

IBC YOUTH BOWLING, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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IBC YOUTH BOWLING, INC.
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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, 2022 and 2021, 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, 2022 and 2021, 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
April 26, 2023

IBC YOUTH BOWLING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 654,603	\$ 910,255
Investments	2,470,672	2,764,029
Accounts Receivable, Net	1,430	77,311
Due from Related Parties	81	31,941
Inventory	37,801	78,838
Prepaid Expenses	70,065	17,900
Total Current Assets	<u>3,234,652</u>	<u>3,880,274</u>
SOFTWARE AND EQUIPMENT, NET	<u>420,428</u>	<u>511,911</u>
Total Assets	<u><u>\$ 3,655,080</u></u>	<u><u>\$ 4,392,185</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 58,591	\$ 12,112
Accrued Expenses and Other Liabilities	18,402	15,297
Due to Related Parties	7,504	441
Deferred Revenue - National Tournaments	375,746	409,550
Deferred Revenue - Membership Dues	298,917	290,504
Deferred Revenue - Other	2,235	1,690
Total Current Liabilities	<u>761,395</u>	<u>729,594</u>
DEFERRED REVENUE - NATIONAL TOURNAMENTS, LONG-TERM	<u>40,000</u>	<u>-</u>
Total Liabilities	801,395	729,594
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,826,688	3,581,484
Board-Designated - YES Fund Initiative	26,997	81,107
Total Net Assets	<u>2,853,685</u>	<u>3,662,591</u>
Total Liabilities and Net Assets	<u><u>\$ 3,655,080</u></u>	<u><u>\$ 4,392,185</u></u>

See accompanying Notes to Financial Statements.

IBC YOUTH BOWLING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
SUPPORT AND REVENUES		
Contributions	\$ 16,792	\$ 16,326
Membership Dues	763,487	698,846
Tournament Revenue	1,355,638	1,232,810
Merchandise Sales	36,637	31,343
Royalties	185,671	161,635
Sponsorships	173,133	268,593
Net Investment Return (Loss)	(286,625)	372,187
PPP Loan Forgiveness	-	122,700
Miscellaneous	8,419	19,165
Total Support and Revenues	<u>2,253,152</u>	<u>2,923,605</u>
EXPENSES		
Salaries and Benefits	542,887	580,797
Membership	12,376	14,838
Awards	221,601	129,753
Food and Beverage	42,708	8,963
Merchandise	29,122	18,922
Professional Fees	587,477	506,895
Office Supplies	206,820	130,932
Travel	373,813	326,534
Advertising and Promotion	49,649	24,068
Lineage	339,625	304,450
Scholarship	495,815	540,005
Sponsorships	65,275	123,250
Depreciation	91,483	92,526
Taxes	-	-
Miscellaneous	3,407	5,093
Total Expenses	<u>3,062,058</u>	<u>2,807,026</u>
CHANGE IN NET ASSETS	(808,906)	116,579
Net Assets - Beginning of Year	<u>3,662,591</u>	<u>3,546,012</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,853,685</u></u>	<u><u>\$ 3,662,591</u></u>

See accompanying Notes to Financial Statements.

IBC YOUTH BOWLING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Total
Salaries and Benefits	\$ 363,734	\$ 179,153	\$ 542,887
Membership	12,376	-	12,376
Awards	221,601	-	221,601
Food and Beverage	42,708	-	42,708
Merchandise	29,122	-	29,122
Professional Fees	512,597	74,880	587,477
Office Supplies	198,629	8,191	206,820
Travel	373,813	-	373,813
Advertising and Promotion	49,649	-	49,649
Lineage	339,625	-	339,625
Scholarship	495,815	-	495,815
Sponsorships	65,275	-	65,275
Depreciation	91,483	-	91,483
Miscellaneous	-	3,407	3,407
Total Functional Expenses	<u>\$ 2,796,427</u>	<u>\$ 265,631</u>	<u>\$ 3,062,058</u>

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
	<u>\$ 2,493,119</u>	<u>\$ 313,907</u>	<u>\$ 2,807,026</u>
Total Functional Expenses	<u>\$ 2,493,119</u>	<u>\$ 313,907</u>	<u>\$ 2,807,026</u>

See accompanying Notes to Financial Statements.

IBC YOUTH BOWLING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (808,906)	\$ 116,579
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	91,483	92,526
Net Realized and Unrealized Loss (Gains) on Investments	293,357	(365,093)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	75,881	(75,917)
Due from Related Parties	31,860	(31,941)
Inventory	41,037	6,060
Prepaid Expenses	(52,165)	9,575
Accounts Payable	46,479	(1,632)
Due to Related Parties	7,063	(5,827)
Accrued Expenses and Other Liabilities	3,105	1,839
Deferred Revenue	15,154	186,214
Net Cash Used by Operating Activities	<u>(255,652)</u>	<u>(67,617)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	<u>-</u>	<u>511,139</u>
NET INCREASE (DECREASE) IN CASH	(255,652)	443,522
Cash - Beginning of Year	<u>910,255</u>	<u>466,733</u>
CASH - END OF YEAR	<u><u>\$ 654,603</u></u>	<u><u>\$ 910,255</u></u>

See accompanying Notes to Financial Statements.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021.

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, 2022 AND 2021

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 3 to 7 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, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. IBCYB has no net assets with donor restrictions.

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.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	2022	2021
Cash	\$ 654,603	\$ 910,255
Investments	2,470,672	2,764,029
Accounts Receivable, Net	1,430	77,311
Due from Related Parties	81	31,941
Total	3,126,786	3,783,536
Less: Board-Designated - YES Fund Initiative	(26,997)	(81,107)
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 3,099,789</u>	<u>\$ 3,702,429</u>

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	2022	2021
Investments:		
Interest-Bearing Cash	\$ 281,170	\$ 205,662
Equity Securities	985,373	1,236,208
Exchange-Traded Funds	48,420	95,925
Mutual Funds	859,688	1,226,234
U.S. Treasuries	98,383	-
Certificates of Deposit	197,638	-
Total	<u>\$ 2,470,672</u>	<u>\$ 2,764,029</u>

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021 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.

U.S. Treasuries and Brokered Certificates of Deposit: Are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022:

	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Equities	\$ 985,373	\$ -	\$ -	\$ 985,373
Exchange-Traded Funds	48,420	-	-	48,420
Mutual Funds:				
Allocation	352,269	-	-	352,269
Specialty	93,889	-	-	93,889
Fixed Income	413,530	-	-	413,530
U.S. Treasuries	-	98,383	-	98,383
Certificates of Deposit	-	197,638	-	197,638
Total Assets at Fair Value	<u>\$ 1,893,481</u>	<u>\$ 296,021</u>	<u>\$ -</u>	<u>2,189,502</u>
Assets Not Valued Under Fair Value Measurements				
Interest-Bearing Cash				281,170
Total Investments				<u>\$ 2,470,672</u>

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

	Level 1	Level 2	Level 3	Total
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>

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 SOFTWARE AND EQUIPMENT

Software and equipment consist of the following at December 31:

	2022	2021
Equipment	\$ 8,641	\$ 8,641
Software	640,383	640,383
Total, at Cost	649,024	649,024
Less: Accumulated Depreciation	228,596	137,113
Total	<u>\$ 420,428</u>	<u>\$ 511,911</u>

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 \$11,697 and \$13,002 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 REVENUE

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

	2022	2021
Revenue Recognized at a Point in Time		
Merchandise Sales	\$ 36,637	\$ 31,343
Royalties	185,671	161,635
Miscellaneous	8,419	19,165
Total Revenue Recognized at a Point in Time	<u>\$ 230,727</u>	<u>\$ 212,143</u>
Revenue Recognized Over Time		
Tournament Revenue	\$ 1,355,638	\$ 1,232,810
Membership Dues	763,487	698,846
Sponsorships	173,133	268,593
Total Revenue Recognized Over Time	<u>\$ 2,292,258</u>	<u>\$ 2,200,249</u>

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 REVENUE (CONTINUED)

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

	2022	2021	2020
Contract Assets - Receivables			
Royalties	\$ 1,430	\$ 2,311	\$ 1,394
Sponsorships	-	75,000	-
Total Contract Assets	<u>\$ 1,430</u>	<u>\$ 77,311</u>	<u>\$ 1,394</u>
Contract Liabilities - Deferred Revenues			
National Tournaments	\$ 415,746	\$ 409,550	\$ 327,190
Membership Dues	298,917	290,504	186,780
Other	2,235	1,690	1,560
Total Contract Liabilities	<u>\$ 716,898</u>	<u>\$ 701,744</u>	<u>\$ 515,530</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 \$10,262 and \$7,524 are included in accrued liabilities at December 31, 2022 and 2021, 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, 2022 and 2021, respectively. IBCYB incurred awards expenses of \$72,024 and \$-0- for services provided by USBC during the years ended December 31, 2022 and 2021, respectively. IBCYB has a payable of \$7,308 to and a receivable of \$31,262 from USBC as of December 31, 2022 and 2021, respectively.

IBCYB has a receivable of \$81 and \$679 from IBC as of December 31, 2022 and 2021, respectively.

IBCYB has a payable of \$196 and \$441 to BPAA as of December 31, 2022 and 2021, respectively.

IBC YOUTH BOWLING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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.

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.

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through April 26, 2023, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to April 26, 2023 that provided additional evidence about conditions that existed at December 31, 2022, have been recognized in the financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022, 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, 2022.



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