Consolidated Financial Statements and Report of Independent Certified Public Accountants

United States Olympic Committee

December 31, 2017 and 2016

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United States Olympic Committee

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, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year ended December 31, 2017, 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 reflect 50.9 percent and 45.2 percent of the Committee's total assets as of December 31, 2017 and 2016 respectively, and 13.6 percent of the Committee's total revenues for the year ended December 31, 2017. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the USOE, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Committee's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United States Olympic Committee and subsidiaries as of December 31, 2017 and 2016, their changes in net assets, their functional expenses and their cash flows for the year ended December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Committee adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note A. Our Opinion is not modified with respect to this matter.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on schedules 1-4 is presented for the 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 consolidating supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

GRANT THORNTON LLP

Denver, Colorado
June 22, 2018

Consolidated statement of financial position

	As of December 31,	
	2017	2016
	(In thousands)	
Assets		
Cash and cash equivalents	$ 179,012	$ 166,265
Restricted cash, cash equivalents and investments	17,428	15,101
Investments	255,727	244,545
Accounts receivable, net		
Pledges	3,709	30,771
Royalties and marks-rights	16,064	13,605
Other	12,085	18,902
Prepaid expenses and other assets	13,687	4,228
Inventories, net	1,639	1,668
Investments held for deferred compensation arrangements	1,304	1,007
Land, buildings, and equipment, net	70,576	78,094
Total assets	$ 571,231	$ 574,186
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities	$ 23,989	$ 30,410
Assets held on behalf of others	62,964	53,305
Deferred revenue	44,827	29,906
Deferred compensation arrangements	1,304	1,007
Total liabilities	133,084	114,628
Net assets		
Net assets without donor restrictions	417,032	413,113
Net assets with donor restrictions		
Restricted as to purpose or time	4,585	28,140
Restricted in perpetuity	16,530	18,305
	21,115	46,445
Total net assets	438,147	459,558
Total liabilities and net assets	$ 571,231	$ 574,186

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

Consolidated statement of activities

	Year ended December 31, 2017
	(In thousands)
Change in net assets without donor restrictions	
Support and revenue	
Sponsorship and licensing	$ 146,876
Broadcast revenue	5,233
Contributions, net	15,573
Other program revenue	6,960
Investment income	30,968
Other revenue	816
Net assets released from restrictions - satisfaction of purpose / time restrictions	6,850
Total support and revenue	213,276
Expenses	
Program services	
High performance programs	100,202
Olympic and paralympic competitions	3,244
Athlete training facilities	27,097
NGB and athlete foundational programs	18,804
Team USA media and promotion	21,873
Total program services	171,220
Supporting services	
Fundraising	10,115
Sales and marketing	12,639
General and administrative	15,383
Total supporting services	38,137
Total expenses	209,357
Change in net assets without donor restrictions	$ 3,919

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Consolidated statement of activities (continued)

		Year ended December 31, 2017
		(In thousands)
Change in net assets without donor restrictions		
Support and revenue	$	213,276
Expenses		209,357
Change in net assets without donor restrictions		3,919
Change in net assets with donor restrictions		
Contributions		7,251
Pledges		(1,952)
Investment income		1,471
Change in accounting treatment for contributions		(25,250)
Net assets released from restrictions - satisfaction of purpose / time restrictions		(6,850)
Change in net assets with donor restrictions		(25,330)
Change in net assets		(21,411)
Net assets, beginning of year		459,558
Net assets, end of year	$	438,147

Consolidated statement of functional expenses

	Year ended December 31, 2017										
	Program services										
	High Performance Programs										
	High Performance Grants	High Performance Management	Sports Medicine	Sports Science	Other High Performance Programs	Total High Performance Programs	Olympic and Paralympic Competitions	Athlete Training Facilities	NGB and Athlete Foundational Programs	Team USA Media and Promotion	Total
						(In thousands)					
Salaries	$ 1,455	$ 3,742	$ 1,824	$ 2,687	$ 748	$ 10,456	$ 1,130	$ 4,577	$ 2,543	$ 3,566	$ 22,272
Fringe benefits	338	786	442	641	194	2,401	255	1,110	592	831	5,189
Temporary help	-	54	52	81	33	220	42	248	94	572	1,176
Travel expense	2,986	563	257	189	319	4,314	608	134	669	1,588	7,313
Conferences and seminars	4	194	28	20	152	398	10	19	120	267	814
Dues and subscriptions	10	38	35	14	304	401	1	11	46	72	531
Grants	69,111	2	3,385	16	344	72,858	-	13	7,357	2,992	83,220
Games event expense	490	8	-	-	-	498	7	-	7	6	518
Food service expense	13	9	1	13	-	36	4	1,584	5	(11)	1,618
Insurance	89	26	104	-	-	219	12	267	-	33	531
Postage, freight, and handling	25	14	6	2	3	50	44	23	33	20	170
Professional	948	628	203	280	176	2,235	158	42	1,188	469	4,092
Promotional expense	1	2	-	-	3	6	10	82	48	288	434
Public information	-	-	-	-	-	-	75	1	-	6,509	6,585
Supplies	45	70	224	205	47	591	20	594	282	106	1,593
Vehicle expense	13	-	17	-	-	30	-	241	-	-	271
Miscellaneous	8	22	25	31	1	87	21	91	49	170	418
Outside services	27	20	160	156	45	408	13	311	4,727	1,612	7,071
Rent expense	190	1	84	27	1	303	12	4,621	14	107	5,057
Repairs and maintenance	-	-	192	41	-	233	-	215	-	18	466
Taxes	101	(13)	4	4	-	96	76	23	4	5	204
Utilities	19	69	22	33	8	151	15	146	16	73	401
Depreciation	100	71	462	218	2	853	144	2,375	-	496	3,868
Shared services allocations	391	961	748	936	322	3,358	587	10,369	1,010	2,084	17,408
Total	$ 76,364	$ 7,267	$ 8,275	$ 5,594	$ 2,702	100,202	$ 3,244	$ 27,097	$ 18,804	$ 21,873	$ 171,220

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Consolidated statement of functional expenses (continued)

	Year ended December 31, 2017								
	Supporting services								
	USOC Fundraising	USOPF Fundraising (b)	USOC 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	$ 4,443	$ -	$ 4,912	$ 6,956	$ -	$ 192	$ 4,556	**$ 21,059**	**$ 43,331**
Fringe benefits	988	-	975	1,628	-	39	1,306	**4,936**	**10,125**
Temporary help	-	21	43	4	-	-	230	**298**	**1,474**
Travel expense	-	628	802	966	113	46	262	**2,817**	**10,130**
Conferences and seminars	-	43	45	103	2	-	43	**236**	**1,050**
Dues and subscriptions	-	27	97	175	1	3	32	**335**	**866**
Grants	-	-	-	-	-	-	-	**-**	**83,220**
Games event expense	-	-	35	18	-	-	-	**53**	**571**
Food service expense	-	-	1	3	-	-	-	**4**	**1,622**
Insurance	-	-	36	787	48	22	-	**893**	**1,424**
Postage, freight, and handling	-	316	110	21	1	1	12	**461**	**631**
Professional	-	735	935	978	-	51	877	**3,576**	**7,668**
Promotional expense	-	364	1,321	46	58	50	3	**1,842**	**2,276**
Public information	-	46	57	10	-	-	-	**113**	**6,698**
Supplies	-	16	68	269	6	7	1,347	**1,713**	**3,306**
Vehicle expense	-	-	2	-	-	-	34	**36**	**307**
Miscellaneous	-	71	149	109	43	-	40	**412**	**830**
Outside services	-	1,347	1,458	202	92	-	1,875	**4,974**	**12,045**
Rent expense	-	141	505	12	22	6	648	**1,334**	**6,391**
Repairs and maintenance	-	-	9	7	-	-	3,291	**3,307**	**3,773**
Taxes	-	1	7	39	6	-	7	**60**	**264**
Utilities	-	42	71	47	4	6	2,175	**2,345**	**2,746**
Depreciation	-	-	68	3	-	3	4,739	**4,813**	**8,681**
Shared services allocations	-	886	933	1,984	194	-	(21,477)	**(17,480)**	**(72)**
Total	$ 5,431	$ 4,684	$ 12,639	$ 14,367	$ 590	$ 426	$ -	**$ 38,137**	**$ 209,357**

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

Consolidated statement of cash flows

	Year ended December 31, 2017
	(In thousands)
Operating activities	
Change in net assets	$ (21,411)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Provision for losses on accounts receivable	261
Depreciation	8,681
Gain on asset disposals	(181)
Change in accounting treatment for contributions	25,250
Net realized gain on investments	(15,910)
Net unrealized gain on investments	(14,629)
Contributions and investment income restricted for investment in endowment	(1,608)
Net contributions by amateur sports organizations	1,069
Changes in assets and liabilities	
Decrease in receivables	5,905
Increase in prepaid expenses and other assets	(9,459)
Decrease in inventories	29
Increase in investments held for deferred compensation arrangements	(297)
Decrease in accounts payable and accrued liabilities	(6,385)
Increase in deferred revenues	14,921
Increase in deferred compensation arrangements	297
Net cash used in operating activities	(13,467)
Investing activities	
Purchase of investment securities	(139,733)
Proceeds from sale and maturities of investment securities	167,648
Changes in restricted cash and investments	(2,327)
Proceeds from sale of equipment	38
Purchase of building improvements and equipment	(1,020)
Net cash provided by investing activities	24,606
Financing activities	
Contributions and investment income restricted for investment in endowment	1,608
Net cash provided by financing activities	1,608
Net increase in cash and cash equivalents	12,747
Cash and cash equivalents, beginning of period	166,265
Cash and cash equivalents, end of period	$ 179,012
Supplemental cash flow information	
Value-in-kind consideration received for marks-rights and licensing royalty income included in sponsorship and licensing	$ 14,331

The accompanying notes are an integral part of this consolidated financial statement.

Notes to consolidated financial statements

Note A – Summary of significant accounting policies

Organization

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

The USOC is governed by a board of directors, composed of six independent directors, three members selected from individuals nominated by the National Governing Bodies' (NGB) Council, three members selected from individuals nominated by the Athletes' Advisory Council, all U.S. members of the IOC (currently three) who are ex-officio directors on the board, and the CEO as an ex-officio non-voting member. As of December 31, 2017, the board had no vacant positions.

Quadrennial accounting period

The USOC's activities are organized within a four-year cycle ending in the year the Olympic Games are held; accordingly, the consolidated financial statements include the changes in net assets and cash flows for the year ended December 31, 2017 only, as this is the first year of the 2020 quadrennium.

Principles of consolidation

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

In addition, the consolidated financial statements also include the accounts of the United States Olympic Endowment (USOE). The USOC consolidates the accounts of the USOE due to its deemed control of the USOE (Note C).

Note A – Summary of significant accounting policies (continued)

Principles of consolidation (continued)

In addition, the consolidated financial statements also include the accounts of USOC HOSPITALITY, SERVICOS, COMERCIO, IMPORTACAO E EXPORTACAO LTDA (Hospitality). Hospitality is a limited liability company, incorporated in Brazil in 2015. Its primary purposes were to promote development in sport and serve as agent for the USOC in Brazil in connection with the Rio 2016 Olympic Games. Hospitality also prepared and organized Rio 2016 Olympic Games related hosting and events for the USOC and USOPF. The USOC and the USOPF's ownership interests in USOC Hospitality are 99% and 1%, respectively. Due to the USOC and USOPF's combined 100% ownership, the accounts of Hospitality are consolidated with those of the USOC and USOPF. As activity related to the Rio 2016 Olympic Games has concluded, this entity has limited activity in 2017.

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

All intercompany accounts and transactions have been eliminated in consolidation.

Broadcast rights and related interest income

The USOC has agreements with National Broadcasting Company (NBC) and the IOC whereby the USOC receives scheduled broadcast rights payments in exchange for allowing NBC to broadcast the Olympic Games, Olympic Winter Games and other events in the U.S. In connection with the contract discussed in Note K, for Games in the years through 2020, no cash payments will be received and broadcast rights income will not be recognized until the year the respective Games are held and certain other requirements are met, including the participation of the official U.S. Olympic Team. Nonrefundable interest on amounts held in trust (Note K) is recognized as earned. Revenue from broadcast rights and related interest income is included in broadcast revenue in the accompanying consolidated statement of activities.

USOC marks-rights income

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

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

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

Note A – Summary of significant accounting policies (continued)

USOC marks-rights income (continued)

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, 2017, and 2016, $17,150,000 and $2,340,000, respectively, was deferred for payments received but not yet earned and $5,168,000 and $3,403,000, respectively, were due to the USOC for revenues earned but not yet received. USOC marks-rights income is included in sponsorship and licensing revenue in the accompanying consolidated statement of activities. The increase in deferred revenue from 2016 to 2017 is primarily from the prepayment of the remainder of a sponsorship contract during 2017.

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, 2017, and 2016, $44,000 and $131,000, respectively, was deferred for value-in-kind received but not yet earned and $4,771,000 and $1,353,000, 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, 2017
Cash	$ 130,433
Value-in-kind	14,162
	$ 144,595

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. Licensing royalty income is included in sponsorship and licensing revenue in the accompanying consolidated statement of activities.

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

	Year ended December 31, 2017
Cash	$ 2,112
Value-in-kind	169
	$ 2,281

Note A – Summary of significant accounting policies (continued)

Contributions

Contributions represent donations from the general public. The Committee reports contributions of cash and other assets as net assets with donor restrictions as to purpose or time or perpetuity 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, net assets are reclassified to net assets without donor restrictions and reported as releases from restrictions in the consolidated statement of activities. The Committee reports contributions of land, buildings and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

During the year ended December 31, 2017, the Committee changed its method of accounting treatment for contributions from certain gift agreements. Under this new accounting treatment, contribution revenue from the agreements is recognized when gift payments are received, rather than when the gift agreement is executed. Due to this change, the Committee has recorded a change in accounting treatment on the statement of activities and a corresponding reduction to pledges receivable on the statement of financial position in the amount of $25,250,000. Future payments on these executed gift agreements are as follows:

	Year ended December 31, 2017
Year ending December 31,	(In thousands)
2018	$ 11,433
2019	8,980
2020	7,576
2021	2,224
2022	938
Thereafter	250
	$ 31,401

Unconditional promises to give the Committee 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 collection patterns.

Cash and cash equivalents

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

Note A – Summary of significant accounting policies (continued)

Restricted cash, cash equivalents and investments

Restricted cash, cash equivalents and investments represents cash and investments with donor restrictions for purpose or passage of time of $3,439,000 and $2,719,000 as of December 31, 2017 and 2016, respectively, and cash and investments with donor restrictions in perpetuity of $13,989,000 and $12,382,000 as of December 31, 2017 and 2016, respectively. These cash and investments are restricted for specific purposes according to donor intent (Note F). Of these restricted cash and investments, $15,577,000 and $12,892,000 were held by the USOE as a component of its investment pool as of December 31, 2017 and 2016, 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 pledges receivable, fair value is determined by computing the present value of future cash flows discounted at the prevailing interest rate as of the period in which the agreement was received (Note A, Pledges receivable).

Investments

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

Investment activity is accounted for on a trade-date basis, and investment income is reported on the accrual basis, net of investment expenses of $810,000 for the year ended December 31, 2017. Realized gains and losses are calculated based on the average-cost method.

Alternative investments include hedge funds, limited partnership interests and private equity funds. These investments are recorded at net asset value (NAV). The Committee also reviews audited financial statements of the underlying funds or partnerships, when available, and other information provided by fund managers or general partners. Investments in such funds do carry certain risks, including lack of regulatory oversight, interest rate risk, and market risk. Due to the level of risk associated with these investments, it is at least reasonably possible that changes in risk factors in the near term would materially affect amounts reported in the consolidated financial statements of financial position.

Accounts receivable

Accounts receivable balances are reported net of an allowance for doubtful accounts of $261,000 and $501,000 as of December 31, 2017 and 2016, respectively.

Note A – Summary of significant accounting policies (continued)

Accounts receivable (continued)

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 0.40% to 3.65%, are shown net of estimated uncollectible amounts of $141,000 and $768,000 as of December 31, 2017 and 2016, respectively. Pledges are due to be collected over the next four years in the following amounts:

	As of December 31, 2017
Year ending December 31,	(In thousands)
2018	$ 1,485
2019	958
2020	1,144
2021	122
	$ 3,709

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, 2017 and 2016 were $169,000 and $196,000, respectively. The unamortized pledge discount was $231,000 and $810,000 as of December 31, 2017 and 2016, respectively. As discussed in Note A, Contributions, the Committee changed its method of accounting treatment for contributions from certain gift agreements. This change resulted in a cumulative reduction of the pledges receivable balance.

Prepaid expenses and other assets

Included in prepaid expenses and other assets are costs relating to international competitions. These balances were $8,553,000 and $495,000 as of December 31, 2017 and 2016, respectively. Both the 2017 and 2016 balances were for the 2018 Winter Olympic and Paralympic Games to be held in February and March of 2018 in PyeongChang, South Korea and trials held throughout 2017 or to be held in 2018. The remainder of the balance of prepaid expenses and other assets is comprised of various deposits and payments.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method for determining cost. Inventories consist of food, supplies, airline tickets and other games-related items. Inventories are reported net of an allowance for excess and obsolete inventory of $5,000 for both December 31, 2017 and 2016.

Note A – Summary of significant accounting policies (continued)

Land, buildings, and equipment

Land, buildings, and equipment are stated at cost for items purchased and at estimated fair value at the date of gift for items donated. Depreciation is provided on a straight-line basis over their estimated useful lives of 25 to 30 years for buildings, 5 to 20 years for building improvements and components, and 3 to 10 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 items costing over $30,000 that have a useful life over one year. The Committee recognized depreciation expense of $8,681,000 for the year ended December 31, 2017. Ordinary repairs and maintenance costs are expensed as incurred.

Advertising costs

Advertising costs are expensed as incurred. Such costs amounted to $180,000 for the year ended December 31, 2017.

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, 2017.

Hospitality is a taxable limited liability company incorporated in Brazil and did not have material amounts of unrelated business taxable income during the year ended December 31, 2017.

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.

Functional expenses

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

Note A – Summary of significant accounting policies (continued)

Classes of 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:

- **Net assets without donor restrictions –** currently available for operating purposes under the direction of the board and are not subject to donor imposed stipulations.

- **Net assets with donor restrictions –** comprised of:

  - *Subject to expenditure for specific purpose or the passage of time* – when a restriction expires due to the passage of time or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

  - *Subject to restriction in perpetuity* – generally, the donors of these assets permit the Committee to use all or part of the income earned on the related investments for specific or general purposes.

Management estimates

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

Asset retirement obligations

Costs related to the legal obligations to perform certain activities in connection with the retirement, disposal or abandonment of assets are accrued. The Committee has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs were estimated based on physical inspections and cost estimates based on current market prices and applied on a per square foot basis. As of December 31, 2017 and 2016, 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, 2017 and 2016 and the cost basis is included in building and leasehold improvements.

Recently issued accounting standards

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities." The Committee adopted the provisions of this new standard during the year ended December 31, 2017. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note G).

Note A – Summary of significant accounting policies (continued)

Recently issued accounting standards (continued)

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" and has subsequently issued several supplemental and/or clarifying ASUs (collectively known as "ASC 606"). ASC 606 implements a five step model for how an entity should recognize revenue in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective for fiscal periods beginning after December 15, 2018 and for the interim periods within that year. The Committee has evaluated the impact of current revenue contracts to be on track with implementation. The Committee is also responsible for identifying and implementing changes to existing business processes, controls, and systems in order to support revenue recognition and disclosure under the new standard. The standard permits the use of either the retrospective or cumulative effect transition method. Management continues to evaluate the impact that the adoption will have on the consolidated financial statements and related disclosures. Management has not yet selected a transition method nor has it determined the effect of the standard on ongoing reporting.

Note B – United States Olympic and Paralympic Foundation

The USOPF was incorporated in 2013 for the purpose of generating philanthropic support for the USOC. The USOPF made grants to the USOC totaling $5,338,000 for the year ended December 31, 2017. These grants were in accordance with the USOPF's policy to transfer assets to the USOC once the USOPF has received the contribution payments. In addition, the USOC made grants to the USOPF totaling, $11,051,000 for the year ended December 31, 2017, which must be used by the USOPF exclusively for its own administrative and fundraising expenses. As a result of these transactions, the USOC has a grant payable owed to the USOPF in the amount of $5,856,000 and $0, and the USOPF has a grant payable owed to the USOC in the amount of $1,496,000 and $1,396,000 as of December 31, 2017 and 2016, respectively.

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 amount billed under the services agreement by the USOC to the USOPF was $5,851,000 for the year ended December 31, 2017. 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 operating payable due to the USOC as a result of the service agreement was $0 and $5,818,000 as of December 31, 2017 and 2016, 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 net assets with restrictions 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, 2017 and 2016, the USOC has designated approximately $111,400,000 as an amount to be maintained in perpetuity, which designation can be rescinded at any time.

In 2000, the trustees of the USOE adopted a policy whereby annual distributions of grants to the USOC, NGBs, Multi-Sport Organizations, and Affiliated Sports Organizations were to be based on 5% of the USOE's average net assets over the last 12 fiscal quarters. Grants in the amount of $9,817,000 and $10,012,000 were approved by the USOE board of directors in December 2017 and 2016 for payment in January 2018 and 2017, respectively and were recorded as grant payables by the USOE and grants receivable by the USOC. All amounts were eliminated upon consolidation in the accompanying consolidated financial statements. Despite the fact that the USOC consolidates the financial statements of the USOE, the USOE board of trustees is responsible for the distribution of USOE net assets.

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

Note D – Investments

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

	As of December 31, 2017		
	Cost	Unrealized gains (losses)	Fair value
		(In thousands)	
Domestic common stocks	$ 40,935	$ 6,319	$ 47,254
Mutual funds			
U.S. Treasury notes	17,130	(335)	16,795
Large-cap S&P 500 securities	20,639	3,809	24,448
International bonds	15,002	(625)	14,377
Alternative investments	101,540	66,890	168,430
Total USOE investments	$ 195,246	$ 76,058	271,304
Eliminations upon consolidation			(15,577)
Total Committee investments			$ 255,727

Note D – Investments (continued)

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

The change in unrealized appreciation on investments is as follows for the years ended December 31, 2017 and 2016:

	Years ended December 31,	
	2017	2016
	(In thousands)	
Balance at beginning of year	$ 57,502	$ 51,215
Unrealized appreciation attributable to the Committee	14,629	4,815
Unrealized appreciation attributable to amateur sports organizations investors	3,927	1,472
Balance at end of year	$ 76,058	$ 57,502

Note E – Disclosures about fair value of assets and liabilities

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

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

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

Investments at Net Asset Value (NAV)

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Committee's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that the Committee has classified within the NAV category. As a result, the unrealized gains and losses for assets and liabilities within the NAV category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-date volatilities) inputs.

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, 2017 and 2016:

	As of December 31, 2017			
	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	$ 47,254	$ 47,254	$ -	$ -
Mutual funds				
U.S. Treasury notes	16,795	16,795	-	-
Large-cap S&P 500 securities	24,448	24,448	-	-
International bonds	14,377	14,377	-	-
Total investments at fair value	102,874	$ 102,874	$ -	$ -
Alternative investments at NAV (See A)	168,430			
Eliminations upon consolidation	(15,577)			
	$ 255,727			

(A) In accordance with Accounting Standards Update (ASU) 2015-07, the Committee does not classify investments held at net assets value per share in the fair value hierarchy above.

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

Recurring measurements (continued)

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

(A) In accordance with Accounting Standards Update (ASU) 2015-07, the Committee does not classify investments held at net assets value per share in the fair value hierarchy above.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2017 and 2016.

Traditional investments

Where quoted market prices are available for identical securities in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, domestic and international equity and bond mutual funds, exchange traded funds and U.S. treasury notes. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows, and are classified as Level 2 securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2017 and 2016, the Committee holds no traditional investments classified as Level 2 or 3 in the hierarchy.

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

Alternative investments

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

The Committee has adopted Accounting Standards Update (ASU) 2009-12, which provides a practical expedient for certain investments to use net 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. The NAV is provided by the respective fund managers and reviewed by the Executive Vice President / Chief Operating Officer's office as well as the Committee's investment advisor to ensure it complies with accounting standards generally accepted in the United States. The year-end NAV, provided by the fund managers, is supported by underlying audit reports of the alternative investment.

Alternative investments held at December 31 consist of the following:

	As of December 31, 2017			
	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
	(In thousands)			
Hedge equity funds [(a)]	$ 47,239	$ -	Annually	45 – 100 days
Limited partnerships [(b)]	75,224	-	Quarterly	10 – 60 days
Real estate fund [(c)]	8,519	9,420	Upon dissolution of fund	N/A
Private equity funds [(d)]	2,339	2,910	Upon dissolution of fund	N/A
Bond fund trust [(e)]	3,978	-	Monthly	10 days
Fund of funds [(f)]	30,954	11,290	Upon dissolution of fund	N/A
Other [(g)]	177	-	Upon dissolution of fund	N/A
Total	$ 168,430	$ 23,620		

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

Alternative investments (continued)

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

(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 $43,738,000 at 2017 and two of the funds valued at $59,723,000 at 2016 can invoke fund-level gates; however none have been imposed to date.

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

(d) This class includes two private equity funds that invest primarily in domestic and foreign limited partnerships. These investments can never be redeemed with the funds. Distributions from each fund will be made upon dissolution of the fund. It is estimated that as of December 31, 2017, $849,000 will be liquidated in 2018 and the remainder will be liquidated in 2023.

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

(f) This class includes five fund of funds that invest in foreign and domestic venture capital limited partnerships. These investments can never be redeemed with the fund. Distributions from the fund will be made upon dissolution of the fund. It is estimated that as of December 31, 2017, $3,576,000 will be liquidated in 2020 and the remainder will be liquidated in 2024.

(g) This class includes one fund primarily invested in illiquid side-pocket arrangements. These investments are in a lock-up period as the funds wind down and are expected to be liquidated and paid out over the next three to five years. To date, the Committee has received approximately 87% of these illiquid side-pocket arrangements. Actual results could differ from this.

Note F – Net assets

Net assets consist of the following:

	As of December 31,	
	2017	2016
	(In thousands)	
Net assets without donor restrictions		
Undesignated	$ 417,032	$ 413,113
Total net assets without donor restrictions	417,032	413,113
Subject to expenditure for specific purpose		
Athlete and athletic training	3,439	2,719
Subject to the passage of time		
Pledges receivable from third parties	1,146	25,421
Subject to restriction in perpetuity		
Endowment funds restricted in perpetuity (See A)	13,989	12,382
Pledges receivable from third parties	2,541	5,923
Total net assets with donor restrictions	21,115	46,445
Total net assets	$ 438,147	$ 459,558

(A) These endowment funds have donor stipulations that classify as net assets restricted in perpetuity the original value of donated gifts at the time they are added to the funds. All but one fund allows for 100% of annual investment earnings to be appropriated for expenditure in accordance with the donor's stipulations.

All Committee endowment funds restricted for perpetuity are invested and managed by the USOE. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the Committee is required to retain as a fund of perpetual duration pursuant to donor stipulation or the Uniform Prudent Management of Institutional Funds Act. In accordance with U.S. GAAP, there were no deficiencies of this nature that are reported in net assets with donor restrictions as of December 31, 2017 and 2016.

Endowment funds consist of the following:

	As of December 31, 2017		
	Without restriction - USOE	With restriction – perpetuity	Total
		(In thousands)	
Endowment net assets, beginning of year	$ 112,770	$ 12,382	$ 125,152
Investment return			
Investment income	755	70	825
Net appreciation	16,310	-	16,310
Contributions	2	1,537	1,539
Other – transfers	(17,065)	-	(17,065)
Endowment net assets, end of year	$ 112,772	$ 13,989	$ 126,761

Note F – Net assets (continued)

	As of December 31, 2016		
	Without restriction - USOE	With restriction – perpetuity	Total
		(In thousands)	
Endowment net assets, beginning of year	$ 112,770	$ 11,372	$ 124,142
Investment return			
Investment income	694	24	718
Net appreciation	5,954	-	5,954
Contributions	-	986	986
Other – transfers	(6,648)	-	(6,648)
Endowment net assets, end of year	$ 112,770	$ 12,382	$ 125,152

Note G – Liquidity

The following chart represents the Committee's financial assets available to meet cash needs for general expenditures within one year as of December 31, 2017. Financial assets are considered unavailable if not liquid or convertible within one year.

	As of December 31, 2017
	(In thousands)
Financial assets	
Cash and cash equivalents	$ 179,012
Restricted cash, cash equivalents and investments	17,428
Investments	142,955
Accounts receivable (net of VIK)	26,917
Total financial assets	366,312
Less financial assets unavailable for general expenditure within one year:	
Restricted by donor with time or purpose restrictions	18,428
Investments – not redeemable within 365 days (reference Note E)	41,989
Accounts receivable not collectible within one year	12,486
Financial assets available to meet cash needs for general expenditures within one year	$ 293,409

The Committee has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Committee also has no debt on the statement of financial position and typically pays its obligations using cash.

Note H – Land, buildings, equipment and leases

Land, buildings and equipment consist of the following:

	As of December 31, 2017	As of December 31, 2016
	(In thousands)	
Nondepreciable		
Land	$ 3,310	$ 3,310
Construction in progress	458	2,446
Depreciable		
Buildings	108,058	108,682
Building and leasehold improvements	25,575	23,733
Furniture, fixtures and equipment	33,518	44,932
	170,919	183,103
Accumulated depreciation	(100,343)	(105,009)
	$ 70,576	$ 78,094

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

	As of December 31, 2017
Year ending December 31,	(In thousands)
2018	$ 836
2019	421
2020	433
2021	450
2022	311
Thereafter	261
	$ 2,712

The total of all lease expenses, including long-term obligations and short-term rentals, was $6,257,000 for the year ended December 31, 2017.

Note I – Investments by amateur sports organizations

The USOE has an investment program, which 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 $216,000 of direct investment expenses were absorbed by the USOE for the benefit of the amateur sports organizations for the year ended December 31, 2017.

Note I – Investments by amateur sports organizations (continued)

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

	As of December 31, 2017	As of December 31, 2016
	(In thousands)	
Amateur sports organization investments, beginning of year	$ 53,306	$ 52,395
Net additions (withdrawals)	1,069	(1,918)
Dividends	389	311
Net realized gains	4,273	1,045
Net unrealized gains (losses)	3,927	1,472
Amateur sports organization investments, end of year	$ 62,964	$ 53,305

Note J – Grants

The USOC funds certain programs conducted by NGBs of sports eligible for the Olympic, Paralympic, Pan American and Parapan American Games. The USOC also provides performance-based grants to eligible athletes involved in NGB and Paralympic sports programs. In addition, the USOC offers an athlete health insurance program and other medical benefits to about 1,900 athletes. Lastly, the USOC provides value-in-kind to member organizations. These costs are included within high performance programs expenses in the accompanying consolidated statement of activities.

The USOC also provides grant funding to support the operations of the U.S. Center for SafeSport and tuition grants, education and career services to eligible athletes. In addition, the USOC provides rent subsidies to several NGBs. These costs are included in NGB and athlete foundational programs in the accompanying consolidated statement of activities.

The USOC also provides grants to NGBs to support management of the Olympic and Paralympic trials, to increase NGBs' digital media presence and to provide for outreach in the international sporting community. These costs are included in Team USA Media and Promotion in the accompanying consolidated statement of activities.

	Year ended December 31, 2017
	(In thousands)
Grants	
NGB and adaptive sport organization grants	$ 51,975
Athlete grants	18,108
Elite athlete health insurance and other medical benefits for athletes	9,535
Other sport related organizations	3,602
Total grants	$ 83,220

Note K – Broadcast rights income

In 2011, the USOC entered into an agreement with NBC for the television rights for the Olympic Games and Olympic Winter Games in the years 2014 through 2020 totaling $558,578,000. The contract stipulates periodic cash payments be made, which are guaranteed by NBC's Parent, Comcast Corporation, and will be held by NBC in trust and earn interest (as defined) until the Games occur and certain other requirements are met, including the participation of the official U.S. Olympic Team. At the time these requirements are met, the cash will be released to the USOC and the amount will be recorded as revenue. As of December 31, 2017, and 2016, $66,644,000 and $23,014,000, respectively, was held by NBC in trust for future Games. Interest income was $1,340,160 for the year ended December 31, 2017 and is included in broadcast rights and related interest income in the accompanying consolidated statement of activities.

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

Note L – Deferred compensation plan

The USOC and the USOE have established tax sheltered 403(b) plans, which cover substantially all employees with one or more years of continuous service. The Committee pays a combined base and matching contribution of up to 7.5% and 5.5% of eligible employee compensation into the 403(b) plan on behalf of employees hired on or before December 31, 2011 and on or after January 1, 2012, respectively. This contribution is 100% vested. In addition, employees may defer a portion of their salary or wages pre-tax into the plan. The retirement benefit expenses for the year ended December 31, 2017 were $2,031,000.

On April 1, 2011, the USOC adopted a deferred compensation plan in accordance with Section 457(b) of the IRC. The purpose of this plan is to offer certain eligible employees of the USOC the opportunity to defer specified amounts of compensation on a pre-tax basis. The assets and liabilities associated with this plan were $1,304,000 and $1,007,000 as of December 31, 2017 and 2016, respectively. The assets and liabilities are presented separately on the consolidated statements of financial position.

Note M – Concentrations of credit and other risks

A significant portion of the Committee's support and revenue is derived from broadcast-rights and USOC marks-rights income. For accounts receivable, the total of all individual customers with more than 5% of the total outstanding balance represented 33% and 20% of the Committee's total balances at December 31, 2017 and 2016, 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 $772,000 and $2,951,000 as of December 31, 2017 and 2016, respectively. The Committee does not believe any other significant concentrations of credit risk exist at December 31, 2017. 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 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 headquarters building, and on April 30, 2010, six NGBs moved into the 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, 2017 the USOC recognized $500,000 in marks-rights income from the City. The balance as of December 31, 2017 of $11,125,000 in deferred marks-rights income will be recognized over the remaining 22 years of the agreement, for a total marks-rights value of $15,000,000. The difference between the value of $34,388,000 and the marks-rights revenue of $15,000,000 is $19,388,000 which was recorded as a one-time contribution in 2010 from the City of Colorado Springs and was included in contribution income in that year.

Valuation of investments in limited partnerships

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

Note N – IOC revenue sharing agreement

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

Note N – IOC revenue sharing agreement (continued)

Pursuant to the agreement, the Committee has recorded a liability of $1,688,000 payable to the IOC as of December 31, 2017. This liability is a component of accounts payable and accrued liabilities on the consolidated statements of financial position.

Note O – Group health insurance and self-insured risks

The USOC is self-insured for employee and athlete health coverage. The USOC purchases network and administrative services from a commercial insurer and stop-loss coverage for employee and athlete claims in excess of $250,000 per year with a plan aggregate specific deductible of $175,000. The administrative services provider works with the USOC to calculate an estimated incurred but not reported claims liability at year-end based on actuarial data from their portfolio of clients. The total incurred but not reported claims liability is $399,000 and $284,000 for the employee plan and $649,000 and $268,000 for the athlete plan as of December 31, 2017 and 2016, respectively, and is a component of accounts payable and accrued liabilities on the consolidated statements of financial position.

Note P – Commitments and contingencies

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

Note Q – Subsequent events

The Committee has evaluated subsequent events through the date that the financial statements were available to be issued on June 22, 2018. Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Consolidating statement of financial position

Schedule 1

	As of December 31, 2017				
	USOC	**USOPF**	**USOE**	**Eliminations**	**Consolidated**
			(In thousands)		
Assets					
Cash and cash equivalents	$ 155,473	$ 4,269	$ 19,270	$ -	$ 179,012
Restricted cash, cash equivalents and investments	11,058	6,370	-	-	17,428
Investments	-	-	271,304	(15,577)	255,727
Accounts receivables, net					
Pledges	12,956	529	41	(9,817)	3,709
Royalties and marks-rights	16,064	-	-	-	16,064
Other	13,486	5,908	43	(7,352)	12,085
Prepaid expenses and other assets	13,450	227	10	-	13,687
Inventories, net	1,639	-	-	-	1,639
Investments held for deferred compensation arrangements	1,304	-	-	-	1,304
Land, buildings, and equipment, net	70,539	-	37	-	70,576
Total assets	$ 295,969	$ 17,303	$ 290,705	$ (32,746)	$ 571,231
Liabilities and net assets					
Liabilities					
Accounts payable and accrued liabilities	$ 23,715	$ 68	$ 189	$ -	$ 23,972
Accounts payable for investment securities purchased	-	-	17	-	17
Assets held on behalf of others	-	-	78,541	(15,577)	62,964
Deferred revenue	44,827	-	-	-	44,827
Deferred compensation arrangements	1,304	-	-	-	1,304
Other liabilities	5,856	1,496	9,817	(17,169)	-
Total liabilities	75,702	1,564	88,564	(32,746)	133,084
Net assets					
Net assets without donor restrictions	194,781	2,984	202,141	17,126	417,032
Net assets with donor restrictions					
Restricted by purpose or time	14,249	7,462	-	(17,126)	4,585
Restricted in perpetuity	11,237	5,293	-	-	16,530
	25,486	12,755	-	(17,126)	21,115
Total net assets	220,267	15,739	202,141	-	438,147
Total liabilities and net assets	$ 295,969	$ 17,303	$ 290,705	$ (32,746)	$ 571,231

Consolidating statement of financial position

Schedule 2

	As of December 31, 2016					
	USOC	USOPF	USOE	Hospitality	Eliminations	Consolidated
	(In thousands)					
Assets						
Cash and cash equivalents	$ 158,628	$ 3,479	$ 2,155	$ 2,003	$ -	$ 166,265
Restricted cash, cash equivalents and investments	10,853	4,248	-	-	-	15,101
Investments	-	-	257,437	-	(12,892)	244,545
Equity in investee	997	(5)	-	-	(992)	-
Accounts receivables, net						
Pledges	15,412	25,318	53	-	(10,012)	30,771
Royalties and marks-rights	13,605	-	-	-	-	13,605
Other	26,944	46	69	1,351	(9,508)	18,902
Prepaid expenses and other assets	4,205	-	23	-	-	4,228
Inventories, net	1,668	-	-	-	-	1,668
Investments held for deferred compensation arrangements	1,007	-	-	-	-	1,007
Land, buildings, and equipment, net	78,054	-	40	-	-	78,094
Total assets	$ 311,373	$ 33,086	$ 259,777	$ 3,354	$ (33,404)	$ 574,186
Liabilities and net assets						
Liabilities						
Accounts payable and accrued liabilities	$ 28,624	$ 113	$ 205	$ 1,419	$ -	$ 30,361
Accounts payable for investment securities purchased	-	-	49	-	-	49
Assets held on behalf of others	-	-	66,197	-	(12,892)	53,305
Deferred revenue	29,906	-	-	-	-	29,906
Deferred compensation arrangements	1,007	-	-	-	-	1,007
Other liabilities	1,351	7,214	10,012	944	(19,521)	-
Total liabilities	60,888	7,327	76,463	2,363	(32,413)	114,628
Net assets						
Net assets without donor restrictions	222,776	(4,334)	183,314	991	10,366	413,113
Net assets with donor restrictions						
Restricted by purpose or time	16,480	23,017	-	-	(11,357)	28,140
Restricted in perpetuity	11,229	7,076	-	-	-	18,305
	27,709	30,093	-	-	(11,357)	46,445
Total net assets	250,485	25,759	183,314	991	(991)	459,558
Total liabilities and net assets	$ 311,373	$ 33,086	$ 259,777	$ 3,354	$ (33,404)	$ 574,186

Consolidating statement of activities - by entity

Schedule 3

	Year ended December 31, 2017				
	USOC	**USOPF**	**USOE**	**Eliminations**	**Consolidated**
			(In thousands)		
Support and revenue					
Sponsorship and licensing	$ 146,876	$ -	$ -	$ -	$ 146,876
Broadcast revenue	5,233	-	-	-	5,233
Contributions, net	10,868	19,821	-	(9,817)	20,872
Other program revenue	6,960	-	-	-	6,960
Investment income	2,621	748	29,070	-	32,439
Grant to USOPF/USOC	5,338	11,051	-	(16,389)	-
Other revenue	6,594	74	-	(5,852)	816
Total support and revenue	184,490	31,694	29,070	(32,058)	213,196
Expenses					
Program services					
High performance programs	100,202	-	9,817	(9,817)	100,202
Olympic and paralympic competitions	3,244	-	-	-	3,244
Athlete training facilities	27,097	-	-	-	27,097
NGB and athlete foundational programs	18,804	-	-	-	18,804
Team USA media and promotion	21,873	-	-	-	21,873
Grant to USOPF/USOC	11,051	5,338	-	(16,389)	-
Total program services	182,271	5,338	9,817	(26,206)	171,220
Supporting services					
Fundraising	5,431	9,235	-	(4,551)	10,115
Sales and marketing	12,639	-	-	-	12,639
General and administrative	14,367	1,891	426	(1,301)	15,383
Total supporting services	32,437	11,126	426	(5,852)	38,137
Total expenses	214,708	16,464	10,243	(32,058)	209,357
Change in net assets before change in accounting treatment	(30,218)	15,230	18,827	-	3,839
Change in accounting treatment	-	(25,250)	-	-	(25,250)
Changes in net assets after change in accounting treatment	(30,218)	(10,020)	18,827	-	(21,411)
Net assets, beginning of period	250,485	25,759	183,314	-	459,558
Net assets, end of period	$ 220,267	$ 15,739	$ 202,141	$ -	$ 438,147

Consolidating statement of activities - by entity, by donor restriction

Schedule 4

	Year ended December 31, 2017				
	USOC	**USOPF**	**USOE**	**Eliminations**	**Consolidated**
			(In thousands)		
Changes in net assets without donor restrictions					
Support and revenue					
Sponsorship and licensing	$ 146,876	$ -	$ -	$ -	$ 146,876
Broadcast revenue	5,233	-	-	-	5,233
Contributions, net	12,322	13,068	-	(9,817)	15,573
Other program revenue	6,960	-	-	-	6,960
Investment income	1,892	6	29,070	-	30,968
Grant to USOPF / USOC	-	5,195	-	(5,195)	-
Other revenue	6,594	74	-	(5,852)	816
Net assets released from restrictions - satisfaction of purpose / time restrictions	6,836	5,439	-	(5,425)	6,850
Total support and revenue	186,713	23,782	29,070	(26,289)	213,276
Expenses					
Program services					
High performance programs	100,202	-	9,817	(9,817)	100,202
Olympic and paralympic competitions	3,244	-	-	-	3,244
Athlete training facilities	27,097	-	-	-	27,097
NGB and athlete foundational programs	18,804	-	-	-	18,804
Team USA media and promotion	21,873	-	-	-	21,873
Intercompany contributions	11,051	5,338	-	(16,389)	-
Total program services	182,271	5,338	9,817	(26,206)	171,220
Supporting services					
Fundraising	5,431	9,235	-	(4,551)	10,115
Sales and marketing	12,639	-	-	-	12,639
General and administrative	14,367	1,891	426	(1,301)	15,383
Total supporting services	32,437	11,126	426	(5,852)	38,137
Total expenses	214,708	16,464	10,243	(32,058)	209,357
Change in net assets without donor restrictions	(27,995)	7,318	18,827	5,769	3,919
Changes in net assets with donor restrictions					
Contributions	432	6,819	-	-	7,251
Intercompany contributions	5,338	5,856	-	(11,194)	-
Changes in pledges	(1,886)	(66)	-	-	(1,952)
Investment income	729	742	-	-	1,471
Change in accounting treatment for contributions	-	(25,250)	-	-	(25,250)
Net assets released from restrictions - satisfaction of purpose / time restrictions	(6,836)	(5,439)	-	5,425	(6,850)
Change in net assets with donor restrictions	(2,223)	(17,338)	-	(5,769)	(25,330)
Change in net assets	(30,218)	(10,020)	18,827	-	(21,411)
Net assets, beginning of year	250,485	25,759	183,314	-	459,558
Net assets, end of year	$ 220,267	$ 15,739	$ 202,141	$ -	$ 438,147