

CONNECTICUT SWIMMING, INC.

INVESTMENT POLICY

This statement of investment policy has been adopted by the Board of Directors of Connecticut Swimming, Inc. to provide instructions regarding investments held by the Corporation. This policy statement assumes that Connecticut Swimming, Inc. maintains a system of internal controls sufficient to safeguard assets against fraud and malfeasance and to monitor compliance with this policy. This policy may only be modified by action of the full Board of Directors in response to changes in the business environment in which Connecticut Swimming, Inc. operates and external economic conditions.

The following definitions identify the types of funds held by Connecticut Swimming, Inc.:

General Operating Funds or Checking Account (GOA): Funds in the GOA are checking account funds to cover cash needs for the next 10 days. All checks issued by Connecticut Swimming, Inc. are issued from this account. As such, the balance in this account should not exceed short-term cash needs plus a \$10,000 cash cushion.

Restricted Operating Funds or Money Market Deposit Accounts (ROA): Funds in the ROA are unrestricted operating funds invested in one or more money market deposit accounts. All receipts of Connecticut Swimming Inc. shall be deposited to these accounts. These accounts are used to fund the GOA account through electronic funds transfers. No checks are written against these accounts. Funds in these accounts are held to provide sufficient liquidity to meet current business cycle expenses. While the balance allowed to be maintained in these accounts is not specified in this policy, the Board of Directors should formally review the balances on a quarterly basis to insure (1) adequate liquidity to meet short term cash requirements and (2) insure that funds in excess of short term needs are invested in CD's or mutual funds.

Certificates of Deposit (CDs): Funds invested in CDs are unrestricted operating funds invested in CDs of various maturities in order to attain a higher rate of return than is available from money market deposit accounts.

Mutual Funds: Funds invested in mutual funds are unrestricted operating funds that are invested for a longer period of time in an attempt to attain a higher return than is available through CDs or money market deposit accounts.

CONNECTICUT SWIMMING, INC.

INVESTMENT POLICY

Investment Objectives

1. Liquidity: Maintain sufficient liquidity to meet expected operating requirements and provide an appropriate reserve for unexpected needs.
2. Preservation of Capital and Purchasing Power: Invest funds prudently so as to insure a high probability of preserving capital while balancing this objective with the need to protect against buying power erosion caused by inflation.
3. Asset Performance: Attain an annual return on assets that is at least equal to the general rate of inflation plus 1%. For purposes of this test, inflation is measured by the growth in the CPI-W index as published by the US Department of Commerce.

Investment Guidelines

1. General Operating Funds or Checking Accounts (GOA): Allowable investments include U.S. federally insured bank and savings and loan institutions. While it is permissible to maintain an average balance in excess of the federally insured maximum of \$100,000 in a single institution, only funds needed to satisfy the immediate short-term 10-day cash requirements should be invested here.
2. Restricted Operating Funds or Money Market Deposit Accounts (ROA): Allowable investments include U.S. federally insured money market deposit accounts at federally insured bank and savings and loan institutions. While it is permissible to maintain an average daily balance in excess of the federally insured maximum of \$100,000 consideration should be given to spreading funds among several different institutions in order to minimize exposure to bank failure.
3. Certificates of Deposit (CDs): Allowable investments include U.S. federally insured certificates of deposit at federally insured bank and savings and loan institutions. The maximum initial deposit in any single CD is \$100,000. While it is permissible to purchase multiple CDs at a single institution consideration should be given to spreading funds among several different institutions in order to minimize risk of bank failure. CD's should be purchased in varying lengths so as to stagger maturities and maturity dates. In no event may a CD's term be greater than five years.
4. Mutual Funds: Allowable investments include mutual funds that invest in both U.S. and international equities, bonds and money market instruments. Funds invested in mutual funds should be viewed as long term investments (at least 5 - 10 years) intended to ensure real growth of capital to meet future needs. Mutual fund investments should utilize an asset allocation model that results in exposure

CONNECTICUT SWIMMING, INC.

INVESTMENT POLICY

to a broad spectrum of the overall equity market sectors and both U.S. Treasury and Corporate bond funds. No more than 30% of funds invested in mutual funds may be devoted to a single market sector. A practice of mirroring USA Swimming's investment portfolio allocation is an appropriate, but not required strategy.

Fund Allocation Guidelines

1. General Operating Funds or Checking Accounts (GOA): 10 days operating expenses plus \$10,000.
2. Restricted Operating Funds or Money Market Deposit Accounts (ROA): The of funding to meet liquidity needs is periodically reviewed and determined by the Board of Directors.
3. Mutual Funds: May invest up to 25% of funds provided the needs of the GOA and ROA are fully satisfied.
4. Certificates of Deposit (CDs): All funds not invested elsewhere in varying maturities. No single CD upon issuance may exceed \$100,000 or five years in length.

Prohibited Activities

1. Loans to any Connecticut Swimming, Inc. individual member or Connecticut Swimming, Inc. club.
2. Opening of bank accounts or investing funds without Board of Director approval.
3. Granting credit or making loans to any party without approval of the Board of Directors.
4. Allowing access to more than 20% of Connecticut Swimming, Inc. funds by a single individual.
5. Trading in individual equity or bond securities.