United States Center for SafeSport

Financial Report

December 31, 2023

Contents

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report

To the Board of Directors
United States Center for SafeSport

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of United States Center for SafeSport (the "Center"), which comprise the statement of financial position as of December 31, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2023 and 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Center and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
United States Center for SafeSport

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024 on our consideration of United States Center for SafeSport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United States Center for SafeSport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United States Center for SafeSport's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 10, 2024

Statement of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 8,117,588	$ 11,116,736
Receivables:		
Accounts receivable - Net	180,152	23,066
Grants receivable	235,955	249,753
Prepaid expenses and other current assets	347,333	381,585
Total current assets	8,881,028	11,771,140
Investments	5,983,338	-
Property and Equipment - Net	58,515	89,757
Right-of-use Operating Lease Assets	377,878	571,584
Capitalized Software - Net	577,079	500,208
Total assets	**$ 15,877,838**	**$ 12,932,689**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 214,325	$ 448,236
Accrued expenses	938,656	843,771
Deferred revenue	217,329	163,843
Current portion of operating lease liabilities	196,757	194,402
Total current liabilities	1,567,067	1,650,252
Operating Lease Liabilities - Net of current portion	183,151	379,212
Total liabilities	1,750,218	2,029,464
Net Assets		
Without donor restrictions:		
Undesignated	5,777,620	4,553,225
Board designated - Operating reserve	8,350,000	6,350,000
Total net assets without donor restrictions	14,127,620	10,903,225
Total liabilities and net assets	**$ 15,877,838**	**$ 12,932,689**

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
USOPC support	$ 20,000,000	$ -	$ 20,000,000	$ 20,000,000	$ -	$ 20,000,000
Federal grants	2,437,112	-	2,437,112	2,388,709	-	2,388,709
Fees for service	1,341,971	-	1,341,971	1,146,844	-	1,146,844
Contributions	7,680	-	7,680	8,429	-	8,429
Other income	46,006	-	46,006	6,100	-	6,100
Interest and investment income	963,006	-	963,006	211,206	-	211,206
Total revenue, gains, and other support	24,795,775	-	24,795,775	23,761,288	-	23,761,288
Expenses						
Program services	16,097,821	-	16,097,821	16,071,196	-	16,071,196
Support services:						
Fundraising	22,969	-	22,969	91,522	-	91,522
General and administrative	5,450,590	-	5,450,590	4,865,682	-	4,865,682
Total support services	5,473,559	-	5,473,559	4,957,204	-	4,957,204
Total expenses	21,571,380	-	21,571,380	21,028,400	-	21,028,400
Increase in Net Assets	3,224,395	-	3,224,395	2,732,888	-	2,732,888
Net Assets - Beginning of year	10,903,225	-	10,903,225	8,170,337	-	8,170,337
Net Assets - End of year	**$ 14,127,620**	**$ -**	**$ 14,127,620**	**$ 10,903,225**	**$ -**	**$ 10,903,225**

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services				Support Services		
	Audit and Compliance (for NGBs and USOPC)	Education and Outreach	Response and Resolution	Total	Fundraising	General and Administrative	Total
Compensation and benefits	$ 1,754,612	$ 1,516,105	$ 7,925,348	$ 11,196,065	$ 6,005	$ 3,363,349	$ 14,565,419
Travel	116,535	53,110	86,557	256,202	59	134,099	390,360
Professional fees	25,051	49,723	942,759	1,017,533	16,896	1,005,923	2,040,352
Legal fees	3,030	632	1,464,601	1,468,263	-	447,831	1,916,094
Technology	98,950	606,309	583,685	1,288,944	-	202,722	1,491,666
Professional education	6,743	4,943	26,862	38,548	-	21,029	59,577
Insurance	64,822	48,617	279,546	392,985	-	98,994	491,979
Depreciation and amortization	4,002	110,205	18,362	132,569	-	5,878	138,447
Rent	26,706	20,030	115,170	161,906	-	39,225	201,131
Office supplies and other	45,311	21,570	77,925	144,806	9	131,540	276,355
Total functional expenses	**$ 2,145,762**	**$ 2,431,244**	**$ 11,520,815**	**$ 16,097,821**	**$ 22,969**	**$ 5,450,590**	**$ 21,571,380**

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services				Support Services		
	Audit and Compliance (for NGBs and USOPC)	Education and Outreach	Response and Resolution	Total	Fundraising	General and Administrative	Total
Compensation and benefits	$ 1,392,074	$ 1,471,790	$ 7,483,391	$ 10,347,255	$ 13,818	$ 3,200,444	$ 13,561,517
Travel	81,724	125,863	132,161	339,748	-	64,690	404,438
Professional fees	26,572	445,002	1,367,887	1,839,461	77,463	952,336	2,869,260
Legal fees	365	527	1,321,076	1,321,968	-	169,670	1,491,638
Technology	75,798	741,021	501,787	1,318,606	-	192,729	1,511,335
Professional education	7,210	8,313	47,808	63,331	-	40,788	104,119
Insurance	45,764	66,089	242,272	354,125	-	101,538	455,663
Depreciation and amortization	3,081	106,568	17,416	127,065	-	7,085	134,150
Rent	19,894	28,729	105,317	153,940	-	47,772	201,712
Office supplies and other	16,380	72,142	117,175	205,697	241	88,630	294,568
Total functional expenses	**$ 1,668,862**	**$ 3,066,044**	**$ 11,336,290**	**$ 16,071,196**	**$ 91,522**	**$ 4,865,682**	**$ 21,028,400**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase in net assets	$ 3,224,395	$ 2,732,888
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	138,447	134,150
Loss on disposal of capitalized software	-	19,837
Realized and unrealized gains and losses on investments	(97,084)	-
Amortization of right-of-use operating lease assets	193,706	191,395
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(157,086)	231,133
Grants receivable	13,798	113,954
Prepaid expenses and other assets	34,252	105,262
Accounts payable	(233,911)	(137,991)
Accrued expenses	94,885	(34,362)
Deferred revenue	53,486	24,924
Operating lease liability	(193,706)	(189,365)
Net cash and cash equivalents provided by operating activities	3,071,182	3,191,825
Cash Flows from Investing Activities		
Additions to capitalized software	(184,076)	(145,985)
Purchases of investments	(8,429,236)	-
Proceeds from sales and maturities of investments	2,542,982	-
Net cash and cash equivalents used in investing activities	(6,070,330)	(145,985)
Net (Decrease) Increase in Cash and Cash Equivalents	(2,999,148)	3,045,840
Cash and Cash Equivalents - Beginning of year	11,116,736	8,070,896
Cash and Cash Equivalents - End of year	**$ 8,117,588**	**$ 11,116,736**

See notes to financial statements.

Note 1 - Nature of Business

United States Center for SafeSport (the “Center”), a Colorado-based 501(c)(3), is the nation’s only independent organization dedicated to ending sexual, physical, and emotional abuse throughout U.S. Olympic and Paralympic sport.

The Center emerged in response to high profile cases of sexual abuse of minor Olympic athletes. The demand for a strong national response to these injustices became so clear that the U.S. Congress passed the Safe Sport Authorization Act in 2017, designating the U.S. Center for SafeSport as the nation’s independent safe sport organization for the more 11 million individuals participating in the Olympic and Paralympic movement. The Center’s charge: to set clear standards for safer sport environments; educate the sport community on how to recognize, prevent, and respond to abuse; and investigate allegations of misconduct and sanction wrongdoers within sport.

With the goal of ensuring athletes feel safe, supported, and strengthened, the Center is changing sport culture by:

- Establishing safety policies, including the SafeSport Code and Minor Athlete Abuse Prevention Policies (MAAPP), and regularly auditing National Governing Bodies (NGBs) for compliance.
- Delivering comprehensive abuse prevention education within and outside of the U.S. Olympic and Paralympic movement.
- Investigating and resolving allegations of abuse and misconduct and levying temporary and permanent bans from sport.

The Center has also established the Centralized Disciplinary Database (CDD), a first of its kind public resource listing those who have been restricted or banned from Olympic and Paralympic sport. The CDD is a unique and important tool for parents, employers, and those vetting volunteers for youth-serving organizations.

In October 2020, the Empowering Olympic, Paralympic, and Amateur Athletes Act (the "Act") became law, further strengthening the Center’s independence and oversight functions while mandating minimum funding requirements from the U.S. Olympic & Paralympic Committee (USOPC). Effective January 1, 2021, the Act established permanent annual funding from the USOPC for the Center in the amount of $20,000,000. Any future change to this funding would require congressional action.

Since opening its doors in 2017, the Center has seen a 2,000 percent increase in reports of abuse and misconduct. These continuously escalating reports not only reinforce the depth of the problem the Center is addressing but also demonstrate that more and more individuals are coming forward because they know the Center is a resource.

Note 2 - Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

Net assets of the Center are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Center.

Note 2 - Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. The Center does not currently maintain any net assets with donor restrictions.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board for an operating reserve to support and sustain the finances of the Center if faced with unanticipated and significant budgetary losses or changes. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all investments with an original maturity of three months or less when purchased to be cash equivalents. At December 31, 2023, cash equivalents totaled $5,548,873. There were no cash equivalents as of December 31, 2022. Periodically throughout the years ended December 31, 2023 and 2022, the Center has maintained balances in excess of federally insured limits.

Grants Receivable

Grants receivable represent amounts due resulting from the performance of requirements under grant agreements. The Center considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Trade Accounts Receivable

The Center’s trade accounts receivable balance consists of amounts due from customers for trainings to be provided. Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Center collectively evaluates trade receivables to determine the allowance for credit losses based on the type of customer. The Center calculates the allowance using an expected loss model that considers the Center’s actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Center considers knowledge of current economic conditions impacting customers when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. As of December 31, 2023 and 2022, management has determined that any allowance is insignificant and, therefore, has not recorded it.

Note 2 - Significant Accounting Policies (Continued)

Revenue Recognition

Unconditional promises to give cash and other assets to the Center are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional. Conditional promises to give are defined as those with a measurable performance or other barrier and a right of return. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which they are received are reported as contributions without donor restrictions in the accompanying financial statements.

A portion of the Center's revenue is derived from cost-reimbursable federal grants, which are conditional upon certain performance requirements or the incurrence of allowable qualifying expenses. Amounts awarded are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. The Center received cost-reimbursable grants of $2,417,926 and $2,603,694 that have not been recognized at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

The Center recognizes fee-for-service revenue for trainings provided. Revenue is recognized at a point in time when the trainings are provided. Revenue recognized at a point in time in 2023 and 2022 for trainings was $1,341,971 and $1,146,844, respectively. Participants are required to register and pay before the training occurs. The Center recognized deferred revenue of $217,329 and $163,843 as of December 31, 2023 and 2022, respectively, related to fees received for trainings that had not been provided yet.

The opening balance of accounts receivable related to contracts with customers as of January 1, 2023 and 2022 was $23,066 and $254,199, respectively. The opening balance of deferred revenue related to contracts with customers as of January 1, 2023 and 2022 was $163,843 and $138,919, respectively.

For the years ended December 31, 2023 and 2022, 90 percent and 94 percent, respectively, of the Center's revenue was provided by two supporters.

For both of the years ended December 31, 2023 and 2022, 100 percent of the Center's grants receivable balance was provided by one supporter.

Income Taxes

The Center is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Investments

Investments are reported at fair value, with unrealized gains and losses included in earnings. Fair value is determined as described in Note 5.

The Center invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased or fair value at the date of donation if in excess of $5,000. Depreciation and amortization are provided on the straight-line method based upon the estimated useful lives for owned assets, which range from three to seven years. The cost of leasehold improvements is depreciated (amortized) over the lesser of the length of the related leases or the estimated useful lives of the assets. Construction in progress is not depreciated until construction is complete and the assets are placed in service.

Capitalized Software Costs

The Center capitalizes significant costs incurred in the acquisition or development of software for internal use, including the costs of the software, materials, consultants, payroll, and payroll-related costs for employees incurred in developing internal-use computer software once final selection of the software is made. Costs incurred prior to the final selection of software and costs not qualifying for capitalization are charged to expense. Capitalized software costs are amortized over their useful lives of three years.

Leases

The Center has an operating lease, as described in Note 9. The Center recognizes expense for operating leases on a straight-line basis over the lease term. The Center made a policy election not to separate lease and nonlease components for all leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Center elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all leases.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs have been allocated between the various program and support services on several bases and estimates. Costs have been assigned between the various program and support services directly when possible (i.e., expenses directly attributable to specific programs and departments, such as most salaries, travel expenses, etc.), allocated based on employees' overall time spent on the functional areas and departments when not specifically identifiable (such as employees who work in more than one area), and allocated based on headcount (such as rent, office supplies, and expenses, etc.). Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 10, 2024, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

During 2023, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Center's billed and unbilled accounts receivable, by requiring the Center to recognize an allowance for all expected losses over the life of the financial assets at origination. This is different from the historical practice where an allowance was not recognized until the losses were considered probable. The Center adopted this standard using the modified retrospective transition method, but the adjustment to its opening balances was not significant.

Note 4 - Liquidity and Availability of Resources

The following reflects the Center's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2023	2022
Cash and cash equivalents	$ 8,117,588	$ 11,116,736
Receivables	416,107	272,819
Investments	5,983,338	-
Financial assets - At year end	14,517,033	11,389,555
Less those unavailable for general expenditures within one year due to - Board designations - Amounts set aside for operating reserve	8,350,000	6,350,000
Financial assets available to meet cash needs for general expenditures within one year	$ 6,167,033	$ 5,039,555

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The board-designated operating reserve could be undesignated by the board if needed.

The Center also realizes there could be unanticipated liquidity needs.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Center has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Center’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 5 - Fair Value Measurements (Continued)

The following table presents information about the Center's assets measured at fair value on a recurring basis at December 31, 2023 and the valuation techniques used by the Center to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2023
Assets				
Fixed income - Investment grade taxable	$ -	$ 4,089,214	$ -	$ 4,089,214
Fixed income - International developed bonds	-	956,655	-	956,655
Total assets	$ -	$ 5,045,869	$ -	$ 5,045,869

The investment balance includes $937,469 of cash equivalents that are not carried at fair value and are, therefore, not included in the table above.

Interest and investment income in 2023 and 2022 was as follows:

	2023	2022
Interest income	$ 841,183	$ 211,206
Realized and unrealized gains and losses	121,823	-
Total	$ 963,006	$ 211,206

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2023	2022
Leasehold improvements	$ 177,090	$ 177,090
Computers	24,259	24,259
Total cost	201,349	201,349
Accumulated depreciation	142,834	111,592
Net property and equipment	$ 58,515	$ 89,757

Depreciation expense for 2023 and 2022 was $31,242 and $32,032, respectively.

Note 7 - Capitalized Software

Capitalized software is summarized as follows:

	2023	2022
Capitalized software	$ 1,482,784	$ 1,392,740
Capitalized software in progress	453,562	359,530
Accumulated amortization	(1,359,267)	(1,252,062)
Net capitalized software	$ 577,079	$ 500,208

Amortization expense for 2023 and 2022 was $107,205 and $102,118, respectively.

Note 8 - Accrued Expenses

The following is the detail of accrued expenses:

	2023	2022
Accrued payroll	$ 337,724	$ 309,101
Accrued vacation	575,904	476,681
Other accrued liabilities	25,028	57,989
Total	$ 938,656	$ 843,771

Note 9 - Leases

The Center is obligated under an operating lease for office space, expiring in November 2025. The right-of-use asset and related lease liability have been calculated using a discount rate of 1.205 percent.

Future minimum annual commitments under this operating lease are as follows:

Years Ending December 31	Amount
2024	$ 200,243
2025	183,556
Total	383,799
Less amount representing interest	3,891
Present value of net minimum lease payments	379,908
Less current obligations	196,757
Long-term obligations under lease	$ 183,151

Note 9 - Leases (Continued)

Expenses recognized under this lease for the years ended December 31, 2023 and 2022 consist of the following:

	2023	2022
Operating lease cost	$ 201,131	$ 201,712
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	$ 200,243	$ 197,517
Right-of-use assets obtained in exchange for new operating lease liabilities	-	762,979
Weighted-average remaining lease term (years) - Operating leases	1.92	2.92
Weighted-average discount rate - Operating leases	1.2 %	1.2 %

Note 10 - Retirement Plans

The Center sponsors a 401(k) plan for substantially all employees. The plan provides for the Center to make a required matching contribution. Contributions to the plan totaled $415,327 and $463,349 for the years ended December 31, 2023 and 2022, respectively.