United States Center for SafeSport

Financial Report

December 31, 2022

Contents

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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, 2022 and 2021 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, 2022 and 2021 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.

Emphasis of Matter

As described in Note 3 to the financial statements, on January 1, 2022, the Center adopted Accounting Standards Codification (ASC) 842, *Leases*, using the modified retrospective adoption method. Our opinion is not modified with respect to this matter.

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 4, 2023 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 4, 2023

Statement of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 11,116,736	$ 8,070,896
Receivables:		
Accounts receivable - Net	23,066	254,199
Grants receivable	249,753	363,707
Prepaid expenses and other current assets	381,585	486,847
Total current assets	11,771,140	9,175,649
Property and Equipment - Net	89,757	121,789
Right-of-use Operating Lease Assets	571,584	-
Capitalized Software - Net	500,208	476,178
Total assets	**$ 12,932,689**	**$ 9,773,616**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 448,236	$ 586,227
Accrued expenses	843,771	878,133
Deferred revenue	163,843	138,919
Current portion of operating lease liabilities	194,402	-
Total current liabilities	1,650,252	1,603,279
Operating Lease Liabilities - Net of current portion	379,212	-
Total liabilities	2,029,464	1,603,279
Net Assets		
Without donor restrictions:		
Undesignated	4,553,225	2,670,337
Board designated - Operating reserve	6,350,000	5,500,000
Total net assets without donor restrictions	10,903,225	8,170,337
Total liabilities and net assets	**$ 12,932,689**	**$ 9,773,616**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2022 and 2021

	2022			2021		
	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	2,388,709	-	2,388,709	3,333,725	-	3,333,725
Fees for service	1,146,844	-	1,146,844	1,077,805	-	1,077,805
Contributions	8,429	-	8,429	14,037	-	14,037
Other income	217,306	-	217,306	101,912	-	101,912
Total revenue, gains, and other support	23,761,288	-	23,761,288	24,527,479	-	24,527,479
Expenses						
Program services	16,071,196	-	16,071,196	16,551,398	-	16,551,398
Support services:						
Fundraising	91,522	-	91,522	126,221	-	126,221
General and administrative	4,865,682	-	4,865,682	4,679,453	-	4,679,453
Total support services	4,957,204	-	4,957,204	4,805,674	-	4,805,674
Total expenses	21,028,400	-	21,028,400	21,357,072	-	21,357,072
Increase in Net Assets - Before nonoperating income	2,732,888	-	2,732,888	3,170,407	-	3,170,407
Nonoperating Income - Forgiveness of debt income	-	-	-	838,000	-	838,000
Increase in Net Assets	2,732,888	-	2,732,888	4,008,407	-	4,008,407
Net Assets - Beginning of year	8,170,337	-	8,170,337	4,161,930	-	4,161,930
Net Assets - End of year	**$ 10,903,225**	**$ -**	**$ 10,903,225**	**$ 8,170,337**	**$ -**	**$ 8,170,337**

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 Functional Expenses

Year Ended December 31, 2021

	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	$ 997,386	$ 1,518,014	$ 6,191,659	$ 8,707,059	$ 21,705	$ 2,914,831	$ 11,643,595
Travel	81,387	39,364	62,078	182,829	-	38,015	220,844
Professional fees	46,119	636,103	1,777,977	2,460,199	93,578	941,620	3,495,397
Legal fees	15,026	14,665	1,126,058	1,155,749	-	298,264	1,454,013
Technology	69,586	2,324,174	750,602	3,144,362	-	190,931	3,335,293
Professional education	4,127	5,849	55,223	65,199	-	38,632	103,831
Insurance	39,983	48,195	237,157	325,335	4,378	108,042	437,755
Depreciation and amortization	2,487	156,925	16,770	176,182	1,852	5,608	183,642
Rent	18,730	20,857	109,498	149,085	2,012	50,128	201,225
Office supplies and other	14,845	23,532	147,022	185,399	2,696	93,382	281,477
Total functional expenses	**$ 1,289,676**	**$ 4,787,678**	**$ 10,474,044**	**$ 16,551,398**	**$ 126,221**	**$ 4,679,453**	**$ 21,357,072**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Increase in net assets	$ 2,732,888	$ 4,008,407
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	134,150	183,642
Loss on disposal of capitalized software	19,837	-
Bad debt expense	-	4,185
Gain on forgiveness of debt	-	(838,000)
Amortization of right-of-use operating lease assets	191,395	-
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	231,133	67,812
Grants receivable	113,954	148,866
Prepaid expenses and other assets	105,262	174,717
Accounts payable	(137,991)	(131,523)
Accrued expenses	(34,362)	533,720
Deferred revenue	24,924	4,736
Operating lease liability	(189,365)	-
Net cash and cash equivalents provided by operating activities	3,191,825	4,156,562
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(31,269)
Additions to capitalized software	(145,985)	(463,856)
Net cash and cash equivalents used in investing activities	(145,985)	(495,125)
Net Increase in Cash and Cash Equivalents	3,045,840	3,661,437
Cash and Cash Equivalents - Beginning of year	8,070,896	4,409,459
Cash and Cash Equivalents - End of year	**$ 11,116,736**	**$ 8,070,896**

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, 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 principal operations commenced in 2016 and were funded primarily by contributions from the USOPC. Prior to commencing principal operations, the national SafeSport program was an initiative of the USOPC. Once the Center formally opened in early 2017, the principal operations of the Center were funded by annual support from the USOPC, annual fees from NGBs, grants, and general contributions. Effective January 1, 2021, consistent annual center funding from the U.S. Olympic and Paralympic Movement was solidified by enactment of the federal Empowering Olympic, Paralympic, and Amateur Athletes Act of 2020.

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. There were no cash equivalents as of December 31, 2022 and 2021. Periodically throughout the years ended December 31, 2022 and 2021, 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.

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 no allowance for doubtful accounts as of December 31, 2022 and 2021.

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 $2,603,694 and $3,058,730 that have not been recognized at December 31, 2022 and 2021, 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 2022 and 2021 for trainings was $1,146,844 and $1,077,805, respectively. Participants are required to register and pay before the training occurs. The Center recognized deferred revenue of $163,843 and $138,919 as of December 31, 2022 and 2021, 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, 2022 and 2021 was $254,199 and $326,196, respectively. The opening balance of deferred revenue related to contracts with customers as of January 1, 2022 and 2021 was $138,919 and $134,183, respectively.

Note 2 - Significant Accounting Policies (Continued)

For the years ended December 31, 2022 and 2021, 94 percent and 95 percent, respectively, of the Center's revenue was provided by two supporters.

For both of the years ended December 31, 2022 and 2021, 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).

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 4, 2023, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of January 1, 2022, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-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. The Center elected to adopt the ASU using the modified retrospective method as of January 1, 2022 and applied the following practical expedients:

- The Center did not reassess if expired or existing contracts are or contain a lease.
- The Center did not reassess the lease classification for expired or existing leases.
- The Center did not reassess initial direct costs for any existing leases.
- The Center used hindsight to determine the lease term and to assess impairment of the right-of-use assets for existing leases.

As a result of the adoption of the ASU, the Center recorded a right-of-use asset of $762,979 and a lease liability of $762,979 as of January 1, 2022 for the existing operating lease. There was no impact on net assets as a result of adopting the new ASU.

Note 4 - Liquidity and Availability of Resources

The Center has $11,389,555 and $8,688,802 of financial assets available within one year of December 31, 2022 and 2021 to meet cash needs for general expenditures consisting of cash of $11,116,736 and $8,070,896 and receivables of $272,819 and $617,906, respectively. As of December 31, 2022 and 2021, $6,350,000 and $5,500,000, 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 Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021
Leasehold improvements	$ 177,090	$ 177,090
Computers	24,259	24,259
Total cost	201,349	201,349
Accumulated depreciation	111,592	79,560
Net property and equipment	$ 89,757	$ 121,789

Depreciation expense for 2022 and 2021 was $32,032 and $29,701, respectively.

Note 6 - Capitalized Software

Capitalized software is summarized as follows:

	2022	2021
Capitalized software	$ 1,392,740	$ 1,356,243
Capitalized software in progress	359,530	376,723
Accumulated amortization	(1,252,062)	(1,256,788)
Net capitalized software	$ 500,208	$ 476,178

Note 6 - Capitalized Software (Continued)

Amortization expense for 2022 and 2021 was $102,118 and $153,941, respectively.

Note 7 - Accrued Expenses

The following is the detail of accrued expenses:

	2022	2021
Accrued payroll	$ 309,101	$ 375,799
Accrued vacation	476,681	462,328
Other accrued liabilities	57,989	40,006
Total	$ 843,771	$ 878,133

Note 8 - 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.

During 2021, the Center applied for and received forgiveness of the loan from the SBA. Loan forgiveness in the amount of $838,000 has been recorded as forgiveness of debt income in nonoperating income on the statement of activities and changes in net assets.

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
2023	$ 200,243
2024	200,243
2025	183,555
Total	584,041
Less amount representing interest	10,427
Present value of net minimum lease payments	573,614
Less current obligations	194,402
Long-term obligations under leases	$ 379,212

Note 9 - Leases (Continued)

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

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

Total rent expense under this lease was $201,225 for 2021.

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 $463,349 and $365,968 for the years ended December 31, 2022 and 2021, respectively.