

Little League Baseball, Incorporated and Controlled Entities

Combined Financial Statements

September 30, 2021 and 2020

Little League Baseball, Incorporated and Controlled Entities

Table of Contents
September 30, 2021 and 2020

	<u>Page</u>
Independent Auditors' Report	1
Combined Financial Statements	
Combined Statements of Financial Position	3
Combined Statements of Activities and Changes in Net Assets	4
Combined Statements of Functional Expenses	6
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9

Independent Auditors' Report

To the Board of Directors of
Little League Baseball, Incorporated and Controlled Entities

We have audited the accompanying combined financial statements of Little League Baseball, Incorporated, Little League Baseball Poland Foundation (Williamsport) and Little League Baseball Poland Foundation (Poland), (collectively, the Organization), which comprise the combined statement of financial position as of September 30, 2021, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Little League Baseball, Incorporated, Little League Baseball Poland Foundation (Williamsport) and Little League Baseball Poland Foundation (Poland) as of September 30, 2021, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The combined financial statements of the Organization as of and for the year ended September 30, 2020 were audited by another firm, whose report dated February 11, 2021, expressed an unmodified opinion on those combined financial statements.

Baker Tilly US, LLP

Williamsport, Pennsylvania
February 16, 2022

Little League Baseball, Incorporated and Controlled Entities

Combined Statements of Financial Position
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 11,510,751	\$ 5,698,150
Trade accounts receivable, net	353,658	326,148
Tournament cancellation insurance receivable	-	8,649,131
Inventories	533,843	617,926
Prepaid expenses and other assets	333,383	1,452,782
Investments	39,750,654	36,483,690
Land, building and equipment, net	49,529,822	43,569,719
Collections, net	949,147	1,107,299
	<u>102,961,258</u>	<u>97,904,845</u>
Total assets	<u>\$ 102,961,258</u>	<u>\$ 97,904,845</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 680,357	\$ 3,384,513
Funds held for third party	1,281,712	500,000
Deferred revenue	662,714	1,892,000
Due to leagues	873,970	1,999,979
Paycheck Protection Program loan	-	1,474,200
Line of credit	7,200,000	5,200,000
Other postretirement benefits	3,931,908	4,027,565
	<u>14,630,661</u>	<u>18,478,257</u>
Total liabilities	<u>14,630,661</u>	<u>18,478,257</u>
Net Assets		
Without donor restrictions	88,322,570	79,307,797
With donor restrictions	8,027	118,791
	<u>88,330,597</u>	<u>79,426,588</u>
Total net assets	<u>88,330,597</u>	<u>79,426,588</u>
Total liabilities and net assets	<u>\$ 102,961,258</u>	<u>\$ 97,904,845</u>

See notes to combined financial statements

Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Activities and Changes in Net Assets

Year Ended September 30, 2021

(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020
Support, Revenues and Gains				
Support:				
Contributions from:				
Public	\$ 547,683	\$ -	\$ 547,683	\$ 1,144,264
Local Little Leagues	1,045,956	-	1,045,956	61,246
Total support	1,593,639	-	1,593,639	1,205,510
Revenues and gains (losses):				
Royalties, rights, license fees and corporate sponsors	11,112,359	-	11,112,359	6,577,538
World Series, tournaments and special activities	10,796,001	-	10,796,001	154,458
Charter fees and membership enrollment, net of refunds	1,041,650	-	1,041,650	(22,620)
Sale of copyrighted supplies	1,499,236	-	1,499,236	1,034,089
Service fee for administration of group accident and liability	318,121	-	318,121	339,865
Summer camp	-	-	-	1,468
Peter J. McGovern Museum admissions	355	-	355	9,507
League publications	-	-	-	34,850
Interest and dividends	95,253	-	95,253	202,787
Miscellaneous revenue, tournament cancellation insurance	-	-	-	12,149,131
Paycheck Protection Program loan forgiveness	1,474,200	-	1,474,200	-
Miscellaneous revenue	28,843	-	28,843	22,931
Gain (loss) on disposal of assets	(22,111)	-	(22,111)	935,923
Net assets released from restriction	110,764	(110,764)	-	-
Total revenues and gains	26,454,671	(110,764)	26,343,907	21,439,927
Total support, revenues and gains	28,048,310	(110,764)	27,937,546	22,645,437
Expenses				
Program services:				
League operations	12,352,663	-	12,352,663	11,993,844
World Series, tournaments and special activities	9,124,615	-	9,124,615	7,556,807
Peter J. McGovern Museum	916,560	-	916,560	731,543
Total program services	22,393,838	-	22,393,838	20,282,194
Supporting services:				
Administrative services	4,247,558	-	4,247,558	2,948,056
Total expenses	26,641,396	-	26,641,396	23,230,250
Change in net assets before other changes	1,406,914	(110,764)	1,296,150	(584,813)
Other Changes in Net Assets				
Net realized and unrealized gains (losses)				
on investments	7,239,560	-	7,239,560	(2,425,491)
Change in other postretirement benefits	368,299	-	368,299	(481,857)
Change in net assets	9,014,773	(110,764)	8,904,009	(3,492,161)
Net Assets, Beginning	79,307,797	118,791	79,426,588	82,918,749
Net Assets, Ending	\$ 88,322,570	\$ 8,027	\$ 88,330,597	\$ 79,426,588

See notes to combined financial statements

Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Activities and Changes in Net Assets

Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenues and Gains			
Support:			
Contributions from:			
Public	\$ 1,144,264	\$ -	\$ 1,144,264
Local Little Leagues	61,246	-	61,246
Total support	1,205,510	-	1,205,510
Revenues and gains:			
Royalties, rights, license fees and corporate sponsors	6,577,538	-	6,577,538
World Series, tournaments and special activities	154,458	-	154,458
Charter fees and membership enrollment, net of refunds	(22,620)	-	(22,620)
Sale of copyrighted supplies	1,034,089	-	1,034,089
Service fee for administration of group accident and liability	339,865	-	339,865
Summer camp	1,468	-	1,468
Peter J. McGovern Museum admissions	9,507	-	9,507
League publications	34,850	-	34,850
Interest and dividends	202,678	109	202,787
Miscellaneous revenue	22,931	-	22,931
Miscellaneous revenue tournament cancellation insurance	12,149,131	-	12,149,131
Gain on disposal of assets	935,923	-	935,923
Total revenues and gains	21,439,818	109	21,439,927
Total support, revenues and gains	22,645,328	109	22,645,437
Expenses			
Program services:			
League operations	11,993,844	-	11,993,844
World Series, tournaments, and special activities	7,556,807	-	7,556,807
Peter J. McGovern Museum	731,543	-	731,543
Total program services	20,282,194	-	20,282,194
Supporting services:			
Administrative services	2,948,056	-	2,948,056
Total expenses	23,230,250	-	23,230,250
Change in net assets before other changes	(584,922)	109	(584,813)
Other Changes in Net Assets			
Net realized and unrealized losses on investments	(2,425,491)	-	(2,425,491)
Change in other postretirement benefits	(481,857)	-	(481,857)
Change in net assets	(3,492,270)	109	(3,492,161)
Net Assets, Beginning	82,800,067	118,682	82,918,749
Net Assets, Ending	\$ 79,307,797	\$ 118,791	\$ 79,426,588

See notes to combined financial statements

Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Functional Expenses

Year Ended September 30, 2021

(With Comparative Totals for 2020)

	Program Services			Total Program Services	Supporting Services Administrative	2021 Total Expenditures	2020 Total Expenditures
	League Operations	World Series Tournaments Special Activities	Peter J. McGovern Little League Baseball Museum				
Salaries	\$ 3,228,259	\$ 2,421,194	\$ 220,109	\$ 5,869,562	\$ 1,467,391	\$ 7,336,953	\$ 7,591,150
Payroll taxes	233,364	175,023	15,911	424,298	106,075	530,373	495,674
Employee retirement plan	415,810	311,857	28,351	756,018	189,004	945,022	557,512
Hospitalization and insurance	851,096	638,322	58,029	1,547,447	386,862	1,934,309	2,207,106
Copyrighted supplies expense, sold	278,378	208,784	18,980	506,142	126,536	632,678	307,814
Field staff retainers	27,750	-	-	27,750	-	27,750	92,750
Postage and shipping	87,551	65,663	5,969	159,183	39,796	198,979	193,468
Office supplies and maintenance	229,376	172,032	15,639	417,047	104,262	521,309	694,716
Telephone	96,783	72,587	6,599	175,969	43,992	219,961	228,756
Insurance, fire and general	465,191	348,893	31,718	845,802	211,450	1,057,252	1,008,696
Professional services	762,596	571,947	51,995	1,386,538	346,635	1,733,173	1,925,707
Contribution expense	36,424	27,318	2,483	66,225	16,556	82,781	113,750
Public relations	18,285	13,713	1,247	33,245	8,311	41,556	174,248
Travel	62,740	1,308,558	4,278	1,375,576	28,518	1,404,094	242,852
Field, housing and vehicle maintenance	892,166	669,125	60,830	1,622,121	405,530	2,027,651	1,682,392
Feeding and housing	506,607	379,955	34,541	921,103	230,276	1,151,379	582,628
Uniforms and equipment	-	422,049	-	422,049	-	422,049	52,102
Printing, supplies and other operating expenses	757,003	567,753	51,614	1,376,370	344,092	1,720,462	437,940
European development	110,919	-	-	110,919	-	110,919	114,095
Bad debt expense	12,254	-	-	12,254	-	12,254	21,047
Depreciation expense	2,761,235	736,329	307,039	3,804,603	184,082	3,988,685	3,724,936
Urban initiative	123	-	-	123	-	123	138,780
Benefits extended to leagues	500,736	-	-	500,736	-	500,736	640,191
Marketing / sponsorship commissions	18,017	13,513	1,228	32,758	8,190	40,948	1,940
Total expenses	\$ 12,352,663	\$ 9,124,615	\$ 916,560	\$ 22,393,838	\$ 4,247,558	\$ 26,641,396	\$ 23,230,250

See notes to combined financial statements

Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Functional Expenses

Year Ended September 30, 2020

	Program Services			Total Program Services	Supporting Services Administrative	Total Expenditures
	League Operations	World Series Tournaments Special Activities	Peter J. McGovern Little League Baseball Museum			
Salaries	\$ 3,472,951	\$ 2,798,182	\$ 175,019	\$ 6,446,152	\$ 1,144,998	\$ 7,591,150
Payroll taxes	226,771	182,711	11,428	420,910	74,764	495,674
Employee retirement plan	255,062	205,505	12,854	473,421	84,091	557,512
Hospitalization and insurance	1,009,751	813,564	50,886	1,874,201	332,905	2,207,106
Copyrighted supplies expense, sold	140,825	113,463	7,097	261,385	46,429	307,814
Field staff retainers	92,750	-	-	92,750	-	92,750
Postage and shipping	88,512	71,314	4,461	164,287	29,181	193,468
Office supplies and maintenance	317,833	256,080	16,017	589,930	104,786	694,716
Telephone	104,656	84,322	5,274	194,252	34,504	228,756
Insurance, fire and general	461,478	371,817	23,256	856,551	152,145	1,008,696
Professional services	881,011	709,837	44,398	1,635,246	290,461	1,925,707
Contribution expense	52,041	41,929	2,623	96,593	17,157	113,750
Public relations	79,718	64,231	4,017	147,966	26,282	174,248
Travel	95,457	111,114	4,811	211,382	31,470	242,852
Field, housing and vehicle maintenance	769,695	620,149	38,788	1,428,632	253,760	1,682,392
Feeding and housing	266,552	214,763	13,433	494,748	87,880	582,628
Uniforms and equipment	-	52,102	-	52,102	-	52,102
Printing, supplies and other operating expenses	200,357	161,430	10,097	371,884	66,056	437,940
European development	114,095	-	-	114,095	-	114,095
Bad debt expense	21,047	-	-	21,047	-	21,047
Depreciation expense	2,563,423	683,579	307,039	3,554,041	170,895	3,724,936
Urban initiative	138,780	-	-	138,780	-	138,780
Benefits extended to leagues	640,191	-	-	640,191	-	640,191
Marketing / sponsorship commissions	888	715	45	1,648	292	1,940
Total expenses	\$ 11,993,844	\$ 7,556,807	\$ 731,543	\$ 20,282,194	\$ 2,948,056	\$ 23,230,250

See notes to combined financial statements

Little League Baseball, Incorporated and Controlled Entities

Combined Statements of Cash Flows

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 8,904,009	\$ (3,492,161)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	3,988,686	3,724,936
Net realized and unrealized (gains) losses on investments	(7,239,560)	2,425,491
(Gain)/Loss on disposal of fixed assets	22,111	(935,923)
Paycheck Protection Program loan forgiveness	(1,474,200)	-
Change in:		
Trade accounts receivable	(27,510)	137,498
Tournament cancellation insurance receivable	8,649,131	(8,649,131)
Inventories	84,083	(83,401)
Prepaid expenses and other assets	1,119,399	(544,225)
Accounts payable and accrued expenses	(2,704,156)	2,309,635
Funds held for third party	781,712	500,000
Deferred revenue	(1,229,286)	1,809,650
Due to leagues	(1,126,009)	558,974
Other postretirement benefits	(95,657)	652,646
Net cash provided by (used in) operating activities	<u>9,652,753</u>	<u>(1,586,011)</u>
Cash Flows From Investing Activities		
Purchases of land, building and equipment	(9,812,698)	(11,096,569)
Purchases of collections	(2,850)	(25,461)
Proceeds from sale of equipment	2,800	1,093,983
Purchases of investments	(14,980,895)	(22,737,757)
Proceeds from sale of investments	<u>18,953,491</u>	<u>22,643,451</u>
Net cash used in noncapital financing activities	<u>(5,840,152)</u>	<u>(10,122,353)</u>
Cash Flows From Financing Activities		
Advances on line of credit	2,000,000	5,200,000
Proceeds from PPP loan	<u>-</u>	<u>1,474,200</u>
Net cash provided by financing activities	<u>2,000,000</u>	<u>6,674,200</u>
Net increase (decrease) in cash and cash equivalents	5,812,601	(5,034,164)
Cash and Cash Equivalents, Beginning	<u>5,698,150</u>	<u>10,732,314</u>
Cash and Cash Equivalents, Ending	<u>\$ 11,510,751</u>	<u>\$ 5,698,150</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid	<u>\$ 134,650</u>	<u>\$ 22,000</u>

See notes to combined financial statements

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

1. Organization

Little League Baseball, Incorporated (Little League, or Organization), located in South Williamsport, Pennsylvania, was established by an Act of Congress on July 16, 1964, to promote the welfare and development of children who participate in Little League Baseball and Softball in the United States and abroad. Little League Baseball, Incorporated operates regional centers in Bristol, Connecticut; Whitestown, Indiana; Warner Robbins, Georgia; San Bernardino, California; and Waco, Texas. Additionally, Little League Baseball, Incorporated operates a European Leadership Training Center in Kutno, Poland, and the World of Little League: Peter J. McGovern Museum and Official Store (the Museum), a museum of Little League memorabilia and artifacts for the purpose of educating visitors of the ongoing commitment of service to youth by Little League.

Little League Baseball, Incorporated controls the following entities:

- Little League Baseball Poland Foundation (Williamsport) - The Poland Foundation, headquartered in South Williamsport, Pennsylvania, was incorporated in the Commonwealth of Pennsylvania effective December 15, 1993 to further the development of Little League Baseball, Incorporated on the European continent.
- Little League Baseball Poland Foundation (Poland) - The Poland Foundation in Poland, headquartered in Kutno, Poland, was incorporated in Poland effective July 24, 1995 to be the operating entity in Europe on behalf of Little League Baseball, Incorporated.

Little League Baseball, Incorporated and the Poland Foundations are referred to collectively as Little League or Little League Baseball, Incorporated and Controlled Entities or the Organization.

Principles of Combination

The combined financial statements include the accounts of Little League Baseball, Incorporated, Little League Baseball Poland Foundation (Williamsport) and Little League Baseball Poland Foundation (Poland). All significant intercompany accounts and transactions have been eliminated.

2. Summary of Significant Accounting Policies

Basis of Accounting

Little League reports its financial position and results of operations on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

Little League's combined financial statements have been prepared in accordance with GAAP as issued by the Financial Accounting Standards Board (FASB). Net asset, revenue, gains, expenses, and losses are classified as without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions. The Board of Directors may also designate net assets included in this category for certain purposes.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that may be met either 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. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Use of Estimates

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

Donated Services and Materials

Donated services and materials, including collection items, are recorded as contributions at their fair value at the time of receipt.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments and fixed income investments with original maturities less than 90 days, which were purchased within three months of fiscal year end. Cash and cash equivalents are valued at cost, which approximates fair market value.

Trade Accounts Receivable

Trade accounts receivable represent amounts owed from local leagues, corporate sponsors, and licensees, net of allowance for doubtful accounts of \$15,000 in 2021 and 2020. All trade accounts receivable represents amounts which are reasonably expected to be collected within the next twelve months.

Little League extends credit to local little leagues for charter fees, insurance premiums, and purchases of supplies. Little League also extends credit to District Administrators for the purchase of league supplies.

Inventories

Inventories, which consist of items held for retail sale, are stated at the lower of cost or net realizable value as determined by the first-in, first-out method.

Land, Buildings, Equipment and Depreciation

Land, buildings and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows: Electronic equipment (3 to 5 years), furniture, fixtures and equipment (7 to 10 years), buildings, athletic facilities and land improvements (20 to 40 years), vehicles and maintenance equipment (5 to 7 years) and statues and signage (7 to 10 years). Upon sale or retirement, the cost and related accumulated depreciation of such assets are removed from the accounts and any resulting gain or loss realized is credited or charged to revenues and gains for the period. Expenditures for maintenance and repairs are charged to expense as incurred. Significant renewals and improvements are capitalized.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

Collections

The Museum maintains a Little League photograph collection and artifacts for the purpose of public exhibition and education of visitors of Little League's ongoing commitment of service to youth. The collection is protected, kept unencumbered, cared for and preserved by the Museum. Collections are capitalized at cost, net of accumulated depreciation of \$949,147 and \$1,107,299 as of September 30, 2021 and 2020, respectively, and stated separately on the combined statements of financial position. Contributed collection items are recognized as gains on the combined statements of activities and changes in net assets and are recorded at fair value. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets of 7 - 10 years.

Funds Held for Third Party

The Organization has an agreement with a third party as part of a youth sports initiative to hold certain grant funds until such time when a separate, unaffiliated organization requests the funds and awards grants to qualified leagues participating in the program. Little League records these funds as agency transactions and does not recognize revenue or expense in the accompanying combined financial statements.

Deferred Revenue

Little League received advance payment for licensing fees and sponsorship payments during fiscal year 2021 and 2020.

Due to Leagues

Due to leagues represents charter fees and insurance credits to be provided to the local leagues as of September 30, 2021. Due to leagues represented mileage credits owed to the local leagues who participated in Little League sanctioned tournaments as of September 30, 2021 and 2020. The leagues may use these credits to offset charter fees, insurance premiums and purchases of Little League supplies in future years.

Employee Benefit Plans

Little League sponsors a defined contribution savings plan for all eligible employees subject to the provisions of Section 401(k) of the Internal Revenue Code (IRC). Little League also sponsors a defined benefit plan (post-retirement benefit plan) which provides employees certain postretirement benefits in the form of continuing life insurance and continuing medical and dental reimbursement benefits. GAAP requires an entity to recognize in its statements of financial position, the over-or underfunded status of its defined benefit postretirement plan measured as the difference between the fair value of the plan assets and the benefit obligation. For a postretirement plan the benefit obligation would be the accumulated postretirement benefit obligation. GAAP also requires the postretirement benefit obligation be measured as of the date of the entity's statements of financial position.

Other Changes in Net Assets

Revenues or expenses not directly identifiable to programs, nor related to the overall support and mission of Little League, are reported separately from revenues and functional expenses. These include net realized and unrealized gains (losses) on investments, and postretirement benefit changes other than net periodic postretirement costs.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

Tournament Cancellation Insurance

As a result of the cancellation of the Little League World Series Tournaments in the prior fiscal year, the Organization received reimbursement of revenue from its business interruption insurance in the total amount of \$12,149,131, which is recognized as revenue within the statements of activities and changes in net assets as tournament cancellation insurance for the fiscal year ended September 30, 2020. The Organization received \$3,500,000 of the recoveries before September 30, 2020, and received \$8,649,131 of the recoveries after September 30, 2020, but before the 2020 financial statements were available to be issued. Amounts of recoveries received after year end are included within tournament cancellation insurance receivable on the statements of financial position as of September 30, 2020. The Organization appropriately recorded the business interruption insurance recoveries as revenue in fiscal 2020 as the contingency had been considered resolved whereby it received payment from the insurer without the expectation of repayment or refund. The Organization has submitted a claim for additional business interruption insurance recovery due to the limited Little League World Series Tournaments held in 2021; however, no amounts have been recorded in the 2021 combined financial statements related to this claim as the negotiations with the insurance company are still in process.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the combined statements of activities and changes in net assets. Accordingly, the Organization's natural expenses have been allocated on a functional basis among program and supporting services benefited in the combined statements of functional expenses. Little League summarizes the expenses for specific program services. League operations are expenses that can be tied directly to the education, support, registration and growth of all local little league program operations year-round. The expenses for divisional World Series tournaments and special activities are related to support for the 7 international World Series tournaments and regional tournaments, and the Peter J. McGovern Museum expenses are the costs associated in maintaining and operating the museum in South Williamsport.

Income Taxes

The United States Treasury Department has advised that Little League and Williamsport are tax-exempt organizations under Section 501(c)(3) of the IRC. Little League Baseball Poland Foundation (Poland) is tax-exempt under Polish law. On such basis, Little League has not incurred any liability for federal income taxes.

GAAP requires an entity to assess its uncertain tax positions using a two-step approach for recognizing, measuring and disclosing tax benefits taken or expected to be taken in an unrelated business activity tax return. No liabilities have been recorded as a result of this standard.

Concentrations of Credit Risk

Financial instruments subject to concentrations of credit risk consist primarily of cash and cash equivalents, and investments.

Cash and cash equivalents deposited in Federal Deposit Insurance Corporation (FDIC) member banks are insured up to a limit of \$250,000 per account.

Investments, at fair value, are maintained and administered by two fund advisors. The fair market value of investments as presented in the combined financial statements are subject to various market fluctuations which include changes in the equity and bond markets, interest rate fluctuations and general economic conditions.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

Risks and Uncertainties

The COVID-19 pandemic impacted the Organization's operations during the fiscal year. The spread of the disease and its variants caused Little League to cancel all levels of play in the International Tournament, with the exception of the Major Division Baseball and Softball Tournaments. In addition, attendance at regional tournaments and World Series events was curtailed significantly. These decisions were made based on the recommendations of the Little League Pandemic Advisory Commission. The outcome of these decisions impacted the Organization's revenues and expenses.

The Organization continues to follow its plan to mitigate the financial and operational impacts of the COVID-19 pandemic through use of financing alternatives and scrutiny of capital expenditures and operating expenses. While the duration and intensity of the COVID-19 pandemic is uncertain, the Organization remains positive that more local leagues will resume play and a full International Tournament will be held in future. Still, uncertainty exists regarding these circumstances and any future financial impact cannot be reasonably estimated at this time.

Reclassifications

Certain reclassifications were made to the 2020 combined financial statements to conform to the current year presentation.

3. Accounting Standard Updates

In May 2014, the FASB issued Accounting Standard Update (ASU) No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*. This ASU supersedes the revenue recognition requirement in *Topic 605, Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the Codification. The core principle of ASU No. 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this ASU on a full retrospective basis effective October 1, 2020. See Note 4.

In March 2019, the FASB issued ASU No. 2019-03, *Not-for-Profit Entities (Topic 958)*. This ASU modifies the definition of the term "collections" and requires that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection). If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of "direct care." The Organization adopted this ASU on a full retrospective basis effective October 1, 2020. The implementation of the standard did not have a material impact on the combined financial statements.

Future Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. The guidance results in a more faithful representation of the rights and obligations arising from leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. This ASU is effective for the Organization beginning fiscal 2023. The Organization is currently evaluating the potential impact of this standard on its combined financial statements and has not elected to early adopt the update.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

4. Revenue Recognition

The Organization adopted Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606) effective October 1, 2019. The standard outlines a five step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has identified charter fees and memberships, royalties, license fees and corporate sponsorships, broadcasting rights, museum admissions, and sale of copyrighted supplies as revenue categories subject to the adoption of ASC 606.

The results of ASC 606 did not have a material impact on the combined financial position, changes in net assets, cash flows, business processes, controls or systems of the Organization.

The Organization has entered into certain revenue transactions, such as the licensing of broadcasting rights, corporate sponsorship transactions, and the sale of memberships that involve the delivery of multiple elements to the buyer. In accounting for these transactions, the Organization must evaluate whether there is objective evidence of fair value for each individual element delivered and, if so, account for each element of the transaction separately, based on relevant revenue recognition accounting policies. An allocation of revenue is made to all elements for which fair value is determinable. The balance of consideration received for which the fair value is not determinable is allocated to the remaining elements.

Other revenues not subject to ASC 606 include contributions, interest and dividends, miscellaneous revenue, and Paycheck Protection Program loan forgiveness.

Royalties, Rights, License Fees and Corporate Sponsors

Royalties, rights, license fees and corporate sponsors for the years ended September 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Corporate sponsorships	\$ 8,825,095	\$ 3,630,285
Royalties	2,287,264	2,922,753
License fees	-	24,500
Total	<u>\$ 11,112,359</u>	<u>\$ 6,577,538</u>

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

Corporate sponsorship revenues involve various forms of sponsorship for the Little League World Series. Sponsorship revenues are derived from 12 sponsorship agreements with counterparties who provide consideration predominately in the form of cash and, in certain cases, value in kind in exchange for acknowledgement, marketing rights, customer activations and advertising. Most of these sponsorships are multi-year contracts, some extending through September 2026. Such agreements are subject to termination and renewal clauses. Contracts with corporate sponsors cover multi-year periods with the amount of consideration attributable to each period indicated in the contracts. Each year's performance obligations relate to the unique events and activation plan for a given year. The Organization's performance obligations are satisfied at a point in time and the contractual consideration for a given year is recognized once those performance obligations are fulfilled. Revenues are recognized when the World Series is conducted as the Organization has substantially provided all performance obligations and received all benefits associated with the agreements. Royalties are recognized in the period the manufacture or sale of the item/service giving rise to the royalty occurs.

World Series, Tournaments and Special Activities

World Series, tournaments and special activities revenues for the years ended September 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Television and radio rights	\$ 10,677,302	\$ -
Concessions and souvenirs	94,273	-
Special events and clinics	13,527	98,106
Programs and other	10,899	56,352
Total	<u>\$ 10,796,001</u>	<u>\$ 154,458</u>

Television Rights

Television rights revenues are predominately earned through an exclusive television rights agreement with a domestic and international broadcaster who provides consideration, predominately in the form of cash, and in-kind in exchange for exclusive media rights to broadcast the tournaments. The contract extends through December 2030. This agreement is subject to termination and renewal clauses. The Organization's performance obligations consist of the conduct of the Little League World Series and various regional tournaments to enable the production of a broadcast. The terms of the broadcasting arrangement are such that rights are assigned to individual tournaments that occur annually and are satisfied at the point in time when the respective tournament to which they pertain occurs. Accordingly, the Organization does not have any unsatisfied performance obligations as of year end.

Charter Fee Revenue

Charter fee revenues received from local leagues who affiliate with the Organization are considered refundable exchange transactions. The Organization provides affiliated local leagues certain benefits during the year including but not limited to free training and educational materials, playing rules, training seminars and clinics, regular mailings of pertinent information, options for low rate and excellent insurance coverages, tax exemption assistance and an option to take part in the International Tournament. A local league may take advantage of any or all benefits of affiliation during the year. The Organization recognizes Charter Fee Revenue ratably over the term of the membership period, which corresponds to the Organization's fiscal year. There are no unsatisfied performance obligations related to Charter Fee Revenue as of September 30, 2021 or 2020. A local league can request a refund of any charter fees paid if the league provides proof no activity occurred (i.e. - the local league did not play games or have a season); however, this is a relatively uncommon occurrence. There were no refunds issued in 2021.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

The Organization made a decision in 2020 to refund local leagues all charter fees paid. This was done to minimize the impact of the COVID pandemic to local leagues and provide some financial assistance to local leagues who were struggling to operate. Refunds issued totaled \$1,147,530.

Sale of Copyrighted Supplies

The Organization generates revenue from sale of merchandise, supplies, and other items at the Museum, through its web site utilizing an online platform, and on-site at various tournaments held during the year. Revenues are recognized at a point in time when the sales occur and the merchandise is transferred to the customer.

Museum Admissions

The Organization operates the Museum at its South Williamsport headquarters, and charges daily admission, the revenue from which is recognized at a point in time when the admissions occur.

5. Fair Value Measurements and Investments

GAAP defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The standard also prioritizes and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

Under this standard, Little League is required to categorize and disclose certain assets and liabilities, including investments, at fair value, according to three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets are disclosed within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. Little League's assessment of the significance of an input requires judgment, which may affect the valuation and categorization within the fair value hierarchy.

The Organization believes that the carrying amount of its investments are a reasonable estimate of fair value as of September 30, 2021 and 2020. Net realized and unrealized gains on investments are reported within the statements of activities and changes in net assets as its own line item.

Investment returns for the years ended September 30 were comprised of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 95,253	\$ 202,787
Net realized and unrealized gain (loss) on investments	7,352,005	(2,361,284)
Investment fees	(112,445)	(64,207)
Total	<u>\$ 7,334,813</u>	<u>\$ (2,222,704)</u>

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

The following table represents the fair value measurement levels for all assets and liabilities recorded at fair value as of September 30, 2021 and 2020, respectively.

	Investments at Fair Value as of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,982,151	\$ -	\$ -	\$ 1,982,151
Exchange traded funds	856,481	-	-	856,481
Cash and cash equivalents	120,664	-	-	120,664
	2,959,296	-	-	2,959,296
Investment assets measured at net asset value:				
Multi-strategy funds	-	-	-	36,791,358
Total investments	\$ 2,959,296	\$ -	\$ -	\$ 39,750,654

	Investments at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,117,094	\$ -	\$ -	\$ 3,117,094
Exchange traded funds	1,596,670	-	-	1,596,670
Cash and cash equivalents	1,655,577	-	-	1,655,577
	6,369,341	-	-	6,369,341
Investment assets measured at net asset value:				
Multi-strategy funds	-	-	-	30,114,349
Total investments	\$ 6,369,341	\$ -	\$ -	\$ 36,483,690

Long-term investments measured using the NAV practical expedient are not required to be categorized within the fair value hierarchy. However, they are included in the total column to reconcile to long-term investments as reported on the statements of financial position.

There were no transfers of investments between levels from 2020 to 2021.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021 and 2020.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments and fixed income investments with original maturities less than 90 days, which were purchased within three months of fiscal year end. Cash and cash equivalents are valued at cost, which approximates fair market value.

Mutual Funds

Mutual funds consist of underlying debt and equity securities that are valued on quoted market prices in active markets obtained from exchange or dealer markets for identical assets and are accordingly categorized as Level 1 investments. The Organization values each fund at its daily net asset value for which shares in the fund can be bought and sold.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

Exchange Traded Funds

Exchange traded funds (ETFs) consist of marketable securities that track designated indexes. Each ETF is traded at quoted market prices in active markets obtained from exchange or dealer markets for identical assets and are accordingly categorized as Level 1 investments. The Organization values each fund at its market price for which shares in the ETF can be bought and sold.

Multi-Strategy Funds

Multi-strategy funds consist of investments whose underlying securities may or may not be quoted in an active market. The fund managers invest in a variety of asset classes, including limited partnerships, hedge funds and private equity, based on the strategy of the fund. The Organization values each fund at its net asset value (NAV), without further adjustment, unless it is probable that the investment will be sold at a significantly different value. NAV is calculated and provided by the fund manager as of each quarter-end date. If not determined as of the Organization's measurement date, NAV is adjusted to reflect any significant events that would materially affect the security's value. Certain attributes that impact the security's fair value may not be reflected in NAV, including, but not limited to, the investor's ability to redeem the investment at the measurement date and unfunded purchase commitments. If the Organization sold all or a portion of its alternative investments, it is reasonably possible that the transaction value could differ significantly from the estimated fair value at the measurement date, because of the nature of the investments, changes in market conditions and the overall economic environment. There were no unfunded commitments related to the investments as of September 30, 2021 and 2020, respectively.

The principal aim of Little League Baseball's alternative investment selection is to remove volatility from its investment program with a focus on generating absolute return. Little League manages this investment exposure through a process of careful selection of experienced external fund managers, comprehensive initial due diligence, continual monitoring and review, limitation of exposure to any one investment strategy or manager, and the employment of outside experts.

There are no redemption restrictions, however, depending on which multi-strategy fund, redemptions can be made from 30 to 180 days from the time of notice. Redemptions from any of the multi-strategy funds are an option each year at December 31.

6. Liquidity

Little League's financial assets available to meet cash needs for general expenditures within one year of the dates of the combined statements of financial position include:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 11,494,693	\$ 5,579,359
Trade accounts receivable, net	353,658	326,148
Tournament cancellation insurance receivable	-	8,649,131
Investments	<u>39,750,654</u>	<u>36,483,690</u>
Available financial assets	<u>\$ 51,599,005</u>	<u>\$ 51,038,328</u>

Little League structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although Little League does not intend to liquidate assets other than for the amounts needed for general expenditures budgeted during the year, the above amounts could be made available if necessary. Little League also has borrowing capacity under its lines of credit which it can draw upon as needed. See Note 11 for further details regarding this facility.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

7. Land, Building and Equipment

Land, building and equipment consist of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 7,630,866	\$ 7,465,424
Buildings and athletic facilities	72,038,775	54,784,067
Land improvements	9,717,213	18,249,864
Furniture, fixtures and equipment	6,989,355	6,552,591
Vehicle and maintenance equipment	5,562,036	5,286,118
Electronic equipment	2,929,785	6,162,684
Statues and signage	772,126	769,275
	<u>105,640,156</u>	<u>99,270,023</u>
Less accumulated depreciation	<u>56,110,334</u>	<u>55,700,304</u>
	<u>\$ 49,529,822</u>	<u>\$ 43,569,719</u>

Depreciation expense for the years ended September 30, 2021 and 2020, inclusive of depreciation expense related to Collections, was \$3,988,685 and \$3,724,936, respectively.

8. Employee Benefit Plans

Little League sponsors two retirement plans, one of which is a defined contribution savings plan, and the other a postretirement benefit plan.

The Little League, Incorporated defined contribution savings plan covers all eligible employees of Little League and allows participants to make contributions by salary reduction pursuant to Section 401(k) of the IRC. Little League contributes 100 percent of the first 6 percent of base compensation that a participant contributes to the Plan. Employees may contribute up to 15 percent of their annual compensation but not more than \$19,500 for the calendar years ended December 31, 2021 and 2020. Employees vest immediately in their contributions and vest in Little League's contributions over a five-year period of service. The Organization contributed \$320,722 in 2021 and \$368,192 in 2020.

Little League provides certain postretirement benefits in the form of continuing life insurance and continuing medical and dental reimbursement benefits. Little League provides \$10,000 of life insurance to retirees who have at least ten years of continuous full-time service, retire at age 55 or older, or are permanently and totally disabled as determined by the insurance company for the Group Long-Term Disability Insurance Plan.

Retirees are also eligible for the Little League Retiree Medical and Dental Reimbursement Plan if they have ten years of continuous full-time service and retired from Little League Baseball, Incorporated after attainment of age 62. This Plan includes the employee and the employee's spouse at the time of retirement.

The following table sets forth the Plan's funded status and amounts recognized in the combined statements of financial position and the amounts charged to operations.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

Obligations and funded status at September 30:

	<u>2021</u>	<u>2020</u>
Change in accumulated benefit obligation:		
Accumulated benefit obligation at beginning of year	\$ 4,027,565	\$ 3,374,919
Service cost	166,226	155,755
Interest cost	98,235	107,853
Change due to change in actuarial assumptions	(225,935)	483,112
Benefits paid	<u>(134,183)</u>	<u>(94,074)</u>
Accumulated benefit obligation at end of year	3,931,908	4,027,565
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded (under-funded) status	<u>\$ 3,931,908</u>	<u>\$ 4,027,565</u>

Amounts recognized in the combined statements of financial position consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Items not yet recognized as a component of net periodic postretirement benefit cost:		
Prior service costs	\$ 380,534	\$ 423,657
Unrecognized net actuarial gain	<u>(860,007)</u>	<u>(656,597)</u>
Items not yet recognized at September 30	<u>\$ (479,473)</u>	<u>\$ (232,940)</u>

Net periodic benefit cost components include the following for the year ended September 30:

	<u>2021</u>	<u>2020</u>
Net periodic postretirement benefit cost:		
Service cost	\$ 166,226	\$ 155,755
Interest cost	98,235	107,853
Amortization of unrecognized prior service cost	<u>20,598</u>	<u>2,181</u>
Net periodic postretirement benefit cost	<u>\$ 285,059</u>	<u>\$ 265,789</u>

Weighted average assumptions used to determine benefit obligations at September 30:

	<u>2021</u>	<u>2020</u>
Discount rate	2.75 %	2.50 %

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

Estimated future benefit payments	
October 1, 2021 to September 30, 2022	\$ 121,730
October 1, 2022 to September 30, 2023	128,015
October 1, 2023 to September 30, 2024	140,831
October 1, 2024 to September 30, 2025	148,845
October 1, 2025 to September 30, 2026	163,534
October 1, 2026 to September 30, 2031	966,555

For measurement purposes, the health care trend rate was 1 percent and 2 percent at September 30, 2021 and 2020, respectively.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of September 30, 2021, by \$674,362 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year ended September 30, 2021 by \$60,429. Decreasing the assumed health care cost trend rates by one percentage point in each year would decrease the accumulated postretirement benefit obligation as of September 30, 2021, by \$535,870 and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost for the year ended September 30, 2021 by \$45,632.

9. Commitments

On October 27, 2020, Little League entered into a lease agreement with the City of San Bernardino, California for 20 acres of land on which Little League's Western Region Headquarters is located for an annual fee of \$62,400. The lease expires on October 27, 2030 with an option to renew for five additional two-year terms. The annual fee is subject to increase by 3 percent each year of the agreement on the anniversary of the agreement. Lease expense recognized under this agreement was \$46,800 for the year ended September 30, 2021.

Little League has a lease agreement with the Kutno Municipality in Poland for a plot of land at an annual cost of one Zloty (less than \$1.00) for 50 years. As part of the agreement, Little League has established the Little League Baseball Poland Foundation, headquartered in Kutno, Poland. The lease expires in 2045 at which time it can be renewed for an additional term of 50 years.

Little League has a lease agreement with The Peak Group, Inc. for office space in a building in Carmel, Indiana for a monthly fee of \$1,650. The original lease expired on March 31, 2020 and was amended to extend through July 31, 2021 for a monthly fee of \$1,800. The property was being used as the temporary Central Region Headquarters until the new Headquarters facility was completed during 2021.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2021</u>	<u>2020</u>
Program services:		
Urban initiative	\$ -	\$ 110,764
Challenger program	8,027	8,027
	<u>\$ 8,027</u>	<u>\$ 118,791</u>

11. Debt

Little League entered into an agreement with Jersey Shore State Bank (JSSB) on May 20, 2020 for a line of credit totaling \$10,000,000. In August 2021, an additional line of credit of \$5,000,000 was secured from JSSB under similar terms as the initial line of credit. The total line of credit available is \$15,000,000 as of September 30, 2021. The line of credit is secured by certain investments. Payment on the line of credit is interest only until May 20, 2023. Principal and interest payments are set to begin June 20, 2023 through maturity on May 20, 2040. The interest rate is a floating rate of Prime less 1 percent. The current interest rate as of September 30, 2021 is 2.25 percent. As of September 30, 2021, there was \$7,200,000 outstanding on the line of credit and \$7,800,000 and was available on the line of credit. As of September 30, 2020, there was \$5,200,000 outstanding on the line of credit and \$4,800,000 and was available on the line of credit.

Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements
September 30, 2021 and 2020

On April 24, 2020, Little League entered into an unsecured promissory note for \$1,474,200 under the U.S. Small Business Association's (SBA) Payroll Protection Program (PPP Loan), a loan created under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period. The Organization initially recorded the funds as a loan. On April 16, 2021, the Organization received notice from the SBA that it has forgiven \$1,474,200 of the PPP proceeds, and recorded loan forgiveness revenue for the full amount in 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the combined financial statements.

12. Contingencies

Little League is a defendant in several general liability claims. Little League's insurance carrier is undertaking an active defense of these exposures. Certain claims contain punitive damage allegations which are outside the realm of coverage. It is Little League management's opinion that the outcome of such litigation will not have a material adverse effect on Little League's combined financial position.

13. Subsequent Events

Little League Baseball evaluated subsequent events through the time that these financial statements were available to be issued on February 16, 2022.