United States Soccer Federation, Inc.

Financial Statements for the Years Ended March 31, 2010 and 2009

Blackman Kallick

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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, 2010 and 2009, 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, 2010 and 2009, 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

December 7, 2010

United States Soccer Federation, Inc.

Statements of Financial Position

	March 31	
	2010	**2009**
Assets		
Current assets:		
Cash	$ 2,859,278	$ 4,211,053
Cash held in escrow	807,356	937,032
Short-term investments	15,234,892	14,489,446
Accounts receivable, net of allowances for doubtful accounts of $30,000 in 2010 and 2009	3,834,822	3,373,526
Due from USA Bid Committee, Inc.	2,937,770	341,819
Prepaid expenses - World Cup	1,568,470	–
Prepaid expenses and advances	614,666	582,903
Total current assets	27,857,254	23,935,779
Long-term prepaid expenses	4,325,912	4,082,529
Investments		
Undesignated	37,583,904	33,339,323
Designated	1,175,627	845,829
Property and equipment, net of accumulated depreciation and amortization	4,846,404	4,992,244
Total noncurrent assets	47,931,847	43,259,925
Total assets	$ 75,789,101	$ 67,195,704
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,523,268	$ 6,967,760
Deferred revenue:		
Sponsorship	2,624,985	2,875,000
Referee registration	1,694,543	1,303,463
World Cup	1,333,595	–
Division 2 League	1,200,000	–
Other	1,000,817	562,688
Total current liabilities	17,377,208	11,708,911
Long-term deferred revenue - Sponsorship	2,812,500	3,562,500
Deferred compensation	1,175,627	845,829
Total noncurrent liabilities	3,988,127	4,408,329
Total liabilities	21,365,335	16,117,240
Net assets:		
Unrestricted:		
Undesignated	47,225,920	43,880,618
Designated - Player development	7,197,846	7,197,846
Total net assets	54,423,766	51,078,464
Total liabilities and net assets	$ 75,789,101	$ 67,195,704

The accompanying notes are an integral part of the financial statements.

United States Soccer Federation, Inc.

Statements of Activities

	Years Ended March 31	
	2010	**2009**
Changes in unrestricted net assets		
Revenues:		
Registration and affiliation fees:		
Youth	**$ 4,298,440**	**$ 4,088,693**
Adult	**465,856**	**537,872**
Professional	**1,150,751**	**773,506**
Referee	**3,036,491**	**1,995,453**
Coaches	**352,152**	**267,090**
	9,303,690	**7,662,614**
Annual general meeting	**22,782**	**975**
Sponsorship, television, licensing, and royalties	**15,009,036**	**16,781,720**
International game revenues	**2,694,442**	**2,926,525**
Olympic Committee funding	**576,649**	**898,125**
Coaching school courses	**906,988**	**865,878**
Investment revenues (including net unrealized gains (losses) of $2,550,891 and ($4,946,777) in 2010 and 2009, respectively)	**4,623,599**	**(3,761,869)**
National Teams' game revenues	**11,829,277**	**12,792,959**
Open Cup	**404,705**	**351,981**
Other	**1,517,141**	**1,464,377**
	46,888,309	**39,983,285**
Expenses:		
Management expenses	**7,675,387**	**6,260,605**
National Board of Directors' and committees' expenses	**287,335**	**221,373**
Annual general meeting expenses	**251,820**	**228,722**
Coaching program	**1,823,549**	**1,774,155**
Referee program	**2,243,017**	**2,591,632**
National Teams	**30,831,935**	**37,021,372**
Open Cup	**429,963**	**423,748**
	43,543,007	**48,521,607**
Increase (decrease) in net assets	**3,345,302**	**(8,538,322)**
Net assets at beginning of year	**51,078,464**	**59,616,786**
Net assets at end of year	**$ 54,423,766**	**$ 51,078,464**

The accompanying notes are an integral part of the financial statements.

United States Soccer Federation, Inc.

Statements of Cash Flows

	Years Ended March 31	
	2010	2009
Operating activities		
Increase (decrease) in net assets	$ 3,345,302	$ (8,538,322)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	344,228	393,695
Realized (gains) losses on investments	(1,102,665)	140,837
Unrealized (gains) losses on investments	(2,550,891)	4,946,777
Change in operating assets and liabilities:		
Cash held in escrow	129,676	141,849
Accounts receivable	(3,057,247)	(433,410)
Temporarily restricted contribution receivable	-	5,500,000
Prepaid expenses and advances	(1,843,616)	(593,525)
Accounts payable and accrued expenses	2,555,508	(1,418,878)
Deferred compensation	329,798	(386,383)
Deferred revenue	2,362,789	131,444
Net cash provided by (used in) operating activities	512,882	(115,916)
Investing activities		
Purchases of investments	(3,466,269)	(6,296,292)
Proceeds from sales of investments	1,800,000	8,500,000
Purchases of property and equipment	(198,388)	(59,434)
Net cash (used in) provided by investing activities	(1,864,657)	2,144,274
Net (decrease) increase in cash	(1,351,775)	2,028,358
Cash at beginning of year	4,211,053	2,182,695
Cash at end of year	$ 2,859,278	$ 4,211,053

The accompanying notes are an integral part of the financial statements.

United States Soccer Federation, Inc.

Notes to Financial Statements

Years Ended March 31, 2010 and 2009

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 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.

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 (GAAPUSA) 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, JPMorgan Chase Bank and Harris 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.

2. Summary of Significant Accounting Policies (Continued)

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.

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

During 2009, the Federation adopted the new GAAPUSA guidance on fair value measurements and disclosures for all financial assets and liabilities carried at fair value. The new guidance defined fair value, established a framework for measuring fair value and expanded disclosures about fair value measurements. In 2010, the Federation adopted the guidance for nonrecurring fair value measurements of nonfinancial assets and liabilities, which had been previously deferred. The adoption of this guidance had no effect on the Federation's financial condition, results of operations or disclosures.

Investments

Investments are comprised of money market funds, common and preferred 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, options, warrants, derivatives, hedge funds and limited partnerships. Unrealized gains and losses are reflected in investment revenues in the statements of activities.

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.

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment, including leasehold improvements, are recorded at cost for assets purchased and at fair value on the date of receipt for assets received as donations, net of accumulated depreciation and amortization. Depreciation and amortization 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.

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 3.)

Subsequent Events

The Federation has evaluated subsequent events through December 7, 2010, the date the 2010 financial statements were available to be issued and November 13, 2009 with respect to the comparative 2009 financial statements.

3. 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 $4,649,056 and $5,910,621 for the years ended March 31, 2010 and 2009, respectively. This includes $149,056 and $1,785,621 of revenue sharing for the respective year ends.

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 $10,558,505 for the year ended March 31, 2010, which includes $750,000 of commitment bonus and $1,558,499 of equipment. For the year ended March 31, 2009, revenue under the agreement totaled $10,922,935, which includes $750,000 of commitment bonus and $1,672,935 of equipment.

4. Fair Value Measurements

GAAPUSA defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. GAAPUSA describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach. Each approach includes multiple valuation techniques. The standard does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Financial assets and liabilities carried at fair value are classified in one of the following three categories based on the inputs to the valuation technique used:

- Level 1 - Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

4. Fair Value Measurements (Continued)

- Level 3 - Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following table sets 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, 2010 and 2009. As required by GAAPUSA, assets and liabilities are classified in their entirety based 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.

		Recurring Fair Value Measurements at Reporting Date Using:		
Description	**Fair Values as of March 31, 2010**	**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	$ 15,234,892	$ 15,234,892	$ -	$ -
Common and preferred stocks				
Large cap	2,534,516	2,534,516	-	-
Mid cap	707,992	707,992	-	-
International	2,668,512	2,668,512	-	-
REITs	1,128,285	1,128,285	-	-
Equity mutual funds	1,175,627	1,175,627	-	-
Corporate bonds	5,075,370	5,075,370	-	-
U.S. Treasuries	7,807,448	7,807,448	-	-
Mortgage backed securities	12,677,827	-	12,677,827	-
USOF investment portfolio	3,694,955	-	2,972,935	722,020
	$ 52,705,424	$ 36,332,642	$ 15,650,762	$ 722,020

4. Fair Value Measurements (Continued)

Description	Fair Values as of March 31, 2009	Recurring Fair Value Measurements at Reporting Date Using: 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	$ 14,489,446	$ 14,489,446	$ -	$ -
Common and preferred stocks				
Large cap	1,706,324	1,706,324	-	-
Mid cap	445,154	445,154	-	-
International	1,798,322	1,798,322	-	-
REITs	462,547	462,547	-	-
Equity mutual funds	845,829	845,829	-	-
Corporate bonds	3,014,714	3,014,714	-	-
U.S. Treasuries	6,847,853	6,847,853	-	-
Mortgage-backed securities	13,901,464	-	13,901,464	-
USOF investment portfolio	2,784,760	-	2,240,598	544,162
	$ 46,296,413	$ 29,610,189	$ 16,142,062	$ 544,162

Not included in the above tables is $1,288,999 and $2,378,185 in money market cash as of March 31, 2010 and 2009, respectively.

Level 1 Inputs

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

Level 2 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. The portion of the USOF investment portfolio classified as Level 2 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, the USOF investment portfolio is classified as Level 2.

4. Fair Value Measurements (Continued)

Level 3 Inputs

The portion of the USOF investment portfolio classified as Level 3 consists of the following underlying securities: hedge equity funds, private equity funds, real estate funds and limited partnerships. To the extent possible, fair value is based on the last sale price for securities listed on national exchanges. For securities not listed on national exchanges, fair value is determined at the last bid or asking price depending on the long or short position of the security. Investments for which quotations are not available are valued at an estimated fair value by the fund managers using various models, comparisons and assumptions. Consideration is given to several factors, including the type of investment, risks, marketability, restrictions on dispositions, quotations from other market participants and values of similar investments.

The portion of the USOF investment portfolio classified as Level 3 includes investments which cannot be redeemed for periods ranging from 45 days to 9 months. In addition, there are two investments in which liquidation will occur with the planned termination of the partnerships, which is expected between 2018 and 2023. In determining the fair value of these investments, the respective fund managers considered a lack of marketability discount, which the Federation determined to be immaterial to the financial statements taken as a whole as of March 31, 2010.

The following table presents a reconciliation of the beginning and ending balances recorded for instruments classified as Level 3 in the fair value hierarchy.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Assets:	
Beginning balance, March 31, 2009	$ 544,162
Total gains or losses (realized and unrealized) included in change in net assets	177,858
Ending balance, March 31, 2010	$ 722,020
The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to assets still held as of the reporting date	$ 177,858

4. Fair Value Measurements (Continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Assets:	
Beginning balance, March 31, 2008	$ 719,196
Total gains or losses (realized and unrealized) included in change in net assets	(175,034)
Ending balance, March 31, 2009	$ 544,162
The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to assets still held as of the reporting date	$ (175,034)

5. Investments

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

	March 31 2010	March 31 2009
Money market funds	$ 16,523,891	$ 16,867,631
Common and preferred stocks	7,039,305	4,412,347
Equity mutual funds	1,175,627	845,829
Corporate bonds	5,075,370	3,014,714
U.S. Treasuries	7,807,448	6,847,853
Mortgage-backed securities	12,677,827	13,901,464
USOF investment portfolio	3,694,955	2,784,760
	$ 53,994,423	$ 48,674,598

5. Investments

Investment revenues consist of the following:

	March 31	
	2010	2009
Investment income, dividends and interest	$ 970,043	$ 1,325,745
Net realized gains (losses)	1,102,665	(140,837)
Net change in unrealized appreciation (depreciation) of long-term investments	2,550,891	(4,946,777)
	$ 4,623,599	$ (3,761,869)

6. Property and Equipment

A summary of property and equipment follows:

	March 31	
	2010	2009
Building	$ 417,759	$ 417,759
Building improvements	124,261	112,262
Furniture and equipment	1,863,892	1,677,504
Vehicles	61,562	61,562
Leasehold improvements	5,922,145	5,922,145
	8,389,619	8,191,232
Less accumulated depreciation and amortization	(3,543,215)	(3,198,988)
	$ 4,846,404	$ 4,992,244

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, 2010 and 2009.

The Federation's adoption of the Income Tax Topic regarding uncertain tax positions of GAAPUSA on April 1, 2009 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 2007. Prior to adoption of the Income Tax Topic, the Federation accounted for tax positions under a contingent loss model, requiring recognition of a tax liability when it was both (1) probable that it had been incurred as of year-end and (2) the amount could be reasonably estimated.

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 does not have a material adverse impact on its financial position or results of operations as of March 31, 2010 and 2009, 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. 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 $245,000 was earned in fiscal year 2010; no incentive was earned during fiscal year 2009. In the case of termination without cause, 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. Effective September 1, 2010, the Federation renewed this agreement extending the term through August 31, 2014.

8. Commitments and Contingencies

Employment Agreements (Continued)

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 was January 1, 2007 through December 31, 2009. This agreement provided for base compensation of $13,000 per month through December 31, 2008 and $13,333 per month through the remainder of the term. However, the contract was terminated by mutual consent on May 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, 2012 This agreement provides for base compensation of $12,500 per month through November 30, 2008, $13,333 per month from December 1, 2008 through November 30, 2009, $14,167 per month from December 1, 2009 through November 30, 2010, $15,000 per month from December 1, 2010 through November 30, 2011, and $15,833 per month from December 1, 2011 through November 30, 2012. No incentive compensation was earned during the 2010 fiscal year and $80,000 of incentive compensation was earned in the 2009 fiscal year. The agreement further provides for various 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 employee a one time payment of $50,000. The Federation shall also pay the Head Coach a marketing guarantee of $20,000 per each year of the 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. Effective July 1, 2010, the Federation renewed this agreement extending the term through June 30, 2015.

8. 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 allowed 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 $1,175,627 and $845,829 as of March 31, 2010 and 2009, 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.

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 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 as 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.

8. 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 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.

Leases

Future minimum lease payments under leases with terms in excess of one year are as follows as of March 31, 2009:

2011	**$ 329,766**
2012	**296,656**
2013	**262,648**
2014	**254,148**
2015	**250,000**
2016 and thereafter	**2,979,166**
	$ 4,372,384

Rental expense was $278,781 and $280,105 for the years ended March 31, 2010 and 2009, 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 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 five board members.

9. Related Parties (Continued)

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 four board members.

The USA Bid Committee, Inc. was organized on January 7, 2009 to promote the sport of soccer within the United States and to explore the possibility of organizing a bid to host a future Fédération Internationale de Football Association (FIFA) Men's World Cup within the United States. 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:

	March 31	
	2010	2009
Management	$ 729,260	$ 827,674
Coaching	1,724,586	1,688,496
Youth	11,164,780	12,685,954
Women's National Team	3,334,472	8,592,601
Men's National Team	9,907,028	10,119,779
Olympic Team/Under 23	17,607	480,992
Futsal	-	352,498
Beach Soccer	63,235	50,028
Paralympic National Team	154,665	73,230
National Training Center	465,339	477,185
Equipment and supplies	1,558,499	1,672,935
	29,119,471	37,021,372
World Cup (2010 MWC)	1,712,464	-
	$ 30,831,935	$ 37,021,372

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. 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 $189,604 and $155,368 for the years ended March 31, 2010 and 2009, respectively.

12. Reclassifications

For comparability, the 2009 financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used in 2010.