

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

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**



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**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc., as of December 31, 2023 and 2022, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

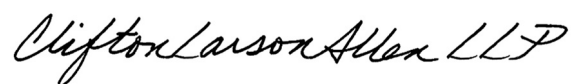
Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Bowling Hall of Fame and Museum, Inc., dba: International Bowling Museum and Hall of Fame, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
August 8, 2024

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 126,620	\$ 275,049
Due from Related Parties	18,205	12,651
Note Receivable, Current Portion	399,204	402,219
Investments, at Fair Value	504,809	460,235
Other Current Assets	35,498	31,848
Total Current Assets	<u>1,084,336</u>	<u>1,182,002</u>
FURNITURE, FIXTURES, AND EQUIPMENT, NET	<u>445,991</u>	<u>393,006</u>
Total Assets	<u><u>\$ 1,530,327</u></u>	<u><u>\$ 1,575,008</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,237	\$ 8,633
Accrued Liabilities	59,904	59,107
Due to Related Parties	1,782	1,782
Deferred Revenue	40,970	57,225
Total Current Liabilities	<u>106,893</u>	<u>126,747</u>
NET ASSETS		
Without Donor Restrictions	944,907	937,520
With Donor Restrictions	478,527	510,741
Total Net Assets	<u>1,423,434</u>	<u>1,448,261</u>
Total Liabilities and Net Assets	<u><u>\$ 1,530,327</u></u>	<u><u>\$ 1,575,008</u></u>

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Museum Operations:			
Admissions	\$ 20,527	\$ -	\$ 20,527
Museum Store	22,924	-	22,924
Other Income	2,995	-	2,995
Contributions	406,340	8,600	414,940
In-Kind Contributions	308,427	-	308,427
Tournament Entry Fees	74,240	-	74,240
Sponsorship	12,500	-	12,500
Special Events	40,202	-	40,202
Net Investment Return	44,574	36,345	80,919
Total	<u>932,729</u>	<u>44,945</u>	<u>977,674</u>
Net Assets Released from Restrictions	<u>77,159</u>	<u>(77,159)</u>	<u>-</u>
Total Support and Revenues	<u>1,009,888</u>	<u>(32,214)</u>	<u>977,674</u>
EXPENSES			
Program Activities, Including Museum			
Store Costs of Sales of \$4,993	813,558	-	813,558
Management and General	112,632	-	112,632
Fundraising	76,311	-	76,311
Total Expenses	<u>1,002,501</u>	<u>-</u>	<u>1,002,501</u>
CHANGE IN NET ASSETS	7,387	(32,214)	(24,827)
Net Assets - Beginning of Year	<u>937,520</u>	<u>510,741</u>	<u>1,448,261</u>
NET ASSETS - END OF YEAR	<u><u>\$ 944,907</u></u>	<u><u>\$ 478,527</u></u>	<u><u>\$ 1,423,434</u></u>

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Museum Operations:			
Admissions	\$ 18,897	\$ -	\$ 18,897
Museum Store	17,826	-	17,826
Other Income	61	-	61
Contributions	341,388	100,000	441,388
In-Kind Contributions	96,006	-	96,006
Forgiveness of Notes Payable	200,000	-	200,000
Tournament Entry Fees	60,471	-	60,471
Sponsorship	10,000	-	10,000
Special Events	39,600	-	39,600
Net Investment Return	(57,115)	28,799	(28,316)
Total	<u>727,134</u>	<u>128,799</u>	<u>855,933</u>
Net Assets Released from Restrictions	<u>90,803</u>	<u>(90,803)</u>	<u>-</u>
Total Support and Revenues	<u>817,937</u>	<u>37,996</u>	<u>855,933</u>
EXPENSES			
Program Activities, Including Museum			
Store Costs of Sales of \$4,993	617,235	-	617,235
Management and General	95,134	-	95,134
Fundraising	74,560	-	74,560
Total Expenses	<u>786,929</u>	<u>-</u>	<u>786,929</u>
CHANGE IN NET ASSETS	31,008	37,996	69,004
Net Assets - Beginning of Year	<u>906,512</u>	<u>472,745</u>	<u>1,379,257</u>
NET ASSETS - END OF YEAR	<u><u>\$ 937,520</u></u>	<u><u>\$ 510,741</u></u>	<u><u>\$ 1,448,261</u></u>

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program	Management and General	Fundraising	Total
Salaries and Benefits	\$ 110,138	\$ 54,409	\$ 53,969	\$ 218,516
Professional Services	51,766	16,719	-	68,485
Awards	15,759	-	-	15,759
Prizes	25,000	-	-	25,000
Exhibits	1,724	-	-	1,724
Food and Beverage	4,756	1,585	9,511	15,852
Merchandise	8,190	-	464	8,654
Postage and Freight	4,370	1,165	291	5,826
Facilities	231,943	17,368	-	249,311
Equipment Maintenance and Repairs	19,051	539	-	19,590
Depreciation	185,910	5,750	-	191,660
Office Supplies	3,749	1,000	250	4,999
Printing	2,648	706	177	3,531
Travel	66,376	4,590	1,836	72,801
Insurance	31,055	3,451	-	34,506
Advertising and Promotion	-	4,275	475	4,750
Fundraising	-	-	9,088	9,088
Lease and Construction	4,480	-	-	4,480
Scholarship Grants	41,337	-	-	41,337
Miscellaneous	5,306	1,076	250	6,632
Total Expenses by Function	<u>\$ 813,558</u>	<u>\$ 112,632</u>	<u>\$ 76,311</u>	<u>\$ 1,002,501</u>

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program	Management and General	Fundraising	Total
Salaries and Benefits	\$ 103,995	\$ 50,744	\$ 50,358	\$ 205,097
Professional Services	54,560	15,515	-	70,075
Awards	15,521	-	-	15,521
Prizes	25,000	-	-	25,000
Exhibits	2,497	-	-	2,497
Food and Beverage	5,526	1,842	11,052	18,420
Merchandise	7,332	-	580	7,912
Postage and Freight	940	251	63	1,254
Facilities	57,915	4,269	-	62,184
Equipment Maintenance and Repairs	20,765	511	-	21,276
Depreciation	176,956	5,473	-	182,429
Office Supplies	1,041	278	69	1,388
Printing	2,518	671	168	3,357
Travel	61,219	4,684	1,873	67,776
Insurance	29,266	3,252	-	32,518
Advertising and Promotion	-	6,431	713	7,144
Fundraising	-	-	9,409	9,409
Lineage and Construction	3,880	-	-	3,880
Scholarship Grants	31,570	-	-	31,570
Miscellaneous	16,734	1,213	275	18,222
Total Expenses by Function	<u>\$ 617,235</u>	<u>\$ 95,134</u>	<u>\$ 74,560</u>	<u>\$ 786,929</u>

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (24,827)	\$ 69,004
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities		
Depreciation	191,660	182,429
Forgiveness of Notes Payable	-	(200,000)
Imputed Interest Expense	-	9,300
Net Realized and Unrealized (Gains) Losses on Investments	(44,574)	57,115
Effects of Changes in Operating Assets and Liabilities:		
Due from Related Parties	(5,554)	(5,605)
Accounts Receivable	-	10,000
Pledges Receivable	-	5,000
Other Current Assets	(3,650)	(8,395)
Accounts Payable	(4,396)	2,382
Accrued Liabilities	797	327
Deferred Revenue	(16,255)	7,000
Net Cash Provided by Operating Activities	<u>93,201</u>	<u>128,557</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture, Fixtures, and Equipment	(244,645)	(4,854)
Issuance of Note Receivable	-	(400,000)
Principal Payments on Note Receivable	3,015	261,832
Net Cash Used by Investing Activities	<u>(241,630)</u>	<u>(143,022)</u>
NET DECREASE IN CASH	(148,429)	(14,465)
Cash - Beginning of Year	<u>275,049</u>	<u>289,514</u>
CASH - END OF YEAR	<u><u>\$ 126,620</u></u>	<u><u>\$ 275,049</u></u>

See accompanying Notes to Financial Statements.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

National Bowling Hall of Fame and Museum, Inc. dba: International Bowling Museum and Hall of Fame, Inc. (IBM&HF) is a nonprofit organization whose purpose is to collect, preserve and display artifacts, writings, photographs, records, and other mementos related to the history of the sport of bowling. The IBM&HF revenues are derived primarily from admissions and contributions. Significant accounting policies followed by the IBM&HF are presented below.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

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

Risks and Uncertainties

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

Note Receivable

Note receivable consists of IBM&HF's share of mortgage notes receivable that IBM&HF has loaned to individuals. The note is considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. IBM&HF's practice is to charge off any note or portion of a note when the note is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Note Receivable (Continued)

In May 2020, IBM&HF loaned an individual \$265,000 at 9.0% interest. The note receivable matures in April 2023, but was paid in full in January 2022. In January 2022, IBM&HF loaned an individual \$300,000 at 8.875% interest. The note receivable matures in December 2024 at 8.875% interest. In August 2022, IBM&HF loaned an individual \$100,000 at 10.25% interest. The note receivable matures in January 2026. No allowance for credit loss note receivables is recorded as of December 31, 2023 and 2022. Interest revenue of \$36,345 and \$28,799 was recognized in the statement of activities as net investment return with donor restrictions for the years ending December 31, 2023 and 2022, respectively.

Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment over \$1,000 with a useful life of three years or more are stated at cost and depreciated on the straight-line method over their estimated useful lives, which range from 3 to 15 years.

Assets constructed or purchased, including collections, are capitalized at cost. In conformity with the practice followed by many museums, donated collections are not included in the statements of financial position. Collections are not depreciated. IBM&HF's collections policy requires that the proceeds from the deaccessioning of collections be used for acquisition to the collections or direct care of the collections. IBM&HF defines direct care as activities that invest in the existing collections by enhancing their life, usefulness or quality and thereby ensuring they will continue to benefit the public. Direct care activities include an allocable share of salaries for staff engaged in direct care, as well as direct care activities contracted to outside vendors and materials, equipment, systems, and facilities used in connection with direct care activities.

Impairment of Long-Lived Assets

IBM&HF reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Without Donor Restrictions – These represent net assets that are not subject to external donor-imposed restrictions.

With Donor Restrictions – These represent net assets that are subject to donor-imposed time and/or purpose restrictions that have not been met (see Note 6).

Contributions

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for general use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are reported at the present value of their net realizable value, using a risk-free interest rate. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor-restricted support. Donated property is recorded at fair market value at date of donation, which is then treated as cost.

If necessary, the carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance is based on management's assessment of the collectability of specific contributions. All contributions or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible pledges. There was no allowance for uncollectible pledges recorded as of December 31, 2023 and 2022.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Contributed goods are recorded at fair value at the date of donation.

Revenue Recognition

Deferred revenue consists of tournament entry fees. Tournament entry fees are recognized as revenue in the year in which the event is held or the related expenses are incurred.

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

Special event revenue is recognized when the events are held.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Internal Revenue Service (IRS) has issued a determination letter dated November 16, 1991, granting IBM&HF an exemption from federal income tax under IRS Code Section 501(c)(3). However, income received from certain activities is subject to income tax as unrelated business income.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include facilities and depreciation, which is allocated on a square footage basis, as well as salaries and benefits, professional services, food and beverage, postage and freight, equipment maintenance and repairs, office supplies, printing, travel, insurance, advertising and promotion, and miscellaneous expenses, which are allocated on the basis of estimates of time and effort.

Adoption of New Accounting Standard

At the beginning of 2023, IBM&HF adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. IBM&HF adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the IBM&HF's financial statements but did change how the allowance for credit losses is determined.

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 LIQUIDITY AND AVAILABILITY

IBM&HF's liquidity goal is to have sufficient assets available to meet operational expenditures for a 12-month period. IBM&HF regularly reviews the liquidity required to meet operational expenditures. The primary forms of funds available include cash, investments, and expected collections of note and pledges receivable.

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

	2023	2022
Cash	\$ 126,620	\$ 275,049
Due from Related Parties	18,205	12,651
Note Receivable, Current Portion	399,204	402,219
Investments, at Fair Value	504,809	460,235
Total	1,048,838	1,150,154
Less: Amounts Not Available to be Used Within		
One Year Due to Donor Restrictions	(478,527)	(510,741)
Financial Assets Available to Meet General		
Expenditures Within One Year	\$ 570,311	\$ 639,413

Further, IBM&HF relies on the continued support of related parties. See Note 9 for past giving from related organizations that will be relied upon for future operations.

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	2023	2022
Investments:		
Interest-Bearing Cash	\$ 1,036	\$ 1,030
Mutual Funds	503,773	459,205
Total	\$ 504,809	\$ 460,235

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 FAIR VALUE MEASUREMENTS

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used at December 31, 2023 for assets measured at fair value.

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

**NATIONAL BOWLING HALL OF FAME AND MUSEUM, INC.
DBA: INTERNATIONAL BOWLING MUSEUM AND HALL OF FAME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, IBM&HF's assets at fair value at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Mutual Funds:				
Fixed Income	\$ 185,007	\$ -	\$ -	\$ 185,007
Large Cap Growth	318,766	-	-	318,766
Total Assets at Fair Value	<u>\$ 503,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>503,773</u>
Assets Not Valued Under Fair Value Measurements				
Interest-Bearing Cash				1,036
Total Investments				<u>\$ 504,809</u>

The following table sets forth by level, within the fair value hierarchy, IBM&HF's assets at fair value at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Mutual Funds:				
Fixed Income	\$ 176,229	\$ -	\$ -	\$ 176,229
Large Cap Growth	282,976	-	-	282,976
Total Assets at Fair Value	<u>\$ 459,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>459,205</u>
Assets Not Valued Under Fair Value Measurements				
Interest-Bearing Cash				1,030
Total Investments				<u>\$ 460,235</u>

NOTE 5 FURNITURE, FIXTURES, AND EQUIPMENT

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

	2023	2022
Furniture, Fixtures, and Equipment	\$ 3,001,730	\$ 2,972,387
Less: Accumulated Depreciation	(2,804,866)	(2,613,206)
Total Net Depreciable Assets	196,864	359,181
Collections	249,127	33,825
Total Fixed Assets, Net	<u>\$ 445,991</u>	<u>\$ 393,006</u>

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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Funds to Allow Students from the Inner City or Underprivileged Areas to Attend the Museum's Educational Programs	\$ 24,481	\$ 24,481
Hometown Heroes Fund	30,668	30,843
Frame 4 Frame	-	35,902
Daroll & Dolores Frewing College Scholarship Fund	423,378	419,515
Total	<u>\$ 478,527</u>	<u>\$ 510,741</u>

NOTE 7 RETIREMENT PLAN

IBM&HF participates in a 401(k) retirement plan (along with United States Bowling Congress, Inc. (USBC), Bowling Proprietors' Association of America, Inc. (BPAA), International Bowling Campus, LLC (IBC), and IBC Youth Bowling, Inc. (IBCYB) available to all employees who have reached the age of 21 and completed one month of service. Employees may contribute to their accounts up to the annual amount allowed by law. IBM&HF matches 100% of the first 3% of employee contributions, plus 50% of the next 2% of the employee's contribution. Total expense was \$4,398 and \$3,858 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 REVENUE

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

Revenue Recognized at a Point in Time:	2023	2022
Admissions	\$ 20,527	\$ 18,897
Museum Store	22,924	17,826
Other Income	2,995	61
Tournament Entry Fees	74,240	60,471
Special Events	40,202	39,600
Total Revenue Recognized at a Point in Time	<u>\$ 160,888</u>	<u>\$ 136,855</u>
Revenue Recognized Over Time:		
Sponsorship	<u>\$ 12,500</u>	<u>\$ 10,000</u>

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NOTE 8 REVENUE (CONTINUED)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts Receivable - Sponsorships	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>
Deferred Revenue - Tournament Entry Fees	<u>\$ 40,970</u>	<u>\$ 57,225</u>	<u>\$ 50,225</u>

NOTE 9 RELATED PARTY TRANSACTIONS

IBM&HF leases its facilities from International Bowling Campus, LLC (see Note 10). Included in due to related parties at December 31, 2023 and 2022, are \$1,782 due to IBC for operating expenses. IBC contributed rent to IBM&HF for the years ended December 31, 2023 and 2022. IBM&HF recognizes this in-kind rent as a contribution and rent expense of \$247,986 and \$59,184 for each of the years ended December 31, 2023 and 2022, respectively. The fair market value is approximated by the percentage of operating expenses incurred. Contributed rent does not have any donor restrictions.

IBM&HF has a receivable due from BPAA for payments made on behalf of BPAA of \$15,258 and \$6,994 at December 31, 2023 and 2022, respectively. BPAA contributed \$138,606 and \$210,886 to IBM&HF during the years ended December 31, 2023 and 2022, respectively.

IBM&HF has a receivable due from USBC for payments made on behalf of USBC of \$2,947 and \$5,657 at December 31, 2023 and 2022, respectively. USBC contributed \$212,270 and \$195,086 to IBM&HF during the years ended December 31, 2023 and 2022, respectively.

Effective February 1, 2018, USBC and BPAA each provided IBM&HF a \$100,000 loan at 0% interest. Full payment of both loans is due February 1, 2023. IBM&HF recognized \$200,000 of Loan Forgiveness related to these agreements during the year ended December 31, 2022.

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NOTE 10 COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES

Commitments

IBM&HF has entered into an agreement to provide room accommodations for its future tournaments in 2024 and 2025. Committed amounts related to these agreements are approximately \$56,000 at December 31, 2023.

IBM&HF has entered into a Master Services Agreement, which includes two statements of work. The first statement of work (SOW 1), to create a virtual vault and package and sell the Heritage Naming Rights Platform, is effective February 15, 2018. Required payments are \$200,000 upon acceptance, \$50,000 on January 31, 2020, and \$50,000 on January 31, 2021. IBM&HF made the initial required payment of \$200,000 during the year ended December 31, 2020 and is still obligated to pay the two remaining \$50,000 payments as of the report date. The \$50,000 due on January 31, 2020 is included in accrued liabilities on the statement of financial position as of December 31, 2023 and 2022. During the year ended December 31, 2023, the \$50,000 due on January 31, 2020 has not been paid or recognized in the statement of activities due to the failure of meeting certain performance obligations stipulated in SOW 1. The second statement of work (SOW 2) has a 10-year term, starting with the successful sale of the Heritage Naming Rights Platform, as outlined in SOW 1. SOW 2 is to preserve and restore IBM&HF artifacts and could require payments up to \$2,000,000, incurred as \$200,000 per year for 10 years.

Contingencies

During the years ended December 31, 2023 and 2022, IBM&HF awarded \$25,000 in scholarships as part of the Daroll & Dolores Frewing College Scholarship Fund. These scholarships carry certain conditions that must be met in order for disbursement to occur. At December 31, 2023 and 2022, awarded scholarships with unsatisfied conditions were \$24,661 and \$35,173 respectively. IBM&HF recognized \$41,083 and \$31,120 scholarship expense related to the Daroll & Dolores Frewing College Scholarship Fund during the years ended December 31, 2023 and 2022, respectively.

Concentrations

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

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NOTE 11 CONTRIBUTED GOODS AND SERVICES

IBM&HF received the following contributions of nonfinancial assets for the years ending December 31:

	2023	2022
LED Lighting	\$ 17,648	\$ -
Professional Services	10,393	10,393
Rent	247,986	59,184
Special Events	32,400	26,429
Total	<u>\$ 308,427</u>	<u>\$ 96,006</u>

Professional services are recognized as in-kind contributions at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. IBM&HF received contributed professional services that are reported using current market rates for similar services.

IBM&HF recognizes in-kind rent as a contribution and rent expense. The fair market value is approximated by the percentage of operating expenses incurred. See Note 9.

LED lighting and special events are recognized as in-kind contribution revenue. IBM&HF valued these items at current market rates for similar items.

All in-kind contribution revenue was received without donor restrictions.

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through August 8, 2024, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2023, but prior to August 8, 2024 that provided additional evidence about conditions that existed at December 31, 2023, have been recognized in the financial statements for the year ended December 31, 2023. Events or transactions that provided evidence about conditions that did not exist at December 31, 2023, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the December 31, 2023.



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