

**NATIONAL BOWLING HALL OF FAME  
AND MUSEUM, INC.  
d/b/a INTERNATIONAL BOWLING MUSEUM  
AND HALL OF FAME, INC.  
Arlington, Texas**

**FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

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## Independent Auditors' Report

Board of Trustees  
National Bowling Hall of Fame and Museum, Inc.  
d/b/a International Bowling Museum and Hall of Fame, Inc.  
Arlington, Texas

We have audited the accompanying financial statements of the National Bowling Hall of Fame and Museum, Inc. d/b/a International Bowling Museum and Hall of Fame, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 National Bowling Hall of Fame and Museum, Inc. d/b/a International Bowling Museum and Hall of Fame, Inc. as of December 31, 2015 and 2014, 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.

*CliftonLarsonAllen LLP*

Milwaukee, Wisconsin  
May 26, 2016

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2015 and 2014**

<b>ASSETS</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>CURRENT ASSETS</b>		
Cash	\$ 438,177	\$ 370,596
Accounts receivable	-	997
Due from related parties	21,913	-
Pledges receivable - current portion	26,428	48,454
Other current assets	7,946	5,268
Total current assets	494,464	425,315
<b>PLEDGES RECEIVABLES</b> , less current portion above	10,285	32,761
<b>FURNITURE, FIXTURES, AND EQUIPMENT</b> , net	1,702,414	1,904,921
<b>TOTAL ASSETS</b>	<b>\$ 2,207,163</b>	<b>\$ 2,362,997</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 20,487	\$ 4,659
Accrued liabilities	27,114	13,543
Due to related parties	24,485	46,439
<b>TOTAL LIABILITIES</b>	72,086	64,641
<b>NET ASSETS</b>		
Unrestricted	2,071,826	2,232,634
Temporarily restricted	63,251	65,722
Total net assets	2,135,077	2,298,356
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,207,163</b>	<b>\$ 2,362,997</b>

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

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2015**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUES</b>			
Museum operations			
Admissions	\$ 28,794	\$ -	\$ 28,794
Museum store	14,425	-	14,425
Contributions	294,915	3,396	298,311
Tournament entry fees	47,710	-	47,710
Sponsorship	38,740	-	38,740
Special events	15,541	-	15,541
Interest	63	-	63
Miscellaneous	3,224	-	3,224
	443,412	3,396	446,808
 Net assets released from restrictions	 5,867	 (5,867)	 -
Total support and revenues	449,279	(2,471)	446,808
<b>EXPENSES</b>			
Program activities, including museum store costs of sales of \$7,265	473,675	-	473,675
Management and general	60,655	-	60,655
Fundraising	75,757	-	75,757
	610,087	-	610,087
 <b>CHANGE IN NET ASSETS</b>	 (160,808)	 (2,471)	 (163,279)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 2,232,634	 65,722	 2,298,356
 <b>NET ASSETS, END OF YEAR</b>	 \$ 2,071,826	 \$ 63,251	 \$ 2,135,077

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

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.**  
**d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2014**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUES</b>			
Museum operations			
Admissions	\$ 21,295	\$ -	\$ 21,295
Museum store	14,526	-	14,526
Contributions	158,683	3,254	161,937
Tournament entry fees	59,905	-	59,905
Sponsorship	42,025	-	42,025
Special events	17,436	-	17,436
Interest	14	-	14
Miscellaneous	83	-	83
	313,967	3,254	317,221
 Net assets released from restrictions	 15,148	 (15,148)	 -
Total support and revenues	329,115	(11,894)	317,221
<b>EXPENSES</b>			
Program activities, including museum			
store costs of sales of \$8,336	390,462	-	390,462
Management and general	37,057	-	37,057
Fundraising	107,722	-	107,722
	535,241	-	535,241
Total expenses	535,241	-	535,241
<b>CHANGE IN NET ASSETS</b>	(206,126)	(11,894)	(218,020)
<b>NET ASSETS, BEGINNING OF YEAR</b>	2,438,760	77,616	2,516,376
<b>NET ASSETS, END OF YEAR</b>	\$ 2,232,634	\$ 65,722	\$ 2,298,356

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

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.**  
**d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2015 and 2014**

	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (163,279)	\$ (218,020)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	203,616	203,524
Effects of changes in operating assets and liabilities		
Accounts receivable	997	33,095
Due from related parties	(21,913)	-
Pledges receivable	44,502	27,364
Other current assets	(2,678)	7,037
Accounts payable	15,828	(11,384)
Accrued liabilities	13,571	(13,719)
Due to related parties	<u>(21,954)</u>	<u>(238,303)</u>
Net cash provided by (used in) operating activities	68,690	(210,406)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(1,109)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	67,581	(210,406)
<b>CASH, BEGINNING OF YEAR</b>	<u>370,596</u>	<u>581,002</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 438,177</u></u>	<u><u>\$ 370,596</u></u>

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



**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

National Bowling Hall of Fame and Museum, Inc. d/b/a International Bowling Museum and Hall of Fame, Inc. (IBM&HF) is a non-profit organization whose purpose is to collect, preserve and display artifacts, writings, photographs, records and other mementos related to the history of the sport of bowling. The IBM&HF revenues are derived primarily from admissions and contributions. Significant accounting policies followed by the IBM&HF are presented below.

**Use of Estimates**

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

**Furniture, Fixtures, and Equipment**

Furniture, fixtures, and equipment over \$1,000 with a useful life of 3 years or more are stated at cost and depreciated on the straight-line method over their estimated useful lives, which range from three to fifteen years.

Assets constructed or purchased, including collections, are capitalized at cost. In conformity with the practice followed by many museums, donated collections are not included in the statements of financial position. Collections are not depreciated.

**Impairment of Long-lived Assets**

IBM&HF reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Net Assets**

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. However, donor restricted contributions whose restrictions are met during the same year are directly reported as increases in unrestricted net assets. The net assets of IBM&HF and changes therein are classified and reported as follows:

**Unrestricted net assets**

These represent net assets that are not subject to external donor-imposed restrictions.

**Temporarily restricted net assets**

Temporarily restricted net assets includes contributed net assets for which donor-imposed time and/or purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

**Contributions**

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are reported at the present value of their net realizable value, using a risk-free interest rate. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Donated property is recorded at fair market value at date of donation, which is then treated as cost.

If necessary, the carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance is based on management's assessment of the collectability of specific contributions. All contributions or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible pledges. Allowance for uncollectible pledges was \$0 and \$3,400 as of December 31, 2015 and 2014, respectively.

**Revenue Recognition**

Revenues from admissions, merchandise, and special events are recognized in the year which the related benefit is received.

**Donated Services**

No amounts have been reflected in the financial statements for donated services. IBM&HF generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks in connection with various fundraising projects.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Income Taxes**

The Internal Revenue Service (IRS) has issued a determination letter dated November 16, 1991, granting IBM&HF an exemption from federal income tax under IRS Code Section 501(c)(3). However, income received from certain activities is subject to income tax as unrelated business income.

**NOTE 2 - PLEDGES RECEIVABLE**

Pledges receivable at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 26,428	\$ 51,854
Receivable in one to five years	10,285	32,761
Less: Allowance for uncollectible pledges	-	(3,400)
<b>Total</b>	<u>\$ 36,713</u>	<u>\$ 81,215</u>

**NOTE 3 - FURNITURE, FIXTURES, AND EQUIPMENT**

Furniture, fixtures, and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Furniture, fixtures and equipment	\$2,927,965	\$2,926,854
Less accumulated depreciation	<u>(1,257,037)</u>	<u>(1,053,419)</u>
	1,670,928	1,873,435
Collections	<u>31,486</u>	<u>31,486</u>
<b>Total</b>	<u>\$1,702,414</u>	<u>\$1,904,921</u>

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2015</u>	<u>2014</u>
Funds to allow students from the inner city or underprivileged areas to attend the museum's educational programs	\$ 27,560	\$ 29,161
Hometown Heroes fund	28,436	27,279
John Davis Memorial fund	<u>7,255</u>	<u>9,282</u>
<b>Total</b>	<u>\$ 63,251</u>	<u>\$ 65,722</u>

**NOTE 5 - RETIREMENT PLAN**

IBM&HF participates in a 401(k) retirement plan (along with United States Bowling Congress, Inc. (USBC), Bowling Proprietors' Association of America, Inc. (BPAA), International Bowling Campus, LLC (IBC), and IBC Youth Bowling, Inc.(IBCYB)) available to all employees who have reached the age of 21 and completed one month of service. Employees may contribute to their accounts up to the annual amount allowed by law. IBM&HF matches 100% of the first 3% of employee contributions, plus 50% of the next 2% of the employee's contribution. Total expense was \$159 and \$2,234 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

Certain services, including the majority of management and general services are provided to IBM&HF by the employees of affiliated organizations at no charge. The value of these services is not reflected in the accompanying financial statements as they are not material to the financial statements.

IBM&HF leases its facilities from International Bowling Campus, LLC (See Note 7). Included in due to related parties at December 31, 2015 and 2014, are \$1,188 and \$13,901, respectively, due to IBC for operating expenses. Total rent expense was \$59,186 for the years ended December 31, 2015 and 2014, respectively. IBC contributed \$59,186 and \$0 to IBM&HF during the years ended December 31, 2015 and 2014, respectively.

IBM&HF has a receivable due from BPAA for payments made on behalf of BPAA of \$21,913 and a payable due to BPAA for payments made on behalf of IBM&HF of \$2,969 at December 31, 2015 and 2014, respectively. BPAA contributed \$52,202 and \$59,186 to IBM&HF during the years ended December 31, 2015 and 2014, respectively.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 6 - RELATED PARTIES** (continued)

IBM&HF has a payable due to USBC for payments made on behalf of IBM&HF of \$23,297 and \$29,569 at December 31, 2015 and 2014, respectively. USBC contributed \$51,891 and \$0 to IBM&HF during the year ended December 31, 2015 and 2014, respectively.

Outstanding pledges from Board of Trustee members totaled \$4,000 as of December 31, 2015 and 2014, respectively.

**NOTE 7 - RELATED PARTY LEASE COMMITMENTS**

IBM&HF leases its facilities from International Bowling Campus, LLC (which is jointly owned by USBC and BPAA) under a five-year operating lease agreement, which automatically extends at five-year intervals until cancelled by either party, for \$1 per year. IBM&HF is responsible for its share of operating expenses. Further, IBM&HF has leasehold improvements being depreciated through December 2025. Based on the Financial Accounting Standards Board (FASB) definition of lease term, the lease term ends December 2025. Future minimum lease payments under this operating lease are approximately as follows:

2016	\$ 65,000
2017	68,000
2018	72,000
2019	77,000
2020	82,000
Thereafter	<u>475,000</u>
<b>Total</b>	<b><u>\$ 839,000</u></b>

**NOTE 8 - RECLASSIFICATIONS**

Certain items in the 2014 financial statements have been reclassified, with no effect on changes in net assets, to conform with the current year presentation.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
d/b/a INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 9 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through May 26, 2016, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2015, but prior to May 26, 2016 that provided additional evidence about conditions that existed at December 31, 2015, have been recognized in the financial statements for the year ended December 31, 2015. Events or transactions that provided evidence about conditions that did not exist at December 31, 2015, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2015.

This information is an integral part of the accompanying financial statements.