



United States  
General Accounting Office  
Washington, D.C. 20548

Accounting and Information  
Management Division

B-276274

July 18, 1997

The Honorable Alfonse M. D'Amato  
Chairman  
The Honorable Paul S. Sarbanes  
Ranking Minority Member  
Committee on Banking, Housing, and Urban Affairs  
United States Senate

The Honorable James A. Leach  
Chairman  
The Honorable Henry B. Gonzalez  
Ranking Minority Member  
Committee on Banking and Financial Services  
House of Representatives

Subject: World Cup USA 1994 Commemorative Coin Program

Section 303 of Public Law 103-186 required us to audit the use of commemorative coin surcharge proceeds received by World Cup USA 1994, Inc., the sponsor of the 1994 World Cup soccer games. Public Law 102-281, the World Cup USA 1994 Commemorative Coin Act, required that World Cup USA transfer 10 percent of the surcharge proceeds it received to the U.S. Soccer Federation Foundation, Inc., to be distributed to organizations for their use in awarding college scholarships to qualified students, and to use the remaining 90 percent of the surcharge proceeds to organize and stage the World Cup soccer games.

World Cup USA's financial statements were audited through December 1994 by an independent public accounting firm. Those statements showed total revenues from all sources of about \$386 million and total expenses of about \$347 million related to organizing and staging the World Cup soccer games. A World Cup USA official informed us that the intention is for all remaining funds to be transferred to the Foundation after World Cup USA pays any additional expenses and is dissolved.

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We determined that World Cup USA received about \$9.3 million in final surcharge proceeds and that it transferred about \$930,000, 10 percent, of the surcharge proceeds to the Foundation. We further determined that the Foundation provided those funds to three separate organizations which either plan to establish scholarship endowments, or have awarded the scholarships directly to qualified students.

World Cup USA established a variety of accounts to record its expenses, but was not required to, and did not, separately account for its use of surcharge proceeds, except for the about \$930,000 in scholarship funds and about \$340,000 in administrative expenses related to marketing and selling commemorative coins. Instead, World Cup USA combined surcharge proceeds with other revenue and charged expenses against the combined revenue account. Accordingly, neither World Cup USA nor we could determine specifically how World Cup USA applied the remainder of about \$8 million in surcharge proceeds (\$9.3 million less about \$930,000 in scholarships and about \$340,000 in administrative expenses) in organizing and staging the World Cup soccer games. Section 5134 of Title 31, United States Code, as amended by Public Law 104-208, addressed this issue with provisions that now require future coin surcharge recipients to (1) separately account for the expenditure of coin surcharge proceeds and (2) obtain annual financial audits by an independent public accounting firm until all surcharge proceeds are expended or placed in trust.<sup>1</sup>

In conducting our work, we obtained direct confirmations from the U.S. Mint of the amount of surcharge proceeds transferred to World Cup USA. We also reviewed World Cup USA's accounting for the surcharge proceeds, traced to source documents certain transactions related to administrative expenses for marketing and selling commemorative coins, and verified that such expenses related to organizing and staging the World Cup games. Further, we traced the scholarship transfers to source documents and verified that such transfers were planned to be used to establish scholarship endowments, or were used to award scholarships directly to qualified students. At the conclusion of our work, we provided a draft of this letter to the Chairman and Chief Executive Officer of World Cup USA 1994 for comment and he had no comments. Our audit was performed from December 1996 to March 1997 in accordance with generally accepted government auditing standards.

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<sup>1</sup>Section 529 of the Treasury, Postal Service, and General Government Appropriations Act, 1997, as enacted by Section 101(f) of Public Law 104-208, the Omnibus Consolidated Appropriations Act, 1997, repealed section 303 of Public Law 103-186, effective September 30, 1996.

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Copies of this letter are being sent to interested parties and will be made available to others on request. Please contact me at (202) 512-9489 if you or your staffs have any questions about this letter.

A handwritten signature in black ink, appearing to read "David L. Clark". The signature is stylized with a large, sweeping initial "D" and a long, horizontal stroke extending to the right.

David L. Clark  
Director, Audit Oversight  
and Liaison

(911736)



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