

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.**

**DBA: INTERNATIONAL BOWLING MUSEUM AND  
HALL OF FAME, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
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YEARS ENDED DECEMBER 31, 2018 AND 2017**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
National Bowling Hall of Fame and Museum, Inc.  
dba: International Bowling Museum and Hall of Fame, Inc.  
Arlington, Texas

We have audited the accompanying financial statements of National Bowling Hall of Fame and Museum, Inc. dba: International Bowling Museum and Hall of Fame, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

### ***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.

Board of Trustees  
National Bowling Hall of Fame and Museum, Inc.  
dba: International Bowling Museum and Hall of Fame, Inc.

***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. dba: International Bowling Museum and Hall of Fame, Inc. as of December 31, 2018 and 2017, and its changes in 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*

**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
March 29, 2019

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 799,804	\$ 478,033
Due from Related Parties	6,200	7,338
Pledges Receivable	-	68,611
Other Current Assets	31,438	25,567
Total Current Assets	837,442	579,549
<b>FURNITURE, FIXTURES, AND EQUIPMENT, Net</b>	1,130,833	1,307,889
Total Assets	\$ 1,968,275	\$ 1,887,438
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 14,615	\$ 5,364
Accrued Liabilities	9,164	12,123
Due to Related Parties	6,378	14,658
Deferred Revenue	39,421	42,101
Total Current Liabilities	69,578	74,246
<b>NOTES PAYABLE</b>	167,110	-
Total Liabilities	236,688	74,246
<b>NET ASSETS</b>		
Without Donor Restrictions		
Designated for Preservation	25,000	25,000
Undesignated	1,363,239	1,730,828
Total Net Assets Without Donor Restrictions	1,388,239	1,755,828
With Donor Restrictions	343,348	57,364
Total Net Assets	1,731,587	1,813,192
Total Liabilities and Net Assets	\$ 1,968,275	\$ 1,887,438

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Museum Operations:			
Admissions	\$ 46,870	\$ -	\$ 46,870
Museum Store	43,581	-	43,581
Contributions	289,197	286,159	575,356
In-Kind Contributions	122,760	-	122,760
Tournament Entry Fees	60,230	-	60,230
Sponsorship	22,000	-	22,000
Special Events	39,306	-	39,306
Total	623,944	286,159	910,103
Net Assets Released from Restrictions	175	(175)	-
Total Support and Revenues	624,119	285,984	910,103
<b>EXPENSES</b>			
Program Activities, including Museum			
Store Costs of Sales of \$21,639	805,395	-	805,395
Management and General	108,990	-	108,990
Fundraising	77,322	-	77,322
Total Expenses	991,708	-	991,708
<b>CHANGE IN NET ASSETS</b>	(367,589)	285,984	(81,605)
Net Assets - Beginning of Year	1,755,828	57,364	1,813,192
<b>NET ASSETS - END OF YEAR</b>	\$ 1,388,239	\$ 343,348	\$ 1,731,587

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Museum Operations:			
Admissions	\$ 28,607	\$ -	\$ 28,607
Museum Store	19,250	-	19,250
Contributions	329,837	4,528	334,365
In-Kind Contributions	126,032	-	126,032
Tournament Entry Fees	66,205	-	66,205
Sponsorship	36,310	-	36,310
Special Events	24,685	-	24,685
Miscellaneous	349	-	349
Total	631,275	4,528	635,803
Net Assets Released from Restrictions	14,157	(14,157)	-
Total Support and Revenues	645,432	(9,629)	635,803
<b>EXPENSES</b>			
Program Activities, including Museum			
Store Costs of Sales of \$9,119	585,084	-	585,084
Management and General	127,407	-	127,407
Fundraising	90,851	-	90,851
Total Expenses	803,342	-	803,342
<b>CHANGE IN NET ASSETS</b>	(157,910)	(9,629)	(167,539)
Net Assets - Beginning of Year	1,913,738	66,993	1,980,731
<b>NET ASSETS - END OF YEAR</b>	\$ 1,755,828	\$ 57,364	\$ 1,813,192

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	Program	Management and General	Fundraising	Total
Salaries and Benefits	\$ 113,649	\$ 55,977	\$ 55,464	\$ 225,091
Professional Services	203,383	23,854	-	227,237
Awards	20,983	-	-	20,983
Prizes	25,525	-	-	25,525
Exhibits	14,381	-	-	14,381
Food and Beverage	3,682	1,227	7,363	12,272
Merchandise	22,717	-	-	22,717
Postage and Freight	2,398	639	160	3,197
Facilities	57,290	4,274	-	61,564
Equipment Maintenance and Repairs	16,773	1,006	-	17,779
Depreciation	191,600	5,926	-	197,526
Office Supplies	1,415	377	94	1,887
Printing	9,284	2,476	619	12,378
Travel	61,983	7,332	2,933	72,248
Insurance	19,391	2,155	-	21,545
Advertising and Promotion	24,943	2,395	2,981	30,319
Fundraising	-	-	7,067	7,067
Lineage and Construction	4,200	-	-	4,200
Bad Debt Expense	-	-	325	325
Miscellaneous	11,799	1,352	316	13,467
Total Expenses by Function	<u>\$ 805,395</u>	<u>\$ 108,990</u>	<u>\$ 77,322</u>	<u>\$ 991,708</u>

See accompanying Notes to Financial Statements.



**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
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 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2017**

	Program	Management and General	Fundraising	Total
Salaries and Benefits	\$ 115,132	\$ 56,476	\$ 55,919	\$ 227,527
Professional Services	12,391	40,814	-	53,205
Awards	14,340	-	-	14,340
Prizes	25,525	-	-	25,525
Exhibits	7,244	-	1,500	8,744
Food and Beverage	3,681	1,227	7,361	12,269
Merchandise	9,393	-	-	9,393
Postage and Freight	7,496	1,999	500	9,994
Facilities	56,803	4,275	-	61,078
Equipment Maintenance and Repairs	13,980	715	-	14,695
Depreciation	187,317	5,793	-	193,110
Office Supplies	1,153	307	77	1,537
Printing	5,373	1,433	358	7,164
Travel	65,427	8,323	3,329	77,079
Insurance	18,831	2,092	-	20,923
Advertising and Promotion	32,541	3,120	3,881	39,542
Fundraising	-	-	5,284	5,284
Lineage and Construction	4,680	-	-	4,680
Bad Debt Expense	-	-	12,437	12,437
Miscellaneous	3,778	833	205	4,816
Total Expenses by Function	<u>\$ 585,084</u>	<u>\$ 127,407</u>	<u>\$ 90,851</u>	<u>\$ 803,342</u>

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
 DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
 STATEMENTS OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (81,605)	\$ (167,539)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	197,526	193,110
Write-off of Uncollectible Pledges	325	12,242
Imputed Interest Expense	6,620	-
Discount on Notes Payable	(39,510)	-
Effects of Changes in Operating Assets and Liabilities:		
Due from Related Parties	1,138	(2,460)
Pledges Receivable	68,286	(62,711)
Other Current Assets	(5,871)	(7,882)
Accounts Payable	9,251	306
Accrued Liabilities	(2,959)	(158)
Deferred Revenue	(2,680)	8,455
Due to Related Parties	(8,280)	(5,029)
Net Cash Provided (Used) by Operating Activities	142,241	(31,666)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(20,470)	-
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Notes Payable	200,000	-
 <b>NET INCREASE (DECREASE) IN CASH</b>	321,771	(31,666)
 Cash - Beginning of Year	478,033	509,699
 <b>CASH - END OF YEAR</b>	\$ 799,804	\$ 478,033

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

National Bowling Hall of Fame and Museum, Inc. dba: International Bowling Museum and Hall of Fame, Inc. (IBM&HF) is a nonprofit 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 three years or more are stated at cost and depreciated on the straight-line method over their estimated useful lives, which range from 3 to 15 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.

**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 net assets with donor restrictions. The net assets of IBM&HF and changes therein are classified and reported as follows:

Without Donor Restrictions – These represent net assets that are not subject to external donor-imposed restrictions.

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

With Donor Restrictions – These represent net assets that are subject to donor-imposed time and/or purpose restrictions that have not been met (See Note 5).

**Contributions**

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for general 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 without donor restricted 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. There was no allowance for uncollectible pledges recorded as of December 31, 2018 and 2017.

**Revenue Recognition**

Deferred revenue consists of tournament entry fees. Tournament entry fees are recognized as revenue in the year in which the event is held or the related expenses are incurred.

**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.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include facilities and depreciation, which is allocated on a square footage basis, as well as salaries and benefits, professional services, food and beverage, postage and freight, equipment maintenance and repairs, office supplies, printing, travel, insurance, advertising and promotion, and miscellaneous expenses, which are allocated on the basis of estimates of time and effort.

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain items in the 2017 financial statements have been reclassified, with no effect on previously reported net assets and changes in net assets, to conform with the current year presentation.

**Accounting Pronouncements**

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual periods beginning after December 15, 2018. Management is evaluating the impact of the amended revenue recognition guidance on the entity's financial statements.

Leases – In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the entity's financial statements.

**Adoption of New Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented (except for presentation of the statement of functional expenses) which resulted in no change to the total previously reported net assets.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 LIQUIDITY AND AVAILABILITY**

IBM&HF's liquidity goal is to have sufficient assets available to meet operational expenditures for a 12-month period. IBM&HF regularly reviews the liquidity required to meet operational expenditures. The primary forms of funds available include cash and expected collections of accounts and pledges receivable.

For the purpose of analyzing available resources, IBM&HF reviews assets not covered by donor restrictions or restricted for future use. As of December 31, 2018, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 456,456
Due from Related Parties	6,200
Total	<u>\$ 462,656</u>

Occasionally, the Board designates funds for specific projects related to IBM&HF's mission, which was \$25,000 as of December 31, 2018.

Further, IBM&HF relies on the continued support of related parties. See Note 8 for past giving from related organizations that will be relied upon for future operations.

**NOTE 3 PLEDGES RECEIVABLE**

Pledges receivable at December 31 are as follows:

	<u>2018</u>	<u>2017</u>
Receivable - Less Than One Year	<u>\$ -</u>	<u>\$ 68,611</u>

**NOTE 4 FURNITURE, FIXTURES, AND EQUIPMENT**

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

	<u>2018</u>	<u>2017</u>
Furniture, Fixtures, and Equipment	\$ 2,951,059	\$ 2,930,590
Less: Accumulated Depreciation	(1,851,712)	(1,654,187)
Total Net Depreciable Assets	<u>1,099,347</u>	<u>1,276,403</u>
Collections	31,486	31,486
Total Fixed Assets	<u>\$ 1,130,833</u>	<u>\$ 1,307,889</u>

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at December 31:

	2018	2017
Funds to Allow Students from the Inner City or Underprivileged Areas to Attend the Museum's Educational Programs	\$ 24,630	\$ 24,630
Hometown Heroes Fund	30,368	27,274
John Davis Memorial Fund	5,460	5,460
Daroll & Dolores Frewing College Scholarship Fund	250,000	-
Restricted Due to Time	32,890	-
Total	\$ 343,348	\$ 57,364

**NOTE 6 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 \$5,132 and \$5,567 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 7 CONCENTRATIONS**

IBM&HF maintains its cash in one commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation up to specified limits. Balances in excess of these limits are uninsured.

**NOTE 8 RELATED PARTY TRANSACTIONS**

IBM&HF leases its facilities from International Bowling Campus, LLC (See Note 9). Included in due to related parties at December 31, 2018 and 2017, are \$1,782 and \$3,564, respectively, due to IBC for operating expenses. IBC contributes rent to IBM&HF. IBM&HF recognizes this in-kind rent as a contribution and rent expense of \$59,184 for each of the years ended December 31, 2018 and 2017.

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)**

IBM&HF has a receivable due from BPAA for payments made on behalf of BPAA of \$6,200 and \$7,338 at December 31, 2018 and 2017, respectively. BPAA contributed \$67,887 and \$60,912 to IBM&HF during the years ended December 31, 2018 and 2017, respectively.

IBM&HF has a payable due to USBC for payments made on behalf of IBM&HF of \$4,596 and \$11,094 at December 31, 2018 and 2017, respectively. USBC contributed \$73,624 and \$69,204 to IBM&HF during the years ended December 31, 2018 and 2017, respectively.

During the year ended December 31, 2018, USBC and BPAA each provided IBM&HF a \$100,000 loan at 0% interest, effective February 1, 2018. Full payment of both loans is due February 1, 2023. Imputed interest expense is included on the Statement of Activities in the amount of \$6,620 for the year ended December 31, 2018. The rate used to calculate the imputed interest for both of the loans is 4.5%. The two outstanding loans are presented on the Statement of Financial Position as notes payable, net of an unamortized discount of \$32,890 as of December 31, 2018.

**NOTE 9 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, plus 18.65% of operating expenses of IBC. IBM&HF is responsible for its share of operating expenses. Lease is contributed as an in-kind gift, as noted in Note 8. 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:

<u>Year Ended December 31,</u>	<u>Amount</u>
2019	\$ 77,000
2020	82,000
2021	86,100
2022	90,400
2023	94,900
Thereafter	204,200
Total	<u>\$ 634,600</u>



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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 10 COMMITMENTS**

IBM&HF has entered into two agreements to provide room accommodations for its future tournaments in 2019 and 2020. Committed amounts related to these agreements are approximately \$50,000 at December 31, 2018.

IBM&HF has entered into a Master Services Agreement, which includes two statements of work. The first statement of work (SOW 1), to create a virtual vault and package and sell the Heritage Naming Rights Platform, is effective February 15, 2018. Required payments are \$200,000 upon acceptance, \$50,000 on January 31, 2019, and \$50,000 on January 31, 2020. IBM&HF has made the initial required payment of \$200,000 and is still obligated to pay the two remaining \$50,000 payments as of the report date. The second statement of work (SOW 2) has a 10-year term, starting with the successful sale of the Heritage Naming Rights Platform, as outlined in SOW 1. SOW 2 is to preserve and restore IBM&HF artifacts and could require payments up to \$2,000,000, incurred as \$200,000 per year for 10 years.

**NOTE 11 SUBSEQUENT EVENTS**

Management evaluated subsequent events through March 29, 2019, the date the financial statement were available to be issued. Events or transactions occurring after December 31, 2018, but prior to March 29, 2019 that provided additional evidence about conditions that existed at December 31, 2018, have been recognized in the financial statements for the year ended December 31, 2018. Events or transactions that provided evidence about conditions that did not exist at December 31, 2018, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the December 31, 2018.