

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

Combined Financial Statements

December 31, 2024 and 2023

# 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, 2024 and 2023, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (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 combined 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*

Williamsport, Pennsylvania  
July 15, 2025

# Little League Baseball, Incorporated and Controlled Entities

## Combined Statements of Financial Position

December 31, 2024 and 2023

|                                       | <u>2024</u>           | <u>2023</u>           |
|---------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                         |                       |                       |
| Cash and cash equivalents             | \$ 15,519,881         | \$ 17,389,260         |
| Due from leagues                      | 2,744,088             | 2,617,244             |
| Inventories                           | 1,006,613             | 498,419               |
| Prepaid expenses and other assets     | 533,498               | 1,479,894             |
| Investments                           | 30,240,465            | 34,240,977            |
| Land, buildings and equipment, net    | 50,919,169            | 45,878,205            |
| Right-of-use assets                   | 1,726,689             | 896,132               |
| Collections, net                      | 460,138               | 712,178               |
|                                       | <u>103,150,541</u>    | <u>103,712,309</u>    |
| Total assets                          | <u>\$ 103,150,541</u> | <u>\$ 103,712,309</u> |
| <b>Liabilities and Net Assets</b>     |                       |                       |
| <b>Liabilities</b>                    |                       |                       |
| Accounts payable and accrued expenses | \$ 2,127,028          | \$ 1,071,828          |
| League insurance liability            | 7,217,136             | 7,179,029             |
| Deferred revenue                      | 3,790,373             | 7,148,990             |
| Due to leagues                        | 571,312               | 630,941               |
| Note payable                          | 6,892,588             | 7,096,376             |
| Lease liability, operating            | 1,342,827             | 896,132               |
| Other postretirement benefits         | 3,613,809             | 4,191,032             |
|                                       | <u>25,555,073</u>     | <u>28,214,328</u>     |
| Total liabilities                     | <u>25,555,073</u>     | <u>28,214,328</u>     |
| <b>Net Assets</b>                     |                       |                       |
| Without donor restrictions            | 77,549,567            | 75,489,700            |
| With donor restrictions               | 45,901                | 8,281                 |
|                                       | <u>77,595,468</u>     | <u>75,497,981</u>     |
| Total net assets                      | <u>77,595,468</u>     | <u>75,497,981</u>     |
| Total liabilities and net assets      | <u>\$ 103,150,541</u> | <u>\$ 103,712,309</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 December 31, 2024

(With Comparative Totals for the Year Ended December 31, 2023)

|  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>2024</u>          | <u>2023</u>          |
|--|---|--|----------------------|----------------------|
| <b>Support, Revenues and Gains</b>                             |   |  |                      |                      |
| Support:   |   |  |                      |                      |
| Public   | \$ 1,048,039                              | \$ 78,556                              | \$ 1,126,595         | \$ 1,174,798         |
| Local Little Leagues   | 5,463                                     | -                                      | 5,463                | 13,315               |
| Total support  | <u>1,053,502</u>                          | <u>78,556</u>                          | <u>1,132,058</u>     | <u>1,188,113</u>     |
| Revenues and gains:  |   |  |                      |                      |
| World Series, tournaments and special activities               | 22,062,621                                | -                                      | 22,062,621           | 20,782,266           |
| Royalties, rights and corporate sponsors                       | 12,900,329                                | -                                      | 12,900,329           | 11,534,996           |
| Sale of copyrighted supplies                                   | 4,963,327                                 | -                                      | 4,963,327            | 5,011,267            |
| Charter fees and membership enrollment, net of refunds         | 1,274,702                                 | -                                      | 1,274,702            | 1,262,180            |
| Interest and dividends   | 473,281                                   | -                                      | 473,281              | 318,379              |
| Service fee for administration of group accident and liability | 371,689                                   | -                                      | 371,689              | 373,450              |
| Miscellaneous revenue  | 212,191                                   | -                                      | 212,191              | 79,455               |
| Gain on disposal of assets                                     | 12,500                                    | -                                      | 12,500               | 29,346               |
| Total revenues and gains, net                                  | <u>42,270,640</u>                         | <u>-</u>                               | <u>42,270,640</u>    | <u>39,391,339</u>    |
| Total support, revenues and gains, net                         | <u>43,324,142</u>                         | <u>78,556</u>                          | <u>43,402,698</u>    | <u>40,579,452</u>    |
| <b>Expenses</b>  |   |  |                      |                      |
| Program services:  |   |  |                      |                      |
| League operations  | 21,807,623                                | -                                      | 21,807,623           | 20,348,649           |
| World Series, tournaments and special activities               | 16,138,573                                | -                                      | 16,138,573           | 15,614,243           |
| Peter J. McGovern Museum                                       | 1,611,492                                 | -                                      | 1,611,492            | 1,569,641            |
| Total program services   | <u>39,557,688</u>                         | <u>-</u>                               | <u>39,557,688</u>    | <u>37,532,533</u>    |
| Supporting services:   |   |  |                      |                      |
| Administrative services  | 4,443,219                                 | -                                      | 4,443,219            | 4,294,370            |
| Total expenses   | <u>44,000,907</u>                         | <u>-</u>                               | <u>44,000,907</u>    | <u>41,826,903</u>    |
| Change in net assets before other changes                      | <u>(676,765)</u>                          | <u>78,556</u>                          | <u>(598,209)</u>     | <u>(1,247,451)</u>   |
| <b>Other Changes in Net Assets</b>                             |   |  |                      |                      |
| Net realized and unrealized gains on investments               | 1,959,077                                 | 4,757                                  | 1,963,834            | 1,631,706            |
| Change in other postretirement benefits                        | 731,862                                   | -                                      | 731,862              | (97,610)             |
| Net assets released from restrictions                          | 45,693                                    | (45,693)                               | -                    | -                    |
| Total other changes  | <u>2,736,632</u>                          | <u>(40,936)</u>                        | <u>2,695,696</u>     | <u>1,534,096</u>     |
| Change in net assets   | <u>2,059,867</u>                          | <u>37,620</u>                          | <u>2,097,487</u>     | <u>286,645</u>       |
| <b>Net Assets, Beginning</b>                                   | <u>75,489,700</u>                         | <u>8,281</u>                           | <u>75,497,981</u>    | <u>75,211,336</u>    |
| <b>Net Assets, Ending</b>                                      | <u>\$ 77,549,567</u>                      | <u>\$ 45,901</u>                       | <u>\$ 77,595,468</u> | <u>\$ 75,497,981</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 December 31, 2023

|  | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b>         |
|--|---|--|----------------------|
| <b>Support, Revenues and Gains</b>                             |   |  |                      |
| Support:   |   |  |                      |
| Public   | \$ 1,174,798                              | \$ -                                   | \$ 1,174,798         |
| Local Little Leagues   | 13,315                                    | -                                      | 13,315               |
| Total support  | <u>1,188,113</u>                          | <u>-</u>                               | <u>1,188,113</u>     |
| Revenues and gains:  |   |  |                      |
| World Series, tournaments and special activities               | 20,782,266                                | -                                      | 20,782,266           |
| Royalties, rights and corporate sponsors                       | 11,534,996                                | -                                      | 11,534,996           |
| Sale of copyrighted supplies                                   | 5,011,267                                 | -                                      | 5,011,267            |
| Charter fees and membership enrollment, net of refunds         | 1,262,180                                 | -                                      | 1,262,180            |
| Interest and dividends   | 318,379                                   | -                                      | 318,379              |
| Service fee for administration of group accident and liability | 373,450                                   | -                                      | 373,450              |
| Miscellaneous revenue  | 79,455                                    | -                                      | 79,455               |
| Gain on disposal of assets                                     | 29,346                                    | -                                      | 29,346               |
| Total revenues and gains                                       | <u>39,391,339</u>                         | <u>-</u>                               | <u>39,391,339</u>    |
| Total support, revenues and gains, net                         | <u>40,579,452</u>                         | <u>-</u>                               | <u>40,579,452</u>    |
| <b>Expenses</b>  |   |  |                      |
| Program services:  |   |  |                      |
| League operations  | 20,348,649                                | -                                      | 20,348,649           |
| World Series, tournaments, and special activities              | 15,614,243                                | -                                      | 15,614,243           |
| Peter J. McGovern Museum                                       | 1,569,641                                 | -                                      | 1,569,641            |
| Total program services   | <u>37,532,533</u>                         | <u>-</u>                               | <u>37,532,533</u>    |
| Supporting services:   |   |  |                      |
| Administrative services  | 4,294,370                                 | -                                      | 4,294,370            |
| Total expenses   | <u>41,826,903</u>                         | <u>-</u>                               | <u>41,826,903</u>    |
| Change in net assets before other changes                      | <u>(1,247,451)</u>                        | <u>-</u>                               | <u>(1,247,451)</u>   |
| <b>Other Changes in Net Assets</b>                             |   |  |                      |
| Net realized and unrealized gains on investments               | 1,631,452                                 | 254                                    | 1,631,706            |
| Change in other postretirement benefits                        | (97,610)                                  | -                                      | (97,610)             |
| Total other changes  | <u>1,533,842</u>                          | <u>254</u>                             | <u>1,534,096</u>     |
| Change in net assets   | 286,391                                   | 254                                    | 286,645              |
| <b>Net Assets, Beginning</b>                                   | <u>75,203,309</u>                         | <u>8,027</u>                           | <u>75,211,336</u>    |
| <b>Net Assets, Ending</b>                                      | <u>\$ 75,489,700</u>                      | <u>\$ 8,281</u>                        | <u>\$ 75,497,981</u> |

See notes to combined financial statements

## Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Functional Expenses

Year Ended December 31, 2024

(With Comparative Totals for the Year Ended December 31, 2023)

|   | Program Services     |   |   | Total<br>Program<br>Services | Supporting<br>Services<br>Administrative | 2024<br>Total<br>Expenses | 2023<br>Total<br>Expenses |
|---|----------------------|---|---|------------------------------|--|---------------------------|---------------------------|
|   | League<br>Operations | World<br>Series<br>Tournaments<br>Special<br>Activities | Peter J.<br>McGovern<br>Little League<br>Baseball<br>Museum |                              |  |                           |                           |
| Salaries  | \$ 5,259,875         | \$ 2,824,748  | \$ 389,620  | \$ 8,474,243                 | \$ 1,266,267                             | \$ 9,740,510              | \$ 8,732,727              |
| Travel  | 445,418              | 5,054,161   | 32,994  | 5,532,573                    | 107,231                                  | 5,639,804                 | 5,523,526                 |
| Depreciation expense                            | 3,056,131            | 814,968   | 307,039   | 4,178,138                    | 203,742                                  | 4,381,880                 | 4,125,435                 |
| Professional services                           | 2,260,695            | 1,214,077   | 167,459   | 3,642,231                    | 544,241                                  | 4,186,472                 | 4,590,565                 |
| Field, housing and vehicle maintenance          | 2,217,867            | 1,191,076   | 164,286   | 3,573,229                    | 533,931                                  | 4,107,160                 | 3,375,350                 |
| Printing, supplies and other operating expenses | 1,609,915            | 864,584   | 119,253   | 2,593,752                    | 387,572                                  | 2,981,324                 | 3,197,861                 |
| Feeding and housing                             | 1,122,398            | 602,769   | 83,141  | 1,808,308                    | 270,207                                  | 2,078,515                 | 1,666,092                 |
| Hospitalization and insurance                   | 984,941              | 528,950   | 72,959  | 1,586,850                    | 237,115                                  | 1,823,965                 | 1,910,707                 |
| Insurance, fire and general                     | 971,722              | 521,851   | 71,979  | 1,565,552                    | 233,933                                  | 1,799,485                 | 1,829,827                 |
| Copyrighted supplies expense, sold              | 666,491              | 357,930   | 49,370  | 1,073,791                    | 160,452                                  | 1,234,243                 | 1,880,164                 |
| Office supplies and maintenance                 | 572,591              | 307,502   | 42,414  | 922,507                      | 137,846                                  | 1,060,353                 | 868,523                   |
| Uniforms and equipment                          | -                    | 1,051,360   | -   | 1,051,360                    | -  | 1,051,360                 | 915,392                   |
| Benefits extended to leagues                    | 1,038,674            | -   | -   | 1,038,674                    | -  | 1,038,674                 | 439,741                   |
| Public relations                                | 403,918              | 216,919   | 29,920  | 650,757                      | 97,240                                   | 747,997                   | 671,471                   |
| Payroll taxes                                   | 394,953              | 212,104   | 29,256  | 636,313                      | 95,081                                   | 731,394                   | 644,165                   |
| Employee retirement plan                        | 191,638              | 102,917   | 14,195  | 308,750                      | 46,136                                   | 354,886                   | 316,708                   |
| Postage and shipping                            | 129,614              | 69,608  | 9,601   | 208,823                      | 31,203                                   | 240,026                   | 320,196                   |
| Contribution expense                            | 121,311              | 65,149  | 8,986   | 195,446                      | 29,204                                   | 224,650                   | 191,820                   |
| Telephone                                       | 113,824              | 61,128  | 8,431   | 183,383                      | 27,403                                   | 210,786                   | 236,658                   |
| European development                            | 60,385               | 32,429  | 4,473   | 97,287                       | 14,537                                   | 111,824                   | 106,870                   |
| Grants expense                                  | 102,693              | -   | -   | 102,693                      | -  | 102,693                   | -                         |
| Marketing / sponsorship commissions             | 53,551               | 28,759  | 3,967   | 86,277                       | 12,892                                   | 99,169                    | 163,169                   |
| Field staff retainers                           | 27,216               | 14,616  | 2,016   | 43,848                       | 6,552                                    | 50,400                    | 41,889                    |
| Bad debt expense                                | 1,802                | 968   | 133   | 2,903                        | 434                                      | 3,337                     | 78,047                    |
| <b>Total expenses</b>                           | <b>\$ 21,807,623</b> | <b>\$ 16,138,573</b>                                    | <b>\$ 1,611,492</b>   | <b>\$ 39,557,688</b>         | <b>\$ 4,443,219</b>                      | <b>\$ 44,000,907</b>      | <b>\$ 41,826,903</b>      |

See notes to combined financial statements

## Little League Baseball, Incorporated and Controlled Entities

Combined Statement of Functional Expenses

Year Ended December 31, 2023

|   | Program Services     |   |   |                              |  |                      |
|---|----------------------|---|---|------------------------------|--|----------------------|
|   | League<br>Operations | World<br>Series<br>Tournaments<br>Special<br>Activities | Peter J.<br>McGovern<br>Little League<br>Baseball<br>Museum | Total<br>Program<br>Services | Supporting<br>Services<br>Administrative | Total<br>Expenses    |
| Salaries  | \$ 4,715,673         | \$ 2,532,491  | \$ 349,309  | \$ 7,597,473                 | \$ 1,135,254                             | \$ 8,732,727         |
| Travel  | 400,794              | 4,996,556   | 29,688  | 5,427,038                    | 96,488                                   | 5,523,526            |
| Depreciation expense                            | 2,863,797            | 763,679   | 307,039   | 3,934,515                    | 190,920                                  | 4,125,435            |
| Professional services                           | 2,478,905            | 1,331,264   | 183,623   | 3,993,792                    | 596,773                                  | 4,590,565            |
| Field, housing and vehicle maintenance          | 1,822,689            | 978,852   | 135,014   | 2,936,555                    | 438,795                                  | 3,375,350            |
| Printing, supplies and other operating expenses | 1,726,845            | 927,380   | 127,914   | 2,782,139                    | 415,722                                  | 3,197,861            |
| Feeding and housing                             | 899,689              | 483,166   | 66,644  | 1,449,499                    | 216,593                                  | 1,666,092            |
| Hospitalization and insurance                   | 1,031,782            | 554,105   | 76,428  | 1,662,315                    | 248,392                                  | 1,910,707            |
| Insurance, fire and general                     | 988,107              | 530,650   | 73,193  | 1,591,950                    | 237,877                                  | 1,829,827            |
| Copyrighted supplies expense, sold              | 1,015,289            | 545,248   | 75,207  | 1,635,744                    | 244,420                                  | 1,880,164            |
| Office supplies and maintenance                 | 469,002              | 251,872   | 34,741  | 755,615                      | 112,908                                  | 868,523              |
| Uniforms and equipment                          | -                    | 915,392   | -   | 915,392                      | -  | 915,392              |
| Benefits extended to leagues                    | 439,741              | -   | -   | 439,741                      | -  | 439,741              |
| Public relations                                | 362,594              | 194,726   | 26,859  | 584,179                      | 87,292                                   | 671,471              |
| Payroll taxes                                   | 347,849              | 186,808   | 25,767  | 560,424                      | 83,741                                   | 644,165              |
| Employee retirement plan                        | 171,023              | 91,845  | 12,668  | 275,536                      | 41,172                                   | 316,708              |
| Postage and shipping                            | 172,906              | 92,857  | 12,808  | 278,571                      | 41,625                                   | 320,196              |
| Contribution expense                            | 103,583              | 55,628  | 7,673   | 166,884                      | 24,936                                   | 191,820              |
| Telephone                                       | 127,795              | 68,631  | 9,466   | 205,892                      | 30,766                                   | 236,658              |
| European development                            | 57,710               | 30,992  | 4,275   | 92,977                       | 13,893                                   | 106,870              |
| Marketing / sponsorship commissions             | 88,111               | 47,319  | 6,527   | 141,957                      | 21,212                                   | 163,169              |
| Field staff retainers                           | 22,620               | 12,148  | 1,676   | 36,444                       | 5,445                                    | 41,889               |
| Bad debt expense                                | 42,145               | 22,634  | 3,122   | 67,901                       | 10,146                                   | 78,047               |
| <b>Total expenses</b>                           | <b>\$ 20,348,649</b> | <b>\$ 15,614,243</b>                                    | <b>\$ 1,569,641</b>   | <b>\$ 37,532,533</b>         | <b>\$ 4,294,370</b>                      | <b>\$ 41,826,903</b> |

See notes to combined financial statements

## Little League Baseball, Incorporated and Controlled Entities

### Combined Statements of Cash Flows

Years Ended December 31, 2024 and 2023

|   | <u>2024</u>          | <u>2023</u>          |
|---|----------------------|----------------------|
| <b>Cash Flows From Operating Activities</b>   |                      |                      |
| Change in net assets  | \$ 2,097,487         | \$ 286,645           |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                      |                      |
| Depreciation  | 4,381,880            | 4,125,435            |
| Amortization of right-of-use assets   | 55,530               | 35,394               |
| Net realized and unrealized gains on investments  | (1,963,834)          | (1,631,706)          |
| Gain on disposal of fixed assets  | (12,500)             | (29,346)             |
| Change in:  |                      |                      |
| Due from leagues  | (126,844)            | 106,818              |
| Inventories   | (508,194)            | 139,393              |
| Prepaid expenses and other assets   | 946,396              | (240,055)            |
| Accounts payable and accrued expenses   | 1,055,200            | 127,961              |
| League insurance liability  | 38,107               | (113,496)            |
| Funds held for third party  | -                    | (354,497)            |
| Deferred revenue  | (3,358,617)          | 542,810              |
| Due to leagues  | (59,629)             | (78,368)             |
| Lease liability   | 446,695              | (35,394)             |
| Other postretirement benefits   | (577,223)            | 269,168              |
| Net cash provided by operating activities   | <u>2,414,454</u>     | <u>3,150,762</u>     |
| <b>Cash Flows From Investing Activities</b>   |                      |                      |
| Purchases of land, buildings and equipment  | (9,170,804)          | (3,051,439)          |
| Purchases of investments  | (971,741)            | (2,029,068)          |
| Proceeds from sale of investments   | 6,050,000            | 2,018,577            |
| Proceeds from sale of equipment   | 12,500               | 124,513              |
| Net cash used in investing activities   | <u>(4,080,045)</u>   | <u>(2,937,417)</u>   |
| <b>Cash Flows Used in Financing Activities</b>  |                      |                      |
| Payments on note payable  | (203,788)            | (103,624)            |
| Net (decrease) increase in cash and cash equivalents  | (1,869,379)          | 109,721              |
| <b>Cash and Cash Equivalents, Beginning</b>   | <u>17,389,260</u>    | <u>17,279,539</u>    |
| <b>Cash and Cash Equivalents, Ending</b>  | <u>\$ 15,519,881</u> | <u>\$ 17,389,260</u> |
| <b>Supplementary Disclosure of Cash Flow Information</b>                                    |                      |                      |
| Cash paid for interest  | <u>\$ 523,314</u>    | <u>\$ 536,114</u>    |
| <b>Supplementary Disclosure of Noncash Investing Activities</b>                             |                      |                      |
| Right-of-use assets obtained through operating leases                                       | <u>\$ 886,087</u>    | <u>\$ -</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, 2024 and 2023

## 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 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.

## Little League Baseball, Incorporated and Controlled Entities

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Notes to Combined Financial Statements

December 31, 2024 and 2023

**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 \$45,901 and \$8,281 at December 31, 2024 and 2023, respectively, are restricted for the Challenger and All Equipment programs.

### Use of Estimates

The preparation of combined 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. Cash and cash equivalents are valued at cost, which approximates fair market value.

### Due From Leagues

Due from leagues represents amounts owed from local leagues. 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. Amounts are reasonably expected to be collected within the next twelve months.

### 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 (three to five years), furniture, fixtures and equipment (seven to 10 years), buildings, athletic facilities and land improvements (20 to 40 years), vehicles and maintenance equipment (five to seven years) and statues and signage (seven 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.

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

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Notes to Combined Financial Statements

December 31, 2024 and 2023

### **Leases**

The Organization has entered into a building lease and a land lease. The operating leases are included in right-of-use assets and lease liabilities on the combined statements of financial position.

Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the combined statements of financial position and are recognized as lease expense on a straight-line basis over the lease term. The leases recorded on the combined statements of financial position do not provide an implicit lease rate, therefore, the Organization has utilized an incremental borrowing rate as the basis to calculate the present value of future lease payments at lease commencement. The incremental borrowing rate represents the rate that would have to be paid to borrow funds on a collateralized basis over a similar term and in a similar economic environment.

The Organization has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with a lease term of less than 12 months, for all classes of underlying assets. In determination of the lease term, the Organization considers the likelihood of lease renewal options and lease termination provisions.

The lease asset also reflects any prepaid rent, initial direct costs incurred, and lease incentives received. The Organization's lease terms include optional extension periods when it is reasonably certain that those options will be exercised. Leases with an initial expected term of 12 months or less are not recorded in the combined statements of financial position and the related lease expense is recognized on a straight-line basis over the lease term.

Operating lease assets are reviewed for impairment based on an ongoing review of circumstances that indicate the assets may no longer be recoverable, such as properties that are no longer being utilized in current operations, and other factors. The Organization calculates operating lease impairments using a discount rate to calculate the present value of estimated subtenant rentals that could be reasonably obtained for the property.

### **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 \$460,138 and \$712,178 as of December 31, 2024 and 2023, 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.

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
December 31, 2024 and 2023

### Deferred Revenue

Little League received advance payments for local league charter fees and sponsorship payments during fiscal years 2024 and 2023. The Organization subsequently recognizes these payments as revenue in the fiscal year that corresponds with the related Little League World Series event.

The activity for local league charter fees and sponsorship payments for the years ended December 31 is described below.

|                           | December 31, 2024   |                       |   |                     |
|---------------------------|---------------------|-----------------------|---|---------------------|
|                           | Beginning           | Revenue Recognized    | Cash Received in Advance of Performance | Ending              |
| Local league charter fees | \$ 698,990          | \$ (698,990)          | \$ 687,090                              | \$ 687,090          |
| Sponsorship payments      | 6,450,000           | (6,450,000)           | 3,103,283                               | 3,103,283           |
| Total                     | <u>\$ 7,148,990</u> | <u>\$ (7,148,990)</u> | <u>\$ 3,790,373</u>                     | <u>\$ 3,790,373</u> |

  

|                           | December 31, 2023   |                       |   |                     |
|---------------------------|---------------------|-----------------------|---|---------------------|
|                           | Beginning           | Revenue Recognized    | Cash Received in Advance of Performance | Ending              |
| Local league charter fees | \$ 706,180          | \$ (706,180)          | \$ 698,990                              | \$ 698,990          |
| Sponsorship payments      | 5,900,000           | (5,900,000)           | 6,450,000                               | 6,450,000           |
| Total                     | <u>\$ 6,606,180</u> | <u>\$ (6,606,180)</u> | <u>\$ 7,148,990</u>                     | <u>\$ 7,148,990</u> |

Due from leagues is separately presented on the combined statements of financial position and totaled \$2,744,088 and \$2,617,244 as of December 31, 2024 and 2023, respectively. Due from leagues as of December 31, 2022 totaled \$2,121,559.

### 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.

### 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 combined 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 combined statements of financial position.

# Little League Baseball, Incorporated and Controlled Entities

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Notes to Combined Financial Statements  
December 31, 2024 and 2023

## 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.

## 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.

## 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.

## Reclassifications

Certain amounts in the 2023 combined financial statements have been reclassified for comparative purposes to conform to the 2024 presentation. Such reclassifications had no effect on the reported change in net assets.

## Subsequent Events

Subsequent events have been evaluated for measurement and disclosure through July 15, 2025, the date the combined financial statements were issued.

# Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements

December 31, 2024 and 2023

### 3. Revenue Recognition

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. 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 with a transfer of promised goods or services.

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.

#### Royalties, Rights and Corporate Sponsors

Royalties, rights and corporate sponsors for the years ended December 31, 2024 and 2023:

|                        | <u>2024</u>          | <u>2023</u>          |
|------------------------|----------------------|----------------------|
| Corporate sponsorships | \$ 9,251,643         | \$ 7,767,609         |
| Royalties and rights   | <u>3,648,686</u>     | <u>3,767,387</u>     |
| Total                  | <u>\$ 12,900,329</u> | <u>\$ 11,534,996</u> |

Corporate sponsorship revenues involve various forms of sponsorship for the Little League World Series. Sponsorship revenues are derived from 11 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.

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
December 31, 2024 and 2023

### World Series, Tournaments and Special Activities

World Series, tournaments and special activities revenues for the years ended December 31:

|                             | <u>2024</u>          | <u>2023</u>          |
|-----------------------------|----------------------|----------------------|
| Television and radio rights | \$ 18,112,709        | \$ 17,427,089        |
| Tournament travel funds     | 3,088,350            | 2,385,450            |
| Concessions                 | 615,548              | 706,291              |
| Special events and clinics  | 166,511              | 179,517              |
| Programs and other          | 79,503               | 83,919               |
| Total                       | <u>\$ 22,062,621</u> | <u>\$ 20,782,266</u> |

### Television and Radio 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 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 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, 2024 or 2023. 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 2024 or 2023.

### 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.

# Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements

December 31, 2024 and 2023

## Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions on the combined statements of activities and changes in net assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net asset releases of restrictions.

## 4. 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, 2024 and 2023. Net realized and unrealized gains (losses) on investments are reported within the combined statements of activities and changes in net assets as its own line item.

Investment returns for the years ended December 31, 2024 and 2023 were comprised of the following:

|   | <u>2024</u>         | <u>2023</u>         |
|---|---------------------|---------------------|
| Interest and dividends                          | \$ 473,281          | \$ 318,379          |
| Net realized and unrealized gain on investments | 2,101,776           | 1,774,591           |
| Investment fees                                 | <u>(137,942)</u>    | <u>(142,885)</u>    |
| Total   | <u>\$ 2,437,115</u> | <u>\$ 1,950,085</u> |

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
December 31, 2024 and 2023

The following table represents the fair value measurement levels for all assets and liabilities recorded at fair value as of December 31, 2024 and 2023, respectively.

|  | Investments at Fair Value as of December 31, 2024 |         |         |               |
|--|---|---------|---------|---------------|
|  | Level 1   | Level 2 | Level 3 | Total         |
| Mutual funds                                   | \$ 1,031,943                                      | \$ -    | \$ -    | \$ 1,031,943  |
| Exchange traded funds                          | 2,178,102   | -       | -       | 2,178,102     |
| Cash and cash equivalents                      | 15,106,083  | -       | -       | 15,106,083    |
|  | 18,316,128  | -       | -       | 18,316,128    |
| Investment assets measured at net asset value: |   |         |         |               |
| Multi-strategy funds                           | -   | -       | -       | 11,924,337    |
| Total investments                              | \$ 18,316,128                                     | \$ -    | \$ -    | \$ 30,240,465 |

|  | Investments at Fair Value as of December 31, 2023 |         |         |               |
|--|---|---------|---------|---------------|
|  | Level 1   | Level 2 | Level 3 | Total         |
| Mutual funds                                   | \$ 1,034,995                                      | \$ -    | \$ -    | \$ 1,034,995  |
| Exchange traded funds                          | 1,837,554   | -       | -       | 1,837,554     |
| Cash and cash equivalents                      | 65,134  | -       | -       | 65,134        |
|  | 2,937,683   | -       | -       | 2,937,683     |
| Investment assets measured at net asset value: |   |         |         |               |
| Multi-strategy funds                           | -   | -       | -       | 31,303,294    |
| Total investments                              | \$ 2,937,683                                      | \$ -    | \$ -    | \$ 34,240,977 |

Long-term investments measured using the net asset value (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 combined statements of financial position.

There were no transfers of investments between levels from 2023 to 2024.

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, 2024 and 2023.

### 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 NAV for which shares in the fund can be bought and sold.

# Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements

December 31, 2024 and 2023

## 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 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, 2024 and 2023.

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.

The Organization has the ability to liquidate its investments according to the provisions of the respective NAV funds' agreements. Certain funds consist of liquidating trusts and/or withdrawals that have been suspended or gated. At December 31, 2024, certain investments were subject to withdrawal restrictions imposed by the underlying portfolio managers of the funds. As a result the Organization may not be able to liquidate some of its investments in a timely manner.

## 5. 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:

|   | <b>2024</b>          | <b>2023</b>          |
|---|----------------------|----------------------|
| Cash and cash equivalents               | \$ 15,519,881        | \$ 17,389,260        |
| Due from leagues                        | 2,744,088            | 2,617,244            |
| Investments                             | 29,458,126           | 34,240,977           |
|   | 47,722,095           | 54,247,481           |
| Less restricted or designated resources | 45,901               | 8,281                |
| Available financial assets              | <u>\$ 47,676,194</u> | <u>\$ 54,239,200</u> |

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
December 31, 2024 and 2023

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 line of credit which it can draw upon as needed. See Note 10 for further details regarding this facility.

### 6. Land, Buildings and Equipment

Land, buildings and equipment consist of the following as of December 31, 2024 and 2023:

|                                   | <u>2024</u>          | <u>2023</u>          |
|-----------------------------------|----------------------|----------------------|
| Land                              | \$ 7,806,516         | \$ 7,806,516         |
| Buildings and athletic facilities | 80,662,055           | 74,795,849           |
| Land improvements                 | 14,114,666           | 10,722,941           |
| Furniture, fixtures and equipment | 5,960,987            | 5,517,205            |
| Vehicle and maintenance equipment | 6,533,454            | 6,269,574            |
| Electronic equipment              | 4,047,816            | 3,398,719            |
| Statues and signage               | 926,520              | 778,671              |
| Construction in progress          | -                    | 1,591,735            |
|                                   | <u>120,052,014</u>   | <u>110,881,210</u>   |
| Less accumulated depreciation     | <u>69,132,845</u>    | <u>65,003,005</u>    |
|                                   | <u>\$ 50,919,169</u> | <u>\$ 45,878,205</u> |

Depreciation expense for the years ended December 31, 2024 and 2023, inclusive of depreciation expense related to collections, was \$4,381,880 and \$4,125,435, respectively.

### 7. 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% 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 \$23,000 and \$22,500 for the years ended December 31, 2024 and 2023, respectively. Employees vest immediately in their contributions and vest in Little League's contributions over a five-year period of service. The Organization contributed \$364,751 in 2024 and \$350,772 in 2023.

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.

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
December 31, 2024 and 2023

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, 2024 and 2023:

|   | <u>2024</u>           | <u>2023</u>           |
|---|-----------------------|-----------------------|
| Change in accumulated benefit obligation:             |                       |                       |
| Accumulated benefit obligation at beginning of period | \$ 4,191,032          | \$ 3,921,864          |
| Service cost  | 128,897               | 133,681               |
| Interest cost   | 183,533               | 190,621               |
| Change due to change in actuarial assumptions         | (731,862)             | 97,610                |
| Benefits paid   | <u>(157,791)</u>      | <u>(152,744)</u>      |
| Accumulated benefit obligation at end of period       | 3,613,809             | 4,191,032             |
| Fair value of plan assets                             | <u>-</u>              | <u>-</u>              |
| Funded (under-funded) status                          | <u>\$ (3,613,809)</u> | <u>\$ (4,191,032)</u> |

Amounts recognized in the combined statements of financial position consist of the following at December 31, 2024 and 2023:

|  | <u>2024</u>           | <u>2023</u>         |
|--|-----------------------|---------------------|
| Items not yet recognized as a component of net periodic postretirement benefit cost: |                       |                     |
| Prior service costs  | \$ 240,384            | \$ 283,507          |
| Unrecognized net actuarial gain  | <u>(1,475,277)</u>    | <u>(801,033)</u>    |
| Items not yet recognized at December 31  | <u>\$ (1,234,893)</u> | <u>\$ (517,526)</u> |

Net periodic benefit cost components include the following for the years ended December 31, 2024 and 2023:

|   | <u>2024</u>         | <u>2023</u>       |
|---|---------------------|-------------------|
| Net periodic postretirement benefit cost: |                     |                   |
| Service cost                              | \$ 128,897          | \$ 133,681        |
| Interest cost                             | 183,533             | 190,621           |
| Gross benefit payments                    | (157,791)           | (152,744)         |
| Change due to change in experience        | <u>(731,862)</u>    | <u>97,610</u>     |
| Net periodic postretirement benefit cost  | <u>\$ (577,223)</u> | <u>\$ 269,168</u> |

Weighted average assumptions used to determine benefit obligations at December 31, 2024 and 2023:

|               | <u>2024</u> | <u>2023</u> |
|---------------|-------------|-------------|
| Discount rate | 5.49 %      | 4.80 %      |

## Little League Baseball, Incorporated and Controlled Entities

Notes to Combined Financial Statements  
December 31, 2024 and 2023

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

|                                      |            |
|--------------------------------------|------------|
| Estimated future benefit payments:   |            |
| January 1, 2025 to December 31, 2025 | \$ 166,218 |
| January 1, 2026 to December 31, 2026 | 180,324    |
| January 1, 2027 to December 31, 2027 | 187,404    |
| January 1, 2028 to December 31, 2028 | 195,276    |
| January 1, 2029 to December 31, 2029 | 207,414    |
| January 1, 2030 to December 31, 2033 | 1,166,159  |

For measurement purposes, the health care trend rate was 3.50% at December 31, 2024 and 2023.

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, 2024, by \$552,389 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year ended to December 31, 2024 by \$64,737. 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, 2024, by \$447,027 and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost for the year ended to December 31, 2024 by \$49,667.

### 8. 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.

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 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.

On June 26, 2023, Little League entered into a lease agreement with the Borough of South Williamsport (the Borough) to renew the general terms of a lease agreement entered into between Little League and the Borough on May 10, 1999 to develop a comprehensive World Series parking plan. The renewal agreement takes effect July 1, 2024. The original lease agreement did not include any required lease payments but did require Little League to make a one-time donation of \$75,000 to the Borough. Under the renewal agreement, beginning July 1, 2024, Little League shall make a payment of \$1,000,000 to the Borough as follows: \$500,000 on July 1, 2024 and \$50,000 per year from July 1, 2025 through July 1, 2034.

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.

## Little League Baseball, Incorporated and Controlled Entities

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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.

Future aggregate minimum lease payments due under the leases are as follows:

|                             |                     |
|-----------------------------|---------------------|
| Years ending December 31:   |                     |
| 2025                        | \$ 120,761          |
| 2026                        | 122,879             |
| 2027                        | 125,066             |
| 2028                        | 127,316             |
| 2029                        | 129,638             |
| Thereafter                  | <u>1,272,409</u>    |
|                             | 1,898,069           |
| Less present value discount | <u>(555,242)</u>    |
| Total lease liabilities     | <u>\$ 1,342,827</u> |

Lease-related expenses for the years ended December 31, 2024 and 2023 were \$150,231 and \$66,699, respectively. Weighted-average remaining lease term for the years ended December 31, 2024 and 2023 was 20.5 years and 17.0 years, respectively. Weighted-average discount rate for both years was 5.0%.

### 9. Note Payable

Little League entered into an agreement with Jersey Shore State Bank (JSSB) on May 20, 2020 for a note payable totaling \$10,000,000. Payment on the note payable was interest only until May 20, 2023. Principal and interest payments began June 20, 2023 through maturity on May 20, 2040. The interest rate is a floating rate of the Wall Street Journal US Prime Rate less 1%. The current interest rate as of December 31, 2024 is 6.5%. As of December 31, 2024 and 2023, there was \$6,892,588 and \$7,096,376, respectively, outstanding on the note payable.

Note payable maturing in the next five years ending December 31 and thereafter consists of:

|            |                     |
|------------|---------------------|
| 2025       | \$ 444,683          |
| 2026       | 444,683             |
| 2027       | 444,683             |
| 2028       | 444,683             |
| 2029       | 444,683             |
| Thereafter | <u>4,669,173</u>    |
|            | <u>\$ 6,892,588</u> |

Interest expense was \$523,314 and \$536,114 for the years ended December 31, 2024 and 2023, respectively.

### 10. Line of Credit

In August 2021, a line of credit of \$5,000,000 was secured from JSSB. The total line of credit available is \$5,000,000 as of December 31, 2024. The line of credit is secured by certain investments. Line of credit borrowings are on a demand basis subject to annual renewal within 120 days from fiscal year end. As of December 31, 2024 and 2023, there was \$0 outstanding on the line.

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

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Notes to Combined Financial Statements  
December 31, 2024 and 2023

### **11. 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.