

IBC YOUTH BOWLING, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020



CPAs | CONSULTANTS | WEALTH ADVISORS

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**IBC YOUTH BOWLING, INC.
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YEARS ENDED DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
IBC Youth Bowling, Inc.
Arlington, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of IBC Youth Bowling, Inc. which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IBC Youth Bowling, Inc. as of December 31, 2021 and 2020, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 29, 2022

IBC YOUTH BOWLING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|-----------------------------------------------------------|--------------|--------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 910,255 | \$ 466,733 |
| Investments | 2,764,029 | 2,910,075 |
| Accounts Receivable, Net | 77,311 | 1,394 |
| Due from Related Parties | 31,941 | - |
| Inventory | 78,838 | 84,898 |
| Prepaid Expenses | 17,900 | 27,475 |
| Total Current Assets | 3,880,274 | 3,490,575 |
| SOFTWARE AND EQUIPMENT, NET | 511,911 | 604,437 |
| Total Assets | \$ 4,392,185 | \$ 4,095,012 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 12,112 | \$ 13,744 |
| Accrued Expenses and Other Liabilities | 15,297 | 13,458 |
| Due to Related Parties | 441 | 6,268 |
| Deferred Revenue - National Tournaments | 409,550 | 307,190 |
| Deferred Revenue - Membership Dues | 290,504 | 186,780 |
| Deferred Revenue - Other | 1,690 | 1,560 |
| Total Current Liabilities | 729,594 | 529,000 |
| DEFERRED REVENUE - NATIONAL TOURNAMENTS, LONG-TERM | - | 20,000 |
| Total Liabilities | 729,594 | 549,000 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Undesignated | 3,581,484 | 3,439,631 |
| Board-Designated - YES Fund Initiative | 81,107 | 106,381 |
| Total Net Assets | 3,662,591 | 3,546,012 |
| Total Liabilities and Net Assets | \$ 4,392,185 | \$ 4,095,012 |

See accompanying Notes to Financial Statements.

**IBC YOUTH BOWLING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|---------------------------------|--------------|--------------|
| SUPPORT AND REVENUES | | |
| Contributions | \$ 16,326 | \$ 16,276 |
| Membership Dues | 698,846 | 701,236 |
| Tournament Revenue | 1,232,810 | 14,035 |
| Merchandise Sales | 31,343 | 27,784 |
| Royalties | 161,635 | 12,951 |
| Sponsorships | 268,593 | 33,600 |
| Net Investment Income | 372,187 | 155,913 |
| PPP Loan Forgiveness | 122,700 | 127,900 |
| Miscellaneous | 19,165 | 5,686 |
| Total Support and Revenues | 2,923,605 | 1,095,381 |
| EXPENSES | | |
| Salaries and Benefits | 580,797 | 649,959 |
| Membership | 14,838 | 4,082 |
| Awards | 129,753 | 102,385 |
| Food and Beverage | 8,963 | - |
| Merchandise | 18,922 | 17,943 |
| Professional Fees | 506,895 | 312,703 |
| Office Supplies | 130,932 | 78,264 |
| Travel | 326,534 | 25,023 |
| Advertising and Promotion | 24,068 | 9,001 |
| Lineage | 304,450 | 5,219 |
| Scholarship | 540,005 | 14,000 |
| Sponsorships | 123,250 | - |
| Depreciation | 92,526 | 39,869 |
| Taxes | - | 13,333 |
| Miscellaneous | 5,093 | 5,973 |
| Total Expenses | 2,807,026 | 1,277,754 |
| CHANGE IN NET ASSETS | 116,579 | (182,373) |
| Net Assets - Beginning of Year | 3,546,012 | 3,728,385 |
| NET ASSETS - END OF YEAR | \$ 3,662,591 | \$ 3,546,012 |

See accompanying Notes to Financial Statements.

IBC YOUTH BOWLING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

| | Program Services | Management and General | Total |
|---------------------------|---------------------|---------------------------|---------------------|
| Salaries and Benefits | \$ 389,134 | \$ 191,663 | \$ 580,797 |
| Membership | 14,838 | - | 14,838 |
| Awards | 129,753 | - | 129,753 |
| Food and Beverage | 8,963 | - | 8,963 |
| Merchandise | 18,922 | - | 18,922 |
| Professional Fees | 448,577 | 58,318 | 506,895 |
| Office Supplies | 126,407 | 4,525 | 130,932 |
| Travel | 326,534 | - | 326,534 |
| Advertising and Promotion | 24,068 | - | 24,068 |
| Lineage | 304,450 | - | 304,450 |
| Scholarship | 540,005 | - | 540,005 |
| Sponsorships | 123,250 | - | 123,250 |
| Depreciation | 36,989 | 55,537 | 92,526 |
| Miscellaneous | 1,229 | 3,864 | 5,093 |
| Total | <u>\$ 2,493,119</u> | <u>\$ 313,907</u> | <u>\$ 2,807,026</u> |

See accompanying Notes to Financial Statements.

IBC YOUTH BOWLING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

| | Program Services | Management and General | Total |
|---------------------------|---------------------|---------------------------|---------------------|
| Salaries and Benefits | \$ 435,473 | \$ 214,486 | \$ 649,959 |
| Membership | 4,082 | - | 4,082 |
| Awards | 102,385 | - | 102,385 |
| Merchandise | 17,943 | - | 17,943 |
| Professional Fees | 248,865 | 63,838 | 312,703 |
| Office Supplies | 76,260 | 2,004 | 78,264 |
| Travel | 25,023 | - | 25,023 |
| Advertising and Promotion | 9,001 | - | 9,001 |
| Lineage | 5,219 | - | 5,219 |
| Scholarship | 14,000 | - | 14,000 |
| Depreciation | 36,989 | 2,880 | 39,869 |
| Taxes | - | 13,333 | 13,333 |
| Miscellaneous | 1,458 | 4,515 | 5,973 |
| Total | <u>\$ 976,698</u> | <u>\$ 301,056</u> | <u>\$ 1,277,754</u> |

See accompanying Notes to Financial Statements.

IBC YOUTH BOWLING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|------------------------------------------------------------------------------------------------|------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 116,579 | \$ (182,373) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 92,526 | 39,869 |
| Net Realized and Unrealized Gains on Investments | (365,093) | (74,045) |
| Effects of Changes in Operating Assets and Liabilities: | | |
| Accounts Receivable | (75,917) | (1,185) |
| Due from Related Parties | (31,941) | 201,001 |
| Inventory | 6,060 | 1,292 |
| Prepaid Expenses | 9,575 | (6,543) |
| Accounts Payable | (1,632) | 13,744 |
| Due to Related Parties | (5,827) | 5,065 |
| Accrued Expenses and Other Liabilities | 1,839 | (66,080) |
| Deferred Revenue | 186,214 | (288,185) |
| Net Cash Used by Operating Activities | (67,617) | (357,440) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Investments | - | (76,145) |
| Proceeds from Sales of Investments | 511,139 | 100,000 |
| Purchases of Property and Equipment | - | (45,194) |
| Net Cash Provided (Used) by Investing Activities | 511,139 | (21,339) |
| NET INCREASE (DECREASE) IN CASH | 443,522 | (378,779) |
| Cash - Beginning of Year | 466,733 | 845,512 |
| CASH - END OF YEAR | \$ 910,255 | \$ 466,733 |

See accompanying Notes to Financial Statements.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

IBC Youth Bowling, Inc. (IBCYB) is a nonprofit organization whose purpose is to operate exclusively for charitable and educational purposes in the sport of bowling. IBCYB was incorporated on July 28, 2014 in the state of Wisconsin. IBCYB started operating effective October 1, 2014 when the youth programs were spun off from the International Bowling Campus, LLC (IBC). IBCYB's revenues are derived primarily from membership dues and tournament entry fees. IBCYB's fiscal year ends on December 31. Significant accounting policies followed by IBCYB are presented below.

Use of Estimates

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

Investments

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

Accounts Receivable

Accounts receivable are uncollateralized obligations. Accounts receivable are stated at the invoice amount. Payments of accounts receivable are applied to the specific invoices identified on the remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amounts of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts and the aging of the accounts receivable. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. No allowance for doubtful accounts was recorded at December 31, 2021 and 2020.

Inventory

Inventory consists of merchandise and awards and is valued at the lower of cost or net realizable value with cost determined on a first-in, first-out (FIFO) basis.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties

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

Software and Equipment

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

Maintenance, repairs, and replacements are generally included as expenses of operations during the year in which the expense is incurred. Cost of replacements, which constitute improvements or extend the life of the respective assets, are recorded as additions to property and equipment.

Impairment of Long-Lived Assets

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated amounts for the Youth Education Services (YES) Fund Initiative, a united effort by industry leaders in the sport, initiated by the Bowling Proprietors' Association of America, Inc. (BPAA) and the United States Bowling Congress, Inc. (USBC), dedicated to development and marketing of youth bowling.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Deferred revenue consists primarily of membership dues and tournament entry fees. These amounts are recognized in the fiscal year in which the individual receives the privileges that membership offers. Tournament and program service revenues are recognized in the year in which the event is held or the related expenses are incurred.

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

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a natural basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and benefits, professional fees, office supplies, and miscellaneous expenses, which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Internal Revenue Service (IRS) has issued a determination letter dated December 31, 2014, granting IBCYB an exemption from federal income tax under IRS Code Section 501(c)(3). However, income received from certain activities is subject to income tax as unrelated business income.

Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-02, Leases (Topic 842)*, which is expected to increase transparency and comparability among organizations. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their balance sheet as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of income largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct financing leases. In June 2020, the FASB approved the delay of the effective date of ASU 2016-02 through issuance of ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The lease guidance is now effective for IBCYB's year ending December 31, 2022. Management will be evaluating the effects of the new standard.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 LIQUIDITY AND AVAILABILITY

IBCYB's liquidity goal is to have sufficient assets available to meet operational expenditures for a 12-month period. IBCYB regularly reviews the liquidity required to meet operational expenditures. Various forms of funds are available, which include cash, liquid investments, and expected collections of accounts receivable.

For the purpose of analyzing available resources, IBCYB reviews assets not covered by donor restrictions or restricted for future use. As of December 31, 2021 and 2020, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------------------------------------------|---------------------|---------------------|
| Cash | \$ 910,255 | \$ 466,733 |
| Investments | 2,764,029 | 2,910,075 |
| Accounts Receivable, Net | 77,311 | 1,394 |
| Due from Related Parties | 31,941 | - |
| Total | <u>3,783,536</u> | <u>3,378,202</u> |
| Less: Board-Designated - YES Fund Initiative | <u>(81,107)</u> | <u>(106,381)</u> |
| Financial Assets Available to Meet General Expenditures Within One Year | <u>\$ 3,702,429</u> | <u>\$ 3,271,821</u> |

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

| | <u>2021</u> | <u>2020</u> |
|-----------------------|---------------------|---------------------|
| Investments: | | |
| Interest-Bearing Cash | \$ 205,662 | \$ 198,476 |
| Money Market Funds | - | 5,100 |
| Equity Securities | 1,236,208 | 805,284 |
| Exchange-Traded Funds | 95,925 | 325,609 |
| Mutual Funds | 1,226,234 | 1,575,606 |
| Total | <u>\$ 2,764,029</u> | <u>\$ 2,910,075</u> |

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used at December 31, 2021 and 2020 for assets measured at fair value.

Equity Securities: Are valued at the closing price reported on the active market on which the individual securities are traded.

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

Exchange-Traded Funds: Are valued at the closing price reported on the active market on which the individual securities are traded.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while IBCYB believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, IBCYB's assets at fair value as of December 31, 2021:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------------------------|---------------------|----------------|----------------|---------------------|
| Assets at Fair Value | | | | |
| Equities | \$ 1,236,208 | \$ - | \$ - | \$ 1,236,208 |
| Exchange-Traded Funds | 95,925 | - | - | 95,925 |
| Mutual Funds: | | | | |
| Large Cap Growth | 80,549 | - | - | 80,549 |
| Allocation | 367,283 | - | - | 367,283 |
| Fixed Income | 778,402 | - | - | 778,402 |
| Total Assets at Fair Value | <u>\$ 2,558,367</u> | <u>\$ -</u> | <u>\$ -</u> | <u>2,558,367</u> |
| Assets Not Valued Under Fair Value Measurements | | | | |
| Interest-Bearing Cash | | | | 205,662 |
| Total Investments | | | | <u>\$ 2,764,029</u> |

The following table sets forth by level, within the fair value hierarchy, IBCYB's assets at fair value as of December 31, 2020:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------------------------|---------------------|----------------|----------------|---------------------|
| Assets at Fair Value | | | | |
| Equities | \$ 805,284 | \$ - | \$ - | \$ 805,284 |
| Exchange-Traded Funds | 325,609 | - | - | 325,609 |
| Mutual Funds: | | | | |
| Large Cap | 28,088 | - | - | 28,088 |
| International Large Cap Blend | 13,156 | - | - | 13,156 |
| Mid Cap Growth | 31,504 | - | - | 31,504 |
| Allocation | 561,398 | - | - | 561,398 |
| Specialty | 41,809 | - | - | 41,809 |
| Fixed Income | 899,651 | - | - | 899,651 |
| Total Assets at Fair Value | <u>\$ 2,706,499</u> | <u>\$ -</u> | <u>\$ -</u> | <u>2,706,499</u> |
| Assets Not Valued Under Fair Value Measurements | | | | |
| Interest-Bearing Cash | | | | 198,476 |
| Money Market Funds | | | | 5,100 |
| Total Investments | | | | <u>\$ 2,910,075</u> |

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 SOFTWARE AND EQUIPMENT

Software and equipment consist of the following at December 31:

| | 2021 | 2020 |
|-----------------------------------|------------|------------|
| Equipment | \$ 8,641 | \$ 8,641 |
| Software | 640,383 | 388,383 |
| Internal-Use Software in Progress | - | 252,000 |
| Total, at Cost | 649,024 | 649,024 |
| Less: Accumulated Depreciation | 137,113 | 44,587 |
| Total | \$ 511,911 | \$ 604,437 |

NOTE 6 RETIREMENT PLANS

IBCYB participates in a 401(k) retirement plan (along with USBC, BPAA, International Bowling Museum and Hall of Fame, Inc. (IBM&HF), and International Bowling Campus, LLC (IBC)), available to all employees who have reached the age of 21 and completed one month of service. Employees may contribute to their accounts up to the annual amount allowed by law. IBCYB matches 100% of the first 3% of employee contributions, plus 50% of the next 2% of the employee's contribution. Total contribution expense recorded under the plan was \$13,002 and \$9,814 for the years ended December 31, 2021 and 2020, respectively.

NOTE 7 REVENUE

The following tables shows IBCYB's revenue disaggregated according to the timing of the transfer of goods or services:

| | 2021 | 2020 |
|---------------------------------------------|--------------|------------|
| Revenue Recognized at a Point in Time | | |
| Merchandise Sales | \$ 31,343 | \$ 27,784 |
| Royalties | 161,635 | 12,951 |
| Miscellaneous | 19,165 | 5,686 |
| Total Revenue Recognized at a Point in Time | \$ 212,143 | \$ 46,421 |
| Revenue Recognized Over Time | | |
| Tournament Revenue | \$ 1,232,810 | \$ 14,035 |
| Membership Dues | 698,846 | 701,236 |
| Sponsorships | 268,593 | 33,600 |
| Total Revenue Recognized Over Time | \$ 967,439 | \$ 734,836 |

**IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 REVENUE (CONTINUED)

IBCYB's contract assets and liabilities are comprised of the following at December 31:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------------------------|-------------------|-------------------|-------------------|
| Contract Assets - Receivables | | | |
| Royalties | \$ 2,311 | \$ 1,394 | \$ 209 |
| Sponsorships | 75,000 | - | - |
| Total Contract Assets | <u>\$ 77,311</u> | <u>\$ 1,394</u> | <u>\$ 209</u> |
| Contract Liabilities - Deferred Revenues | | | |
| National Tournaments | \$ 409,550 | \$ 327,190 | \$ 469,905 |
| Membership Dues | 290,504 | 186,780 | 328,548 |
| Other | 1,690 | 1,560 | 5,262 |
| Total Contract Liabilities | <u>\$ 701,744</u> | <u>\$ 515,530</u> | <u>\$ 803,715</u> |

NOTE 8 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. These matters include the following:

Reserve for Self-Insurance

Under its self-insurance plan, IBCYB accrues the estimated expense of health care claims costs based on claims filed subsequent to year-end and an additional amount for incurred but not yet reported claims based on prior experience. Accruals for such costs of \$7,524 and \$27,238 are included in accrued liabilities at December 31, 2021 and 2020, respectively. Claims payments based on actual claims ultimately filed could differ materially from these estimates.

Concentration of Credit Risk

IBCYB maintains its cash in one commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation up to specified limits. Balances in excess of these limits are uninsured.

NOTE 9 RELATED PARTY TRANSACTIONS

IBCYB received contributions of \$16,276 from USBC during the years ended December 31, 2021 and 2020, respectively. IBCYB has a receivable of \$31,262 from and a payable of \$4,706 to USBC as of December 31, 2021 and 2020, respectively.

IBCYB has a receivable of \$679 from and a payable of \$1,181 to IBC as of December 31, 2021 and 2020, respectively.

IBCYB has a payable of \$441 and \$381 to BPAA as of December 31, 2021 and 2020, respectively.

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NOTE 10 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

In January 2021, IBCYB received proceeds from Frost Bank in the amount of \$122,700 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the Second PPP Loan). The Second PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the IBCYB fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

The Second PPP Loan was forgiven by the U.S. Small Business Administration (SBA) on December 7, 2021. Therefore, IBCYB was legally released from the debt and the loan forgiveness has been recognized as a contribution on the statement of activities during the year ended December 31, 2021.

In April 2020, IBCYB received proceeds from Frost Bank in the amount of \$127,900 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the First PPP Loan). The First PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the IBCYB fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

The First PPP Loan was forgiven by the U.S. Small Business Administration (SBA) on November 30, 2020. Therefore, IBCYB was legally released from the debt and the loan forgiveness has been recognized as a contribution on the statement of activities during the year ended December 31, 2020.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on IBCYB's financial position.

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NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through July 29, 2022, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to July 29, 2022 that provided additional evidence about conditions that existed at December 31, 2021, have been recognized in the financial statements for the year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2021.



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