

# **Little League Baseball, Incorporated and Controlled Entities**

Combined Financial Statements

December 31, 2022 and September 30, 2021

# **Little League Baseball, Incorporated and Controlled Entities**

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## Independent Auditors' Report

To the Board of Directors of  
Little League Baseball, Incorporated

### Opinion

We have audited the combined financial statements of Little League Baseball, Incorporated (the Organization), which comprise the combined statements of financial position as of December 31, 2022 and September 30, 2021, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the period October 1, 2021 to December 31, 2022 and the year ended September 30, 2021, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2022 and September 30, 2021, and the changes in its net assets and its cash flows for the period October 1, 2021 to December 31, 2022 and the year ended September 30, 2021 in accordance with accounting principles generally accepted in the United States of America (GAAP).

### 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 Combined Financial Statements section of our report. We are required to be independent of the Organization 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

*Baker Tilly US, LLP*

Wilkes-Barre, Pennsylvania  
August 7, 2023

## Little League Baseball, Incorporated and Controlled Entities

Combined Statements of Financial Position  
December 31, 2022 and September 30, 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 17,279,539	\$ 11,510,751
Trade accounts receivable, net	2,121,559	353,658
Inventories	637,812	533,843
Prepaid expenses and other assets	1,239,839	333,383
Investments	32,550,456	39,750,654
Land, building and equipment, net	47,047,368	49,529,822
Right of use assets	931,526	-
Collections, net	760,502	949,147
	<u>102,568,601</u>	<u>102,961,258</u>
Total assets	<u>\$ 102,568,601</u>	<u>\$ 102,961,258</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 943,867	\$ 644,997
League insurance liability	7,292,525	35,360
Funds held for third party	354,497	1,281,712
Deferred revenue	6,606,180	662,714
Due to leagues	106,806	873,970
Line of credit	7,200,000	7,200,000
Lease liability, operating	931,526	-
Other postretirement benefits	3,921,864	3,931,908
	<u>27,357,265</u>	<u>14,630,661</u>
Total liabilities	<u>27,357,265</u>	<u>14,630,661</u>
<b>Net Assets</b>		
Without donor restrictions	75,203,309	88,322,570
With donor restrictions	8,027	8,027
	<u>75,211,336</u>	<u>88,330,597</u>
Total net assets	<u>75,211,336</u>	<u>88,330,597</u>
Total liabilities and net assets	<u>\$ 102,568,601</u>	<u>\$ 102,961,258</u>

See notes to combined financial statements

## Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Activities and Changes in Net Assets

Period From October 1, 2021 to December 31, 2022

(With Comparative Totals for the Year Ended September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>Revenues</b>				
Support:				
Contributions of cash and financial assets from:				
Public	\$ 1,181,601	\$ -	\$ 1,181,601	\$ 547,683
Local Little Leagues	12,496	-	12,496	1,045,956
Contributions of nonfinancial assets	715,000	-	715,000	-
Total support	1,909,097	-	1,909,097	1,593,639
Revenues and gains:				
Royalties, rights, license fees and corporate sponsors	11,208,519	-	11,208,519	11,112,359
World Series, tournaments and special activities	16,311,153	-	16,311,153	10,796,001
Charter fees and membership enrollment, net of refunds	1,207,759	-	1,207,759	1,041,650
Sale of copyrighted supplies	2,444,693	-	2,444,693	1,499,236
Service fee for administration of group accident and liability	370,307	-	370,307	318,121
Peter J. McGovern Museum admissions	46,529	-	46,529	355
Interest and dividends	141,668	-	141,668	95,253
Miscellaneous revenue, tournament cancellation insurance	500,000	-	500,000	-
Paycheck Protection Program loan forgiveness	-	-	-	1,474,200
Miscellaneous revenue	256,709	-	256,709	28,843
Gain (loss) on disposal of assets	17,298	-	17,298	(22,111)
Total revenues and gains, net	32,504,635	-	32,504,635	26,343,907
Total support, revenues and gains, net	34,413,732	-	34,413,732	27,937,546
<b>Expenses</b>				
Program services:				
League operations	17,171,579	-	17,171,579	12,352,663
World Series, tournaments and special activities	15,925,374	-	15,925,374	9,124,615
Peter J. McGovern Museum	1,193,351	-	1,193,351	916,560
Total program	34,290,304	-	34,290,304	22,393,838
Supporting services:				
Supporting services	6,159,610	-	6,159,610	4,247,558
	40,449,914	-	40,449,914	26,641,396
Change in net assets before other changes	(6,036,182)	-	(6,036,182)	1,296,150
<b>Other Changes in Net Assets</b>				
Net realized and unrealized gains (losses) on investments	(7,267,585)	-	(7,267,585)	7,239,560
Change in other postretirement benefits	184,506	-	184,506	368,299
Total other changes	(7,083,079)	-	(7,083,079)	7,607,859
Change in net assets	(13,119,261)	-	(13,119,261)	8,904,009
<b>Net Assets, Beginning</b>	88,322,570	8,027	88,330,597	79,426,588
<b>Net Assets, Ending</b>	\$ 75,203,309	\$ 8,027	\$ 75,211,336	\$ 88,330,597

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support, Revenues and Gains</b>			
Support:			
Contributions from:			
Public	\$ 547,683	\$ -	\$ 547,683
Local Little Leagues	1,045,956	-	1,045,956
Total support	<u>1,593,639</u>	<u>-</u>	<u>1,593,639</u>
Revenues and gains:			
Royalties, rights, license fees and corporate sponsors	11,112,359	-	11,112,359
World Series, tournaments and special activities	10,796,001	-	10,796,001
Charter fees and membership enrollment, net of refunds	1,041,650	-	1,041,650
Sale of copyrighted supplies	1,499,236	-	1,499,236
Service fee for administration of group accident and liability	318,121	-	318,121
Peter J. McGovern Museum admissions	355	-	355
Interest and dividends	95,253	-	95,253
Paycheck Protection Program loan forgiveness	1,474,200	-	1,474,200
Miscellaneous revenue	28,843	-	28,843
Loss on disposal of assets	(22,111)	-	(22,111)
Net assets released from restriction	110,764	(110,764)	-
Total revenues and gains	<u>26,454,671</u>	<u>(110,764)</u>	<u>26,343,907</u>
Total support, revenues and gains	<u>28,048,310</u>	<u>(110,764)</u>	<u>27,937,546</u>
<b>Expenses</b>			
Program services:			
League operations	12,352,663	-	12,352,663
World Series, tournaments, and special activities	9,124,615	-	9,124,615
Peter J. McGovern Museum	916,560	-	916,560
Total program services	<u>22,393,838</u>	<u>-</u>	<u>22,393,838</u>
Supporting services:			
Administrative services	4,247,558	-	4,247,558
Total expenses	<u>26,641,396</u>	<u>-</u>	<u>26,641,396</u>
Change in net assets before other changes	1,406,914	(110,764)	1,296,150
<b>Other Changes in Net Assets</b>			
Net realized and unrealized gains on investments	7,239,560	-	7,239,560
Change in other postretirement benefits	368,299	-	368,299
Change in net assets	9,014,773	(110,764)	8,904,009
<b>Net Assets, Beginning</b>	<u>79,307,797</u>	<u>118,791</u>	<u>79,426,588</u>
<b>Net Assets, Ending</b>	<u>\$ 88,322,570</u>	<u>\$ 8,027</u>	<u>\$ 88,330,597</u>

See notes to combined financial statements

## Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Functional Expenses

Period From October 1, 2021 to December 31, 2022

(With Comparative Totals for the Year Ended September 30, 2021)

	Program Services				Supporting Services Administrative	2022 Total Expenditures	2021 Total Expenditures
	League Operations	World Series Tournaments Special Activities	Peter J. McGovern Little League Baseball Museum	Total Program Services			
Salaries	\$ 3,972,443	\$ 2,979,332	\$ 270,848	\$ 7,222,623	\$ 1,805,656	\$ 9,028,279	\$ 7,336,953
Payroll taxes	304,712	228,534	20,776	554,022	138,505	692,527	530,373
Employee retirement plan	156,639	117,480	10,680	284,799	71,200	355,999	945,022
Hospitalization and insurance	860,863	645,647	58,695	1,565,205	391,301	1,956,506	1,934,309
Copyrighted supplies expense, sold	726,267	544,701	49,518	1,320,486	330,122	1,650,608	632,678
Field staff retainers	18,700	14,025	1,275	34,000	8,500	42,500	27,750
Postage and shipping	138,150	103,612	9,419	251,181	62,795	313,976	198,979
Office supplies and maintenance	403,235	302,426	27,493	733,154	183,289	916,443	521,309
Telephone	119,595	89,696	8,154	217,445	54,362	271,807	219,961
Insurance, fire and general	768,310	576,232	52,385	1,396,927	349,232	1,746,159	1,057,252
Professional services	1,576,057	1,182,043	107,458	2,865,558	716,390	3,581,948	1,733,173
Contribution expense	83,189	62,391	5,672	151,252	37,813	189,065	82,781
Public relations	121,430	91,072	8,279	220,781	55,195	275,976	41,556
Travel	297,631	4,747,879	20,293	5,065,803	135,287	5,201,090	1,404,094
Field, housing and vehicle maintenance	1,312,758	984,568	89,506	2,386,832	596,708	2,983,540	2,027,651
Feeding and housing	697,645	523,233	47,567	1,268,445	317,111	1,585,556	1,151,379
Uniforms and equipment	-	647,868	-	647,868	-	647,868	422,049
Printing, supplies and other operating expenses	948,336	711,252	64,659	1,724,247	431,062	2,155,309	1,720,462
European development	32,843	24,633	2,239	59,715	14,929	74,644	110,919
Bad debt expense	73,038	54,778	4,980	132,796	33,199	165,995	12,254
Depreciation expense	3,762,740	1,003,398	307,039	5,073,177	250,849	5,324,026	3,988,685
Urban initiative	-	-	-	-	-	-	123
Benefits extended to leagues	409,566	-	-	409,566	-	409,566	500,736
Marketing / sponsorship commissions	99,663	74,747	6,795	181,205	45,301	226,506	40,948
District administrator fund	287,769	215,827	19,621	523,217	130,804	654,021	-
<b>Total expenses</b>	<b>\$ 17,171,579</b>	<b>\$ 15,925,374</b>	<b>\$ 1,193,351</b>	<b>\$ 34,290,304</b>	<b>\$ 6,159,610</b>	<b>\$ 40,449,914</b>	<b>\$ 26,641,396</b>

See notes to combined financial statements



## Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Functional Expenses

Year Ended September 30, 2021

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

See notes to combined financial statements

## Little League Baseball, Incorporated and Controlled Entities

### Combined Statements of Cash Flows

Period From October 1, 2021 to December 31, 2022 and the Year Ended September 30, 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (13,119,261)	\$ 8,904,009
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,324,026	3,988,685
Net realized and unrealized (gains) losses on investments	7,267,585	(7,239,560)
(Gain)/Loss on disposal of fixed assets	(17,298)	22,111
Contributions of nonfinancial assets	(715,000)	-
Paycheck Protection Program loan forgiveness	-	(1,474,200)
Change in:		
Trade accounts receivable	(1,767,901)	(27,510)
Tournament cancellation insurance receivable	-	8,649,131
Inventories	(103,969)	84,083
Prepaid expenses and other assets	(906,456)	1,119,399
Accounts payable and accrued expenses	298,870	(2,704,156)
League insurance liability	7,257,165	-
Funds held for third party	(927,215)	781,712
Deferred revenue	5,943,466	(1,229,286)
Due to leagues	(767,164)	(1,126,009)
Other postretirement benefits	(10,044)	(95,657)
Net cash provided by operating activities	<u>7,756,804</u>	<u>9,652,752</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of land, building and equipment	(1,952,029)	(9,812,698)
Purchases of investments	(1,785,616)	(14,980,895)
Proceeds from sale of investments	1,718,229	18,953,491
Proceeds from sale of equipment	31,400	2,801
Purchases of collections	-	(2,850)
Net cash used in noncapital financing activities	<u>(1,988,016)</u>	<u>(5,840,151)</u>
<b>Cash Flows Provided By Financing Activities</b>		
Advances on line of credit	-	2,000,000
Net increase in cash and cash equivalents	5,768,788	5,812,601
<b>Cash and Cash Equivalents, Beginning</b>	<u>11,510,751</u>	<u>5,698,150</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 17,279,539</u>	<u>\$ 11,510,751</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Contributions of nonfinancial assets	<u>\$ 715,000</u>	<u>\$ -</u>
Interest paid	<u>\$ 312,350</u>	<u>\$ 134,650</u>

See notes to combined financial statements

# Little League Baseball, Incorporated and Controlled Entities

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Notes to Combined Financial Statements  
December 31, 2022 and September 30, 2021

## 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).

### Fiscal Year

Effective October 1, 2021, Little League changed its fiscal year end from September 30th to December 31st, in order to align the Organization's financial planning cycle with its operations. The financial statements for the current fiscal year are for the fifteen-month period from October 1, 2021 to December 31, 2022.

# Little League Baseball, Incorporated and Controlled Entities

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Notes to Combined Financial Statements  
December 31, 2022 and September 30, 2021

## 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 assets, 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.

**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. Net assets with donor restrictions of \$8,027 at December 31, 2022 and September 30, 2021 are restricted for the Challenger program.

## 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, Net

Trade accounts receivable represent amounts owed from local leagues, corporate sponsors and licensees, net of allowance for doubtful accounts of \$15,000 in 2022 and 2021. 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.

## **Little League Baseball, Incorporated and Controlled Entities**

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Notes to Combined Financial Statements  
December 31, 2022 and September 30, 2021

### **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. The Organization has a capitalization threshold of \$1,000.

### **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 \$760,502 and \$949,147 as of December 31, 2022 and September 30, 2021, 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. The collection items are subject to the Little League's policy that requires proceeds from their sales to be used to acquire other items for collections or to support the direct care of existing collection items.

### **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 payments for licensing fees and sponsorship payments during fiscal year 2022 and 2021.

### **League Insurance Liability**

Little League receives commitments from the local leagues for various required insurance policies in advance of amounts settled and paid to respective insurance companies.

### **Due to Leagues**

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

## **Little League Baseball, Incorporated and Controlled Entities**

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Notes to Combined Financial Statements  
December 31, 2022 and September 30, 2021

### **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.

### **Tournament Cancellation Insurance**

The Organization submitted a claim for additional business interruption insurance recovery due to the limited Little League World Series Tournaments held in 2021. The Organization received \$500,000 from its business interruption insurance in the period October 1, 2021 to December 31, 2022.

### **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. The Organization utilizes an estimated time allocation. 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 seven 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.

## Little League Baseball, Incorporated and Controlled Entities

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Notes to Combined Financial Statements  
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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.

### 3. Accounting Standard Updates

Effective January 1, 2022, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach. The Organization's 2021 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption, the Organization recorded operating lease right-of-use assets and lease liabilities of \$966,082.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Organization elected the package of practical expedients permitted under the transition guidance which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.

The new standard also provides for several accounting policy elections, as follows:

- The Organization has elected the policy not to separate lease and nonlease components for all asset classes;
- When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes;
- The Organization elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

During 2022, the Organization adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Organization has adjusted the presentation of these financial statements accordingly. ASU No. 2020-07 has been applied retrospectively to all periods presented.

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
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### 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 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 period October 1, 2021 to December 31, 2022 and the year ended September 30, 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Corporate sponsorships	\$ 7,380,819	\$ 8,825,095
Royalties	3,810,818	2,287,264
License fees	16,882	-
Total	<u>\$ 11,208,519</u>	<u>\$ 11,112,359</u>



## Little League Baseball, Incorporated and Controlled Entities

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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 period October 1, 2021 to December 31, 2022 and the year ended September 30, 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Television and radio rights	\$ 11,306,649	\$ 10,677,302
Tournament travel funds	2,538,200	-
Concessions and souvenirs	2,259,287	94,273
Special events and clinics	100,303	13,527
Programs and other	106,714	10,899
Total	<u>\$ 16,311,153</u>	<u>\$ 10,796,001</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, in exchange for exclusive media rights to broadcast the tournaments. The contract extends through December 2022, and was extended through December 2030 (see Note 13). 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 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 December 31, 2022 or September 30, 2021. 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 2022 or 2021.

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
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### 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. Contributed Nonfinancial Assets

For the period October 1, 2021 to December 31, 2022 and the year ended September 30, 2021, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures and equipment	\$ 715,000	\$ -

The Organization recognized contributed nonfinancial assets within revenue, solely consisting of light fixtures installed at Lamade Stadium which were valued using the manufacturer's suggested retail price of the equipment and labor.

## 6. 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 December 31, 2022 and September 30, 2021. Net realized and unrealized gains (losses) on investments are reported within the statements of activities and changes in net assets as its own line item.

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
December 31, 2022 and September 30, 2021

Investment returns for the period October 1, 2021 to December 31, 2022 and the year ended September 30, 2021 were comprised of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 141,668	\$ 95,253
Net realized and unrealized gain (loss) on investments	(7,127,337)	7,352,005
Investment fees	(140,248)	(112,445)
<b>Total</b>	<u>\$ (7,125,917)</u>	<u>\$ 7,334,813</u>

The following table represents the fair value measurement levels for all assets and liabilities recorded at fair value as of December 31, 2022 and September 30, 2021, respectively.

	<b>Investments at Fair Value as of December 31, 2022</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,380,396	\$ -	\$ -	\$ 1,380,396
Exchange traded funds	743,898	-	-	743,898
Cash and cash equivalents	40,453	-	-	40,453
	2,164,747	-	-	2,164,747
Investment assets measured at net asset value:				
Multi-strategy funds	-	-	-	30,385,709
<b>Total investments</b>	<u>\$ 2,164,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,550,456</u>

	<b>Investments at Fair Value as of September 30, 2021</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
<b>Total investments</b>	<u>\$ 2,959,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,750,654</u>

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 2021 to 2022.

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 December 31, 2022 and September 30, 2021.

## **Little League Baseball, Incorporated and Controlled Entities**

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Notes to Combined Financial Statements  
December 31, 2022 and September 30, 2021

### **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.

### **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 December 31, 2022 and September 30, 2021, 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.

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
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### 7. 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 17,279,539	\$ 11,510,751
Trade accounts receivable, net	2,121,559	353,658
Investments	<u>32,550,456</u>	<u>39,750,654</u>
Available financial assets	<u>\$ 51,951,554</u>	<u>\$ 51,615,063</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.

### 8. Land, Building and Equipment

Land, building and equipment consist of the following as of December 31, 2022 and September 30, 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 7,729,252	\$ 7,630,866
Buildings and athletic facilities	74,605,836	72,038,775
Land improvements	10,351,691	9,717,213
Furniture, fixtures and equipment	5,508,093	6,989,355
Vehicle and maintenance equipment	5,812,152	5,562,036
Electronic equipment	3,091,362	2,929,785
Statues and signage	778,671	772,126
Construction in progress	<u>269,957</u>	<u>-</u>
	108,147,014	105,640,156
Less accumulated depreciation	<u>61,099,646</u>	<u>56,110,334</u>
	<u>\$ 47,047,368</u>	<u>\$ 49,529,822</u>

Depreciation expense for the period October 1, 2021 to December 31, 2022 and the year ended September 30, 2021, inclusive of depreciation expense related to Collections, was \$5,324,026 and \$3,988,685, respectively.

### 9. 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.

## Little League Baseball, Incorporated and Controlled Entities

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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% of the first 6% of base compensation that a participant contributes to the Plan. Employees may contribute up to 15% of their annual compensation but not more than \$19,500 for the period ended December 31, 2022 and the year ended September 30, 2021. Employees vest immediately in their contributions and vest in Little League's contributions over a five-year period of service. The Organization contributed \$355,999 in 2022 and \$320,722 in 2021.

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 10 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 10 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.

Obligations and funded status at December 31, 2022 and September 30, 2021:

	<u>2022</u>	<u>2021</u>
Change in accumulated benefit obligation:		
Accumulated benefit obligation at beginning of period	\$ 3,931,908	\$ 4,027,565
Service cost	42,302	166,226
Interest cost	48,966	98,235
Change due to change in actuarial assumptions	(63,647)	(225,935)
Benefits paid	<u>(37,665)</u>	<u>(134,183)</u>
Accumulated benefit obligation at end of period	3,921,864	3,931,908
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded (under-funded) status	<u>\$ (3,921,864)</u>	<u>\$ (3,931,908)</u>

Amounts recognized in the combined statements of financial position consist of the following at December 31, 2022 and September 30, 2021

	<u>2022</u>	<u>2021</u>
Items not yet recognized as a component of net periodic postretirement benefit cost:		
Prior service costs	\$ 326,630	\$ 380,534
Unrecognized net actuarial gain	<u>(946,276)</u>	<u>(860,007)</u>
Items not yet recognized at September 30	<u>\$ (619,646)</u>	<u>\$ (479,473)</u>

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
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Net periodic benefit cost components include the following for the period October 1, 2021 to December 31, 2022 and the year ended September 30, 2021:

	<u>2022</u>	<u>2021</u>
Net periodic postretirement benefit cost:		
Service cost	\$ 33,432	\$ 166,226
Interest cost	48,966	98,235
Gross benefit payments	(37,665)	-
Change due to change in experience	(65,647)	-
Amortization of unrecognized prior service cost	-	20,598
Net periodic postretirement benefit cost	<u>\$ (20,914)</u>	<u>\$ 285,059</u>

Weighted average assumptions used to determine benefit obligations at December 31, 2022 and September 30, 2021:

	<u>2022</u>	<u>2021</u>
Discount rate	4.99 %	2.75 %

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

Estimated future benefit payments	
January 1, 2023 to December 31, 2023	\$ 164,595
January 1, 2024 to December 31, 2024	171,807
January 1, 2025 to December 31, 2025	186,980
January 1, 2026 to December 31, 2026	197,098
January 1, 2027 to December 31, 2027	205,796
January 1, 2028 to December 31, 2033	1,211,117

For measurement purposes, the health care trend rate was 3.50% and 1% at December 31, 2022 and September 30, 2021, respectively.

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 December 31, 2022, by \$655,725 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the period October 1, 2021 to December 31, 2022 by \$64,927. Decreasing the assumed health care cost trend rates by one percentage point in each year would decrease the accumulated postretirement benefit obligation as of December 31, 2022, by \$526,823 and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost for the period October 1, 2021 to December 31, 2022 by \$50,473.

### 10. Leases

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 initial annual fee of \$62,400. The lease's original 10-year term 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% each year of the agreement on the anniversary of the agreement. Lease expense recognized under this agreement was \$104,793 for the period October 1, 2021 to December 31, 2022 and \$46,800 for the year ended September 30, 2021.

The Organization leases the aforementioned real property in operations. The Organization assesses extensions using a "reasonably certain" threshold, which is understood to be a high threshold; however, its lease's term does include extension periods for accounting purposes. The payment structure of the Organization's lease includes annual escalation clauses that are fixed in nature.

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
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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.

The Organization makes certain assumptions and judgements in determining the discount rate, as most leases do not provide an implicit rate. The Organization uses a risk-free discount rate, for collateralized borrowing, based on information available at the commencement date in determining the present value of lease payments.

Subsequent to the lease commencement date, the Organization reassesses lease classifications when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

At December 31, 2022, future aggregate minimum lease payments due under the leases are as follows:

Years ending December 31:		
2023	\$	66,699
2024		68,697
2025		70,761
2026		72,879
2027		75,066
Thereafter		<u>1,179,636</u>
Total lease payments		1,533,738
Less present value discount		<u>(602,212)</u>
Total lease liabilities	\$	<u>931,526</u>

Lease-related expenses for the period October 1, 2021 to December 31, 2022 were as follows:

<u>Lease Cost</u>	<u>Classification</u>	<u>Period Ended December 31, 2022</u>
Operating lease cost	Lease expense	\$ 6,986

The following tables include supplemental lease information as of December 31, 2022 and for the period October 1, 2021 to December 31, 2022:

<u>Lease Term and Discount Rate</u>	<u>December 31, 2022</u>
Weighted-average remaining lease term (years):	
Operating leases	17.75
Weighted-average discount rate:	
Operating leases	5.00 %



## Little League Baseball, Incorporated and Controlled Entities

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Notes to Combined Financial Statements  
December 31, 2022 and September 30, 2021

### 11. Line of Credit

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 December 31, 2022. 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%. The current interest rate as of December 31, 2022 is 6.50%. As of December 31, 2022 and September 30, 2021, there was \$7,200,000 outstanding on the line of credit and \$7,800,000 was available on the line of credit.

### 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 Event

Effective January 1, 2023, the Organization entered into an agreement with a domestic and international broadcaster to grant exclusive audio/visual media rights to distribute certain games and tournaments organized by Little League Baseball, Inc. The agreement includes certain other benefits and restrictions and runs through December 31, 2030.

In consideration for these exclusive rights, the Organization shall receive the following payments each year:

Years ending December 31:	
2023	\$ 17,365,000
2024	18,059,000
2025	18,781,000
2026	19,533,000
2027	20,314,000
2028	21,126,000
2029	21,972,000
2030	<u>22,850,000</u>
	<u>\$ 160,000,000</u>

The Organization evaluated subsequent events through the time that these combined financial statements were available to be issued on August 7, 2023.