UNITED STATES BOWLING CONGRESS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

UNITED STATES BOWLING CONGRESS, INC.
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CliftonLarsonAllen LLP
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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2019 and 2018, 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 27, 2020

UNITED STATES BOWLING CONGRESS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 8,154,868	$ 23,290,346
Accounts Receivable, Net	54,841	39,951
Due from Related Parties	243,939	196,249
Inventory	133,380	118,887
Prepaid Expenses and Other	297,129	379,559
Total Current Assets	8,884,157	24,024,992
INVESTMENTS		
Investments, at Fair Value	29,622,289	11,385,112
Investment in International Bowling Campus, LLC	5,243,716	5,556,736
Total Investments	34,866,005	16,941,848
NOTE RECEIVABLE	87,315	83,555
PROPERTY AND EQUIPMENT		
Furniture and Fixtures	13,788,495	13,788,495
Tournament Equipment	13,569,469	13,449,855
Vehicles	117,028	66,965
Software	4,202,411	4,169,246
Total, at Cost	31,677,403	31,474,561
Less: Accumulated Depreciation	26,640,215	24,960,977
Total Property and Equipment	5,037,188	6,513,584
Total Assets	$ 48,874,665	$ 47,563,979

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019 AND 2018

LIABILITIES AND NET ASSETS	2019	2018
CURRENT LIABILITIES		
Accounts Payable	$ 362,973	$ 573,394
Due to Related Parties	246,890	286,493
Accrued Liabilities	1,743,240	1,641,729
Current Portion of Deferred Revenue - Tournament Subsidy	166,000	200,000
Deferred Revenue - National Tournaments	10,507,492	9,863,462
Deferred Revenue - Membership Dues	6,902,603	6,979,633
Deferred Revenue - BowlTV Subscriptions	37,379	-
Total Current Liabilities	19,966,577	19,544,711
LONG-TERM LIABILITIES		
Deferred Revenue - Tournament Subsidy, Less Current Portion Above	460,000	185,000
Postretirement Benefit Obligation	1,151,998	1,073,677
Total Long-Term Liabilities	1,611,998	1,258,677
Total Liabilities	21,578,575	20,803,388
NET ASSETS		
Without Donor Restrictions		
Undesignated	15,148,581	15,630,722
Designated for Operating Reserve	12,147,509	10,741,701
Total Net Assets Without Donor Restrictions	27,296,090	26,372,423
With Donor Restrictions	-	388,168
Total Net Assets	27,296,090	26,760,591
Total Liabilities and Net Assets	$ 48,874,665	$ 47,563,979

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Membership Dues	$ 14,780,970	$ -	$ 14,780,970
Merchandise Sales	130,157	-	130,157
Workshops and Seminars	329,100	-	329,100
Special Events, Booths, and Concessions	214,903	-	214,903
Tournament Entry and Prize Fees	13,910,065	-	13,910,065
Tournament and Conventions Subsidy	2,883,965	-	2,883,965
Brackets	1,308,698	-	1,308,698
Advertising	49,526	-	49,526
Royalty	1,074,858	-	1,074,858
Sponsorship	718,071	-	718,071
Contributions	93,029	-	93,029
Net Investment Gain	1,466,057	-	1,466,057
BowlTV	166,562	-	166,562
Other	544,675	-	544,675
Release From Restrictions	388,168	(388,168)	-
Total Revenues	38,058,804	(388,168)	37,670,636
EXPENSES			
Salaries	7,131,395	-	7,131,395
Fringe Benefits	1,530,683	-	1,530,683
Employee Recruitment and Training	229,668	-	229,668
Temporary Agency Services	3,122,293	-	3,122,293
Professional Services	4,227,844	-	4,227,844
Supplies	182,534	-	182,534
Resale Merchandise	162,737	-	162,737
Prizes	8,825,270	-	8,825,270
Awards	850,695	-	850,695
Telephone	176,302	-	176,302
Postage and Freight	901,986	-	901,986
Facilities	980,243	-	980,243
Equipment Maintenance and Repairs	840,050	-	840,050
Depreciation	1,679,238	-	1,679,238
Printing	295,069	-	295,069
Promotion, Sponsorships, and Programs	857,196	-	857,196
Travel	1,601,456	-	1,601,456
Insurance	451,847	-	451,847
Contributions	982,307	-	982,307
Lineage and Construction	1,286,499	-	1,286,499
Miscellaneous	353,005	-	353,005
Total Expenses	36,668,317	-	36,668,317
CHANGE IN NET ASSETS FROM OPERATIONS	1,390,487	(388,168)	1,002,319
EQUITY IN NET LOSS OF INTERNATIONAL BOWLING CAMPUS, LLC	(313,020)	-	(313,020)
CHANGE IN POSTRETIREMENT BENEFIT OBLIGATION, OTHER THAN PERIODIC EXPENSE	(153,800)	-	(153,800)
CHANGE IN NET ASSETS	923,667	(388,168)	535,499
Net Assets - Beginning of Year	26,372,423	388,168	26,760,591
NET ASSETS - END OF YEAR	$ 27,296,090	$ -	$ 27,296,090

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Membership Dues	$ 15,300,060	$ -	$ 15,300,060
Merchandise Sales	99,010	-	99,010
Workshops and Seminars	349,751	-	349,751
Special Events, Booths, and Concessions	256,986	-	256,986
Tournament Entry and Prize Fees	11,193,070	-	11,193,070
Tournament and Conventions Subsidy	3,638,953	-	3,638,953
Brackets	1,037,873	-	1,037,873
Advertising	45,875	-	45,875
Royalty	1,100,777	-	1,100,777
Sponsorship	874,808	-	874,808
Contributions	78,166	-	78,166
Net Investment Loss	(232,620)	-	(232,620)
Other	542,026	-	542,026
Total Revenues	34,284,735	-	34,284,735
EXPENSES			
Salaries	7,170,310	-	7,170,310
Fringe Benefits	1,702,402	-	1,702,402
Employee Recruitment and Training	118,154	-	118,154
Temporary Agency Services	2,969,762	-	2,969,762
Professional Services	3,507,945	-	3,507,945
Supplies	160,664	-	160,664
Resale Merchandise	109,974	-	109,974
Prizes	7,099,500	-	7,099,500
Awards	678,064	-	678,064
Telephone	65,798	-	65,798
Postage and Freight	780,008	-	780,008
Facilities	849,106	-	849,106
Equipment Maintenance and Repairs	1,056,089	-	1,056,089
Depreciation	1,719,370	-	1,719,370
Printing	317,479	-	317,479
Promotion, Sponsorships, and Programs	986,566	-	986,566
Travel	1,655,357	-	1,655,357
Insurance	272,711	-	272,711
Contributions	562,142	-	562,142
Lineage and Construction	1,702,753	-	1,702,753
Miscellaneous	359,970	-	359,970
Total Expenses	33,844,124	-	33,844,124
CHANGE IN NET ASSETS FROM OPERATIONS	440,611	-	440,611
EQUITY IN NET LOSS OF INTERNATIONAL BOWLING CAMPUS, LLC	(214,036)	-	(214,036)
CHANGE IN POSTRETIREMENT BENEFIT OBLIGATION, OTHER THAN PERIODIC EXPENSE	27,506	-	27,506
CHANGE IN NET ASSETS	254,081	-	254,081
Net Assets - Beginning of Year	26,118,342	388,168	26,506,510
NET ASSETS - END OF YEAR	$ 26,372,423	$ 388,168	$ 26,760,591

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Total
Salaries	$ 5,774,828	$ 1,356,567	$ 7,131,395
Fringe Benefits	1,301,391	229,292	1,530,683
Employee Recruitment and Training	128,715	100,953	229,668
Temporary Agency Services	3,120,440	1,853	3,122,293
Professional Services	3,115,237	1,112,607	4,227,844
Supplies	176,737	5,797	182,534
Resale Merchandise	162,737	-	162,737
Prizes	8,825,270	-	8,825,270
Awards	833,617	17,078	850,695
Telephone	176,302	-	176,302
Postage and Freight	896,198	5,788	901,986
Facilities	68,537	911,706	980,243
Equipment Maintenance and Repairs	795,126	44,924	840,050
Depreciation	-	1,679,238	1,679,238
Printing	286,278	8,791	295,069
Promotion, Sponsorships, and Programs	709,659	147,537	857,196
Travel	1,208,424	393,032	1,601,456
Insurance	121,468	330,379	451,847
Contributions	378,785	603,522	982,307
Lineage and Construction	1,286,499	-	1,286,499
Miscellaneous	333,179	19,826	353,005
Total Expenses by Function	$ 29,699,427	$ 6,968,890	$ 36,668,317

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Total
Salaries	$ 5,890,357	$ 1,279,953	$ 7,170,310
Fringe Benefits	1,448,238	254,164	1,702,402
Employee Recruitment and Training	96,848	21,306	118,154
Temporary Agency Services	2,969,762	-	2,969,762
Professional Services	2,499,320	1,008,625	3,507,945
Supplies	150,288	10,376	160,664
Resale Merchandise	109,974	-	109,974
Prizes	7,099,500	-	7,099,500
Awards	660,038	18,026	678,064
Telephone	65,798	-	65,798
Postage and Freight	772,977	7,031	780,008
Facilities	16,469	832,637	849,106
Equipment Maintenance and Repairs	1,023,119	32,970	1,056,089
Depreciation	-	1,719,370	1,719,370
Printing	310,204	7,275	317,479
Promotion, Sponsorships, and Programs	841,978	144,588	986,566
Travel	1,293,229	362,128	1,655,357
Insurance	65,095	207,616	272,711
Contributions	368,782	193,360	562,142
Lineage and Construction	1,702,753	-	1,702,753
Miscellaneous	348,777	11,193	359,970
Total Expenses by Function	$ 27,733,506	$ 6,110,618	$ 33,844,124

See accompanying Notes to Financial Statements.

UNITED STATES BOWLING CONGRESS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 535,499	$ 254,081
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,679,238	1,719,370
Provision for Bad Debts	-	(12,000)
Imputed Interest Income	(3,760)	(3,310)
Discount on Issuance of Note Receivable	-	19,755
Increase (Decrease) in Post-Retirement Benefit Obligation	78,321	(99,834)
Net Realized and Unrealized Losses (Gains) on Investments	(1,015,984)	644,988
Equity in Net Loss of International Bowling Campus, LLC	313,020	214,036
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(14,890)	12,507
Due from Related Parties	(47,690)	(101,847)
Inventory	(14,493)	(21,080)
Prepaid Expenses and Other	82,430	423,947
Accounts Payable	(210,421)	(355,831)
Due to Related Parties	(39,603)	(121,753)
Accrued Liabilities	101,511	107,913
Deferred Revenue	845,379	1,035,522
Net Cash Provided by Operating Activities	2,288,557	3,716,464
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of Investments	3,408,021	5,264,210
Purchases of Investments	(20,629,214)	(5,667,854)
Issuance of Note Receivable	-	(100,000)
Purchases of Property and Equipment	(202,842)	(522,640)
Net Cash Used by Investing Activities	(17,424,035)	(1,026,284)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,135,478)	2,690,180
Cash and Cash Equivalents - Beginning of Year	23,290,346	20,600,166
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,154,868	$ 23,290,346

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 by 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, 2019 and 2018. 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 $-0- at December 31, 2019 and 2018.

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.

Investments

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $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 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. 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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2018 financial statements have been reclassified, with no effect on previously reported net assets and changes in net assets, to conform with the current year presentation.

Accounting Pronouncements

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 statement of financial position as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of activities largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct financing leases. In November 2019, the FASB approved the delay of the effective date of ASU 2016-02 which is now effective for USBC's year ending December 31, 2021. Management will be evaluating the effects of the new standard.

Adoption of New Accounting Principle

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Principle (Continued)

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

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

NOTE 2 LIQUIDITY AND AVAILABILITY

USBC's liquidity goal is to have sufficient assets available to meet operational expenditures for a 12 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 equity securities, and a commercial line of credit (See note 12).

For the purpose of analyzing available resources, USBC reviews assets not covered by donor restrictions or restricted for future use. As of December 31, 2019 and 2018, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2019	2018
Cash and Cash Equivalents	$ 8,154,868	$ 23,290,346
Accounts Receivable, Net	54,841	39,951
Due From Related Parties	243,939	196,249
Investments, at Fair Value	29,622,289	11,385,112
	38,075,937	34,911,658
Less Amounts Not Available to be Used Within One Year Due to Donor Restrictions	-	(388,168)
Less Board-Designated Reserve	(12,147,509)	(10,741,701)
Financial Assets Available to Meet General Expenditures Within One Year	$ 25,928,428	$ 23,781,789

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.

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

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.

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	2019	2018
Interest-Bearing Cash	$ 2,682,110	$ 194,652
Money Market Funds	3,466,348	3,347,881
Equities	1,524,432	1,345,988
Mutual Funds	13,164,589	6,496,591
Bonds	8,784,810	-
Total Investments	$ 29,622,289	$ 11,385,112

NOTE 4 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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Interest-bearing cash and money market funds are 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 with an institutional bid evaluation or an institutional mid evaluation. A bid evaluation is an estimated price at which a dealer would pay for a security (typically in an institutional round lot). A mid evaluation is the average of the estimated price at which a dealer would sell a security and the estimated price at which a dealer would pay for a security (typically in an institutional round lot). Oftentimes, these evaluations are based on proprietary models which pricing vendors establish for these purposes. In some cases, there may be manual sources used when primary price vendors do not supply prices.

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.

NOTE 4 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:

	2019			
	Level 1	Level 2	Level 3	Total
Interest-Bearing Cash	$ -	$ 2,682,110	$ -	$ 2,682,110
Money Market Funds	-	3,466,348	-	3,466,348
Equities	1,524,432	-	-	1,524,432
Mutual Funds:				
Small Cap	76,274	-	-	76,274
Mid Cap	75,607	-	-	75,607
Large Cap	1,123,096	-	-	1,123,096
Fixed Income	7,389,754	-	-	7,389,754
Allocation	4,379,351	-	-	4,379,351
Specialty	120,507	-	-	120,507
Bonds				
Corporate Bonds	-	8,784,810	-	8,784,810
Total Assets at Fair Value	$ 14,689,021	$ 14,933,268	$ -	$ 29,622,289

	2018			
	Level 1	Level 2	Level 3	Total
Interest-Bearing Cash	$ -	$ 194,652	$ -	$ 194,652
Money Market Funds	-	3,347,881	-	3,347,881
Equities	1,345,988	-	-	1,345,988
Mutual Funds:				
Small Cap	78,604	-	-	78,604
Large Cap	779,418	-	-	779,418
Fixed Income	2,839,431	-	-	2,839,431
Allocation	2,642,142	-	-	2,642,142
Specialty	156,996	-	-	156,996
Total Assets at Fair Value	$ 7,844,597	$ 3,542,533	$ -	$ 11,385,112

NOTE 5 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, 2019 and 2018. Summarized financial information for IBC for the years ended December 31 is shown below.

	2019	2018
Total Assets	$ 10,243,838	$ 10,772,752
Total Liabilities	365,608	268,482
Net Assets - Without Donor Restrictions	$ 9,878,230	$ 10,504,270
Decrease in Net Assets	$ (626,040)	$ (428,072)

NOTE 6 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, was being accrued primarily in a straight-line manner that results in full accrual in 20 years.

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:

	2019	2018
Benefit Obligation - Beginning of Year	$ 1,073,677	$ 1,173,511
Interest Cost	47,415	44,510
Benefits Pay	(99,607)	(99,845)
Actuarial Loss (Gain)	130,513	(44,499)
Accrued Postretirement Benefit Obligation	$ 1,151,998	$ 1,073,677

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:

	2019	2018
Cumulative Changes - Beginning of Year	$ (261,934)	$ (234,428)
Actuarial Change and Current Year Decrease (Increase) in Net Assets	153,800	(27,506)
Cumulative Changes - End of Year	$ (108,134)	$ (261,934)

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

	2019	2018
Interest Cost	$ 47,415	$ 44,510
Amortization of Net Gain from Prior Periods	(23,287)	(16,993)
Periodic Postretirement Benefit Cost	$ 24,128	$ 27,517

NOTE 6 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
2020	$ 101,000
2021	120,000
2022	99,000
2023	96,000
2024	91,000
2025-2029	375,000

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

	2019	2018
Discount Rate	4.45%	4.45%
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 2024.

NOTE 7 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 $225,087 and $213,392 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8 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	2019	2018
Merchandise Sales	$ 130,157	$ 99,010
Workshops and Seminars	329,100	349,751
Special Events, Booths, and Concessions	71,003	86,554
Tournament Entry and Prize Fees	13,910,065	11,193,070
Tournament and Conventions Subsidy	2,883,965	3,638,953
Brackets	1,308,698	1,037,873
Advertising	49,526	45,875
Royalty	1,074,858	1,100,777
Total Revenue Recognized at a Point in Time	$ 19,757,372	$ 17,551,863

Revenue Recognized over Time	2019	2018
Membership Dues	$ 14,780,970	$ 15,300,060
Special Events, Booths, and Concessions	143,900	170,432
Sponsorship	718,071	874,808
Other	544,675	542,026
BowlTV	166,562	-
Total Revenue Recognized over Time	$ 16,354,178	$ 16,887,326

NOTE 9 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 $97,367 and $100,006 are included in accrued liabilities at December 31, 2019 and 2018, 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 10 RELATED PARTY TRANSACTIONS

BPAA is represented by two members on the USBC board of directors. For various shared costs, USBC has a receivable of $123,158 and $161,570 from BPAA as of December 31, 2019 and 2018, respectively. BPAA provided $682,017 and $681,119 to USBC during the years ended December 31, 2019 and 2018, 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 payable to CBA of $41,783 and $25,053 as of December 31, 2019 and 2018, respectively. USBC provided $240,000 for operations to CBA for each of the years ended December 31, 2019 and 2018.

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 has a service agreement with SMART wherein USBC manages the day-to-day operations of SMART. The service agreement calls for up to $516,000 of reimbursements to USBC for the cost of services provided. The agreement expires December 31, 2020. USBC has a receivable from SMART of $-0- and $14,512 as of December 31, 2019 and 2018, respectively. USBC received $516,000 and $475,000 from SMART for services rendered for the years ended December 31, 2019 and 2018, respectively.

USBC provides certain shared services to IBM&HF. USBC has a payable to IMB&HF of $4,106 as of December 31, 2019 and a receivable from IBM&HF of $4,596 as of December 31, 2018. USBC contributed $81,034 and $73,624 to IBM&HF for the years ended December 31, 2019 and 2018, 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 $3,760 and $3,310 for the years ended December 31, 2019 and 2018, 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 $12,685 and $16,445 as of December 31, 2019 and 2018, respectively.

IBCYB is represented by two members of the USBC board of directors. USBC has a payable to IBCYB of $201,001 and $261,440 as of December 31, 2019 and 2018, respectively. USBC contributed $786,081 and $369,361 to IBCYB during the years ended December 31, 2019 and 2018, 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 $908,448 and $831,883 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018. USBC has a receivable from IBC of $120,781 and $15,571 as of December 31, 2019 and 2018, respectively.

NOTE 11 COMMITMENTS

USBC has entered into agreements to sponsor various events through 2022. Committed amounts related to this agreement for the future events are approximately $375,000 at December 31, 2019.

On February 1, 2019, USBC entered into an agreement for access to and use of a third party-software. This service agreement is effective through April 20, 2022. Committed amounts related to this agreement are approximately $378,000 at December 31, 2019.

On December 31, 2019, USBC entered into an agreement for marketing services to be provided in 2020 and 2021. Committed amounts related to this agreement are approximately $134,000 at December 31, 2019.

NOTE 12 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 4.75% and 5.50% as of December 31, 2019 and 2018, respectively. The line is unsecured and matures on September 3, 2021. No borrowings on the line of credit were outstanding at December 31, 2019 and 2018.

NOTE 13 LEASES

USBC leases office equipment under various operating leases expiring at various dates through 2021.

Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2020	$ 42,314
2021	34,815
Total Minimum Lease Payments	$ 77,129

NOTE 14 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 27, 2020, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2019, but prior to March 27, 2020 that provided additional evidence about conditions that existed at December 31, 2019, have been recognized in the financial statements for the year ended December 31, 2019. Events or transactions that provided evidence about conditions that did not exist at December 31, 2019, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2019.