



Consolidated Financial Statements and Report of
Independent Certified Public Accountants

United States Olympic Committee

December 31, 2014 and 2013

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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, 2014 and 2013, and the related consolidated statements of activities and cash flows for the periods ended December 31, 2014, 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 48.2 and 52.7 percent of the Committee’s total assets as of December 31, 2014 and 2013, respectively, and 2.8 percent of the Committee’s total revenues for the year ended December 31, 2014 and 8.1 percent for the two-year period ended December 31, 2014. 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2014 and 2013, and the changes in their net assets and their cash flows for the periods ended December 31, 2014 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. The accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 5, 2015, on our consideration of the Committee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the Committee's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Denver, Colorado

June 5, 2015

Consolidated statements of financial position

	As of December 31,	
	2014	2013
	(In thousands)	
Assets		
Cash and cash equivalents	\$ 149,143	\$ 41,306
Restricted cash, cash equivalents and investments	11,283	13,379
Investments	250,370	309,077
Accounts receivables, net		
Pledges	23,935	24,656
Royalties and marks rights	10,941	11,736
Other	15,300	7,022
Prepaid expenses and other assets	8,178	13,400
Inventories, net	1,526	1,513
Investments held for deferred compensation arrangements	724	509
Land, buildings, and equipment, net	102,015	98,069
Total assets	<u>\$ 573,415</u>	<u>\$ 520,667</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 28,623	\$ 32,021
Accounts payable for investment securities purchased	181	70
Assets held on behalf of others	57,732	55,069
Deferred revenue	33,309	31,971
Deferred compensation arrangements	724	509
Total liabilities	<u>120,569</u>	<u>119,640</u>
Net assets		
Unrestricted	415,137	361,992
Temporarily restricted	24,037	27,220
Permanently restricted	13,672	11,815
Total net assets	<u>452,846</u>	<u>401,027</u>
Total liabilities and net assets	<u>\$ 573,415</u>	<u>\$ 520,667</u>

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

Consolidated statement of activities

	Year ended December 31, 2014			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
	(In thousands)			
Support and revenue				
Contributions	\$ 30,617	\$ 6,917	\$ 1,837	\$ 39,371
Less direct donor benefits	(2,049)	(88)	-	(2,137)
Net contribution income	28,568	6,829	1,837	37,234
Broadcast rights and related interest income	111,185	-	-	111,185
USOC marks rights income	95,000	-	-	95,000
Licensing royalty income	8,941	-	-	8,941
Investment income	8,350	128	20	8,498
Other	17,815	-	-	17,815
Net assets released from restrictions	10,140	(10,140)	-	-
Total support and revenue	279,999	(3,183)	1,857	278,673
Expenses				
Program services				
Member support	74,376	-	-	74,376
U.S. Paralympics	22,309	-	-	22,309
Member services				
Olympic training centers	29,868	-	-	29,868
National events	1,034	-	-	1,034
International competition	22,059	-	-	22,059
Sports science	1,111	-	-	1,111
Drug control	4,537	-	-	4,537
Public relations	3,063	-	-	3,063
Sports medicine	5,572	-	-	5,572
Education and archival services	4,198	-	-	4,198
International relations	2,861	-	-	2,861
Coaching programs	511	-	-	511
Broadcasting	8,062	-	-	8,062
Other	1,155	-	-	1,155
Total program services	180,716	-	-	180,716
Supporting services				
Fundraising	14,392	-	-	14,392
Sales and marketing	17,916	-	-	17,916
General and administrative	13,830	-	-	13,830
Total supporting services	46,138	-	-	46,138
Total expenses	226,854	-	-	226,854
Changes in net assets	53,145	(3,183)	1,857	51,819
Net assets, beginning of year	361,992	27,220	11,815	401,027
Net assets, end of year	\$ 415,137	\$ 24,037	\$ 13,672	\$ 452,846

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

Consolidated statement of activities

	Two-year period ended December 31, 2014			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
	(In thousands)			
Support and revenue				
Contributions	\$ 67,211	\$ 22,865	\$ 3,153	\$ 93,229
Less direct donor benefits	(6,863)	(88)	-	(6,951)
Net contribution income	60,348	22,777	3,153	86,278
Broadcast rights and related interest income	114,808	-	-	114,808
USOC marks rights income	184,977	-	-	184,977
Licensing royalty income	13,196	-	-	13,196
Investment income	38,958	648	88	39,694
Other	29,539	-	-	29,539
Net assets released from restrictions	26,405	(26,405)	-	-
Total support and revenue	468,231	(2,980)	3,241	468,492
Expenses				
Program services				
Member support	146,880	-	-	146,880
U.S. Paralympics	43,069	-	-	43,069
Member services				
Olympic training centers	58,535	-	-	58,535
National events	1,852	-	-	1,852
International competition	25,089	-	-	25,089
Sports science	2,280	-	-	2,280
Drug control	8,998	-	-	8,998
Public relations	6,577	-	-	6,577
Sports medicine	9,583	-	-	9,583
Education and archival services	9,377	-	-	9,377
International relations	5,270	-	-	5,270
Coaching programs	1,071	-	-	1,071
Broadcasting	13,812	-	-	13,812
Other	2,478	-	-	2,478
Total program services	334,871	-	-	334,871
Supporting services				
Fundraising	31,298	-	-	31,298
Sales and marketing	28,925	-	-	28,925
General and administrative	27,928	-	-	27,928
Total supporting services	88,151	-	-	88,151
Total expenses	423,022	-	-	423,022
Changes in net assets	45,209	(2,980)	3,241	45,470
Net assets, beginning of period	369,928	27,017	10,431	407,376
Net assets, end of period	\$ 415,137	\$ 24,037	\$ 13,672	\$ 452,846

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

Consolidated statements of cash flows

	Year ended December 31, 2014	Two-year period ended December 31, 2014
	(In thousands)	
Operating activities		
Changes in net assets	\$ 51,819	\$ 45,470
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Provision for losses on accounts receivable	317	716
Depreciation	9,658	18,505
Loss on asset disposals	236	268
Net realized gains on investments	(6,307)	(19,640)
Net unrealized gains on investments	(464)	(16,852)
Contributions and investment income restricted for investment in endowment	(1,857)	(1,925)
Net additions (withdrawals) by amateur sports organizations	282	(3,437)
Changes in assets and liabilities		
Increase in receivables	(7,079)	(16,940)
Decrease (increase) in prepaid expenses and other assets	5,222	(3,039)
(Increase) decrease in inventories	(13)	312
Increase in investments held for deferred compensation arrangements	(215)	(417)
Decrease in accounts payable and accrued liabilities	(3,398)	(8,674)
Increase (decrease) in deferred revenues	1,338	(2,885)
Increase in deferred compensation arrangements	215	417
Net cash provided by (used in) operating activities	<u>49,754</u>	<u>(8,121)</u>
Investing activities		
Purchase of investment securities	(139,162)	(253,111)
Proceeds from sale and maturities of investment securities	207,132	378,138
Changes in restricted cash and investments	2,096	9,917
Purchase of building improvements and equipment	(13,840)	(28,021)
Net cash provided by investing activities	<u>56,226</u>	<u>106,923</u>
Financing activities		
Contributions and investment income restricted for investment in endowment	1,857	1,925
Net cash provided by financing activities	<u>1,857</u>	<u>1,925</u>
Net increase in cash and cash equivalents	107,837	100,727
Cash and cash equivalents, beginning of period	41,306	48,416
Cash and cash equivalents, end of period	<u>\$ 149,143</u>	<u>\$ 149,143</u>
Supplemental cash flow information		
Value-in-kind consideration received for marks rights and licensing royalty income	\$ 17,595	\$ 31,831

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 four) who are ex-officio directors on the board, and the CEO as an ex-officio non-voting member. As of December 31, 2014, the board had one vacant independent director position.

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, 2014 and the two-year period ended December 31, 2014, the second year of the four year cycle.

Principles of consolidation

The consolidated financial statements include the accounts of the USOC and its majority 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 is HealthSouth Corporation (HS). The USOC's ownership interest in SportsMed was 97.5% at December 31, 2014, and 95.0% at December 31, 2013. The USOC's ownership is 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 and was 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. The year ended December 31, 2014 was the first year of financial activity for the USOPF (Note B).

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 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 J, 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 J) is recognized as earned.

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.

Note A – Summary of significant accounting policies (continued)

USOC marks-rights income (continued)

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 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, 2014 and 2013, \$1,041,000 and \$1,389,000, respectively, was deferred for payments received but not yet earned and \$5,555,000 and \$3,754,000, 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, 2014 and 2013, \$1,016,000 and \$173,000, respectively, was deferred for value-in-kind received but not yet earned and \$2,251,000 and \$2,651,000, 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, 2014	Two-year period ended December 31, 2014
Cash	\$ 79,583	\$ 155,674
Value-in-kind	15,417	29,303
	<u>\$ 95,000</u>	<u>\$ 184,977</u>

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, 2014	Two-year period ended December 31, 2014
Cash	\$ 6,763	\$ 10,668
Value-in-kind	2,178	2,528
	<u>\$ 8,941</u>	<u>\$ 13,196</u>

Note A – Summary of significant accounting policies (continued)

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.

Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents and investments represents temporarily restricted cash and investments of \$2,123,000 and \$6,260,000 as of December 31, 2014 and 2013, respectively, and permanently restricted cash and investments of \$9,160,000 and \$7,119,000 as of December 31, 2014 and 2013, respectively. These cash and investments are restricted for specific purposes according to donor intent (Note F). Of these restricted cash and investments, \$9,753,000 and \$8,004,000 were held by the USOE as a component of its investment pool as of December 31, 2014 and 2013, 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).

Note A – Summary of significant accounting policies (continued)

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 \$917,000 and \$1,869,000 for the year ended December 31, 2014 and the two-year period ended December 31, 2014. 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 \$201,000 and \$460,000 as of December 31, 2014 and 2013, 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 0.27% to 3.65%, are shown net of estimated uncollectible amounts of \$711,000 and \$533,000 as of December 31, 2014 and 2013, respectively.

Pledges are due to be collected over the next nine years in the following amounts:

	As of
	December 31, 2014
Year ending December 31,	(In thousands)
2015	\$ 10,232
2016	6,332
2017	3,957
2018	1,415
2019 – 2023	1,999
	<u>\$ 23,935</u>

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, 2014 and 2013 were \$1,133,000 and \$533,000, respectively. The unamortized pledge discount was \$872,000 and \$1,004,000 as of December 31, 2014 and 2013, respectively.

Note A – Summary of significant accounting policies (continued)

Prepaid expenses and other assets

Included in the balance of prepaid expenses and other assets are costs relating to international competitions. These balances were \$3,760,000 and \$7,973,000 as of December 31, 2014 and 2013, respectively. The 2014 balance is for the 2015 Pan American and Parapan American Games to be held in July and August 2015 in Toronto, Canada and the 2016 Summer Olympic and Paralympic Games to be held in August and September of 2016 in Rio de Janeiro, Brazil. The 2013 balance was for the 2014 Olympic and Paralympic Games held February through March 2014 in Sochi, Russia. 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 \$66,000 and \$115,000 as of December 31, 2014 and 2013, respectively.

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 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 \$9,658,000 and \$18,505,000 for the year ended December 31, 2014 and the two-year period ended December 31, 2014, respectively. Ordinary repairs and maintenance costs are expensed as incurred.

Advertising costs

Advertising costs are expensed as incurred. Such costs amounted to \$1,068,000 for the year ended December 31, 2014 and \$2,947,000 for the two-year period ended December 31, 2014.

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, 2014.

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, 2014.

Note A – Summary of significant accounting policies (continued)

Federal income taxes (continued)

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 \$2,406,000 and \$6,131,000 for the year ended December 31, 2014 and the two-year period ended December 31, 2014, 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.

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.

Note A – Summary of significant accounting policies (continued)

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, 2014 and 2013, 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, 2014 and 2013 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. During the year ended December 31, 2014, the USOPF made grants to the USOC totaling \$1,583,000. These grants were in accordance with the USOPF’s policy to transfer assets to the USOC once the USOPF has received the contribution payments.

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 \$3,811,000 for year ended December 31, 2014 and the two-year period ended December 31, 2014. 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 \$1,562,000 and \$0, was \$4,696,000 and \$0 as of December 31, 2014 and 2013, 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, 2014 and 2013, 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. A grant of \$9,310,000 was paid by the USOE to the USOC in the year ended December 31, 2014. In addition, a grant of \$9,683,000 was approved by the USOE board of directors in December 2014 for payment in January 2015 and was recorded as a grant payable by the USOE and grant 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, 2014		
	Cost	Unrealized gains (losses)	Fair value
		(In thousands)	
Domestic common stocks	\$ 18,066	\$ 3,172	\$ 21,238
Mutual funds			
U.S. Treasury notes	7,067	(32)	7,035
Foreign and domestic emerging markets	14,376	10,771	25,147
Large-cap S&P 500 securities	24,540	3,746	28,286
International bonds	14,268	(281)	13,987
Alternative investments	116,983	47,298	164,281
Total USOE investments	195,300	64,674	259,974
Domestic Common Stock	149	-	149
Total USOC investments	\$ 149	\$ -	149
Eliminations upon consolidation			(9,753)
Total Committee investments			\$ 250,370

Note D – Investments (continued)

	As of December 31, 2013		
	Cost	Unrealized gains (losses)	Fair value
	(In thousands)		
Domestic common stocks	\$ 23,711	\$ 8,805	\$ 32,516
Mutual funds			
Derivatives and inflation-indexed securities	9,605	(2,423)	7,182
U.S. Treasury notes	7,955	(220)	7,735
Foreign and domestic emerging markets	14,140	11,196	25,336
Large-cap S&P 500 securities	4,976	3,708	8,684
International bonds	4,166	(271)	3,895
Corporate bonds	10,436	787	11,223
U.S. Treasury notes	200	-	200
Convertible securities	1,195	394	1,589
Alternative investments	121,344	42,090	163,434
Total USOE investments	197,728	64,066	261,794
Commercial paper	55,282	5	55,287
Total USOC investments	\$ 55,282	\$ 5	55,287
Eliminations upon consolidation			(8,004)
Total Committee investments			\$ 309,077

The change in unrealized appreciation on investments is as follows for the years ended December 31, 2014 and 2013:

	Years ended December 31,	
	2014	2013
	(In thousands)	
Balance at beginning of year	\$ 64,071	\$ 43,543
Unrealized appreciation attributable to the Committee	464	16,388
Unrealized appreciation attributable to amateur sports organizations investors	139	4,140
Balance at end of year	\$ 64,674	\$ 64,071

Note E – Disclosures about fair value of assets and liabilities

Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurements*, defines fair value as 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. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes 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

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

- **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, 2014 and 2013:

	As of December 31, 2014			
	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	\$ 21,387	\$ 21,387	\$ -	\$ -
Mutual funds				
U.S. Treasury notes	7,035	7,035	-	-
Foreign and domestic emerging markets	25,147	25,147	-	-
Large-cap S&P 500 securities	28,286	28,286	-	-
International bonds	13,987	13,987	-	-
Alternative investments	164,281	-	152,616	11,665
Total investments	260,123	<u>\$ 95,842</u>	<u>\$ 152,616</u>	<u>\$ 11,665</u>
Eliminations upon consolidation	(9,753)			
Total Committee investments	<u>\$ 250,370</u>			

	As of December 31, 2013			
	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	\$ 32,516	\$ 32,516	\$ -	\$ -
Mutual funds				
Derivatives and inflation-indexed securities	7,182	7,182	-	-
U.S. Treasury notes	7,735	7,735	-	-
Foreign and domestic emerging markets	25,336	25,336	-	-
Large-cap S&P 500 securities	8,684	8,684	-	-
International bonds	3,895	3,895	-	-
Corporate bonds	11,223	11,223	-	-
U.S. Treasury notes	200	200	-	-
Convertible securities	1,589	1,589	-	-
Commercial paper	55,287	55,287	-	-
Alternative investments	163,434	-	154,376	9,058
Total investments	317,081	<u>\$ 153,647</u>	<u>\$ 154,376</u>	<u>\$ 9,058</u>
Eliminations upon consolidation	(8,004)			
Total Committee investments	<u>\$ 309,077</u>			

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

Recurring measurements (continued)

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 year ended December 31, 2014 and 2013. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

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, corporate bonds, U.S. treasury notes, commercial paper and convertible securities. 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, 2014 and 2013, the Committee holds no traditional investments classified as Level 2 or 3 in the hierarchy.

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 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 Level 3 measurements 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.

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

Alternative investments (continued)

Alternative investments held at December 31 consist of the following:

	As of December 31, 2014			
	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
	(In thousands)			
Hedge equity funds ^(a)	\$ 63,899	\$ -	Annually	45 - 100 days
Limited partnerships ^(b)	84,936	-	Quarterly	10 – 60 days
Real estate fund ^(c)	4,246	10,514	Upon dissolution of fund	N/A
Private equity funds ^(d)	2,997	350	Upon dissolution of fund	N/A
Bond fund trust ^(e)	3,781	-	Monthly	10 days
Fund of funds ^(f)	3,953	8,360	Upon dissolution of fund	N/A
Other ^(g)	469	-	Upon dissolution of fund	N/A
Total	\$ 164,281	\$ 19,224		

	As of December 31, 2013			
	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
	(In thousands)			
Hedge equity funds ^(a)	\$ 62,015	\$ -	Annually	45–100 days
Limited partnerships ^(b)	88,568	-	Quarterly	10–60 days
Real estate fund ^(c)	4,113	5,314	Upon dissolution of fund	N/A
Private equity funds ^(d)	2,922	498	Upon dissolution of fund	N/A
Bond fund trust ^(e)	3,793	-	Monthly	10 days
Fund of funds ^(f)	1,469	10,450	Upon dissolution of fund	N/A
Other ^(g)	554	-	Upon dissolution of fund	N/A
Total	\$ 163,434	\$ 16,262		

- (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 \$53,384,000 and \$56,262,000 at 2014 and 2013, respectively, can invoke fund-level gates; however none have been imposed to date.
- (c) This class includes two 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. At December 31, 2014, the Committee committed to provide \$6,000,000 of capital to a third real estate fund, however, no capital was contributed as of December 31, 2014.
- (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, 2014, \$1,388,000 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.

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

Alternative investments (continued)

- (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 the underlying assets of the fund 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 65% of these illiquid side-pocket arrangements. Actual results could differ from this.

The Committee has classified \$11,665,000 (7%) of its \$164,281,000 alternative investments as Level 3 in 2014 and \$9,058,000 (6%) of its \$163,434,000 of alternative investments as Level 3 in 2013, given that the primary inputs are not observable and/or cannot be corroborated by observable market data. The remaining alternative investments are classified as Level 2 investments. These alternative investments classified as Level 2 invest in underlying investments that are valued using observable inputs consisting of quoted market prices in active markets, for identical securities. However, given that the Committee's investment is in the fund and not directly in the underlying securities, these alternative investments are classified as Level 2.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Years ended December 31, 2014 and 2013				
	Real estate funds	Private equity funds	Fund of funds	Other	Total
	(In thousands)				
Balance January 1, 2013	\$ 4,116	\$ 2,974	\$ 625	\$ 682	\$ 8,397
Total realized and unrealized gains and (losses)	163	266	52	(7)	474
Purchases	250	-	792	-	1,042
Sales	(416)	(318)	-	(121)	(855)
Balance December 31, 2013	4,113	2,922	1,469	554	9,058
Total realized and unrealized gains and (losses)	267	545	562	120	1,494
Purchases	751	-	1,922	-	2,673
Sales	(885)	(470)	-	(205)	(1,560)
Balance December 31, 2014	\$ 4,246	\$ 2,997	\$ 3,953	\$ 469	\$ 11,665

Total gains and (losses) for the years included in changes in net assets attributable to the change in unrealized gains and (losses) related to assets still held at the reporting date

Year ended December 31, 2014	\$ (54)	\$ 137	\$ 420	\$ 56	\$ 559
Year ended December 31, 2013	\$ (17)	\$ (21)	\$ 7	\$ (3)	\$ (34)

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

Level 3 Reconciliation (continued)

Realized and unrealized gains and (losses) at December 31, 2014 and 2013, are included in the investment income line item on the statements of activities.

Unobservable (Level 3) inputs

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements:

	Fair value at 12/31/2014	Valuation technique	Unobservable inputs	Range (weighted average)
Alternative investments	\$ 11,665	Net asset value	Lack of redeemability / liquidity in the following 12 months	7 of 16 alternative investments (7% of total fair value of alternative investments)

	Fair value at 12/31/2013	Valuation technique	Unobservable inputs	Range (weighted average)
Alternative investments	\$ 9,058	Net asset value	Lack of redeemability / liquidity in the following 12 months	6 of 15 alternative investments (6% of total fair value of alternative investments)

Note F – Restricted net assets

As of December 31, 2014, the USOC has one board-designated endowment fund, and donor restricted funds, of which twenty-eight are permanently restricted and eleven 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.

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 that the donor requires the USOC to retain as a fund of perpetual duration. 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, 2014.

Note F – Restricted net assets (continued)

Temporarily restricted

As of December 31, 2014 and 2013, temporarily restricted net assets were \$24,037,000 and \$27,220,000, respectively. During the year ended December 31, 2014, net assets of \$10,140,000 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, 2014 and 2013
	(In thousands)
Balance December 31, 2013	\$ 27,220
Investment return	128
Contributions	6,829
Appropriated for expenditure	(10,140)
Balance December 31, 2014	<u>\$ 24,037</u>

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, 2014 and 2013
	(In thousands)
Balance December 31, 2013	\$ 11,815
Investment return	20
Contributions	1,837
Balance December 31, 2014	<u>\$ 13,672</u>

Note G – Land, buildings, equipment and leases

Land, buildings and equipment consist of the following:

	As of December 31,	
	2014	2013
	(In thousands)	
Nondepreciable		
Land	\$ 8,934	\$ 8,753
Construction in progress	6,328	16,341
Depreciable		
Buildings	145,732	133,252
Building and leasehold improvements	24,393	18,953
Furniture, fixtures and equipment	44,196	39,580
	<u>229,583</u>	<u>216,879</u>
Accumulated depreciation	(127,568)	(118,810)
	<u>\$ 102,015</u>	<u>\$ 98,069</u>

Note G – Land, buildings, equipment and leases (continued)

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

	As of December 31, 2014
Year ending December 31,	(In thousands)
2015	\$ 715
2016	631
2017	635
2018	272
2019	11
	<u>\$ 2,264</u>

Total of all lease expenses, including long-term obligations and short-term rentals, was \$6,077,000 and \$8,313,000 for the year ended December 31, 2014 and the two-year period ended December 31, 2014, respectively.

Note H – 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 \$192,000 and \$382,000 of direct investment expenses were absorbed by the USOE for the benefit of the amateur sports organizations during the year ended December 31, 2014 and the two-year period ended December 31, 2014, respectively.

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

	As of December 31,	
	2014	2013
	(In thousands)	
Amateur sports organization investments, beginning of year	\$ 55,069	\$ 50,842
Net additions/(withdrawals)	283	(3,719)
Interest	43	148
Dividends	451	226
Net realized gains	1,747	3,435
Net unrealized gains	139	4,137
Amateur sports organization investments, end of year	<u>\$ 57,732</u>	<u>\$ 55,069</u>

Note I – 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 1,700 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.

	Year ended
	December 31, 2014
	(In thousands)
Grants	
NGB and adaptive sport organization grants	\$ 52,917
Athlete grants	15,911
Elite athlete health insurance and other medical benefits for athletes	7,937
International assistance	5,010
Total grants	<u>\$ 81,775</u>

Note J – 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, 2014 and 2013, \$104,077,000 and \$54,671,000, respectively, was held by NBC in trust for future Games. Interest income was \$202,000 and \$825,000 for the year ended December 31, 2014 and the two-year period ended December 31, 2014, 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 K – 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 5.0% 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. Of this contribution, 4.0 percentage points are 100% vested. The remaining percentage points vest ratably over a three-year period. 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, 2014 and the two-year period ended December 31, 2014, were \$1,841,000 and \$3,667,000, respectively.

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 \$724,000 and \$509,000 as of December 31, 2014 and December 31, 2013, respectively. The assets and liabilities are presented separately on the consolidated statements of financial position.

Note L – 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 10% and 12% of the Committee's total balances at December 31, 2014 and 2013, 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 \$905,000 and \$949,000 as of December 31, 2014 and 2013, respectively. The Committee does not believe any other significant concentrations of credit risk exist at December 31, 2014. 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, 2014 the USOC recognized \$500,000 in marks-rights income from the City. The balance as of December 31, 2014 of \$12,625,000 in deferred marks rights income will be recognized over the remaining 25 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.

Note L – Concentrations of credit and other risks (continued)

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 M – 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 \$8,375,000 payable to the IOC as of December 31, 2014. This liability is a component of accounts payable and accrued liabilities on the consolidated statements of financial position.

Note N – 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 \$175,000 per year. 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 \$345,000 and \$281,000 for the employee plan and \$433,000 and \$359,000 for the athlete plan as of December 31, 2014 and 2013, respectively, and is a component of accounts payable and accrued liabilities on the consolidated statements of financial position.

Note O – 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 P – Subsequent events

The Committee has evaluated subsequent events through the date that the financial statements were available to be issued on June 5, 2015.

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

Consolidating statement of financial position

Schedule 1

	As of December 31, 2014				
	USOC	USOPF	USOE	Eliminations	Consolidated
	(In thousands)				
Assets					
Cash and cash equivalents	\$ 130,302	\$ 2,732	\$ 16,109	\$ -	\$ 149,143
Restricted cash, cash equivalents and investments	9,756	1,527	-	-	11,283
Investments	149	-	259,974	(9,753)	250,370
Accounts receivables, net					
Pledges	26,245	6,788	585	(9,683)	23,935
Royalties and marks rights	10,941	-	-	-	10,941
Other	19,917	69	10	(4,696)	15,300
Prepaid expenses and other assets	8,146	-	32	-	8,178
Inventories, net	1,526	-	-	-	1,526
Investments held for deferred compensation arrangements	724	-	-	-	724
Land, buildings, and equipment, net	101,980	-	36	(1)	102,015
Total assets	<u>\$ 309,686</u>	<u>\$ 11,116</u>	<u>\$ 276,746</u>	<u>\$ (24,133)</u>	<u>\$ 573,415</u>
Liabilities and net assets					
Liabilities					
Accounts payable and accrued liabilities	\$ 28,275	\$ 88	\$ 260	\$ -	\$ 28,623
Accounts payable for investment securities purchased	-	-	181	-	181
Assets held on behalf of others	-	-	67,485	(9,753)	57,732
Deferred revenue	33,309	-	-	-	33,309
Deferred compensation arrangements	724	-	-	-	724
Other liabilities	-	4,697	9,683	(14,380)	-
Total liabilities	<u>62,308</u>	<u>4,785</u>	<u>77,609</u>	<u>(24,133)</u>	<u>120,569</u>
Net assets					
Unrestricted	207,383	(2,043)	199,137	10,660	415,137
Temporarily restricted	28,072	6,625	-	(10,660)	24,037
Permanently restricted	11,923	1,749	-	-	13,672
Total net assets	<u>247,378</u>	<u>6,331</u>	<u>199,137</u>	<u>-</u>	<u>452,846</u>
Total liabilities and net assets	<u>\$ 309,686</u>	<u>\$ 11,116</u>	<u>\$ 276,746</u>	<u>\$ (24,133)</u>	<u>\$ 573,415</u>

Consolidating statement of financial position

Schedule 2

	As of December 31, 2013				
	USOC	USOPF	USOE	Eliminations	Consolidated
	(In thousands)				
Assets					
Cash and cash equivalents	\$ 29,875	\$ -	\$ 11,431	\$ -	\$ 41,306
Restricted cash, cash equivalents and investments	13,379	-	-	-	13,379
Investments	55,288	-	261,793	(8,004)	309,077
Accounts receivables, net	-	-	-	-	-
Pledges	33,195	-	771	(9,310)	24,656
Royalties and marks rights	11,736	-	-	-	11,736
Other	6,875	-	147	-	7,022
Prepaid expenses and other assets	13,360	-	40	-	13,400
Inventories, net	1,513	-	-	-	1,513
Investments held for deferred compensation arrangements	509	-	-	-	509
Land, buildings, and equipment, net	98,034	-	35	-	98,069
Total assets	<u>\$ 263,764</u>	<u>\$ -</u>	<u>\$ 274,217</u>	<u>\$ (17,314)</u>	<u>\$ 520,667</u>
Liabilities and net assets					
Liabilities					
Accounts payable and accrued liabilities	\$ 31,808	\$ -	\$ 213	\$ -	\$ 32,021
Accounts payable for investment securities purchased	-	-	70	-	70
Assets held on behalf of others	-	-	63,073	(8,004)	55,069
Deferred revenue	31,971	-	-	-	31,971
Deferred compensation arrangements	509	-	-	-	509
Other liabilities	-	-	9,310	(9,310)	-
Total liabilities	<u>64,288</u>	<u>-</u>	<u>72,666</u>	<u>(17,314)</u>	<u>119,640</u>
Net assets					
Unrestricted	151,903	-	201,551	8,538	361,992
Temporarily restricted	35,758	-	-	(8,538)	27,220
Permanently restricted	11,815	-	-	-	11,815
Total net assets	<u>199,476</u>	<u>-</u>	<u>201,551</u>	<u>-</u>	<u>401,027</u>
Total liabilities and net assets	<u>\$ 263,764</u>	<u>\$ -</u>	<u>\$ 274,217</u>	<u>\$ (17,314)</u>	<u>\$ 520,667</u>

Consolidating statement of activities

Schedule 3

	Year ended December 31, 2014				
	USOC	USOPF	USOE	Eliminations	Consolidated
	(In thousands)				
Support and revenue					
Contributions	\$ 24,694	\$ 14,677	\$ -	\$ -	\$ 39,371
Less direct donor benefits	(2,049)	(88)	-	-	(2,137)
Net contribution income	22,645	14,589	-	-	37,234
Broadcast rights and related interest income	111,185	-	-	-	111,185
USOC marks rights income	95,000	-	-	-	95,000
Licensing royalty income	8,941	-	-	-	8,941
Grants from the USOPF	1,583	-	-	(1,583)	-
Grants from the USOE	9,683	-	-	(9,683)	-
Investment income	857	(28)	7,669	-	8,498
Other	21,625	1	-	(3,811)	17,815
Total support and revenue	271,519	14,562	7,669	(15,077)	278,673
Expenses					
Program services					
Member support	74,376	1,583	9,683	(11,266)	74,376
U.S. Paralympics	22,309	-	-	-	22,309
Member services					
Olympic training centers	29,868	-	-	-	29,868
National events	1,034	-	-	-	1,034
International competition	22,059	-	-	-	22,059
Sports science	1,111	-	-	-	1,111
Drug control	4,537	-	-	-	4,537
Public relations	3,063	-	-	-	3,063
Sports medicine	5,572	-	-	-	5,572
Education and archival services	4,198	-	-	-	4,198
International relations	2,861	-	-	-	2,861
Coaching programs	511	-	-	-	511
Broadcasting	8,062	-	-	-	8,062
Other	1,155	-	-	-	1,155
Total program services	180,716	1,583	9,683	(11,266)	180,716
Supporting services					
Fundraising	11,860	5,512	-	(2,980)	14,392
Sales and marketing	17,916	-	-	-	17,916
General and administrative	13,125	1,136	400	(831)	13,830
Total supporting services	42,901	6,648	400	(3,811)	46,138
Total expenses	223,617	8,231	10,083	(15,077)	226,854
Changes in net assets	47,902	6,331	(2,414)	-	51,819
Net assets, beginning of year	199,476	-	201,551	-	401,027
Net assets, end of year	\$ 247,378	\$ 6,331	\$ 199,137	\$ -	\$ 452,846

Consolidating statement of activities

Schedule 3

	Two-year period ended December 31, 2014				
	USOC	USOPF	USOE	Eliminations	Consolidated
	(In thousands)				
Support and revenue					
Contributions	\$ 78,057	\$ 14,677	\$ 495	\$ -	\$ 93,229
Less direct donor benefits	(6,863)	(88)	-	-	(6,951)
Net contribution income	71,194	14,589	495	-	86,278
Broadcast rights and related interest income	114,808	-	-	-	114,808
USOC marks rights income	184,977	-	-	-	184,977
Licensing royalty income	13,196	-	-	-	13,196
Grants from the USOPF	1,583	-	-	(1,583)	-
Grants from the USOE	18,993	-	-	(18,993)	-
Investment income	2,321	(28)	37,401	-	39,694
Other	33,349	1	-	(3,811)	29,539
Total support and revenue	440,421	14,562	37,896	(24,387)	468,492
Expenses					
Program services					
Member support	146,880	1,583	18,993	(20,576)	146,880
U.S. Paralympics	43,069	-	-	-	43,069
Member services					
Olympic training centers	58,535	-	-	-	58,535
National events	1,852	-	-	-	1,852
International competition	25,089	-	-	-	25,089
Sports science	2,280	-	-	-	2,280
Drug control	8,998	-	-	-	8,998
Public relations	6,577	-	-	-	6,577
Sports medicine	9,583	-	-	-	9,583
Education and archival services	9,377	-	-	-	9,377
International relations	5,270	-	-	-	5,270
Coaching programs	1,071	-	-	-	1,071
Broadcasting	13,812	-	-	-	13,812
Other	2,478	-	-	-	2,478
Total program services	334,871	1,583	18,993	(20,576)	334,871
Supporting services					
Fundraising	28,766	5,512	-	(2,980)	31,298
Sales and marketing	28,925	-	-	-	28,925
General and administrative	26,807	1,136	816	(831)	27,928
Total supporting services	84,498	6,648	816	(3,811)	88,151
Total expenses	419,369	8,231	19,809	(24,387)	423,022
Changes in net assets	21,052	6,331	18,087	-	45,470
Net assets, beginning of period	226,326	-	181,050	-	407,376
Net assets, end of period	\$ 247,378	\$ 6,331	\$ 199,137	\$ -	\$ 452,846

United States Olympic Committee

Supplemental schedule of functional expenses

Year ended December 31, 2014							
Program services							
	Member support	U.S. Paralympics	Olympic training centers	National events	International competition	Sports science	Drug control
	(In thousands)						
Salaries	\$ 5,441	\$ 2,934	\$ 5,575	\$ -	\$ 1,212	\$ 308	\$ 124
Fringe benefits	1,424	729	1,467	-	303	85	52
Temporary help	64	189	431	-	29	78	5
Travel expense	1,243	2,946	82	57	5,592	10	-
Conferences and seminars	1,026	53	19	-	13	23	-
Dues and subscriptions	21	3	8	-	1	1	-
Grants	60,652	11,267	1,096	5	5,010	12	750
Games event expense	3	912	38	-	4,041	-	-
Food service expense	4	10	2,590	-	102	1	-
Insurance	35	32	386	-	102	-	-
Postage, freight, and handling	52	34	21	9	1,554	2	-
Professional	1,234	1,225	65	-	325	194	500
Promotional expense	90	143	9	-	21	1	-
Public information	24	1	-	709	-	-	-
Supplies	67	71	462	(4)	376	109	-
Vehicle expense	15	4	458	-	429	-	-
Miscellaneous	69	27	20	3	36	1	-
Outside services	172	90	862	191	182	3	3,106
Rent expense	710	101	644	64	953	5	-
Repairs and maintenance	2	3	1,270	-	-	6	-
Taxes	5	50	269	-	726	1	-
Utilities	71	63	1,268	-	626	7	-
Depreciation	94	4	4,326	-	7	264	-
Shared services allocations	1,858	1,418	8,502	-	419	-	-
Cost of goods sold	-	-	-	-	-	-	-
Total	<u>\$ 74,376</u>	<u>\$ 22,309</u>	<u>\$ 29,868</u>	<u>\$ 1,034</u>	<u>\$ 22,059</u>	<u>\$ 1,111</u>	<u>\$ 4,537</u>

Schedule 4

Year ended December 31, 2014

Program services

Public relations	Sports medicine	Educational and archival services	International relations	Coaching programs	Broadcasting	Other	Total
(In thousands)							
\$ 1,425	\$ 1,459	\$ 292	\$ 716	\$ 229	\$ 649	\$ 705	\$ 21,069
354	363	68	154	60	173	150	5,382
45	71	142	4	19	97	-	1,174
131	185	116	781	55	121	231	11,550
17	32	81	170	117	8	8	1,567
16	9	9	16	1	4	1	90
-	2,658	-	325	-	-	-	81,775
1	-	-	1	8	-	-	5,004
-	-	-	-	-	-	-	2,707
7	120	-	2	-	3	-	687
5	5	1,024	10	3	1	-	2,720
127	61	399	265	-	-	22	4,417
207	(1)	86	12	-	1,190	4	1,762
-	-	-	2	-	3,438	-	4,174
15	125	27	2	5	12	5	1,272
-	30	-	3	-	-	-	939
7	18	65	21	5	4	8	284
34	9	1,378	126	5	2,126	1	8,285
-	8	63	10	-	4	3	2,565
-	95	-	-	-	10	-	1,386
-	44	-	-	-	-	-	1,095
25	23	12	15	4	12	8	2,134
-	258	186	-	-	33	9	5,181
647	-	250	226	-	177	-	13,497
-	-	-	-	-	-	-	-
<u>\$ 3,063</u>	<u>\$ 5,572</u>	<u>\$ 4,198</u>	<u>\$ 2,861</u>	<u>\$ 511</u>	<u>\$ 8,062</u>	<u>\$ 1,155</u>	<u>\$ 180,716</u>

Supplemental schedule of functional expenses (continued)

Schedule 4

Year ended December 31, 2014										
Supporting services										
	USOC Fundraising	USOPF Fundraising (b)	Sales and marketing	USOC General and administrative	USOPF General and administrative (a)	USOE General and administrative (a)	Shared services	Total	Total expenses	
(In thousands)										
Salaries	\$ 2,966	\$ -	\$ 3,578	\$ 6,098	\$ -	\$ 172	\$ 3,657	\$ 16,471	\$	\$ 37,540
Fringe benefits	835	-	809	1,620	-	41	907	4,212		9,594
Temporary help	-	-	13	41	-	-	256	310		1,484
Travel expense	12	796	2,795	594	25	78	61	4,361		15,911
Conferences and seminars	-	36	105	255	-	-	67	463		2,030
Dues and subscriptions	-	15	23	124	-	2	20	184		274
Grants	-	-	-	-	-	-	-	-		81,775
Games event expense	-	289	300	1	-	-	1	591		5,595
Food service expense	-	-	3	2	-	-	-	5		2,712
Insurance	-	-	18	720	37	28	-	803		1,490
Postage, freight, and handling	2,389	69	633	24	-	1	15	3,131		5,851
Professional	902	308	57	1,246	19	34	357	2,923		7,340
Promotional expense	7	305	3,486	19	35	34	-	3,886		5,648
Public information	-	2	9	-	-	-	-	11		4,185
Supplies	(31)	51	165	153	5	3	432	778		2,050
Vehicle expense	-	-	44	3	-	-	35	82		1,021
Miscellaneous	98	26	24	146	16	1	-	311		595
Outside services	4,556	305	576	174	108	-	1,812	7,531		15,816
Rent expense	89	2	2,838	160	-	2	572	3,663		6,228
Repairs and maintenance	-	-	74	18	-	-	1,799	1,891		3,277
Taxes	(1)	-	5	9	12	-	6	31		1,126
Utilities	6	33	120	93	-	3	2,167	2,422		4,556
Depreciation	32	-	36	205	-	1	4,203	4,477		9,658
Shared services allocations	-	295	1,026	1,420	48	-	(16,367)	(13,578)		(81)
Cost of goods sold	-	-	1,179	-	-	-	-	1,179		1,179
Total	<u>\$ 11,860</u>	<u>\$ 2,532</u>	<u>\$ 17,916</u>	<u>\$ 13,125</u>	<u>\$ 305</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 46,138</u>		<u>\$ 226,854</u>

(a) Included in total general and administrative expenses in consolidated statement of activities.

(b) Included in total fundraising expenses in consolidated statement of activities.

Schedule of expenditures of federal awards

Year ended December 31, 2014				
Federal grantor/program title	Award / Grant number	CFDA number	Expenditures	Pass-Through
Department of Veterans Affairs				
Direct payments				
Department of Veterans Affairs, Paralympic Integrated Adaptive Sports Program	2013-PP-001	64.XXX	\$ 6,615,004	
Amount included above, expended as pass-through to subrecipient			-	\$ 1,750,000
Total federal expenditures			<u>\$ 6,615,004</u>	

Notes to schedule of expenditures of federal awards

Note A - General

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the activity of the federal award program of the United States Olympic Committee (the "Committee").

The information in the accompanying Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented on or used in the preparation of the financial statements or reports to federal agencies.

Note B - Basis of accounting

The accompanying Schedule is presented on the accrual basis of accounting.



Report of Independent Certified Public Accountants
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Required
by *Government Auditing Standards*

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The Board of Directors
United States Olympic Committee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the United States Olympic Committee and subsidiaries (the “Committee”), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 5, 2015.

Our report includes a reference to other auditors who audited the financial statements of the United States Olympic Endowment (“USOE”), as described in our report on the Committee’s consolidated financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting that are reported on separately by those auditors.

Internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered the Committee’s internal control over financial reporting (“internal control”) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Committee’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Committee’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Committee's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Committee's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Committee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Committee's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP

Denver, Colorado
June 5, 2015



Report of Independent Certified Public Accountants on Compliance for its Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

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The Board of Directors
United States Olympic Committee

Report on compliance for each major federal program

We have audited the compliance of the United States Olympic Committee (the “Committee”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. The Committee’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Committee’s federal program.

Auditor’s responsibility

Our responsibility is to express an opinion on compliance for the Committee’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The above-mentioned standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Committee’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Committee's major federal program. However, our audit does not provide a legal determination of the Committee's compliance.

Opinion on each major federal program

In our opinion, the Committee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on internal control over compliance

Management of the Committee is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Committee's internal control over compliance with the types of compliance requirements that could have a direct and material effect on the major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Committee's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Committee's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

GRANT THORNTON LLP

Denver, Colorado
June 5, 2015

December 31, 2014

Schedule of findings and questioned costs

1 Summary of auditor's results

- a The type of report issued on the consolidated financial statements: **Unmodified opinion**
- b Significant deficiency in internal control over financial reporting disclosed by the audit of the consolidated financial statements: **None reported**

Material weaknesses: **No**

- c Noncompliance that is material to the consolidated financial statements: **No**
- d Significant deficiencies in internal control over major program identified that are not considered to be material weaknesses: **None reported**

Material weakness: **No**

- e The type of report issued on compliance for major program: **Unmodified opinion**
- f Any audit findings that are required to be reported under Section .510(a) of OMB Circular A-133: **No**

- g Major programs:

Grant	CFDA	Name of federal program or cluster
2013-PP-001	64.XXX	Department of Veterans Affairs, Paralympic Integrated Adaptive Sports Program

- h Dollar threshold used to distinguish between type A and type B programs: **\$300,000**
- i Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **Yes**

2 Findings relating to the consolidated financial statements reported in accordance with *Government Auditing Standards*

None noted.

3 Current year findings and questioned costs relating to federal awards

No current year findings or questioned costs were noted.

4 Status of prior year findings and questioned costs relating to federal awards

No prior year findings or questioned costs were noted.



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