

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**



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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, 2021 AND 2020**

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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

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the 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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc., as of December 31, 2021 and 2020, and the change 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc.'s ability to continue as a going concern for one year after the financial statements are available to be issued.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
April 14, 2022

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.  
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 289,514	\$ 262,598
Due from Related Parties	7,046	15,183
Accounts Receivable	10,000	-
Pledges Receivable	5,000	-
Note Receivable, Current Portion	264,051	550
Investments, at Fair Value	517,350	344,007
Other Current Assets	23,453	32,176
Total Current Assets	1,116,414	654,514
<b>NOTE RECEIVABLE, Less Current Portion Above</b>	-	264,100
<b>FURNITURE, FIXTURES, AND EQUIPMENT, Net</b>	570,581	755,942
Total Assets	\$ 1,686,995	\$ 1,674,556
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 6,251	\$ 6,537
Accrued Liabilities	58,780	56,031
Due to Related Parties	1,782	1,782
Deferred Revenue	50,225	48,570
Total Current Liabilities	117,038	112,920
<b>NOTES PAYABLE</b>	190,700	182,488
Total Liabilities	307,738	295,408
<b>NET ASSETS</b>		
Without Donor Restrictions	906,512	999,214
With Donor Restrictions	472,745	379,934
Total Net Assets	1,379,257	1,379,148
Total Liabilities and Net Assets	\$ 1,686,995	\$ 1,674,556

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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Museum Operations:			
Admissions	\$ 10,066	\$ -	\$ 10,066
Museum Store	11,818	-	11,818
Other Income	39	-	39
Contributions	276,652	113,000	389,652
In-Kind Contributions	96,715	-	96,715
Tournament Entry Fees	57,085	-	57,085
Sponsorship	20,000	-	20,000
Special Events	20,555	-	20,555
Net Investment Return	48,343	23,795	72,138
Total	541,273	136,795	678,068
Net Assets Released from Restrictions	43,984	(43,984)	-
Total Support and Revenues	585,257	92,811	678,068
<b>EXPENSES</b>			
Program Activities, Including Museum			
Store Costs of Sales of \$4,993	537,072	-	537,072
Management and General	81,027	-	81,027
Fundraising	59,860	-	59,860
Total Expenses	677,959	-	677,959
<b>CHANGE IN NET ASSETS</b>	(92,702)	92,811	109
Net Assets - Beginning of Year	999,214	379,934	1,379,148
<b>NET ASSETS - END OF YEAR</b>	\$ 906,512	\$ 472,745	\$ 1,379,257

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, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Museum Operations:			
Admissions	\$ 7,814	\$ -	\$ 7,814
Museum Store	3,874	-	3,874
Other Income	1,938	-	1,938
Contributions	177,204	27,376	204,580
In-Kind Contributions	97,892	-	97,892
Special Events	6,325	-	6,325
PPP Loan Forgiveness	30,857	-	30,857
Net Investment Return	44,007	18,144	62,151
Total	369,911	45,520	415,431
Net Assets Released from Restrictions	13,485	(13,485)	-
Total Support and Revenues	383,396	32,035	415,431
<b>EXPENSES</b>			
Program Activities, Including Museum			
Store Costs of Sales of \$1,646	416,575	-	416,575
Management and General	98,452	-	98,452
Fundraising	46,674	-	46,674
Total Expenses	561,701	-	561,701
<b>CHANGE IN NET ASSETS</b>	(178,305)	32,035	(146,270)
Net Assets - Beginning of Year	1,177,519	347,899	1,525,418
<b>NET ASSETS - END OF YEAR</b>	\$ 999,214	\$ 379,934	\$ 1,379,148

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, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 81,824	\$ 40,477	\$ 40,188	\$ 162,489
Professional Services	29,287	11,606	-	40,893
Awards	15,911	-	-	15,911
Prizes	25,000	-	-	25,000
Exhibits	3,694	-	-	3,694
Food and Beverage	4,475	1,492	8,950	14,917
Merchandise	4,993	-	-	4,993
Postage and Freight	1,110	296	74	1,480
Facilities	58,869	4,273	-	63,142
Equipment Maintenance and Repairs	13,206	555	-	13,761
Depreciation	180,451	5,580	-	186,031
Office Supplies	1,337	358	89	1,784
Printing	2,060	549	137	2,746
Travel	62,973	4,597	1,839	69,409
Insurance	21,601	2,400	-	24,001
Advertising and Promotion	-	7,536	801	8,337
Fundraising	-	-	7,498	7,498
Lineage and Construction	3,600	-	-	3,600
Scholarship Grants	8,706	-	-	8,706
Miscellaneous	17,975	1,308	284	19,567
	<u>\$ 537,072</u>	<u>\$ 81,027</u>	<u>\$ 59,860</u>	<u>\$ 677,959</u>
Total Expenses by Function	<u>\$ 537,072</u>	<u>\$ 81,027</u>	<u>\$ 59,860</u>	<u>\$ 677,959</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, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 75,700	\$ 37,535	\$ 37,326	\$ 150,561
Professional Services	26,789	18,891	-	45,680
Exhibits	7,376	-	-	7,376
Food and Beverage	102	34	204	340
Merchandise	1,646	-	-	1,646
Postage and Freight	1,658	442	111	2,211
Facilities	57,102	4,284	-	61,386
Equipment Maintenance and Repairs	10,790	541	-	11,331
Depreciation	189,840	5,871	-	195,711
Office Supplies	4,125	1,100	275	5,500
Printing	906	242	60	1,208
Travel	2,933	1,128	451	4,512
Insurance	25,672	2,852	-	28,524
Advertising and Promotion	-	24,642	2,737	27,379
Fundraising	-	-	5,339	5,339
Miscellaneous	11,936	890	171	12,997
	<u>\$ 416,575</u>	<u>\$ 98,452</u>	<u>\$ 46,674</u>	<u>\$ 561,701</u>
Total Expenses by Function	<u>\$ 416,575</u>	<u>\$ 98,452</u>	<u>\$ 46,674</u>	<u>\$ 561,701</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, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 109	\$ (146,270)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	186,031	195,711
Imputed Interest Expense	8,212	7,858
Net Realized and Unrealized Gains on Investments	(48,343)	(44,007)
Effects of Changes in Operating Assets and Liabilities:		
Due from Related Parties	8,137	77
Accounts Receivable	(10,000)	-
Pledges Receivable	(5,000)	8,500
Other Current Assets	8,723	(3,768)
Accounts Payable	(286)	(2,945)
Accrued Liabilities	2,749	(5,026)
Deferred Revenue	1,655	11,650
Due to Related Parties	-	1,782
Net Cash Provided by Operating Activities	151,987	23,562
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(125,000)	(312,751)
Proceeds from Sales of Investments	-	12,751
Purchase of Furniture, Fixtures, and Equipment	(670)	(18,143)
Issuance of Note Receivable	-	(265,000)
Principal Payments on Note Receivable	599	245,124
Net Cash Used by Investing Activities	(125,071)	(338,019)
<b>NET INCREASE (DECREASE) IN CASH</b>	26,916	(314,457)
Cash - Beginning of Year	262,598	577,055
<b>CASH - END OF YEAR</b>	\$ 289,514	\$ 262,598

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, 2021 AND 2020**

**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.

**Investments**

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses on investments are included in the statements of activities as net investment return, net of investment fees.

**Risks and Uncertainties**

IBM&HF utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect IBM&HF's account balances and the amounts reported in the financial statements.

**Note Receivable**

Note receivable consists of IBM&HF's share of mortgage notes receivable that IBM&HF has loaned to individuals. 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.

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

**Note Receivable (Continued)**

In May 2020, IBM&HF loaned an individual \$265,000 at 9.0% interest. The note receivable matures in April 2023. The short-term portion of the note receivable is classified as current, and the long-term portion is classified as noncurrent on the statement of financial position as of December 31, 2021 and 2020. The note receivable was paid in full in January 2022 and the full amount of the note receivable is classified as current on the statement of financial position as of December 31, 2021. No allowance for uncollectible note receivable is recorded as of December 31, 2021 and 2020. Interest revenue of \$23,795 and \$18,144 was recognized in the statement of activities as net investment return with donor restrictions for the years ending December 31, 2021 and 2020, respectively.

**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. IBM&HF's collections policy requires that the proceeds from the deaccessioning of collections be used for acquisition to the collections or direct care of the collections. IBM&HF defines direct care as activities that invest in the existing collections by enhancing their life, usefulness or quality and thereby ensuring they will continue to benefit the public. Direct care activities include an allocable share of salaries for staff engaged in direct care, as well as direct care activities contracted to outside vendors and materials, equipment, systems, and facilities used in connection with direct care activities.

**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.

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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 6).

**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, 2021 and 2020.

**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.

**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.

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

**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, 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.

**Reclassification**

Certain items in the 2020 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.

**Recent Accounting Guidance**

In February 2016, 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 accounting principles generally accepted in the United States of America and modifies the classification criteria and accounting which lessors must apply to sales-type and direct financing leases. In June 2020, the FASB approved the delay of the effective date of ASU 2016-02 through issuance of ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The lease guidance is now effective for IBM&HF's year ending December 31, 2022. 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, investments, and expected collections of note and pledges receivable.

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)**

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>2021</u>	<u>2020</u>
Cash	\$ 289,514	\$ 262,598
Due from Related Parties	7,046	15,183
Accounts Receivable	10,000	-
Pledges Receivable	5,000	-
Note Receivable, Current Portion	264,051	550
Investments, at Fair Value	<u>517,350</u>	<u>344,007</u>
Total	1,092,961	622,338
Less: Amounts Not Available to be Used Within One Year Due to Donor Restrictions	<u>(472,745)</u>	<u>(379,934)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 620,216</u>	<u>\$ 242,404</u>

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 INVESTMENTS**

Investments consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Investments:		
Interest-Bearing Cash	\$ 37,003	\$ 5,001
Mutual Funds	480,347	339,006
Total	<u>\$ 517,350</u>	<u>\$ 344,007</u>

**NOTE 4 FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used at December 31, 2021 for assets measured at fair value.

*Mutual Funds:* Are valued at quoted market prices, which represent the net asset value of shares held by IBM&HF at year-end.

The following table sets forth by level, within the fair value hierarchy, IBM&HF's assets at fair value at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at Fair Value				
Mutual Funds:				
Fixed Income	\$ 169,839	\$ -	\$ -	\$ 169,839
Large Cap Growth	310,508	-	-	310,508
Total Assets at Fair Value	<u>\$ 480,347</u>	<u>\$ -</u>	<u>\$ -</u>	480,347
Assets Not Valued Under Fair Value Measurements				
Interest-Bearing Cash				37,003
Total Investments				<u>\$ 517,350</u>



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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, IBM&HF's assets at fair value at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at Fair Value				
Mutual Funds:				
Fixed Income	\$ 127,022	\$ -	\$ -	\$ 127,022
Large Cap Growth	211,984	-	-	211,984
Total Assets at Fair Value	<u>\$ 339,006</u>	<u>\$ -</u>	<u>\$ -</u>	339,006
Assets Not Valued Under Fair Value Measurements				
Interest-Bearing Cash				5,001
Total Investments				<u>\$ 344,007</u>

**NOTE 5 FURNITURE, FIXTURES, AND EQUIPMENT**

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

	<u>2021</u>	<u>2020</u>
Furniture, Fixtures, and Equipment	\$ 2,969,572	\$ 2,969,202
Less: Accumulated Depreciation	(2,430,777)	(2,244,746)
Total Net Depreciable Assets	538,795	724,456
Collections	31,786	31,486
Total Fixed Assets, Net	<u>\$ 570,581</u>	<u>\$ 755,942</u>

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2021</u>	<u>2020</u>
Funds to Allow Students from the Inner City or Underprivileged Areas to Attend the Museum's Educational Programs	\$ 24,481	\$ 24,481
Hometown Heroes Fund	30,843	31,193
Frame 4 Frame	86,285	-
Daroll & Dolores Frewing College Scholarship Fund	321,836	306,748
Restricted Due to Time	9,300	17,512
Total	<u>\$ 472,745</u>	<u>\$ 379,934</u>

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**NOTE 7 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 \$2,897 and \$2,096 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 8 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:	2021	2020
Admissions	\$ 10,066	\$ 7,814
Museum Store	11,818	3,874
Other Income	39	1,938
Tournament Entry Fees	57,085	-
Special Events	20,555	6,325
Total Revenue Recognized at a Point in Time	\$ 99,563	\$ 19,951
Revenue Recognized Over Time:		
Sponsorship	\$ 20,000	\$ -

IBM&HF's contract assets and liabilities as of December 31 consist of:

	2021	2020	2019
Accounts Receivable - Sponsorships	\$ 10,000	\$ -	\$ -
Deferred Revenue - Tournament Entry Fees	\$ 50,225	\$ 48,570	\$ 36,920

**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, 2021 and 2020, are \$1,782 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, 2021 and 2020.

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**NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)**

IBM&HF has a receivable due from BPAA for payments made on behalf of BPAA of \$6,747 and \$13,884 at December 31, 2021 and 2020, respectively. BPAA contributed \$90,649 and \$83,872 to IBM&HF during the years ended December 31, 2021 and 2020, respectively.

IBM&HF has a receivable due from USBC for payments made on behalf of USBC of \$299 and \$1,299 at December 31, 2021 and 2020, respectively. USBC contributed \$80,603 and \$72,534 to IBM&HF during the years ended December 31, 2021 and 2020, respectively.

Effective February 1, 2018, USBC and BPAA each provided IBM&HF a \$100,000 loan at 0% interest. Full payment of both loans is due February 1, 2023. Imputed interest expense is included on the statement of activities in the amount of \$8,212 and \$7,858 for the years ended December 31, 2021 and 2020, 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 \$9,300 and \$17,512 as of December 31, 2021 and 2020, 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 10. Further, IBM&HF has leasehold improvements being depreciated through December 2025. Based on the 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>
2022	\$ 90,400
2023	94,900
2024	99,600
2025	104,600
Total	<u>\$ 389,500</u>

**NOTE 11 COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES**

**Commitments**

IBM&HF has entered into an agreement to provide room accommodations for its future tournaments in 2022 and 2023. Committed amounts related to these agreements are approximately \$59,000 at December 31, 2021.

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**NOTE 11 COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES (CONTINUED)**

**Commitments (Continued)**

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, 2020, and \$50,000 on January 31, 2021. IBM&HF made the initial required payment of \$200,000 during the year ended December 31, 2020 and is still obligated to pay the two remaining \$50,000 payments as of the report date. The \$50,000 due on January 31, 2020 is included in accrued liabilities on the statement of financial position as of December 31, 2021 and 2020. During the year ended December 31, 2021, the \$50,000 due on January 31, 2020 has not been paid or recognized in the statement of activities due to the failure of meeting certain performance obligations stipulated in SOW 1. 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.

**Contingencies**

During the years ended December 31, 2021 and 2020, IBM&HF awarded \$25,000 and \$25,000 in scholarships as part of the Daroll & Dolores Frewing College Scholarship Fund, respectively. These scholarships carry certain conditions that must be met in order for disbursement to occur. At December 31, 2021 and 2020, awarded scholarships with unsatisfied conditions were \$41,294 and \$25,000, respectively. IBM&HF recognized \$8,706 and \$-0- scholarship expense related to the Daroll & Dolores Frewing College Scholarship Fund during the years ended December 31, 2021 and 2020, respectively.

**Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of information about current vulnerabilities due to certain concentrations. IBM&HF maintains the majority of its cash in one commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of these limits are uninsured.

**NOTE 12 PAYCHECK PROTECTION PROGRAM LOAN**

On April 7, 2020, IBM&HF received proceeds from JPMorgan Chase Bank in the amount of \$30,857 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP loan includes potential forgiveness by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, IBM&HF has classified this loan as a conditional contribution for accounting purposes.

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**NOTE 12 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)**

IBM&HF recognized \$30,857 of PPP Loan Forgiveness related to this agreement during the year ended December 31, 2020, which represents the portion of the PPP Loan funds for which the performance barriers have been met. On June 23, 2021, the SBA formally forgave the full \$30,857 of IBM&HF's obligation under this PPP Loan.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on IBM&HF's financial position.

**NOTE 13 SUBSEQUENT EVENTS**

Management evaluated subsequent events through April 14, 2022, the date the financial statement were available to be issued. Events or transactions occurring after December 31, 2021, but prior to April 14, 2022 that provided additional evidence about conditions that existed at December 31, 2021, have been recognized in the financial statements for the year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the December 31, 2021.