinchey III
USA Swimming President & CEO

TECHNICAL/SPORT

Sport Development

Coach Education

Preparation for producing USA Swimming Coach Education/Licensing is currently focused on four fronts:

- Identifying and assigning staff subject matter responsibilities
- Seeking best practices from other NGBs, which has included research as well as visits (completed/scheduled visits to United States Tennis Association, United States Professional Tennis Association, US Soccer, US Hockey, US Lacrosse)
- Identifying external subject matter experts and resources
- Online platform (LEARN- see below)

The next phase of our work will include standards identification, curriculum mapping and budgeting.

LEARN

LEARN (Leadership, Education And Resource Network) continues to be a high priority for the organization. We are approaching 90 days of a 12-month plan. These past few months involved

production completion and testing of the Webonize platform, gathering information and research to help build the coaching certification program we will be presenting at Convention, and identifying key positions, labor, staffing roles and responsibilities in order to meet deadlines. The next 90 days will include completion of the branding, look and feel of LEARN, putting pen to paper on the coaching certification program, identifying and approaching key content experts as well as a contract editor/producer and storyboard writer.

Diversity & Inclusion

D&I continues to be an integral part of the USA Swimming culture and we continue to work to integrate it into all aspects of our organization. We are in the midst of hiring a D&I Coordinator to help create and disseminate educational resources, as well as assist with the creation and management of a D&I volunteer structure (e.g. National D&I Committee, Zone Diversity Coordinators, and LSC D&I Chairs). The D&I team recently concluded its annual strategic planning session in mid-December to plan for the upcoming year and the remainder of the Quad. Key items to focus on in 2019 are the implementation of a Crisis Management Plan (due to an influx of racially charged incidents at the club and LSC level), additional, Community Swim Team programs on a smaller scale than the Chicago Park District partnership and piloting a different diversity coach mentorship model to increase efficiency and save on time, budget, and resources. We will work with Safe Sport where inclusion and safety overlap, to best put forward a consistent message.

Disaster Relief Grant Program for Teams

Similar to what was offered after the hurricanes and wildfires in 2017, USA Swimming will be offering grant assistance (up to \$5,000) to clubs affected by the hurricanes and wildfires in 2018. To be eligible to apply for a disaster relief grant, teams must have suffered material losses from one of the recent hurricanes or wildfires. To be able to use grants to provide swim team dues relief, teams must have team members and families that have suffered the loss of their homes for an extended period. Potential uses for grant funds: (1) Assist with losses that will not be covered by insurance, (2) Pay deductible expenses for insured losses, (3) Help replace or repair lost and damaged equipment – pace clocks, lane lines, pool pumps, pool heaters, etc., (4) Assist with cost of using temporary facilities, (5) Help clubs provide matching grants for swim team dues relief to team families with significant losses.

Video Review at National Level Meets

Athletes and coaches can review any of their races almost immediately following the race on poolside monitors with the option of verbal analysis from USA Swimming's Sport Performance Consultants. Each race is recorded and viewed "Full Field." Most of our computers have the ability for slow motion, frame-by-frame, and zoom to highlight an individual athlete.

We have been offering video review at Junior Nationals since 2008, Nationals and US Open since 2013, and Trials in 2016. This service is also provided to our YMCA partners at their short course Nationals since 2008 and the NCSA Championship meet since 2016. The service has become immensely popular

and continues to grow. Over the past 12 months, we have shown 9,572 races and downloaded 3,459 videos for athletes and coaches to view on their own devices.

Coach Developer's Academy

Twelve members of the Sport Development staff recently took part in a three-day training session with 12 members of USA Hockey's field staff to learn how to more effectively educate and work with coaches. This workshop focused on how to observe coaches in practice, how to review and help them reflect on their practice, and best practices to deliver material to adult learners.

Member Services

Flex membership stats

As of December 31, 2018, we have 14,827 Flex members across 46 LSCs. That number does not include the 3.8% who have already upgraded from Flex to Premium. Of the existing Flex members, 62% are new members while 38% were Premium members last year. Most (75%) of the Flex athletes are ages 6 – 12, with 50% between 7 – 10 years old. At the May zone workshops, LSC registrars will have an opportunity to participate in a Flex Best Practices session. We hope that more LSCs will adopt Flex as a result.

2019 Swimposiums

Below is the 2019 Swimposiums schedule:

- April 14 – Florida Gold Coast, Fort Lauderdale
- April 27 – North & South Carolina, Charlotte
- April 27 – North Dakota, West Fargo
- September 21 – Allegheny Mtn, Pittsburgh area
- September 28 – Oklahoma, Jenks
- September 28 – Indiana, Indianapolis area
- September 28 – Utah, Provo
- October 5 – Colorado, Denver area
- October 19 – San Diego-Imperial, Coronado

Email Cathy Durance at cdurance@usaswimming.org if you will be in any of these areas on those dates and want to attend. Swimposiums are one day clinics for athletes, parents, coaches and officials. USA Swimming provides the speakers for each clinic. If you are interested in learning more about the Swimposium program, Cathy can send you the Swimposium Toolkit.

2019 Zone Workshops

The Southern/Western Zone Workshop will be held in Denver on May 10-11-12 (Thursday evening thru noon Saturday). The Eastern/Central Zone Workshop will be held in Chicago on May 17-18-19 (Friday evening thru noon Sunday). There will be workshops for the following LSC positions:

- General Chairs
- Admin Vice Chairs
- LSC Staff
- Registration Chairs

- Safe Sport Chairs
- Operational Risk/Safety Ed Chairs
- Coach Reps
- Times Officers
- D&I Chairs

LSCs are responsible for all airfare/travel expenses and USA Swimming will pay for hotel rooms, meals, a keynote speaker, clinicians, and materials.

Leadership Summit

LSCs have been sent the nomination form for the 2019 Leadership Summit. Members of our staff and the AEC Programs & Events Task Force met in Colorado Springs with Olympic Training Center staff to review the schedule, look at the meeting rooms, tour the dorms, and talk about the summit logistics.

Officials

The Officials and Programs & Events Committee Chairs met in Denver with Gina Mensay to discuss ongoing projects, international & national officials' assignments, and 2019 strategic plan for the Officials Committee. They began the process of assigning jobs and content areas to the committee. A survey was sent to LSC Officials Chairs and officials working national events about what they'd like to see the Officials Committee work on. The Committee will meet in person at the end of April to discuss the survey results and implement a strategic plan for the committee. Planning for upcoming Zone Workshops, LSC Officials Chairs Workshop and Convention meetings has begun. Discussions have begun on the possibility of offering an online stroke and turn clinic for new officials.

Convention

Staff Leaders are scheduled to meet in late January to begin the process of assembling the convention schedule for 2019. Working with the Convention Education Committee on ideas for content for the 2019 convention. The Convention Task Force had its first conference call this year to discuss ideas for convention theme, keynote and strategies for the evolution of the convention for 2020 and beyond.

Upcoming Committee Meetings

The Convention Education Committee will meet in St Louis on Feb 1-3.
The Registration/Membership Committee will meet in Phoenix on Feb 8-9.
The Athletes' Executive Committee will meet in Washington, D.C. on April 5-7.

COMMERCIAL

TYR Pro Swim Series Advance Media Days

Kathleen Baker and Ryan Murphy participated in advance media days ahead of the TYR Pro Swim Series stops in Des Moines and Richmond, respectively. Both trips produced strong in-market media coverage, provided local youth swimmers the chance to meet an Olympic hero ahead of the upcoming meets and led to a boost in ticket sales.

Partnerships

Recently, we announced that we have signed two new partnerships with Toyota and Streamline Brands. There are another five (5) partnerships in final stages of contract negotiations, soon to be announced.

In the spring of 2019, we will host a partner summit in Colorado Springs, followed by a partner planning meeting in Omaha in June ahead of the 2020 Trials.

TYR Pro Swim Series RFP

Following on the successful bid process for the 2019 events, the TYR Pro Swim Series 2020 and 2021 bid process is currently underway. All bids were submitted for review in early January, with the goal of selecting the sites in the spring. The emphasis of this strategy is to find hosts that can host a great swim meet and also be a great community partner, to help promote the series in their community and drive attendance.

CRM Project

The CRM task force is nearing the completion of the first design phase under the guidance of Amberleaf. During the upcoming implementation phase we will focus on migrating existing databases to our new systems and establishing an initial set of high priority automated marketing campaigns. Concurrently, we have started the dedicated IP “warming process” and should begin using our new email service provider, Marketo, in the coming months.

Athlete Partnership Agreement (APA) Update

To date, 38 professional athletes have completed 27 out of 77 appearances. We currently have 14 appearances planned for Q2 & Q3 2019 and expect to add to this number as appearance requests are submitted. Following NCAA Championships, we anticipate adding a number of athletes to the APA program who have finished their collegiate eligibility.

In the Spotlight:

- Blake Pieroni & Margo Geer made an appearance at the MidState All-Star Meet in Indianapolis. They were able to inspire hundreds of age group swimmers from Indiana, Kentucky, Michigan, Minnesota and Ohio
- Josh Prenot & Hali Flickinger presented at the USA Swimming Foundation Champions Club Reception
- Molly Hannis, Melanie Margalis and Michael Andrew participated in a clinic in Knoxville to promote the kick-off of the TYR Pro Swim Series

Deck Pass

The Commercial and IT divisions are collaborating on an overhaul of the Deck Pass app. The new app will be a web hybrid app, allowing us to leverage functionality from the website and seamlessly push content to both platforms simultaneously. The team is currently in the testing phase and expect the app to go live in February 2019.

BUSINESS AFFAIRS

Safe Sport

The Safe Sport Recognized Club program continues to expand its reach. To date, 727 clubs, representing 58 of the 59 LSCs, have initiated the Safe Sport recognition process, and 11 have achieved recognition. Once a club receives recognition, a notification is also sent to the LSC Safe Sport Chair, LSC General Chair and the Safe Sport Zone Coordinator. The real value of this program is beginning to show as the staff works with clubs on policy review, education and communication.

The partnerships with Praesidium and TeamUnify also continue to advance as anticipated.

In December, USA Swimming adopted a new Publication of Banned and Suspended Members Policy to memorialize, implement and maintain a process of public notification of individuals who are ineligible for membership in USA Swimming either on a temporary or permanent basis consistent with the U.S. Center for SafeSport's public disciplinary records. USA Swimming's past practice was to notify the applicable club and LSC and update its member database immediately upon the ban or suspension of a USA Swimming member but to wait to publish the individual's name on its banned or suspended lists until the decision was final (e.g., the appeal period had run or an appeal was resolved). However, to provide more immediate notice and better align its practice with that of the U.S. Center for Safe Sport, effective immediately, USA Swimming will be publishing the names of banned or suspended individuals upon notification of their suspension.

Additionally, certain National Team, Sport Development, and Safe Sport staff recently attended trainings presented by third-party athlete-focused education providers Raliance, Coaching Boys into Men and Athletes as Leaders in the areas of sexual violence, healthy relationship dynamics and creating cultures of safety and respect. The U.S. Center for SafeSport facilitated the trainings to introduce resources to assist in compliance with the Center's requirements that all NGBs offer and provide education to minor athletes.

Finally, the Safe Sport Committee and staff have new leadership beginning in January 2019. Trish Martin was announced as the new Chair of the Safe Sport Committee, and Abigail Howard was promoted to Associate Counsel and Director of Safe Sport.

Risk Management

On December 4, an email on concussion training was sent to General Chairs, LSC Permanent Offices, Officials Chairs, Registration Chairs, Zone Officials Chairs, and Operational Risk/Safety Chairs by the Operational Risk Committee. The concussion training information contained links to state concussion laws, the CDC and NFHS concussion courses, a concussion at the pool checklist, and a concussion information sheet for parents and swimmers. A concussion protocol training indicator has been added to SWIMS to track training. While training is not required in all states, the Operational Risk Committee recommends that all coaches and officials take the training to avoid liability for concussion/head strike incidents and to demonstrate an excellent risk profile for our insurers.

An Operational Risk Committee meeting was held on January 9. The Committee discussed a variety of topics, including: Zone Workshop programming, drowning litigation, concussion litigation, and air quality guidelines.

Finally, several NGBs and youth sports organizations are having issues obtaining insurance, especially for abuse and molestation and concussion exposures. While our insurance program is in place for 2019, we will continue to monitor the issue and explore risk financing alternatives for 2020.

Human Resources

In mid-December, we wrapped up our year end check-in process. This year, we worked to partner performance feedback to team member bonuses and raises in a way that better rewarded our higher performing team members. Feedback regarding the new process was very strong with over 85 percent of team members rating the effectiveness of their check-ins a “4” or “5” on a 5-point scale. We are planning to continue refining this process moving forward.

Office redesign construction is underway. In addition to our “demo day” in late November, we are also hosting construction walk-throughs on the first Friday of each month to give team members the opportunity to see construction unfold real-time. Additional engagement opportunities will be offered throughout the construction period. Phase I of construction is now scheduled for completion on or around April 5.

Our team’s year-end celebration event was held on January 21 at the Colorado Avalanche vs. Nashville Predators hockey game, and approximately 60 team members and their guests had a great time at the event!

January projects include launching our revised Employee Handbook and Policy Manual and rolling out a new “Red, White, and Blue Day” to replace our casual days in an effort to bring team members together to show their Team USA and organizational pride.

Information Technology

Online Membership Services Project

The Member Data Validation Service (MDVS) for clubs assists with integrating club databases, hosted by third-party swim team management software vendors, with the USA Swimming member database called SWIMS.

MDVS is available in the production environment to all clubs using TeamUnify and Swim-Smarter software. More than 480 clubs are now using MDVS to sync their vendor-hosted member databases with SWIMS, and over 1,000 registration files have been successfully submitted electronically via the new service.

ACTIVE Hy-Tek has completed developing changes to their software to include MDVS features and began a pilot test in the production environment the week of January 14.

Design meetings continue for phase two of the Online Member Services Project, online registration for non-athlete members.

FOUNDATION

Fundraising

Final 2018 donations are currently being tallied. Comprehensive information will be available at the April board meeting. We anticipate making our financial goals in all categories, with the exception of sponsorship and Swim-a-Thon.

Annual Fund

While final reconciliation is continuing for donations to the annual fund, more than \$155,000 was raised through the Golden Goggles Auctions (5.2% increase over 2017).

Major Gifts and Grants

- A total of \$1,143,181 was secured
- A total of five (5) new Trustees were secured
- Eleven (11) donor prospecting events were held

Influencer Events for 2019

- **Knoxville, TN – January 11:** TYR Pro Swim Series VIP Experience
- **Richmond, VA – April 13:** TYR Pro Swim Series VIP Experience
- **Bloomington, IN – May 17:** TYR Pro Swim Series VIP Experience
- **Stanford University – July 31-August 4:** Phillips 66 National Championships VIP Experience

Swim-a-Thon

Teams hosting Swim-a-Thons contributed \$348,891 for the Foundation (1.9% decrease from 2017). Final numbers will be available after January 30, 2019.

Thank-a-Thon

Over a week in December, USA Swimming and USA Swimming Foundation staff members called more than 400 donors to thank them for their 2018 donations to the USA Swimming Foundation.

Make a Splash Local Partner Program

USA Swimming Foundation Grants for Make a Splash Local Partners

The Foundation distributed \$701,591 to 151 Make a Splash Local Partners in two rounds of 2018 grants, serving an anticipated 26,000 children, compared to more than \$500,000 in grant awards to 128 Make a Splash Local Partners in 2017.

- The 2019 USA Swimming Foundation grant application window for Make a Splash Local Partners closed with 240 applications (the most ever); the first round of awards will be announced in March.

Goal of 1 million annual swim lesson enrollments

As of January 16, the Make a Splash Local Partner network has reported a total of 1,299,143 enrollments, including 87,897 scholarships between Foundation and Splash Local Partner-funded scholarship opportunities. The 2018 tally already exceeds the final 2017 total of 1,095,315 enrollments, including 76,851 scholarships, with more being added daily.

New Public Service Announcement

A new public service announcement (PSA) focusing on the importance of swimming lessons and the Foundation's national swim lesson finder, is being developed and showcases Nathan Adrian, Simone Manuel, and Ryan Murphy. The new PSA includes :60, :30 and :15 versions and will be distributed to national and local broadcasters this Spring.

ZONES: WHAT ARE THEY AND HOW DO THEY FIT IN THE GOVERNANCE STRUCTURE OF USA SWIMMING?

USA SWIMMING SPORT DEVELOPMENT



4 ZONES – 8 ZONE DIRECTORS



59 LSCs

Zones

- Are tasked with the responsibility to provide athletic and educational experiences for their members.
- Serve as a conduit of information, bridging the gap between National leadership and the grass roots of the sports.
- Oversee a number of administrative roles at the regional local level



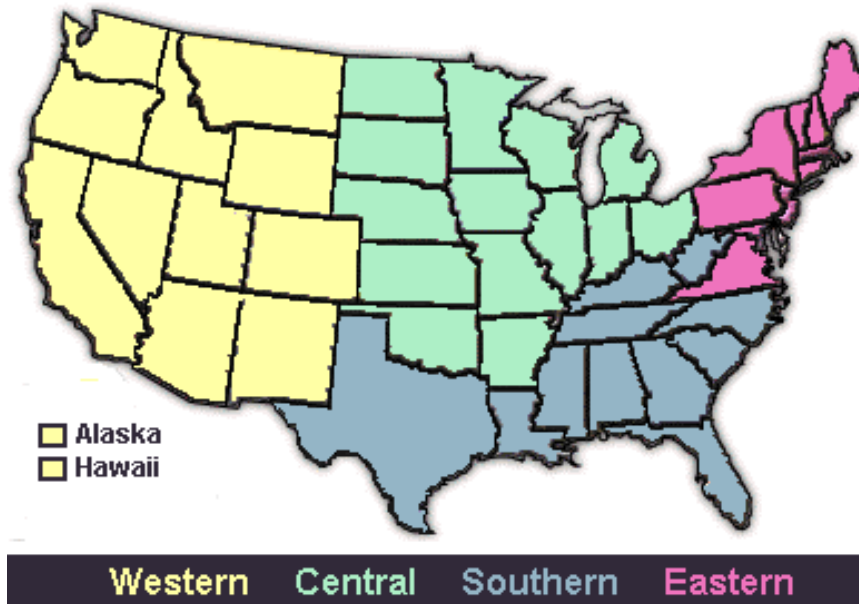
- Central Zone:

- 15 LSCs
- 795 Clubs
- 97,590 Athletes
- 108,255 Members

- Eastern Zone:

- 12 LSCs
- 804 Clubs
- 87,054 Athletes
- 97,738 Members

United States Swimming Zones



- Southern Zone

- 15 LSCs
- 677 Clubs
- 85,872 Athletes
- 94,437 Members

- Western Zone

- 17 LSCs
- 856 Clubs
- 100,498 Athletes
- 110,706 Members

ZONE DIRECTOR RESPONSIBILITIES:

- Serve as the 'Chairman of the Board', handling normal leadership duties
- Mediate situations to mitigate the need for a Zone Board of Review
- Provide oversight of the Zone Sanction Appeal Panels, and Zone Championship Meets
- Distribute information from USA Swimming to their respective LSCs
- Appoint various coordinators: Disability Swimming / Officials / Open Water (?) / Board of Review Chair / Webmaster
- Coordinate with the Zone Sport Development Consultant

STRATEGIC PRIORITIES FOR THE ZONES

- Create positive experiences by being part of a team that encompasses boundaries beyond the club environment
- Create a structure that removes barriers and allows participants to interact on an equal level
- Host opportunities to shows the skills of athletes, volunteers, and coaches
- Assist USA Swimming by creating opportunities for evaluation of the successes and shortcomings of the Zones

Strategic Focus of USA-S Board from the Perspective of the Zone

- Continue/Increase support of LSC/Zone Workshops, Safe Sport Conference, and Diversity & Inclusion Camps to provide expanded educational opportunities for athletes, coaches, and volunteers
- Assist LSCs and Zones
 - Reach a more diverse population and expand opportunities for their competition
 - Identify the role they play in developing and retaining athletes
 - Develop a volunteer succession plan
 - Grow and retain the Base of USA Swimming within each Zone
 - Develop and promote more Open Water opportunities and competitions
- Continue to utilize the skills and talents of the dedicated volunteers in USA Swimming

Performance Monitoring Report

TO: USA Swimming Board of Directors
FR: Tim Hinchey, Chief Executive Officer
RE: Internal Report – Ends
Annual Monitoring on **Policy 1.0: Broadest End – Growth and Success of Swimming**
DA: January 25, 2019

I hereby present the monitoring report on the Board's Broadest Ends policy. The information contained in this report is true for the year ended December 31, 2018.

Signed , President & CEO

BROADEST PROVISION: USA Swimming exists for: The growth and success of swimming in the United States (with results optimizing use of available resources.)

CEO's VISION OF SUCCESS:

"The growth and success of swimming in the United States" is the equivalent to "the bottom line" on how we, as a non-profit, assess organizational effectiveness: Everything we plan and do, and all resources expended, should be aligned towards our sport's growth and success.

As demonstrated by the four Ends monitoring reports submitted to and approved by the Board in September and November, and with the revisions to the Ends statements the Board adopted in response to those reports, we believe this broadest End is comprehensively defined by the subsequent four statements, with emphasis on the first three: Competitive Success (1.1); Successful Athletes, Coaches and Clubs (1.2); Public Engagement with Swimming (1.3).

End 1.4, (Recognition of USA Swimming as the "Best in Class" NGB) is important and is in many ways an intended by-product of our future success. Achievement of "Best in Class" status adds luster to our initiatives to grow the sport. However, such status will be authentically merited only USA Swimming hits the marks on 1.1, 1.2 and 1.3.

Though the "Ends" approach to planning is new to USA Swimming, it has focused the staff on identifying success factors and how we will measure them, rather than the more traditional attention to the number of programs and activities. We are also excited that it provides a platform, as evidenced at the November Board meeting, for strategic discussions with the Board, oriented at higher level issues about the impacts we are capable of producing and how they should be prioritized.

This statement also serves a dual purpose as a complement to the soon to-be-developed mission statement work we are doing with Dan McGinn, which will be presented at the February 2nd Board meeting.

"...with results optimizing use of available resources" requires that competing priorities be weighed and considered in light of the broad set of needs and opportunities that are presented in the sport, and where we see the greatest opportunities to maximize the impact of our resources, which include financial, staff and relationships with other entities.

As the Ends are not stated with explicit prioritization, it is my obligation to convey to the Board, through the Ends reporting process, and reflected in part by subsequent budget allocations, any shifts or changes in areas of emphasis. While the Board leads this process through its articulation of Ends, our Ends monitoring reports will continue to be the primary vehicle through which we keep the Board informed of our vision/interpretation and key priorities and metrics.

To summarize:

- sustained Competitive Success (1.1) will always remain a top priority.

- End 1.2 (Successful Athletes, Coaches and Clubs) addresses a broad spectrum of our organization's programs and operations. As conveyed in our November report, our realignment of the Sport Development division reflects the high priority we are giving to strengthening the resources and value proposition USA Swimming provides, especially to coaches and to member clubs. To help us better gauge what constitutes "optimization of resources," we have committed to actively identifying and evaluating metrics of performance against virtually every Ends statement, as demonstrated in each of the Ends monitoring reports. Due to the qualitative nature of some of our Ends, this process will be iterative and imperfect, but one that will drive improved performance both short-term and over time.
- As to growth in Public Engagement (End 1.3), both passive/audience engagement and active participation in the sport are emphasized, with particular priority being given to the diversity of swimming participants. In the long-term, growth in the number of people reached through our water safety awareness programs will positively impact the growth of the sport. It is my hope that the 2019 Foundation Task Force initiative will produce results that strengthens and greatly expands the capacity of the USA Swimming Foundation to leverage the NGB's public engagement initiatives.

REPORT:

As noted above, achievement of this End is constituted by the incremental achievements and progress made with regard to Ends 1.1 -1.4 in the aggregate. The Board has received periodic updates with regard to all of these, and formal reports have been presented to and approved by the Board.

Since November, we had significant additional achievement our National Team's success in China at the Short Course World Championships (SCWC). Lessons learned from traveling to the Pan Pacific Championships in Tokyo earlier this year were taken into consideration in preparation for the December SCWC. USA Swimming athletes won 36 medals, including 17 gold, which was the second-highest total in history, only compared to the 2004 SCWC held in Indianapolis. USA Swimming athletes also won 11 of 12 relay medals, 9 of them gold, which was the highest total in history.

While in the Ends reports we have conveyed to the Board certain results areas in which performance must improve, I believe that, by any reasonable standard, 2018 was a year in which USA Swimming productively addressed both planned and unforeseen challenges. Given the momentum of our staff re-organization, the positive manner in which we responded to the Congressional investigation and affirmed athlete safety as a foremost commitment, and the tremendous performance by the National Team throughout the year, **I report achievement.**
