UNITED STATES CENTER FOR SAFESPORT

Financial Statements
and
Independent Auditors' Report
December 31, 2016

UNITED STATES CENTER FOR SAFESPORT

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8181 East Tufts Avenue, Suite 600
Denver, Colorado 80237-2521
P: 303-740-9400
F: 303-740-9009
www.EKSH.com

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United States Center for SafeSport
Denver, Colorado

We have audited the accompanying financial statements of United States Center for SafeSport (a non-profit corporation), which are comprised of the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Center for SafeSport as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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September 8, 2017
Denver, Colorado

UNITED STATES CENTER FOR SAFESPORT

Statement of Financial Position
December 31, 2016

Assets

Current assets		
Cash and cash equivalents	$	930,835
Contributions receivable		150,000
Prepaid expenses and other assets		94,344
Total current assets		1,175,179
Non-current assets		
Property and equipment		10,224
Capitalized software (includes $126,600 of in-kind contributions)		284,641
Total non-current assets		294,865
Total assets	$	1,470,044

Liabilities and Net Assets

Current liabilities		
Accounts payable	$	142,604
Accrued expenses		91,195
Deferred revenues		269,100
Total liabilities		502,899
Net assets		
Unrestricted		817,145
Temporarily restricted		150,000
Total net assets		967,145
Total liabilities and net assets	$	1,470,044

See notes to financial statements.

UNITED STATES CENTER FOR SAFESPORT

Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Contributions	$ 1,235,649	$ 150,000	$ -	$ 1,385,649
In-kind contributions	681,565	-	-	681,565
Membership	-	-	-	-
Total revenues	1,917,214	150,000	-	2,067,214
Expenses				
Program services	506,576	-	-	506,576
Fundraising	243,636	-	-	243,636
General and administrative	349,857	-	-	349,857
Total expenses	1,100,069	-	-	1,100,069
Increase in net assets	817,145	150,000	-	967,145
Net assets at beginning of year	-	-	-	-
Net assets at end of year	$ 817,145	$ 150,000	$ -	$ 967,145

See notes to financial statements.

UNITED STATES CENTER FOR SAFESPORT

Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities	
Change in net assets	$ 967,145
Adjustments to reconcile change in net assets to net cash provided by operating activities	
In-kind capitalized software contribution	(126,600)
Changes in assets and liabilities	
Contributions receivable	(150,000)
Prepaid expenses and other assets	(94,344)
Accounts payable	142,604
Accrued liabilities	91,195
Deferred revenues	269,100
Net cash provided by operating activities	1,099,100
Cash flows from investing activities	
Additions to property and equipment	(10,224)
Additions to capitalized software	(158,041)
Net cash used in investing activities	(168,265)
Net increase in cash and cash equivalents	930,835
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	$ 930,835

See notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The United States Center for SafeSport (the "Center"), a non-profit corporation, was incorporated in the state of Colorado in 2014. The Center's sole member was the United States Olympic Committee ("USOC") as of December 31, 2016. The Center's objective is to develop a national safe sport program, standards, and policies in the United States that promote a safe and positive environment for athletes' physical, emotional, and social development that is free of sexual misconduct, emotional misconduct, physical misconduct, bullying, harassment, and hazing. The Center works to create a safe, strengthening environment for athletes by providing education and outreach services and response and resolution services.

The Center works to interface with the USOC, the National Governing Bodies ("NGBs"), Paralympic Sports Organizations ("PSOs"), U.S. sport organizations, public and governmental organizations, private entities, and athletes on issues related to the safe sport program, standards, and policies. The Center's responsibility is to develop and deliver education, awareness, and prevention programming and to promote research regarding sexual and other misconduct for the benefit of the USOC, NGBs, PSOs, U.S. sport organizations, and athletes. The Center is also responsible to provide for the fair, timely and independent investigation and adjudication of sexual and other misconduct allegations.

The Center's planned principal operations commenced during 2016 and were funded primarily by contributions and in-kind contributions from the USOC. Prior to commencing principal operations, the national safe sport program was an initiative of the USOC. Beginning in 2017, the principal operations of the Center will be funded by required annual membership dues from NGBs, support from the USOC, and general contributions.

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.

Basis of Presentation

The Center follows Financial Accounting Standards Board ("FASB") guidance in Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Under ASC Topic 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

> Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in the Center's operations.
>
> Temporarily restricted amounts are monies restricted by donors specifically for certain time periods, purposes, or programs.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

> Permanently restricted amounts are assets that must be maintained permanently by the Center as required by donors, but the Center is permitted to use or expend part or all of any income derived from those assets. The Center did not have any permanently restricted net assets as of December 31, 2016.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio or otherwise encumbered.

Contributions

In accordance with accounting standards, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Center. Amounts of temporarily restricted contributions are subsequently released to unrestricted net assets when expenses have been incurred in satisfaction of those restrictions. Restrictions met in the same period in which the related contributions are received are recorded as unrestricted support.

For the year ended December 31, 2016, 85% and 14% of the Center's revenues were provided by two donors, respectively.

Contributions Receivable

Unconditional contributions are recognized as revenues in the period the contribution is received. Contributions are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. The Center believes that the contributions receivable are fully collectible.

At December 31, 2016, 100% of the Center's contributions receivable were from one donor.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue consists of membership funds received from NGBs for programs in which expenses will be incurred in the 2017 fiscal year. The revenue will be recognized in fiscal year 2017 when the services are provided and the related expenses are incurred.

Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and, as such, is subject to federal income taxes on unrelated business income. The Center had no unrelated business income during the year ended December 31, 2016.

The Center applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken, or expected to be taken, in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2016. If incurred, interest and penalties associated with tax positions would be recorded in the period assessed as administrative and general expense. No interest or penalties have been assessed as of December 31, 2016.

Property and Equipment

Property and equipment obtained by the Center is recorded at cost or fair value of donation. 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, or the related lease terms for leasehold improvements.

Capitalized Software

Direct costs incurred in the development of software are capitalized once the preliminary project stage is completed, management has committed to funding the project, and completion and use of the software for its intended purpose are probable. The Center ceases capitalization of development costs once the software has been substantially completed and is ready for its intended use. Software development costs are amortized over their estimated useful lives of three years. Costs associated with upgrades and enhancements that result in additional functionality are capitalized. The Center anticipates the capitalized software to be placed into service in 2017.

In-Kind Contributions of Goods and Services

Goods

In-kind contributions of goods are recorded at fair value on the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of goods are recorded as unrestricted support.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

In-Kind Contributions of Goods and Services (continued)

Services

The Center received in-kind services as part of its shared services agreement with the USOC (see Note 6). In-kind contributions of services are recorded at fair value of the service.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the appropriate programs and supporting services.

Concentrations of Credit Risk

Financial instruments that potentially subject the Center to concentrations of credit risk consist of money market accounts and contributions receivable. The Center places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. As of December 31, 2016, the Center's cash accounts exceeded federally insured limits by approximately $680,000.

Subsequent Events

The Center has evaluated all subsequent events through the auditors' report date, which is the date these financial statements were available to be issued, and has determined the following event required disclosure:

Effective March 2017, through amendment to the bylaws of the Center, the USOC has been removed as the sole member of the Center.

Note 2 - Contributions Receivable

Contributions receivable consist of one pledge in the amount of $300,000, of which $150,000 was collected during 2016, and the remaining $150,000 is expected to be collected during 2017.

Note 3 - Property and Equipment

The Center's property and equipment comprised the following as of December 31, 2016:

Leasehold improvements	$ 10,224
Less accumulated amortization	-
	$ 10,224

Note 3 - Property and Equipment (continued)

The Center moved into a new office space during November 2016, and the amortization on the leasehold improvements for the year ended December 31, 2016 was de minimis; therefore, none was recorded.

Note 4 - Contributed Goods and Services

Contributed goods and services are recorded as contributions at their estimated fair values on the date of donation. The contributed goods or services were all paid or provided by the USOC. In-kind contributions consisted of the following at December 31, 2016:

In-kind contributions	
Salaries, wages, and benefits	$ 164,990
Capitalized software	126,600
Professional services	120,590
Outside services	109,166
Insurance	79,671
Travel, conferences, and trainings	71,744
Other	8,804
Total in-kind contributions	681,565
In-kind capitalized software	(126,600)
Total in-kind expense	$ 554,965

Note 5 - Operating Leases

The Center leases office space and a copier under non-cancelable operating lease agreements that require monthly payments totaling approximately $5,000. The office lease increases every 12 months over the term of the lease until expiration at October 1, 2021.

Amounts due under these lease agreements are as follows:

For the Year Ending December 31,	
2017	$ 13,383
2018	61,464
2019	63,176
2020	61,056
2021	51,837
Total	$ 250,916

Note 6 - Related Party

The Center had a shared service agreement with the USOC whereby the USOC provided personnel, goods, facilities use, and services through December 31, 2016. All services provided under the shared service agreement were recorded by the Center as in-kind contributions and expenses or goods, which were capitalized.

The Center received contributions and in-kind contribution revenue from the USOC for the year ended December 31, 2016 of $1,070,000 and $681,565, respectively. As of December 31, 2016, the Center had accounts payable to the USOC of $142,604.