United States Soccer Foundation, Inc.

Financial Report
June 30, 2021

Contents

Independent Auditor's Report

Board of Directors
United States Soccer Foundation, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of United States Soccer Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 Foundation as of June 30, 2021 and 2020, 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 December 22, 2021, 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.
December 22, 2021

United States Soccer Foundation, Inc.

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash	**$ 2,273,275**	$ 1,989,923
Grants receivable	**345,285**	110,032
Contributions receivable	**5,704,285**	5,932,904
Investments	**54,250,097**	41,502,781
Property and equipment, net	**892,832**	1,042,517
Other assets	**316,886**	450,923
Total assets	**$ 63,782,660**	$ 51,029,080
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 921,312**	$ 1,574,967
Line of credit	**732,088**	-
Refundable advances	**515,177**	520,557
Grants payable	**110,112**	1,595,482
Refundable grants	**12,267**	92,267
Deferred rent	**1,459,422**	1,577,849
Total liabilities	**3,750,378**	5,361,122
Commitments and Contingency (Notes 4, 9 and 12)		
Net assets:		
Without donor restrictions	**51,808,674**	34,030,167
With donor restrictions	**8,223,608**	11,637,791
Total net assets	**60,032,282**	45,667,958
Total liabilities and net assets	**$ 63,782,660**	$ 51,029,080

See notes to financial statements.

United States Soccer Foundation, Inc.

Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Contributions	**$ 4,484,564**	**$ 3,335,845**	**$ 7,820,409**	$ 2,916,479	$ 8,078,054	$ 10,994,533
Federal grant revenue	**1,305,532**	**-**	**1,305,532**	1,164,444	-	1,164,444
Interest and dividends, net	**686,484**	**-**	**686,484**	1,633,882	-	1,633,882
In-kind contributions	**55,100**	**-**	**55,100**	3,392,152	-	3,392,152
Other income	**1,691,527**	**-**	**1,691,527**	936,289	-	936,289
Net assets released from restrictions	**6,750,028**	**(6,750,028)**	**-**	4,668,283	(4,668,283)	-
Total revenue and support	**14,973,235**	**(3,414,183)**	**11,559,052**	14,711,529	3,409,771	18,121,300
Expenses:						
Program services:						
Programs and grants	**7,972,717**	**-**	**7,972,717**	10,995,919	-	10,995,919
Communications	**866,126**	**-**	**866,126**	1,160,857	-	1,160,857
Government relations	**-**	**-**	**-**	32,419	-	32,419
	8,838,843	**-**	**8,838,843**	12,189,195	-	12,189,195
Supporting services:						
Development	**1,410,079**	**-**	**1,410,079**	1,676,891	-	1,676,891
Management and general	**486,385**	**-**	**486,385**	3,088,419	-	3,088,419
	1,896,464	**-**	**1,896,464**	4,765,310	-	4,765,310
Total expenses	**10,735,307**	**-**	**10,735,307**	16,954,505	-	16,954,505
Change in net assets before gains (losses) on investments	**4,237,928**	**(3,414,183)**	**823,745**	(2,242,976)	3,409,771	1,166,795
Realized and unrealized gains (losses) on investments	**13,540,579**	**-**	**13,540,579**	(842,903)	-	(842,903)
Change in net assets	**17,778,507**	**(3,414,183)**	**14,364,324**	(3,085,879)	3,409,771	323,892
Net assets:						
Beginning	**34,030,167**	**11,637,791**	**45,667,958**	37,116,046	8,228,020	45,344,066
Ending	**$ 51,808,674**	**$ 8,223,608**	**$ 60,032,282**	$ 34,030,167	$ 11,637,791	$ 45,667,958

See notes to financial statements.

United States Soccer Foundation, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Supporting Services		
	Programs and Grants	Communications	Government Relations	Development	Management and General	Total
Compensation and benefits	$ 1,607,111	$ 398,068	$ -	$ 733,121	$ 486,282	$ 3,224,582
Professional services	139,920	209,244	-	153,450	592,820	1,095,434
Occupancy	2,156	-	-	-	805,812	807,968
Meetings and special events expense	2,072	-	-	1,000	-	3,072
Travel and meals	1,366	-	-	260	1,212	2,838
Office expenses	3,891	-	-	29,950	78,774	112,615
Risk management	-	-	-	-	204,525	204,525
National Soccer for Success – training of the trainers:						
Event costs	70,288	-	-	-	-	70,288
Marketing and communications	913	2,180	-	-	50	3,143
Soccer for Success – equipment and gear	363,724	-	-	-	-	363,724
Banking, payroll and state registration fees	3,477	9,692	-	12,667	19,088	44,924
Miscellaneous employee expenses	-	10	-	868	11,017	11,895
Curriculum and evaluation	247,613	-	-	-	-	247,613
General in-kind expenses	-	-	-	5,100	-	5,100
Program in-kind expenses	50,000	-	-	-	-	50,000
Total before grants	2,492,531	619,194	-	936,416	2,199,580	6,247,721
Grant awards	4,487,586	-	-	-	-	4,487,586
Allocated overhead expenses	992,600	246,932	-	473,663	(1,713,195)	-
Total expenses	$ 7,972,717	$ 866,126	$ -	$ 1,410,079	$ 486,385	$ 10,735,307

See notes to financial statements.

United States Soccer 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 Foundation, Inc.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 14,364,324	$ 323,892
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	149,685	152,426
Realized and unrealized losses (gains) on investments	(13,540,579)	842,903
Deferred rent	(118,427)	(99,688)
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(235,253)	282,865
Contributions receivable	228,619	(3,186,797)
Other assets	134,037	(316,436)
Increase (decrease) in:		
Accounts payable and accrued expenses	(653,655)	(301,570)
Refundable advances	(5,380)	520,557
Refundable grants	(80,000)	(24,991)
Grants payable	(1,485,370)	(2,803,016)
Net cash used in operating activities	(1,241,999)	(4,609,855)
Cash flows from investing activities:		
Proceeds from sales of investments	18,894,830	64,643,149
Purchases of investments	(18,101,567)	(57,703,737)
Net cash provided by investing activities	793,263	6,939,412
Cash flows from financing activities:		
Net advances (payments) on line of credit	732,088	(897,064)
Net cash provided by (used in) financing activities	732,088	(897,064)
Net increase in cash	283,352	1,432,493
Cash:		
Beginning	1,989,923	557,430
Ending	$ 2,273,275	$ 1,989,923
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,136	$ 10,372

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: United States Soccer 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 U.S. Soccer Foundation is to provide underserved communities access to innovative play spaces and evidence-based soccer programs that instill hope, foster well-being, and help youth achieve their fullest potential. The Foundation views soccer as a powerful vehicle for social change. By supporting the development of places to play, places to grow, and places to learn, our goal is to ensure that children in underserved communities have easy and affordable access to quality soccer programs that support their physical and personal development.

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

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: These assets represent the portion of expendable funds that are available for support of the Foundation's operations.

Net assets with donor restrictions: These assets 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, 2021 and 2020. 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 years ended June 30, 2021 and 2020. The Foundation recognized the funds as refundable advances and is presented as a liability on the accompanying statements of financial position. The Foundation recognized revenue related to PPP received during the year ended June 30, 2020, during the year ended June 30, 2021, as formal forgiveness was received.

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 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 $55,100 and $3,392,152 of contributed in-kind goods and services during 2021 and 2020, 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: This represents grants made to 501(c)(3) nonprofit organizations and other tax-exempt organizations and all expenses associated with grant administration.

Communications: All expenses are 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 are 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 are associated with raising funds for the Foundation.

Management and general: All other operating expenses are 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.

Use of estimates: The preparation of the financial statements in conformity with generally accepted accounting principles 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 May 2014, the FASB issued Accounting Standards Update (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 adopted the ASU using the modified retrospective method during the year ended June 30, 2021. The adoption had no impact to the Foundation.

Upcoming accounting pronouncements: 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 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 modifies 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.

Reclassifications: Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

Subsequent events: The Foundation evaluated subsequent events through December 22, 2021, 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, 2021 and 2020, are composed of following:

	2021	2020
Cash	$ 2,273,275	$ 1,989,923
Grants receivable	345,285	110,032
Contributions receivable	5,704,285	5,932,904
Investments	54,250,097	41,502,781
Total financial assets available	62,572,942	49,535,640
Less amounts not available to be used within one year:		
Net assets with donor restrictions	8,223,608	11,637,791
Investments not redeemable within one year	11,686,742	6,238,362
	19,910,350	17,876,153
Financial assets available to meet general expenditures within one year	$ 42,662,592	$ 31,659,487

Note 3. Contributions Receivable

Contributions receivable are unconditional and are estimated to be fully collectible as follows at June 30, 2021 and 2020:

	2021	2020
Cash	$ 5,594,173	$ 5,496,784
In-kind field certificates	106,362	3,750
In-kind – other	3,750	432,370
	$ 5,704,285	$ 5,932,904
Amounts due in:		
Less than 1 year	$ 3,354,285	$ 3,732,904
1 to 5 years	2,350,000	2,200,000
	$ 5,704,285	$ 5,932,904

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, 2021 and 2020, the amount of the conditional pledge that has not yet met conditions amounted to $402,721 and $602,066, 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, 2021 and 2020, the amount of unrecognized conditional federal awards amounted to $2,052,592 and $3,358,124, respectively.

Note 4. Investments

Investments consist of the following at June 30, 2021 and 2020:

	2021	2020
U.S. equities	$ 34,843	$ 31,338
Mutual funds	38,876,000	17,573,016
Cash and money market*	3,652,512	17,660,065
Alternative investments	11,686,742	6,238,362
	$ 54,250,097	$ 41,502,781

*Cash and money market accounts held at cost.

The following schedule summarizes the net investment income for the years ended June 30, 2021 and 2020:

	2021	2020
Realized and unrealized gain (loss) on investments	$ 13,540,579	$ (842,903)
Interest and dividends	851,210	1,733,135
Investment fees	(164,726)	(99,253)
	$ 14,227,063	$ 790,979

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, 2021				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Gate/ Lock-up
Private equity funds – venture/ buyout (b)	$ 2,034,556	$ 1,235,133	Upon liquidation of the fund	Not Applicable	None
Private equity managers – venture/ industry/buyout (a)	9,652,186	2,991,520	Upon liquidation of the fund	Not Applicable	None
	$ 11,686,742	$ 4,226,653			

	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)

(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, 2021, 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, 2021, 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)

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, 2021:

Description	Total	Level 1	Level 2	Level 3
U.S. equities:				
Information technology	$ 24,418	$ 24,418	$ -	$ -
Health care	4,881	4,881	-	-
Manufacturing	4,797	4,797	-	-
Financial services	747	747	-	-
	34,843	34,843	-	-
Mutual funds – corporate bonds:				
Large cap blend	14,131,538	14,131,538	-	-
Intermediate – core bonds	4,008,447	4,008,447	-	-
Foreign large growth	4,816,971	4,816,971	-	-
Foreign large value	4,633,799	4,633,799	-	-
Diversified emerging markets	4,625,257	4,625,257	-	-
High yield bonds	3,966,481	3,966,481	-	-
Mid-cap growth	1,184,527	1,184,527	-	-
Mid-cap blend	1,508,980	1,508,980	-	-
	38,876,000	38,876,000	-	-
Total assets classified at fair value	$ 38,910,843	$ 38,910,843	$ -	$ -

Total investments:	
Classified at fair value	$ 38,910,843
Held at NAV (a)	11,686,742
Held at cost	3,652,512
	$ 54,250,097

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, 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

(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 consists of the following at June 30, 2021 and 2020:

	2021	2020
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	635,242	485,557
	$ 892,832	$ 1,042,517

Depreciation and amortization expense was $149,685 and $152,426 for the years ended June 30, 2021 and 2020, 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 Prime Rate minus 2%. Interest is payable monthly on the 15th of each month. At June 30, 2021 and 2020, there was $732,088 and $0 payable under the agreement, respectively. The interest incurred on the line of credit was $1,136 and $10,372 for the years ended June 30, 2021 and 2020, 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 $515,777 and $520,557 during the years ended June 30, 2021 and 2020, respectively. The PPP loan received in 2021 has a 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, 2021, the new PPP loan was recognized as refundable advances of $515,777 on the statements of financial position. The Foundation's PPP loan received during 2020 was forgiven in full and recognized as contribution revenue during the year ended June 30, 2021.

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. Related Parties

The Foundation's Board of Directors consists of 25 members (two non-voting). The Board of Directors of the United States Soccer Federation (the USSF) may appoint two voting members of the Foundation's Board of Directors, one of which is to be filled by the President of the USSF. 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 its Board of Directors. Members of the Foundation's Board of Directors, who also serve on the USSF's Board of Directors, are precluded from participating in any vote that may directly or indirectly affect the USSF.

Note 9. 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, 2021 and 2020, was $1,459,422 and $1,577,849, respectively.

Note 9. Operating Leases (Continued)

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

Years ending June 30:		
2022	$	752,709
2023		771,527
2024		790,815
2025		810,585
2026		830,850
Thereafter		2,019,096
	$	5,975,582

For the years ended June 30, 2021 and 2020, rent expense including operating costs were $665,530 and $652,851, 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:		
2022	$	156,152
2023		79,607
	$	235,759

For the years ended June 30, 2021 and 2020, the Foundation recognized rent income of $161,971 and $148,305, respectively, which is included in other income in the statements of activities.

Note 10. 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, 2021 and 2020, the Foundation’s matching contribution was $96,988 and $94,587, respectively.

Note 11. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions during the years ended June 30, 2021 and 2020, are as follows:

	Balance June 30, 2020	Additions	Released	Balance June 30, 2021
Time restricted:				
Safe Places to Play	$ 62,250	$ 300,000	$ 132,250	$ 230,000
Purpose restricted:				
Safe Places to Play	8,876,530	2,101,500	5,386,948	5,591,082
Soccer for Success	2,331,100	824,345	1,076,579	2,078,866
Vanole fund	172,968	-	-	172,968
Los Angeles City Soccer Initiative	102,726	110,000	154,251	58,475
Mooch fund	76,217	-	-	76,217
Koskinen fund	16,000	-	-	16,000
	11,575,541	3,035,845	6,617,778	7,993,608
	$ 11,637,791	$ 3,335,845	$ 6,750,028	$ 8,223,608

	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

Note 12. 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.