United States Center for SafeSport

Financial Report

December 31, 2020

Contents

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Independent Auditor's Report

To the Board of Directors
United States Center for SafeSport

Report on the Financial Statements

We have audited the accompanying financial statements of United States Center for SafeSport (the "Center"), which comprise the statement of financial position as of December 31, 2020 and 2019 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements for the year ended December 31, 2019 were not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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, 2020 and 2019 and its changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
United States Center for SafeSport

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2021 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 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 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 5, 2021

Statement of Financial Position

December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 4,409,459	$ 2,442,117
Receivables:		
Accounts receivable - Net	326,196	140,675
Grants receivable	512,573	113,004
Prepaid expenses and other current assets	661,564	179,754
Total current assets	5,909,792	2,875,550
Property and Equipment - Net (Note 4)	120,220	224,450
Capitalized Software - Net (Note 5)	166,264	453,389
Total assets	**$ 6,196,276**	**$ 3,553,389**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 717,750	$ 402,129
Accrued expenses (Note 6)	344,413	382,507
Deferred revenue	134,183	80,812
Paycheck Protection Program loan - Current	464,780	-
Total current liabilities	1,661,126	865,448
Paycheck Protection Program Loan - Net of current portion	373,220	-
Total liabilities	2,034,346	865,448
Net Assets		
Without donor restrictions:		
Undesignated	1,661,930	2,512,941
Board designated - Operating reserve	2,500,000	-
Total without donor restrictions	4,161,930	2,512,941
With donor restrictions	-	175,000
Total net assets	4,161,930	2,687,941
Total liabilities and net assets	**$ 6,196,276**	**$ 3,553,389**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
USOPC grant and support	$ 11,510,000	$ -	$ 11,510,000	$ 7,531,312	$ -	$ 7,531,312
NGB fees	2,540,594	-	2,540,594	2,071,371	-	2,071,371
Federal grants	2,010,290	-	2,010,290	676,856	-	676,856
Fees for service	423,142	-	423,142	554,555	-	554,555
Contributions	15,046	-	15,046	28,286	150,000	178,286
Other income	18,468	-	18,468	27,572	-	27,572
Net assets released from restrictions	175,000	(175,000)	-	309,000	(309,000)	-
Total revenue, gains, other support and net assets released from restrictions	16,692,540	(175,000)	16,517,540	11,198,952	(159,000)	11,039,952
Expenses						
Program services	11,211,932	-	11,211,932	7,604,895	-	7,604,895
Support services:						
Fundraising	62,648	-	62,648	108,074	-	108,074
General and administrative	3,768,971	-	3,768,971	1,766,619	-	1,766,619
Total support services	3,831,619	-	3,831,619	1,874,693	-	1,874,693
Total expenses	15,043,551	-	15,043,551	9,479,588	-	9,479,588
Increase (Decrease) in Net Assets	1,648,989	(175,000)	1,473,989	1,719,364	(159,000)	1,560,364
Net Assets - Beginning of year	2,512,941	175,000	2,687,941	793,577	334,000	1,127,577
Net Assets - End of year	**$ 4,161,930**	**$ -**	**$ 4,161,930**	**$ 2,512,941**	**$ 175,000**	**$ 2,687,941**

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2020

	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	$ 930,036	$ 1,150,746	$ 3,871,723	$ 5,952,505	$ 37,293	$ 2,287,881	$ 8,277,679
Travel	12,612	14,978	20,850	48,440	-	15,996	64,436
Professional fees	25,312	437,133	1,603,409	2,065,854	13,998	796,500	2,876,352
Technology	81,570	1,359,667	581,555	2,022,792	-	369,009	2,391,801
Professional education	1,493	6,814	25,205	33,512	-	22,764	56,276
Insurance	42,822	52,671	205,160	300,653	3,970	92,369	396,992
Depreciation and amortization	2,354	308,942	13,461	324,757	3,334	5,345	333,436
Rent	24,275	31,891	119,758	175,924	2,331	54,835	233,090
Office supplies and other	31,938	69,795	185,762	287,495	1,722	124,272	413,489
Total functional expenses	**$ 1,152,412**	**$ 3,432,637**	**$ 6,626,883**	**$ 11,211,932**	**$ 62,648**	**$ 3,768,971**	**$ 15,043,551**

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2019

	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	$ 347,444	$ 685,205	$ 2,483,599	$ 3,516,248	$ 53,982	$ 1,116,716	$ 4,686,946
Travel	27,806	34,864	70,873	133,543	-	71,317	204,860
Professional fees	21,870	1,017,149	1,442,933	2,481,952	24,784	386,328	2,893,064
Technology	3,981	213,079	195,345	412,405	24,856	11,684	448,945
Professional education	-	90	903	993	-	4,169	5,162
Insurance	25,563	54,255	181,061	260,879	1,665	70,510	333,054
Depreciation and amortization	2,073	398,249	15,898	416,220	423	5,904	422,547
Rent	12,887	31,942	104,408	149,237	961	42,008	192,206
Office supplies and equipment	6,375	46,684	180,359	233,418	1,403	57,983	292,804
Total functional expenses	**$ 447,999**	**$ 2,481,517**	**$ 4,675,379**	**$ 7,604,895**	**$ 108,074**	**$ 1,766,619**	**$ 9,479,588**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	$ 1,473,989	$ 1,560,364
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	333,436	422,547
Loss on disposal of property and equipment	102,708	-
Bad debt expense	138,954	-
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(324,475)	120,996
Grants receivable	(399,569)	(122,032)
Prepaid expenses and other assets	(481,810)	(13,976)
Accounts payable	315,621	210,995
Accrued expenses	(38,094)	(301,879)
Deferred revenue	53,371	(685,005)
Net cash and cash equivalents provided by operating activities	1,174,131	1,192,010
Cash Flows from Investing Activities		
Purchases of property and equipment	(24,259)	(67,729)
Additions to capitalized software	(20,530)	(51,150)
Net cash and cash equivalents used in investing activities	(44,789)	(118,879)
Cash Flows Provided by Financing Activities - Proceeds from Paycheck Protection Program loan	838,000	-
Net Increase in Cash and Cash Equivalents	1,967,342	1,073,131
Cash and Cash Equivalents - Beginning of year	2,442,117	1,368,986
Cash and Cash Equivalents - End of year	**$ 4,409,459**	**$ 2,442,117**

See notes to financial statements.

Note 1 - Nature of Business

United States Center for SafeSport (the "Center"), an independent nonprofit corporation, was incorporated in the State of Colorado in 2014. The Center's primary objective is the development and implementation of a national SafeSport program for athletes of all ages and abilities that promotes an environment free from sexual misconduct, emotional misconduct, physical misconduct, bullying, harassment, and hazing. This program includes standards, policies, and guidelines that focus on athletes' physical, emotional, and social development. The Center also works to improve the overall athletic experience by providing response and resolution services, audit and compliance services, education and training, outreach services, and abuse prevention tools and resources.

The Center primarily interfaces with the United States Olympic & Paralympic Committee (USOPC), the National Governing Bodies (NGBs), U.S. sport organizations, public and governmental organizations, private entities, and athletes on issues related to the SafeSport program. The Center's responsibility is to develop and deliver education, awareness, and abuse prevention programming; promote research; and develop best practices regarding the prevention of sexual and other misconduct for the benefit of the USOPC, NGBs, HPMOs, U.S. sport organizations, and athletes. The Center is also responsible for providing the fair, timely, and independent investigation and adjudication of sexual and other misconduct allegations. The Center's audit and compliance team conducts regular and random audits of NGBs and the USOPC to ensure training is administered consistently and appropriately and policies and procedures are implemented correctly.

The Center's planned principal operations commenced during 2016 and were funded primarily by contributions and in-kind contributions from the USOPC. Prior to commencing principal operations, the national SafeSport program was an initiative of the USOPC. Beginning in 2017, the principal operations of the Center are funded by required annual support from the USOPC, annual fees from NGBs, grants, and general contributions.

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.

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.

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.

Note 2 - Significant Accounting Policies (Continued)

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 unless held for reinvestment as part of the investment portfolio or otherwise encumbered.

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.

Accounts Receivable

Accounts receivable represent amounts due from the NGBs for annual fees and amounts due from customers for trainings to be provided. The Center has allowance for doubtful accounts as of December 31, 2020 and 2019 of $137,894 and $0, respectively.

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 within the same year as 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 $4,125,291 and $3,855,934 that have not been recognized at December 31, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred.

The Center recognizes revenue from the annual fees charged to the NGBs. The Center has performance obligations to provide services throughout the year for response and resolution for investigations, to provide education and outreach, and to provide trainings throughout the year. Revenue is recognized ratably throughout the year as the services are performed. Revenue recognized over time in 2020 and 2019 related to annual fees was $2,540,594 and $2,071,371, respectively. The balance of the HPMOs deferred revenue as of December 31, 2020 and 2019 was $0 and $17,955, respectively.

Note 2 - Significant Accounting Policies (Continued)

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 2020 and 2019 for trainings was $423,142 and $554,555, respectively. Participants are required to register and pay before the training occurs. The Center recognized deferred revenue of $134,183 and $62,857 as of December 31, 2020 and 2019, 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, 2020 and 2019, was $326,196 and $140,675, respectively.

For the years ended December 31, 2020 and 2019, 82 percent and 68 percent, respectively, of the Center's revenue was provided by two and one supporter, respectively.

For both the years ended December 31, 2020 and 2019, 100 percent of the Center's grants receivable balance was provided by one and two supporters, respectively.

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).

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.

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 programs and support services on several bases and estimates. Costs have been assigned between the various programs 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.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases (Topic 842),* which will supersede the current lease requirements in Accounting Standards Codification 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Center's year ending December 31, 2022 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Center’s financial statements as a result of the Center's operating leases, as disclosed in Note 8, that will be reported on the statement of financial position at adoption. Upon adoption, the Center will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 5, 2021, which is the date the financial statements were available to be issued.

Note 3 - Liquidity

The Center has $5,248,228 and $2,695,796 of financial assets available within one year of December 31 to meet cash needs for general expenditures consisting of cash of $4,409,459 and $2,442,117 and receivables of $838,769 and $253,679 as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, $2,500,000 and $175,000, respectively, of the financial assets are subject to donor, board, or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019
Leasehold improvements	$ 145,821	$ 145,821
Computers	24,259	-
Furniture and fixtures	-	54,684
Construction in progress	-	60,000
Total cost	170,080	260,505
Accumulated depreciation	49,860	36,055
Net property and equipment	$ 120,220	$ 224,450

Depreciation expense for 2020 and 2019 was $25,523 and $28,946, respectively.

Note 5 - Capitalized Software

Capitalized software is summarized as follows:

	2020	2019
Capitalized software	$ 1,269,111	$ 1,248,323
Accumulated amortization	(1,102,847)	(794,934)
Net capitalized software	$ 166,264	$ 453,389

Amortization expense for 2020 and 2019 was $307,913 and $393,601, respectively.

Note 6 - Accrued Expenses

The following is the detail of accrued expenses:

	2020	2019
Accrued payroll	$ 12,058	$ 131,185
Accrued bonus	-	91,970
Accrued vacation	307,162	136,921
Other accrued liabilities	25,193	22,431
Total	$ 344,413	$ 382,507

Note 7 - Paycheck Protection Program loan

During the year ended December 31, 2020, the Center received a Paycheck Protection Program (PPP) loan in the amount of $838,000. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Center may use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid by April 15, 2022, with interest accruing at a rate of 1 percent and monthly payments of principal and interest beginning seven months after the conclusion of the covered period. Based on the loan amount, irrespective of any potential forgiveness that may be granted in the future, monthly principal payments would be approximately $47,250 during the repayment period. The repayment schedule is based on estimates for the payment start date and the monthly payment amounts, which are subject to uncertainty.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

At December 31, 2020, the outstanding balance on the PPP loan is $838,000, which is classified as debt on the statement of financial position. The Center received forgiveness on April 2, 2021 for the full amount of the loan.

Note 8 - Operating Leases

The Center is obligated under noncancelable operating lease agreements, primarily for office space and a copier, that require monthly payments totaling approximately $20,000. The office lease increases every 12 months over the term of the lease until expiration in November 2025. The other leases expire at dates ranging from June 2020 to January 2023.

Note 8 - Operating Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2021	$ 209,042
2022	202,600
2023	200,666
2024	200,243
2025	183,556
Total	$ 996,107