

Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**United States Soccer Federation, Inc.**

March 31, 2022 and 2021

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
United States Soccer Federation, Inc.

**Opinion**

We have audited the consolidated financial statements of United States Soccer Federation, Inc., (the "Entity") which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of March 31, 2022 and 2021, 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 Entity 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Entity'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 Entity'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.

*Grant Thornton LLP*

Chicago, Illinois  
December 8, 2022

**United States Soccer Federation, Inc.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**March 31,**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 37,654,544	\$ 20,327,631
Cash held in escrow	3,124,665	2,919,607
Accounts receivable, net	6,476,300	6,007,238
Prepaid expenses and advances	2,268,952	2,108,735
Investments		
Undesignated	113,674,625	113,829,632
Designated - option plan	3,034,034	3,060,040
Other assets	3,459,261	7,204,080
Property and equipment, net	1,977,419	2,303,767
Total assets	\$ 171,669,800	\$ 157,760,730
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 34,660,734	\$ 19,584,584
Deferred revenue		
Sponsorship	5,067,216	3,577,510
Stack Sports	-	1,250,000
Games	596,989	-
Other	30,412	168,326
Deferred compensation - option plan	3,034,034	3,060,040
Long-term settlement obligation	16,500,000	-
Loan payable, net	3,438,782	-
Total liabilities	63,328,167	27,640,460
<b>Net assets</b>		
Net assets without donor restrictions	99,004,040	123,507,842
Net assets with donor restrictions	9,337,593	6,612,428
Total net assets	108,341,633	130,120,270
Total liabilities and net assets	\$ 171,669,800	\$ 157,760,730

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

United States Soccer Federation, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended March 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
Registration and affiliation fees			
Youth	\$ 3,765,038	\$ -	\$ 3,765,038
Referee	2,312,569	-	2,312,569
Professional	1,657,568	-	1,657,568
Amateur	440,805	-	440,805
	<u>8,175,980</u>	<u>-</u>	<u>8,175,980</u>
Sponsorship, television, licensing, and royalties	47,550,040		47,550,040
National Teams' game revenues	41,976,389		41,976,389
International game revenues	2,816,047		2,816,047
Sport development revenues	1,363,263		1,363,263
Coaching education	2,916,353		2,916,353
Open Cup	26,700		26,700
Olympic Committee funding	687,500		687,500
Development and fundraising	3,126,341	483,590	3,609,931
Other	8,654,410	1,701,271	10,355,681
Net assets released from restrictions	459,696	(459,696)	-
	<u>117,752,719</u>	<u>1,725,165</u>	<u>119,477,884</u>
<b>Expenses</b>			
National Teams	96,502,571	-	96,502,571
Management expenses	40,477,313	-	40,477,313
Referee program	2,822,605	-	2,822,605
Coaching program	4,481,181	-	4,481,181
National Board of Directors' and committees' expenses	357,380	-	357,380
Open Cup	168,720	-	168,720
Annual general meeting expenses	556,478	-	556,478
	<u>145,366,248</u>	<u>-</u>	<u>145,366,248</u>
Change in net assets before investment return and reclassification	(27,613,529)	1,725,165	(25,888,364)
Investment return, net	4,109,727	-	4,109,727
Reclassification of donor restrictions	(1,000,000)	1,000,000	-
	<u>(24,503,802)</u>	<u>2,725,165</u>	<u>(21,778,637)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(24,503,802)</b>	<b>2,725,165</b>	<b>(21,778,637)</b>
<b>Net assets, beginning of year</b>	<b>123,507,842</b>	<b>6,612,428</b>	<b>130,120,270</b>
<b>Net assets, end of year</b>	<b><u>\$ 99,004,040</u></b>	<b><u>\$ 10,337,593</u></b>	<b><u>\$ 108,341,633</u></b>

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

**United States Soccer Federation, Inc.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended March 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
Registration and affiliation fees			
Youth	\$ 2,065,619	\$ -	\$ 2,065,619
Referee	2,502,926	-	2,502,926
Professional	1,598,569	-	1,598,569
Amateur	200,070	-	200,070
	<u>6,367,184</u>	<u>-</u>	<u>6,367,184</u>
Sponsorship, television, licensing, and royalties	39,984,650	-	39,984,650
National Teams' game revenues	1,821,892	-	1,821,892
International game revenues	737,802	-	737,802
Sport development revenues	2,938,241	-	2,938,241
Coaching education	1,254,651	-	1,254,651
Open Cup	645,223	-	645,223
Olympic Committee funding	737,415	-	737,415
Development and fundraising	1,782,016	1,227,482	3,009,498
Other	3,726,861	-	3,726,861
Net assets released from restrictions	110,054	(110,054)	-
	<u>60,105,989</u>	<u>1,117,428</u>	<u>61,223,417</u>
<b>Expenses</b>			
National Teams	34,937,224	-	34,937,224
Management expenses	32,217,650	-	32,217,650
Referee program	2,547,326	-	2,547,326
Coaching program	3,293,788	-	3,293,788
National Board of Directors' and committees' expenses	458,288	-	458,288
Open Cup	25,602	-	25,602
Annual general meeting expenses	224,339	-	224,339
	<u>73,704,217</u>	<u>-</u>	<u>73,704,217</u>
Change in net assets before investment return	(13,598,228)	1,117,428	(12,480,800)
Investment return, net	12,479,092	-	12,479,092
<b>CHANGE IN NET ASSETS</b>	(1,119,136)	1,117,428	(1,708)
<b>Net assets, beginning of year</b>	116,126,975	5,495,000	121,621,975
Effect of the adoption of ASU 2014-09	8,500,003	-	8,500,003
<b>Net assets, end of year</b>	<u>\$ 123,507,842</u>	<u>\$ 6,612,428</u>	<u>\$ 130,120,270</u>

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

**United States Soccer Federation, Inc.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended March 31,

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (21,778,637)	\$ (1,708)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	326,348	972,182
Realized and unrealized investment gain	(3,424,452)	(11,890,650)
Imputed interest on loan payable	140,053	-
Discount on loan payable	(1,701,271)	-
Changes in operating assets and liabilities		
Cash held in escrow	(205,058)	1,317,873
Accounts receivable	(469,062)	3,292,252
Prepaid expenses and advances	(160,217)	192,609
Other assets	3,744,819	1,295,923
Accounts payable and accrued expenses	15,076,150	(15,576,530)
Deferred revenue	698,781	(4,892,540)
Deferred compensation - option plan	(26,006)	1,092,321
Long-term settlement obligation	16,500,000	-
	8,721,448	(24,198,268)
Net cash provided by (used in) investing activities		
<b>Cash flows from investing activities</b>		
Purchases of investments	(1,460,379)	(1,783,686)
Proceeds from sales of investments	5,065,844	30,112,812
	3,605,465	28,329,126
Net cash provided by investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debt	5,000,000	-
	5,000,000	-
Net cash provided by financing activities		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	17,326,913	4,130,858
<b>Cash and cash equivalents, beginning of year</b>	20,327,631	16,196,773
<b>Cash and cash equivalents, end of year</b>	\$ 37,654,544	\$ 20,327,631
<b>Supplemental disclosure of cash flow information</b>		
Non-cash effect of the adoption of ASU 2014-09	\$ -	\$ 8,500,003

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



**United States Soccer Federation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2022 and 2021**

**NOTE 1 - NATURE OF OPERATIONS**

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

USSF is affiliated through membership 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 governing the game of soccer throughout the world. USSF is recognized as the National Governing Body of Soccer in the United States of America by FIFA and the United States Olympic and Paralympic Committee (USOPC), as provided by the Ted Stevens Olympic and Amateur Sports Act, and operates various national team programs, including the Men's National Team (USMNT) and Women's National Team (USWNT).

CA2016 Local Organizing Committee LLC (CA2016 LOC), a single-member LLC formed on October 29, 2014. The sole member of CA2016 LOC is USSF. USSF established CA2016 LOC for the purpose of organizing and promoting the Copa America Centenario 2016 tournament held in the United States. Under the Amended & Restated Local Organizing Committee Agreement between CA2016 LOC and Confederation of North, Central America and Caribbean Association Football (Concacaf), Concacaf designated CA2016 LOC as the official and exclusive local organizing committee (LOC) to host and stage the tournament. In consideration for performing the LOC services under the agreement, CA2016 LOC received net ticketing and stadium revenues generated by the tournament games. These revenues are consolidated with USSF's financial statements pursuant to the principles discussed in Note 2. CA2016 LOC was dissolved on December 29, 2021.

CA2016 Marketing, Inc. (CA2016 Marketing) was incorporated and formed by CA2016 LOC on February 12, 2016, to provide marketing and administrative services for the Copa America Centenario 2016 tournament. The sole owner of the entity is CA2016 LOC. CA2016 Marketing was dissolved on December 29, 2021.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Principles of Consolidation***

The consolidated financial statements include the accounts of USSF and CA2016 LOC, which in turn includes the accounts of CA2016 Marketing (collectively referred to hereinafter as USSF). Inter-entity transactions and balances have been eliminated in consolidation.

***Basis of Presentation***

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of American (U.S. GAAP). These consolidated financial statements report amounts separately by class of net assets. The separate classes of assets are defined as net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include all resources that are not subject to donor-imposed restrictions. Net assets with donor restrictions include resources that are subject to donor stipulations that limit the use of the contributed assets. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

United States Soccer Federation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

**Recently Adopted Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which established a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP. The core principle of the guidance is that an entity should recognize revenue 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 to in exchange for those goods or services. ASU 2014-09 is effective for non-public entities for annual periods beginning after December 15, 2019. Earlier adoption is permitted subject to certain limitations. ASU 2014-09 is to be applied using one of two retrospective application methods. Management has adopted ASU 2014-09 effective April 1, 2020 and has elected to use the modified retrospective method for transition. The cumulative effect of changes made to the consolidated statements of financial position for the adoption of ASU 2014-09 was \$8,500,003 at April 1, 2020.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU allows for the presentation and disclosure of contributions of nonfinancial assets to be more transparent in not-for-profit entities' financial statements. The new guidance will require not-for-profit entities to add a separate line item to the statement of activities, and to include various disaggregated disclosures by category, for contributions of nonfinancial assets. ASU 2020-07 is to be applied retrospectively and would be effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of the adoption of ASU 2020-07 on its consolidated financial statements.

**Cash and Cash Equivalents**

USSF considers all unrestricted highly liquid financial instruments with an original maturity of three months or less to be cash equivalents. USSF maintains its cash in bank deposit accounts which at times may exceed federally insured limits. USSF 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**

USSF receives cash deposits from the organizers of impending international games. After the international games to which the deposits relate are played and game reports filed, USSF distributes the deposits, plus other fees received, to the appropriate recipients as provided in its Bylaws and Polices. These funds are distributed based on a predetermined percentage of the total ticket sales for each respective international game according to its International Matches Policy. One of the recipients of such distributions is USSF.

**Accounts Receivable, Net**

Accounts receivable, net are comprised primarily of Men's and Women's National Teams' game revenue, player registration fees, and contractual sponsorship, television and licensing revenue. USSF makes ongoing estimates relating to the collectability of its accounts receivable and maintains an allowance for expected losses resulting from the inability of its customers to make required payments. In addition to judgments about the creditworthiness of significant customers based on ongoing credit evaluations, USSF

United States Soccer Federation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

considers historical levels of credit losses, as well as macroeconomic and industry trends, such as the impacts of COVID-19, to determine the amount of the allowance. The allowance for doubtful accounts was approximately \$94,000 as of March 31, 2022 and 2021.

**Other Assets**

Other assets are comprised of contract assets resulting from contracts with customers. Contract assets represent accrued revenues that have not yet been billed to the customers due to certain contractual terms. The adoption of ASU 2014-09 established contract assets of \$8,500,003 as of April 1, 2020. Contract assets decreased \$3,744,819 and \$1,295,923 for the years ended March 31, 2022 and 2021, respectively. There were no impairments recorded on contract assets as of March 31, 2022 and 2021.

**Investments**

Investments are stated at fair value. Investments include fixed income securities, such as corporate bonds, U.S. treasury notes, U.S. government agency obligations, equity and fixed income mutual funds and invested cash and cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value because of the short maturity of these instruments.

USSF'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 consolidated financial statements.

**Property and Equipment**

Property and equipment, including leasehold improvements and software development costs, are recorded at cost net of accumulated depreciation and amortization. Significant property and equipment purchases are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. Depreciation and amortization are provided on a straight-line basis over estimated useful lives of five years for furniture, equipment and vehicles, three years for computer equipment and software development costs, twenty years for building and building improvements and the shorter of the useful life or the lease term for leasehold improvements.

**Long-Term Settlement Obligation**

Long-term settlement obligation includes payment from a legal settlement with due dates beyond one year from the financial statement date.

In February 2022, USSF and the United States Women's National Team Players reached a settlement agreement to resolve an equal pay dispute. The payment terms include amounts due of \$5,500,000 each, for the years ending March 31, 2024, March 31, 2025, and March 31, 2026. Amounts due within one year are \$7,500,000 as of March 31, 2022 and are included in accounts payable and accrued expenses in the accompanying financial statements.

**Revenue Recognition**

Revenue from contracts with customers is recognized when USSF's related performance obligations are satisfied, either over time or at a point in time. Collections in advance of revenue recognition are recorded as deferred revenue. Received in-kind goods and services are recorded at estimated fair value.

**Registration and Affiliation Fees**

In addition to the scheduled membership fees provided in USSF policy, all member organizations of USSF that register players are required to pay a referee or player registration fee for services provided by USSF.

**United States Soccer Federation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2022 and 2021**

Registration fees for individual players are determined by whether a player is registered as a youth, adult amateur, or professional player. Organization members pay to USSF \$1.00 for each registered youth player, and \$2.00 for each registered adult player. Professional Leagues pay according to schedules provided in the USSF Bylaws and Policies, ranging from \$1,333 - \$2,000 per team in addition to a league fee that ranges from \$73,150 to \$350,000 plus \$30,000 for each team over 10, in each case depending on the division level of the applicable league. In addition to membership fees and registration fees, referees pay yearly registration fees. Registration and affiliation fees are recognized over the applicable period.

Coaching Education

Coaches pay fees associated with coaching educational courses. These fees are recognized at the point in time when the session is held.

Olympic Committee Funding

The USOPC provides grants to USSF to support its mission as the National Governing Body of Soccer in the United States. Funding from the USOPC is recognized when earned.

National Team Games and International Games

National Team games and international games revenue is recognized at a point in time when the applicable game is played.

Revenues and expenses for Senior National Teams generally increase as each team takes part in different major competitions such as FIFA World Cups, World Cup Qualifying, Olympics, Olympic Qualifying, and the Concacaf Gold Cup. The next men's World Cup is scheduled for the fiscal year ended March 31, 2023. The next women's World Cup is scheduled for the fiscal year ended March 31, 2024.

Revenues earned for USMNT events were \$27,131,814 and \$273,702 for the years ended March 31, 2022 and 2021, respectively, which includes tournament prize money. Revenues earned for USWNT events were \$13,119,152 and \$773,819 for the years ended March 31, 2022 and 2021, respectively. The USMNT played 25 matches and 6 matches in the fiscal years ended March 31, 2022 and 2021, respectively. The USWNT played 22 matches and 6 matches in the fiscal years ended March 31, 2022 and 2021, respectively.

See Note 12 for a summary of National Team expenses.

Sponsorship, Television, Licensing and Royalty Revenue

USSF has two major agreements relating to its sponsorship, television and licensing rights: a marketing representation agreement with Soccer United Marketing, LLC (SUM) and a sponsorship and license agreement with Nike, Inc. (Nike). Revenue from these agreements is recognized as performance obligations are satisfied, according to the terms of the agreements (See Note 3).

Lamar Hunt U.S. Open Cup™

Dating back to 1914, the Lamar Hunt U.S. Open Cup™ is the oldest soccer competition in the United States and is among the oldest in the world. Open to all affiliated amateur and professional teams in the United States who qualify, the annual Lamar Hunt U.S. Open Cup™ is a single-elimination tournament organized and run by USSF. Revenue from the tournament is recognized from team entry and hosting fees when the applicable games are played.

United States Soccer Federation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

Sport Development

Sport development revenue includes grant-based funding from FIFA and Concacaf. The grant programs, which require U.S. Soccer to meet minimum standards and undergo regular audits, are specific to supporting the business operations of the Federation and to advance the development of soccer in the United States. Grant revenue is recognized when earned and revenue from registration revenue is recognized over the applicable term.

Development and Fundraising

In support of its non-profit mission, USSF actively seeks philanthropic contributions from individuals and family foundations. The process to cultivate these donations includes many different opportunities that already have a revenue component, including VIP experiences for USMNT and USWNT events, the World Cup Patrons Program, fundraisers, and networking events held throughout the United States.

Contributions are recognized as revenue upon receipt and are recorded based on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Contributions that are with donor restrictions are reported as an increase in net assets without donor restrictions if the restriction is met in the reporting period in which the contribution is recognized.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Management bases these estimates and assumptions upon historical experience, existing known circumstances, authoritative accounting pronouncements and other factors that management believes to be reasonable. Actual results could differ from those estimates.

***Reclassifications***

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on the reported results of operations.

In February 2022, USSF received an amended donor agreement identifying a purpose restriction of a gift previously recorded without restrictions. This has been recorded as a reclassification of donor restrictions on the 2022 consolidated statement of activities below the change in net assets.

**NOTE 3 - SPONSORSHIP AGREEMENTS**

***Soccer United Marketing***

USSF entered into a marketing representation agreement with SUM, which is effective through December 31, 2022. In accordance with this agreement, USSF receives annual, guaranteed cash compensation. Under the agreement, third-party sponsorship, television, and licensing revenues from certain categories (for example, excluding those received from Nike) are paid to SUM, and SUM pays USSF annual guaranteed compensation. After certain revenue limits are reached, additional funding above the annual guarantee can be realized based on revenue sharing provisions within the agreement.

Revenue under the agreement approximated \$29,913,000 and \$22,200,000 for the years ended March 31, 2022 and 2021, respectively. USSF was due receivables of \$1,312 and \$1,515,086 from SUM at March 31, 2022 and 2021, respectively.

United States Soccer Federation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

**Nike**

USSF entered into a sponsorship and license agreement with Nike, which is effective through December 31, 2022. In accordance with this agreement, Nike pays USSF cash compensation including annual base compensation, minimum royalty guarantee payments, and discretionary funds. The agreement also provides for annual product supply allowances for the national teams' players, coaches, and staff members and other USSF programs such as the Development Academy. Additionally, the agreement provides for performance bonuses based on the USMNT and USWNT performance at various competitions.

For the year ended March 31, 2022, revenue under the agreement approximated \$17,637,000, which includes \$15,100,000 of base compensation, \$1,748,000 of equipment, and \$789,000 of merchandise royalties. For the year ended March 31, 2021, revenue under the agreement approximated \$17,644,000, which includes \$13,700,000 of base compensation, \$944,000 of equipment, and \$3,000,000 of merchandise royalties.

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

USSF follows Accounting Standards Codification ("ASC") 820, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in U.S. GAAP and expands disclosures about fair value measurements.

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 the 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.

**United States Soccer Federation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2022 and 2021**

The following tables set forth, by level within the fair value hierarchy, USSF's financial assets that were accounted for at fair value on a recurring basis as of March 31, 2022 and 2021. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement. USSF's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect its placement within the fair value hierarchy levels. Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

	Fair Value as of March 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Equity mutual funds	\$ 8,656,475	\$ 8,656,475	\$ -	\$ -
Fixed income mutual funds	135,941	135,941	-	-
Cash and cash equivalents	96,014,658	96,014,658	-	-
		<u>\$ 104,807,074</u>	<u>\$ -</u>	<u>\$ -</u>

Investments measured at NAV:	
United States Olympic Endowment Investment	<u>11,901,585</u>
Total investments	<u>\$ 116,708,659</u>

	Fair Value as of March 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Corporate bonds	\$ 13,683,241	\$ -	\$ 13,683,241	\$ -
U.S. Treasury notes	7,860,465	-	7,860,465	-
U.S. government agency	1,046,728	-	1,046,728	-
Equity mutual funds	7,989,426	7,989,426	-	-
Fixed income mutual funds	50,695,562	50,695,562	-	-
Cash and cash equivalents	25,819,469	25,819,469	-	-
		<u>\$ 84,504,457</u>	<u>\$ 22,590,434</u>	<u>\$ -</u>

Investments measured at NAV:	
United States Olympic Endowment Investment	<u>9,794,781</u>
Total investments	<u>\$ 116,889,672</u>

**United States Soccer Federation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2022 and 2021**

A description of the valuation techniques applied to the major categories of investments measured at fair value is outlined below.

The fair value of corporate bonds, U.S. Treasury notes, and U.S. government agency securities are estimated using recently executed transactions, market price quotations (where observable), or bond spreads. If the spread data does not reference the issuer, then data that references a comparable issuer is used. These fixed income securities are generally categorized in Level 2 of the fair value hierarchy.

Equity and fixed income mutual funds are valued based on the NAV as computed once per day based on the quoted market prices of the securities in the fund's portfolio and are generally categorized in Level 1 of the fair value hierarchy.

The U.S. Olympic Endowment Investment represents USSF's investment in a pooled account with the United States Olympic Endowment. The underlying securities of the pooled investment account 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. The fair value of this investment has been estimated using the NAV per share of the investment as reported by the investment fund. Redemptions can be made at any time at NAV, upon 90 days' notice. USSF does not have any open commitments to make additional investments to the fund at March 31, 2022 or 2021.

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at March 31:

	<u>2022</u>	<u>2021</u>
Building	\$ 417,759	\$ 417,759
Building improvements	1,003,764	1,003,764
Furniture and equipment	2,891,169	2,891,169
Software development	4,305,204	4,305,204
Vehicles	82,037	82,037
Leasehold improvements	<u>5,922,145</u>	<u>5,922,145</u>
	14,622,078	14,622,078
Less accumulated depreciation and amortization	<u>(12,644,659)</u>	<u>(12,318,311)</u>
Total	<u>\$ 1,977,419</u>	<u>\$ 2,303,767</u>

Depreciation and amortization expense was \$326,348 and \$972,182 for the years ended March 31, 2022 and 2021, respectively.



**United States Soccer Federation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2022 and 2021**

**NOTE 6 - LOAN PAYABLE, NET**

In June 2021, USSF signed a zero-interest loan contract with FIFA as part of the FIFA COVID-19 Relief Plan. The loan amount of \$5,000,000 has a maturity date of December 31, 2032. USSF calculated total imputed interest on the loan using a 5% interest rate and recorded restricted contribution revenue and a discount on the loan of \$1,701,271 for the year ended March 31, 2022. Amounts are released into unrestricted net assets over the duration of the loan.

The payment schedule of the loan contract is as follows.

<u>Year Ending March 31,</u>	<u>Amount</u>
2027	\$ 700,000
2028	700,000
2029	700,000
2030	700,000
2031	700,000
Thereafter	<u>1,500,000</u>
Total	<u>\$ 5,000,000</u>

Imputed interest expense was \$140,053 and \$0 for the years ended March 31, 2022 and 2021, respectively.

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions include contributions subject to donor-imposed restrictions as to purpose that will be met by actions of USSF, or that expire by the passage of time.

The following table summarizes net assets with donor restrictions as of March 31:

	<u>2022</u>	<u>2021</u>
Development Academy Clubs	\$ 4,683,333	\$ 4,683,333
Scholarships	637,739	389,149
STEM High Performance Roles	1,020,303	1,339,946
Talent ID	1,000,000	-
Imputed interest on loan (time-restricted)	1,561,218	-
Other	<u>435,000</u>	<u>200,000</u>
	<u>\$ 9,337,593</u>	<u>\$ 6,612,428</u>

Net assets released from restriction were \$319,643 related to STEM High Performance Roles and \$110,054 for the years ended March 31, 2022 and 2021, respectively. Net assets released from restriction were \$140,053 related to imputed interest on loan and \$0 for the years ended March 31, 2022 and 2021, respectively.

**NOTE 8 - LIQUIDITY AND AVAILABILITY**

USSF regularly monitors liquidity to meet its operating needs and other contractual commitments. As part of USSF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, USSF invests cash in excess of operating requirements.

United States Soccer Federation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

USSF's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	2022	2021
Cash and cash equivalents	\$ 37,654,544	\$ 20,327,631
Accounts receivable, net	6,476,300	6,007,238
Undesignated investments	113,674,625	113,829,632
Less: net assets with donor restrictions	<u>(9,337,593)</u>	<u>(6,612,428)</u>
Total financial assets available within one year	<u>\$ 148,467,876</u>	<u>\$ 133,552,073</u>

**NOTE 9 - INCOME TAXES**

USSF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) 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. USSF had no income from unrelated activities and has no income taxes due as of March 31, 2022 and 2021.

CA2016 LOC is a single member limited liability company that is exempt from federal income tax under Section 501(c)(3) of the IRC. CA2016 Marketing is a taxable corporation whose sole stockholder is CA2016 LOC.

USSF's application of the accounting standards regarding uncertain tax positions had no effect on its financial position as management believes USSF has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. USSF would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

***Legal Matters***

USSF is currently involved in multiple legal actions. Management believes that there are no pending legal proceedings against or involving USSF where the outcome can be predicted and the financial impact be estimated.

***Frisco Stadium, LP***

USSF 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 USSF national teams and other organizational members. The agreement became effective October 16, 2006, and continues through December 31, 2025, with an automatic renewal to December 31, 2026, available without any action on behalf of the parties. USSF made four payments to FSLP to offset construction costs totaling \$5,000,000. The payments are being amortized to expense over the term of the agreement. The unamortized balance recorded as prepaid expense amounted to \$1,030,040 and \$1,304,696 at March 31, 2022 and 2021, respectively.

***Leases***

USSF has entered into a long-term agreement with Anschutz Southern California Sports Complex for the use of the National Training Center, which became effective February 20, 2002, and will continue for 25 years from that date. The agreement consists of a building lease with an annual lodging guarantee. The agreement provides for USSF to pay an annual fee over the entire term of the lease, amounting to \$250,000 per year over the first three years of the lease, after which the fee is subject to annual Consumer Price Index increases. In conjunction with the agreement, USSF was originally required to make capital improvements to the facility totaling at least

United States Soccer Federation, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

March 31, 2022 and 2021

\$6,000,000, but the total was subsequently reduced due to construction changes. As of March 31, 2022 and 2021, USSF has capitalized leasehold improvements approximating \$5,922,000, which are being amortized over the shorter of the useful life of the improvement or the life of the lease.

USSF entered into a long-term lease agreement with Kansas Training Development for the use of the Pinnacle National Development Center, which became effective January 23, 2018, and will continue for 20 years from that date. The agreement provides for USSF to pay an annual base rent of \$100,000 and additional rent based on a percentage share of annual operating expenses over the entire term of the lease.

USSF entered into a lease for additional parking and office space effective November 1, 2021. The lease is for a period of two years, with annual rent approximating \$218,000.

Subsequent to March 31, 2022, USSF entered into a lease for office space commencing on January 1, 2023. The lease term is five years with USSF having two options to extend the term by one year each. Annual base rent is approximately \$765,000 and estimated annual operating expenses are approximately \$625,000. The lease agreement provides ten months of abated rent and operating expenses. Base rent, estimated annual operating expenses, and abated rent are included in the future minimum lease payments schedule.

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

<u>Year Ending March 31,</u>	<u>Amount</u>
2023	\$ 676,999
2024	1,151,990
2025	1,833,764
2026	1,874,518
2027	1,916,243
2028 and thereafter	<u>2,194,563</u>
Total	<u>\$ 9,648,077</u>

Rental expense was \$659,385 and \$457,913 for the years ended March 31, 2022 and 2021, respectively.

**NOTE 11 - RELATED PARTIES**

The U.S. Soccer Federation Foundation (the Foundation) was organized on June 10, 1991, as a 501(c)(3) organization to assume the net assets of World Cup USA 1994. The 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 and in support of USSF's vision to make soccer a preeminent sport recognized for excellence in participation, spectator appeal, international competition and gender equity. USSF and the Foundation share at least one common board member.

The National Soccer Hall of Fame Museum (the Hall of Fame), a Texas not-for-profit qualified under Section 501(c)(3) and a supporting organization of USSF pursuant to Section 509(a)(3), maintains the historical archives of soccer in the United States and promotes soccer through educational and cultural outreach. USSF appoints the members of the Board of the Hall of Fame.

National Women's Soccer League, LLC (NWSL) was formed on December 12, 2012, and functions as a Division I professional women's soccer league. NWSL is owned by its member teams. USSF is not a member of NWSL but, pursuant to a 2016 Amended and Restated Management Agreement, served as the Manager of NWSL and, in this capacity, USSF performed management, governance, operational, administrative, and advisory services for NWSL. USSF ceased being the Manager of NWSL on December 31, 2020.

**United States Soccer Federation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2022 and 2021**

Professional Referee Organization LLC (PRO) was formed on April 27, 2012 and commenced operations in November 2012. PRO was formed for the purpose of administering a professional soccer referee program in the United States, and to improve the quality of professional refereeing in North America through training administered by the program. USSF is a member of the LLC agreement along with Major League Soccer, LLC ("MLS"). The agreement provides for an annual contribution based on a percentage of defined Shared Expenses, subject to a cap. The contribution requirement is determined on PRO's calendar-year basis based on budgeted amounts and USSF Board approval. During fiscal year ended March 31, 2017, the Federation's Board approved funding in the amount of \$1,300,000 to help fund the Video Assistant Referee (VAR) program to support testing of the system by certain professional leagues starting in the 2017-2018 season. The Federation incurred \$1,836,322 and \$1,853,221 of expenses related to PRO and VAR during the years ended March 31, 2022 and 2021, respectively, which are included in the Referee program expense on the consolidated statements of activities.

As described in Note 3, USSF is party to a marketing representation agreement with SUM. The CEO of SUM, and commissioner of MLS, is also a board member of USSF by virtue of being elected by the Pro Council of U.S. Soccer.

**NOTE 12 - FUNCTIONAL EXPENSES AND NATIONAL TEAMS**

The following table summarizes functional expenses for the years ended March 31:

	2022		
	Programs	Management and General	Total
Salaries and wages	\$ 37,482,088	\$ 5,681,020	\$ 43,163,108
Employee benefits	2,664,597	910,316	3,574,913
Payroll taxes	2,154,258	304,178	2,458,436
Professional services	2,608,744	12,630,524	15,239,268
Legal settlement	24,000,000	-	24,000,000
Advertising and promotions	2,594,892	131,747	2,726,639
Office supplies	68,140	25,004	93,144
Occupancy	819,836	654,163	1,473,999
Information technology	4,336,036	1,022,347	5,358,383
Travel	21,045,083	795,985	21,841,068
Conferences, conventions, and meetings	601,768	52,003	653,771
Depreciation and amortization	93,777	232,571	326,348
Insurance	11,768	1,654,586	1,666,354
Equipment and maintenance	978,577	609,491	1,588,068
Professional referee organization	1,836,322	-	1,836,322
Sponsorships	575,000	100,000	675,000
Donated equipment	1,748,211	-	1,748,211
Other event operations	4,411,167	20,762	4,431,929
COVID-19 related expenses	1,934,594	74,525	2,009,119
Other	7,918,516	2,583,652	10,502,168
	<u>\$ 117,883,374</u>	<u>\$ 27,482,874</u>	<u>\$ 145,366,248</u>

**United States Soccer Federation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2022 and 2021**

	2021		
	Programs	Management and General	Total
Salaries and wages	\$ 22,049,911	\$ 6,160,401	\$ 28,210,312
Employee benefits	2,453,423	870,108	3,323,531
Payroll taxes	1,302,972	408,296	1,711,268
Professional services	4,384,656	13,258,791	17,643,447
Legal settlement	-	-	-
Advertising and promotions	382,401	37,395	419,796
Office supplies	35,932	11,608	47,540
Occupancy	500,095	38,620	538,715
Information technology	1,263,268	460,841	1,724,109
Travel	5,156,750	41,848	5,198,598
Conferences, conventions, and meetings	79,280	36,481	115,761
Depreciation and amortization	264,177	708,005	972,182
Insurance	1,180,663	516,330	1,696,993
Equipment and maintenance	329,650	189,705	519,355
Professional referee organization	1,853,221	-	1,853,221
Sponsorships	1,389,256	-	1,389,256
Donated equipment	944,101	-	944,101
Other event operations	1,257,158	34,459	1,291,617
COVID-19 related expenses	1,515,900	66,096	1,581,996
Other	3,012,074	1,510,345	4,522,419
	<u>\$ 49,354,888</u>	<u>\$ 24,349,329</u>	<u>\$ 73,704,217</u>

Certain expenses are attributable to one or more programs or supporting functions of USSF. Those expenses such as salaries and benefits are allocated based on employee hours and specific identification when possible.

National Teams' expenses were as follows for the years ended March 31:

	2022	2021
Men's Senior National Team	\$ 26,945,409	\$ 6,618,648
Women's Senior National Team – Legal Settlement	24,000,000	-
Women's Senior National Team	20,446,002	11,304,852
Youth National Teams and Player Development	9,558,925	8,346,644
National Team Admin, Coaching, and Technical - All	7,376,025	4,768,002
Event Management	2,428,590	954,195
Extended National Teams	1,780,619	52,109
Equipment and Supplies	1,748,211	944,101
National Women's Soccer League (Administration Expenses)	800,000	800,000
Equipment Management	778,475	576,651
National Training Center	558,915	366,233
Opponent Team Appearances	81,400	205,789
	<u>\$ 96,502,571</u>	<u>\$ 34,937,224</u>

**United States Soccer Federation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**March 31, 2022 and 2021**

Revenues and expenses for Senior National Teams generally increase as each team takes part in different major competitions such as FIFA World Cups, World Cup Qualifying, Olympics, Olympic Qualifying, and the Concacaf Gold Cup. The next men's World Cup is scheduled for the fiscal year ended March 31, 2023. The next women's World Cup is scheduled for the fiscal year ended March 31, 2024.

Expenses incurred for USMNT events were \$26,945,408 and \$6,618,648 for the years ended March 31, 2022 and 2021, respectively. Expenses incurred for USWNT events were \$20,446,002 and \$11,304,852 for the years ended March 31, 2022 and 2021, respectively. The USMNT played 25 matches and 6 matches in the fiscal years ended March 31, 2022 and 2021, respectively. The USWNT played 22 matches and 6 matches in the fiscal years ended March 31, 2022 and 2021, respectively.

**NOTE 13 - EMPLOYEE BENEFITS**

USSF provides benefits under The U.S. Soccer Federation Option Plan (the Option Plan), effective January 1, 1999, which is designed to accumulate retirement funds for two past CEOs/Secretary's Generals. The Option Plan allows the participant to defer up to 100% of compensation for the right to buy a variety of mutual funds equal to the deferred compensation they would have otherwise received. The Option Plan is administered by USSF. The fair value of the underlying securities purchased to cover the options was \$3,034,034 and \$3,060,040 as of March 31, 2022 and 2021, respectively. The balance is reflected as an investment and a liability within the consolidated statements of financial position, and changes in fair value are recorded as investment income and expense. Until such time as the Internal Revenue Services (IRS) regulations are amended or changed, no further options of this type will be granted.

USSF has a 401(k) defined-contribution plan (the Plan) that is available to eligible employees who meet the Plan's eligibility criteria, excluding employees covered by collective bargaining agreements or otherwise excluded by the terms of the Plan. The Plan permits Plan participants to defer a portion of their salary on a pre-tax basis to contribute to the Plan. The Federation makes discretionary matching contributions of 50% of up to 6% of eligible compensation, or a maximum of 3% of eligible compensation. In addition, the Federation makes a non-elective Safe Harbor contribution to all participant accounts of 3% of eligible compensation. Contributions by the Federation were \$1,033,388 and \$875,052 for the years ended March 31, 2022 and 2021, respectively.

**NOTE 14 - LABOR AGREEMENTS**

The players on the Men's and Women's Senior National Teams are each covered by separate collective bargaining agreements (CBA). The Men's National Team CBA expired on December 31, 2018, and a successor CBA was signed in the fiscal year ended March 31, 2023, for the effective period of January 1, 2019 to December 31, 2028. The Women's Senior National Team CBA expired on December 31, 2021, and a successor CBA was signed in the fiscal year ended March 31, 2023 for the effective period of January 1, 2022 to December 31, 2028. Under the Women's National Team CBA, USSF has agreed, in addition to other compensation provided in the CBA, to pay compensation directly to a minimum of 22 players per NWSL season. NWSL player compensation was \$1,726,030 and \$1,820,263 for the years ended March 31, 2022 and 2021, respectively.

**NOTE 15 - SUBSEQUENT EVENTS**

The Federation evaluated its March 31, 2022 consolidated financial statements for subsequent events through December 8, 2022, the date the consolidated financial statements were available to be issued. Other than disclosed in Notes 10 and 14, no subsequent events have occurred that would require recognition or disclosure in these consolidated financial statements.