United States Soccer Federation, Inc.

Financial Statements for the Years Ended March 31, 2008 and 2007

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Financial Statements

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Contents

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Report of Independent Auditors

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

We have audited the accompanying statements of financial position of **United States Soccer Federation, Inc.** (the Federation) as of March 31, 2008 and 2007, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United States Soccer Federation, Inc.** as of March 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Blackman Kallick, LLP

June 23, 2008

United States Soccer Federation, Inc.

Statements of Financial Position

	March 31 2008	March 31 2007
Assets		
Current assets:		
Cash	$ 2,182,695	$ 873,785
Cash held in escrow	1,078,881	1,226,727
Accounts receivable, net of allowances for doubtful accounts of $30,000 in 2008 and 2007	3,281,935	3,041,066
Temporarily restricted contributions receivable	5,500,000	3,269,761
Prepaid expenses and advances	790,013	851,547
Short-term investments	17,642,148	18,623,397
Total current assets	30,475,672	27,886,283
Temporarily restricted contribution receivable	–	2,122,205
Long-term prepaid expenses	3,281,894	2,305,044
Investments		
Undesignated	37,091,560	35,973,280
Designated	1,232,212	1,207,158
Property and equipment, net of accumulated depreciation	5,326,505	4,552,037
Total noncurrent assets	46,932,171	46,159,724
Total assets	$ 77,407,843	$ 74,046,007
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 8,386,638	$ 7,548,970
Deferred revenue:		
Sponsorship	2,875,000	2,875,000
Other	984,707	1,067,498
Total current liabilities	12,246,345	11,491,468
Long-term deferred revenue - Sponsorship	4,312,500	5,062,500
Deferred compensation	1,232,212	1,207,158
Contribution payable - Hall of Fame	–	153,289
Total noncurrent liabilities	5,544,712	6,422,947
Total liabilities	17,791,057	17,914,415
Net assets:		
Unrestricted:		
Undesignated	46,842,508	43,465,345
Designated - Player development	7,274,278	7,274,278
	54,116,786	50,739,623
Temporarily restricted assets	5,500,000	5,391,969
Total net assets	59,616,786	56,131,592
Total liabilities and net assets	$ 77,407,843	$ 74,046,007

See accompanying notes.

United States Soccer Federation, Inc.

Statements of Activities

	Years Ended March 31 2008	2007
Changes in unrestricted net assets		
Revenues:		
Registration and affiliation fees:		
Youth	$ 4,098,953	$ 4,011,647
Adult	510,982	535,650
Professional	690,149	705,810
Referee	1,977,566	1,902,998
Coaches	206,404	176,276
	7,484,054	7,332,381
Annual general meeting	60,425	34,010
Sponsorship, television, licensing, and royalties	15,912,371	13,549,234
International game revenues	1,704,089	1,665,872
Olympic Committee funding	1,165,000	1,106,250
Coaching school courses	859,836	878,353
Investment revenues (including net unrealized (losses) gains of ($925,082) and $979,933 in 2008 and 2007, respectively)	2,101,404	3,227,641
National Teams' game revenues	12,584,118	9,269,989
World Cup (2008 WWC; 2007 MWC)	738,689	6,345,549
Women's World Cup Surplus Contribution	–	6,090,495
Olympic Qualifying Tournament	2,618,578	–
Open Cup	300,252	236,402
In-kind contribution - Capital improvements	547,938	–
Other	1,375,116	827,479
	47,451,870	50,563,655
Expenses:		
Management expenses	6,034,888	5,958,477
National Board of Directors' and committees' expenses	186,904	185,116
Annual general meeting expenses	301,408	222,353
Coaching program	1,812,436	1,818,474
Referee program	2,203,083	1,940,071
National Teams	29,203,056	22,380,133
World Cup (2008 WWC; 2007 MWC)	1,568,412	3,344,602
Olympic Qualifying Tournament	1,682,436	–
Open Cup	408,892	439,801
Other	673,192	150,404
	44,074,707	36,439,431
Increase in unrestricted net assets	3,377,163	14,124,224
Changes in temporarily restricted net assets		
Increase (decrease) in temporarily restricted net assets – contribution from foundation for player development	108,031	(108,034)
Increase in net assets	3,485,194	14,016,190
Net assets at beginning of year	56,131,592	42,115,402
Net assets at end of year	$ 59,616,786	$ 56,131,592

See accompanying notes.

United States Soccer Federation, Inc.

Statements of Cash Flows

	Years Ended March 31	
	2008	2007
Operating activities		
Increase in net assets	$ 3,485,194	$ 14,016,190
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	387,824	344,627
Unrealized losses (gains) on investments	950,136	(979,933)
In-kind contribution - Capital improvements	(547,938)	–
Change in operating assets and liabilities:		
Cash held in escrow	147,846	(83,438)
Accounts receivable	(240,869)	62,072
Temporarily restricted contribution receivable	(108,031)	108,034
Prepaid expenses and advances	(915,319)	(1,624,653)
Accounts payable and accrued expenses	684,379	1,028,902
Deferred compensation	25,054	151,637
Deferred revenue	(832,791)	5,595,873
Net cash provided by operating activities	3,035,485	18,619,311
Investing activities		
Purchases of investments	(7,912,371)	(43,167,270)
Proceeds from sales of investments	6,800,150	23,600,000
Purchases of property and equipment	(614,354)	(79,714)
Net cash used in investing activities	(1,726,575)	(19,646,984)
Net increase (decrease) in cash	1,308,910	(1,027,673)
Cash at beginning of year	873,785	1,901,458
Cash at end of year	$ 2,182,695	$ 873,785

See accompanying notes.

United States Soccer Federation, Inc.

Notes to Financial Statements

Years Ended March 31, 2008 and 2007

1. Summary of Significant Accounting Policies

Organization

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 Federation 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.

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. Donor restricted contributions are classified as unrestricted support in the reporting period they are utilized. Unrestricted net assets also include board-designated funds. Temporarily restricted net assets are subject to donor-imposed stipulations that are satisfied by actions of the Federation or the passage of time. The temporarily restricted assets reported on these financial statements relate to one grant from the U.S. Soccer Foundation restricted for player development.

Cash and Cash Equivalents

Cash and cash equivalents include deposits in financial institutions and short-term investments with original maturities of 90 days or less. The Federation maintains its cash in bank deposit accounts, 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 and cash equivalents.

1. Summary of Significant Accounting Policies

Cash and Cash Equivalents (continued)

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.

Accounts Receivable

Accounts receivable are comprised primarily of Men's and Women's National Teams game revenue, player registration fees 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.

Investments

Investments are stated at fair market value based on quoted market prices, and unrealized gains and losses are reflected in investment revenue.

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. The Federation places its cash, cash equivalents and investments with high quality institutions and, accordingly, limits its credit exposure.

Property and Equipment

Property and equipment, including leasehold improvements, are recorded at cost net of accumulated depreciation. Depreciation is provided on a straight-line basis over estimated useful lives of three to five years for furniture, equipment and vehicles, 20 years for building and building improvements and the shorter of the useful life or the lease term for leasehold improvements.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Registration and affiliation fees
All member organizations of the Federation who 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 2.)

2. Sponsorship Agreements

Soccer United Marketing
In January 2004, the Federation entered into a marketing representation agreement with 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 compensation in the form of cash 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 $5,129,214 and $3,625,000 for the years ended March 31, 2008 and 2007, respectively. The year ended March 31, 2008 includes $1,129,214 of revenue sharing and is the first year that revenue sharing has occurred under this agreement.

2. Sponsorship Agreements (continued)

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 2004 with a revised termination date of December 31, 2014. In accordance with the agreement, the Federation receives annual compensation in the form of cash that is recognized evenly over the calendar year to which the compensation relates, and performance bonus payments that are recognized when earned. The agreement also calls for Nike to provide the Federation with equipment annually, which is recognized as revenue 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 term of the agreement. Revenue under the agreement totaled $11,098,025 for the year ended March 31, 2008, which includes $750,000 of commitment bonus and $1,848,025 of equipment. For the year ended March 31, 2007, revenue under the agreement totaled $9,537,316, which includes $187,500 of commitment bonus and $1,599,816 of equipment.

3. Investments

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

	March 31 2008	March 31 2007
Bonds (Bear Stearns)	$ 24,159,944	$ 22,389,425
Equities (Bear Stearns)	8,996,873	9,682,449
Commercial paper (Merrill Lynch)	17,642,148	18,623,397
United States Olympic Foundation portfolio	3,934,743	3,901,406
American Funds	1,232,212	1,207,158
	$ 55,965,920	$ 55,803,835

Investment revenues consist of the following:

	March 31 2008	March 31 2007
Investment income, dividends and interest	$ 2,118,921	$ 1,838,763
Net realized gains	907,565	408,945
Net change in unrealized appreciation of long-term investments	(925,082)	979,933
	$ 2,101,404	$ 3,227,641

3. Investments (continued)

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 appreciation of $1,261,904 and $1,719,437 as of March 31, 2008 and 2007, respectively.

4. Property and Equipment

A summary of property and equipment follows:

	March 31 2008	March 31 2007
Building	$ 417,759	$ 417,759
Building improvements	102,211	48,311
Furniture and equipment	1,650,659	1,597,572
Vehicles	44,000	44,000
Leasehold improvements *(Note 6)*	5,917,169	4,861,864
	8,131,798	6,969,506
Less accumulated depreciation	2,805,293	2,417,469
	$ 5,326,505	$ 4,552,037

5. 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, 2008.

6. 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 other than amounts that have been accrued for as of March 31, 2008.

6. Commitments and Contingencies (continued)

Employment Agreements

On December 14, 2006, the Federation entered into a new employment agreement with the Men's National Team's interim Head Coach. This agreement was amended on May 17, 2007, making him the Head Coach of the Men's National Team. The term of this agreement is December 15, 2006 through December 31, 2010. This agreement provides for base compensation of $33,333 per month from January 1, 2008 through December 31, 2008; $37,500 per month from January 1, 2009 through December 31, 2009; and $41,667 per month from January 1, 2010 through December 31, 2010. The agreement further provides for various incentive compensation based on the performance of the National Team. Incentive compensation of $50,000 was earned during fiscal year 2008. None was earned during fiscal year 2007. In the case of termination, base compensation is guaranteed through the end of the term. The Federation shall also pay the Head Coach a marketing guarantee of $100,000 per each year of the term.

On January 3, 2007, the Federation entered into a new employment agreement with the assistant coach of the United States Olympic Team as well as the interim first assistant coach to the Men's National Team. On May 17, 2007, the Federation exercised its option naming the employee as first assistant coach to the Men's National Team. The term of this agreement is January 1, 2007 through December 31, 2009. Should the Men's National Team qualify for the 2010 FIFA World Cup, the agreement will automatically extend through December 31, 2010. This agreement provides for base compensation of $13,000 per month through December 31, 2008 and $13,333 per month through the remainder of the term. The agreement further provides for various incentive compensation based on the performance of the Olympic Team and Men's National Team. Incentive compensation of $50,000 was earned during fiscal year 2008. None was earned during fiscal year 2007. In the case of termination without cause, base compensation is guaranteed through the end of the term. If the Men's National Team does not qualify for the 2010 World Cup, the Federation may terminate this agreement effective December 31, 2009.

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, 2008 with the Federation having the right, in its sole discretion, to extend the term of the agreement for one additional term of four years through November 30, 2012. This agreement provides for base compensation of $12,500 per month through November 30, 2008. The agreement further provides for various incentive compensation based on the performance of the Women's National Team in the 2008 Olympics. In case of termination without cause, the Federation is obligated to pay employee through the end of initial term.

On June 15, 2001, an employment agreement was entered into by the CEO/Secretary General, effective July 1, 2001 through June 30, 2005. This agreement was renewed in March 2004, extending the term through June 30, 2011. The agreement provides for base compensation of $30,000 per month through June 30, 2008; $31,250 per month from July 1, 2008 through June 30, 2009; $32,500 per month from July 1, 2009 through June 30, 2010; and $33,750 per month from July 1, 2010 through June 30, 2011. 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 case of termination by the Federation. In addition, the contract provides that an additional quarterly payment of 22.5% of base salary be paid in place of making contributions to a deferred compensation plan.

6. Commitments and Contingencies

Employment Agreements (continued)

The Federation established 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. The Plan allows the participant to defer up to 100% of his deferred compensation for the right to buy a variety of mutual funds at a discount 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 $1,232,212 and $1,207,158 as of March 31, 2008 and 2007, 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. Options granted after this date would not 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.

Sponsorship

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 Sports Complex

The Federation has entered into a long-term agreement with Anschutz Southern California Sports Complex for the building of the National Training Center. The agreement consists of a building lease with an annual lodging guarantee. It became effective February 20, 2002, and will continue for 25 years from that date. Improvements paid for by the Federation total $5,250,000 and were paid in four equal 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 facts that the goalie pit was never constructed and the lodging component of 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.

6. Commitments and Contingencies (continued)

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 will be making four payments to FSLP to offset construction costs totaling $5,000,000. Payments of $2,500,000 and $1,000,000 were made on October 31, 2006 and 2007. A payment of $1,000,000 is due on October 31, 2008, with the final payment of $500,000 due on October 31, 2009. This agreement is being treated as an exchange transaction with the payments being expensed over the term.

Leases

Future minimum lease payments under leases with terms in excess of one year are as follows as of March 31, 2008:

2009	$ 324,295
2010	314,668
2011	305,351
2012	272,241
2013 and thereafter	3,729,294
	$ 4,945,849

Rental expense was $303,135 and $331,535 for the years ended March 31, 2008 and 2007, respectively.

7. 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 designed 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 six board members.

7. Related Parties (continued)

The Women's World Cup 2003 Organizing Committee, Inc. was organized on May 27, 2003, to stage and execute the 2003 Women's World Cup (WWC) on behalf of FIFA (the owner of the event) due to the event being canceled in China as a result of the SARS virus. The Federation and the WWC shared three board members. One WWC board member was a Federation employee. The Board of Directors of the Women's World Cup 2003 Organizing Committee approved a plan of liquidation on May 19, 2006 with the final statement of financial position in liquidation being issued as of November 30, 2006. Included in this plan was approval to transfer the Women's World Cup 2003 Organizing Committee's surplus of $6,090,495 to the Federation. This is included in revenue on the statements of activities.

The National Soccer Hall of Fame at Oneonta, New York, Inc. (the Hall of Fame) operates the national soccer museum, maintains the historical archives of American soccer, promotes soccer through educational programs and newsletters and provides facilities for soccer events. 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 three board members.

8. Contributions Receivable

On October 14, 2000, the Soccer Foundation's board of directors approved a grant of $6 million, restricted for the purpose of player development. To date, the Federation has received $500,000. The remainder is recorded as a receivable from the Foundation and as temporarily restricted assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Included in contributions receivable is the following unconditional promise to give:

	March 31	
	2008	**2007**
Unconditional promises to give before unamortized discount	$ 5,500,000	$ 5,500,000
Less unamortized discount (discount rate of 4.5%)	-	108,034
Net unconditional promises to give	$ 5,500,000	$ 5,391,966
Amounts due in:		
Less than one year	$ 5,500,000	$ 3,269,761
One to five years	-	2,122,205
	$ 5,500,000	$ 5,391,966

9. National Teams

National Teams' expenses are as follows:

	March 31 2008	March 31 2007
Management	$ 862,165	$ 685,865
Coaching	1,507,173	1,732,522
Youth	8,920,764	6,408,146
Women's National Team	6,239,160	4,766,439
Men's National Team	8,299,107	6,480,970
Olympic Team/Under 23	581,770	88,773
Futsal	144,636	39,543
Beach Soccer	70,956	52,868
Paralympic National Team	196,932	70,637
National Training Center	532,368	454,554
Equipment and supplies	1,848,025	1,599,816
	29,203,056	22,380,133
World Cup (2008 WWC; 2007 MWC)	1,568,412	3,344,602
Olympic Qualifying Tournament	1,682,436	-
	$ 32,453,904	$ 25,724,735

10. 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. The matching contribution has not been provided in the past eight years. In addition, the Federation makes a Safe Harbor contribution of 3% of eligible compensation. Contributions by the Federation were $155,304 and $157,454 for the years ended March 31, 2008 and 2007, respectively.

11. New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Measurements*. This statement defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Federation is currently evaluating the impact of adopting this statement on the financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of SFAS No. 115*. This statement provides institutions an option to report selected financial assets at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between institutions that choose different measurement attributes for similar types of assets and liabilities. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Federation is currently evaluating the impact of adopting this statement on the financial statements.

12. Reclassification

For comparability, the 2007 financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used in 2008.