Grant Thornton

Consolidated Financial Statements and Report of Independent Certified Public Accountants

United States Olympic Committee

December 31, 2016 and 2015

Contents

Report of Independent Certified Public Accountants

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The Board of Directors
United States Olympic Committee:

Report on the financial statements

We have audited the accompanying consolidated financial statements of the United States Olympic Committee and subsidiaries (the "Committee"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the period ended December 31, 2016, 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of the United States Olympic Endowment ("USOE"), which statements reflect 45.2 and 52.0 percent of the Committee's total assets as of December 31, 2016 and 2015, respectively, and 2.5 percent of the Committee's total revenues for the year ended December 31, 2016 and 4.6 percent for the four-year period ended December 31, 2016. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the USOE, is based solely on the report of the other auditors. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Committee's preparation and fair presentation of the consolidated 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 Committee'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 consolidated 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, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United States Olympic Committee and subsidiaries as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the periods ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in schedules 1 – 3 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities and is not a required part of the consolidated financial statements. The supplementary information included in schedule 4 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

GRANT THORNTON LLP

Denver, Colorado
June 9, 2017

Consolidated statements of financial position

	As of December 31,	
	2016	2015
	(In thousands)	
Assets		
Cash and cash equivalents	$ 166,265	$ 73,551
Restricted cash, cash equivalents and investments	15,101	12,754
Investments	244,545	243,764
Accounts receivables, net		
Pledges	30,771	31,820
Royalties and marks rights	13,605	13,157
Other	18,902	15,758
Prepaid expenses and other assets	4,228	24,078
Inventories, net	1,668	1,842
Investments held for deferred compensation arrangements	1,007	820
Land, buildings, and equipment, net	78,094	82,003
Total assets	$ 574,186	$ 499,547
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities	$ 30,361	$ 27,497
Accounts payable for investment securities purchased	49	61
Assets held on behalf of others	53,305	52,395
Deferred revenue	29,906	37,881
Deferred compensation arrangements	1,007	820
Total liabilities	114,628	118,654
Net assets		
Unrestricted	413,113	335,252
Temporarily restricted	28,140	30,080
Permanently restricted	18,305	15,561
Total net assets	459,558	380,893
Total liabilities and net assets	$ 574,186	$ 499,547

Consolidated statement of activities

	Year ended December 31, 2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
	(In thousands)			
Support and revenue				
Contributions	$ 24,277	$ 7,045	$ 2,720	$ 34,042
Less direct donor benefits	(1,434)	-	-	(1,434)
Net contribution income	22,843	7,045	2,720	32,608
Broadcast rights and related interest income	169,493	-	-	169,493
USOC marks rights income	103,812	-	-	103,812
Licensing royalty income	20,551	-	-	20,551
Investment income	9,154	426	24	9,604
Other	15,380	-	-	15,380
Net assets released from restrictions	9,411	(9,411)	-	-
Total support and revenue	350,644	(1,940)	2,744	351,448
Expenses				
Program services				
Member support	80,204	-	-	80,204
U.S. Paralympics	16,916	-	-	16,916
Member services				
Olympic training centers	30,262	-	-	30,262
National events	6,467	-	-	6,467
International competition	42,614	-	-	42,614
Sports science	1,149	-	-	1,149
Drug control	4,735	-	-	4,735
Public relations	4,006	-	-	4,006
Sports medicine	7,017	-	-	7,017
Education and archival services	4,034	-	-	4,034
International relations	2,303	-	-	2,303
Coaching programs	687	-	-	687
Broadcasting	10,004	-	-	10,004
Other	2,458	-	-	2,458
Total program services	212,856	-	-	212,856
Supporting services				
Fundraising	15,788	-	-	15,788
Sales and marketing	27,667	-	-	27,667
General and administrative	16,472	-	-	16,472
Total supporting services	59,927	-	-	59,927
Total expenses	272,783	-	-	272,783
Changes in net assets	77,861	(1,940)	2,744	78,665
Net assets, beginning of year	335,252	30,080	15,561	380,893
Net assets, end of year	$ 413,113	$ 28,140	$ 18,305	$ 459,558

Consolidated statement of activities

	Four-year period ended December 31, 2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
	(In thousands)			
Support and revenue				
Contributions	$ 112,838	$ 47,789	$ 7,766	$ 168,393
Less direct donor benefits	(9,809)	(98)	-	(9,907)
Net contribution income	103,029	47,691	7,766	158,486
Broadcast rights and related interest income	284,896	-	-	284,896
USOC marks rights income	387,098	-	-	387,098
Licensing royalty income	37,692	-	-	37,692
Investment income	45,869	986	108	46,963
Other	52,697	-	-	52,697
Net assets released from restrictions	47,554	(47,554)	-	-
Total support and revenue	958,835	1,123	7,874	967,832
Expenses				
Program services				
Member support	302,866	-	-	302,866
U.S. Paralympics	76,347	-	-	76,347
Member services				
Olympic training centers	118,669	-	-	118,669
National events	8,989	-	-	8,989
International competition	74,451	-	-	74,451
Sports science	4,718	-	-	4,718
Drug control	18,348	-	-	18,348
Public relations	13,849	-	-	13,849
Sports medicine	22,762	-	-	22,762
Education and archival services	16,915	-	-	16,915
International relations	14,098	-	-	14,098
Coaching programs	2,500	-	-	2,500
Broadcasting	30,521	-	-	30,521
Other	6,646	-	-	6,646
Total program services	711,679	-	-	711,679
Supporting services				
Fundraising	60,346	-	-	60,346
Sales and marketing	67,203	-	-	67,203
General and administrative	59,397	-	-	59,397
Total supporting services	186,946	-	-	186,946
Total expenses	898,625	-	-	898,625
Changes in net assets before loss on impairment	60,210	1,123	7,874	69,207
Loss on impairment	(17,025)	-	-	(17,025)
Changes in net assets	43,185	1,123	7,874	52,182
Net assets, beginning of period	369,928	27,017	10,431	407,376
Net assets, end of period	$ 413,113	$ 28,140	$ 18,305	$ 459,558

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

	Year ended December 31, 2016	Four-year period ended December 31, 2016
	(In thousands)	
Operating activities		
Changes in net assets	$ 78,665	$ 52,182
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Provision for losses on accounts receivable	501	2,008
Depreciation	9,270	38,287
Loss on asset disposals	528	1,019
Loss on impairment	-	17,025
Net realized gain on investments	(4,011)	(31,242)
Net unrealized gain on investments	(4,815)	(10,847)
Contributions and investment income restricted for investment in endowment	(1,010)	(5,146)
Net withdrawals by amateur sports organizations	(1,918)	(10,449)
Changes in assets and liabilities		
Increase in receivables	(3,044)	(31,334)
Decrease in prepaid expenses and other assets	19,850	911
Decrease in inventories	174	170
Increase in investments held for deferred compensation arrangements	(187)	(700)
Increase (decrease) in accounts payable and accrued liabilities	2,864	(6,936)
Decrease in deferred revenues	(7,975)	(6,288)
Increase in deferred compensation arrangements	187	700
Net cash provided by operating activities	89,079	9,360
Investing activities		
Purchase of investment securities	(40,281)	(367,767)
Proceeds from sale and maturities of investment securities	51,143	506,670
Changes in restricted cash and investments	(2,347)	6,099
Purchase of building improvements and equipment	(5,890)	(41,659)
Net cash provided by investing activities	2,625	103,343
Financing activities		
Contributions and investment income restricted for investment in endowment	1,010	5,146
Net cash provided by financing activities	1,010	5,146
Net increase in cash and cash equivalents	92,714	117,849
Cash and cash equivalents, beginning of period	73,551	48,416
Cash and cash equivalents, end of period	$ 166,265	$ 166,265
Supplemental cash flow information		
Value-in-kind consideration received for marks rights and licensing royalty income	$ 20,304	$ 72,253

The accompanying notes are an integral part of these consolidated financial statements.

Notes to consolidated financial statements

Note A – Summary of significant accounting policies

Organization

The United States Olympic Committee (USOC) was established by an Act of Congress for the purpose of establishing national goals for amateur athletic activities and to aid in and encourage the attainment of those goals. The USOC is charged with the task of coordinating and developing amateur athletic activity in the United States, which directly relates to international amateur athletic competition. In addition, the USOC exercises exclusive jurisdiction over all matters pertaining to the participation of the United States in the Olympic, Paralympic, Pan American and Parapan American Games. The USOC also represents the United States as its National Olympic Committee in relations with the International Olympic Committee (IOC) and the Pan American Sports Organization, and as its National Paralympic Committee with the International Paralympic Committee.

The USOC is governed by a board of directors, composed of six independent directors, three members selected from individuals nominated by the National Governing Bodies' (NGB) Council, three members selected from individuals nominated by the Athletes' Advisory Council, all U.S. members of the IOC (currently three) who are ex-officio directors on the board, and the CEO as an ex-officio non-voting member. As of December 31, 2016, the board had no vacant positions.

Quadrennial accounting period

The USOC's activities are organized within a four-year cycle ending in the year the Olympic Games are held; accordingly, the consolidated financial statements include the changes in net assets and cash flows for the year ended December 31, 2016 and the four-year period ended December 31, 2016, the final year of the four-year cycle.

Principles of consolidation

The consolidated financial statements include the accounts of the USOC and its wholly owned subsidiary, SportsMed LLC (SportsMed). SportsMed is a limited liability corporation whose purpose is to provide medical care to athletes at the Colorado Springs Olympic Training Center. The minority interest holder in SportsMed was HealthSouth Corporation (HS). The USOC's ownership interest in SportsMed was 100% at December 31, 2016 and December 31, 2015. The USOC's ownership was increased each year as an additional 2.5% ownership interest is transferred from HS to the USOC, resulting in 100% ownership by the USOC in 2015.

Note A – Summary of significant accounting policies (continued)

Principles of consolidation (continued)

The consolidated financial statements also include the accounts of the United States Olympic and Paralympic Foundation (USOPF). The USOPF is a 501(c)(3) not-for-profit corporation formed in 2013 to transform the level of philanthropic support directed to the USOC to fund America's Olympic and Paralympic athletes. The USOPF's fundraising initiatives are grounded in the USOC's mission and are designed to help American athletes achieve sustained competitive excellence. The USOC is the sole beneficiary and corporate member of the USOPF. As the sole member, the USOC approves all nominations to the USOPF board of directors. The USOC consolidates the accounts of the USOPF as a result. All intercompany accounts and transactions have been eliminated in consolidation.

In addition, the consolidated financial statements also include the accounts of USOC HOSPITALITY, SERVICOS, COMERCIO, IMPORTACAO E EXPORTACAO LTDA (Hospitality). Hospitality is a limited liability company, incorporated in Brazil in 2015. Its primary purposes are to promote development in sport and serve as agent for the USOC in Brazil in connection with the Rio 2016 Olympic Games. Hospitality also prepared and organized Rio 2016 Olympic Games related hosting and events for the USOC and USOPF. In addition, Hospitality operated a retail store that promoted the United States Olympic Team during the Rio 2016 Olympic Games. The USOC and the USOPF's ownership interests in USOC Hospitality are 99% and 1%, respectively. As of December 31, 2016 and 2015, the USOC contributed capital to Hospitality in the amount of $2,403,000 and $2,633,000, respectively. As of December 31, 2016 and 2015, the USOPF contributed capital to Hospitality in the amount of $35,000 and $0, respectively. Due to the USOC and USOPF's combined 100% ownership, the accounts of Hospitality are consolidated with those of the USOC and USOPF. All intercompany accounts and transactions have been eliminated in consolidation.

In addition, the consolidated financial statements also include the accounts of the United States Olympic Endowment (USOE), formerly known as the United States Olympic Foundation. The USOC consolidates the accounts of the USOE due to its deemed control of the USOE (Note C). All intercompany accounts and transactions have been eliminated in consolidation.

Unless noted otherwise, the "Committee" hereinafter refers collectively to the USOC and its consolidated entities.

Broadcast rights and related interest income

The USOC has agreements with National Broadcasting Company (NBC) and the IOC whereby the USOC receives scheduled broadcast rights payments in exchange for allowing NBC to broadcast the Olympic Games, Olympic Winter Games and other events in the U.S. In connection with the contract discussed in Note K, for Games in the years through 2016, no cash payments will be received and broadcast rights income will not be recognized until the year the respective Games are held and certain other requirements are met, including the participation of the official U.S. Olympic Team. Nonrefundable interest on amounts held in trust (Note K) is recognized as earned.

Note A – Summary of significant accounting policies (continued)

USOC marks-rights income

Various companies enter into agreements with the IOC and the USOC for the right to use Olympic marks and terminology over the contract term, which is normally four years. In addition to receiving the right to use Olympic marks and terminology, contracts with certain sponsors also include other deliverables, such as hospitality packages at the Olympic Games and Olympic Winter Games.

Contracts with international sponsors are initially negotiated and executed by the IOC for worldwide marks-rights. Payments are allocated between the IOC and the USOC based upon the revenue-share contract between the IOC and the USOC, with each receiving approximately 80% and 20% of such payments, respectively. Contracts with domestic sponsors are negotiated and executed by the USOC for U.S. marks-rights. The IOC is not a party to these contracts and no payments are allocated to the IOC.

Cash payments for both programs are generally receivable in installments and are nonrefundable. Under certain agreements, the USOC receives payment in the form of goods and services (value-in-kind). Value-in-kind is recorded at estimated fair value and the USOC is able to request the goods and services upon need during the term of the contracts.

Revenue is recognized ratably over the performance period. The USOC records deferred revenue for amounts received from a sponsor in excess of revenue that has been earned, and it records a receivable once revenue has been earned but cash payments have not yet been received. As of December 31, 2016 and 2015, $2,340,000 and $2,009,000, respectively, was deferred for payments received but not yet earned and $3,403,000 and $3,861,000, respectively, were due to the USOC for revenues earned but not yet received.

Value-in-kind is recognized as revenue ratably over the performance period for the expected utilization portion of the amount stated in the contract, less a fair value adjustment, if necessary. The USOC evaluates the expected utilization of value-in-kind annually. In the event the contract amount of value-in-kind is not expected to be utilized during the contract period, the USOC reduces the amount to be recognized ratably over the remaining contract term. As of December 31, 2016 and 2015, $131,000 and $2,352,000, respectively, was deferred for value-in-kind received but not yet earned and $1,353,000 and $3,986,000, respectively, were due to the USOC for value-in-kind earned but not yet received.

USOC marks-rights income consisted of the following (in thousands):

	Year ended December 31, 2016	Four-year period ended December 31, 2016
Cash	$ 87,691	$ 325,517
Value-in-kind	16,121	61,581
	$ 103,812	$ 387,098

Note A – Summary of significant accounting policies (continued)

Licensing royalty income

Various companies enter into agreements for the right to sell merchandise with the USOC's name and marks attached. Revenue from these agreements is recognized in the period that merchandise has been sold by the licensee. Under certain agreements, the USOC receives payment as value-in-kind and it is recorded at estimated fair value in the period earned.

USOC licensing royalty income consisted of the following (in thousands):

	Year ended December 31, 2016	Four-year period ended December 31, 2016
Cash	$ 16,369	$ 29,740
Value-in-kind	4,182	7,952
	$ 20,551	$ 37,692

Contributions

Contributions represent donations from the general public. The USOC reports contributions of cash and other assets as temporarily restricted or permanently restricted support 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 the donor stipulations have been met, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the consolidated statements of activities. The USOC reports contributions of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Unconditional promises to give the USOC cash or other assets in the future are recorded at estimated fair value when the pledges are made by the donor. Fair value is determined by computing the present value of future cash flows discounted at the prevailing interest rate as of the period in which the agreement was received. An allowance for uncollectible pledges is provided based on specific circumstances and estimated rates based on historical patterns.

Cash and cash equivalents

Cash and short-term investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents. The Committee maintains its deposits in multiple financial institutions, which, at times, may exceed the federally insured limits. Management does not believe that the Committee is exposed to any significant interest rate or other financial risk as a result of these deposits.

Note A – Summary of significant accounting policies (continued)

Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents and investments represents temporarily restricted cash and investments of $2,719,000 and $1,382,000 as of December 31, 2016 and 2015, respectively, and permanently restricted cash and investments of $12,382,000 and $11,372,000 as of December 31, 2016 and 2015, respectively. These cash and investments are restricted for specific purposes according to donor intent (Note F). Of these restricted cash and investments, $12,892,000 and $11,659,000 were held by the USOE as a component of its investment pool as of December 31, 2016 and 2015, respectively (Note D).

Fair value of financial instruments

The Committee's financial instruments consist of cash and cash equivalents, investments, receivables, and payables. The carrying values of cash, receivables (other than pledges) and payables approximate fair value due to their short-term nature. Investments are reported at fair values based upon quoted market prices or as determined by fund managers (Note A, Investments). For pledge receivables, fair value is determined by computing the present value of future cash flows discounted at the prevailing interest rate as of the period in which the agreement was received (Note A, Pledges receivable).

Investments

Investments in equity securities, including mutual funds, with readily determinable fair values and all investments in debt and convertible securities are reported based upon quoted market prices as of the date of the consolidated statements of financial position with realized and unrealized gains and losses included in the consolidated statement of activities. For alternative investments, which include hedge funds, fair values are based on estimates reported by fund managers where quoted market prices do not exist. The Committee reviews and evaluates the estimated values by comparing them to audited financial statements of the funds and other available information.

Investment activity is accounted for on a trade-date basis, and investment income is reported on the accrual basis, net of investment expenses of $696,000 and $3,388,000 for the year ended December 31, 2016 and the four-year period ended December 31, 2016, respectively. Realized gains and losses are calculated based on the average-cost method.

Accounts receivable

Accounts receivable balances are reported net of an allowance for doubtful accounts of $501,000 and $717,000 as of December 31, 2016 and 2015, respectively.

The Committee reviews its allowance for doubtful accounts annually. Balances over 90 days past due and over a specified amount are reviewed individually for collectability. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Pledges receivable

Pledges receivable, net of an annual discount ranging from 0.30% to 3.65%, are shown net of estimated uncollectible amounts of $768,000 and $649,000 as of December 31, 2016 and 2015, respectively. Pledges are due to be collected over the next six years in the following amounts:

Note A – Summary of significant accounting policies (continued)

Pledges receivable (continued)

		As of December 31, 2016
Year ending December 31,		(In thousands)
2017	$	13,789
2018		9,261
2019		5,481
2020		1,898
2021		342
	$	30,771

Pledges receivable are recorded net of estimated donor benefits to be provided in conjunction with these pledges, which include hospitality, ticket and apparel packages for the Olympic Games and Olympic Winter Games. Estimated donor benefits at December 31, 2016 and 2015 were $196,000 and $4,744,000, respectively. The unamortized pledge discount was $810,000 and $872,000 as of December 31, 2016 and 2015, respectively.

Prepaid expenses and other assets

Included in the balance of prepaid expenses and other assets are costs relating to international competitions. These balances were $495,000 and $16,427,000 as of December 31, 2016 and 2015, respectively. The 2016 balance is for the 2018 Winter Olympic and Paralympic Games to be held in February and March of 2018 in Pyeong Chang , South Korea. The 2015 balance was for the 2016 Olympic and Paralympic Games held in August and September of 2016 in Rio de Janeiro, Brazil. The remainder of the balance of prepaid expenses and other assets is comprised of various deposits and payments.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method for determining cost. Inventories consist of food, supplies, airline tickets and other games-related items. Inventories are reported net of an allowance for excess and obsolete inventory of $5,000 for both December 31, 2016 and 2015.

Land, buildings, and equipment

Land, buildings, and equipment are stated at cost for items purchased and at estimated fair value at the date of gift for items donated. Depreciation is provided on a straight-line basis over their estimated useful lives of 25 to 30 years for buildings, 10 to 20 years for building improvements and components, and 3 to 7 years for equipment. The Committee's policy on leasehold improvements is to depreciate the improvements over the shorter of the useful life of the improvement or the lease term, including renewal options when expected to be exercised. The Committee generally capitalizes equipment costing over $3,000 that has a useful life over one year. Buildings and improvements that cost $30,000 or more, are capitalized. The Committee recognized depreciation expense of $9,270,000 and $38,287,000 for the year ended December 31, 2016 and the four-year period ended 2016, respectively. Ordinary repairs and maintenance costs are expensed as incurred.

Note A – Summary of significant accounting policies (continued)

Advertising costs

Advertising costs are expensed as incurred. Such costs amounted to $217,000 and $3,489,000 for the year ended December 31, 2016 and the four-year period ended December 31, 2016, respectively.

Federal income taxes

The USOC, the USOPF and the USOE are exempt from federal and state income taxes on income from activities related to their exempt purposes under IRC Section 501(a) of the Internal Revenue Code (IRC) as organizations described in IRC Section 501(c)(3). The entities are also public charities under IRC Section 509(a). Neither the USOC, the USOPF nor the USOE had material amounts of unrelated business income for the year ended December 31, 2016.

SportsMed is a limited liability company and, accordingly, qualifies as a nontaxable entity through which the income and expenses are reported by the owners of SportsMed. SportsMed did not have material amounts of unrelated business income for the year ended December 31, 2016.

Hospitality is a taxable limited liability company incorporated in Brazil and did not have material amounts of unrelated business taxable income during the year ended December 31, 2016.

The Committee recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Allocation of joint costs

The Committee allocates a portion of its direct mail campaigns expense to Educational and archival services to reflect the costs of the educational material that is included in the direct mail packages. The total amount that was allocated from Fundraising to Educational and archival services was $1,315,000 and $9,027,000 for the year ended December 31, 2016 and the four-year period ended December 31, 2016, respectively.

Functional expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs allocated among the programs include expenses associated with the following departments: Facilities Management, Information Technology, Travel Services, Security, and Shipping and Receiving. Costs of the Facilities Management and Security departments are allocated to the programs based upon square footage. Information Technology costs are allocated by the number of workstations associated with each program. Lastly, costs of Travel Services, and Shipping and Receiving are allocated based upon each program's travel budget and headcount.

Note A – Summary of significant accounting policies (continued)

Net assets

For financial reporting purposes, resources are classified into net asset categories according to the existence or absence of donor imposed restrictions. Accordingly, net assets of the Committee and changes therein are classified and reported as follows:

- **Unrestricted net assets –** Net assets that are not subject to donor imposed stipulations.

- **Temporarily restricted net assets –** Net assets that are subject to donor imposed stipulations that may or will be met either with actions of the Committee and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

- **Permanently restricted net assets –** Net assets subject to donor imposed stipulations that are maintained permanently by the Committee. Generally, the donors of these assets permit the Committee to use all or part of the income earned on the related investments for specific or general purposes.

Management estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

Asset retirement obligations

Costs related to the legal obligations to perform certain activities in connection with the retirement, disposal or abandonment of assets are accrued. The Committee has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs were estimated based on physical inspections and cost estimates based on current market prices and applied on a per square foot basis. As of December 31, 2016 and 2015, the asset retirement obligation was $636,000 and is a component of accounts payable and accrued liabilities on the consolidated statements of financial position. The building improvements associated with the asset retirement obligation have a net carrying value of $0 as of December 31, 2016 and 2015 and the cost basis is included in building and leasehold improvements.

Note B – United States Olympic and Paralympic Foundation

The USOPF was incorporated in 2013 for the purpose of generating philanthropic support for the USOC. The USOPF made grants to the USOC totaling $3,656,000 and $8,560,000 for the year ended December 31, 2016 and the four-year period ended December 31, 2016, respectively. These grants were in accordance with the USOPF's policy to transfer assets to the USOC once the USOPF has received the contribution payments.

Note B – United States Olympic and Paralympic Foundation (continued)

The USOC has entered into a service agreement with the USOPF for the purposes of providing the use of certain services, personnel, assets and facilities, and the limited right to license and use certain intellectual property of the USOC, in order to assist and/or facilitate the USOPF in the performance of its fundraising mission in the most effective and efficient manner. The amounts billed under the services agreement by the USOC to the USOPF were $5,452,000 for year ended December 31, 2016 and $14,235,000 for the four-year period ended December 31, 2016. The USOC conducts all day-to-day business activities and maintains books and records on behalf of the USOPF. Additionally, operating expenses are paid by the USOC on behalf of the USOPF and the USOPF is obligated to reimburse the USOC for these expenses. The net payable due to the USOC, including grants payable of $1,396,000 and $627,000, was $7,214,000 and $4,635,000 as of December 31, 2016 and 2015, respectively. All financial transactions between the USOPF and the USOC were eliminated upon consolidation in the accompanying consolidated financial statements.

Note C – United States Olympic Endowment

The USOE was incorporated on July 2, 1984, as a nonprofit corporation with a separate board of trustees. From 1984 through 1986, the USOC contributed approximately $111,400,000 to the USOE. These contributions are to be maintained in perpetuity (permanent endowment) to foster the United States participation in national and international amateur sports competition. These contributions are not presented as permanently restricted net assets as the restrictions were designated by the USOC. The income from contributed funds to the USOE and other assets may be expended in any year, accumulated and added to principal, or held as undistributed income for future distribution. As of December 31, 2016 and 2015, the USOC has designated approximately $111,400,000 as an amount to be maintained in perpetuity, which designation can be rescinded at any time.

In 2000, the trustees of the USOE adopted a policy whereby annual distributions of grants to the USOC, NGBs, Multi-Sport Organizations, and Affiliated Sports Organizations were to be based on 5% of the USOE's average net assets over the last 12 fiscal quarters. Grants in the amount of $10,012,000 and $10,084,000 were approved by the USOE board of directors in December 2016 and 2015 for payment in January 2017 and 2016, respectively and were recorded as grant payables by the USOE and grants receivable by the USOC. All amounts were eliminated upon consolidation in the accompanying consolidated financial statements. Despite the fact that the USOC consolidates the financial statements of the USOE, the USOE board of trustees is responsible for the distribution of USOE net assets.

The USOC is the designated recipient of the net assets of the USOE in the event that the USOE is dissolved. Such dissolution would require the approval of two-thirds of the votes cast at two successive regularly scheduled meetings of the USOC's board of directors at which a quorum is present.

Note D – Investments

The following summarizes cost, estimated fair value and unrealized gains and (losses) on market appreciation (depreciation) of the Committee's investments, including those investments owned by amateur sports organizations within the pooled funds:

	As of December 31, 2016		
	Cost	Unrealized gains (losses)	Fair value
		(In thousands)	
Domestic common stocks	$ 21,400	$ 2,489	$ 23,889
Mutual funds			
U.S. Treasury notes	7,378	(138)	7,240
Foreign and domestic emerging markets	10,406	5,133	15,539
Large-cap S&P 500 securities	21,446	1,447	22,893
International bonds	14,436	(964)	13,472
Alternative investments	124,869	49,535	174,404
Total USOE investments	$ 199,935	$ 57,502	257,437
Eliminations upon consolidation			(12,892)
Total Committee investments			$ 244,545

	As of December 31, 2015		
	Cost	Unrealized gains (losses)	Fair value
		(In thousands)	
Domestic common stocks	$ 22,647	$ 179	$ 22,826
Mutual funds			
U.S. Treasury notes	7,251	(103)	7,148
Foreign and domestic emerging markets	13,166	9,028	22,194
Large-cap S&P 500 securities	22,603	104	22,707
International bonds	14,758	(1,354)	13,404
Alternative investments	123,707	43,361	167,068
Total USOE investments	204,132	51,215	255,347
Domestic Common Stock	76	-	76
Total USOPF investments	$ 76	$ -	76
Eliminations upon consolidation			(11,659)
Total Committee investments			$ 243,764

The change in unrealized appreciation (depreciation) on investments is as follows for the years ended December 31, 2016 and 2015:

	Years ended December 31,	
	2016	2015
	(In thousands)	
Balance at beginning of year	$ 51,215	$ 64,674
Unrealized appreciation (depreciation) attributable to the Committee	4,815	(10,820)
Unrealized appreciation (depreciation) attributable to amateur sports organizations investors	1,472	(2,639)
Balance at end of year	$ 57,502	$ 51,215

Note E – Disclosures about fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of the three levels of inputs that may be used to measure fair value:

- **Level 1 –** Quoted prices in active markets for identical assets or liabilities
- **Level 2 –** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- **Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recurring measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016 and 2015:

	As of December 31, 2016			
	Fair value	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	(In thousands)			
Domestic common stocks	$ 23,889	$ 23,889	$ -	$ -
Mutual funds				
U.S. Treasury notes	7,240	7,240	-	-
Foreign and domestic emerging markets	15,539	15,539	-	-
Large-cap S&P 500 securities	22,893	22,893	-	-
International bonds	13,472	13,472	-	-
Alternative investments	174,404	See (A)	See (A)	See (A)
Total investments	257,437	$ 83,033	$ -	$ -
Eliminations upon consolidation	(12,892)			
	$ 244,545			

Note E – Disclosures about fair value of assets and liabilities (continued)

	As of December 31, 2015			
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(In thousands)			
Domestic common stocks	$ 22,902	$ 22,902	$ -	$ -
Mutual funds			-	-
U.S. Treasury notes	7,148	7,148	-	-
Foreign and domestic emerging markets	22,194	22,194	-	-
Large-cap S&P 500 securities	22,707	22,707	-	-
International bonds	13,404	13,404	-	-
Alternative investments	167,068	See (A)	See (A)	See (A)
Total investments	255,423	$ 88,355	$ -	$ -
Eliminations upon consolidation	(11,659)			
	$ 243,764			

(A) In accordance with Accounting Standards Update (ASU) 2015-07, the Committee is no longer required to classify investments in certain entities that calculate net assets per share (or its equivalent) in the fair value hierarchy above.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2016 and 2015.

Traditional investments

Where quoted market prices are available for identical securities in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, domestic and international equity and bond mutual funds, exchange traded funds and U.S. treasury notes. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows, and are classified as Level 2 securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2016 and 2015, the Committee holds no traditional investments classified as Level 2 or 3 in the hierarchy.

Note E – Disclosures about fair value of assets and liabilities (continued)

Alternative investments

The Committee's alternative investments consist of hedge equity funds, limited partnerships, real estate funds, private equity funds, bond fund trusts, and funds of funds. As a group, the alternative investments invest in a variety of securities including, but not limited to, foreign and domestic publicly traded equity and debt securities, foreign and domestic fixed income investments, domestic commercial and residential real estate, options, warrants, derivatives and contracts. To the extent possible, fair value is based on the last sale price for securities listed on national exchanges. For securities not listed on national exchanges, fair value is determined at the last bid or asking price depending on the long or short position of the security. Investments for which quotations are not available are valued at an estimated fair value by the fund managers using various models, comparisons and assumptions. Consideration is given to several factors, including the type of investment, risks, marketability, restrictions on disposition, quotations from other market participants and values of similar investments.

Fair value determinations for these types of securities are the responsibility of the Executive Vice President/Chief Operating Officer's office of the USOE. In situations when investments do not have readily determinable fair values (alternative investments), the fund managers provide the net asset value (NAV) per share, or its equivalent, to the Committee on a monthly basis. The NAV provided by the fund managers is supported by underlying audit reports of the alternative investments. The Executive Vice President/Chief Operating Officer's office of the USOE challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with U.S. GAAP. During 2009, the Committee adopted Accounting Standards Update (ASU) 2009-12, which provides a practical expedient for certain investments to use net asset value per share to measure fair value. Accordingly, the Committee uses the NAV as a practical expedient for fair value for each of its alternative investments.

Alternative investments held at December 31 consist of the following:

	As of December 31, 2016			
	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
	(In thousands)			
Hedge equity funds [a]	$ 63,552	$ -	Annually	45 - 100 days
Limited partnerships [b]	85,643	-	Quarterly	10 – 60 days
Real estate fund [c]	6,667	10,304	Upon dissolution of fund	N/A
Private equity funds [d]	2,354	210	Upon dissolution of fund	N/A
Bond fund trust [e]	3,682	-	Monthly	10 days
Fund of funds [f]	12,270	15,370	Upon dissolution of fund	N/A
Other [g]	236	-	Upon dissolution of fund	N/A
Total	$ 174,404	$ 25,884		

Note E – Disclosures about fair value of assets and liabilities (continued)

Alternative investments (continued)

	As of December 31, 2015					
		Fair value		Unfunded commitments	Redemption frequency	Redemption notice period
			(In thousands)			
Hedge equity funds [(a)]	$	63,026	$	-	Annually	45 - 100 days
Limited partnerships [(b)]		84,321		-	Quarterly	10 – 60 days
Real estate fund [(c)]		5,004		8,275	Upon dissolution of fund	N/A
Private equity funds [(d)]		2,789		270	Upon dissolution of fund	N/A
Bond fund trust [(e)]		3,551		-	Monthly	10 days
Fund of funds [(f)]		8,015		8,360	Upon dissolution of fund	N/A
Other [(g)]		362		-	Upon dissolution of fund	N/A
Total	$	167,068	$	16,905		

(a) This class includes investments in four hedge funds that take both long and short positions. All investments in this class can be redeemed in the next year.

(b) This class includes four limited partnerships that invest primarily in foreign and domestic common stocks and commodities. Based on the partnership agreements, two of the funds valued at $59,723,000 and $53,211,000 at 2016 and 2015, respectively, can invoke fund-level gates; however none have been imposed to date.

(c) This class includes three real estate funds that invest primarily in U.S. commercial and residential real estate. These investments can never be redeemed with the funds. Distributions from the funds will be made upon dissolution of the funds. It is estimated the underlying assets of the fund will be liquidated in 2021.

(d) This class includes two private equity funds that invest primarily in domestic and foreign limited partnerships. These investments can never be redeemed with the funds. Distributions from each fund will be made upon dissolution of the fund. It is estimated that as of December 31, 2016, $990,000 will be liquidated in 2018 and the remainder will be liquidated in 2023.

(e) This class includes one bond fund trust that invests primarily in foreign government obligations. These investments can be redeemed monthly from the Trustee.

(f) This class includes one fund of funds that invests in foreign and domestic venture capital limited partnerships. These investments can never be redeemed with the fund. Distributions from the fund will be made upon dissolution of the fund. It is estimated that as of December 31, 2016, $2,593,000 will be liquidated in 2020 and the remainder will be liquidated in 2024.

(g) This class includes one fund primarily invested in illiquid side-pocket arrangements. These investments are in a lock-up period as the funds wind down and are expected to be liquidated and paid out over the next three to five years. To date, the Committee has received approximately 82% of these illiquid side-pocket arrangements. Actual results could differ from this.

Note F – Restricted net assets

As of December 31, 2016, the USOC has one board-designated endowment fund, and donor restricted funds, of which twenty-nine are permanently restricted and nine are temporarily restricted. All permanently restricted endowment funds have donor stipulations that classify as permanently restricted net assets the original value of gifts donated at the time it is added to the fund. All but one fund allows for 100% of annual investment earnings to be appropriated for expenditure in accordance with the donor's stipulations while one permanently restricted fund stipulates a portion of earnings be classified as permanently restricted with the remaining earnings to be appropriated for expenditure.

Note F – Restricted net assets (continued)

All USOC endowments are invested and managed by the USOE. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the USOC is required to retain as a fund of perpetual duration pursuant to donor stipulation or the Uniform Prudent Management of Institutional Funds Act. In accordance with U.S. GAAP, there were no deficiencies of this nature that are reported in temporarily and permanently restricted net assets as of December 31, 2016 and 2015. During 2016, the USOE recorded various transfers into the endowment fund to eliminate the end of year deficit.

Temporarily restricted

As of December 31, 2016 and 2015, temporarily restricted net assets were $28,140,000 and $30,080,000, respectively. During the year ended December 31, 2016, net assets of $9,411,000 were released from donor restrictions by incurring expenses that satisfied the related program stipulations or passage of time restrictions. Temporary restrictions of net assets primarily relate to athlete and athletic-training grants. Temporarily restricted net assets by program consisted of the following:

	As of December 31, 2016 and 2015
	(In thousands)
Balance December 31, 2015	$ 30,080
Investment income	426
Contributions	7,045
Appropriated for expenditure	(9,411)
Balance December 31, 2016	$ 28,140

Permanently restricted

During 2001, the USOC established a program to raise permanently restricted funds for which the earnings must be used to fund the donor stipulated programs. These funds are all related to athlete and athletic-training purposes. Permanently restricted net assets consisted of the following:

	As of December 31, 2016 and 2015
	(In thousands)
Balance December 31, 2015	$ 15,561
Contributions	2,720
Investment income	24
Balance December 31, 2016	$ 18,305

Note G – Assets held for sale

An asset or asset group is classified as held for sale when certain criteria are met including management approval, the availability of the asset or asset group to be sold in its present condition, and the sale occurring within one year is probable. At such time, the respective assets and liabilities are presented separately on the consolidated statements of financial position, and depreciation is no longer recognized. Assets held for sale are reported at the lower of carrying amount or the estimated fair value, less the estimated costs to sell the asset.

Note G – Assets held for sale (continued)

The USOC executed a memorandum of understanding with the City of Chula Vista (City) on June 25, 2015, creating the framework for the USOC to transfer ownership and operational control of the Chula Vista Olympic Training Center (CVOTC) to the City. In addition, the USOC executed a transfer agreement with the City in April 2016 further clarifying the terms of the transfer of the CVOTC to the City. The transfer took place on December 29, 2016.

Accordingly, the USOC classified the CVOTC assets as held for sale as of December 31, 2015 and was no longer recognizing depreciation on these assets. In addition, the USOC evaluated the estimated fair value, less the estimated costs to sell the CVOTC assets, and recorded a loss on impairment of $17,025,000, reducing the book value of the assets to $0 as of December 31, 2015.

Note H – Land, buildings, equipment and leases

Land, buildings and equipment consist of the following:

	As of December 31,	
	2016	**2015**
	(In thousands)	
Nondepreciable		
Land	$ 3,310	$ 3,310
Construction in progress	2,446	3,999
Depreciable		
Buildings	108,682	111,770
Building and leasehold improvements	23,733	22,446
Furniture, fixtures and equipment	44,932	43,239
	183,103	184,764
Accumulated depreciation	(105,009)	(102,761)
	$ 78,094	$ 82,003

The Committee has entered into noncancelable operating leases that require future annual lease payments as follows:

	As of December 31, 2016
Year ending December 31,	(In thousands)
2017	$ 1,521
2018	830
2019	407
2020	407
2021	407
Thereafter	301
	$ 3,873

The total of all lease expenses, including long-term obligations and short-term rentals, was $6,972,000 and $17,907,000 for the year ended December 31, 2016 and the four-year period ended December 31, 2016, respectively.

Note I – Investments by amateur sports organizations

The USOE has an investment program that allows qualified NGBs and Multi-Sport Organizations and Affiliated Sports Organizations (collectively referred to as amateur sports organizations), to pool their funds for investment with the funds of the USOE. All of these participating groups are member organizations of the USOC.

Investment income in the accompanying consolidated statement of activities does not include earnings attributable to the participating amateur sports organizations. Amounts invested by the amateur sports organizations represent the program participant's pro rata share of investments and earnings thereon and are included in assets held on behalf of others in the accompanying consolidated statements of financial position. Net investment income and market appreciation or depreciation are allocated based on the ratio of amateur sports organizations' invested funds to total USOE invested funds. Investment expenses and general and administrative expenses are not allocated to the amateur sports organizations. Approximately $180,000 and $734,000 of direct investment expenses were absorbed by the USOE for the benefit of the amateur sports organizations for the year ended December 31, 2016 and the four-year period ended December 31, 2016, respectively.

Amounts invested by the amateur sports organizations and earnings thereon are as follows:

	As of December 31,	
	2016	2015
	(In thousands)	
Amateur sports organization investments, beginning of year	$ 52,395	$ 57,732
Net (withdrawals) additions	(1,918)	(5,094)
Dividends	311	316
Net realized gains	1,045	2,081
Net unrealized gains (losses)	1,472	(2,640)
Amateur sports organization investments, end of year	$ 53,305	$ 52,395

Note J – Grants

The USOC funds certain programs conducted by NGBs of sports eligible for the Olympic, Paralympic, Pan American and Parapan American Games. The USOC also provides performance-based grants to eligible athletes involved in NGB and Paralympic sports programs. In addition, the USOC offers an athlete health insurance program and other medical benefits to about 1,800 athletes. Lastly, the USOC provides value-in-kind to member organizations. These costs are included within member support and U.S. Paralympics expenses in the accompanying consolidated statement of activities. Additional costs within member support include expenses associated with administering the grant programs, athlete services and summits, alumni relations, and the athlete ombudsman program.

Note J – Grants (continued)

		Year ended December 31, 2016
		(In thousands)
Grants		
NGB and adaptive sport organization grants	$	55,875
Athlete grants		21,047
Elite athlete health insurance and other medical benefits for athletes		7,813
International assistance		10,025
Total grants	$	94,760

Note K – Broadcast rights income

In 2011, the USOC entered into an agreement with NBC for the television rights for the Olympic Games and Olympic Winter Games in the years 2014 through 2020 totaling $558,578,000. The contract stipulates periodic cash payments be made, which are guaranteed by NBC's Parent, Comcast Corporation, and will be held by NBC in trust and earn interest (as defined) until the Games occur and certain other requirements are met, including the participation of the official U.S. Olympic Team. At the time these requirements are met, the cash will be released to the USOC and the amount will be recorded as revenue. As of December 31, 2016 and 2015, $23,014,000 and $83,977,000, respectively, was held by NBC in trust for future Games. Interest income was $1,004,000 and $2,311,000 for the year ended December 31, 2016 and the four-year period ended December 31, 2016, respectively and is included in broadcast rights and related interest income in the accompanying consolidated statement of activities.

In 2014, the USOC entered into multiple agreements with the IOC and NBC setting forth the terms and conditions whereby the USOC will be paid for its agreed upon share of U.S. broadcast rights revenues for the Olympic and Winter Olympic Games to be held from 2022 through 2032. The agreement specifies that NBC will pay $7,650,000,000 for the broadcast rights over the terms of these contracts, of which 12.75%, subject to adjustments per the IOC/USOC Definitive Agreement, will be paid directly to the USOC. The USOC also entered into a separate agreement with NBC for the broadcast and exhibition rights in respect to the 2022 to 2032 US Olympic Trials and Exhibitions. For these rights NBC, will pay the USOC $69,000,000 over the term of the agreement.

Note L – Deferred compensation plan

The USOC and the USOE have established tax sheltered 403(b) plans, which cover substantially all employees with one or more years of continuous service. The Committee pays a combined base and matching contribution of up to 7.5% and 5.5% of eligible employee compensation into the 403(b) plan on behalf of employees hired on or before December 31, 2011 and on or after January 1, 2012, respectively. This contribution is 100% vested. In addition, employees may defer a portion of their salary or wages pre-tax into the plan. The retirement benefits expenses for the year ended December 31, 2016 and the four-year period ended December 31, 2016, were $2,073,000 and $7,658,000, respectively.

Note L – Deferred compensation plan (continued)

On April 1, 2011, the USOC adopted a deferred compensation plan in accordance with Section 457(b) of the IRC. The purpose of this plan is to offer certain eligible employees of the USOC the opportunity to defer specified amounts of compensation on a pre-tax basis. The assets and liabilities associated with this plan were $1,007,000 and $820,000 as of December 31, 2016 and 2015, respectively. The assets and liabilities are presented separately on the consolidated statements of financial position.

Note M – Concentrations of credit and other risks

A significant portion of the Committee's support and revenue is derived from broadcast-rights and USOC marks-rights income. For accounts receivable, the total of all individual customers with more than 5% of the total outstanding balance represented 20% and 25% of the Committee's total balances at December 31, 2016 and 2015, respectively. Concentrations of credit risk with respect to other accounts receivable are limited due to the Committee's credit evaluation process and the right to withhold amounts due from NGBs from their grant payments. Amounts due from NGBs were $2,951,000 and $1,146,000 as of December 31, 2016 and 2015, respectively. The Committee does not believe any other significant concentrations of credit risk exist at December 31, 2016. The Committee believes that adequate reserves have been established for uncollectible amounts.

On August 19, 2009, the USOC entered into an Economic Development Agreement with the City of Colorado Springs and Landco Equity Partners. The agreement has several components including a new headquarters office building for the USOC in downtown Colorado Springs, office space for several NGBs in a remodeled building called the U.S. Olympic Sport House, and upgrades to the Colorado Springs Olympic Training Center. On April 16, 2010, the USOC moved into the new headquarters building, and on April 30, 2010, six NGBs moved into the new US Olympic Sport House. The improvements to the Colorado Springs Olympic Training Center began in the latter part of 2010. The headquarters and US Olympic Sport House buildings had a combined fair market value of $34,388,000 when the USOC took occupancy. As part of the agreement, the City is allowed to use the USOC marks under certain conditions. For the year ended December 31, 2016 the USOC recognized $500,000 in marks-rights income from the City. The balance as of December 31, 2016 of $11,625,000 in deferred marks rights income will be recognized over the remaining 23 years of the agreement, for a total marks-rights value of $15,000,000. The difference between the value of $34,388,000 and the marks-rights revenue of $15,000,000 is $19,388,000 which was recorded as a one-time contribution in 2010 from the City of Colorado Springs and was included in contribution income in that year.

Valuation of investments in limited partnerships

The Committee's investments in limited partnerships are recorded at their estimated fair market value as determined by the partnerships. Actual fair value of investments upon liquidation could vary significantly from the current estimated fair value.

Note N – IOC revenue sharing agreement

In 2012, the USOC entered into a revenue sharing agreement with the IOC setting forth the terms and conditions whereby the USOC will be paid for its agreed upon share of U.S. broadcast rights and international sponsorship revenues for the years 2020 through 2040. The agreement requires the USOC to make periodic contributions to the IOC to offset the costs of the Olympic Games and Olympic Winter Games held through 2040. Under the agreement, the USOC will contribute a total of $45,000,000 to the IOC for the 2012, 2016 and 2020 quadrennial periods, payable in equal quarterly installments each calendar quarter, commencing in the first calendar quarter of 2013 and ending in the last calendar quarter of 2020. Beginning in 2021 and ending in 2040, the USOC will contribute $20,000,000 to the IOC during each quadrennial period, adjusted for inflation as defined in the agreement.

Pursuant to the agreement, the Committee has recorded a liability of $7,250,000 payable to the IOC as of December 31, 2016. This liability is a component of accounts payable and accrued liabilities on the consolidated statements of financial position.

Note O – Group health insurance and self-insured risks

The USOC is self-insured for employee and athlete health coverage. The USOC purchases network and administrative services from a commercial insurer and stop-loss coverage for employee and athlete claims in excess of $250,000 per year with a plan aggregate specific deductible of $175,000. The administrative services provider works with the USOC to calculate an estimated incurred but not reported claims liability at year-end based on an actuarial data from their portfolio of clients. The total incurred but not reported claims liability is $284,000 and $251,000 for the employee plan and $268,000 and $325,000 for the athlete plan as of December 31, 2016 and 2015, respectively, and is a component of accounts payable and accrued liabilities on the consolidated statements of financial position.

Note P – Commitments and contingencies

The Committee is involved in legal actions in the ordinary course of its business. Management believes that there is no pending legal proceeding against or involving the Committee for which the outcome is likely to have a material adverse effect upon the Committee’s consolidated financial position or results.

Note Q – Subsequent events

The Committee has evaluated subsequent events through the date that the financial statements were available to be issued on June 9, 2017.

Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Consolidating statement of financial position

Schedule 1

	As of December 31, 2016					
	USOC	USOPF	USOE	Hospitality	Eliminations	Consolidated
	(In thousands)					
Assets						
Cash and cash equivalents	$ 158,628	$ 3,479	$ 2,155	$ 2,003	$ -	$ 166,265
Restricted cash, cash equivalents and investments	10,853	4,248	-	-	-	15,101
Investments	-	-	257,437	-	(12,892)	244,545
Equity in investee	997	(5)	-	-	(992)	-
Accounts receivables, net						
Pledges	15,412	25,318	53	-	(10,012)	30,771
Royalties and marks rights	13,605	-	-	-	-	13,605
Other	26,944	46	69	1,351	(9,508)	18,902
Prepaid expenses and other assets	4,205	-	23	-	-	4,228
Inventories, net	1,668	-	-	-	-	1,668
Investments held for deferred compensation arrangements	1,007	-	-	-	-	1,007
Land, buildings, and equipment, net	78,054	-	40	-	-	78,094
Total assets	$ 311,373	$ 33,086	$ 259,777	$ 3,354	$ (33,404)	$ 574,186
Liabilities and net assets						
Liabilities						
Accounts payable and accrued liabilities	$ 28,624	$ 113	$ 205	$ 1,419	$ -	$ 30,361
Accounts payable for investment securities purchased	-	-	49	-	-	49
Assets held on behalf of others	-	-	66,197	-	(12,892)	53,305
Deferred revenue	29,906	-	-	-	-	29,906
Deferred compensation arrangements	1,007	-	-	-	-	1,007
Other liabilities	1,351	7,214	10,012	944	(19,521)	-
Total liabilities	60,888	7,327	76,463	2,363	(32,413)	114,628
Net assets						
Unrestricted	222,776	(4,334)	183,314	991	10,366	413,113
Temporarily restricted	16,480	23,017	-	-	(11,357)	28,140
Permanently restricted	11,229	7,076	-	-	-	18,305
Total net assets	250,485	25,759	183,314	991	(991)	459,558
Total liabilities and net assets	$ 311,373	$ 33,086	$ 259,777	$ 3,354	$ (33,404)	$ 574,186

Consolidating statement of financial position

Schedule 2

	As of December 31, 2015					
	USOC	**USOPF**	**USOE**	**Hospitality**	**Eliminations**	**Consolidated**
	(In thousands)					
Assets						
Cash and cash equivalents	$ 62,953	$ 4,028	$ 3,947	$ 2,623	$ -	$ 73,551
Restricted cash, cash equivalents and investments	9,104	3,650	-	-	-	12,754
Investments	-	76	255,347	-	(11,659)	243,764
Equity in investee	2,623	-	-	-	(2,623)	-
Accounts receivables, net						
Pledges	21,335	20,315	254	-	(10,084)	31,820
Royalties and marks rights	13,157	-	-	-	-	13,157
Other	20,308	51	34	-	(4,635)	15,758
Prepaid expenses and other assets	24,055	-	23	-	-	24,078
Inventories, net	1,842	-	-	-	-	1,842
Investments held for deferred compensation arrangements	820	-	-	-	-	820
Land, buildings, and equipment, net	81,970	-	33	-	-	82,003
Total assets	$ 238,167	$ 28,120	$ 259,638	$ 2,623	$ (29,001)	$ 499,547
Liabilities and net assets						
Liabilities						
Accounts payable and accrued liabilities	$ 27,289	$ 65	$ 143	$ -	$ -	$ 27,497
Accounts payable for investment securities purchased	-	-	61	-	-	61
Assets held on behalf of others	-	-	64,054	-	(11,659)	52,395
Deferred revenue	37,881	-	-	-	-	37,881
Deferred compensation arrangements	820	-	-	-	-	820
Other liabilities	-	4,635	10,084	-	(14,719)	-
Total liabilities	65,990	4,700	74,342	-	(26,378)	118,654
Net assets						
Unrestricted	140,405	(904)	185,296	2,623	7,832	335,252
Temporarily restricted	20,546	19,989	-	-	(10,455)	30,080
Permanently restricted	11,226	4,335	-	-	-	15,561
Total net assets	172,177	23,420	185,296	2,623	(2,623)	380,893
Total liabilities and net assets	$ 238,167	$ 28,120	$ 259,638	$ 2,623	$ (29,001)	$ 499,547

Consolidating statement of activities

Schedule 3

	Year ended December 31, 2016					
	USOC	**USOPF**	**USOE**	**Hospitality**	**Eliminations**	**Consolidated**
	(In thousands)					
Support and revenue						
Contributions	$ 16,624	$ 17,418	$ -	$ -	$ -	$ 34,042
Less direct donor benefits	(1,416)	(18)	-	-	-	(1,434)
Net contribution income	15,208	17,400	-	-	-	32,608
Loss from equity investees	(4,029)	(41)	-	-	4,070	-
Broadcast rights and related interest income	169,493	-	-	-	-	169,493
USOC marks rights income	103,812	-	-	-	-	103,812
Licensing royalty income	20,551	-	-	-	-	20,551
Grants from the USOPF	3,656	-	-	-	(3,656)	-
Grants from the USOE	10,012	-	-	-	(10,012)	-
Investment income	725	204	8,675	-	-	9,604
Other	19,252	-	-	3,875	(7,747)	15,380
Total support and revenue	338,680	17,563	8,675	3,875	(17,345)	351,448
Expenses						
Program services						
Member support	80,204	3,656	10,012	-	(13,668)	80,204
U.S. Paralympics	16,916	-	-	-	-	16,916
Member services						
Olympic training centers	30,262	-	-	-	-	30,262
National events	6,467	-	-	-	-	6,467
International competition	42,614	-	-	-	-	42,614
Sports science	1,149	-	-	-	-	1,149
Drug control	4,735	-	-	-	-	4,735
Public relations	4,006	-	-	-	-	4,006
Sports medicine	7,017	-	-	-	-	7,017
Education and archival services	4,034	-	-	-	-	4,034
International relations	2,303	-	-	-	-	2,303
Coaching programs	687	-	-	-	-	687
Broadcasting	10,004	-	-	-	-	10,004
Other	2,458	-	-	-	-	2,458
Total program services	212,856	3,656	10,012	-	(13,668)	212,856
Supporting services						
Fundraising	10,117	9,789	-	-	(4,118)	15,788
Sales and marketing	22,236	-	-	7,726	(2,295)	27,667
General and administrative	15,163	1,779	645	219	(1,334)	16,472
Total supporting services	47,516	11,568	645	7,945	(7,747)	59,927
Total expenses	260,372	15,224	10,657	7,945	(21,415)	272,783
Changes in net assets	78,308	2,339	(1,982)	(4,070)	4,070	78,665
Net assets, beginning of period	172,177	23,420	185,296	2,623	(2,623)	380,893
Initial net asset contribution	-	-	-	2,438	(2,438)	-
Net assets, end of period	$ 250,485	$ 25,759	$ 183,314	$ 991	$ (991)	$ 459,558

Consolidating statement of activities

Schedule 3

	Four-year period ended December 31, 2016					
	USOC	USOPF	USOE	Hospitality	Eliminations	Consolidated
	(In thousands)					
Support and revenue						
Contributions	$ 107,236	$ 60,662	$ 495	$ -	$ -	$ 168,393
Less direct donor benefits	(9,616)	(291)	-	-	-	(9,907)
Net contribution income	97,620	60,371	495	-	-	158,486
Equity earnings (loss) from equity investees	(4,039)	(41)	-	-	4,080	-
Broadcast rights and related interest income	284,896	-	-	-	-	284,896
USOC marks rights income	387,098	-	-	-	-	387,098
Licensing royalty income	37,692	-	-	-	-	37,692
Grants from the USOPF	8,560	-	-	-	(8,560)	-
Grants from the USOE	40,089	-	-	-	(40,089)	-
Investment income	3,109	135	43,719	-	-	46,963
Other	65,351	1	-	3,875	(16,530)	52,697
Total support and revenue	920,376	60,466	44,214	3,875	(61,099)	967,832
Expenses						
Program services						
Member support	302,866	8,560	40,089	-	(48,649)	302,866
U.S. Paralympics	76,347	-	-	-	-	76,347
Member services						
Olympic training centers	118,669	-	-	-	-	118,669
National events	8,989	-	-	-	-	8,989
International competition	74,451	-	-	-	-	74,451
Sports science	4,718	-	-	-	-	4,718
Drug control	18,348	-	-	-	-	18,348
Public relations	13,849	-	-	-	-	13,849
Sports medicine	22,762	-	-	-	-	22,762
Education and archival services	16,915	-	-	-	-	16,915
International relations	14,098	-	-	-	-	14,098
Coaching programs	2,500	-	-	-	-	2,500
Broadcasting	30,521	-	-	-	-	30,521
Other	6,646	-	-	-	-	6,646
Total program services	711,679	8,560	40,089	-	(48,649)	711,679
Supporting services						
Fundraising	49,532	21,927	-	-	(11,113)	60,346
Sales and marketing	61,762	-	-	7,736	(2,295)	67,203
General and administrative	56,219	4,220	1,861	219	(3,122)	59,397
Total supporting services	167,513	26,147	1,861	7,955	(16,530)	186,946
Total expenses	879,192	34,707	41,950	7,955	(65,179)	898,625
Changes in net assets before loss on impairment	41,184	25,759	2,264	(4,080)	4,080	69,207
Loss on impairment	(17,025)	-	-	-	-	(17,025)
Changes in net assets	24,159	25,759	2,264	(4,080)	4,080	52,182
Net assets, beginning of year	226,326	-	181,050	-	-	407,376
Initial net asset contribution	-	-	-	2,633	(2,633)	-
Net assets, end of year	$ 250,485	$ 25,759	$ 183,314	$ (1,447)	$ 1,447	$ 459,558

United States Olympic Committee

Supplemental schedule of functional expenses

	Year ended December 31, 2016							
	Program services							
	Member support	U.S. Paralympics	Olympic training centers	National events	International competition	Sports science	Drug control	Public relations
	(In thousands)							
Salaries	$ 5,343	$ 3,280	$ 6,013	$ -	$ 1,444	$ 341	$ 190	$ 1,618
Fringe benefits	1,179	737	1,365	-	296	75	13	360
Temporary help	99	37	533	-	63	87	-	11
Travel expense	1,285	2,412	107	24	11,495	1	-	779
Conferences and seminars	605	45	16	-	240	-	-	5
Dues and subscriptions	129	7	11	-	7	2	-	29
Grants	67,215	6,620	1,097	4,580	10,000	-	750	-
Games event expense	4	783	5	3	11,580	-	-	-
Food service expense	(5)	16	2,278	-	394	21	-	-
Insurance	50	33	377	-	123	-	-	11
Postage, freight, and handling	48	36	16	18	1,368	2	-	6
Professional	909	1,042	66	-	467	170	500	255
Promotional expense	173	24	71	387	96	-	-	145
Public information	20	-	-	81	4	-	-	-
Supplies	150	56	527	535	989	164	-	26
Vehicle expense	6	32	430	-	(34)	-	-	1
Miscellaneous	86	31	26	-	101	-	-	10
Outside services	140	89	1,019	839	1,839	4	3,282	28
Rent expense	519	33	1,012	-	1,230	4	-	9
Repairs and maintenance	6	-	2,178	-	58	13	-	-
Taxes	20	22	105	-	(325)	2	-	1
Utilities	77	90	1,231	-	594	8	-	31
Depreciation	186	2	2,571	-	145	255	-	-
Shared services allocations	1,960	1,489	9,208	-	440	-	-	681
Cost of goods sold	-	-	-	-	-	-	-	-
Total	$ 80,204	$ 16,916	$ 30,262	$ 6,467	$ 42,614	$ 1,149	$ 4,735	$ 4,006

Schedule 4

Year ended December 31, 2016

Program services

Sports medicine	Educational and archival services	International relations	Coaching programs	Broadcasting	Other	Total
		(In thousands)				
$ 1,779	$ 429	$ 789	$ 266	$ 542	$ 1,702	$ 23,736
396	92	166	61	121	364	5,225
83	172	-	32	435	53	1,605
253	159	251	141	227	255	17,389
19	12	225	112	2	1	1,282
23	8	2	3	-	14	235
3,089	1,070	314	-	-	-	94,735
-	8	-	4	6	-	12,393
1	-	3	-	-	-	2,708
105	4	3	-	5	-	711
5	498	4	2	2	-	2,005
290	23	194	-	-	18	3,934
1	45	4	-	1,174	-	2,120
-	-	-	-	3,379	-	3,484
250	14	8	54	62	11	2,846
30	-	-	-	-	-	465
4	70	20	6	13	2	369
15	848	26	2	3,687	8	11,826
23	3	3	-	6	-	2,842
162	-	-	-	5	-	2,422
9	3	19	-	-	-	(144)
24	18	31	4	13	20	2,141
456	283	-	-	136	10	4,044
-	275	241	-	189	-	14,483
-	-	-	-	-	-	-
$ 7,017	$ 4,034	$ 2,303	$ 687	$ 10,004	$ 2,458	$ 212,856

Supplemental schedule of functional expenses (continued)

Schedule 4

	Year ended December 31, 2016										
	Supporting services										
	USOC Fundraising	USOPF Fundraising (b)	USOC Sales and marketing	Hospitality Sales and marketing (c)	USOC General and administrative	USOPF General and administrative (a)	Hospitality General and administrative (a)	USOE General and administrative (a)	Shared services	Total	Total expenses
						(In thousands)					
Salaries	$ 4,392	$ -	$ 4,021	$ -	$ 6,983	$ -	$ -	$ 336	$ 4,113	$ 19,845	$ 43,581
Fringe benefits	945	-	825	-	1,698	-	-	56	893	4,417	9,642
Temporary help	7	-	(72)	92	14	-	-	-	82	123	1,728
Travel expense	9	2,330	3,218	311	659	61	-	51	90	6,729	24,118
Conferences and seminars	1	16	10	-	179	-	-	-	23	229	1,511
Dues and subscriptions	-	21	44	-	100	-	-	1	22	188	423
Grants	-	-	-	-	25	-	-	-	-	25	94,760
Games event expense	-	1,138	3,807	7	20	-	-	-	4	4,976	17,369
Food service expense	1	-	64	-	36	-	-	-	-	101	2,809
Insurance	-	-	29	10	853	22	-	21	-	935	1,646
Postage, freight, and handling	1,335	101	272	-	23	1	-	1	11	1,744	3,749
Professional	920	178	365	-	1,707	19	137	42	523	3,891	7,825
Promotional expense	2	1,064	3,982	7	109	59	-	47	1	5,271	7,391
Public information	-	246	68	-	1	-	-	-	-	315	3,799
Supplies	1	16	134	47	227	21	-	3	530	979	3,825
Vehicle expense	-	-	-	-	-	-	-	-	25	25	490
Miscellaneous	57	52	165	4	85	29	82	80	9	563	932
Outside services	2,441	-	745	63	387	8	-	-	2,143	5,787	17,613
Rent expense	-	343	579	2,766	195	80	-	4	582	4,549	7,391
Repairs and maintenance	-	-	7	-	7	-	-	-	1,895	1,909	4,331
Taxes	-	-	11	2,056	29	-	-	-	4	2,100	1,956
Utilities	6	-	109	-	114	-	-	-	1,925	2,154	4,295
Depreciation	-	166	63	-	190	145	-	3	4,659	5,226	9,270
Shared services allocations	-	-	1,082	-	1,522	-	-	-	(17,534)	(14,930)	(447)
Cost of goods sold	-	-	1,357	1,419	-	-	-	-	-	2,776	2,776
Total	$ 10,117	$ 5,671	$ 20,885	$ 6,782	$ 15,163	$ 445	$ 219	$ 645	$ -	$ 59,927	$ 272,783

(a) Included in total general and administrative expenses in consolidated statement of activities.
(b) Included in total fundraising expenses in consolidated statement of activities.
(c) Included in total sales and marketing expenses in consolidated statement of activities.