

NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018



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**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, 2019 AND 2018**

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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, 2019 and 2018, 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, 2019 and 2018, 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
April 15, 2020

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 577,055	\$ 799,804
Due from Related Parties	15,260	6,200
Pledges Receivable	8,500	-
Note Receivable	244,774	-
Other Current Assets	28,408	31,438
Total Current Assets	873,997	837,442
FURNITURE, FIXTURES, AND EQUIPMENT, Net	933,510	1,130,833
Total Assets	\$ 1,807,507	\$ 1,968,275
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 9,482	\$ 14,615
Accrued Liabilities	61,057	9,164
Due to Related Parties	-	6,378
Deferred Revenue	36,920	39,421
Total Current Liabilities	107,459	69,578
NOTES PAYABLE	174,630	167,110
Total Liabilities	282,089	236,688
NET ASSETS		
Without Donor Restrictions		
Designated for Preservation	-	25,000
Undesignated	1,177,519	1,363,239
Total Net Assets Without Donor Restrictions	1,177,519	1,388,239
With Donor Restrictions	347,899	343,348
Total Net Assets	1,525,418	1,731,587
Total Liabilities and Net Assets	\$ 1,807,507	\$ 1,968,275

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, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Museum Operations:			
Admissions	\$ 31,615	\$ -	\$ 31,615
Museum Store	27,215	-	27,215
Contributions	305,660	-	305,660
In-Kind Contributions	128,430	-	128,430
Tournament Entry Fees	58,740	-	58,740
Sponsorship	17,500	-	17,500
Special Events	20,590	-	20,590
Net Investment Return	-	13,714	13,714
Total	589,750	13,714	603,464
Net Assets Released from Restrictions	9,163	(9,163)	-
Total Support and Revenues	598,913	4,551	603,464
EXPENSES			
Program Activities, including Museum			
Store Costs of Sales of \$12,750	660,917	-	660,917
Management and General	89,184	-	89,184
Fundraising	59,532	-	59,532
Total Expenses	809,633	-	809,633
CHANGE IN NET ASSETS	(210,720)	4,551	(206,169)
Net Assets - Beginning of Year	1,388,239	343,348	1,731,587
NET ASSETS - END OF YEAR	\$ 1,177,519	\$ 347,899	\$ 1,525,418

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**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
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	<u>623,944</u>	<u>286,159</u>	<u>910,103</u>
Net Assets Released from Restrictions	175	(175)	-
Total Support and Revenues	<u>624,119</u>	<u>285,984</u>	<u>910,103</u>
EXPENSES			
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	<u>991,708</u>	<u>-</u>	<u>991,708</u>
CHANGE IN NET ASSETS	(367,589)	285,984	(81,605)
Net Assets - Beginning of Year	<u>1,755,828</u>	<u>57,364</u>	<u>1,813,192</u>
NET ASSETS - END OF YEAR	<u>\$ 1,388,239</u>	<u>\$ 343,348</u>	<u>\$ 1,731,587</u>

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, 2019**

	Program	Management and General	Fundraising	Total
Salaries and Benefits	\$ 73,154	\$ 36,383	\$ 36,254	\$ 145,791
Professional Services	127,977	26,434	-	154,411
Awards	22,690	-	-	22,690
Prizes	25,000	-	-	25,000
Exhibits	245	-	-	245
Food and Beverage	3,668	1,223	7,337	12,228
Merchandise	13,339	-	-	13,339
Postage and Freight	4,746	1,266	316	6,328
Facilities	60,342	4,270	-	64,612
Maintenance and Repairs	13,298	799	-	14,097
Depreciation	191,403	5,920	-	197,323
Office Supplies	4,336	1,156	289	5,781
Printing	4,013	1,070	268	5,351
Travel	55,399	5,060	2,024	62,483
Insurance	16,916	1,880	-	18,796
Advertising and Promotion	27,727	2,668	3,322	33,717
Fundraising	-	-	9,467	9,467
Lineage and Construction	4,000	-	-	4,000
Miscellaneous	12,664	1,055	255	13,974
Total Expenses by Function	<u>\$ 660,917</u>	<u>\$ 89,184</u>	<u>\$ 59,532</u>	<u>\$ 809,633</u>

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
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.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (206,169)	\$ (81,605)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	197,323	197,526
Write-off of Uncollectible Pledges	-	325
Imputed Interest Expense	7,520	6,620
Discount on Notes Payable	-	(39,510)
Effects of Changes in Operating Assets and Liabilities:		
Due from Related Parties	(9,060)	1,138
Pledges Receivable	(8,500)	68,286
Other Current Assets	3,030	(5,871)
Accounts Payable	(5,133)	9,251
Accrued Liabilities	51,893	(2,959)
Deferred Revenue	(2,501)	(2,680)
Due to Related Parties	(6,378)	(8,280)
Net Cash Provided by Operating Activities	22,025	142,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(20,470)
Issuance of Note Receivable	(250,000)	-
Principal Payments on Note Receivable	5,226	-
Net Cash Used by Investing Activities	(244,774)	(20,470)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	-	200,000
NET INCREASE (DECREASE) IN CASH	(222,749)	321,771
Cash - Beginning of Year	799,804	478,033
CASH - END OF YEAR	\$ 577,055	\$ 799,804

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, 2019 AND 2018**

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.

Note Receivable

Note receivable consists of IBM&HF's share of a mortgage note receivable that IBM&HF has loaned to an individual. The note is considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. IBM&HF's practice is to charge off any note or portion of a note when the note is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons. The note receivable was paid in full in January 2020. Therefore, the note receivable is classified as current on the statement of financial position, and no allowance for uncollectible note receivable is required as of December 31, 2019.

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.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 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.

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, 2019 and 2018.

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.

In addition, revenues under sponsorship agreements are being recognized based on the terms of the related contracts. Deferred revenue is recognized monthly over the term of the contract.

Special event revenue is recognized when the events are held.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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.

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 statements 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, 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.

Adoption of New Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred 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 updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

IBM&HF's financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact IBM&HF's reported historical revenue.

In June 2018, the FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

IBM&HF's financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not result in any changes.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Guidance

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is expected to increase transparency and comparability among organizations. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their balance sheet as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of income largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct financing leases. In November 2019, the FASB approved the delay of the effective date of ASU 2016-02 which is now effective for IBM&HF's year ending December 31, 2021. Management will be evaluating the effects of the new standard.

In March 2019, the FASB issued ASU 2019-03, *Updating the Definition of Collections*, which is expected to improve consistency in reporting among organizations that maintain collections. The ASU modifies the definition of the term *collections* and requires that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection). If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of *direct care*. The standard will be effective for IBM&HF for the annual periods beginning after December 15, 2019. Management will be evaluating the effects of the new standard.

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, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2019</u>	<u>2018</u>
Cash	\$ 577,055	\$ 799,804
Due from Related Parties	15,260	6,200
Pledges Receivable	8,500	-
Note Receivable	244,774	-
Total	<u>845,589</u>	<u>806,004</u>
Less: Amounts Not Available to be Used Within One Year Due to Donor Restrictions	<u>(347,899)</u>	<u>(343,348)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 497,690</u>	<u>\$ 462,656</u>

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Further, IBM&HF relies on the continued support of related parties. See Note 9 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>2019</u>	<u>2018</u>
Receivable - Less Than One Year	<u>\$ 8,500</u>	<u>\$ -</u>

NOTE 4 FURNITURE, FIXTURES, AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Furniture, Fixtures, and Equipment	\$ 2,951,059	\$ 2,951,059
Less: Accumulated Depreciation	<u>(2,049,035)</u>	<u>(1,851,712)</u>
Total Net Depreciable Assets	902,024	1,099,347
Collections	<u>31,486</u>	<u>31,486</u>
Total Fixed Assets	<u>\$ 933,510</u>	<u>\$ 1,130,833</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
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	30,368
John Davis Memorial Fund	3,817	5,460
Daroll & Dolores Frewing College Scholarship Fund	263,714	250,000
Restricted Due to Time	<u>25,370</u>	<u>32,890</u>
Total	<u>\$ 347,899</u>	<u>\$ 343,348</u>

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 \$1,292 and \$5,132 for the years ended December 31, 2019 and 2018, respectively.

NOTE 7 REVENUE

The following tables shows IBM&HF's revenue disaggregated according to the timing of the transfer of goods or services at December 31:

Revenue Recognized at a Point in Time	2019	2018
Admissions	\$ 31,615	\$ 46,870
Museum Store	27,215	43,581
Tournament Entry Fees	58,740	60,230
Special Events	20,590	39,306
Total Revenue Recognized at a Point in Time	<u>\$ 138,160</u>	<u>\$ 189,987</u>
 Revenue Recognized Over Time		
Sponsorship	<u>\$ 17,500</u>	<u>\$ 22,000</u>

NOTE 8 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 9 RELATED PARTY TRANSACTIONS

IBM&HF leases its facilities from International Bowling Campus, LLC (see Note 10). Included in due to related parties at December 31, 2019 and 2018, are \$0 and \$1,782, 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, 2019 and 2018.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

IBM&HF has a receivable due from BPAA for payments made on behalf of BPAA of \$11,154 and \$6,200 at December 31, 2019 and 2018, respectively. BPAA contributed \$72,896 and \$67,887 to IBM&HF during the years ended December 31, 2019 and 2018, respectively.

IBM&HF has a receivable due from USBC for payments made on behalf of USBC of \$4,106 and a payable due to USBC for payments made on behalf of IBM&HF of \$4,596 at December 31, 2019 and 2018, respectively. USBC contributed \$81,034 and \$73,624 to IBM&HF during the years ended December 31, 2019 and 2018, 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 \$7,520 and \$6,620 for the years ended December 31, 2019 and 2018, respectively. 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 \$25,370 and \$32,890 as of December 31, 2019 and 2018, respectively.

NOTE 10 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>
2020	\$ 82,000
2021	86,100
2022	90,400
2023	94,900
2024	99,600
Thereafter	104,600
Total	<u>\$ 557,600</u>

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 11 COMMITMENTS

IBM&HF has entered into an agreement to provide room accommodations for its future tournaments in 2020, 2021, and 2022. Committed amounts related to these agreements are approximately \$73,000 at December 31, 2019.

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 made the initial required payment of \$200,000 during the year ended December 31, 2019 and is still obligated to pay the two remaining \$50,000 payments as of the report date. The \$50,000 due on January 31, 2019 is included in accrued liabilities on the statement of financial position as of December 31, 2019. 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 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through April 15, 2020, the date the financial statement were available to be issued. Events or transactions occurring after December 31, 2019, but prior to April 15, 2020 that provided additional evidence about conditions that existed at December 31, 2019, have been recognized in the financial statements for the year ended December 31, 2019. Events or transactions that provided evidence about conditions that did not exist at December 31, 2019, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the December 31, 2019.