



LMSC Governance – Platform for Leadership

USAS Convention
Kansas City, Kansas
October 2, 2015

Agenda

Background and Context

Nonprofit Organizations

Board Members' Legal Duties

Basic Board Responsibilities

Background and Context





How Do We Fit In?



Federation Internationale de Natation (FINA)

- International federation for swimming, diving, synchronized swimming, water polo
- Only one recognized member federation from each country
- Union Americana De Natacion (UANA) – FINA governing body for Americas and Caribbean Nations
- United States Aquatic Sports (USAS) – member federation for the USA

United States Aquatic Sports



Founded in 1970, USMS is a national membership-operated nonprofit organization that provides membership benefits to over **60,000 Masters swimmers** across the country.

USMS and its **52 Local Masters Swimming Committees (LMSCs in 8 Zones)** provide direct support to more than **1,500 smaller clubs and workout groups**.



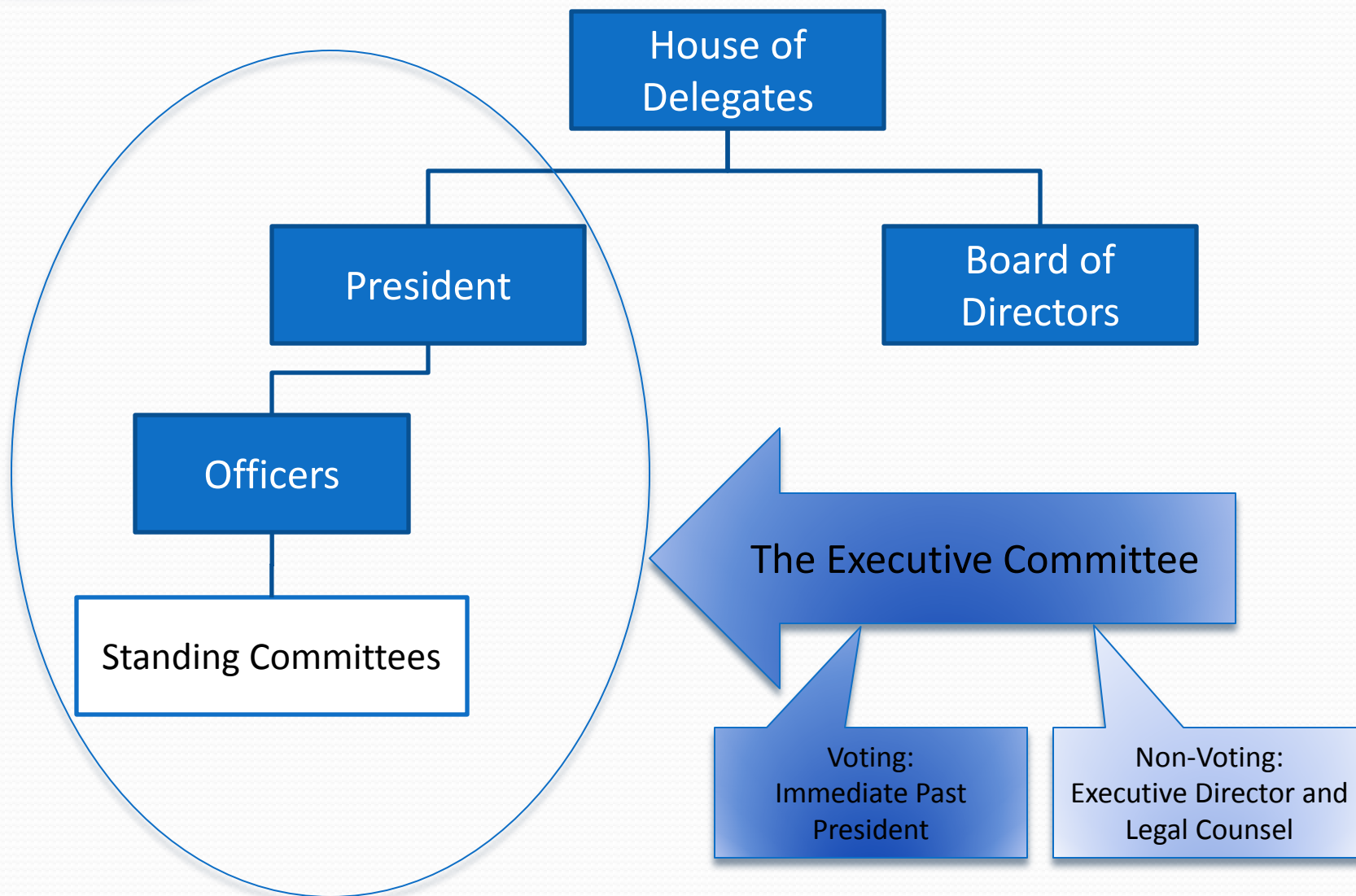
Our Mission



**“To promote health, wellness,
fitness and competition for adults
through swimming.”**

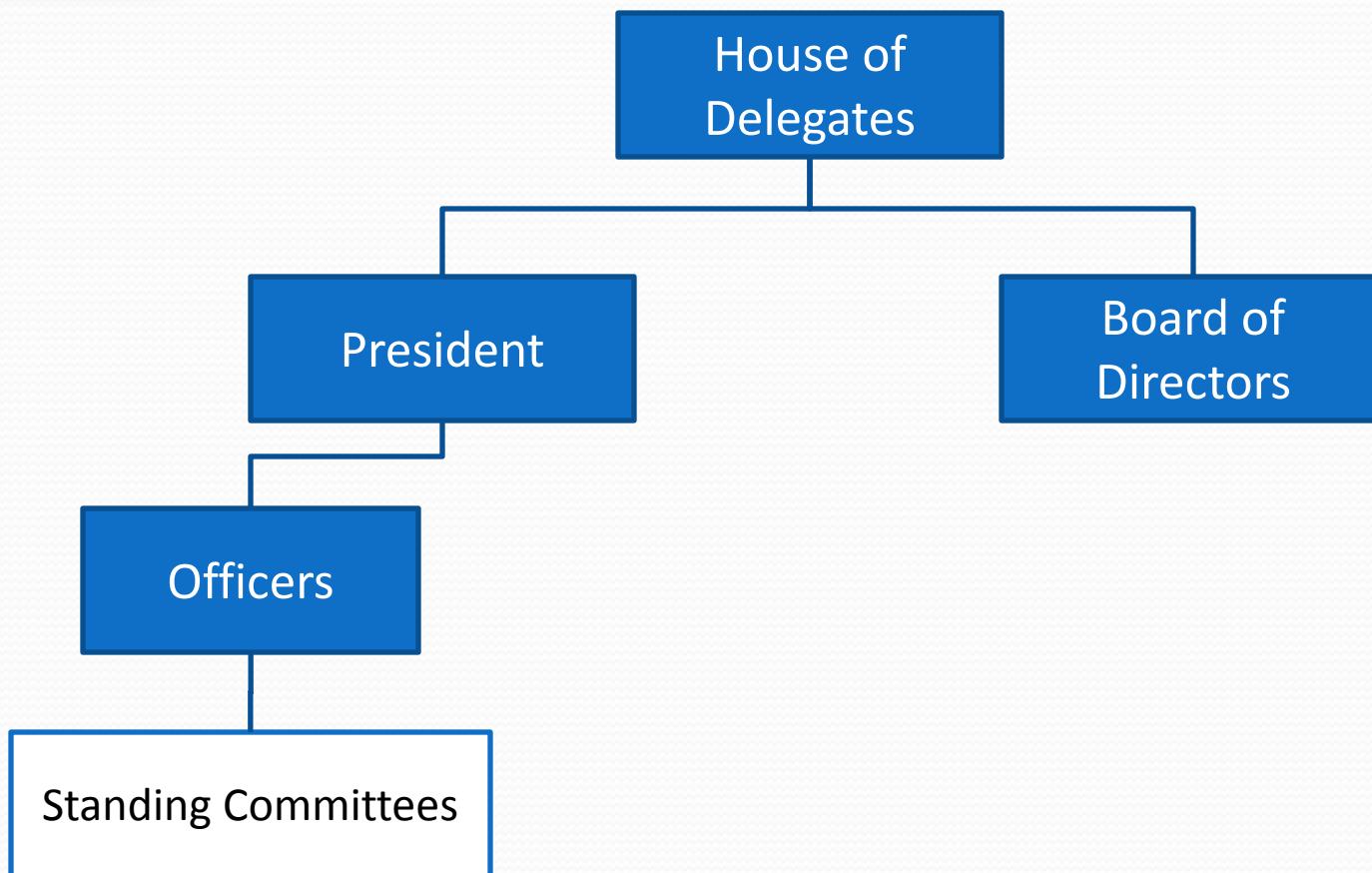


Our Organization



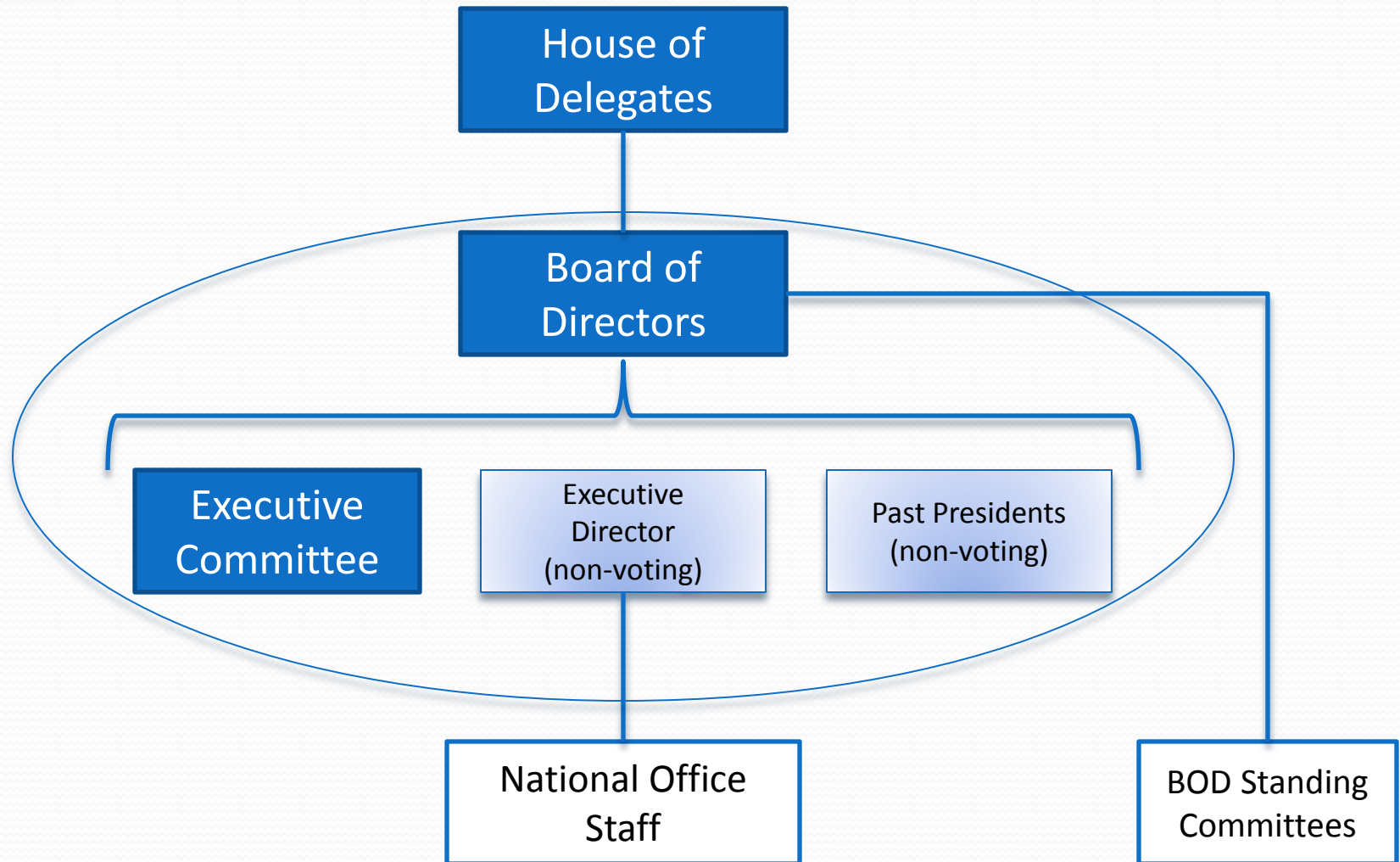


Our Organization





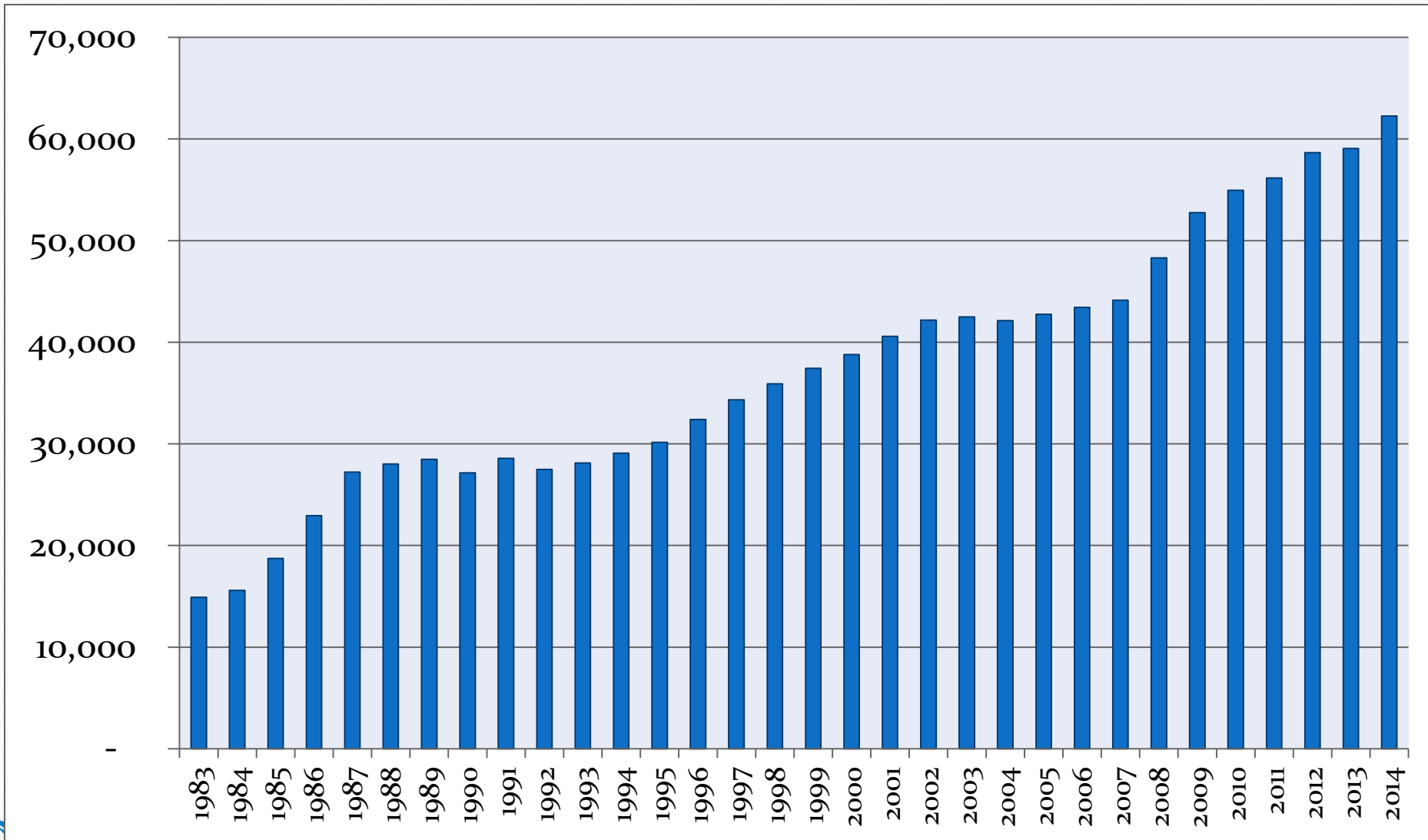
Our Organization



USMS Historic Milestones

- Late 1960s – Captain Ransom Arthur, MD began with the novel idea of adults swimming for exercise
- 1970 – Masters held its First Masters Nationals – 47 athletes in Amarillo, Texas
- 1973 – the AAU creates a Masters Swimming Committee
- 1980 – United States Aquatic Sports (USAS) is formed
- 1988 – USMS gains full recognition as an NGB in USAS
- 2008 – USMS hires a full-time executive director and establishes its headquarters in Sarasota
- 2015 – USMS holds its first “LMSC Leadership Summit”

USMS Membership Growth (last 30 years)



Nonprofit Organizations



Three Sectors of U.S. Society

For-Profit
Businesses

Government

Non-Profit
Entities

Can a “Nonprofit” Make a Profit?



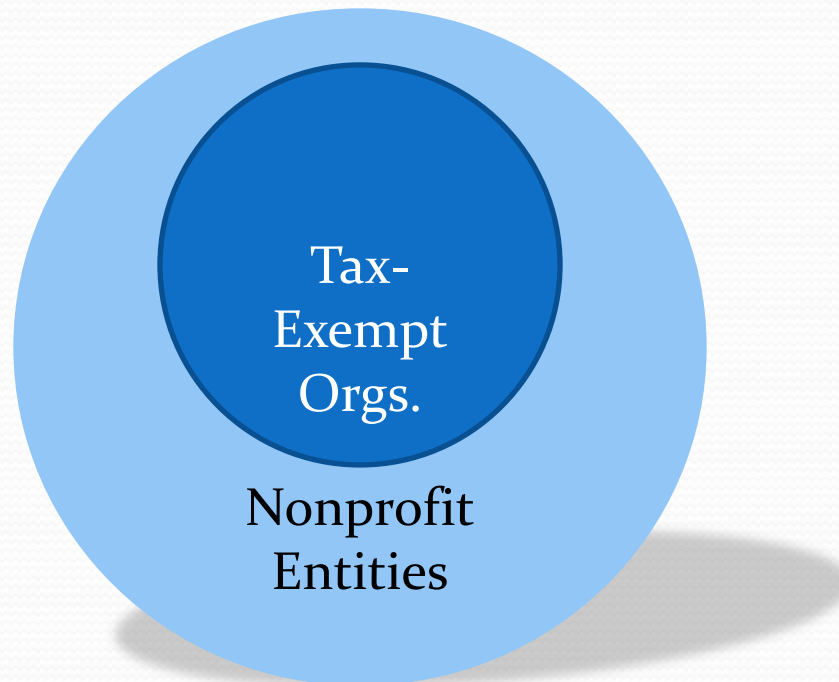
Can a “Nonprofit” Make a Profit?

- For-profit organizations are operated for the benefit of their owners – *private inurement*
- Nonprofit organizations cannot use their profits for private inurement – any profits must be used *to further the nonprofit purpose*



Nonprofit vs. Tax-Exempt

- State law usually defines whether an organization is a nonprofit entity
- Federal tax law generally provides tax-exempt status



Tax-Exempt Status

- USMS is a tax-exempt organization under § 501(c)(3) of the Internal Revenue Code
- LMSCs are “subordinate organizations” under USMS’s tax-exempt status
- USMS and each of its subordinate organizations (LMSCs) must file a Form 990 “information return” with the IRS every year

Relevance to LMSC Leaders

- Private inurement vs. furthering the nonprofit purpose
- Maintaining tax-exempt status
 - ✓ File Form 990 annually
 - ✓ Procedures and policy to avoid conflict of interest
 - ✓ Written acknowledgement for gift >\$250
 - ✓ Unrelated business income
 - ✓ Restrict lobbying
 - ✓ No political campaign activity

Board Members' Legal Duties



Legal Duties

Duty of
Care

Duty of
Loyalty

Duty of
Obedience

Duty of Care

Standard – Exercise *reasonable care* when making decisions for the organization

- Be informed and prepared
- Be involved
- Manage finances responsibly
- Use good judgment

Duty of Loyalty

Act in the organization's best interests – not your own or anyone else's

- This is where the issue of *conflict of interest* may be implicated
- Remember the “hats”



Duty of Obedience

Understand and be faithful to the organization's mission

“To promote health, wellness, fitness and competition for adults through swimming”



Basic Board Responsibilities



Ensure Effective Planning

- Big picture
- Know where you are to decide where you want to go
- Allocate resources in line with the plan
- Include at least one strategic (big picture) item on the agenda at each board meeting
- Assess your LMSC's structure occasionally



Monitor and Strengthen Programs and Services

- What are the “signature” activities in your LMSC? Why?
- What activities are the weakest? Why?
- How might you measure effectiveness?
- Do current and proposed programs align with the mission?
- Strengthen what works or could work – consider cutting things that don’t work



Protect Assets and Provide Financial Oversight

- Financial oversight is not just the Treasurer's role
- Big picture – how does the LMSC budget and spend its money?
- Have and follow financial policies – e.g. reimbursable expenses



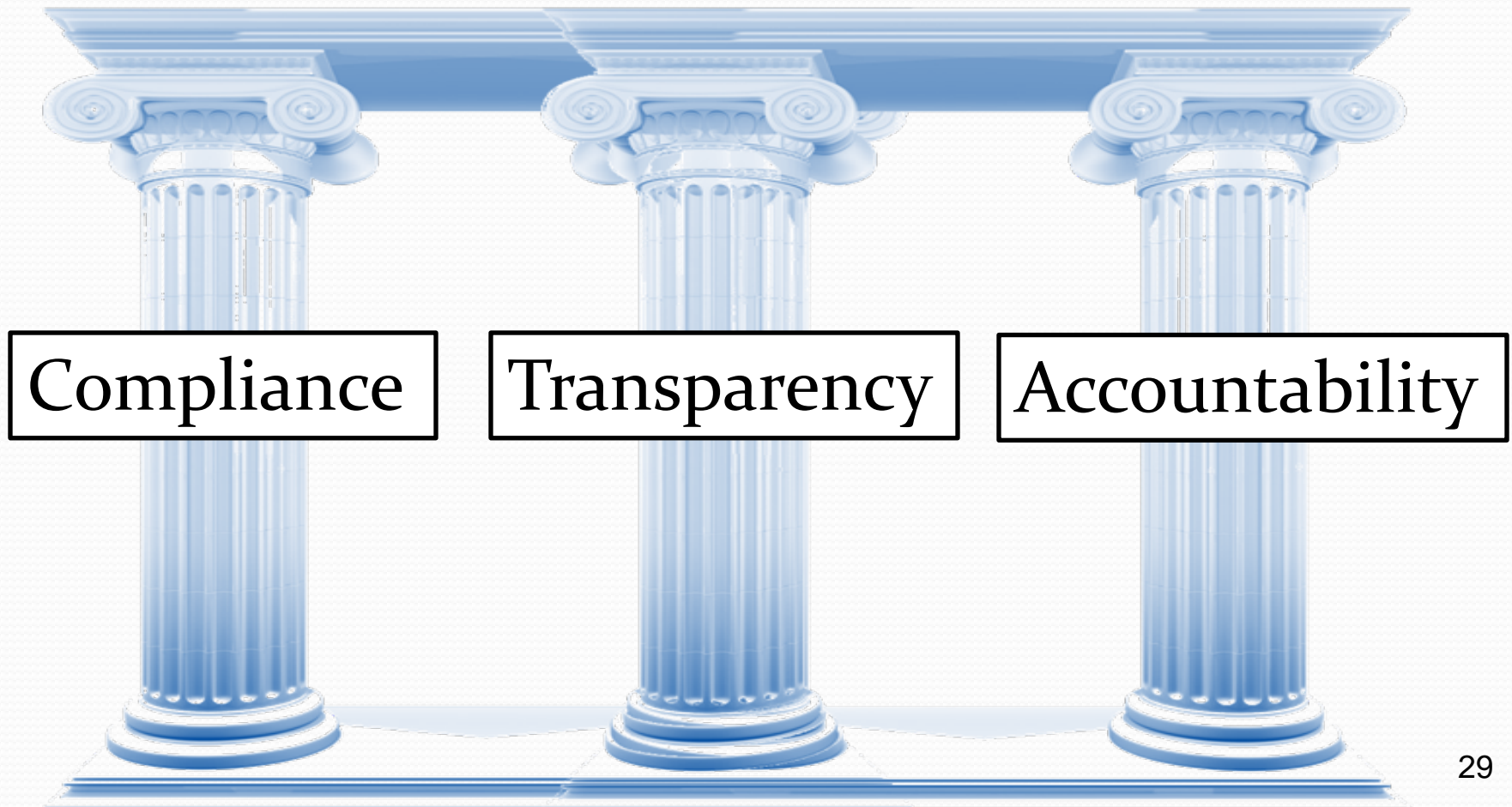
Build a Competent Board

- Board effectiveness depends on who is on the board
- Set expectations for board members
- Orient new board members
- *Have* new board members – no dynasties or “revolving doors”



Ensure Legal Compliance and Ethical Integrity

Integrity



Enhance the Organization's Public Standing

- Find opportunities to highlight what is good about the organization
- Be able to account for the organization and its mission





Basic Board Responsibilities

- Ensure effective planning
- Monitor and strengthen programs and services
- Protect assets and provide financial oversight
- Build a competent board
- Ensure legal compliance and ethical integrity
- Enhance the organization's public standing

Source: *Ten Basic Responsibilities of Nonprofit Boards*, R. Ingram
(BoardSource, 2009)

Closing Reminders

Practice due diligence

Go beyond compliance – do the right thing

Respect your fellow board members and their right to an opinion

But – avoid *dysfunctional politeness* – candidly address important matters

Know what USMS does and whom it serves

Never miss an opportunity to say something good about USMS and your LMSC

There is a time to join a board – and a time to go

Thank You for Your Attention!

