

IDAHO STATE USBC ASSOCIATION, INC.

Financial Statements

July 31, 2022 and 2021



IDAHO STATE USBC ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Years Ended July 31, 2022 and 2021

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Poulsen VanLeuven & Catmull PA

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Idaho State USBC Association, Inc.
Boise, Idaho

We have reviewed the accompanying financial statements of Idaho State USBC Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2022 and 2021, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the statement of functional expenses for the year ended July 31, 2022, 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Idaho State USBC Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Opinion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our review was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information on Statement of Activities on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and

other records used to prepare the financial statements. The information has been subjected to the review procedures applied in the review of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA.

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull, PA

September 26, 2022

IDAHO STATE USBC ASSOCIATION, INC.

Statements of Financial Position July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents:	\$ 187,503	\$ 180,732
Other Assets	<u>2,845</u>	<u>-</u>
Total Current Assets	190,348	180,732
Investments		
Board designated - SMART Scholarship funds	<u>435,394</u>	<u>399,937</u>
Total Investments	<u>435,394</u>	<u>399,937</u>
Total Assets	<u><u>\$ 625,742</u></u>	<u><u>\$ 580,669</u></u>
 LIABILITIES AND NET ASSETS		
Scholarships Payable - Assigned SMART Scholarship funds	<u>\$ 394,385</u>	<u>\$ 322,296</u>
Total liabilities	<u>394,385</u>	<u>322,296</u>
Net Assets without donor restrictions		
Board designated - Unassigned SMART Scholarship funds	41,009	77,641
Other net assets without donor restrictions	<u>190,348</u>	<u>180,732</u>
Total Net Assets without donor restrictions	<u>231,357</u>	<u>258,373</u>
Total Liabilities and Net Assets	<u><u>\$ 625,742</u></u>	<u><u>\$ 580,669</u></u>

IDAHO STATE USBC ASSOCIATION, INC.

Statements of Activities and Changes in Net Assets Years ending July 31, 2022 and 2021

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Membership Dues	\$ 17,744	\$ 15,704
Entry fees	209,577	164,895
Less Refunds (See Note 6)	(409)	(435)
Brackets	9,978	10,379
Interest from savings	57	333
Investment Income (net of expenses)	10,853	31,608
Other Income	5,629	10,850
Total Revenue	253,429	233,334
EXPENSES:		
Tournament Expenses:		
Prizes	85,806	65,541
Awards	9,668	7,835
Bowling Fees	52,234	43,506
Administrative expenses	16,939	14,376
Travel	9,849	11,052
Total Tournament Expenses	174,496	142,310
Association Expenses:		
National Meeting	2,466	-
Annual Meeting	6,618	5,301
Manager's salary	5,382	4,458
Review/Audit/Tax Prep	2,950	4,000
Travel	-	-
Other	3,442	1,982
Scholarship Expense		
Association contributions to scholarships	37,605	37,410
Scholarships awarded out of unassigned funds	47,486	2,129
SMART earnings allocated to scholarships-To Board Designated Funds	10,853	31,608
SMART earnings allocated to scholarships-Transfer out of Undesignated	(10,853)	(31,608)
Total Association Expenses	105,949	55,280
Total Operating Expenses	280,445	197,590
Increase (Decrease) in Net Assets without donor restrictions	(27,016)	35,744
Net Assets without Donor Restrictions, Beginning of Year	258,373	222,629
Net Assets without Donor Restrictions, End of Year	\$ 231,357	\$ 258,373

IDAHO STATE USBC ASSOCIATION, INC.

Statement of Functional Expenses July 31, 2022, with Comparable totals for July 31, 2021

	Support Services					
	Program	Management	Fund	Total	Total	Total
	Service	& General	Raising	Support	2022	2021
				Services		
Expenses						
Employee Compensation	-	5,382	-	5,382	5,382	4,458
Tournament Prizes	85,806	-	-	-	85,806	65,541
Tournament Awards	9,668	-	-	-	9,668	7,835
Tournament Bowling Fees	52,234	-	-	-	52,234	43,506
Tournament Administrative expenses	16,939	-	-	-	16,939	14,376
Travel	9,849	-	-	-	9,849	11,052
National Meeting	-	2,466	-	2,466	2,466	-
Annual Meeting	-	6,618	-	6,618	6,618	5,301
Review/Audit/Tax Prep	-	2,950	-	2,950	2,950	4,000
Scholarship Expense						
Association contributions to scholarships	-	37,605	-	37,605	37,605	37,410
Scholarships awarded out of unassigned funds	-	47,486	-	47,486	47,486	2,129
SMART earnings allocated to scholarships-To						
Board Designated Funds	-	10,853	-	10,853	10,853	31,608
SMART earnings allocated to scholarships-						
Transfer out of Undesignated	-	(10,853)	-	(10,853)	(10,853)	(31,608)
Interest Expense	-	-	-	-	-	-
Miscellaneous	-	3,442	-	3,442	3,442	1,982
Total Functional Expenses	174,496	105,949	-	105,949	280,445	197,590

IDAHO STATE USBC ASSOCIATION, INC.

Statements of Cash Flows For the Years Ending July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (27,016)	\$ 35,744
Adjustment for Changes in Assets and Liabilities		
Decrease (Increase) in:		
Other Assets	(2,845)	-
Increase (decrease) in:		
Scholarships Payable - Assigned SMART Scholarship funds		
Funds assigned to individuals	98,740	59,465
Funds used or forfeited by scholarship awardees	<u>(26,651)</u>	<u>(16,475)</u>
Total Adjustments	69,244	42,990
Net Cash Flows from Operating Activities	42,228	78,734
Net Cash Flows from Investing Activities		
Purchase of investments - SMART Scholarship funds	(24,604)	(40,861)
Reinvested SMART Scholarship fund income (net of expenses)	<u>(10,853)</u>	<u>(31,608)</u>
Total Cash Flow from Investing Activities	(35,457)	(72,469)
Net Increase(Decrease) in		
Cash and cash equivalents	6,771	6,265
Cash and Temporary investments at the beginning of the year	<u>180,732</u>	<u>174,467</u>
Cash and Temporary investments at the end of the year	<u>\$ 187,503</u>	<u>\$ 180,732</u>
Amount paid for IRS penalties and interest	-	-

IDAHO STATE USBC ASSOCIATION, INC.

Notes to Financial Statements
July 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Idaho State USBC Association, Inc. (the Association) is a nonprofit corporation organized under the laws of the State of Idaho. The purpose of the Association is to promote the game of bowling and provide services and programs for amateur bowlers in the State of Idaho. The Association's revenue consists primarily of fees collected for its annual bowling tournaments.

The Association as a national organization mandated that men, women and youth merge into one organization. The prior associations ceased operations on July 31, 2017, and the new merged association commenced on August 1, 2017.

Basis of Presentation

The financial statements of the Association are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Association maintains its cash and cash equivalents in financial institution accounts, which may, at times, exceed the federally insured limit of \$250,000 set by the Federal Deposit Insurance Corporation. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

Investments

The Association follows FASB ASC 958 in accounting for investments in financial assets. Under the standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses, interest, and dividends on investments are recorded as net assets without donor restriction unless such amounts are restricted by the donor or by law.

Equipment

It is the Association's policy to capitalize all equipment at cost if purchased, or fair value if contributed. Equipment would be depreciated using the straight-line method over the estimated useful lives of the assets. There are no capitalized equipment held by the Association for the years ended July 31, 2022 and 2021.

IDAHO STATE USBC ASSOCIATION, INC.

Notes to Financial Statements
July 31, 2022 and 2021

Income Tax Status

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Association is subject to federal income taxes on any unrelated business taxable income. The Association evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. No uncertain tax positions were identified by the Association as of July 31, 2022 and 2021.

The Association's policy is to classify income tax penalties and interest as interest expense in its financial statements. During the year ended July 31, 2019 the Association incurred penalty and interest of \$5,418. No penalty or interest were incurred in the year ended July 31, 2022. The Association's Federal Return of Organizations Exempt from Income Tax (Form 990) for the years ended July 31, 2019, 2020, and 2021 are subject to examination by the IRS, generally for the three years after they were filed. As of the date of this report, the Association's July 31, 2022 return has not been filed.

Use of Estimates

The preparation of financial statements in conformity with the generally accepting accounting principles 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.

Revenue Recognition

The Association recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Association records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ended July 31, 2022 and 2021.

Tournament Entry Fees and Brackets-- The Association holds various men, women, and youth bowling tournaments throughout the State of Idaho. The performance obligation is the participation of the participant in the tournament. The entry fees are set by the Association and the Association recognizes revenue as the participant pays the entry fee. No tournament fees are collected for a tournament in a subsequent year therefore no liability for probable customer returns are considered necessary as of July 31, 2022 and 2021.

Other Income--Other income consists primarily of merchandise such as towels, patches, pins, etc. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Association based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Association recognizes revenue as the customer pays and takes possession of the merchandise. No liability for probable customer returns is considered necessary as of July 31, 2022 and 2021.

Membership Dues--Participants pay membership fees to the National USBC and the National USBC then remits \$2 of that fee to the Association for each member in Idaho. Revenue is recognized monthly as the fee is remitted.

IDAHO STATE USBC ASSOCIATION, INC.

Notes to Financial Statements
July 31, 2022 and 2021

Fair Value Measurement

The FASB established a framework for measuring fair value and disclosing fair value measurements to financial statement users. Fair value is the price that would be received to sell an asset or paid to transfer a liability (referred to as the "exit price") in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for specific assets or liabilities at the measurement dates. The fair value should be based on assumptions that market participants would use, including consideration of nonperformance risk.

In determining fair value, the Association uses various valuation approaches. The FASB established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Association. Unobservable inputs are inputs that reflect the Association's assumptions about assumptions market participants would use in pricing the assets or liabilities developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets to which the Association has access.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and 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 availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of asset or liability, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Association in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an organization-specific measure. Therefore, even when market assumptions are not readily available, the Association's own assumptions are set to reflect those that the Association believes market participants would use in pricing the asset or liability at the measurement date.

IDAHO STATE USBC ASSOCIATION, INC.

Notes to Financial Statements
July 31, 2022 and 2021

NOTE 2: LIQUIDITY AND AVAILABILITY OF FUNDS

The Association's financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2022	2021
Cash	\$ 187,503	\$ 180,732
Total financial assets available to meet general expenditures within the next 12 months.	\$ 187,503	\$ 180,732

NOTE 3: INVESTMENTS

Investments consist of funds designated for scholarships held with the USBC's SMART Program, which holds scholarship awards granted to recipients until the recipient claims the funds for college tuition. Investments with the SMART Program are valued at cost, as the program agreement states the funds placed with the SMART Program are to be claimed by scholarship recipients or returned to the Association. Income in excess of administrative expenses, if any, is returned to the Association's SMART Program account. The organization was only provided with the net allocation of income and allocated fees and not the component parts.

	2022	2021
Investment balances as of July 31		
SMART Program funds	\$ 435,394	\$ 399,937
Total Investments	\$ 435,394	\$ 399,937

Investment income on the Association's investments at July 31 consisted of the following:

	2022	2021
Income allocated, net of expenses	\$ 10,853	\$ 31,608
	\$ 10,853	\$ 31,608

NOTE 4: FAIR VALUE MEASUREMENTS

The SMART Program financial statements are audited separately with a fiscal year end of December 31, and contain a Fair Value disclosure. The SMART Program Investments per December 31, 2021 and 2020 audited financial statements were made up of Level 1, Level 2, and Level 3 inputs. The Association does not have access to Fair Value disclosure information as of July 31, 2022 and 2021.

The following table sets forth by level, within the fair value hierarchy, the SMART Program assets at fair value using the December 31, 2021 and 2020 allocations on the July 31, 2022 and 2021 account balances respectively.

	2022					
	Level 1	Level 2	Level 3	NAV	Total	
Assets held in SMART Program	\$ 303,269	\$ 132,125	\$ -	\$ -	\$ 435,394	
	2021					
	Level 1	Level 2	Level 3	NAV	Total	
Assets held in SMART Program	\$ 239,678	\$ 160,259	\$ -	\$ -	\$ 399,937	

NAV assets include Hedge Fund and Limited Partnership assets measured at Net Asset Value. For breakout of specific investments see the respective SMART Bowling Scholarship Funding Corporation December 31, 2021 or 2020 financial statements.

IDAHO STATE USBC ASSOCIATION, INC.

Notes to Financial Statements
July 31, 2022 and 2021

NOTE 5: BOARD DESIGNATED FUNDS

The Board of Directors considers the investments located in the SMART Program as board designated scholarship funds. Money from specific fundraising activities has been directed to this fund totaling \$37,605 and \$37,410 in the years ended July 31, 2022 and 2021 respectively. The SMART Program held \$41,009 and \$77,641 of funds on July 31, 2022 and 2021 respectively designated for scholarships available to be assigned to specific individuals.

NOTE 6: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 26, 2022, the date of the auditor's report, which is the date the financial statements were available to be issued. There are no subsequent events that require disclosure as of the date above.

IDAHO STATE USBC ASSOCIATION, INC.

Supplemental Information on Statement of Activities For the Year Ended July 31, 2022

	General	Open	Women	Youth	Total
REVENUE					
Membership Dues	\$ 17,174	\$ -	\$ -	\$ 570	\$ 17,744
Entry fees	-	52,866	65,785	90,926	209,577
Less Refunds	-	(120)	(199)	(90)	(409)
Brackets	-	2,905	4,708	2,365	9,978
Interest from savings	57	-	-	-	57
Investment Income (net of expenses)	-	108	99	10,646	10,853
Other Income	3,915	-	1,714	-	5,629
Total Revenue	21,146	55,759	72,107	104,417	253,429
EXPENSES:					
Tournament Expenses:					
Prizes	-	37,124	46,042	2,640	85,806
Awards	-	-	1,634	8,034	9,668
Bowling Fees	-	13,508	18,572	20,154	52,234
Administrative expenses	-	2,585	2,518	11,836	16,939
Travel	-	218	240	9,391	9,849
Total Tournament Expenses	-	53,435	69,006	52,055	174,496
Association Expenses:					
National Meeting	2,466	-	-	-	2,466
Annual Meeting	6,618	-	-	-	6,618
Manager's salary	5,382	-	-	-	5,382
Review/Audit/Tax Prep	2,950	-	-	-	2,950
Other	3,442	-	-	-	3,442
Scholarship Expense					
Association contributions to scholarships	-	1,453	2,958	33,194	37,605
Scholarships awarded out of unassigned funds				47,486	47,486
SMART earnings allocated to scholarships-To Board Designated Funds	-	108	99	10,646	10,853
SMART earnings allocated to scholarships-Transfer out of Undesignated	-	(108)	(99)	(10,646)	(10,853)
Total Association Expenses	20,858	1,453	2,958	80,680	105,949
Total Operating Expenses	20,858	54,888	71,964	132,735	280,445
Increase (Decrease) in Net Assets without donor restrictions	\$ 288	\$ 871	\$ 143	\$(28,318)	\$ (27,016)