UNITED STATES BOWLING CONGRESS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

UNITED STATES BOWLING CONGRESS, INC.
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of United States Bowling Congress, Inc. which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Bowling Congress, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
March 28, 2018

UNITED STATES BOWLING CONGRESS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 20,600,166	$ 21,454,787
Accounts Receivable, Net	40,458	55,183
Due from Related Parties	94,402	525,498
Inventory	97,807	95,387
Prepaid Expenses and Other	803,506	522,465
Total Current Assets	21,636,339	22,653,320
INVESTMENTS		
Investments, at Fair Value	11,626,456	11,260,166
Investment in International Bowling Campus, LLC	5,770,772	5,968,434
Total Investments	17,397,228	17,228,600
PROPERTY AND EQUIPMENT		
Furniture and Fixtures	13,788,495	13,669,956
Tournament Equipment	13,147,366	12,309,640
Vehicles	66,965	66,965
Software	3,932,855	1,760,650
Construction in Progress	16,240	1,797,971
Total, at Cost	30,951,921	29,605,182
Less: Accumulated Depreciation	23,241,607	21,521,008
Total Property and Equipment	7,710,314	8,084,174
Total Assets	$ 46,743,881	$ 47,966,094

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES		
Accounts Payable	$ 929,225	$ 1,034,767
Due to Related Parties	408,246	435,156
Accrued Liabilities	1,533,816	1,570,159
Current Portion of Deferred Revenue - Tournament Subsidy	834,000	400,000
Current Portion of Deferred Revenue - National Tournaments	8,017,289	10,036,866
Current Portion of Deferred Revenue - Membership Dues	7,331,284	6,150,208
Total Current Liabilities	19,053,860	19,627,156
LONG-TERM LIABILITIES		
Deferred Revenue - Tournament Subsidy, Less Current Portion Above	10,000	667,000
Postretirement Benefit Obligation	1,173,511	1,162,107
Total Long-Term Liabilities	1,183,511	1,829,107
Total Liabilities	20,237,371	21,456,263
NET ASSETS		
Unrestricted Net Assets:		
Undesignated	26,118,342	26,121,663
Permanently Restricted	388,168	388,168
Total Net Assets	26,506,510	26,509,831
Total Liabilities and Net Assets	$ 46,743,881	$ 47,966,094

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Membership Dues	$ 13,970,973	$ -	$ -	$ 13,970,973
Merchandise Sales	96,987	-	-	96,987
Workshops and Seminars	312,837	-	-	312,837
Special Events, Booths, and Concessions	747,548	-	-	747,548
Tournament Entry and Prize Fees	13,511,421	-	-	13,511,421
Tournament and Conventions Subsidy	2,378,050	-	-	2,378,050
Brackets	1,270,490	-	-	1,270,490
Advertising	56,590	-	-	56,590
Royalty	1,256,452	-	-	1,256,452
Sponsorship	878,110	-	-	878,110
Contributions	97,045	-	-	97,045
Interest and Dividends, Net of Fees	293,085	-	-	293,085
Realized and Unrealized Gains on Investments	620,448	-	-	620,448
Other	608,609	-	-	608,609
Total Revenues	36,098,645	-	-	36,098,645
EXPENSES				
Salaries	6,627,194	-	-	6,627,194
Fringe Benefits	1,378,812	-	-	1,378,812
Employee Recruitment and Training	124,604	-	-	124,604
Temporary Agency Services	3,024,765	-	-	3,024,765
Professional Services	3,632,376	-	-	3,632,376
Supplies	149,037	-	-	149,037
Resale Merchandise	96,372	-	-	96,372
Prizes	8,538,047	-	-	8,538,047
Awards	788,781	-	-	788,781
Telephone	31,345	-	-	31,345
Postage and Freight	921,973	-	-	921,973
Facilities	964,578	-	-	964,578
Equipment Maintenance and Repairs	962,278	-	-	962,278
Depreciation	1,720,599	-	-	1,720,599
Printing	345,355	-	-	345,355
Promotion, Sponsorships, and Programs	1,496,543	-	-	1,496,543
Travel	1,567,817	-	-	1,567,817
Insurance	398,900	-	-	398,900
Contributions	875,962	-	-	875,962
Lineage and Construction	1,943,449	-	-	1,943,449
Miscellaneous	204,270	-	-	204,270
Total Expenses	35,793,057	-	-	35,793,057
CHANGE IN NET ASSETS FROM OPERATIONS	305,588	-	-	305,588
EQUITY IN NET LOSS OF INTERNATIONAL BOWLING CAMPUS, LLC	(170,899)	-	-	(170,899)
CHANGE IN POSTRETIREMENT BENEFIT OBLIGATION, OTHER THAN PERIODIC EXPENSE	(138,010)	-	-	(138,010)
CHANGE IN NET ASSETS	(3,321)	-	-	(3,321)
Net Assets - Beginning of Year	26,121,663	-	388,168	26,509,831
NET ASSETS - END OF YEAR	$ 26,118,342	$ -	$ 388,168	$ 26,506,510

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Membership Dues	$ 13,155,203	$ -	$ -	$ 13,155,203
Merchandise Sales	49,001	-	-	49,001
Workshops and Seminars	345,185	-	-	345,185
Special Events, Booths, and Concessions	648,218	-	-	648,218
Tournament Entry and Prize Fees	12,712,119	-	-	12,712,119
Tournament and Conventions Subsidy	2,866,845	-	-	2,866,845
Brackets	1,202,361	-	-	1,202,361
Advertising	234,727	-	-	234,727
Royalty	1,209,821	-	-	1,209,821
Sponsorship	881,113	-	-	881,113
Contributions	106,273	-	-	106,273
Interest and Dividends, net of fees	182,292	-	-	182,292
Realized and Unrealized Gains on Investments	202,138	-	-	202,138
Other	658,933	-	-	658,933
Released from Restrictions	171,654	(171,654)	-	-
Total Revenues	34,625,883	(171,654)	-	34,454,229
EXPENSES				
Salaries	6,604,578	-	-	6,604,578
Fringe Benefits	1,275,170	-	-	1,275,170
Employee Recruitment and Training	161,302	-	-	161,302
Temporary Agency Services	2,426,078	-	-	2,426,078
Professional Services	3,125,306	-	-	3,125,306
Supplies	144,397	-	-	144,397
Resale Merchandise	65,479	-	-	65,479
Prizes	8,136,665	-	-	8,136,665
Awards	729,052	-	-	729,052
Telephone	82,083	-	-	82,083
Postage and Freight	745,978	-	-	745,978
Facilities	864,438	-	-	864,438
Equipment Maintenance and Repairs	516,136	-	-	516,136
Depreciation	996,169	-	-	996,169
Printing	310,754	-	-	310,754
Promotion, Sponsorships, and Programs	1,505,002	-	-	1,505,002
Travel	1,076,031	-	-	1,076,031
Insurance	272,168	-	-	272,168
Contributions	832,331	-	-	832,331
Lineage and Construction	1,642,831	-	-	1,642,831
Miscellaneous	377,027	-	-	377,027
Total Expenses	31,888,975	-	-	31,888,975
CHANGE IN NET ASSETS FROM OPERATIONS	2,736,908	(171,654)	-	2,565,254
EQUITY IN NET LOSS OF INTERNATIONAL BOWLING CAMPUS, LLC	(237,069)	-	-	(237,069)
CHANGE IN POST-RETIREMENT BENEFIT OBLIGATION, OTHER THAN PERIODIC EXPENSE	(62,493)	-	-	(62,493)
CHANGE IN NET ASSETS	2,437,346	(171,654)	-	2,265,692
Net Assets - Beginning of Year	23,684,317	171,654	388,168	24,244,139
NET ASSETS - END OF YEAR	$ 26,121,663	$ -	$ 388,168	$ 26,509,831

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (3,321)	$ 2,265,692
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,720,599	996,169
Provision for Bad Debts	2,846	32,079
Increase (Decrease) in Post-Retirement Benefit Obligation	11,404	(130,045)
Net Realized and Unrealized Gains on Investments	(620,448)	(202,138)
Equity in Net Loss of International Bowling Campus, LLC	170,899	237,069
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	11,879	(8,987)
Due from Related Parties	431,096	(243,723)
Inventory	(2,420)	9,299
Prepaid Expenses and Other	(281,041)	(361,248)
Accounts Payable	(105,542)	408,673
Due to Related Parties	(26,910)	175,611
Accrued Liabilities	(36,343)	830,100
Deferred Revenue	(1,061,501)	(275,384)
Net Cash Provided by Operating Activities	211,197	3,733,167
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Investments	6,201,672	1,513,441
Purchases of Investments	(5,947,514)	(4,690,110)
Distribution from International Bowling Campus, LLC	26,763	610,000
Purchases of Property and Equipment	(1,346,739)	(2,416,589)
Net Cash Used by Investing Activities	(1,065,818)	(4,983,258)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(854,621)	(1,250,091)
Cash and Cash Equivalents - Beginning of Year	21,454,787	22,704,878
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 20,600,166	$ 21,454,787

See accompanying Notes to Financial Statements.

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, overseeing competition, and providing programs and services to its membership. USBC's revenues are derived primarily from membership dues and tournament entry fees. The following footnotes report information for the years ended December 31, 2017 and 2016. 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 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.

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 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 $12,000 and $39,057 at December 31, 2017 and 2016, respectively.

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.

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 3 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.

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), formerly known as New Era Bowling, LLC. 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 $1,000 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 30 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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.

Advertising

USBC expenses advertising costs as they are incurred.

Net Assets

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

Unrestricted Net assets

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

Permanently Restricted Net Assets

These represent net assets that are subject to donor-imposed stipulations requiring that the principal be invested in perpetuity and that only income be expended for Scholarship Management and Accounting Reports for Tenpins (SMART) scholarship awards.

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.

Reclassifications

Certain items in the 2016 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgements and changes in judgements, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual periods beginning after December 15, 2019. Management is evaluating the effect of the amended revenue recognition guidance on the entity's financial statements.

Presentation of Financial Statement of Not-for-Profit Entities – In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is expected to impact the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The guidance is required to be applied by USBC for the year ended December 31, 2018; however, early application is permitted. USBC is currently evaluating the impact this guidance will have on its financial statements.

NOTE 2 INVESTMENTS

Investments consist of the following at December 31:

	2017	2016
Interest-Bearing Cash	$ 329,811	$ 3,479,745
Equities	1,261,194	1,051,089
Bonds	-	70,043
Mutual Funds	10,035,451	6,187,975
Separately Managed Account	-	471,314
Total Investments	$ 11,626,456	$ 11,260,166

NOTE 2 INVESTMENTS (CONTINUED)

Investment income for the years ended December 31:

	2017	2016
Interest and Dividends	$ 320,238	$ 202,169
Net Realized and Unrealized Gains	620,448	202,138
Total Investment Income	940,686	404,307
Less: Investment Fees	(27,153)	(19,877)
Net Investment Income	$ 913,533	$ 384,430

NOTE 3 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America 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 generally accepted accounting principles 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.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Interest-bearing cash is valued at cost which approximates fair value.

Equities are valued at the closing price reported in the active market in which the individual security is traded.

Mutual funds are valued at quoted market prices, which represent the net asset value of shares held by USBC at year-end.

Bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Separately managed account is valued based on the net asset value of the units of the fund held by USBC, based on the fair value of the underlying investments of the fund. The fund does not have a finite life, unfunded commitments, or restrictions on redemptions. The investment strategy of the fund is the generate capital appreciation by investing, trading, and otherwise dealing in domestic small capitalization equity securities of high-growth companies. The fund generally invests in U.S. companies with market capitalizations similar to companies included in the Russell 2000 Growth Index or other small cap indices at the time of purchase. However, a material portion of the portfolio of the fund may be invested in companies with market capitalizations that preclude their inclusion in such indices.

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, 2017:

	Level 1	Level 2	Level 3	Total
Interest-Bearing Cash	$ -	$ 329,811	$ -	$ 329,811
Equities	1,261,194	-	-	1,261,194
Mutual Funds:				
Small Cap	139,308	-	-	139,308
Large Cap	1,146,313	-	-	1,146,313
Fixed Income	6,103,017	-	-	6,103,017
Allocation	2,240,458	-	-	2,240,458
Specialty	406,355	-	-	406,355
Total Assets at Fair Value	$ 11,296,645	$ 329,811	$ -	$ 11,626,456

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, USBC's assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Interest-Bearing Cash	$ -	$ 3,479,745	$ -	$ 3,479,745
Equities	1,051,089	-	-	1,051,089
Mutual Funds:				
Small Cap	159,148	-	-	159,148
Large Cap	1,096,658	-	-	1,096,658
Fixed Income	3,663,939	-	-	3,663,939
Allocation	1,101,554	-	-	1,101,554
Specialty	166,676	-	-	166,676
Separately Managed Account	-	471,314	-	471,314
Bonds:				
Corporate Bonds	-	70,043	-	70,043
Total Assets at Fair Value	$ 7,239,064	$ 4,021,102	$ -	$ 11,260,166

NOTE 4 INVESTMENT IN INTERNATIONAL BOWLING CAMPUS, LLC

IBC holds title to the land and building which USBC uses as its national headquarters. IBC distributed $26,763 and $610,000 to USBC during the years ended December 31, 2017 and 2016, respectively. Summarized financial information for IBC for the years ended December 31 is shown below.

	2017	2016
Total Assets	$ 11,234,089	$ 11,914,889
Total Liabilities	301,747	587,224
Net Assets - Unrestricted	$ 10,932,342	$ 11,327,665
Decrease in Net Assets	$ (341,797)	$ (474,138)
Capital Distributions	$ 53,526	$ 1,220,000

NOTE 5 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. USBC's unfunded cost that existed at August 1, 1995, is being accrued primarily in a straight-line manner that results in full accrual in 20 years.

NOTE 5 POSTRETIREMENT BENEFIT OBLIGATION (CONTINUED)

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:

	2017	2016
Benefit Obligation - Beginning of Year	$ 1,162,107	$ 1,292,152
Service Cost	-	1,979
Interest Cost	49,227	50,935
Benefits Pay	(117,459)	(110,906)
Actuarial Loss (Gain)	79,636	(72,053)
Accrued Postretirement Benefit Obligation	$ 1,173,511	$ 1,162,107

In accordance with accounting principles generally accepted in the United States of America, 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:

	2017	2016
Cumulative Changes - Beginning of Year	$ (372,438)	$ (434,931)
Prior Service Cost	29,906	89,722
Actuarial Change	108,104	(27,229)
Current Year Decrease in Net Assets	138,010	62,493
Cumulative Changes - End of Year	$ (234,428)	$ (372,438)

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

	2017	2016
Service Cost	$ -	$ 1,979
Interest Cost	49,227	50,935
Amortization of Net Gain from Prior Periods	(28,468)	(43,181)
Amortization of Unrecognized Prior Service Cost	(29,906)	(89,722)
Periodic Postretirement Benefit Credit	$ (9,147)	$ (79,989)

NOTE 5 POSTRETIREMENT BENEFIT OBLIGATION (CONTINUED)

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

Year Ending December 31,	Amount
2018	$ 101,000
2019	119,000
2020	101,000
2021	98,000
2022	95,000
2023-2027	410,000

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

	2017	2016
Discount Rate	3.80%	4.15%
Health Care Cost Trend Rate for the New Year	6.60%	6.60%

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 6.60% and assumed to gradually decrease until it reaches the ultimate healthcare cost trend rate of 5.00% in 2022.

NOTE 6 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), 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. 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 $197,013 and $176,234 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 EXPENSES BY FUNCTIONAL CLASSIFICATION

Expenses by functional classification for the years ended December 31 is as follows:

	2017	2016
Program Services:		
Membership Services	$ 3,554,150	$ 3,036,069
Public Relations, Marketing, and Industry Relationship	1,666,983	1,649,260
Management Information Systems	3,516,580	3,358,153
Equipment Specifications	586,447	508,358
Tournaments	18,549,888	16,600,893
Other	2,165,566	1,976,478
Total Program Services	30,039,614	27,129,211
Management and General	5,753,443	4,759,764
Total	$ 35,793,057	$ 31,888,975

NOTE 8 SIGNIFICANT ESTIMATES, CONCENTRATIONS, AND CONTINGENCIES

Accounting principles generally accepted in the United States of America require 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 $71,230 and $121,541 are included in accrued liabilities at December 31, 2017 and 2016, 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 9 RELATED PARTY TRANSACTIONS

BPAA is represented by two members on the USBC board of directors. For various shared costs, USBC has a receivable of $71,367 and $152,532 from BPAA as of December 31, 2017 and 2016, respectively. BPAA contributed $281,942 and $292,546 to USBC during the years ended December 31, 2017 and 2016, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

USBC is represented by two members on Contemporary Bowling Association's (CBA) board of directors and appoints a third. USBC has a payable to CBA of $19,318 and a receivable from CBA of $17,955 as of December 31, 2017 and 2016, respectively. USBC provided $240,000 for operations to CBA for the years ended December 31, 2017 and 2016.

USBC administered a scholarship program to local associations known as Scholarship Management and Accounting Reports for Tenpins (SMART) prior to the formation of SMART Bowling Scholarship Funding Corporation. USBC is represented on SMART's board of directors and continues to provide administrative services for the operation of the SMART program and certain shared services. USBC has a payable to SMART of $-0- and a receivable from SMART of $6,311 as of December 31, 2017 and 2016, respectively. USBC received $475,000 and $400,000 from SMART for services rendered for the years ended December 31, 2017 and 2016, respectively.

USBC provides certain shared services to IBM&HF. USBC has a receivable from IBM&HF for these services of $11,094 and $19,688 as of December 31, 2017 and 2016, respectively. USBC contributed $69,204 and $63,996 to IBM&HF for the years ended December 31, 2017 and 2016, respectively.

IBCYB is represented by two members of the USBC board of directors. USBC has a payable to IBCYB of $387,901 and $435,156 as of December 31, 2017 and 2016, respectively. USBC contributed $620,622 and $611,491 to IBCYB during the years ended December 31, 2017 and 2016, 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 $915,192 and $799,872 for the years ended December 31, 2017 and 2016, respectively. USBC also provides IBC with the use of various employees at no cost, resulting in an in-kind contribution of $80,975 for the years ended December 31, 2017 and 2016. USBC has a receivable from IBC of $11,941 and $329,012 as of December 31, 2017 and 2016, respectively.

NOTE 10 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 4.50% and 3.75% as of December 31, 2017 and 2016, respectively. The line is unsecured and matures on June 30, 2019. No borrowings on the line of credit were outstanding at December 31, 2017 and 2016.

NOTE 11 LEASES

USBC leases office equipment under various operating leases expiring at various dates through 2020.

Future minimum lease payments are as follows:

Year Ending December 31,		Amount
2018	$	65,406
2019		52,008
2020		4,334
Total Minimum Lease Payments	$	121,748

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 28, 2018, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2017, but prior to March 28, 2018 that provided additional evidence about conditions that existed at December 31, 2017, have been recognized in the financial statements for the year ended December 31, 2017. Events or transactions that provided evidence about conditions that did not exist at December 31, 2017, 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, 2017.

USBC has provided IBM&HF a $100,000 loan at 0% interest, effective February 1, 2018. Payment is due February 1, 2023.