United States Soccer Federation, Inc.

Financial Statements
Years Ended March 31, 2013 and 2012

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

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Contents

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Independent Auditor's Report

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

We have audited the accompanying financial statements of United States Soccer Federation, Inc. (the "Federation"), which comprise the statements of financial position as of March 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, 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.

BDO USA, LLP

Chicago, Illinois
September 9, 2013

Financial Statements

United States Soccer Federation, Inc.

Statements of Financial Position

March 31,		**2013**		2012
Assets				
Current Assets				
Cash	**$**	**6,697,396**	$	1,043,347
Cash held in escrow		**1,162,397**		898,213
Short-term investments - cash equivalents		**6,276,604**		15,267,338
Accounts receivable, net of allowances for doubtful accounts of $100,000 and $50,000 in 2013 and 2012, respectively		**10,995,366**		8,770,247
Prepaid expenses and advances		**1,376,570**		2,481,519
Total Current Assets		**26,508,333**		28,460,664
Long-term prepaid expenses		**3,227,283**		3,501,939
Investments				
Undesignated		**50,146,496**		41,895,655
Designated - option plan		**1,482,061**		1,340,942
Software development costs, net of accumulated amortization		**344,302**		-
Property and equipment, net of accumulated depreciation and amortization		**4,068,788**		4,320,780
Total Noncurrent Assets		**59,268,930**		51,059,316
Total Assets	**$**	**85,777,263**	$	79,519,980

United States Soccer Federation, Inc.

Statements of Financial Position

March 31,	**2013**	2012
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 8,283,464**	$ 10,242,103
Deferred revenue		
Sponsorship	**4,499,977**	3,750,001
Games	**3,020,363**	2,059,403
Referee registration	**1,603,376**	1,797,819
Coaching	**674,832**	781,679
Division 2 League	**8,631**	14,371
Other	**422,153**	426,291
Total Current Liabilities	**18,512,796**	19,071,667
Long-term deferred revenue - sponsorship	**1,687,500**	1,937,480
Deferred compensation - option plan	**1,482,061**	1,340,942
Total Noncurrent Liabilities	**3,169,561**	3,278,422
Total Liabilities	**21,682,357**	22,350,089
Net Assets		
Unrestricted:		
Undesignated	**41,397,060**	36,472,045
Designated - player development	**22,697,846**	20,697,846
Total Net Assets	**64,094,906**	57,169,891
Total Liabilities and Net Assets	**$ 85,777,263**	$ 79,519,980

See accompanying notes to financial statements.

United States Soccer Federation, Inc.

Statements of Activities

Year ended March 31,		**2013**		2012
Changes in Unrestricted Net Assets				
Revenues				
Registration and affiliation fees:				
Youth	**$**	**4,108,476**	$	4,068,955
Referee		**3,088,609**		3,081,183
Professional		**872,765**		1,230,831
Adult		**485,010**		489,937
Coaches		**164,842**		337,200
		8,719,702		9,208,106
Sponsorship, television, licensing, and royalties		**23,484,920**		20,950,105
National Teams' game revenues		**22,285,102**		18,430,799
International game revenues		**4,444,512**		2,361,582
Player development revenue		**2,204,448**		1,507,880
Coaching school courses		**1,721,522**		1,273,117
Open Cup		**1,120,596**		629,978
Olympic Committee funding		**746,886**		641,857
Annual general meeting		**-**		8,375
Other		**195,349**		939,887
		64,923,037		55,951,686
Expenses				
National Teams		**45,372,048**		42,764,901
Management expenses		**9,076,521**		10,594,133
Referee program		**2,486,198**		2,493,479
Coaching program		**1,932,479**		2,418,491
National Board of Directors' and committees' expenses		**890,992**		446,966
Open Cup		**593,886**		377,678
Annual general meeting expenses		**47,124**		345,700
		60,399,248		59,441,348
Change in net assets before investment income		**4,523,789**		(3,489,662)
Investment income (including net unrealized gains of $2,645,184 and $1,050,862 in 2013 and 2012, respectively)		**2,401,226**		1,275,207
Increase (Decrease) in Net Assets		**6,925,015**		(2,214,455)
Net Assets, at beginning of year		**57,169,891**		59,384,346
Net Assets, at end of year	**$**	**64,094,906**	$	57,169,891

See accompanying notes to financial statements.

United States Soccer Federation, Inc.

Statements of Cash Flows

Year ended March 31,	**2013**	2012
Cash Flows From Operating Activities		
Increase (decrease) in net assets	**$ 6,925,015**	$ (2,214,455)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**410,317**	406,360
Amortization of capitalized software development costs	**31,299**	-
Investment income	**(2,401,226)**	(1,275,207)
Provision for accounts receivable	**50,000**	-
Changes in operating assets and liabilities		
Cash held in escrow	**(264,184)**	450,617
Accounts receivable	**(2,275,119)**	1,861,796
Prepaid expenses and advances	**1,379,605**	(794,871)
Accounts payable and accrued expenses	**(1,958,639)**	(2,170,158)
Deferred revenue	**1,149,788**	1,780,278
Deferred compensation	**141,119**	18,465
Net cash provided by (used in) operating activities	**3,187,975**	(1,937,175)
Cash Flows From Investing Activities		
Purchases of investments	**(6,000,000)**	(6,500,000)
Proceeds from sales of investments	**9,000,000**	2,000,000
Capitalization of software development costs	**(375,601)**	-
Purchases of property and equipment	**(158,325)**	(189,360)
Net cash provided by (used in) investing activities	**2,466,074**	(4,689,360)
Net Increase (Decrease) in Cash	**5,654,049**	(6,626,535)
Cash, at beginning of year	**1,043,347**	7,669,882
Cash, at end of year	**$ 6,697,396**	$ 1,043,347

See accompanying notes to financial statements.

1. Nature of Operations

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

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

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

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Basis of Presentation

These financial statements report amounts separately by class of net assets. The separate classes of assets are defined as unrestricted net assets and 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 considers all unrestricted highly liquid financial instruments with an original maturity of three months or less to be cash. The Federation maintains its cash in bank deposit accounts at Bank of America and JPMorgan Chase Bank, which at times may exceed federally insured limits. The Federation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

Cash Held in Escrow

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

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.

Investments

Investments are carried at estimated fair value according to the guidance in the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification ("ASC 820"). Under this guidance, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The fair value of the Federation's investments is generally based on year-end published quotations. The Federation is permitted to measure the fair value of an investment that does not have a readily determinable fair value based on the net asset value per share ("NAV") of the investment as a practical expedient, without further adjustment, unless it is probable that the investment will be sold at a value significantly different from the NAV. If the practical expedient NAV is not as of the reporting entity's measurement date, then the NAV is adjusted to reflect any significant events that may change the valuation. These prices are only used for financial statement reporting purposes and do not necessarily represent the ultimate realizable values of such securities.

Cash, securities transactions receivable, and obligations are carried at cost, which approximates fair value because of the short maturity of these instruments.

Marketable securities, including cash equivalents and U.S. and non-U.S. equities, are reflected at market values based on quoted prices. Fixed income securities, including U.S. government and corporate obligations, traded in active markets on national and international securities exchanges are valued at closing prices on the last business day of each period presented. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the Federation's investment managers' best estimates. In general, corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in U.S. government bonds are estimated using best available trade data.

The Federation has two limited liquidity investments which are stated at estimated fair value. Limited liquidity investments are made under agreements to participate in private companies and commingled funds and are generally subject to certain withdrawal restrictions. These interests are valued on the basis of the Federation's equity in the net assets of such investments or equivalent measure of pooled investments. Values for these investments, which may include investments in both nonmarketable and market-traded securities, are provided by the administrator of the investment and may be based on appraisals, market values discounted for concentrations of ownership, or other estimates. Because of the inherent uncertainty of valuing the investments in private companies and certain of the underlying investments held in commingled funds, the Federation's estimate of fair value may differ significantly from the values that would have been used had a ready market for the investments existed. The financial statements of the Federation's limited liquidity investments are audited annually by independent public accounting firms. Given the inherent risks associated with these types of investments, there can be no guarantee that there will not be widely varying gains or losses on these investments in future periods.

Investment sales and purchases are recorded on a trade-date basis, which results in both investment receivables and payables on unsettled investment trades. Dividend income is recorded based upon the ex-dividend date, and interest income is recorded as earned on an accrual basis. Realized and unrealized gains and losses from changes in market values are reflected in the statements of activities. Investment income is reported net of related expenses, including custodial fees and investment advisory fees, of $230,976 and $226,043 during the years ended March 31, 2013 and 2012, respectively.

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

Property and Equipment

Property and equipment, including leasehold improvements, are recorded at cost net of accumulated depreciation and amortization. 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, 20 years for building and building improvements and the shorter of the useful life or the lease term for leasehold improvements.

Software Development Costs

Software development costs, including website development costs, associated with the research phase to create new computer software for internal use are expensed as incurred. Certain costs incurred during the development phase, including software design and configuration, coding, installation, and testing are capitalized. Amortization of capitalized software development costs begins when the computer software is ready for its intended use, and is recorded on the straight-line basis over the estimated useful life of the software of three years. The Federation capitalized $375,601 and $0 during the years ended March 31, 2013 and 2012, respectively.

Revenue Recognition

Revenue and Affiliation Fees

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

Coaching School Courses

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

Olympic Committee Funding

The United States Olympic Committee 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 (fiscal year) 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).

Professional Referee Organization LLC ("PRO")

The Federation has a 25% investment in PRO that is recorded using the equity method of accounting. The loss from the investment is included in "Referee program" expense in the Statements of Activities (See Note 8).

Recent Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, *"Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS."* ASU 2011-04 amended ASC 820 to provide a consistent definition of fair value and improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. Some of the amendments clarify the application of existing fair value measurement and disclosure requirements, while other amendments change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. The Federation adopted the provisions of ASU 2011-04 as of March 31, 2013. The adoption did not have a significant impact on the financial statements.

Reclassifications

For comparability purposes, the 2012 financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used in 2013.

Subsequent Events

The Federation has evaluated subsequent events through September 9, 2013, the date the financial statements were available to be issued. No material subsequent events have occurred through September 9, 2013 that required recognition or disclosure in these financial statements.

3. Sponsorship Agreements

Soccer United Marketing

In January 2004, the Federation entered into a marketing representation agreement with Soccer United Marketing with a term ending in December 2010. In October 2007, the term of this agreement was extended through December 31, 2014. In accordance with this agreement, the Federation receives annual cash compensation that is recognized evenly over the calendar year to which the compensation relates. Most sponsorship, television, licensing and royalty revenues (excluding Nike) are paid to SUM. After certain revenue limits are reached, additional funding above the annual guarantee can be realized based on a revenue sharing arrangement with SUM. Revenue under the agreement totaled $11,110,170 and $8,504,767 for the years ended March 31, 2013 and 2012, respectively. This includes $2,739,522 and $254,767 of revenue sharing for the respective fiscal years.

Nike

In October 1997, the Federation entered into a sponsorship and license agreement with Nike with a term of 10 years. This agreement was amended effective January 1, 2004 with a revised termination date of December 31, 2014. In accordance with the agreement, the Federation receives annual cash compensation that is recognized evenly over the calendar year to which the compensation relates, and performance bonus payments that are recognized as earned. The agreement also calls for Nike to provide the Federation with equipment annually, which is recognized as revenue at estimated wholesale prices and an offsetting expense when the equipment is received and put into use by the Federation. In addition, the agreement calls for the Federation to receive a commitment bonus that is designated for specific programs. The commitment bonus is due to the Federation in specified amounts during the term of the agreement. In fiscal year 2007, a commitment bonus of $6,000,000 was received and is being recognized evenly over the remaining term of the agreement. Additionally, in fiscal 2011, a commitment bonus of $2,000,000 was received, which is also being recognized evenly over the remaining term of the agreement. In fiscal 2013, the final commitment bonus of $2,000,000 was received, which is also being recognized evenly over the remaining term of the agreement. For the year ended March 31, 2013, revenue under the agreement totaled $12,950,000, which includes $1,500,000 of commitment bonus and $2,450,000 of equipment. Revenue under the agreement totaled $12,631,033 for the year ended March 31, 2012, which includes $1,250,000 of commitment bonus and $2,381,033 of equipment.

4. Investments and Fair Value Measurements

Under the Federation's investment policy, the Board of Directors has responsibility for approval of risk tolerance level, appropriate asset allocation, and investment consultants utilized. The finance department, with oversight from the Chief Executive Officer, has been delegated the responsibilities of reviewing and tracking the Federation's investments, working and communicating on a day-to-day basis with the investment consultants, managers, and other professionals, and reporting results in each financial statement, and at a minimum once per year, to the Board of Directors. There were no changes in fiscal year 2013 to the investment policy.

Investment income consists of the following:

March 31,	**2013**	2012
Investment dividends and interest, net of fees	**$ (178,323)**	$ (167,738)
Net realized (losses) gains	**(65,635)**	392,083
Net change in unrealized appreciation of long-term investments	**2,645,184**	1,050,862
	$ 2,401,226	$ 1,275,207

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

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

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

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

Level 3 - Inputs to valuation methodology are unobservable inputs in situations where there is little or no market activity of the asset and liability and the reporting entity makes estimates and assumptions relating to the pricing of the asset or liability including assumptions regarding risk. The Federation has no investments categorized as Level 3 at March 31, 2013 and 2012.

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The following tables set forth, by level within the fair value hierarchy, the Federation's financial assets that were accounted for at fair value on a recurring basis as of March 31, 2013 and 2012. As required by ASC 820-10, assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement. The Federation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

		Recurring Fair Value Measurements At Reporting Date Using:		
Description	Fair Value as of March 31, 2013	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	$ 6,276,604	$ 6,276,604	$ -	$ -
Common stocks				
Large cap	3,670,813	3,670,813	-	-
Mid cap	1,063,815	1,063,815	-	-
Small cap	765,800	765,800	-	-
International	4,805,248	4,805,248	-	-
REITs	1,719,619	1,719,619	-	-
Corporate bonds	8,139,105	-	8,139,105	-
U.S. treasuries	6,667,544	-	6,667,544	-
Mortgage-backed securities	9,529,874	-	9,529,874	-
Commodity ETF's	921,713	-	921,713	-
USOF investment portfolio	4,873,956	-	4,873,956	-
Corporate credit investment fund	6,276,908	-	6,276,908	-
Equity mutual funds	1,482,061	1,482,061	-	-
	$ 56,193,060	**$ 19,783,960**	**$ 36,409,100**	**$ -**

		Recurring Fair Value Measurements At Reporting Date Using:		
Description	Fair Value as of March 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money market funds	$ 15,267,338	$ 15,267,338	$ -	$ -
Common stocks				
Large cap	3,311,480	3,311,480	-	-
Mid cap	922,156	922,156	-	-
Small cap	459,757	459,757	-	-
International	4,575,989	4,575,989	-	-
REITs	1,529,681	1,529,681	-	-
Corporate bonds	8,471,330	-	8,471,330	-
U.S. treasuries	4,953,171	-	4,953,171	-
Mortgage-backed securities	10,427,505	-	10,427,505	-
Commodity ETFs	972,000	-	972,000	-
USOF investment portfolio	4,463,443	-	4,463,443	-
Equity mutual funds	1,340,942	1,340,942	-	-
	$ 56,694,792	$ 27,407,343	$ 29,287,449	$ -

Not included in the above tables is $1,712,101 and $1,809,143 in cash and cash equivalents held on deposit by investment custodian JP Morgan Chase Bank as of March 31, 2013 and 2012, respectively. The Federation's policy is to evaluate the classification of Level 1, 2 and 3 assets at the end of each reporting period. The Federation's policy is to record transfers in or out of the levels at the fair value of the investment on the date of the transfer.

March 31, 2013		Fair Value		Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Corporate Credit Investment Fund (a)	$	6,276,908	$	-	Monthly	30 days
U.S. Olympic Foundation Investment (b)		4,873,956		-	Continuous	90 days
Total	**$**	**11,150,864**	**$**	**-**		

March 31, 2012		Fair Value		Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
U.S. Olympic Foundation Investment (b)	$	4,463,443	$	-	Continuous	90 days
Total	$	4,463,443	$	-		

(a) Corporate Credit Investment Fund

This includes the Federation's investment in Class A shares of a fund under the umbrella of an open-ended investment company based in Ireland. The investment objective of the fund is to achieve attractive total returns through both capital appreciation and current income through the portfolio of investments in publicly traded and privately held securities, loans, derivatives, and other investments. The fair value of this investment has been estimated using the net asset value per share of the investment as reported by the investment fund. Redemptions can be made monthly at net asset value, upon 30 days notice. Redemptions are paid within 45 days of the date the redemption is transacted, however payment of redemptions may be further delayed due to redemption restrictions of certain underlying investments. Partial redemptions are required to be at a minimum of $250,000 and cannot cause the total investment holding to be less than $500,000. The Federation does not have any open commitments to make additional investments to the fund at March 31, 2013.

(b) U.S. Olympic Foundation Investment

This represents the Federation's investment in the United States Olympic Foundation's ("USOF") investment portfolio in a pooled investment account. 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 net asset value per share of the investment as reported by the investment fund. Redemptions can be made at any time at net asset value, upon 90 days notice. The Federation does not have any open commitments to make additional investments to the fund at March 31, 2013.

5. Property and Equipment

A summary of property and equipment is as follows:

March 31,	**2013**	2012
Building	**$ 417,759**	$ 417,759
Building improvements	**152,611**	124,261
Furniture and equipment	**2,229,263**	2,119,763
Vehicles	**82,037**	61,562
Leasehold improvements (Note 7)	**5,922,145**	5,922,145
	8,803,815	8,645,490
Less accumulated depreciation and amortization	**4,735,027**	4,324,710
	$ 4,068,788	$ 4,320,780

6. 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, 2013 and 2012.

The Federation’s application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes the Federation has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. The Federation would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. The Federation is no longer subject to examination by federal, state or local tax authorities for periods before 2009.

7. Commitments and Contingencies

From time to time, the Federation is involved in litigation that arises in the ordinary conduct of its business. The Federation believes that any such litigation will not have a material adverse impact on the financial position or the results of operations as of March 31, 2013 and 2012, or for the fiscal years then ended.

Employment Agreements

Effective August 1, 2011, the Federation entered into an employment agreement with the Men’s National Team Head Coach, with a term until August 31, 2014 at a base compensation rate of $2.5 million per year. The agreement also provides for potential bonus compensation ranging from $500,000 to $10.5 million based on the performance of the Men’s National Team at the 2014 FIFA Men’s World Cup.

On November 30, 2012, the employment agreement of the former Women’s National Team Head Coach expired. Effective January 1, 2013, the Federation entered into an agreement with a new Head Coach. The agreement is effective through December 31, 2016, with an annual base compensation ranging from $195,000 to $210,000 during the term of the agreement. The agreement also provides for potential bonus compensation ranging from $25,000 to $80,000 based on the performance of the Women's National Team at the 2015 FIFA Women's World Cup and the 2016 Olympics. If the employee is terminated without cause during the term of the agreement, the Federation is obligated to pay the employee for six months beyond the termination date at the base rate then in effect.

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

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 and the Plan allows the participant to defer up to 100% of his deferred compensation for the right to buy a variety of mutual funds equal to the deferred compensation he would have otherwise received. The Plan is administered by the Federation. The fair value of the underlying securities purchased to cover the options was $1,482,061 and $1,340,942 as of March 31, 2013 and 2012, respectively. Effective May 8, 2002, the Internal Revenue Service issued regulations that allowed options granted May 8, 2002 and prior to be afforded tax treatment under Section 83. Consequently, a "Mega Option" was awarded on May 8, 2002 to be vested over the remaining term of the CEO/Secretary General's original employment agreement. This "Mega Option" was fully vested as of June 30, 2006. Until such time as the IRS regulations are amended or changed, no further options of this type will be granted.

Sponsorships

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

Anschutz Southern California Complex

The Federation has entered into a long-term agreement with Anschutz Southern California Sports Complex for the building of the National Training Center, which became effective February 20, 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 the Federation 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. Improvements paid for by the Federation total $5,250,000 and were paid in four installments of $1.2 million plus a final payment of $450,000. The final payment was reduced from $1.2 million based on the value of capital improvements secured by the Federation from other sources totaling $547,938, together with a reduction of $202,062 due to the facts that the goalie pit was never constructed and the lodging component on the agreement is not available. The Federation's payments, plus the capital improvements from other sources, have all been capitalized as leasehold improvements, which will be amortized over the shorter of the useful life of the improvement or the life of the lease.

Frisco Stadium, LP

The Federation has entered into a long-term agreement with Frisco Stadium, LP ("FSLP") for the use of Pizza Hut Park's training and educational facilities for the benefit of Federation national teams and other organizational members. The agreement became effective October 16, 2006 and continues 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, respectively. This agreement is being treated as an exchange transaction with the payments being expensed over the term of the agreement. The unamortized balance recorded as prepaid expense amounted to $3,501,927 and $3,776,588 at March 31, 2013 and 2012, respectively.

Leases

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

March 31,		
2014	$	376,652
2015		355,716
2016		360,153
2017		362,415
2018		347,412
2019 and thereafter		3,217,391
	$	**5,019,739**

Rental expense was $331,115 and $313,517 for the years ended March 31, 2013 and 2012, respectively.

8. Related Parties

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

The National Soccer Hall of Fame (the "Hall of Fame") closed its physical location in Oneonta, New York but still, with cooperation from the Federation, maintains the historical archives of American soccer and promotes soccer through educational programs and newsletters. The Hall of

Fame is an organization exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Federation and the Hall of Fame share three board members.

The USA Bid Committee, Inc., organized on January 7, 2009 to promote the sport of soccer within the United States and explore the possibility of organizing a bid to host a future Fédération Internationale de Football Association Men's World Cup within the United States, ceased daily operations as of December 31, 2010, though is still an active legal entity. The USA Bid Committee, Inc. is an organization exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Federation and the USA Bid Committee, Inc. share three board members.

National Women's Soccer League, LLC ("NWSL") was formed on December 12, 2012 and functions as a professional women's soccer league. The Federation was appointed as Manager of NWSL, which provides that the Federation will perform all management, governance, operational, administrative, and advisory services for NWSL. The management agreement is effective for an initial term through December 31, 2013, with an option to extend the agreement through December 31, 2015. In addition, the Federation's headquarters in Chicago are functioning as the principal office of the NWSL. The Federation does not receive any management fees or rent from NWSL as part of the arrangement. The Federation is not a Member to the LLC agreement, but rather the NWSL is equally owned by its eight member teams. The Federation and NWSL do not share any board members.

Professional Referee Organization LLC 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. The Federation is a member to the LLC agreement along with Major League Soccer, LLC ("MLS"). The agreement provides that the Federation is obligated to make an annual contribution as determined based on a percentage of defined Shared Expenses, as well as 100% of certain non-shared expenses, over the term of PRO, which is initially five years with an option of the members to mutually extend the term for an additional five years. The contribution requirement is determined on PRO's calendar-year basis. During fiscal 2013 through December 31, 2012, the Federation incurred approximately $1,050,000 of expenses related to PRO. For calendar 2013, the Federation is required to make a minimum capital contribution for shared expenses of $1,100,000, with a maximum capital contribution of $1,400,000. The Federation incurred $275,000 of expenses related to PRO during fiscal 2013 for the period January 1, 2013 through March 31, 2013. For all calendar years subsequent to 2013, the minimum and maximum capital contribution amounts increase by 3% over the prior year.

9. National Teams

National Teams' expenses are as follows:

March 31,	**2013**	2012
Youth	**$ 12,745,045**	$ 12,376,459
Men's National Team	**12,836,045**	12,219,215
Women's National Team	**9,478,322**	6,086,854
Coaching	**4,070,759**	4,229,267
Equipment and supplies	**2,450,000**	2,381,033
Olympic Team/Under 23	**1,992,202**	982,262
Management	**609,195**	670,873
National Training Center	**371,251**	369,329
Paralympic National Team	**282,396**	246,473
National Women's Soccer League	**247,830**	-
Futsal	**187,146**	115,531
Beach Soccer	**101,857**	78,091
	45,372,048	39,755,387
FIFA World Cup (2012 WWC)	**-**	3,009,514
	$ 45,372,048	$ 42,764,901

10. Defined-Contribution Plan

The Federation has a 401(k) defined-contribution plan that is available to most full-time employees, excluding employees covered by collective bargaining agreements, 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 6% of eligible compensation. There were no discretionary, matching contributions for the fiscal years ended 2013 and 2012. In addition, the Federation makes a non-elective Safe Harbor contribution of 3% of eligible compensation. Contributions by the Federation were $185,531 and $210,759 for the years ended March 31, 2013 and 2012, respectively.

11. Labor Agreements

The players on the Men's and Women's National Teams are covered by collective bargaining agreements ("CBA"). The Men's National Team CBA expires on December 31, 2018. The Women's National Team CBA expired on December 31, 2012. There is currently a signed Memo of Understanding in place while the full details of the new CBA are being negotiated.