

**IBC YOUTH BOWLING, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**



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**IBC YOUTH BOWLING, INC.  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of IBC Youth Bowling, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
IBC Youth Bowling, Inc.

***Opinion***

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, 2020 and 2019, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Wauwatosa, Wisconsin  
April 21, 2021

**IBC YOUTH BOWLING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 466,733	\$ 845,512
Investments	2,910,075	2,859,885
Accounts Receivable, Net	1,394	209
Due from Related Parties	-	201,001
Inventory	84,898	86,190
Prepaid Expenses	27,475	20,932
Total Current Assets	3,490,575	4,013,729
<b>SOFTWARE AND EQUIPMENT, NET</b>	604,437	599,112
Total Assets	\$ 4,095,012	\$ 4,612,841
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 13,744	\$ -
Accrued Expenses and Other Liabilities	13,458	79,538
Due to Related Parties	6,268	1,203
Deferred Revenue - National Tournaments	307,190	469,905
Deferred Revenue - Membership Dues	186,780	328,548
Deferred Revenue - Other	1,560	5,262
Total Current Liabilities	529,000	884,456
<b>DEFERRED REVENUE - NATIONAL TOURNAMENTS, LONG-TERM</b>	20,000	-
Total Liabilities	549,000	884,456
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	3,439,631	3,588,275
Board-Designated - YES Fund Initiative	106,381	140,110
Total Net Assets	3,546,012	3,728,385
Total Liabilities and Net Assets	\$ 4,095,012	\$ 4,612,841

See accompanying Notes to Financial Statements.

**IBC YOUTH BOWLING, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>SUPPORT AND REVENUES</b>		
Contributions	\$ 16,276	\$ 1,085,228
Membership Dues	701,236	897,372
Tournament Revenue	14,035	1,561,986
Merchandise Sales	27,784	53,957
Royalties	12,951	162,786
Sponsorships	33,600	181,343
Net Investment Income	155,913	294,094
PPP Loan Forgiveness	127,900	-
Miscellaneous	5,686	14,995
Total Support and Revenues	1,095,381	4,251,761
<b>EXPENSES</b>		
Salaries and Benefits	649,959	640,250
Membership	4,082	16,942
Awards	102,385	238,396
Food and Beverage	-	35,373
Merchandise	17,943	33,952
Professional Fees	312,703	615,948
Office Supplies	78,264	286,864
Travel	25,023	443,415
Advertising and Promotion	9,001	43,007
Lineage	5,219	398,989
Scholarship	14,000	537,364
Sponsorships	-	82,195
Depreciation	39,869	2,880
Taxes	13,333	-
Miscellaneous	5,973	10,917
Total Expenses	1,277,754	3,386,492
<b>CHANGE IN NET ASSETS</b>	(182,373)	865,269
Net Assets - Beginning of Year	3,728,385	2,863,116
<b>NET ASSETS - END OF YEAR</b>	\$ 3,546,012	\$ 3,728,385

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.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services	Management and General	Total
Salaries and Benefits	\$ 428,967	\$ 211,283	\$ 640,250
Membership	16,942	-	16,942
Awards	238,396	-	238,396
Food and Beverage	35,373	-	35,373
Merchandise	33,952	-	33,952
Professional Fees	581,918	34,030	615,948
Office Supplies	266,417	20,447	286,864
Travel	443,415	-	443,415
Advertising and Promotion	43,007	-	43,007
Lineage	398,989	-	398,989
Scholarship	537,364	-	537,364
Sponsorships	82,195	-	82,195
Depreciation	-	2,880	2,880
Miscellaneous	2,890	8,027	10,917
Total	<u>\$ 3,109,825</u>	<u>\$ 276,667</u>	<u>\$ 3,386,492</u>

See accompanying Notes to Financial Statements.



**IBC YOUTH BOWLING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (182,373)	\$ 865,269
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	39,869	2,880
Net Realized and Unrealized Gains on Investments	(74,045)	(216,983)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,185)	1,905
Due from Related Parties	201,001	60,439
Inventory	1,292	5,205
Prepaid Expenses	(6,543)	12,964
Accounts Payable	13,744	(102,676)
Due to Related Parties	5,065	1,203
Accrued Expenses and Other Liabilities	(66,080)	41,472
Deferred Revenue	(288,185)	28,437
Net Cash Provided (Used) by Operating Activities	(357,440)	700,115
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(76,145)	(1,098,470)
Proceeds from Sales of Investments	100,000	-
Purchases of Property and Equipment	(45,194)	(184,113)
Net Cash Used by Investing Activities	(21,339)	(1,282,583)
<b>NET DECREASE IN CASH</b>	(378,779)	(582,468)
Cash - Beginning of Year	845,512	1,427,980
<b>CASH - END OF YEAR</b>	\$ 466,733	\$ 845,512

See accompanying Notes to Financial Statements.

**IBC YOUTH BOWLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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 contributions, 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, 2020 and 2019.

**Inventory**

Inventory consists of resale 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, 2020 AND 2019**

**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.

During the year ended December 31, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to IBCYB, operations were impacted due to the COVID-19 pandemic. Tournaments and events were cancelled, resulting in reduced revenues and related expenses. Management believes IBCYB is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

**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.

**IBC YOUTH BOWLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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, 2020 and 2019, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Cash	\$ 466,733	\$ 845,512
Investments	2,910,075	2,859,885
Accounts Receivable, Net	1,394	209
Due from Related Parties	-	201,001
	<u>3,378,202</u>	<u>3,906,607</u>
Less Board-Designated - YES Fund Initiative	<u>(106,381)</u>	<u>(140,110)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 3,271,821</u>	<u>\$ 3,766,497</u>

**IBC YOUTH BOWLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 INVESTMENTS**

Investments consist of the following at December 31:

	2020	2019
Investments:		
Interest-Bearing Cash	\$ 198,476	\$ 69,853
Money Market Funds	5,100	5,086
Equity Securities	805,284	711,835
Exchange-Traded Funds	325,609	21,930
Mutual Funds	1,575,606	2,051,181
Total	\$ 2,910,075	\$ 2,859,885

**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.

**IBC YOUTH BOWLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a description of the valuation methodologies used at December 31, 2020 and 2019 for assets measured at fair value.

*Interest-Bearing Cash and Money Market Funds:* Are valued at cost which approximates 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.

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>
Interest-Bearing Cash	\$ -	\$ 198,476	\$ -	\$ 198,476
Money Market Funds	-	5,100	-	5,100
Equities:				
Common Stock	805,284	-	-	805,284
Exchange-Traded Funds	325,609	-	-	325,609
Mutual Funds:				
Large Cap Growth	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	<u>\$ 2,706,499</u>	<u>\$ 203,576</u>	<u>\$ -</u>	<u>2,910,075</u>

**IBC YOUTH BOWLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, IBCYB's assets at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest-Bearing Cash	\$ -	\$ 69,853	\$ -	\$ 69,853
Money Market Funds	-	5,086	-	5,086
Equity Securities:				
Common Stock	711,835	-	-	711,835
Exchange-Traded Funds	21,930	-	-	21,930
Mutual Funds:				
Large Cap	364,911	-	-	364,911
Mid Cap	21,225	-	-	21,225
Small Cap	65,650	-	-	65,650
Allocation	522,792	-	-	522,792
Specialty	80,972	-	-	80,972
Fixed Income	995,631	-	-	995,631
Total	<u>\$ 2,784,946</u>	<u>\$ 74,939</u>	<u>\$ -</u>	<u>\$ 2,859,885</u>

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 8,641	\$ 8,641
Software	388,383	-
Internal-Use Software in Progress	252,000	595,188
Total, at Cost	<u>649,024</u>	<u>603,829</u>
Less: Accumulated Depreciation	44,587	4,717
Total	<u>\$ 604,437</u>	<u>\$ 599,112</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 \$9,814 and \$13,902 for the years ended December 31, 2020 and 2019, respectively.



**IBC YOUTH BOWLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 REVENUE**

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

	2020	2019
Revenue Recognized at a Point in Time		
Tournament Revenue	\$ 14,035	\$ 1,561,986
Merchandise Sales	27,784	53,957
Royalties	12,951	162,786
Miscellaneous	5,686	14,995
Total Revenue Recognized at a Point in Time	\$ 60,456	\$ 1,793,724
Revenue Recognized Over Time		
Membership Dues	\$ 701,236	\$ 897,372
Sponsorships	33,600	181,343
Total Revenue Recognized Over Time	\$ 734,836	\$ 1,078,715

**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 \$27,238 and \$8,728 are included in accrued liabilities at December 31, 2020 and 2019, 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 has a payable of \$-0- and \$535 due to SMART Bowling Scholarship Funding Corporation (SMART) as of December 31, 2020 and 2019, respectively, for funds collected by IBCYB on behalf of SMART.

**IBC YOUTH BOWLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)**

IBCYB received contributions of \$16,276 and \$786,081 from USBC during the years ended December 31, 2020 and 2019, respectively. IBCYB received contributions of \$-0- and \$300,000 from BPAA during the years ended December 31, 2020 and 2019, respectively. IBCYB has receivables of \$-0- and \$201,001 from USBC as of December 31, 2020 and 2019, respectively. IBCYB has payables of \$4,706 and \$-0- to USBC as of December 31, 2020 and 2019, respectively. IBCYB has payables of \$1,181 and \$-0- to IBC as of December 31, 2020 and 2019, respectively. IBCYB has payables of \$381 and \$0 to BPAA as of December 31, 2020 and 2019, respectively.

**NOTE 10 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS**

On April 17, 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 PPP Loan). The 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 covered period from April 17, 2020 to October 1, 2020 is the time that the business had to spend their PPP Loan funds.

The 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.

**NOTE 11 SUBSEQUENT EVENTS**

Management evaluated subsequent events through April 21, 2021, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2020, but prior to April 21, 2021 that provided additional evidence about conditions that existed at December 31, 2020, have been recognized in the financial statements for the year ended December 31, 2020. Events or transactions that provided evidence about conditions that did not exist at December 31, 2020, 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, 2020.

**IBC YOUTH BOWLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 SUBSEQUENT EVENTS (CONTINUED)**

In January 2021, IBCYB received proceeds in the amount of \$122,700 to fund payroll expenses, rent and mortgage interest, and covered operations expenditures through the Paycheck Protection Program (the Second PPP Loan). The Second PPP Loan may be forgiven by the SBA subject to certain performance barriers, as outlined in the loan agreement and Consolidated Appropriations Act. If the SBA determines that a portion of the PPP Loan proceeds will not be forgiven, IBCYB would be obligated to repay those funds to the SBA in accordance with the loan agreement.

Subsequent to year-end, the COVID-19 pandemic continues to impact IBCYB's operations. Tournaments and events have been cancelled through April 21, 2021 and will continue to be evaluated as the pandemic continues. The impact is not included in the financial statements as of and for the year ended December 31, 2020.