

# **United States Olympic Endowment**

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

**United States Olympic Endowment**  
**December 31, 2021 and 2020**

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## Independent Auditor's Report

Board of Directors  
United States Olympic Endowment  
Colorado Springs, Colorado

### ***Opinion***

We have audited the financial statements of United States Olympic Endowment (the Endowment), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Endowment as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Endowment and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Endowment's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the 2021 financial statements as a whole. The supplementary information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information for the years December 31, 2004 through 2021 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial

Board of Directors  
United States Olympic Endowment

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information for the years December 31, 2003 and prior were audited by other auditors whose report dated May 19, 2004 expressed an unqualified opinion on such information in relation to the financial statements for the year ended December 31, 2003, taken as a whole.

*BKD, LLP*

Colorado Springs, Colorado  
May 25, 2022

**United States Olympic Endowment**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

**Assets**

	<u>2021</u>	<u>2020</u>
Cash in bank – interest-bearing	\$ 137,229	\$ 126,320
Investments – Endowment	276,634,816	242,735,706
Investments held solely as agent for sports organizations	215,537,108	138,602,582
Interest and dividends receivable	2,262	21,468
Other assets	<u>70,738</u>	<u>68,080</u>
Total assets	<u>\$ 492,382,153</u>	<u>\$ 381,554,156</u>

**Liabilities**

Grants payable	\$ 10,934,421	\$ 10,256,684
Investments held solely as agent for sports organizations	215,537,108	138,602,582
Payables for investments purchased	107,622	17,825
Accounts payable and accrued expenses	<u>214,456</u>	<u>103,911</u>
Total liabilities	<u>226,793,607</u>	<u>148,981,002</u>
Net assets		
Without donor restrictions	152,812,692	119,797,916
With donor restrictions – perpetual in nature	<u>112,775,854</u>	<u>112,775,238</u>
Total net assets	<u>265,588,546</u>	<u>232,573,154</u>
Total liabilities and net assets	<u>\$ 492,382,153</u>	<u>\$ 381,554,156</u>

**United States Olympic Endowment**  
**Statements of Activities**  
**Years Ended December 31, 2021 and 2020**

	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>						
Contributions	\$ -	\$ 616	\$ 616	\$ -	\$ 518	\$ 518
Investment income, net	2,554,842	-	2,554,842	1,523,750	-	1,523,750
Net gain on investments						
Realized	24,498,471	-	24,498,471	19,998,587	-	19,998,587
Change in unrealized	17,306,874	-	17,306,874	11,827,049	-	11,827,049
	<u>44,360,187</u>	<u>616</u>	<u>44,360,803</u>	<u>33,349,386</u>	<u>518</u>	<u>33,349,904</u>
Total revenues, gains and other support						
<b>Expenses</b>						
Program						
Grants approved	10,934,421	-	10,934,421	10,256,684	-	10,256,684
Support Services - General and Administrative						
Salaries and benefits	249,066	-	249,066	250,549	-	250,549
Other	161,924	-	161,924	95,541	-	95,541
	<u>11,345,411</u>	<u>-</u>	<u>11,345,411</u>	<u>10,602,774</u>	<u>-</u>	<u>10,602,774</u>
Total expenses						
<b>Change in Net Assets</b>	33,014,776	616	33,015,392	22,746,612	518	22,747,130
<b>Net Assets, Beginning of Year</b>	<u>119,797,916</u>	<u>112,775,238</u>	<u>232,573,154</u>	<u>97,051,304</u>	<u>112,774,720</u>	<u>209,826,024</u>
<b>Net Assets, End of Year</b>	<u>\$ 152,812,692</u>	<u>\$ 112,775,854</u>	<u>\$ 265,588,546</u>	<u>\$ 119,797,916</u>	<u>\$ 112,775,238</u>	<u>\$ 232,573,154</u>

**United States Olympic Endowment**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Change in net assets	\$ 33,015,392	\$ 22,747,130
Items not requiring (providing) operating activities cash flows		
Depreciation	917	1,346
Net realized gain on investments	(24,498,471)	(19,998,587)
Net unrealized gain on investments	(17,306,874)	(11,827,049)
Contributions restricted for long-term investment	(616)	(518)
Changes in		
Interest and dividends receivable	19,206	68,962
Other assets	(3,575)	(10,169)
Accounts payable and accrued expenses	110,545	(105,954)
Grants payable	677,737	94,220
Investments held solely as agent for sports organizations	<u>53,916,842</u>	<u>(4,321,656)</u>
Net cash provided by (used in) operating activities	<u>45,931,103</u>	<u>(13,352,275)</u>
<b>Investing Activities</b>		
Purchases of investments – Endowment	(222,413,733)	(221,519,345)
Purchases of investments held solely as agent for sports organizations	(62,547,331)	(1,994,907)
Proceeds from sales of investments – Endowment	228,593,710	229,190,612
Proceeds from sales of investments held solely as agent for sports organizations	<u>10,446,544</u>	<u>7,672,838</u>
Net cash provided by (used in) investing activities	<u>(45,920,810)</u>	<u>13,349,198</u>
<b>Financing Activities</b>		
Proceeds from contributions to investment in endowment	<u>616</u>	<u>518</u>
Net cash provided by financing activities	<u>616</u>	<u>518</u>
<b>Increase (Decrease) in Cash in Bank – Interest-bearing</b>	10,909	(2,559)
<b>Cash in Bank – Interest-bearing, Beginning of Year</b>	<u>126,320</u>	<u>128,879</u>
<b>Cash in Bank – Interest-bearing, End of Year</b>	<u>\$ 137,229</u>	<u>\$ 126,320</u>

# United States Olympic Endowment

## Notes to Financial Statements

### December 31, 2021 and 2020

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations***

United States Olympic Endowment (the Endowment) was incorporated on July 2, 1984 as a not-for-profit organization. The Endowment provides a permanent endowment to foster the United States of America's participation in national and international amateur sports competition. The Endowment supports national, regional and local amateur sports organizations who, in turn, support and develop amateur athletes for national and international competition.

The United States Olympic and Paralympic Committee (the Committee) is the designated recipient of the net assets of the Endowment in the unlikely event that the Endowment is dissolved. Such dissolution would require the approval of two-thirds of the votes cast at two successive regularly called meetings of the Committee's Board of Directors (the Directors) at which a quorum is present. The Committee has no rights to any sports organization funds held by the Endowment as agent for the sports organizations as principals.

##### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

##### ***Cash in Bank – Interest-bearing***

At December 31, 2021 and 2020, cash resided in interest-bearing money market and demand deposit accounts. Uninvested cash and cash equivalents included in the investment portfolio are not considered to be cash equivalents for purposes of the statements of cash flows.

A portion of the Endowment's cash includes a money market account, which is not covered by FDIC insurance. At December 31, 2021, the bank balance of this money market account is approximately \$100,000.

##### ***Investments***

The Endowment measures securities at fair value. Alternative investments are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

# United States Olympic Endowment

## Notes to Financial Statements

### December 31, 2021 and 2020

#### ***Net Investment Return***

Investment return includes dividend, interest and other investment income, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return is reflected in the statements of activities without donor restrictions based upon the absence of donor or legally imposed restrictions.

The Endowment maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

#### ***Grants Payable***

The Endowment recognizes a liability for grants upon approval by the Directors.

#### ***Payables for Investments Purchased***

Payables for investments purchased at year-end represent investment transactions in which securities are purchased but payment has not yet been made. These transactions are reported on the statements of financial position as a liability.

#### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions and are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

#### ***Contributions***

Gifts of cash and other assets received are reported as revenue and net assets with donor restrictions as defined in the Endowment's Articles of Incorporation.

**United States Olympic Endowment**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

***Functional Allocation of Expenses***

As the programmatic activities of the Endowment are limited to the appropriation and distribution of endowment funds, no personnel or other costs have been allocated to program services. As such, a separate statements of functional expenses is not presented.

***Income Taxes***

The Endowment is exempt from income taxes under Sections 501(c)(3) and 509 of the Internal Revenue Code and a similar provision of state law. However, the Endowment is subject to federal or state income taxes on unrelated business taxable income.

***Subsequent Events***

Subsequent events have been evaluated through May 25, 2022, which is the date the financial statements were available to be issued.

**Note 2: Liquidity and Availability**

Financial assets available for general expenditure within one year of December 31, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 137,229	\$ 126,320
Investments - Endowment	276,634,816	242,735,706
Interest and dividend receivable	<u>2,262</u>	<u>21,468</u>
Total financial assets	276,774,307	242,883,494
Net assets with donor restrictions	<u>112,775,854</u>	<u>112,775,238</u>
Financial assets available to meet general expenses within one year	<u>\$ 163,998,453</u>	<u>\$ 130,108,256</u>

The Endowment manages its liquidity by operating within an approved investment policy to ensure the prudent management of funds as well as the availability of adequate resources to fund near-term operating needs.

# United States Olympic Endowment

## Notes to Financial Statements

### December 31, 2021 and 2020

#### **Note 3: Grants**

During 2000, the Directors of the Endowment adopted a policy whereby annual distributions of grants to the Committee and other similar organizations are to be based on 5% of the Endowment's average net assets over 12 fiscal quarters, subject to Director approval. On December 8, 2021, the Directors authorized a grant in the amount of \$10,934,421 payable to the Committee, of which \$150,000 was restricted by the Endowment for a designated purpose. On December 9, 2020, the Directors authorized a grant in the amount of \$10,256,684 payable to the Committee, of which \$150,000 was restricted by the Endowment for a designated purpose. Grants are expensed when approved by the Directors. Unpaid grants are recorded as a liability in the statements of financial position. The Endowment places no conditions on the grant awards.

#### **Note 4: 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 three levels of inputs that may be used to measure fair value:

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

# United States Olympic Endowment

## Notes to Financial Statements

December 31, 2021 and 2020

### Recurring Measurements

The following tables present the fair value measurements of assets 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, 2021 and 2020:

	<b>2021</b>			
	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Cash and cash equivalents, held by brokerage firm	\$ 15,305,502	\$ 15,305,502	\$ -	\$ -
Domestic common stocks	95,164,703	95,164,703	-	-
Mutual fund – U.S. Treasury notes	23,079,945	23,079,945	-	-
Mutual fund – large-cap S&P 500 securities	85,428,645	85,428,645	-	-
Mutual fund – international bonds	15,663,006	15,663,006	-	-
Mutual fund – domestic bonds	80,192,186	80,192,186	-	-
Alternative investments, held at net asset value (A)	<u>177,337,937</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 492,171,924</u></u>	<u><u>\$ 314,833,987</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Statement of financial position Classification				
Investments	\$ 276,634,816			
Investments held for others	<u>215,537,108</u>			
	<u><u>\$ 492,171,924</u></u>			

**United States Olympic Endowment**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

	<b>2020</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Cash and cash equivalents, held by brokerage firm	\$ 19,279,670	\$ 19,279,670	\$ -	\$ -
Domestic common stocks	75,016,543	75,016,543	-	-
Mutual fund – U.S. Treasury notes	14,011,527	14,011,527	-	-
Mutual fund – large-cap S&P 500 securities	40,332,671	40,332,671	-	-
Mutual fund – international bonds	10,569,912	10,569,912	-	-
Mutual fund – domestic bonds	67,696,769	67,696,769	-	-
Alternative investments, held at net asset value (A)	<u>154,431,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 381,338,288</u>	<u>\$ 226,907,092</u>	<u>\$ -</u>	<u>\$ -</u>
Statement of financial position Classification				
Investments	\$ 242,735,706			
Investments held for others	<u>138,602,582</u>			
	<u>\$ 381,338,288</u>			

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets 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 pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques of assets, nor has the Endowment held liabilities reported as fair value on a recurring basis, during the years ended December 31, 2021 and 2020.

# United States Olympic Endowment

## Notes to Financial Statements

December 31, 2021 and 2020

### 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, 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, 2021 and 2020, the Endowment holds no traditional investments classified as Level 2 or Level 3 in the hierarchy.

### Alternative Investments

The Endowment's alternative investments, including investments held solely as agent for sports organizations, consist of hedge equity funds, limited partnerships, real estate funds, private equity funds, bond fund trusts, and fund 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.

Alternative investments held at December 31 consist of the following:

	<b>2021</b>			<b>Redemption</b>
	<b>Fair Value</b>	<b>Unfunded</b>	<b>Redemption</b>	<b>Notice</b>
		<b>Commitments</b>	<b>Frequency</b>	<b>Period</b>
Limited partnership (B)	\$ 62,572,518	\$ -	Quarterly	10 - 60 days
Real estate fund (C)	14,229,990	4,882,882	Upon dissolution of fund	—
Private equity funds (D)	7,864,565	12,175,438	Upon dissolution of fund	—
Fund of funds (E)	<u>92,670,864</u>	<u>3,880,000</u>	Upon dissolution of fund	—
	<u>\$ 177,337,937</u>	<u>\$ 20,938,320</u>		

**United States Olympic Endowment**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

	2020			Redemption Notice Period
	Fair Value	Unfunded Commitments	Redemption Frequency	
Hedge equity funds (A)	\$ 25,666,965	\$ -	Annually	45 - 100 days
Limited partnerships (B)	47,985,708	-	Quarterly	10 - 60 days
Real estate fund (C)	12,973,655	7,680,632	Upon dissolution of fund	—
Private equity funds (D)	4,009,245	6,965,236	Upon dissolution of fund	—
Fund of funds (E)	<u>63,795,623</u>	<u>6,670,000</u>	Upon dissolution of fund	—
	<u>\$ 154,431,196</u>	<u>\$ 21,315,868</u>		

- (A) This class included investments in two hedge funds at December 31, 2020 with both long and short positions. All investments in this class were redeemed during 2021.
- (B) This class includes one limited partnership that invest primarily in foreign and domestic common stocks and commodities. Based on the partnership agreements, the funds valued at \$62,572,518 and \$47,985,707 at 2021 and 2020, respectively, can invoke fund-level gates; however, none have been imposed to date.
- (C) This class includes three real estate funds that invest primarily in U.S. commercial and residential real estate. These investments can never be redeemed with the funds. Distributions from each fund will be made upon dissolution of the fund.
- (D) This class includes three and two private equity funds at December 31, 2021 and 2020, respectively, 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.
- (E) This class includes three fund of funds that invest in foreign and domestic venture capital limited partnerships. These investments can never be redeemed with the funds. Distributions from the fund will be made upon dissolution of the fund.

**Note 5: Employee Retirement**

The Endowment has a qualified pension annuity plan established under Section 403(b) of the Internal Revenue Code covering all employees. The Endowment made annual contributions in the amounts of 10% of gross salary. Contributions of approximately \$7,000 were made during 2021 and 2020. Contributions are immediately vested.

**United States Olympic Endowment**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 6: Investments Held Solely as Agent for Sports Organizations**

The Endowment has an investment program, which allows the Committee and its affiliated sports organizations to pool their funds for investment with funds of the Endowment. The Endowment holds these funds solely as agent for these organizations. These sports organizations may request partial withdrawals (including allocated gains and interest once allocations are approved) following a 30-day notification period. Full or liquidating withdrawals may be processed following a 90-day notification period. The Endowment believes it maintains sufficient liquidity to meet such partial or full withdrawal requests within the 90-day notification period.

Investment income in the accompanying statements of activities does not include earnings or losses attributable to the participating affiliated sports organizations. Investments held as agent for sports organizations represents the program participants' pro rata share of investments and earnings thereon. Net investment income and market appreciation or depreciation are allocated based on the ratio of the sports organizations' invested funds to total invested funds. Investment expenses and general and administrative expenses are not allocated to the sports organizations. Approximately \$260,000 and \$250,000 of direct investment expenses were absorbed by the Endowment for the benefit of the affiliated sports organizations during the years ended December 31, 2021 and 2020, respectively.

Amounts contributed by the affiliated sports organizations and earnings thereon for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Investments held as agent for sports organizations, beginning of year	\$ 138,602,582	\$ 127,534,429
Net additions/withdrawals	52,100,787	(5,677,931)
Interest	2,600	19,182
Dividends	1,813,455	1,337,093
Net realized gain	13,638,957	10,401,179
Net unrealized appreciation	<u>9,378,727</u>	<u>4,988,630</u>
Investments held as agent for sports organizations, end of year	<u>\$ 215,537,108</u>	<u>\$ 138,602,582</u>

**Note 7: Donor Restricted Endowment**

The Endowment's endowment primarily consists of the excess funds generated from the Games of the XXIII Olympiad held in 1984 for the Committee. In addition, in accordance with the Endowment's Articles of Incorporation, other contributions received without donor stipulations are considered net assets with donor restrictions and included in the endowment. The purpose of the Endowment is to manage and invest the funds of the endowment to foster the United States of America's participation in national and international amateur sports competition.

# United States Olympic Endowment

## Notes to Financial Statements

### December 31, 2021 and 2020

The donor has explicitly stipulated that the original gift amount be preserved as an endowment. As a result of this stipulation, the Endowment classifies the original value of the gift donated to the endowment as net assets with donor restrictions. Investment returns (losses) earned by the investment portfolio are recognized as net assets without donor restrictions in accordance with the Articles of Incorporation. The Endowment considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund;
2. Purposes of the Endowment and the fund;
3. General economic conditions;
4. Possible effect of inflation and deflation;
5. Expected total return from investment income and appreciation or depreciation of investments;
6. Other resources of the Endowment; and
7. Investment policies of the Endowment.

Changes in donor restricted endowment funds and composition of net assets by type of endowment fund for the years ended December 31, 2021 and 2020 were:

	<b>2021</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
Endowment net assets, beginning of year	\$ -	\$ 112,775,238
Investment income (A)	1,448,936	-
Net appreciation	19,048,618	-
Contributions	-	616
Other – transfer	(20,497,554)	-
	<u>\$ -</u>	<u>\$ 112,775,854</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 112,775,854</u>
	<b>2020</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
Endowment net assets, beginning of year	\$ -	\$ 112,774,720
Investment income (A)	1,136,174	-
Net appreciation	18,049,292	-
Contributions	-	518
Other – transfer	(19,185,466)	-
	<u>\$ -</u>	<u>\$ 112,775,238</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 112,775,238</u>

(A) Excludes external investment expenses as these are not absorbed by endowment net assets

# United States Olympic Endowment

## Notes to Financial Statements

### December 31, 2021 and 2020

#### ***Investment and Spending Policies***

The Endowment has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Endowment must hold in perpetuity. Under the Endowment's policies and together with a professional advisor, endowment assets are invested in a manner that is intended to produce results that exceed a nominal return of the consumer price index, plus 5%, net of fees and operating expenses. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Endowment relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Endowment targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Equity-based investments include large-cap, small-cap and international equities. The Endowment also uses fixed income securities and alternative investments to achieve its objectives.

The Endowment has a policy (the spending policy) of granting to the Committee each year 5% of the average of its total net assets over the prior 12 quarters adjusted for any outstanding grants payable. Any remaining income is appropriated to net assets without donor restrictions as shown on the previous tables. In periods when the value of the Endowment's investments are in excess of its original balance, plus additional contributions, appropriations are made out of the Endowment to help fund the grants. In periods when the value is less than the original balance, plus additional contributions, no appropriations are made out of the Endowment. In establishing this policy, the Endowment considered the long-term expected return on its endowment. Accordingly, over the long-term, the Endowment expects the current spending policy to allow its investments to grow after giving effect to expenses, at the rate of the Consumer Price Index and the annual 5% of net assets distribution to the Committee. This is consistent with the Endowment's objective to maintain the purchasing power of assets held in perpetuity, or for a specified term, as well as to provide additional real growth through investment return.

#### ***Underwater Endowments***

The governing body of the Endowment has interpreted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Endowment considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument

The Endowment has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

# United States Olympic Endowment

## Notes to Financial Statements

### December 31, 2021 and 2020

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Endowment is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. No deficiencies are reported in net assets without donor restrictions at December 31, 2021 and 2020.

#### **Note 8: Significant Estimates, Commitments and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates, commitments and current vulnerabilities due to certain concentrations. Those matters include the following:

##### ***Investments***

The Endowment invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

##### ***Valuation of Investments in Limited Partnerships***

The Endowment's investments in limited partnerships are recorded at their estimated fair market value as determined by the partnerships (see Note 4). Actual fair value of investments upon liquidation could vary significantly from the current estimated fair value.

##### ***COVID-19***

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Endowment. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

## **Supplementary Information**

# United States Olympic Endowment

## Cumulative Grants Approved

### Years Ended December 31

	National Governing Bodies		National Multi-sports Organizations		Affiliated Sports Organizations		Disabled Sports Organizations		United States Olympic and Paralympic Museum		United States Olympic and Paralympic Committee		Total	
	Grants Approved	Amount	Grants Approved	Amount	Grants Approved	Amount	Grants Approved	Amount	Grants Approved	Amount	Grants Approved	Amount	Grants Approved	Amount
1986 Grant Program	73	\$ 2,924,627	7	\$ 180,200	1	\$ 29,040	5	\$ 83,975	-	\$ -	10	\$ 2,422,569	96	\$ 5,640,411
1987 Grant Program	113	4,993,012	5	221,860	2	45,000	11	315,604	-	-	13	2,290,531	144	7,866,007 (A)
1988 Grant Program	144	7,081,216	4	175,816	8	295,880	9	412,185	-	-	14	1,103,300	179	9,068,397
1989 Grant Program	78	2,863,940	-	-	4	22,116	10	297,000	-	-	7	2,596,500	99	5,779,556
1990 Grant Program	108	3,790,813	-	-	-	-	16	402,900	-	-	5	3,481,200	129	7,674,913 (B)
1991 Grant Program	1	31,027	-	-	-	-	-	-	-	-	4	7,421,415	5	7,452,442 (C)
1992 Grant Program	-	-	-	-	-	-	-	-	-	-	4	8,161,761	4	8,161,761
1993 Grant Program	-	-	-	-	-	-	-	-	-	-	4	8,417,883	4	8,417,883
1994 Grant Program	-	-	-	-	-	-	-	-	-	-	4	9,322,429	4	9,322,429
1995 Grant Program	-	-	-	-	-	-	-	-	-	-	5	19,004,167	5	19,004,167
1996 Grant Program	-	-	-	-	-	-	-	-	-	-	4	9,589,255	4	9,589,255
1997 Grant Program	-	-	-	-	-	-	-	-	-	-	6	23,423,868	6	23,423,868 (D)
1998 Grant Program	-	-	-	-	-	-	-	-	-	-	1	10,000,000	1	10,000,000
1999 Grant Program	-	-	-	-	-	-	-	-	-	-	3	11,643,012	3	11,643,012
2000 Grant Program	-	-	-	-	-	-	-	-	-	-	1	12,781,985	1	12,781,985
2001 Grant Program	-	-	-	-	-	-	-	-	-	-	1	10,705,048	1	10,705,048
2002 Grant Program	-	-	-	-	-	-	-	-	-	-	1	10,041,446	1	10,041,446
2003 Grant Program	-	-	-	-	-	-	-	-	-	-	1	9,005,175	1	9,005,175
2004 Grant Program	-	-	-	-	-	-	-	-	-	-	1	8,982,553	1	8,982,553
2005 Grant Program	-	-	-	-	-	-	-	-	-	-	-	-	-	- (E)
2006 Grant Program	-	-	-	-	-	-	-	-	-	-	1	9,294,862	1	9,294,862
2007 Grant Program	-	-	-	-	-	-	-	-	-	-	2	20,401,594	2	20,401,594 (F)
2008 Grant Program	-	-	-	-	-	-	-	-	-	-	1	10,631,046	1	10,631,046
2009 Grant Program	-	-	-	-	-	-	-	-	-	-	1	9,771,489	1	9,771,489
2010 Grant Program	-	-	-	-	-	-	-	-	-	-	1	8,951,535	1	8,951,535
2011 Grant Program	-	-	-	-	1	100,000	-	-	-	-	1	8,576,768	2	8,676,768 (G)
2012 Grant Program	-	-	-	-	-	-	-	-	-	-	1	9,016,623	1	9,016,623 (G)
2013 Grant Program	-	-	-	-	-	-	-	-	-	-	1	9,309,931	1	9,309,931 (G)
2014 Grant Program	-	-	-	-	-	-	-	-	-	-	1	9,682,631	1	9,682,631 (G)
2015 Grant Program	-	-	-	-	-	-	-	-	-	-	1	11,083,540	1	11,083,540 (G)
2016 Grant Program	-	-	-	-	-	-	-	-	-	-	1	10,012,229	1	10,012,229 (G)
2017 Grant Program	-	-	-	-	-	-	-	-	-	-	1	9,817,189	1	9,817,189 (G)
2018 Grant Program	-	-	-	-	-	-	-	-	1	75,000	1	9,890,222	2	9,965,222 (G)
2019 Grant Program	-	-	-	-	-	-	-	-	1	400,000	1	10,162,464	2	10,562,464 (G)
2020 Grant Program	-	-	-	-	-	-	-	-	-	-	1	10,256,684	1	10,256,684 (G)
2021 Grant Program	-	-	-	-	-	-	-	-	-	-	1	10,934,421	1	10,934,421 (G)
<b>Total</b>	<b>517</b>	<b>\$ 21,684,635</b>	<b>16</b>	<b>\$ 577,876</b>	<b>16</b>	<b>\$ 492,036</b>	<b>51</b>	<b>\$ 1,511,664</b>	<b>2</b>	<b>\$ 475,000</b>	<b>106</b>	<b>\$ 338,187,325</b>	<b>708</b>	<b>\$ 362,928,536</b>

**United States Olympic Endowment**  
**Cumulative Grants Approved (continued)**  
**Years Ended December 31**

- (A) The Directors of the Endowment approved the funding of \$7,155,146 on November 23, 1986, and the remainder of \$710,861 on February 28, 1987. Accordingly, \$7,155,146 was recognized by the Endowment as approved grants in the year ended December 31, 1986, while \$710,861 was recognized in the nine months ended September 30, 1987.
- (B) The Directors of the Endowment approved the funding of \$7,423,470 during fiscal year 1990 and the remaining \$251,443 during fiscal year 1991. Accordingly, \$7,423,470 and \$251,443 were recognized by the Endowment as approved grants in the fiscal years ended September 30, 1990 and 1991, respectively.
- (C) The Directors of the Endowment approved a change in the method of distributing grants in fiscal year 1991. Beginning with the 1991 grant program, distributions will be made directly to the Committee, which in turn will distribute grants to specific recipients. All grants were distributed in fiscal year 1991, with the exception of one grant distributed prior to the policy being adopted.
- (D) The Directors of the Endowment approved the change from a fiscal year-end of September 30 to a calendar year-end of December 31. As a result of the change, the 1997 grant program balance includes five grants totaling \$12,257,860 for the year ended September 30, 1997, and one grant for \$11,166,008 for the three-month period ended December 31, 1997.
- (E) The Directors approved a grant to the Committee totaling \$9,294,862 in January 2006.
- (F) The Directors approved a grant to the Committee totaling \$9,920,572 in January 2007, and a grant totaling \$10,481,022 in December 2007.
- (G) The Directors approved a grant to the Committee, which included a \$150,000 portion for the hiring of a Historian/Archivist and the establishment of a department related to organizing and maintaining the Committee's historical documents and records. This restricted portion of the grant has been made as part of the overall grant as shown in the schedule above.