



United States Soccer Federation, Inc.

Financial Statements
Years Ended March 31, 2012 and 2011

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



United States Soccer Federation, Inc.

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Years Ended March 31, 2012 and 2011

United States Soccer Federation, Inc.

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Independent Auditors' Report

The National Board of Directors
United States Soccer Federation, Inc.

We have audited the statement of financial position of United States Soccer Federation, Inc. (the "Federation") as of March 31, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of United States Soccer Federation, Inc. as of March 31, 2011, were audited by other auditors whose report dated November 9, 2011, expressed an unqualified opinion on those statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of United States Soccer Federation, Inc. at March 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 31, 2012

Financial Statements

United States Soccer Federation, Inc.

Statements of Financial Position

March 31,	2012	2011
Assets		
Current Assets		
Cash	\$ 1,043,347	\$ 7,669,880
Cash held in escrow	898,213	1,348,830
Short-term investments	15,267,338	10,760,359
Accounts receivable, net of allowances for doubtful accounts of \$50,000 and \$30,000 in 2012 and 2011, respectively	8,770,247	8,927,914
Due from USA Bid Committee, Inc.	417	1,704,546
Prepaid expenses and advances	2,206,441	1,136,913
Total Current Assets	28,186,003	31,548,442
Long-term prepaid expenses	3,776,600	4,051,257
Investments		
Undesignated	41,895,655	40,645,894
Designated	1,340,942	1,322,477
Property and equipment, net of accumulated depreciation and amortization	4,320,780	4,537,780
Total Noncurrent Assets	51,333,977	50,557,408
Total Assets	\$ 79,519,980	\$ 82,105,850
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 10,242,103	\$ 12,223,999
Deferred revenue		
Sponsorship	3,750,001	4,249,985
Games	2,059,403	35,818
Referee registration	1,797,819	1,195,845
Coaching	781,679	527,013
Division 2 League	14,371	144,143
Other	426,291	334,725
Total Current Liabilities	19,071,667	18,711,528
Long-term deferred revenue - sponsorship	1,937,480	2,687,499
Deferred compensation	1,340,942	1,322,477
Total Noncurrent Liabilities	3,278,422	4,009,976
Total Liabilities	22,350,089	22,721,504
Net Assets		
Unrestricted:		
Undesignated	36,472,045	38,686,500
Designated - player development	20,697,846	20,697,846
Total Net Assets	57,169,891	59,384,346
Total Liabilities and Net Assets	\$ 79,519,980	\$ 82,105,850

See accompanying notes to financial statements.

United States Soccer Federation, Inc.

Statements of Activities

Year ended March 31,	2012	2011
Changes in Unrestricted Net Assets		
Revenues		
Registration and affiliation fees:		
Youth	\$ 4,068,955	\$ 4,058,572
Adult	489,937	535,950
Referee	3,081,183	3,144,478
Professional	1,230,831	1,178,896
Coaches	337,200	317,382
	9,208,106	9,235,278
Sponsorship, television, licensing, and royalties	20,950,105	17,578,471
National Teams' game revenues	18,430,799	33,047,082
International game revenues	2,361,582	2,717,796
Player development revenue	1,507,880	1,068,526
Coaching school courses	1,273,117	869,186
Olympic Committee funding	641,857	595,395
Open Cup	629,978	442,772
Annual general meeting	8,375	13,485
Other	939,887	1,137,378
	55,951,686	66,705,369
Expenses		
National Teams	42,764,901	45,355,078
Management expenses	10,594,133	14,546,090
Referee program	2,493,479	2,217,492
Coaching program	2,418,491	1,901,632
National Board of Directors' and committees' expenses	446,966	382,493
Open Cup	377,678	371,151
Annual general meeting expenses	345,700	207,134
	59,441,348	64,981,070
Change in net assets before investment revenues	(3,489,662)	1,724,299
Investment revenues (including net unrealized gains of \$1,050,862 and \$2,628,036 in 2012 and 2011, respectively)	1,275,207	3,236,281
(Decrease) Increase in Net Assets	(2,214,455)	4,960,580
Net Assets, at beginning of year	59,384,346	54,423,766
Net Assets, at end of year	\$ 57,169,891	\$ 59,384,346

See accompanying notes to financial statements.

United States Soccer Federation, Inc.

Statements of Cash Flows

<i>Year ended March 31,</i>	2012	2011
Cash Flows From Operating Activities		
(Decrease) Increase in net assets	\$ (2,214,455)	\$ 4,960,580
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	406,360	375,135
Realized/unrealized gains on investments	(1,275,207)	(2,762,782)
Changes in operating assets and liabilities		
Cash held in escrow	450,617	(541,474)
Accounts receivable	1,861,796	(3,859,868)
Prepaid expenses and advances	(794,871)	1,320,878
Accounts payable and accrued expenses	(2,170,158)	2,888,993
Deferred revenue	1,780,278	(1,679,674)
Deferred compensation	18,465	146,850
Net cash (used in) provided by operating activities	(1,937,175)	848,638
Cash Flows From Investing Activities		
Purchases of investments	(6,500,000)	(6,968,076)
Proceeds from sales of investments	2,000,000	10,996,553
Purchases of property and equipment	(189,360)	(66,511)
Net cash (used in) provided by investing activities	(4,689,360)	3,961,966
Net (Decrease) Increase in Cash	(6,626,535)	4,810,604
Cash, at beginning of year	7,669,882	2,859,278
Cash, at end of year	\$ 1,043,347	\$ 7,669,882

See accompanying notes to financial statements.

United States Soccer Federation, Inc.

Notes to Financial Statements

1. Nature of Operations

The United States Soccer Federation, Inc. (the "Federation") was incorporated in New York on June 29, 1914, as a nonprofit corporation. The purpose of the Federation is to promote and govern the game of soccer in the United States of America.

The Federation is affiliated with the Fédération Internationale de Football Association ("FIFA"), which is the world-governing body of soccer and is comprised of the various national soccer associations. FIFA is responsible for promoting and organizing the game of soccer throughout the world.

The Federation is recognized as the National Governing Body of Soccer in the United States of America by FIFA and the United States Olympic Committee ("USOC"), as provided by the Ted Stevens Olympic and Amateur Sports Act.

2. Summary of Significant Accounting Policies

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 as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Basis of Presentation

These financial statements report amounts separately by class of net assets. The separate classes of assets are defined as unrestricted net assets and temporarily restricted net assets. Unrestricted net assets include all resources that are not subject to donor-imposed restrictions. Unrestricted net assets also include board-designated funds.

The Federation currently has no temporarily or permanently restricted net assets.

Cash

The Federation maintains its cash in bank deposit accounts at Bank of America and JPMorgan Chase Bank, which at times may exceed federally insured limits. The Federation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

Cash Held in Escrow

The Federation receives cash deposits ("escrow funds") from the organizers of impending international games. After the international games to which the deposits relate are played and game reports filed, the Federation distributes the deposits, plus other fees received, to the appropriate recipients. These funds are distributed based on a predetermined percentage of the total ticket sales for each respective international game. One of the principal recipients of such distributions is the Federation.

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Accounts Receivable

Accounts receivable are comprised primarily of Men's and Women's National Teams game revenue, player registration fees, referee expense reimbursements and contractual marketing revenue. The Federation closely reviews all outstanding accounts receivable and follows up on all delinquent amounts in a timely manner. Delinquency status is determined based on the recent payment history of the customer. Amounts are considered uncollectible only when the customer is unable to provide collateral for the amount outstanding or commit to a payment plan.

Fair Value Measurements

Effective April 1, 2010, the Federation adopted new guidance that requires the Federation to report significant transfers between Level 1 and Level 2 and the reasons for those transfers, as well as disclosing the reasons for transfers in or out of Level 3. Additionally, the guidance requires the Federation to clarify existing disclosure requirements about the level of disaggregation and inputs and valuation techniques. The adoption of this guidance resulted in a greater level of disaggregation and additional disclosures about inputs and valuation techniques.

The new guidance also requires the reconciliation of changes in Level 3 fair value measurements to present purchases, sales and settlements separately on a gross basis rather than as a net amount, effective for fiscal 2012.

In May 2011, the FASB issued ASU No. 2011-04, "*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards*," to ASC Topic 820. The standard changes certain fair value measurement principles and enhances the disclosure requirements, particularly for Level 3 fair value measurements. The standard is effective for the Federation prospectively for the fiscal year ending March 31, 2013. The Federation is currently evaluating the impact of pending adoption of ASU No. 2011-04 on its financial statements.

Investments

Investments are comprised of money market funds, common stocks, mutual funds, corporate bonds, U.S. Treasuries, mortgage-backed securities and an alternative investment in the United States Olympic Foundation's ("USOF") investment portfolio where the underlying securities are comprised of cash, common stocks, corporate bonds, mutual funds, U.S. Treasury notes, convertible securities, hedge equity funds, limited partnerships, real estate funds, private equity funds, bond fund trusts and fund of funds. Unrealized gains and losses are reflected in investment revenues in the statements of activities. The alternative investment represents less than 10% of the Federation's total investments as of March 31, 2012 and 2011.

The Federation's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is possible that changes in the value of investments could occur in the near term that could materially affect the amounts reported in the financial statements.

Property and Equipment

Property and equipment, including leasehold improvements, are recorded at cost net of accumulated depreciation and amortization. Depreciation and amortization are provided on a

United States Soccer Federation, Inc.

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straight-line basis over estimated useful lives of 5 years for furniture, equipment and vehicles, 3 years for computer equipment and software, 20 years for building and building improvements and the shorter of the useful life or the lease term for leasehold improvements.

Revenue Recognition

Revenue and Affiliation Fees

All member organizations of the Federation that register players are required to pay a player registration fee, which is determined by whether a player is registered as a youth or adult player. Fees paid to the Federation are \$1.00 for each youth player registered and \$2.00 for each adult player registered. The revenue for these fees is recognized when collected. Referee registration fees are recognized over the applicable term, which is the calendar year. Professional teams' fees are recognized over the seasons to which the fees relate.

Coaching School Courses

Coaching school fees are recognized in the period in which the school session is held.

Olympic Committee Funding

The United States Olympic Committee ("USOC") provides grants to the Federation to support its mission as the national governing body of soccer in the United States. Funding from the USOC is recognized in equal monthly amounts over the fiscal year.

National and International Games

National team and international games revenue is recognized in the period in which the games are played.

Sponsorship, Television, Licensing and Royalties

The Federation has two major agreements relating to its marketing rights: a marketing representation agreement with Soccer United Marketing ("SUM") and a sponsorship and license agreement with Nike. Revenue from these agreements is recognized as earned, according to the terms of the agreements. (See Note 3).

3. Sponsorship Agreements

Soccer United Marketing

In January 2004, the Federation entered into a marketing representation agreement with Soccer United Marketing ("SUM") with a term ending in December 2010. In October 2007 the term of this agreement was extended through December 31, 2014. In accordance with this agreement, the Federation receives annual cash compensation that is recognized evenly over the calendar year to which the compensation relates. Most sponsorship, television, licensing and royalty revenues (excluding Nike) are paid to SUM. After certain revenue limits are reached, additional funding above the annual guarantee can be realized based on a revenue sharing arrangement with SUM. Revenue under the agreement totaled \$8,504,767 and \$5,627,615 for the years ended March 31, 2012 and 2011, respectively. This includes \$254,767 and \$190,115 of revenue sharing for the respective year ends.

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Nike

In October 1997, the Federation entered into a sponsorship and license agreement with Nike with a term of 10 years. This agreement was amended effective January 1, 2004 with a revised termination date of December 31, 2014. In accordance with the agreement, the Federation receives annual cash compensation that is recognized evenly over the calendar year to which the compensation relates, and performance bonus payments that are recognized as earned. The agreement also calls Nike to provide the Federation with equipment annually, which is recognized as revenue at estimated wholesale prices and an offsetting expense when the equipment is received and put into use by the Federation. In addition, the agreement calls for the Federation to receive a commitment bonus that is designated for specific programs. The commitment bonus is due to the Federation in specified amounts during the term of the agreement. In fiscal year 2007 ("January 2007"), a commitment bonus of \$6,000,000 was received and is being recognized evenly over the term of the agreement. Additionally, in fiscal 2011 ("January 2011"), a commitment bonus of \$2,000,000 was received, which is also being recognized evenly over the term of the agreement. Revenue under the agreement totaled \$12,631,033 for the year ended March 31, 2012, which includes \$1,250,000 of commitment bonus and \$2,381,033 of equipment. For the year ended March 31, 2011, revenue under the agreement totaled \$11,001,362, which includes \$875,000 of commitment bonus and \$2,251,362 of equipment.

4. Fair Value Measurements

The Federation follows ASC 820-10, "*Fair Value Measurements*," which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction. Fair value measurement is based on a hierarchy of observable or unobservable inputs. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 - Inputs to the valuation methodology other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value can be determined through the use of models or other valuation methodologies; and

Level 3 - Inputs to valuation methodology are unobservable inputs in situations where there is little or no market activity of the asset and liability and the reporting entity makes estimates and assumptions relating to the pricing of the asset or liability including assumptions regarding risk.

The following tables set forth, by level within the fair value hierarchy, the Federation's financial assets that were accounted for at fair value on a recurring basis as of March 31, 2012 and 2011. As required by ASC 820-10, assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement. The Federation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

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Description	Recurring Fair Value Measurements At Reporting Date Using:			
	Fair Value as of March 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money market funds	\$ 15,267,338	\$ 15,267,338	\$ -	\$ -
Common stocks				
Large cap	3,311,480	3,311,480	-	-
Mid cap	922,156	922,156	-	-
Small cap	459,757	459,757	-	-
International	4,575,989	4,575,989	-	-
REITs	1,529,681	1,529,681	-	-
Corporate bonds	8,471,330	8,471,330	-	-
U.S. Treasuries	4,953,171	4,953,171	-	-
Mortgage backed securities	10,427,505	-	10,427,505	-
Commodity ETFs	972,000	-	972,000	-
USOF investment portfolio	4,463,443	-	2,800,364	1,663,079
Equity mutual funds	1,340,942	1,340,942	-	-
	\$ 56,694,792	\$ 40,831,844	\$ 14,199,869	\$ 1,663,079

Description	Recurring Fair Value Measurements At Reporting Date Using:			
	Fair Value as of March 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money market funds	\$ 10,760,359	\$ 10,760,359	\$ -	\$ -
Common stocks				
Large cap	3,078,758	3,078,758	-	-
Mid cap	861,729	861,729	-	-
International	2,955,336	2,955,336	-	-
REITs	1,313,872	1,313,872	-	-
Corporate bonds	6,668,117	6,668,117	-	-
U.S. Treasuries	5,882,134	5,882,134	-	-
Mortgage backed securities	14,065,878	-	14,065,878	-
USOF investment portfolio	4,387,196	-	2,757,791	1,629,405
Equity mutual funds	1,322,477	1,322,477	-	-
	\$ 51,295,856	\$ 32,842,782	\$ 16,823,669	\$ 1,629,405

Not included in the above tables is \$1,809,143 and \$1,432,872 in money market cash as of March 31, 2012 and 2011, respectively.

Level 1 Inputs

Fair values for the Federation's money market funds, common stocks, mutual funds, corporate bonds and U.S. Treasuries were based on quoted market prices.

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Level 2 and Level 3 Inputs

Estimated fair values of mortgage-backed securities are derived from readily available pricing sources and third-party pricing services for identical or comparable instruments, respectively. Approximately 80% of the USOF investment portfolio consists of underlying securities whose fair values were based on quoted market prices. However, given that the Federation's investment is in the portfolio and not directly in the underlying securities, this portion of the USOF investment portfolio is classified as Level 2.

Approximately 20% of the USOF investment portfolio consists of the following underlying securities: hedge equity funds, private equity funds, real estate funds, bond fund trusts, fund of funds and limited partnerships. To the extent possible, fair value is based on the last sale prices 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 dispositions, quotations from other market participants and values of similar investments.

5. Investments

Investments, at market value, are comprised of the following:

<i>March 31,</i>	2012	2011
Money market funds	\$ 17,076,481	\$ 12,193,231
Common stocks	10,799,063	8,209,695
Corporate bonds	8,471,330	6,668,117
U.S. Treasuries	4,953,171	5,882,134
Mortgage-backed securities	10,427,505	14,065,878
Commodity ETFs	972,000	-
USOF investment portfolio	4,463,443	4,387,196
Equity mutual funds	1,340,942	1,322,477
	\$ 58,503,935	\$ 52,728,728

Investment revenues consist of the following:

<i>March 31,</i>	2012	2011
Investment (loss) income, dividends and interest	\$ (167,738)	\$ 543,185
Net realized gains	392,083	65,060
Net change in unrealized appreciation of long-term investments	1,050,862	2,628,036
	\$ 1,275,207	\$ 3,236,281

The Federation's investment in the United States Olympic Foundation (the "Foundation") portfolio represents the Federation's proportionate share of the Foundation's pooled investment portfolio, which consists of a wide variety of investment instruments. The Federation's investment in the Foundation includes unrealized (loss) gain of \$(39,973) and \$716,978 as of March 31, 2012 and 2011, respectively.

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6. Property and Equipment

A summary of property and equipment is as follows:

<i>March 31,</i>	2012	2011
Building	\$ 417,759	\$ 417,759
Building improvements	124,261	124,261
Furniture and equipment	2,119,763	1,930,403
Vehicles	61,562	61,562
Leasehold improvements (Note 8)	5,922,145	5,922,145
	8,645,490	8,456,130
Less accumulated depreciation and amortization	4,324,710	3,918,350
	<u>\$ 4,320,780</u>	<u>\$ 4,537,780</u>

7. Income Taxes

The Federation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. The Federation had no income from unrelated activities and has no income taxes due as of March 31, 2012 and 2011.

The Federation's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes the Federation has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. The Federation would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. The Federation is no longer subject to examination by federal, state or local tax authorities for periods before 2008.

8. Commitments and Contingencies

From time to time, the Federation is involved in litigation that arises in the ordinary conduct of its business. The Federation believes that any such litigation will not have a material adverse impact on the financial position or the results of operations as of March 31, 2012 and 2011, or for the fiscal years then ended.

Employment Agreements

On December 14, 2006, the Federation entered into an employment agreement with the Men's National Team's interim Head Coach, which was amended on May 17, 2007 making him the Head Coach of the Men's National Team with a term from December 15, 2006 through December 31, 2010. In September 2010, this agreement was extended through August 31, 2014. On August 31, 2011, the employment agreement was terminated with future compensation obligations limited through August 31, 2012. Effective August 1, 2011, the Federation entered into an employment agreement with a new Men's National Team Head Coach, with a term until August 31, 2014 at a base compensation rate of \$2.5 million per year.

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On November 13, 2007, the Federation entered into an employment agreement with the Women's National Team Head Coach. The term of this agreement is December 1, 2007 through November 30, 2012. The agreement provides for incentive compensation based on the performance of the Women's National Team in the 2011 World Cup and the 2012 Olympics. In case of termination without cause, the Federation is obligated to pay this employee a one-time payment of \$50,000. Prior to the issuance of this report, it was noted that the Federation would not renew the Women's National Team Head Coach's contract.

On June 15, 2001, the Federation entered into an employment agreement with the CEO/Secretary General, effective July 1, 2001 through June 30, 2005. In March 2004, the agreement was renewed to extend the term through June 30, 2011, and was renewed again on July 1, 2010 to extend the term through June 30, 2015. The agreement also provides for annual incentive bonuses if certain benchmarks are met as determined by the Federation's President and Board of Directors, and guarantees full payment of base compensation through the end of the contract, in total, in the case of termination by the Federation. In addition, the contract provides that an additional quarterly payment of 25% of base salary be paid in lieu of making contributions to a deferred compensation plan.

The Federation establishes the U.S. Soccer Federation Option Plan (the "Plan"), effective January 1, 1999, which covers the CEO/Secretary General as designated by the Board of Directors. The Plan is designed to accumulate retirement funds for the CEO/Secretary General and the Plan allows the participant to defer up to 100% of his deferred compensation for the right to buy a variety of mutual funds equal to the deferred compensation he would have otherwise received. The Plan is administered by the Federation. The fair value of the underlying securities purchased to cover the options was \$1,340,942 and \$1,322,477 as of March 31, 2012 and 2011, respectively. Effective May 8, 2002, the Internal Revenue Service issued regulations that allowed options granted May 8, 2002 and prior to be afforded tax treatment under Section 83. Consequently, a Mega Option was awarded on May 8, 2002 to be vested over the remaining term of the CEO/Secretary General's original employment agreement. This Mega Option was fully vested as of June 30, 2006. Until such time as the IRS regulations are amended or changed, no further options of this type will be granted.

Sponsorships

The Federation has negotiated sponsorship contracts and training facility agreements with various entities pursuant to which such entities provide cash, equipment and/or practice facilities for national teams and other activities over agreed-upon periods. The Federation is required to fulfill various obligations for the benefit of its sponsors and other entities under the sponsorship contracts. These obligations are recognized in the Federation's financial statements as they are incurred.

Anschutz Southern California Complex

The Federation has entered into a long-term agreement with Anschutz Southern California Sports Complex for the building of the National Training Center, which became effective February 20, 2012 and will continue for 25 years from that date. The agreement consists of a building lease with an annual lodging guarantee. Improvements paid for by the Federation total \$5,250,000 and were paid in four installments of \$1.2 million plus a final payment of \$450,000. The final payment was reduced from \$1.2 million based on the value of capital improvements secured by the Federation from other sources totaling \$547,938, together with a reduction of \$202,062 due to the

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facts that the goalie pit was never constructed and the lodging component on the agreement is not available. The Federation payments, plus the capital improvements from other sources, have all been capitalized as leasehold improvements, which will be amortized over the shorter of the useful life of the improvement or the life of the lease.

Frisco Stadium, LP

The Federation has entered into a long-term agreement with Frisco Stadium, LP (“FSLP”) for the use of Pizza Hut Park’s training and educational facilities for the benefit of Federation national teams and other organizational members. It became effective October 16, 2006 and shall continue through December 31, 2025. The Federation made four payments to FSLP to offset construction costs totaling \$5,000,000. Payments of \$2,500,000, \$1,000,000, \$1,000,000 and \$500,000 were made on October 31, 2006, 2007, 2008 and 2009. This agreement is being treated as an exchange transaction with the payments being expensed over the term of the agreement.

Leases

The minimum lease payments under leases with terms in excess of one year are as follows:

March 31,

2013	\$ 328,653
2014	297,990
2015	262,168
2016	253,411
2017	250,000
2018 and thereafter	3,229,166

\$ 4,621,388

Rental expense was \$313,517 and \$285,341 for the years ended March 31, 2012 and 2011, respectively.

9. Related Parties

The U.S. Soccer Foundation (the “Soccer Foundation”) was organized on June 10, 1991 as a 501(c)(3) organization to assume the net assets of World Cup USA 1994. The Soccer Foundation’s purpose is to manage the surplus funds from World Cup USA 1994 in order to create a permanent legacy for soccer in the United States through the funding of projects designated for long-term growth of the game in support of the Federation’s vision to make soccer a preeminent sport recognized for excellence in participation, spectator appeal, international competition and gender equity. The Federation and the Soccer Foundation share four board members.

The National Soccer Hall of Fame (the “Hall of Fame”) closed its physical location in Oneonta, New York but still, with cooperation from the Federation, maintains the historical archives of American soccer and promotes soccer through educational programs and newsletters. The Hall of Fame is an organization exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Code. The Federation and the Hall of Fame share one board member.

The USA Bid Committee, Inc., organized on January 7, 2009 to promote the sport of soccer within the United States and explore the possibility of organizing a bid to host a future Fédération

United States Soccer Federation, Inc.

Notes to Financial Statements

Internationale de Football Association ("FIFA") Men's World Cup within the United States, ceased daily operations as of December 31, 2010, though is still an active entity. The USA Bid Committee, Inc. is an organization exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Code. The Federation and the USA Bid Committee share four board members.

10. National Teams

National Teams' expenses are as follows:

<i>March 31,</i>	2012	2011
Youth	\$ 12,376,459	\$ 11,540,282
Men's National Team	12,219,215	13,651,220
Women's National Team	6,086,854	4,300,690
Coaching	4,229,267	2,085,599
Equipment and supplies	2,381,033	2,251,362
Olympic Team/Under 23	982,262	(40,000)
Management	670,873	984,720
National Training Center	369,329	353,601
Paralympic National Team	246,473	208,968
Futsal	115,531	-
Beach Soccer	78,091	124,973
	39,755,387	35,461,415
World Cup (2011 MWC)	-	9,628,427
World Cup (2012 WWC)	3,009,514	265,236
	\$ 42,764,901	\$ 45,355,078

11. Defined-Contribution Plan

The Federation has a 401(k) defined-contribution plan that is available to all full-time employees who have met certain length-of-service requirements. The plan provides for deferred salary contributions by the Plan participants and discretionary matching contributions by the Federation up to a maximum of 2% of eligible compensation. There was no matching contribution for the fiscal years ended 2012 and 2011. In addition, the Federation makes a Safe Harbor contribution of 3% of eligible compensation. Contributions by the Federation were \$210,759 and \$174,622 for the years ended March 31, 2012 and 2011, respectively.

12. Reclassification

For comparability purposes, the 2011 financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used in 2012.

Subsequent Events

The Federation has evaluated subsequent events through October 31, 2012, the date the financial statements were available to be issued. No material subsequent events have occurred through October 31, 2012 that required recognition or disclosure in these financial statements.