

UNITED STATES BOWLING CONGRESS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020



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**UNITED STATES BOWLING CONGRESS, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United States Bowling Congress, Inc.
Arlington, Texas

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of United States Bowling Congress, 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 United States Bowling Congress, 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 United States Bowling Congress, 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 United States Bowling Congress, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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 United States Bowling Congress, 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 United States Bowling Congress, 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.

Board of Directors
United States Bowling Congress, Inc.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statement of net position and combining statement of activities are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
June 24, 2022

UNITED STATES BOWLING CONGRESS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 16,576,316	\$ 9,492,584
Cash and Cash Equivalents - SMART Program	443,437	-
Accounts Receivable, Net	253,033	1,018,656
Accounts Receivable, Net - SMART Program	141,812	-
Due from Related Parties	633,347	482,062
Inventory	49,819	123,447
Prepaid Expenses and Other	207,499	440,604
Total Current Assets	18,305,263	11,557,353
INVESTMENTS		
Investments, at Fair Value	23,472,037	22,321,101
Investments, at Fair Value - SMART Program	104,221,959	-
Investment in International Bowling Campus, LLC	4,547,881	4,850,091
Total Investments	132,241,877	27,171,192
NOTE RECEIVABLE	95,350	91,244
PROPERTY AND EQUIPMENT		
Furniture and Fixtures	14,065,247	13,827,735
Tournament Equipment	13,665,339	13,665,339
Vehicles	117,028	117,028
Software	4,460,756	4,212,411
Software - SMART Program	910,467	-
Construction in Progress	19,938	-
Total, at Cost	33,238,775	31,822,513
Less: Accumulated Depreciation	28,753,345	27,768,555
Less: Accumulated Depreciation - SMART Program	910,467	-
Total Property and Equipment	3,574,963	4,053,958
GOODWILL, NET OF ACCUMULATED AMORTIZATION	303,333	338,333
Total Assets	\$ 154,520,786	\$ 43,212,080

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 665,413	\$ 244,673
Accounts Payable - SMART Program	38,646	-
Due to Related Parties	31,561	13,367
Accrued Liabilities	2,506,746	2,110,253
Current Portion of Postretirement Benefit Obligation	89,000	87,000
Current Portion of Deferred Revenue - Tournament Subsidy	200,000	166,000
Current Portion of Scholarship Awards Payable - SMART Program	5,402,217	-
Deferred Revenue - National Tournaments	11,947,596	8,983,364
Deferred Revenue - Membership Dues	5,605,293	4,305,257
Deferred Revenue - BowlTV Subscriptions	68,123	43,407
Deferred Revenue - Bowlers Journal Subscriptions	103,153	84,944
Total Current Liabilities	26,657,748	16,038,265
LONG-TERM LIABILITIES		
Deferred Revenue - Tournament Subsidy, Less Current Portion Above	510,000	585,000
Postretirement Benefit Obligation, Less Current Portion Above	784,963	846,147
Scholarship Awards Payable - SMART Program	82,296,366	-
Total Long-Term Liabilities	83,591,329	1,431,147
Total Liabilities	110,249,077	17,469,412
NET ASSETS		
Without Donor Restrictions		
Undesignated	13,109,927	12,652,918
Designated for SMART Program	17,015,169	-
Designated for Operating Reserve	14,146,613	13,089,750
Total Net Assets	44,271,709	25,742,668
Total Liabilities and Net Assets	\$ 154,520,786	\$ 43,212,080

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Membership Dues	\$ 11,072,895	\$ -	\$ 11,072,895
Merchandise Sales	99,412	-	99,412
Workshops and Seminars	190,259	-	190,259
Special Events, Booths, and Concessions	156,444	-	156,444
Tournament Entry and Prize Fees	9,920,712	-	9,920,712
Tournament and Conventions Subsidy	1,919,647	-	1,919,647
Brackets	1,175,645	-	1,175,645
Advertising	312,821	-	312,821
Royalty	496,664	-	496,664
Sponsorship	467,256	-	467,256
Contributions	122,115	-	122,115
Net Investment Return	1,155,165	-	1,155,165
Net Investment Return - SMART Program	6,493,290	-	6,493,290
BowITV	315,724	-	315,724
Other	36,467	-	36,467
PPP Loan Forgiveness	1,614,700	-	1,614,700
Bowlers Journal	125,049	-	125,049
Total Revenues	35,674,265	-	35,674,265
EXPENSES			
Salaries	6,279,281	-	6,279,281
Fringe Benefits	1,730,294	-	1,730,294
Employee Recruitment and Training	87,275	-	87,275
Temporary Agency Services	2,349,006	-	2,349,006
Professional Services	3,001,992	-	3,001,992
Professional Services - SMART Program	150,203	-	150,203
Supplies	117,721	-	117,721
Supplies - SMART Program	459	-	459
Resale Merchandise	78,493	-	78,493
Prizes	6,994,718	-	6,994,718
Awards	385,735	-	385,735
Telephone	29,217	-	29,217
Postage and Freight	1,008,992	-	1,008,992
Postage and Freight - SMART Program	1,499	-	1,499
Facilities	1,044,946	-	1,044,946
Equipment Maintenance and Repairs	616,627	-	616,627
Depreciation	984,790	-	984,790
Amortization	35,000	-	35,000
Printing	345,184	-	345,184
Printing - SMART Program	1,290	-	1,290
Promotion, Sponsorships, and Programs	315,550	-	315,550
Promotion, Sponsorships, and Programs - SMART Program	4,193	-	4,193
Travel	673,818	-	673,818
Travel - SMART Program	2,779	-	2,779
Insurance	459,697	-	459,697
Insurance - SMART Program	4,512	-	4,512
Contributions	345,209	-	345,209
Lineage and Construction	786,123	-	786,123
Earnings Allocation - SMART Program	7,000,000	-	7,000,000
Miscellaneous	158,275	-	158,275
Miscellaneous - SMART Program	1,486	-	1,486
Total Expenses	34,994,364	-	34,994,364

See accompanying Notes to Financial Statements.

**UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS FROM OPERATIONS	\$ 679,901	\$ -	\$ 679,901
EQUITY IN NET LOSS OF INTERNATIONAL BOWLING CAMPUS, LLC	(302,210)	-	(302,210)
NET ASSETS OBTAINED FROM SMART MUTUAL TERMINATION AGREEMENT	18,178,314	-	18,178,314
CHANGE IN POSTRETIREMENT BENEFIT OBLIGATION, OTHER THAN PERIODIC EXPENSE	(26,964)	-	(26,964)
CHANGE IN NET ASSETS	18,529,041	-	18,529,041
Net Assets - Beginning of Year	25,742,668	-	25,742,668
NET ASSETS - END OF YEAR	\$ 44,271,709	\$ -	\$ 44,271,709

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Membership Dues	\$ 11,499,889	\$ -	\$ 11,499,889
Merchandise Sales	44,923	-	44,923
Workshops and Seminars	100,912	-	100,912
Special Events, Booths, and Concessions	127,357	-	127,357
Tournament Entry and Prize Fees	191,013	-	191,013
Tournament and Conventions Subsidy	209,850	-	209,850
Brackets	185	-	185
Advertising	150,415	-	150,415
Royalty	1,310,347	-	1,310,347
Sponsorship	182,524	-	182,524
Contributions	67,159	-	67,159
Net Investment Return	1,202,882	-	1,202,882
BowlTV	150,917	-	150,917
Other	577,301	-	577,301
PPP Loan Forgiveness	1,693,900	-	1,693,900
Bowlers Journal	35,242	-	35,242
Total Revenues	<u>17,544,816</u>	<u>-</u>	<u>17,544,816</u>
EXPENSES			
Salaries	6,972,811	-	6,972,811
Fringe Benefits	1,815,273	-	1,815,273
Employee Recruitment and Training	62,988	-	62,988
Temporary Agency Services	440,107	-	440,107
Professional Services	2,141,850	-	2,141,850
Supplies	103,922	-	103,922
Resale Merchandise	30,951	-	30,951
Prizes	189,635	-	189,635
Awards	363,883	-	363,883
Telephone	47,586	-	47,586
Postage and Freight	338,697	-	338,697
Facilities	1,025,260	-	1,025,260
Equipment Maintenance and Repairs	669,567	-	669,567
Depreciation	1,128,340	-	1,128,340
Amortization	11,667	-	11,667
Printing	172,036	-	172,036
Promotion, Sponsorships, and Programs	634,523	-	634,523
Travel	226,657	-	226,657
Insurance	369,900	-	369,900
Contributions	1,752,655	-	1,752,655
Lineage and Construction	232,821	-	232,821
Miscellaneous	97,232	-	97,232
Total Expenses	<u>18,828,361</u>	<u>-</u>	<u>18,828,361</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(1,283,545)	-	(1,283,545)
EQUITY IN NET LOSS OF INTERNATIONAL BOWLING CAMPUS, LLC	(393,625)	-	(393,625)
CHANGE IN POSTRETIREMENT BENEFIT OBLIGATION, OTHER THAN PERIODIC EXPENSE	123,748	-	123,748
CHANGE IN NET ASSETS	(1,553,422)	-	(1,553,422)
Net Assets - Beginning of Year	<u>27,296,090</u>	<u>-</u>	<u>27,296,090</u>
NET ASSETS - END OF YEAR	<u>\$ 25,742,668</u>	<u>\$ -</u>	<u>\$ 25,742,668</u>

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Total
Salaries	\$ 5,151,955	\$ 1,127,326	\$ 6,279,281
Fringe Benefits	1,525,136	205,158	1,730,294
Employee Recruitment and Training	4,727	82,548	87,275
Temporary Agency Services	2,349,006	-	2,349,006
Professional Services	1,957,040	1,044,952	3,001,992
Professional Services - SMART Program	-	150,203	150,203
Supplies	112,882	4,839	117,721
Supplies - SMART Program	-	459	459
Resale Merchandise	78,493	-	78,493
Prizes	6,994,718	-	6,994,718
Awards	377,501	8,234	385,735
Telephone	29,217	-	29,217
Postage and Freight	990,900	18,092	1,008,992
Postage and Freight - SMART Program	-	1,499	1,499
Facilities	71,249	973,697	1,044,946
Equipment Maintenance and Repairs	587,875	28,752	616,627
Depreciation	837,072	147,718	984,790
Amortization	-	35,000	35,000
Printing	342,408	2,776	345,184
Printing - SMART Program	-	1,290	1,290
Promotion, Sponsorships, and Programs	245,000	70,550	315,550
Promotion, Sponsorships, and Programs - SMART Program	-	4,193	4,193
Travel	505,667	168,151	673,818
Travel - SMART Program	-	2,779	2,779
Insurance	60,467	399,230	459,697
Insurance - SMART Program	-	4,512	4,512
Contributions	255,372	89,837	345,209
Lineage and Construction	786,123	-	786,123
Earnings Allocation - SMART Program	7,000,000	-	7,000,000
Miscellaneous	156,707	1,568	158,275
Miscellaneous - SMART Program	-	1,486	1,486
Total Expenses by Function	<u>\$ 30,419,515</u>	<u>\$ 4,574,849</u>	<u>\$ 34,994,364</u>

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Total
Salaries	\$ 5,816,146	\$ 1,156,665	\$ 6,972,811
Fringe Benefits	1,573,373	241,900	1,815,273
Employee Recruitment and Training	48,840	14,148	62,988
Temporary Agency Services	440,107	-	440,107
Professional Services	1,209,919	931,931	2,141,850
Supplies	101,477	2,445	103,922
Resale Merchandise	30,951	-	30,951
Prizes	189,635	-	189,635
Awards	354,497	9,386	363,883
Telephone	47,586	-	47,586
Postage and Freight	334,911	3,786	338,697
Facilities	49,691	975,569	1,025,260
Equipment Maintenance and Repairs	631,807	37,760	669,567
Depreciation	959,089	169,251	1,128,340
Amortization	-	11,667	11,667
Printing	170,200	1,836	172,036
Promotion, Sponsorships, and Programs	296,151	338,372	634,523
Travel	158,275	68,382	226,657
Insurance	108,312	261,588	369,900
Contributions	1,583,707	168,948	1,752,655
Lineage and Construction	232,821	-	232,821
Miscellaneous	96,902	330	97,232
Total Expenses by Function	<u>\$ 14,434,397</u>	<u>\$ 4,393,964</u>	<u>\$ 18,828,361</u>

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 18,529,041	\$ (1,553,422)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	984,790	1,128,340
Amortization	35,000	11,667
Imputed Interest Income	(4,106)	(3,929)
Decrease in Post-Retirement Benefit Obligation	(59,184)	(218,851)
Net Realized and Unrealized Gains on Investments	(7,870,860)	(592,611)
Net Assets Obtained from SMART Mutual Termination Agreement	(18,178,314)	-
Equity in Net Loss of International Bowling Campus, LLC	302,210	393,625
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	751,197	(963,815)
Due from Related Parties	(151,285)	(238,123)
Inventory	73,628	9,933
Prepaid Expenses and Other	233,105	(143,475)
Accounts Payable	395,704	(118,300)
Due to Related Parties	18,194	(233,523)
Accrued Liabilities	396,493	367,013
Deferred Revenue	4,266,193	(3,905,502)
Scholarship Awards Payable	8,790,079	-
Net Cash Provided (Used) by Operating Activities	8,511,885	(6,060,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Investments	46,915,469	8,500,000
Purchases of Investments	(48,244,917)	(606,201)
Purchases of Property and Equipment	(505,795)	(145,110)
Proceeds from SMART Mutual Termination Agreement	850,527	-
Purchase of Bowlers Journal	-	(350,000)
Net Cash Provided (Used) by Investing Activities	(984,716)	7,398,689
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,527,169	1,337,716
Cash and Cash Equivalents - Beginning of Year	9,492,584	8,154,868
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,019,753	\$ 9,492,584

SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES

See Note 2 for Noncash Addition of SMART's Assets and Assumption of SMART's Liabilities

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The United States Bowling Congress, Inc. (USBC) was incorporated on June 3, 2004 in the state of Wisconsin for the purposes of developing interest and participation in the sport of bowling by overseeing competition and providing programs and services to its membership. USBC also administers a scholarship program, overseen by the SMART Oversight Committee established by USBC in 2021. USBC's revenues are derived primarily from membership dues and tournament entry fees, as well as investment returns as part of administering the scholarship program. The following footnotes report information for the years ended December 31, 2021 and 2020. Significant accounting policies followed by USBC are presented below.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

Cash Equivalents

USBC considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are uncollateralized obligations. Accounts receivable are stated at the invoice amount. Payments of accounts receivable are applied to the specific invoices identified on the remittance advice or, if unspecified, to the earliest unpaid invoices or unfunded scholarships.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on a calculated percentage of sales. If there is a deterioration of credit worthiness, or actual defaults are higher than the historical experience, management's estimates of recoverability of amounts due to USBC could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The allowance for doubtful accounts was \$-0- at December 31, 2021 and 2020.

Inventory

Inventory consists of resale merchandise and awards and is valued at the lower of cost or net realizable value with cost determined on a first-in, first-out (FIFO) basis.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 5 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.

Risks and Uncertainties

USBC 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 USBC's account balances and the amounts reported in the financial statements.

Investment in International Bowling Campus, LLC

USBC owns a 50% interest in International Bowling Campus, LLC (IBC). The investment is accounted for using the equity method. Under the equity method, the investment is carried at cost, adjusted for USBC's proportionate share of undistributed earnings or losses, and capital contributions and distributions.

Property and Equipment

Property and equipment over \$5,000 with a useful life 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 20 years.

Maintenance, repairs, and replacements are generally included as expenses of operations during the year in which the expense is incurred. Cost of replacements, which constitute improvements or extend the life of the respective assets, are recorded as additions to property and equipment.

Impairment of Long-Lived Assets

USBC 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.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill is recorded when the cost of acquired businesses exceed the fair value of the identifiable net assets acquired. USBC has elected to amortize goodwill over an estimated useful life of 10 years.

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 without donor restrictions. The net assets of USBC and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Scholarship Awards Payable

USBC administers a scholarship program for the bowling community known as Scholarship Management and Accounting Reports for Tenpins. USBC collects, manages, and disburses scholarship funds for youth bowling scholarships. A scholarship awards payable is recorded for payments received. USBC effectively acts as an agent for these funds. Investment income is used to pay the administrative costs of operating the program. Investment income in excess of these administrative costs may be allocated to the accounts of the provider organizations.

Revenue Recognition

Revenue is recognized when performance obligations are met. Membership dues are recognized ratably over the period of membership. Unearned membership revenue is reflected as deferred revenue on the statements of financial position. Workshops and Seminars, Special Events, Booths, and Concessions, Tournament Entry and Prize Fees, Tournament and Conventions Subsidy, Brackets, and Advertising are recognized when the events are held. Tournament entry fees are collected in advance, resulting in deferred revenue (contract liability) on the statements of financial position. Royalty revenue is recognized quarterly based on use of preferred service providers and merchandise sales. Sponsorship revenue is recognized ratably over the sponsorship period. Bowlers Journal and BowlTV subscription revenue is recognized ratably over the subscription period, which provides access to either BowlTV or the Bowlers Journal.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

National tournaments consist of tournament subsidies and tournament entry fees. These amounts are recognized as revenue in the period in which the event is held or the related expenses are incurred.

Membership dues are recognized in the fiscal year in which the individual receives the privileges that membership offers.

BowlTV subscriptions are recognized over the course of time which aligns with the individual subscription periods.

Bowlers Journal subscriptions are recognized over the course of time which aligns with the individual subscription periods.

Advertising

USBC expenses advertising costs as they are incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a natural 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 salaries, fringe benefits, employee recruitment and training, professional services, supplies, awards, postage and freight, facilities, equipment maintenance and repairs, printing, promotion, sponsorships, and programs, travel, insurance, contributions, and miscellaneous expenses, which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Internal Revenue Service (IRS) has issued a determination letter dated October 5, 2004, granting USBC 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. No income tax expense has been recorded in the financial statements as cumulative unrelated business net operating loss carryforwards would offset any current tax liability. In addition, a 100% valuation allowance has been provided against the deferred tax asset resulting from the net operating loss carryforwards. Management is not aware of any items that could cause revocation of the tax-exempt status.

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.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (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 GAAP 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 USBC's year ending December 31, 2022. Management will be evaluating the effects of the new standard.

NOTE 2 SMART MUTUAL TERMINATION AGREEMENT

On January 14, 2021, SMART Bowling Scholarship Funding Corporation (SMART) and USBC entered a Mutual Termination Agreement to terminate the March 23, 2010 Agreement (Initial Agreement) between the parties. On January 15, 2021, the initial Agreement was terminated, and SMART was subsequently dissolved. All of SMART's assets and liabilities were assumed by USBC. USBC subsequently established the SMART Oversight Committee to oversee the SMART operations as a program of USBC.

In connection with the Mutual Termination Agreement, USBC received the following assets and assumed the following liabilities:

Assets	
Cash and Cash Equivalents	\$ 850,527
Accounts Receivable	127,386
Interest Income Receivable	191,982
Investments, at Fair Value	95,980,605
Total Assets	<u>\$ 97,150,500</u>
Liabilities	
Accounts Payable	\$ 63,682
Scholarship Awards Payable	78,908,504
Total Liabilities	<u>\$ 78,972,186</u>

USBC recognized the \$18,178,314 excess of assets received over liabilities assumed as an in-kind contribution. This amount is presented as "net assets obtained from SMART mutual termination agreement" on the statement of activities for the year ended December 31, 2021.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 LIQUIDITY AND AVAILABILITY

USBC's liquidity goal is to have sufficient assets available to meet operational expenditures for a 9-month period. USBC regularly reviews the liquidity required to meet the ongoing needs for membership, governance, research, and the services needed to support those functions. Various forms of funds are available which include cash, marketable investment securities, expected collections of receivables, and a commercial line of credit (see Note 14).

For the purpose of analyzing available resources, USBC reviews assets not covered by donor restrictions or restricted for future use. USBC also excludes assets related to the SMART program from their liquidity and availability calculation, which are overseen by the SMART Oversight Committee and designated for the ongoing needs of administering a scholarship program for the bowling community and the other services needed to support that function. As of December 31, 2021 and 2020, 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 and Cash Equivalents	\$ 16,576,316	\$ 9,492,584
Accounts Receivable, Net	253,033	1,018,656
Due From Related Parties	633,347	482,062
Investments, at Fair Value	<u>23,472,037</u>	<u>22,321,101</u>
	40,934,733	33,314,403
Less Board-Designated Reserve	<u>(14,146,613)</u>	<u>(13,089,750)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 26,788,120</u>	<u>\$ 20,224,653</u>

USBC maintains the investments above in investment vehicles that allow access to these funds for satisfaction of current liabilities.

USBC's Board Designated Reserve consists of investments internally designated for specific purposes. Although USBC does not intend to spend this board-designated reserve within the next year, these amounts could be made available if necessary.

In addition to financial assets available to meet operational expenditures, USBC operates with a balanced budget to ensure that the entity can meet current and future obligations. USBC believes that future revenues will be sufficient to cover expenditures without materially impacting the entity's liquidity.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 INVESTMENTS

Investments consist of the following at December 31:

	2021	2020
Interest-Bearing Cash	\$ 8,598,132	\$ 8,944,289
Interest-Bearing Cash - SMART Program	855,579	-
Equities	3,301,031	2,409,828
Mutual Funds	11,572,874	10,966,984
Mutual Funds - SMART Program	67,485,123	-
Hedge Fund - SMART Program	30,153,295	-
Limited Partnerships - SMART Program	5,727,962	-
Total Investments	\$ 127,693,996	\$ 22,321,101

NOTE 5 FAIR VALUE MEASUREMENTS

GAAP establishes 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 GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

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 for assets measured at fair value.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Equities: Valued based on the closing price reported in the active market in which the individual security is traded.

Mutual Funds: Valued based on quoted market prices, which represent the net asset value (NAV) of shares held by USBC at year-end.

Hedge Fund: Valued based on the NAV per unit (or its equivalent) based upon the fair value of the underlying investments. NAV is used as a practical expedient to estimate fair value. The investment strategy of the hedge fund is to maximize long-term total return, consistent with prudent investment management. The fund seeks to achieve its objective by investing in at least 70% in other commingled investment vehicles, in investment grade debt and fixed income securities rated at the time of purchase at least Baa3 or BBB- by a nationally recognized rating agency. USBC has no additional committed capital obligations.

Limited Partnerships: USBC is invested in four limited partnerships. The limited partnerships are valued at an amount equal to the ownership interest in the partners' capital, NAV, used as a practical expedient to estimate fair value. Two partnerships have a 10-year term after final closing, subject to two two-year extensions at the election of the General Partner. The investment strategy of these two limited partnerships is to achieve attractive risk-adjusted returns relative to more liquid fixed income alternatives, with an emphasis on current income and preservation of capital. The fund seeks to achieve its objective primarily by investing in senior secured, floating rate middle market loans, through wholly and partially owned holding companies and other investment vehicles.

One partnership will continue until July 31, 2031, subject to three one-year extensions at the election of the General Partner. The investment strategy of this limited partnership is to generate significant returns principally through long-term capital appreciation, by making, holding and disposing of privately negotiated equity and equity related investments in venture capital and private equity partnerships and operating companies, primarily in the healthcare, information technology, communications, and digital asset industries.

The last partnership is open-ended, allowing USBC to withdraw or submit a repurchase request at the end of the 3-year quarter date. The investment strategy of this limited partnership is to net 8%-10% yields through long-term leases on investments in long-lived, capital-intensive transportation assets (aircraft, rail, maritime, vehicles, equipment and energy logistics).

In each limited partnership, USBC may not sell, assign, or transfer its interest except with prior written consent of the General Partner. Withdrawals of capital are not permitted except in limited instances.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while USBC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, USBC's assets at fair value as of December 31:

	2021			Total
	Level 1	Level 2	Level 3	
Assets at Fair Value				
Equities	\$ 3,301,031	\$ -	\$ -	\$ 3,301,031
Mutual Funds				
International - SMART Program	15,386,472	-	-	15,386,472
Small cap - SMART Program	8,521,117	-	-	8,521,117
Mid Cap	98,082	-	-	98,082
Mid Cap - SMART Program	4,299,419	-	-	4,299,419
Large Cap	449,435	-	-	449,435
Large Cap - SMART Program	20,084,656	-	-	20,084,656
Fixed Income	7,577,677	-	-	7,577,677
Fixed Income - SMART Program	19,193,459	-	-	19,193,459
Allocation	3,447,680	-	-	3,447,680
Total Assets at Fair Value	<u>\$ 82,359,028</u>	<u>\$ -</u>	<u>\$ -</u>	82,359,028
Assets Valued at NAV				
Hedge Fund - SMART Program				30,153,295
Limited Partnerships - SMART Program				5,727,962
Total Assets at NAV				<u>35,881,257</u>
Assets Not Valued Under Fair Value Measurements				
Interest-Bearing Cash				8,598,132
Interest-Bearing Cash - SMART Program				855,579
Total Investments				<u>\$ 127,693,996</u>

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

	2020			Total
	Level 1	Level 2	Level 3	
Assets at Fair Value				
Equities	\$ 2,409,828	\$ -	\$ -	\$ 2,409,828
Mutual Funds				
Mid Cap	85,112	-	-	85,112
Large Cap	569,431	-	-	569,431
Fixed Income	6,547,539	-	-	6,547,539
Allocation	3,764,902	-	-	3,764,902
Total Assets at Fair Value	<u>\$ 13,376,812</u>	<u>\$ -</u>	<u>\$ -</u>	13,376,812
Assets Not Valued Under Fair Value Measurements				
Interest-Bearing Cash				8,944,289
Total Investments				<u>\$ 22,321,101</u>

NOTE 6 INVESTMENT IN INTERNATIONAL BOWLING CAMPUS, LLC

IBC holds title to the land and building which USBC uses as its national headquarters. No capital distributions were declared or capital contributions required during the years ended December 31, 2021 and 2020. Summarized financial information for IBC for the years ended December 31 is shown below.

	2021	2020
Total Assets	\$ 9,173,931	\$ 9,746,301
Total Liabilities	687,371	655,321
Net Assets - Without Donor Restrictions	<u>\$ 8,486,560</u>	<u>\$ 9,090,980</u>
Decrease in Net Assets	<u>\$ (604,420)</u>	<u>\$ (787,250)</u>

NOTE 7 GOODWILL

During the year ended December 31, 2020, USBC purchased the *Bowlers Journal International* magazine, *Pro Shop Operator* magazine and its related business operations, including Bowlers Journal Championships bowling tournament for \$350,000. No identifiable net assets were acquired by USBC through this purchase. Therefore, \$350,000 was attributed to goodwill at the time of purchase. The statement of financial position includes \$303,333 and \$338,333 of goodwill, net of \$46,667 and \$11,667 of accumulated amortization as of December 31, 2021 and 2020, respectively, and the statement of activities includes \$35,000 and \$11,667 of related amortization expense for the years ended December 31, 2021 and 2020, respectively.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 8 POSTRETIREMENT BENEFIT OBLIGATION

USBC provides defined benefit postretirement health and life benefits to certain current and former employees. Covered employees became eligible for these benefits at retirement after meeting minimum age and service requirements.

The postretirement health care plan is unfunded. The following reconciles the change in accumulated benefit obligation and the amounts included in the statements of financial position at December 31:

	<u>2021</u>	<u>2020</u>
Benefit Obligation - Beginning of Year	\$ 933,147	\$ 1,151,998
Interest Cost	23,678	29,193
Benefits Paid	(92,223)	(89,442)
Actuarial (Gain) Loss	9,361	(158,602)
Total Accrued Postretirement Benefit Obligation	<u>873,963</u>	<u>933,147</u>
Less: Current Portion	<u>(89,000)</u>	<u>(87,000)</u>
Long-Term Accrued Postretirement Benefit Obligation	<u>\$ 784,963</u>	<u>\$ 846,147</u>

In accordance with GAAP, all previously unrecognized actuarial gains or losses are reflected in the statements of financial position. The plan items not yet recognized as a component of periodic plan expenses, but included as a charge to change in net assets at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Cumulative Changes - Beginning of Year	\$ (231,882)	\$ (108,134)
Actuarial Change and Current Year (Increase) Decrease in Net Assets	26,964	(123,748)
Cumulative Changes - End of Year	<u>\$ (204,918)</u>	<u>\$ (231,882)</u>

Net periodic postretirement benefit cost (credit) for the years ended December 31 included the following components:

	<u>2021</u>	<u>2020</u>
Interest Cost	\$ 23,678	\$ 29,193
Amortization of Net Gain from Prior Periods	(17,603)	(34,307)
Periodic Postretirement Benefit Cost (Credit)	<u>\$ 6,075</u>	<u>\$ (5,114)</u>

**UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 8 POST RETIRMENT BENEFIT OBLIGATION (CONTINUED)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 89,000
2023	104,000
2024	80,000
2025	74,000
2026	67,000
2027-2031	252,000

The assumptions used to develop the present value of the accumulated postretirement benefit obligation is as follows:

	<u>2021</u>	<u>2020</u>
Discount Rate	2.75%	2.50%
Health Care Cost Trend Rate for the New Year	5.0 to 7.0%	5.0 to 7.0%

The health care cost trend rate assumption has a significant effect on the amounts reported. The health care cost trend rate used to value the accumulated postretirement benefit obligation is 7.0% for 2021 and 2020, with an ultimate rate of 5.0%.

NOTE 9 RETIREMENT PLANS

USBC participates in a 401(k) retirement plan, along with Bowling Proprietors' Association of America, Inc. (BPAA), International Bowling Museum and Hall of Fame, Inc. (IBM&HF), 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. USBC matches 100% of the first 3% of employee contributions, plus 50% of the next 2% of the employee's contribution.

Total contribution expense recorded under the plan was \$198,768 and \$215,398 for the years ended December 31, 2021 and 2020, respectively.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 REVENUE

The following tables shows USBC's revenue disaggregated according to the timing of the transfer of goods or services:

Revenue Recognized at a Point in Time	2021	2020
Merchandise Sales	\$ 99,412	\$ 44,923
Workshops and Seminars	190,259	100,912
Special Events, Booths, and Concessions	33,520	1,182
Tournament Entry and Prize Fees	9,920,712	191,013
Tournament and Conventions Subsidy	1,919,647	209,850
Brackets	1,175,645	185
Advertising	312,821	150,415
Royalty	496,664	1,310,347
Total Revenue Recognized at a Point in Time	\$ 14,148,680	\$ 2,008,827
Revenue Recognized over Time		
Membership Dues	\$ 11,072,895	\$ 11,499,889
Special Events, Booths, and Concessions	122,924	126,175
Sponsorship	467,256	182,524
Other	36,467	577,301
BowlTV	315,724	150,917
Bowlers Journal	125,049	35,242
Total Revenue Recognized over Time	\$ 12,140,315	\$ 12,572,048

USBC's contract assets and liabilities are comprised of the following at December 31:

	2021	2020	2019
Contract Assets - Receivables			
Tournament Entry and Prize Fees	\$ 55,045	\$ 98,392	\$ -
Tournament and Conventions Subsidy	102,000	-	-
Royalty	22,053	877,569	-
BowlTV Subscriptions	28,865	16,527	-
Other	44,861	26,073	54,625
Total Contract Assets	\$ 252,824	\$ 1,018,561	\$ 54,625
Contract Liabilities - Deferred Revenues			
National Tournaments	\$ 11,947,596	\$ 8,983,364	\$ 10,507,492
Tournament Subsidy	710,000	751,000	626,000
Membership Dues	5,605,293	4,305,257	6,902,603
BowlTV Subscriptions	68,123	43,407	37,379
Bowlers Journal Subscriptions	103,153	84,944	-
Total Contract Liabilities	\$ 18,434,165	\$ 14,167,972	\$ 18,073,474

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 11 SIGNIFICANT ESTIMATES, CONCENTRATIONS, AND CONTINGENCIES

GAAP requires disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. These matters include the following:

Reserve for Self-Insurance

Under its self-insurance plan, USBC accrues the estimated expense of health care claims costs based on claims filed subsequent to year-end and an additional amount for incurred but not yet reported claims based on prior experience. Accruals for such costs of \$106,455 and \$93,828 are included in accrued liabilities at December 31, 2021 and 2020, respectively. Claims payments based on actual claims ultimately filed could differ materially from these estimates.

Concentration of Credit Risk

USBC maintains the majority of its cash and investments in two commercial banks. Balances on deposit are insured by the Federal Deposit Insurance Corporation up to specified limits. Balances in excess of these limits are uninsured.

NOTE 12 RELATED PARTY TRANSACTIONS

BPAA is represented by two members on the USBC board of directors. For various shared costs, USBC has a receivable of \$203,497 and \$133,328 from BPAA as of December 31, 2021 and 2020, respectively. BPAA provided \$542,902 and \$267,159 to USBC during the years ended December 31, 2021 and 2020, respectively, for operations.

USBC is represented by one member on Contemporary Bowling Association's (CBA) board of directors and appoints a second. USBC has a receivable from CBA of \$5,674 and a payable to CBA of \$12,068 as of December 31, 2021 and 2020, respectively. USBC provided \$242,599 and \$240,000 for operations to CBA for the years ended December 31, 2021 and 2020, respectively.

USBC provides certain shared services to IBM&HF. USBC has a payable to IBM&HF of \$299 and \$1,299 as of December 31, 2021 and 2020, respectively. USBC contributed \$80,603 and \$72,534 to IBM&HF for the years ended December 31, 2021 and 2020, respectively.

Effective February 1, 2018, USBC provided IBM&HF a \$100,000 loan at 0% interest. Full payment is due February 1, 2023. Imputed interest income is included on the statement of activities in the amount of \$4,106 and \$3,929 for the years ended December 31, 2021 and 2020, respectively. The rate used to calculate the imputed interest on the loan is 4.5%. The outstanding loan is presented on the statement of financial position as a note receivable, net of an unamortized discount of \$4,650 and \$8,756 as of December 31, 2021 and 2020, respectively.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)

IBCYB is represented by two members of the USBC board of directors. USBC has a payable to IBCYB of \$31,262 and a receivable from IBCYB of \$4,706 as of December 31, 2021 and 2020, respectively. USBC contributed \$16,276 to IBCYB during the years ended December 31, 2021 and 2020, respectively.

USBC leases its facilities from IBC under a noncancelable operating lease agreement. The lease includes automatic extensions for one-year terms until cancelled by either party. Rent payments under the lease include an annual base rent of \$1 per year and USBC's proportionate share of taxes and operating expenses in accordance with the agreement, which is determined to be the equivalent of market rate rent. Rent payments to IBC totaled \$968,328 and \$969,336 for the years ended December 31, 2021 and 2020, respectively. USBC also provides IBC with the use of various employees at no cost, resulting in an in-kind contribution of \$80,975 for each of the years ended December 31, 2021 and 2020. USBC has a receivable from IBC of \$424,176 and \$342,764 as of December 31, 2021 and 2020, respectively.

NOTE 13 COMMITMENTS

USBC has entered into agreements to sponsor various events through 2022. Committed amounts related to these agreements for the future events are approximately \$125,000 at December 31, 2021.

On July 1, 2017, USBC's SMART Oversight Committee invested in a limited partnership. As part of this investment, USBC has committed \$2,000,000 in future contributions to be called upon at the discretion of the General Partner. As of December 31, 2021, USBC has contributed \$1,750,000 of their \$2,000,000 committed capital. USBC's unfunded committed capital as of December 31, 2021 and 2020 is \$250,000 and \$250,000, respectively.

On December 13, 2019, USBC's SMART Oversight Committee invested in a limited partnership. As part of this investment, USBC has committed \$1,000,000 in future contributions to be called upon at the discretion of the General Partner. As of December 31, 2021, USBC has contributed \$900,000 of its committed capital. USBC's unfunded committed capital as of December 31, 2021 and 2020 is \$100,000 and \$500,000, respectively.

NOTE 14 LINE OF CREDIT

USBC has a \$4,000,000 revolving line of credit agreement with a bank. Borrowings under the line of credit bear interest at 3.50% and 3.25% as of December 31, 2021 and 2020, respectively. The line is unsecured and matures on September 26, 2022. No borrowings on the line of credit were outstanding at December 31, 2021 and 2020.

UNITED STATES BOWLING CONGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 LEASES

USBC leases office equipment under various operating leases expiring at various dates through 2023.

Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2022	\$ 91,426
2023	41,613
Total Minimum Lease Payments	\$ 133,039

NOTE 16 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

In January 2021, USBC received proceeds in the amount of \$1,614,700 from Frost Bank to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (Second PPP Loan). The Second PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the USBC fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

The Second PPP Loan was forgiven by the SBA on December 20, 2021. Therefore, USBC was legally released from the debt and the loan forgiveness has been recognized as a contribution on the statement of activities during the year ended December 31, 2021.

In April 2020, USBC received proceeds in the amount of \$1,693,900 from Frost Bank to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (First PPP Loan). The First PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the USBC fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

The First PPP Loan was forgiven by the SBA on December 2, 2020. Therefore, USBC was legally released from the debt and the loan forgiveness has been recognized as a contribution on the statement of activities during the year ended December 31, 2020.

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 USBC's financial position.

UNITED STATES BOWLING CONGRESS, INC.
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DECEMBER 31, 2021 AND 2020

NOTE 17 SUBSEQUENT EVENTS

Management evaluated subsequent events through June 24, 2022, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to June 24, 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 year ended December 31, 2021.

UNITED STATES BOWLING CONGRESS, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	USBC, Excluding SMART Program	SMART Program	Combining Entries	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 16,576,316	\$ 443,437	\$ -	\$ 17,019,753
Accounts Receivable, Net	253,033	141,812	-	394,845
Due from Related Parties	688,157	-	(54,810)	633,347
Inventory	49,819	-	-	49,819
Prepaid Expenses and Other	207,499	-	-	207,499
Total Current Assets	17,774,824	585,249	(54,810)	18,305,263
INVESTMENTS				
Investments, at Fair Value	23,472,037	104,221,959	-	127,693,996
Investment in International Bowling Campus, LLC	4,547,881	-	-	4,547,881
Total Investments	28,019,918	104,221,959	-	132,241,877
NOTE RECEIVABLE	95,350	-	-	95,350
PROPERTY AND EQUIPMENT				
Furniture and Fixtures	14,065,247	-	-	14,065,247
Tournament Equipment	13,665,339	-	-	13,665,339
Vehicles	117,028	-	-	117,028
Software	4,460,756	910,467	-	5,371,223
Construction in Progress	19,938	-	-	19,938
Total, at Cost	32,328,308	910,467	-	33,238,775
Less: Accumulated Depreciation	28,753,345	910,467	-	29,663,812
Total Property and Equipment	3,574,963	-	-	3,574,963
GOODWILL, NET OF ACCUMULATED AMORTIZATION	303,333	-	-	303,333
Total Assets	\$ 49,768,388	\$ 104,807,208	\$ (54,810)	\$ 154,520,786

UNITED STATES BOWLING CONGRESS, INC.
COMBINING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	USBC, Excluding SMART Program	SMART Program	Combining Entries	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 665,413	\$ 38,646	\$ -	\$ 704,059
Due to Related Parties	31,561	54,810	(54,810)	31,561
Accrued Liabilities	2,506,746	-	-	2,506,746
Current Portion of Postretirement Benefit Obligation	89,000	-	-	89,000
Current Portion of Deferred Revenue - Tournament Subsidy	200,000	-	-	200,000
Current Portion of Scholarship Awards Payable	-	5,402,217	-	5,402,217
Deferred Revenue - National Tournaments	11,947,596	-	-	11,947,596
Deferred Revenue - Membership Dues	5,605,293	-	-	5,605,293
Deferred Revenue - BowITV Subscriptions	68,123	-	-	68,123
Deferred Revenue - Bowlers Journal Subscriptions	103,153	-	-	103,153
Total Current Liabilities	<u>21,216,885</u>	<u>5,495,673</u>	<u>(54,810)</u>	<u>26,657,748</u>
LONG-TERM LIABILITIES				
Deferred Revenue - Tournament Subsidy, Less Current Portion Above	510,000	-	-	510,000
Postretirement Benefit Obligation, Less Current Portion Above	784,963	-	-	784,963
Scholarship Awards Payable	-	82,296,366	-	82,296,366
Total Long-Term Liabilities	<u>1,294,963</u>	<u>82,296,366</u>	<u>-</u>	<u>83,591,329</u>
Total Liabilities	22,511,848	87,792,039	(54,810)	110,249,077
NET ASSETS				
Without Donor Restrictions				
Undesignated	13,109,927	-	-	13,109,927
Board-Designated for SMART Program	-	17,015,169	-	17,015,169
Board-Designated Operating Reserve	14,146,613	-	-	14,146,613
Total Net Assets	<u>27,256,540</u>	<u>17,015,169</u>	<u>-</u>	<u>44,271,709</u>
Total Liabilities and Net Assets	<u>\$ 49,768,388</u>	<u>\$ 104,807,208</u>	<u>\$ (54,810)</u>	<u>\$ 154,520,786</u>

UNITED STATES BOWLING CONGRESS, INC.
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	USBC, Excluding SMART Program	SMART Program	Combining Entries	Total
REVENUES				
Membership Dues	\$ 11,072,895	\$ -	\$ -	\$ 11,072,895
Merchandise Sales	99,412	-	-	99,412
Workshops and Seminars	190,259	-	-	190,259
Special Events, Booths, and Concessions	156,444	-	-	156,444
Tournament Entry and Prize Fees	9,920,712	-	-	9,920,712
Tournament and Conventions Subsidy	1,919,647	-	-	1,919,647
Brackets	1,175,645	-	-	1,175,645
Advertising	312,821	-	-	312,821
Royalty	496,664	-	-	496,664
Sponsorship	467,256	-	-	467,256
Contributions	122,115	-	-	122,115
Net Investment Return	1,155,165	6,493,290	-	7,648,455
BowlTV	315,724	-	-	315,724
Other	526,481	-	(490,014)	36,467
PPP Loan Forgiveness	1,614,700	-	-	1,614,700
Bowlers Journal	125,049	-	-	125,049
Total Revenues	<u>29,670,989</u>	<u>6,493,290</u>	<u>(490,014)</u>	<u>35,674,265</u>
EXPENSES				
Salaries	6,279,281	-	-	6,279,281
Fringe Benefits	1,730,294	-	-	1,730,294
Employee Recruitment and Training	87,275	-	-	87,275
Temporary Agency Services	2,349,006	-	-	2,349,006
Professional Services	3,001,992	640,217	(490,014)	3,152,195
Supplies	117,721	459	-	118,180
Resale Merchandise	78,493	-	-	78,493
Prizes	6,994,718	-	-	6,994,718
Awards	385,735	-	-	385,735
Telephone	29,217	-	-	29,217
Postage and Freight	1,008,992	1,499	-	1,010,491
Facilities	1,044,946	-	-	1,044,946
Equipment Maintenance and Repairs	616,627	-	-	616,627
Depreciation	984,790	-	-	984,790
Amortization	35,000	-	-	35,000
Printing	345,184	1,290	-	346,474
Promotion, Sponsorships, and Programs	315,550	4,193	-	319,743
Travel	673,818	2,779	-	676,597
Insurance	459,697	4,512	-	464,209
Contributions	345,209	-	-	345,209
Lineage and Construction	786,123	-	-	786,123
Earnings Allocation	-	7,000,000	-	7,000,000
Miscellaneous	158,275	1,486	-	159,761
Total Expenses	<u>27,827,943</u>	<u>7,656,435</u>	<u>(490,014)</u>	<u>34,994,364</u>
CHANGE IN NET ASSETS FROM OPERATIONS	1,843,046	(1,163,145)	-	679,901
EQUITY IN NET LOSS OF INTERNATIONAL BOWLING CAMPUS, LLC	(302,210)	-	-	(302,210)
NET ASSETS OBTAINED FROM SMART MUTUAL TERMINATION AGREEMENT	-	-	18,178,314	18,178,314
CHANGE IN POSTRETIREMENT BENEFIT OBLIGATION, OTHER THAN PERIODIC EXPENSE	<u>(26,964)</u>	<u>-</u>	<u>-</u>	<u>(26,964)</u>
CHANGE IN NET ASSETS	1,513,872	(1,163,145)	18,178,314	18,529,041
Net Assets - Beginning of Year	<u>25,742,668</u>	<u>18,178,314</u>	<u>(18,178,314)</u>	<u>25,742,668</u>
NET ASSETS - END OF YEAR	<u>\$ 27,256,540</u>	<u>\$ 17,015,169</u>	<u>\$ -</u>	<u>\$ 44,271,709</u>



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