

EXHIBIT "D"

UNITED STATES MASTERS SWIMMING
Financial Operating Guidelines

The purpose of this financial operating guidelines ("FOG") manual is to list in one place all of the operating financial policies and procedures currently in existence in USMS. FOG will be updated and maintained by the Finance Committee on an annual basis.

1. Finance Committee recommended the bonding of the Treasurer, the Executive Secretary and the national Registrar in the amount of \$100,000 each. (Approved 10-82, as amended 10-21-88)
2. Memorial gifts and awards are encouraged which are appropriate and consistent with the purposes of USMS. Proposals for such gifts and awards will be made to the President and acted upon by the Executive Committee. (Approved 10-82)
3. Travel and lodging expenses of the President or the next available ranking officer (if the President is not available incurred at National Long Course and Short Course Championship meets be fully reimbursed. (Approved by FC 9-19-86)
4. Reaffirm the policy of not reimbursing officer's expenses for either travel or lodging in connection with National Championship meets, except for the President's expenses as outlined in 3. above. (Approved by FC 9-19-86)
5. Detailing of USMS costs, and proposed pricing schedules (including the breakeven point) for any revenue producing project or item for which a budget allocation has been accepted, shall be submitted to the Finance Committee for its approval prior to incurring any financial obligation associated with the production of such project or item. (Approved by FC 9-19-86)
6. Reaffirm the policy of donating \$.05 per registered swimmer to the International Swimming Hall of Fame, payable on a quarterly basis. (Approved by FC 9-19-86)
7. Members of USMS committees shall be reimbursed for expenses incurred in the performance of their duties, if such expenses are within the limits of the committee's budget allocation, and have been approved by the committee chairman or an officer. The reimbursement of such expenses are subject to the limitations contained in paragraphs 12, 13, and 23. (Approved by FC 9-19-86, as amended by FC 9-25-87)
8. All financial records of the Corporation shall be submitted to the Internal Audit Committee within 60 days after the close of the Corporation's fiscal year. (Approved by FC 9-19-86, as amended 10-21-88)

9. Investment Policies: The general guidelines and philosophical considerations for the management of cash held in the Treasury of U. S. Masters Swimming, Inc. are:
- A. \$100,000 shall be held as a general reserve fund, with the reserve to increase to \$150,000 by 12-31-94.
 - B. A minimum of \$10,000 shall be held separately as a reserve fund specifically for the payment of the liability insurance deductible.
 - C. All other monies are to be viewed as short term in nature with no intent to create a longer term pool of investment capital. This consideration should, however, be reviewed on an annual basis.
 - D. Cash, approximately equivalent to 3 months expense requirements, should be kept in liquid and available form in some type of checking account at a financial institution offering the appropriate federal deposit insurance and meeting the requirements of 9.F.iii below. Such Checking accounts (NOW or MMDA accounts) in many states offer competitive money market returns, but the convenience and availability of these monies to the Treasurer is considered of primary importance. However, the Treasurer is hereby granted specific approval to maintain funds of the Corporation, in an amount not to exceed \$10,000, in financial institutions and/or brokerage accounts which do not meet the requirements set forth in 9.F.iii below. This specific approval is granted to facilitate the transfer of funds between the operating disbursement account and the longer term investments.
 - E. Cash in excess of both
 - i. the operating requirements in paragraph 9.D. above and
 - ii. the reserve fundsmay be invested in short term, fixed income money market funds at the discretion of the Treasurer. Such funds are to be selected among the following:

Merrill, Lynch	Fidelity
Dreyfus	T. Rowe Price
 - F. The reserve funds should be invested in separate accounts which are clearly identified as reserve accounts as follows:

The Corporation and any of its subsidiaries may own obligations consisting of U. S. dollar denominated:

 - i. marketable, direct obligations of the United States of America maturing within one year from the date of acquisition thereof,

- ii. prime commercial paper maturing within one year from the date of acquisition thereof, and, at the time of acquisition, having a rating of A-1 or higher by Standard & Poor's Corporation, or Prime 1 or higher by Moody's Investors Service, Inc., or F-1 or higher by Fitch, and
 - iii. interest bearing certificates of deposit maturing within one year from the date of acquisition thereof issued by a commercial bank organized under the laws of the United States of America or any State thereof having total assets of not less than \$1,000,000,000 (such certificates of deposit not to exceed \$100,000 in amount from any one bank).
- G. Common stocks, preferred stocks, option devices, obligations denominated in foreign currencies or managed funds are not considered appropriate investments for these funds.

(All of paragraph 9 approved by FC 9-25-87, as amended 10-21-88, and 9-22-89)

- 10. International travel. The air fare and room, but not board, expenses of only the USMS President for travel to and attendance at FINA/MSI World Championships are appropriate items for reimbursement by USMS. (Approved by FC 9-25-87)
- 11. International travel. The air fare and room, but not board, expenses of only the USMS representative for travel to and attendance at the FINA Masters Technical meetings are appropriate items for reimbursement by USMS. (Approved by FC 9-25-87)
- 12. International travel. The air fare and room, but not board, expenses of only the USMS representative for travel to and attendance at MSI meetings are appropriate items for reimbursement by USMS. (Approved by FC 9-25-87)
- 13. On a quarterly basis the Controller will supply to the Executive Secretary a listing of all items charged to the budgets of officers and/or committees for the previous 3 months that were not approved for reimbursement by that same officer and/or committee. The Executive Secretary is then required to notify the affected parties within 30 days. (Approved by FC 9-25-87)
- 14. Convention expenses. The officers air fare (for travel to and from USMS annual meetings) shall be included in the budgets of the individual officers, with all other allowable expenses while in the convention location to be included in the Convention Committee budget. (Approved by FC 9-25-87)
- 15. All individuals and committees who are responsible for items that are carried on the Corporation's financial records as

inventory shall maintain proper inventory control records.
(Approved by FC 9-25-87)

16. The price of patches and certificates should be established at the cost of the items plus mailing costs, rounded up to the nearest \$1.00. (Approved by FC 9-25-87)
17. National Championship expenses. The air fare and room, but not board, expenses of the designated member of the Championship Committee for pre-meet, on-site visits to the location of each of the Short Course and Long Course National Championship meets shall be reimbursed by USMS. (Approved by H of D 9-26-87)
18. All permissible travel expenses of any USMS member as stated in the policies set forth above, shall be reimbursed by the Corporation only to the extent not reimbursed by other parties such as FINA, MSI, grants, and travel agents. (Approved by FC 10-21-88)
19. The name of the "Audit Committee" shall be changed to "Internal Audit Committee." (Approved by FC 10-21-88)
20. The authorized signers on all the Corporation's bank and investment accounts shall prepare and sign a letter directing each such institution where the Corporation has an account to send the original of each statement or statements for such accounts, together with all checks and/or records of trades and/or transfers made, to the Controller. A copy of all statements and/or records of trades and/or transfers made shall be provided to the Treasurer. (Approved by FC 10-21-88)
21. Authorization to exceed budgeted amounts is granted pursuant to the following procedures:
 - A. The Controller has the authority to approve payments when:
 - i. The amount requested is not in excess of 10% of the total budget for that account for the year, OR
 - ii. The amount requested is less than \$100, AND
 - iii. The total original budget for that account for the year does not exceed \$1000.
 - B. The Controller has the authority to approve payments when:
 - i. The amount requested is in excess of ten percent of the total budget for that account, or the total budget for that account exceeds \$1000, AND
 - ii. The amount requested exceeds the total budget for that account by less than \$5000, AND
 - iii. A majority vote of the voting members of the Finance Committee has recommended to the Executive Committee that such payment be approved, AND
 - iv. A majority vote of the Executive Committee has approved the payment, AND
 - v. Written notification of such action by the Executive Committee shall be sent to the Controller and the Board of Directors by the USMS Secretary.

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- C. The Controller has the authority to approve payments when:
- i. The amount requested is in excess of 10% of the total budget for that account, or
 - ii. The amount requested exceeds the total budget for that account by more than \$1000 but less than \$5000, AND
 - iii. A majority vote of the voting members of the Finance Committee has recommended to the Executive Committee that such payment be approved, AND
 - iv. A majority vote of the Executive Committee has approved the payment, AND
 - v. Written notification of such action by the Executive Committee shall be sent to the Controller and the Board of Directors by the USMS Secretary.
- D. Provide the Controller with the authority to approve payments if:
- i. The amount requested exceeds the total budget for that account by more than \$5,000, AND
 - ii. A majority vote of the voting members of the Finance Committee has recommended to the Board of Directors that such payment be approved, AND
 - iii. A majority written vote of the Board of Directors has approved the payment, AND
 - iv. Written notification of such action by the Board of Directors shall be sent to the Controller by the USMS Secretary.

(Paragraph 21 approved by FC 10-21-88, as amended 9-22-89)

22. Assuming a package exists which can accomodate both the financial and tax records of the Corporation, the Controller shall purchase and utilize a general ledger accounting software package, such package not to cost in excess of \$750. (Approved by FC 10-21-88)
23. The Controller shall maintain a property and equipment log showing:
- A. The date purchased
 - B. Original cost and depreciation schedule
 - C. Description of the equipment together with serial numbers.
- (Approved by FC 10-21-88)
24. All requests for disbursements, whether budgeted or not, of the Corporation's funds shall be made in writing to the Controller or any member of the Executive Committee other than the Treasurer. No checks shall be issued without a written request to and approval by the Controller. (Approved by FC 10-21-88)
25. The Controller shall not accept requests for reimbursement until documentation supporting such requests per I. R. S. guidelines has been received. The Controller shall be responsible for maintaining the appropriate documentation supporting each disbursement request. (Approved by FC 10-21-88)

26. A minimum of three competitive bids are required for any single expenditure in excess of \$1000, unless fewer than three vendors are available to bid.
- A. An officer or a standing committee may request a budget allocation through the Finance Committee with approval by the House of Delegates.
 - B. The requesting officer or standing committee shall then solicit written bids that meet the requesting party's written specifications from at least three competing vendors.
 - C. The requesting officer or standing committee shall then evaluate all bids received, and recommend a selection of one to the Board of Directors for majority approval.
 - D. The USMS Secretary shall notify the requesting officer or standing committee and the Controller in writing of the decision of the Board of Directors.
 - E. Immediately following notification of the decision of the Board of Directors, the requesting officer or standing committee shall submit all documentation concerning the bidding process to the Controller.

(All of paragraph 26 approved by FC 10-21-88)

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