United States Soccer Federation Foundation, Inc.

Financial Report
June 30, 2020

Contents

Independent Auditor's Report

Board of Directors
United States Soccer Federation Foundation, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of United States Soccer Federation Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the United States Soccer Federation Foundation as of June 30, 2020 and 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
November 16, 2020

United States Soccer Federation Foundation, Inc.

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash	$ 1,989,923	$ 557,430
Grants receivable	110,032	392,897
Contributions receivable	5,932,904	2,746,107
Investments	41,502,781	49,285,096
Property and equipment, net	1,042,517	1,194,943
Other assets	433,589	117,153
Total assets	$ 51,011,746	$ 54,293,626
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 1,574,967	$ 1,876,537
Margin line of credit	-	897,064
Refundable advances	520,557	-
Refundable grants	74,933	99,924
Grants payable	1,595,482	4,398,498
Deferred rent	1,577,849	1,677,537
Total liabilities	5,343,788	8,949,560
Commitment and Contingency (Notes 4, 6, 10 and 13)		
Net assets:		
Without donor restrictions	34,030,167	37,116,046
With donor restrictions	11,637,791	8,228,020
Total net assets	45,667,958	45,344,066
Total liabilities and net assets	$ 51,011,746	$ 54,293,626

See notes to financial statements.

United States Soccer Federation Foundation, Inc.

Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Contributions	**$ 2,916,479**	**$ 8,078,054**	**$ 10,994,533**	$ 4,130,991	$ 1,267,475	$ 5,398,466
Federal grant revenue	**1,164,444**	**-**	**1,164,444**	1,697,942	-	1,697,942
Interest and dividends, net	**1,633,882**	**-**	**1,633,882**	1,057,532	-	1,057,532
In-kind contributions	**3,392,152**	**-**	**3,392,152**	3,310,577	-	3,310,577
Event revenue – 25th Gala	**-**	**-**	**-**	701,095	-	701,095
Other income	**936,289**	**-**	**936,289**	344,550	-	344,550
Net assets released from restrictions	**4,668,283**	**(4,668,283)**	**-**	4,353,054	(4,353,054)	-
Total revenue and support	**14,711,529**	**3,409,771**	**18,121,300**	15,595,741	(3,085,579)	12,510,162
Expenses:						
Program services:						
Programs and grants	**10,995,919**	**-**	**10,995,919**	14,130,997	-	14,130,997
Communications	**1,160,857**	**-**	**1,160,857**	1,070,704	-	1,070,704
Government relations	**32,419**	**-**	**32,419**	194,986	-	194,986
	12,189,195	**-**	**12,189,195**	15,396,687	-	15,396,687
Supporting services:						
Development	**1,676,891**	**-**	**1,676,891**	1,973,239	-	1,973,239
Management and general	**3,088,419**	**-**	**3,088,419**	2,182,749	-	2,182,749
	4,765,310	**-**	**4,765,310**	4,155,988	-	4,155,988
Total expenses	**16,954,505**	**-**	**16,954,505**	19,552,675	-	19,552,675
Change in net assets before market value adjustment on investments	**(2,242,976)**	**3,409,771**	**1,166,795**	(3,956,934)	(3,085,579)	(7,042,513)
Realized and unrealized (losses) gains on investments	**(842,903)**	**-**	**(842,903)**	2,077,961	-	2,077,961
Change in net assets	**(3,085,879)**	**3,409,771**	**323,892**	(1,878,973)	(3,085,579)	(4,964,552)
Net assets:						
Beginning	**37,116,046**	**8,228,020**	**45,344,066**	38,995,019	11,313,599	50,308,618
Ending	**$ 34,030,167**	**$ 11,637,791**	**$ 45,667,958**	$ 37,116,046	$ 8,228,020	$ 45,344,066

See notes to financial statements.

United States Soccer Federation Foundation, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Supporting Services		
	Programs and Grants	Communications	Government Relations	Development	Management and General	Total
Compensation and benefits	$ 1,675,652	$ 442,644	$ 14,607	$ 675,351	$ 707,481	$ 3,515,735
Professional services	195,586	219,730	4,035	362,722	3,223,478	4,005,551
Occupancy	-	-	-	-	652,851	652,851
Meetings and special events expense	41,430	3,884	-	57,899	3,818	107,031
Travel and meals	99,249	20,012	31	62,935	56,831	239,058
Office expenses	24,745	37,828	-	17,252	217,504	297,329
Risk management	-	-	-	-	149,808	149,808
National Soccer for Success – training of the trainers:						
Event costs	158,347	-	-	-	27	158,374
Marketing and communications	73,696	5,846	-	7,935	1,348	88,825
Soccer for Success – equipment and gear	60,962	-	-	-	-	60,962
Online learning curriculum development – consultants	7,945	-	-	-	-	7,945
Banking, payroll and state registration fees	4,412	1,826	-	6,609	23,878	36,725
Miscellaneous employee expenses	1,198	3,508	2,000	12,331	11,940	30,977
Facilitators summit – master trainers event:						
Travel costs	321	-	-	1,000	-	1,321
Curriculum and evaluation	21,818	-	-	-	881	22,699
General in-kind expenses	1,150,000	-	-	-	-	1,150,000
Program in-kind expenses	2,122,152	120,000	-	-	-	2,242,152
Total before grants	5,637,513	855,278	20,673	1,204,034	5,049,845	12,767,343
Grant awards	4,187,162	-	-	-	-	4,187,162
Allocated overhead expenses	1,171,244	305,579	11,746	472,857	(1,961,426)	-
Total expenses	$ 10,995,919	$ 1,160,857	$ 32,419	$ 1,676,891	$ 3,088,419	$ 16,954,505

See notes to financial statements.

United States Soccer Federation Foundation, Inc.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services			Supporting Services		
	Programs and Grants	Communications	Government Relations	Development	Management and General	Total
Compensation and benefits	$ 1,470,305	$ 377,173	$ 58,169	$ 780,330	$ 591,013	$ 3,276,990
Professional services	237,921	209,658	35,567	342,897	1,694,390	2,520,433
Occupancy	1,110	-	-	-	625,824	626,934
Meetings and special events expense	137,097	727	52,084	243,464	375	433,747
Travel and meals	150,148	25,373	10,981	124,864	75,650	387,016
Office expenses	7,350	25,763	1,337	14,529	284,434	333,413
Risk management	16,188	224	-	-	178,567	194,979
National Soccer for Success – training of the trainers:						
Event costs	111,528	-	-	-	-	111,528
Travel costs	45,731	-	-	-	-	45,731
Marketing and communications	8,138	94,603	4,537	13,473	4,815	125,566
Soccer for Success – equipment and gear	80,111	-	-	-	-	80,111
Online learning curriculum development – consultants	64,800	-	-	-	-	64,800
Banking, payroll and state registration fees	6,654	11	133	12,130	44,104	63,032
Miscellaneous employee expenses	25,327	4,221	2,056	1,570	28,652	61,826
Facilitators summit – master trainers event:						
Travel costs	34,897	-	-	-	-	34,897
Soccer for Success – training travel costs	18,911	-	-	-	-	18,911
Curriculum and evaluation	11,000	-	-	-	-	11,000
Charitable contributions	-	-	-	-	10,000	10,000
General in-kind expenses	850,000	145,474	3,279	43,423	-	1,042,176
Program in-kind expenses	2,268,401	-	-	-	-	2,268,401
Total before grants	5,545,617	883,227	168,143	1,576,680	3,537,824	11,711,491
Grant awards	7,841,184	-	-	-	-	7,841,184
Allocated overhead expenses	744,196	187,477	26,843	396,559	(1,355,075)	-
Total expenses	$ 14,130,997	$ 1,070,704	$ 194,986	$ 1,973,239	$ 2,182,749	$ 19,552,675

See notes to financial statements.

United States Soccer Federation Foundation, Inc.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	**$ 323,892**	$ (4,964,552)
Adjustments to reconcile change in net assets to		
net cash used in operating activities:		
Depreciation and amortization	**152,426**	160,719
Realized and unrealized losses (gains) on investments	**842,903**	(2,077,961)
Deferred rent	**(99,688)**	147,094
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	**282,865**	(143,839)
Contributions receivable	**(3,186,797)**	369,345
Other assets	**(316,436)**	25,865
Increase (decrease) in:		
Accounts payable and accrued expenses	**(301,570)**	110,982
Refundable advances	**520,557**	-
Refundable grants	**(24,991)**	(162,665)
Grants payable	**(2,803,016)**	1,685,637
Net cash used in operating activities	**(4,609,855)**	(4,849,375)
Cash flows from investing activities:		
Proceeds from sales of investments	**64,643,149**	10,517,477
Purchases of investments	**(57,703,737)**	(5,918,300)
Net cash provided by investing activities	**6,939,412**	4,599,177
Cash flows from financing activities:		
Net advances (payments) on margin line of credit	**(897,064)**	9,214
Net cash (used in) provided by financing activities	**(897,064)**	9,214
Net increase (decrease) in cash	**1,432,493**	(240,984)
Cash:		
Beginning	**557,430**	798,414
Ending	**$ 1,989,923**	$ 557,430
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 10,372**	$ 32,295

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: United States Soccer Federation Foundation, Inc. (the Foundation) is a nonprofit and nonstock corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The mission of the Foundation is to enhance, assist and grow the sport of soccer in the United States, with a special emphasis on underserved communities. The Foundation views soccer as a powerful vehicle for youth development and social change. By supporting the development of safe places to play, grow and learn, the Foundation works to ensure that children in underserved communities have easy and affordable access to quality soccer programs that improve health, social and youth development outcomes.

A summary of the Foundation's significant accounting policies follows:

Basis of accounting: The Foundation uses the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities topic of the FASB ASC, Financial Statements of Not-for-Profit Organizations, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: represent the portion of expendable funds that are available for support of the Foundation's operations.

Net assets with donor restrictions: represent the portion of net assets that are subject to donor-imposed restrictions that will be met by the passage of time or other events specified by the donor, or those that require resources to be maintained in perpetuity and that only the earnings on such amounts be used in the manner specified by the donor, which includes endowment funds. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions receivable: Contributions receivable are carried at the original unconditionally promised amount less an estimate made for doubtful contributions receivable based on a review of all outstanding balances on a monthly basis. Management determines the allowance for doubtful contributions receivable by using the historical experience applied to an aging of the contributions receivable. Receivables are written off when deemed uncollectible. The majority of contributions receivable are expected to be collected in the subsequent year; consequently, no discount rate has been applied. Based on management's evaluation of the collectability of receivables, there is no provision for doubtful promises at June 30, 2020 and 2019. Contribution receivables include long-term agreements with donors for soccer field certificates or other in-kind value to assist in building soccer fields for grantees.

Investments: Investments are carried at fair value, as discussed in Note 4. Investment income is included in the change in net assets without donor restrictions, unless the income is restricted by donor or law. Realized and unrealized gains and losses are recorded as a separate component in the statements of activities. Cash held temporarily in the investment portfolio is included in investments on the statements of financial position.

Financial risk: The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Foundation invests in professionally managed portfolios that contain various securities and alternative investments. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to change in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and equipment: Purchased equipment and software are stated at cost. The Foundation follows the practice of capitalizing all expenditures for property and equipment in excess of $2,500. Betterments and improvements that significantly extend an asset's life are capitalized. Depreciation is recorded using the straight-line method over an estimated useful life of two to seven years. Leasehold improvements are stated at cost and amortized over the lesser of their estimated useful life or lease term.

Refundable advances: The Foundation received proceeds from the Paycheck Protection Program (PPP) during the year ended June 30, 2020. The Foundation initially recognized the funds as refundable advances and is presented as a liability on the accompanying statements of financial position. The Foundation will reduce the refundable advances balance and recognize revenue (other income) once the forgiveness conditions have been substantially met. The Foundation considers the conditions to be substantially met once forgiveness determination has been received. The Foundation elected this treatment under ASC 958-605, as the Foundation expects to meet the PPP's eligibility criteria for forgiveness.

Grants payable: The Board of Directors of the Foundation annually approves certain unconditional grants for the fiscal year, which are recorded as an expense and payable in the year the grant is approved.

Deferred rent: The Foundation has a lease agreement for rental space in Washington, D.C. The lease agreement provides for escalating payments over the life of the lease. In addition, a landlord improvement allowance was provided for leasehold improvements. The benefits that the Foundation received and the rent increases in future years are being recognized on a straight-line basis over the life of the lease agreement. The difference between the expense and the cash payments is reported as a deferred rent liability.

Revenue and support recognition: A significant amount of the Foundation's contribution revenue was initially provided from the World Cup USA 1994, Inc. (WCOC). The Foundation reports unconditional gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or are unavailable for use due to uncollected amounts or time restrictions. When the restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Unconditional contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Unconditional unrestricted gifts of cash and other assets are recorded when received or in the period in which such amounts are estimable. Revenues from special events are recognized at the time the event occurs. Amounts received in advance of the event are recorded as deferred revenue. The Foundation receives grants from federal agencies and private grantors for various purposes. Grant revenue is generally recognized when the qualifying expenditures are incurred under the grant. Grant expenditures incurred in advance of reimbursements are recorded as grant receivables. Grant payments received in advance of expenditures incurred for the purpose specified under the grant restrictions are recorded as refundable grants.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In-kind contributions: The Foundation received $3,392,152 and $3,310,577 of contributed in-kind goods and services during 2020 and 2019, respectively. Contributed goods and services are recorded at their fair market value when received.

Functional allocation of expenses: The costs of providing for the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Expenses such as occupancy, office expenses and various travel costs are allocated based on salaries and time spent. The functional categories are as follows:

Program and grants: Represents grants made to 501(c)(3) nonprofit organizations and other tax-exempt organizations and all expenses associated with grant administration.

Communications: All expenses associated with fostering public interest and support for the sport of soccer as a vehicle to improve health, social and youth development outcomes, particularly among children in underserved communities.

Government relations: All expenses associated with encouraging federal, state and local support for the sport of soccer as a vehicle for improving health, social and youth development outcomes as well as securing financial support from federal agencies and Congress in support of those activities.

Development: All expenses associated with raising funds for the Foundation.

Management and general: All other operating expenses incurred by the Foundation in the accomplishment of its tax-exempt purposes.

Income taxes: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been determined by the Internal Revenue Service (IRS) not to be a private foundation. Income from nonexempt functions is subject to income taxes to the extent that the revenue exceeds related costs.

The Foundation complies with the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Management evaluated the Foundation’s tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Generally, the Foundation is no longer subject to income tax examinations by the U.S. federal, state and local tax authorities before 2017.

Use of estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Adopted accounting pronouncement: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The amendments apply to both resources received by a recipient and resources given by a resource provider. The ASU will be effective for resource recipients and providers for fiscal years beginning after December 15, 2018 and 2019, respectively. The Foundation adopted the ASU as a resource recipient during the year ended June 30, 2020, using the modified prospective method. The adoption had no significant impact to the Foundation.

Upcoming accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The standard is effective for the Foundation on July 1, 2020, with early adoption permitted. The Foundation is in the process of evaluating the impact of this new guidance.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. A lessee is required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The ASU is expected to impact the Foundation’s financial statements as the Foundation has certain operating lease arrangements for which it is the lessee. The standard is effective for the Foundation on July 1, 2022, with early adoption permitted. The Foundation is in the process of evaluating the impact of this new guidance.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the requirement of disclosures on fair value measurements in Topic 820. The amendments remove the requirement to make certain disclosures and modify certain disclosures for Level 3 fair value measurements. The standard is effective for the Foundation on July 1, 2020, with early adoption permitted. The Foundation is in the process of evaluating the impact of this new guidance.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update require that contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The amendment also modify the requirement of certain additional disclosures. The standard should be applied on a retrospective basis and is effective for the Foundation on July 1, 2021, with early adoption permitted. The Foundation is in the process of evaluating the impact of this new guidance.

Subsequent events: The Foundation evaluated subsequent events through November 16, 2020, which is the date the financial statements were available to be issued.

Note 2. Availability and Liquidity

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date at June 30, 2020 and 2019, are comprised of following:

	2020	2019
Cash	$ 1,989,923	$ 557,430
Grants receivable	110,032	392,897
Contributions receivable	5,932,904	2,746,107
Investments	41,502,781	49,285,096
Total financial assets available	49,535,640	52,981,530
Less amounts not available to be used within one year:		
Net assets with donor restrictions	11,637,791	8,228,020
Investments not redeemable within one year	6,238,362	5,863,856
	17,876,153	14,091,876
Financial assets available to meet general expenditures within one year	$ 31,659,487	$ 38,889,654

Note 3. Contributions Receivable

Contributions receivable are unconditional and are estimated to be fully collectible as follows at June 30, 2020 and 2019:

	2020	2019
Cash	$ 5,496,784	$ 1,858,907
In-kind field certificates	3,750	526,708
In-kind – other	432,370	360,492
	$ 5,932,904	$ 2,746,107
Amounts due in:		
Less than 1 year	$ 3,732,904	$ 2,713,857
1 to 5 years	2,200,000	32,250
	$ 5,932,904	$ 2,746,107

The Foundation has a conditional promise to give for Soccer for Success from a donor, whereby the donor will contribute $1,000,000 over five years after certain requirements are met. As of June 30, 2020 and 2019, the amount of the conditional pledge that has not yet met conditions amounted to $602,066 and $800,120, respectively, and no revenue has been recorded.

The Foundation also has received conditional federal awards that have not been recognized as revenue at the respective statement of financial position date, as remaining related expenditures have not yet occurred. As of June 30, 2020 and 2019, the amount of unrecognized conditional federal awards amounted to $3,358,124 and $2,600,800, respectively.

Note 4. Investments

Investments consist of the following at June 30, 2020 and 2019:

	2020	2019
U.S. equities	$ 31,338	$ 15,253,152
Mutual funds	17,573,016	8,341,643
Exchange traded funds	-	5,232,909
Fixed income	-	2,215,725
Cash and money market*	17,660,065	6,597,779
Alternative investments	6,238,362	11,643,888
	$ 41,502,781	$ 49,285,096

*Cash and money market accounts held at cost.

The following schedule summarizes the net investment income for the years ended June 30, 2020 and 2019:

	2020	2019
Realized and unrealized (loss) gain on investments	$ (842,903)	$ 2,077,961
Interest and dividends	1,733,135	1,173,031
Investment fees	(99,253)	(115,499)
	$ 790,979	$ 3,135,493

The following tables summarizes these investments whose fair value is based on net asset value (NAV) per unit as a practical expedient by major class:

	As of June 30, 2020				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Gate/ Lock-up
Private equity funds – venture/buyout (b)	$ 1,289,832	$ 1,734,046	Upon liquidation of the fund	Not Applicable	None
Private equity managers – venture/ industry/buyout (a)	4,948,530	2,752,775	Upon liquidation of the fund	Not Applicable	None
	$ 6,238,362	$ 4,486,821			

Note 4. Investments (Continued)

	As of June 30, 2019				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Gate/ Lock-up
Private equity funds – venture/buyout (b)	$ 2,065,036	$ 1,760,307	Upon liquidation of the fund	Not Applicable	None
Private equity managers – venture/ industry/buyout (a)	3,798,820	3,898,762	Upon liquidation of the fund	Not Applicable	None
	5,863,856	5,659,069			
Equity funds – international (c)	4,010,478	-	Daily	None	None
Equity funds – small cap (d)	1,769,554	-	Daily	None	None
	5,780,032	-			
	$ 11,643,888	$ 5,659,069			

(a) ***Private equity managers – venture/industry/buyout:*** This fund's investment objective is to realize long-term compounded returns in excess of those available through conventional investments in the public equity markets. The fund's main focus is making primary commitments to pooled investment vehicles, which are principally blind pool vehicles, focused on a diversified set of private equity strategies, which may include middle-market buyout, large buyout, distressed, growth equity, credit, venture capital and industry focused strategies. These funds are generally long-term and highly illiquid. The Foundation can expect to retain its interests in the fund until the fund is wound-up and dissolved. The nature of the investments in these categories is that distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2020, it is probable that the investments in these categories will be liquidated at an amount different from the NAV of the Foundation's ownership interest in partners' capital. Investments in the underlying funds are reported at their estimated fair value, as determined in good faith by the manager. Fair value is based on the information provided by the respective general partner of each of the underlying funds, including audited financial statements, which reflects the fund's share of the fair value of the net assets of the respective underlying fund, and any other relevant factors determined by the manager. The fund has applied the fair value guidance for measuring its investments in the underlying funds, using the practical expedient. As such, the fund fair values its investments using the underlying funds' NAV's without any further adjustments. The value reported by the Foundation is the value of its ownership share.

(b) ***Private equity – venture/buyout:*** This category includes several private equity funds pursuing venture and/or buyout strategies to generate investment returns. These investments can never be redeemed with the funds. Instead, the nature of the investments in these categories is that distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2020, it is probable that the investments in these categories will be liquidated at an amount different from the NAV of the Foundation's ownership interest in partners' capital. Investments in the underlying funds are reported at their estimated fair value, as determined in good faith by the manager. Fair value is based on the information provided by the respective general partner of each of the underlying funds, including audited financial statements, which reflects the fund's share of the fair value of the net assets of the respective underlying fund, and any other relevant factors determined by the manager. The fund has applied the fair value guidance for measuring its investments in the underlying funds, using the practical expedient. As such, the fund fair values its investments using the underlying funds' NAV's without any further adjustments. The value reported by the Foundation is the value of its ownership share.

Note 4. Investments (Continued)

(c) ***Equity funds – international:*** This fund is an open-end fund incorporated in the U.S., seeking to provide long-term capital growth. The fund invests at least 80% of its net assets in equity investments in companies that are domiciled outside the U.S. or whose securities are principally traded outside the U.S. The value reported by the Foundation is the value of its ownership share.

(d) ***Equity funds – small cap:*** This fund is an open-end fund incorporated in the U.S., seeking to provide long-term capital growth. The fund invests at least 80% of its net assets in equity investments in companies that are domiciled in the U.S. or whose securities are principally traded in the U.S. The value reported by the Foundation is the value of its ownership share.

The Fair Value Measurement Topic of the ASC 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 at the measurement date. The Foundation utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and listed derivatives. As required by the guidance provided by the ASC, the Foundation does not adjust the quoted price for these investments, even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies. Investments, which are generally included in this category, include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. The Foundation has no Level 3 investments.

All transfers between fair value hierarchy levels are recognized by the Foundation at the end of each reporting period. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

U.S. equities, exchange traded funds and mutual funds: These investments are traded on a national securities exchange (or reported on the NASDAQ national market) and are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Note 4. Investments (Continued)

Fixed income: U.S. treasury bills are observable at commonly quoted intervals for the full term of the bill and, therefore, are considered Level 2 items.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30, 2020:

Description	Total	Level 1	Level 2	Level 3
U.S. equities:				
Information technology	$ 25,439	$ 25,439	$ -	$ -
Health care	5,899	5,899	-	-
	31,338	31,338	-	-
Mutual funds – corporate bonds:				
Intermediate – core bonds	3,983,000	3,983,000	-	-
High yield bonds	3,475,374	3,475,374	-	-
Foreign large growth	2,426,000	2,426,000	-	-
Diversified emerging markets	2,426,000	2,426,000	-	-
Foreign large value	2,426,000	2,426,000	-	-
Mid-cap growth	1,415,000	1,415,000	-	-
Mid-cap blend	1,415,000	1,415,000	-	-
Intermediate – term bonds	3,482	3,482	-	-
Intermediate – government	3,160	3,160	-	-
	17,573,016	17,573,016	-	-
Total assets classified at fair value	$ 17,604,354	$ 17,604,354	$ -	$ -

Total investments:	
Classified at fair value	$ 17,604,354
Held at NAV (a)	6,238,362
Held at cost	17,660,065
	$ 41,502,781

Note 4. Investments (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30, 2019:

Description	Total	Level 1	Level 2	Level 3
U.S. equities:				
Financial services	$ 13,069,315	$ 13,069,315	$ -	$ -
Technology	671,054	671,054	-	-
Services	398,300	398,300	-	-
Healthcare	352,498	352,498	-	-
Consumer goods	317,199	317,199	-	-
Industrials	233,030	233,030	-	-
Basic materials	211,756	211,756	-	-
	15,253,152	15,253,152	-	-
Mutual funds – corporate bonds:				
High yield bond	4,026,570	4,026,570	-	-
Emerging market bonds	1,312,827	1,312,827	-	-
Small cap financials	1,015,504	1,015,504	-	-
Intermediate – term bonds	1,015,461	1,015,461	-	-
Intermediate – government	971,281	971,281	-	-
	8,341,643	8,341,643	-	-
Fixed income:				
U.S. treasury bills	2,215,725	-	2,215,725	-
Exchange traded funds:				
Foreign large blend	3,969,700	3,969,700	-	-
Global real estate	1,263,209	1,263,209	-	-
	5,232,909	5,232,909	-	-
Total assets classified at fair value	$ 31,043,429	$ 28,827,704	$ 2,215,725	$ -

Total investments:	
Classified at fair value	$ 31,043,429
Held at NAV (a)	11,643,888
Held at cost	6,597,779
	$ 49,285,096

(a) In accordance with ASC Topic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Note 5. Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

	2020	2019
Equipment and software	$ 251,089	$ 251,089
Leasehold improvements	1,276,985	1,276,985
	1,528,074	1,528,074
Less accumulated depreciation and amortization	485,557	333,131
	$ 1,042,517	$ 1,194,943

Depreciation and amortization expense was $152,426 and $160,719 for the years ended June 30, 2020 and 2019, respectively.

Note 6. Line of Credit Agreement

The Foundation has a line of credit agreement with a financial institution. Any outstanding balance is collateralized by the Foundation's investments held with the financial institution. The line of credit bears interest at the Broker's Call Rate (Target Federal Funds Rate plus 175 basis points) plus 100 basis points. Interest is payable monthly on the last business day of the month. At June 30, 2020 and 2019, there was $0 and $897,064 payable under the agreement, respectively. The interest incurred on the line of credit was $10,372 and $32,295 for the years ended June 30, 2020 and 2019, respectively.

Note 7. Refundable Advances

Under the Coronavirus Aid, Relief, and Economic Security Act, the Foundation applied for the PPP loan with Small Business Administration (SBA) and received $520,557 during the year ended June 30, 2020. The PPP loan has maturity date of April 16, 2022, with 18 monthly principal and interest payments of $29,149 to begin on November 16, 2020. At June 30, 2020, the PPP loan was recognized as a refundable advances of $520,557 on the statements of financial position.

The Foundation intends to use the full amount of the PPP funds for payroll and other qualified expenses listed to be forgiven per the terms of the loan. The Foundation expects the full amount to be forgiven during the next fiscal year and the Foundation's accounting policy on the fund is disclosed in Note 1 to the financial statements. The Foundation determined it qualified for the program based on the criteria established by the SBA before applying, and the Foundation intends to meet the PPP's eligibility criteria for forgiveness.

Note 8. Grants Payable

The Foundation issues grants consistent with its organizational purpose. Grants payable activity and ending balances at June 30, 2020, are as follows:

	Total Grants Approved	Amounts Paid Through June 30, 2020	Remaining Balance Payable at June 30, 2020
Years ended June 30:			
2018	$ 3,367,899	$ 3,317,900	$ 49,999
2019	4,065,518	3,611,263	454,255
2020	1,637,196	545,968	1,091,228
			$ 1,595,482

Note 9. Related Parties

The Foundation's Board of Directors consists of 24 members (two nonvoting). The United States Soccer Federation (the Federation) appoints three of the voting members and an additional four are elected by the National Council of the Federation. The Foundation has a strict conflict of interest policy for the purpose of maintaining the integrity of Foundation deliberations, which must be signed by members of the Board of Directors. Members of the Foundation's Board of Directors who also serve on the Federation's Board of Directors are not allowed to participate in the vote on any matter affecting the Federation.

Note 10. Operating Leases

During the year ended June 30, 2018, the Foundation executed a new office lease agreement, which commenced on January 1, 2018, and expires on October 31, 2028. The lease provides for one five-year option to renew at fair market rental rates. The lease requires minimum annual rents and provides for annual escalations, which are required to be recognized ratably over the lease term on a straight-line basis. Accordingly, the amount of rent expense does not coincide with cash payments. As part of the agreement, the landlord paid for $1,222,470 of leasehold improvements, which is a component of deferred rent. The leasehold improvements and the rent escalations give rise to a deferred rent liability, which is being amortized over the lease term. Deferred rent at June 30, 2020 and 2019, was $1,577,849 and $1,677,537, respectively.

The future minimum lease payments under the new operating lease is as follows:

Years ending June 30:	
2021	$ 734,350
2022	752,709
2023	771,527
2024	790,815
2025	810,585
Thereafter	2,849,946
	$ 6,709,932

For the years ended June 30, 2020 and 2019, rent expense including operating costs were $652,851 and $626,934, respectively.

During the year ended June 30, 2018, the Foundation entered into a sublease agreement with a sublessee for part of its new office space for five years starting January 1, 2018.

The future minimum rental receipts under the sublease is as follows:

Years ending June 30:	
2021	$ 150,147
2022	156,152
2023	79,607
	$ 385,906

For the years ended June 30, 2020 and 2019, the Foundation recognized rent income of $148,305 and $137,237, respectively, which is included in other income in the statements of activities.

Note 11. Retirement Plan

The Foundation has adopted a retirement plan that includes a deferral arrangement pursuant to Section 401(k) of the Internal Revenue Code. All employees are eligible to enter the plan three months following their start date. Under the deferral arrangement, employees may elect to defer up to 100% of their annual compensation not to exceed IRS imposed limits. The Foundation provides a Safe Harbor match only to those employees who are contributing in the plan. The Safe Harbor formula is 100% of the first 3% of deferred compensation, plus 50% on the next 2% of deferred compensation, for a maximum Foundation match of 4%. During the years ended June 30, 2020 and 2019, the Foundation's matching contribution was $94,587 and $71,649, respectively.

Note 12. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the years ended June 30, 2020 and 2019, are as follows:

	Balance June 30, 2019	Additions	Released	Balance June 30, 2020
Time restricted:				
Safe Places to Play	$ 254,250	$ -	$ 192,000	$ 62,250
Purpose restricted:				
Safe Places to Play	6,592,645	5,396,954	3,113,069	8,876,530
Soccer for Success	1,092,419	2,531,100	1,292,419	2,331,100
Vanole fund	172,968	-	-	172,968
Los Angeles City Soccer Initiative	23,521	150,000	70,795	102,726
Mooch fund	76,217	-	-	76,217
Koskinen fund	16,000	-	-	16,000
	7,973,770	8,078,054	4,476,283	11,575,541
	$ 8,228,020	$ 8,078,054	$ 4,668,283	$ 11,637,791

	Balance June 30, 2018	Additions	Released	Balance June 30, 2019
Time restricted:				
New York Soccer for Success	$ 93,744	$ 110,745	$ 204,489	$ -
Safe Places to Play	208,000	376,750	330,500	254,250
	301,744	487,495	534,989	254,250
Purpose restricted:				
Safe Places to Play	8,996,937	779,880	3,184,172	6,592,645
Soccer for Success	1,645,079	-	552,660	1,092,419
Vanole fund	172,968	-	-	172,968
Los Angeles City Soccer Initiative	96,310	-	72,789	23,521
Mooch fund	84,561	100	8,444	76,217
Koskinen fund	16,000	-	-	16,000
	11,011,855	779,980	3,818,065	7,973,770
	$ 11,313,599	$ 1,267,475	$ 4,353,054	$ 8,228,020

Note 13. Commitment and Contingency

Subsequent to the coronavirus outbreak in 2020 in the United States, there has been substantial volatility in financial markets and the economy. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets. Management is continually monitoring the potential impact of the pandemic on the Foundation.

The Foundation has entered into an employment agreement contract with the President of the Foundation, which expires on October 31, 2024. Should the President's employment be terminated without cause, the Foundation will be obligated to pay the remaining base compensation through the contract termination date within 30 days of the notice of termination.