

METROPOLITAN SWIMMING, INC.



BOARD OF DIRECTORS MEETING

Wednesday, July 12, 2017

1. **CALL TO ORDER, WELCOME, and INTRODUCTIONS:** Eric Fisher welcomed everyone present and called the meeting to order at 6:45pm at the YWCA in White Plains, NY – Mac arrived from Maryland a few minutes later. Mac welcomed Metro’s new board members: Dom Boccio, Elaine Ang and Jocelyn Fisher.
2. **ROLL CALL:**

PRESENT: John McIlhargy, Mary Fleckenstein, Monique Grayson, David Ellinghaus, John Yearwood, Eric Fisher, Scott Draper, John Collins, Matt Keane, Edgar Perez, Brian Hansbury, Dom Boccio, Jocelyn Fisher, Julie Chen, Elaine Ang and Robert Frawley

ABSENT: Dave Ferris

QUORUM: We had a quorum at the meeting
3. **ACCEPTANCE/CORRECTIONS OF MINUTES:**

The minutes of April 26, 2017 were approved as posted.
4. **GENERAL CHAIR:** John McIlhargy
 - a. **Schedule** – the meetings’ schedule for 2017-2018 will be emailed to the Board.
 - b. **Strategic Planning** - will have a meeting on July 25th
 - c. **Finance Committee** – will meet on August 15th, prior to the next BOD Meeting. As a reminder, the By-Laws take precedence over the Policy and Procedures Manual.

Finance Vice-Chair Julie Chen mentioned that we need to strengthen the financial operating procedures again in the P&P and Rules/Regulations Manual.

In order to sign and finalize LEAP, Mary Fleckenstein asked if we could approve the revised P&P manual that was presented to the Board, without comments from everyone. Several members of the Board did make comments. Mac agreed.
 - d. **Policy & Procedures Update** – have been updated and are available on the website. Many thanks to Eric Fisher, Scott Draper and Mary Fleckenstein. The P&P manual may need to be amended at a later date. They still need to be approved by USA Swimming.
 - e. **Legal Issues** – Mac and Brian Hansbury went over some legal issues –we are investigating and will get our own counsel.
 - f. **Senior Mets** – We will need help from Board members. Mary asked Dom Boccio for information on where we would be allowed to set up hospitality.
 - g. **Convention** – All those attending the Convention in Dallas have now responded.
 - h. **Board Updates** –

Safety – Brian Hansbury has resigned from that position. A motion to approve Edgar Perez as the new Safety Chair was made, seconded and approved by all.

Athlete at Large – Tommy Luchsinger has resigned. A motion to nominate Stanley Wong as Athlete at Large was made, seconded and approved by all.

5. **TREASURER'S REPORT:** Elaine Ang
 - a. Elaine introduced herself. This was her first BOD meeting!
 - b. Elaine distributed her 3-page report (attached at the end of the minutes)
 - c. Profit and Loss Comparison (May-June 2017)
 - d. Elaine has been looking at Quick Book, Bank Statements, and checks to reconcile all.
 - e. Astoria Bank needs to be closed
 - f. Research on possibility of using PayPal for Metro. We will definitely continue using with credit cards through at least 2018.
 - g. Long discussion on the role of the treasurer followed the reports. Elaine asked many questions about Checks, Bank accounts, Signors, Reports, and much more.

6. **FINANCE VICE-CHAIR REPORT:** Julie Chen
 - a. Julie handed in her reports (attached at the end of the minutes)
 - b. BOD Report Summary:
 1. Old Business/Open Action Items
 - a. Met with Treasurer (Industry best practices; Financial governance; Internal controls; Transparency to HOD)
 - b. Streamline budget and improve budget transparency (will reach out to each chair in the next weeks; looking for volunteers for additional assistance/support)
 2. New Business Items
 - a. Lack of Financial Operating Procedures in the P&P and Rules/Regulations Manual
 - b. Internal controls
 - c. External audit recommendations and budget requests
 - d. Recommend audit task force to support external audit efforts
 - c. Audit Committee Report:
 1. Audit Committee Activities (Audit Committee Recommendation; Request External Budget Approval By Board; Audit Task Force Recommendation)
 2. Proposed Services in the RFP
 3. Key Approaches
 4. Potential Audit Outcomes
 5. Recommended RFP Evaluation Criteria (at Minimum)
 6. RFP Proposal Summary and Comparison – Recommendation to use Waugh & Goodwin LLP (recommended by USA Swimming)
 7. Recommendation – One Time Task Force
 - d. Internal Control Findings and Recommendations
 1. Internal Control Activities
 2. Internal Control Activities Findings
 3. Internal Control Recommendations (written pre-approval for all expenses; receipts; etc)

7. **ADMINISTRATIVE VICE CHAIRS:** Eric Fisher and Scott Draper
 - a. P&P Manual has been updated as of June 13, 2017

8. **AGE GROUP CHAIR:** Dom Boccio and John Yearwood
 - a. JO's and Zones are coming up

9. **ATHLETES REPRESENTATIVES:** Matt Keane & Jocelyn Fisher
 - a. Athletes' Committee will hold a second meeting July 19th

10. **SAFETY COORDINATOR:** Edgar Perez
 - a. Edgar gets reports on Metro Safety issues on a regular basis.
11. **SENIOR CO-CHAIRS:** John Collins and Dave Ferris
 - a. Dave Ferris was not at the meeting
 - b. John Collins said that Senior Mets was going full steam ahead
12. **COACHES CHAIR:** John Yearwood
 - a. Nothing to report
13. **DIVERSITY CHAIR:** John Yearwood
 - a. Kiana Guarino (AGUA), Atsedemaryam Harris (UN), Evan Morales (NYSA) and Edward Park (NYSA) attended the Eastern Zone Diversity Select Camp, June 15-18 at the University of Buffalo. It was a great experience for all
 - b. John is asking for an increased budget for Diversity
14. **TECHNICAL PLANNING:** David Ellinghaus
 - a. NBS has asked TP for a different way to run their meet in the fall.
15. **SAFE SPORT:** Brian Hansbury
 - a. No other report at this time
16. **OFFICE MANAGER:** Mary Fleckenstein
 - a. No report due to length of meeting (the YWCA needed to close)
17. **UNFINISHED/OLD BUSINESS:**
None at this time
18. **NEW BUSINESS:**
None at this time

Next Board Meeting – August 23, 2017 at Nassau County Aquatic Center

A motion to adjourn the meeting was made, seconded and approved by all. Meeting adjourned at 9:35pm.

Respectfully submitted by Monique Grayson
July 17, 2017



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BOARD OF DIRECTORS MEETING
Wednesday, July 12, 2017
White Plains YWCA

1: CALL TO ORDER, WELCOME, and INTRODUCTIONS:

Excused prior to meeting:

Roll Call:

NOT PRESENT

2: ACCEPTANCE/CORRECTIONS OF MINUTES:

Reports of officers

3: GENERAL CHAIR: John McIlhargy: Welcome –General updates

- Strategic Planning
- Policy and Procedure Update on website
- Legal
- Senior Mets
- Convention

4: OFFICERS REPORTS: (new information or officer request for specific time)**

- | | |
|------------------------------|-------------------------|
| • TREASURER'S REPORT: | FINANCE CHAIR: |
| • ADMINISTRATIVE VICE CHAIR: | SENIOR CHAIR: |
| • AGE GROUP CHAIR: | COACHES REPRESENTATIVE: |
| • ATHLETES' REPRESENTATIVES: | TECHNICAL PLANNING: |
| • SAFETY COORDINATOR: vacant | SAFE SPORT COORDINATOR: |

At Large Athletes: **Thomas Luchsinger**

5. OFFICE MANAGER: Mary Fleckenstein

6: UNFINISHED/OLD BUSINESS:

7: NEW BUSINESS:

8: NEXT MEETING: schedule

Adjournment

Metropolitan Swimming Inc.
Profit and Loss
May - June, 2017

	Total
Income	
5000 General Income Accounts	
5000.16 Sanctions	8,850.00
5005.16 Fines	
5005.17 Administrative Fines	1,000.00
5005.19 Senior Fines	100.00
Total 5005.16 Fines	\$ 1,100.00
5100.16 Surcharge	
5100.19 Junior Olympic Surcharge	8,070.00
5102.16 Meet Surcharge	65,360.97
Total 5100.16 Surcharge	\$ 73,430.97
Total 5000 General Income Accounts	\$ 83,380.97
5006 Registrations	
5006.06 Club Registration Received	-181.00
5007.06 Athlete Registration Received	27,429.00
7037.17 Athlete Registration Paid	-19,106.00
Total 5007.06 Athlete Registration Received	\$ 8,323.00
5007.07 Registration Transfers	470.00
5011.06 Non Athlete Registration Received	3,060.00
7037.09 Non-Athlete Registration	-2,016.00
Total 5011.06 Non Athlete Registration Received	\$ 1,044.00
Total 5006 Registrations	\$ 9,656.00
Sales	1,250.00
Total Income	\$ 94,286.97
Gross Profit	\$ 94,286.97
Expenses	
6000 Zone Meets	
6001 Short Course Zone Meet	
7038.01 Zone Short Course Uniforms	28,093.33
Total 6001 Short Course Zone Meet	\$ 28,093.33
6002 Long Course Zone Meet	
7038.07 Zone Long Course Bus	1,491.00
Total 6002 Long Course Zone Meet	\$ 1,491.00
Total 6000 Zone Meets	\$ 29,584.33
6100 Program Expenses	
6105 Travel Reimbursement	
6004.19 Sectional Travel Reimbursement	29,400.00
Total 6105 Travel Reimbursement	\$ 29,400.00
6109 Joseph Stetz Scholarship - Registration Income	
7025.16 Joe Stetz Scholarship Awards	2,000.00
Total 6109 Joseph Stetz Scholarship - Registration Income	\$ 2,000.00

6111 Club Excellence Program		1,300.00
6117 Diversity Program		2,209.78
Total 6100 Program Expenses	\$	34,909.78
6200 Committee Expenses		
7035 Officials Committee		
7035.10 Background Check		345.00
7035.12 Officials travel Assistance		1,290.99
7035.18 Officials Supplies & Training Expense		198.00
Total 7035 Officials Committee	\$	1,833.99
Total 6200 Committee Expenses	\$	1,833.99
7026.3 Galuzzi Scholarship - Out		2,000.00
7500 Office/General Administrative Expenses		
7050 Depreciation		173.66
7501 Salary Expense		9,916.68
7502 Payroll Tax		-534.52
7503 Internet Expense		214.54
7504 Web Site Charges		1,000.00
7515 Office & Supplies		744.76
7520 Bank & Credit card expenses		66.12
7542 Supplies Management		135.78
Total 7515 Office & Supplies	\$	946.66
7517 Conferences & Convention		19,068.45
7517.2 Eastern Zone Meeting Host - OUT		59.15
Total 7517 Conferences & Convention	\$	19,127.60
7528 Telephone		62.24
7529 Postage		51.24
7531 Travel - BOD		518.67
7539 Refreshment - BOD/ LSC		180.31
7539.11 Board of Directors' Expense		350.00
7539.25 LSC Meetings		643.67
7540.20 State Filing Fees		125.00
7556 Miscellaneous		62.36
Total 7500 Office/General Administrative Expenses	\$	32,838.11
7567 Other Miscellaneous Service Cost		-62.36
Conferences & Conventionen		-13,674.72
QuickBooks Payments Fees		19.90
Total Expenses	\$	87,449.03
Net Operating Income	\$	6,837.94
Net Income	\$	6,837.94

Metropolitan Swimming Treasurer Report 5/1/17 - 6/30/17

Bank Account:

Chase Saving (6/30/17)	\$	52,443.40
Chase Checking (6/30/17)	\$	421,919.81
Astoria (as of 5/6/17)	\$	6,607.88

Other Assets:

Fidelity & Guaranty (as of 4/8/2016)	\$	192,716.30
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Account Receivable

\$ 2,681.40

Income:

Deposit (May - Jun 2017)	\$ 124,495.21
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Expenses:

JE (Salary & CC Fee)	\$ 9,442.39
Checks	\$ 101,864.30
Total	\$ 111,306.69

Metropolitan Swimming LSC Finance Vice Chair Report

Julie Chen

July 12, 2017 Board Meeting

Goals and Objectives for the Term

- Encourage Use of Best Practices to Enhance Compliance with Metro By-Laws
- Ensure Adequate Finance Governance
- Enhance Internal Controls
- Increase Finance Transparency

Report Summary

• Old Business/Open Action Items:

- Met with Treasurer
 - Industry Best Practices
 - Financial Governance
 - Internal Controls
 - Transparency to HOD
- Streamline Budget and Improve Budget Transparency
 - Will Reach out to each Chair in the next coming weeks
 - In Need of Additional Assistance/Support – any volunteer(s)?

• New Business Items:

- Lack of Financial Operating Procedures in the Policy and Procedures And Rules and Regulations Manual
 - Internal Controls
 - External Audit Recommendation and Budget Request
 - Recommend Audit Task Force to support external audit efforts
-

Metropolitan Swimming LSC Audit Committee Report

July 12, 2017

Audit Committee Activities

FOR THE MONTHS OF MAY and JUNE 2017

- Reviewed 'draft' and Finalized External Audit RFP
- Reached out to Auditors with (and without) LSC audit experience
- Forwarded Finalized RFP to '5' Interested and Qualified Firms

JUNE 5, 2017

- Forward Finalized External Audit RFP to Metro Board (Via Email)

JUNE 23, 2017 (RFP Response deadline)

- 'Two' Final Proposal Responses
- 'One' Decline to Submit Proposal – citing Lack of Source Data Availability
- 'Two' Nonresponse

July 7, 2017

- Audit Committee Recommendation
 - Request External Budget Approval By Board
 - Audit Task Force Recommendation
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Proposed Services in the RFP

- Annual Audit for Fiscal Years ending 2015 and 2016 including review of related and relevant tax filings for FY ending 2015 and 2016 (for correctness).
- Annual audit following FY ending 2015 and 2016 for the organization (consolidated) to be completed in compliance with the above filing requirement and meetings with Audit Committee and or Board of Directors, as necessary.
 - Annual Audit
 - Three year Services Contract (Following Best Industry Practice)
- Tax filings (Federal and New York State) for the organization.

Key Approaches

HOW FAR BACK?

To start, prior two years (at minimum)
- FY ending 2015 and FY ending 2016.

These two years can serve as a benchmark for Metro to move forward each year.

Includes review of related and relevant past tax filings (to ensure correctness)

Going back two years will answer many questions and detect potential problems and issues

MOVING FORTH

Follow Best Industry Practice,
Once a baseline is established after completing audits for FY ending 2015 and 2016, **proceed with annual audit.**

NOTE: If Metropolitan Swimming wants to be considered as a high performance LSC, annual audit is an area we would not and should not ignore.

Potential Audit Outcomes

1. Sloppiness of Controls and Records.

This is correctable. When these areas are identified, Metro Audit Committee together with input from Finance Committee needs to establish/modify/enhance bylaws and/or process and procedures to strengthen these identified weak areas.

2. Areas that will Require Further Investigations.

When these areas are identified, the Audit Committee will need to present these identified areas - including estimated cost, to the Board. The Board should vote and decide on how to proceed.

Note: The questions are (a) Is it related to fraud?

(b) Based on cost benefit analysis, does it warrant pursuit?

3. Fraud.

If indeed fraud is detected, the Audit Committee will need to present these identified fraud areas to the Board. The Board will need decide (a) Whether to pursue legal action

(b) What warrants recovery and what does not

Recommended RFP Evaluation Criteria (at Minimum)

- Overall fee(s) proposed
 - Proposed approach and timeline for field work and auditor's report
 - including for fiscal year ending 2015 and 2016 (the initial two fiscal years audited)
 - Fieldwork proposed approach
 - The firm's peer review report and related materials
 - Interviews with senior engagement personnel to be assigned to our organization
 - Results of discussions with other clients
 - Independence with respect to Metropolitan Swimming
 - The firm's completeness and timeliness in its response to us.
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RFP Proposal Summary and Comparison

Response A (recommended by USA Swimming)

- Waugh & Goodwin LLP
- Experience
 - USA Archery, USA Badminton, USA Boxing, USA Cycling, USA Hockey, USA Rugby, USA Shooting, USA Taekwondo, USA Table Tennis, USA Team Handball, USA Triathlon, USA Volleyball, USA Water Polo, USA Water Ski, USA Weightlifting, USA Wrestling
 - USA Swimming Workshop
- Proposed fieldwork conducted electronically

Response B (recommended by NYS Society of CPA member)

- MBAF Certified Public Accountants and Advisors
- Experience
 - Willowbrook Swim Club, Inc
 - W. Eugene Smith Memorial Fund
 - Bronx Realty Advisory Board
- Proposed fieldwork conducted in person

	Response A+	Response B
Audit		
FY Ending 2015	\$ 10,000	\$ 13,500
Field Work*	two weeks	N/A
FY Ending 2016	\$ 10,000	\$ 13,500
Field Work*	two weeks	N/A
FY Ending 2017	\$ 10,400	\$ 13,750
FY Ending 2018	\$ 10,816	\$ 14,000
FY Ending 2019	\$ 11,249	
IT Review		
Internal Control Review	Yes	Yes
Accounting Procedure Review	Yes	Yes
Financial Procedure Review	Yes	Yes
Administrative Procedure Review	Yes	Yes
References		
	Yes	Yes
Form 990 Fee	\$ 1,250	\$ 2,000
Time Length Estimate*	1-2 weeks	N/A
Prior LSC Experience	Yes	No
Prior Not-For-Profit Experience	Yes	Yes
Conflict of Interest with Metro-MR	No	No
* Immediate Availability of Source Data		
+ Increase estimated at 4%		

Recommendation – One Time Task Force

PURPOSE AND OBJECTIVE OF TASK FORCE:

- Support Program management functions
- Support audit fieldwork as necessary
- Provide second-set of eyes
 - Assist with bylaw review and recommendations
 - Assist with process and procedure review and recommendations
 - Assist with internal Control
- Many more

CRITICAL AREA – SELECTION OF TASK FORCE MEMBERS

- Select Task force members with audit expertise and experience
- And Members with Good Standing with USA Swimming

Metropolitan Swimming LSC Internal Control Findings and Recommendations

July 12, 2017

Internal Control Activities

INTERNAL CONTROL ACTIVITIES - JUNE 2017

- With a newly elected Treasurer
'first time' Finance Vice Chair, since elected to Board, can review and audit minimal finance and treasury source data
- 'MINIMAL' Source data reviewed
 - bank statements (given to Treasurer during transition),
 - credit card statements (given to Treasurer during transition)
 - Clearinghouse statements (given to Treasurer during transition)
 - invoices (given to Treasurer during transition)

Internal Control Activities Findings

FINDINGS

- Lack of source data and documentation for the past 3 to 7 years
 - Please see USA Swimming recommended data storage and timeline in the proposed Financial Operations Process and Procedure
- Documentation
 - Lack of defined and documented Financial Operations Process and Procedure
 - Lack of original receipts to support payments, reimbursements and Metro credit card charges
 - Where are the documents supporting to Metro staff selection and hiring process?
 - Where is the service contract to support Metro's tax and payroll services?
 - If none, Metro Board needs to instruct the firm to cease services
- Control Concerns
 - Ex-Treasurer still have access to Metro treasury and bank accounts
 - Metro's Assets and Liabilities not properly managed
 - Bank Accounts access need to be properly reviewed
 - Where is Metro's Investments?
 - Lack of supporting rationale for expenses

Internal Control Recommendations

RECOMMENDATIONS for Discussion as a STARTING POINT

- Board needs to consider and approve a Financial Operating Process and Procedure as a starting point
 - This will ensure all documentations, when required, are properly submitted for approval, approved and the documentation stored
- Board needs to review and agree to
 - who should have full and partial access to Metro's financial and treasury accounts
 - In particular, who are the primary, secondary and backup
- Board needs to review expenses
 - Minimize necessary expenses
 - Eliminate unnecessary expenses
- Board needs to review and agree who carries a Metro credit card
 - By definition, Metro credit card should only be approved for relevant board members
- Metro may want to consider automation to make office tasks more efficient