

**USA Cricket**  
Financial Statements  
December 31, 2022

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America Counts on CPAs

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# Independent Auditor's Report

To the Board of Directors of  
USA Cricket

## Opinion

We have audited the accompanying financial statements of USA Cricket (a non-profit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Substantial doubt about the company's ability to continue as a going concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note I to the financial statements, the Organization had a net asset deficiency, negative cash flow from operating activities, and also the total current liabilities exceed the total current assets. The ability of the Company to continue as a going concern is dependent upon management's plan as described in Note I. Management's plans in regard to these matters are also described in Note I. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

## 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

KNAV, LLP

Atlanta, Georgia  
August 29, 2023

# Financial Statements

## Statement of financial position

*(All amounts in United States Dollars, unless otherwise stated.)*

	Notes	As at December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash & cash equivalents	B	232,692
Contribution receivable	C	142,489
Travel advances		24,105
Prepaid expenses		14,058
<b>Total current assets</b>		<b>413,344</b>
<b>Non-current assets</b>		
Property and equipment - net	D	3,810
<b>Total assets</b>		<b>417,154</b>
<b>LIABILITIES AND NET DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable		310,825
Accrued liabilities		347,659
Short-term note payable	E	450,000
<b>Total current liabilities</b>		<b>1,108,484</b>
<b>Non-current liabilities</b>		
Long-term note payable	E	92,000
<b>Total liabilities</b>		<b>1,200,484</b>
<b>NET DEFICIENCY</b>		
Without donor restrictions	A(f)	(783,330)
With donor restrictions		-
<b>Total net deficiency</b>		<b>(783,330)</b>
<b>Total liabilities and net deficiency</b>		<b>417,154</b>

*(The accompanying notes are an integral part of these financial statements)*

## Statement of activities

(All amounts in United States Dollars, unless otherwise stated.)

For the year ended December 31, 2022

	Notes	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating activities</b>				
<b>Revenue and other support</b>				
Contributions		2,056,036	-	2,056,036
Sponsorship		459,459	-	459,459
Contract revenue		422,000	-	422,000
Membership dues		170,803	-	170,803
Fundraising services		48,078	-	48,078
Training fees		24,373	-	24,373
Other income		66,471	-	66,471
Ticket income		10,217	-	10,217
<b>Total revenue and other support</b>		<b>3,257,437</b>	<b>-</b>	<b>3,257,437</b>
<b>Net assets released from restrictions</b>				
Satisfaction of donor restrictions		10,279	(10,279)	-
<b>Total net assets released from restrictions</b>		<b>10,279</b>	<b>(10,279)</b>	<b>-</b>
<b>Total revenue and other support</b>		<b>3,267,716</b>	<b>(10,279)</b>	<b>3,257,437</b>
<b>Expenses</b>				
<b>Program services</b>				
Men's international tournaments		1,751,191	-	1,751,191
Women's international tournaments		428,446	-	428,446
Domestic tournaments and cricket development		201,584	-	201,584
<b>Total program services</b>	F	<b>2,381,221</b>	<b>-</b>	<b>2,381,221</b>
<b>Supporting services</b>				
General and administrative		1,019,679	-	1,019,679
<b>Total supporting services</b>	F	<b>1,019,679</b>	<b>-</b>	<b>1,019,679</b>
<b>Total expenses</b>		<b>3,400,900</b>	<b>-</b>	<b>3,400,900</b>
Change in net deficiency during the year		(133,184)	(10,279)	(143,463)
Net assets (deficiency) at the beginning of the year		(650,146)	10,279	(639,867)
<b>Net deficiency at the end of year</b>		<b>(783,330)</b>	<b>-</b>	<b>(783,330)</b>

(The accompanying notes are an integral part of these financial statements)

## Statement of cash flows

*(All amounts in United State Dollars, unless otherwise stated.)*

**For the year ended  
December 31, 2022**

### **Cash flow from operating activities**

Changes in net deficiency (143,463)

#### **Adjustments to reconcile change in net deficiency to net cash used by operating activities:**

Depreciation 3,470

#### **Changes in operating assets and liabilities**

Contribution receivable 58,288

Deposits 8,953

Travel advances 19,715

Prepaid expenses 102,327

Accounts payable (144,225)

Accrued liabilities (32,965)

Deferred revenue (153,620)

**Net cash used in operating activities (281,520)**

### **Cash flow from financing activities**

Proceeds from notes payable 392,000

**Net cash provided by financing activities 392,000**

**Net increase in cash and cash equivalents 110,480**

Cash and cash equivalents at the beginning of the year 122,212

**Cash and cash equivalents at the end of the year 232,692**

*(The accompanying notes are an integral part of these financial statements)*



## **Notes to financial statements**

*(All amounts in United State Dollars, unless otherwise stated)*

### **ORGANIZATION AND PURPOSE**

USA Cricket (a non-profit organization) is recognized by the International Cricket Council (ICC) as the governing body for the sport of cricket in the United States. It is responsible for governing, regulating, developing, and promoting the sport at all levels in the United States.

The Organization is a not-for-profit entity as described in the US Internal Revenue Code.

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

*a) Basis of accounting and preparation*

- i. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the US ("US GAAP").
- ii. The financial statements are prepared for the year January 01, 2022 to December 31, 2022.
- iii. All amounts are stated in United State Dollars, except as otherwise specified.

*b) Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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 period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

*c) Cash and cash equivalents*

The Organization considers all investments with original maturities of ninety days or less to be cash and cash equivalents. Cash and cash equivalents consist of the Organization's checking accounts.

*Supplemental cash flow information*

During the year ended December 31, 2022, the Organization did not pay any income taxes or interest.

*d) Contribution receivable*

Contributions receivable include amounts from contracts with customers and contributions postmarked before the end of the year. Contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, they have concluded that as at December 31, 2022 \$ Nil allowance for doubtful debts needs to be accounted.

e) *Property and equipment*

Property and equipment are carried at cost less accumulated depreciation and impairment. The cost of addition and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. Items with useful lives greater than one-year and initial costs equal to or more than \$1,500 are capitalized. Assets are recorded at cost or fair market value if donated and depreciated or amortized using the straight-line method over estimated useful lives. The estimated useful life used to determine depreciation is:

Computer and equipment      2 to 5 years

f) *Net assets (deficiency) classification*

Net assets (deficiency), revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets (deficiency) and changes therein are classified and reported as follows:

Net assets (deficiency) without donor restrictions – Net assets (deficiency) available for use in general operations and not subject to donor restrictions.

Net assets (deficiency) with donor restrictions – Net assets (deficiency) subject to donor-imposed restrictions. Donor-imposed restrictions may be 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2022, \$10,279 restricted for USA Women satellite coaching program was released from restrictions.

g) *Revenue recognition*

Revenues comprise of contributions received. The Organization follows Accounting Standard Codification Subtopic 958-606, to recognize cash and gift-in kind contributions from corporations. These contributions, including unconditional promises, are recognized as revenue when the donor's unconditional commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted.

When a temporary restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with restrictions which are fulfilled in the time period in which the contribution is received are recorded as unrestricted contributions in the financial statements. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Revenue from contracts with customers

1. *Contributions* – The Organization receives contributions from the International Cricket Council (ICC). Revenue is recognized when the right to receive the revenue has been established.
2. *Sponsorship* – The Organization recognizes revenue from contracts with sponsors. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Organization will recognize revenue over time. The Organization has concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the agreement.

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3. *Contract revenue* – The Organization derives revenue from a contractual arrangement entered into with American Cricket Enterprises (ACE). Revenue from this contract is recognized when the right to receive the revenue has been established and performance obligations have been met.
4. *Membership dues* – Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are nonrefundable.
5. *Fundraising services, training fees, ticket income etc.* - The Organization receives revenue from sales related to various events and activities held for members. The revenue is recognized at the time of the event, which recognizes the completion of the Organization's performance obligations.

#### b) *Functional allocation of expenses*

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Certain expenses are allocated such as salaries, on the basis of time and effort estimates.

#### i) *Fair value measurements*

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access as of the measurement date.
- Level 2 – Inputs other than quoted prices included within level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Organization to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The Organization's financial instruments consist of cash and cash equivalents and accounts receivable.

#### j) *Income taxes*

The Organization is a not-for-profit organization exempted from federal income taxes under Section 501 (c) (3) of US Internal Revenue Code. No provision for income tax has been made in the financial statements. The Organization's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed. Management of the Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

#### k) *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

**NOTE B – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of the following:

	<b>As at December 31, 2022</b>
Balance with bank	232,692
<b>Total</b>	<b>232,692</b>

**NOTE C – CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable, net, comprise of the following:

	<b>As at December 31, 2022</b>
Contributions receivable	142,489
Less: allowance for doubtful debts	-
<b>Total</b>	<b>142,489</b>

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment comprise of the following:

	<b>As at December 31, 2022</b>
Computer & office equipment	10,925
Accumulated depreciation	(7,115)
<b>Total</b>	<b>3,810</b>

Depreciation expense for the year ended December 31, 2022, is \$3,470 and is included in general and administrative expenses.

**NOTE E – NOTES PAYABLE**

Notes payable comprise of the following:

	<b>Classification</b>	<b>As at December 31, 2022</b>
Loan from ACE (2024 T20WC Bid Costs)	Long term	92,000
Loan from ACE (Ireland Tour Funding)	Short term	150,000
Loan from ACE (Iain Higgins Bonus)	Short term	300,000
<b>Total</b>		<b>542,000</b>

**Loan from ACE (2024 T20WC Bid Costs)**

During 2021, the Organization entered into a loan agreement with American Cricket Enterprises Inc. (“ACE”) for an interest-free loan of \$92,000 to assist with the costs incurred by the Organization in the preparation and submission of the World Cup Bid (2024 ICC Men’s Twenty20 World Cup). Funds were received from ACE of \$92,000 in January 2022.

As per the terms, the loan shall become due and payable, at the earliest of the following:

- a. any amounts actually received by the Organization from the ICC (or any of its affiliates) following the execution of the Framework Host Agreement among the ICC (or any of its affiliates), the Organization and/or Cricket West Indies relating to the rights and obligations in hosting the 2024 T20 World Cup, provided that the Organization is not restricted by the ICC or otherwise in using such funds to repay the loan;
- b. any net revenue generated by the Organization in respect of the 2024 T20 World Cup;
- c. any additional ICC revenue actually received by the Organization on or after the completion of the 2024 T20 World Cup; provided that such repayment shall be funded from the Organization 10% share of such additional ICC revenue.

To the extent that any amount remains outstanding under the ACE WC Loan after the repayment events set forth in paragraphs (a) through (c) above, the Organization shall repay such outstanding amount from its 10% share of any subsequent additional ICC revenues actually received by the Organization.

**Loan from ACE (Ireland Tour Funding)**

During 2021, the Organization entered into a loan agreement with American Cricket Enterprises Inc. (ACE) for an interest-free loan amounting to \$150,000 to assist the Organization in paying for event expenses that occurred in December 2021 and January 2022. The loan terms required the Organization to pay back the loan in full by January 31, 2022. In addition to full repayment of the loan, the terms also require the Organization to pay 95% of the net revenue from the event to ACE if net revenue is generated. If there is a net loss that exceeds \$150,000 or any amount remains outstanding on the loan, then the loan shall be treated as an advance against any amounts payable by ACE to the Organization on or after January 1, 2023.

**Loan from ACE (Iain Higgins Bonus)**

During 2021, an accrual was made for the payment of an annual bonus to former CEO, Mr. Iain Higgins of \$300,000. Subject to conditions, ACE agreed to advance the Organization an amount of money as determined by the Board towards the payment of bonus to Mr. Higgins and a loan agreement was entered into with ACE for an interest-free loan of \$300,000 in June 2022.

If the loan is not repaid then it shall be treated as an advance against (and deducted from) any amounts payable by ACE to the Organization on after January 1, 2023.

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**NOTE F – FUNCTIONAL EXPENSE CLASSIFICATION**

For the year ended December 31, 2022, the Organization’s functional classification of expenses is as follows:

Particulars	Program services			Programs total	General and administrative	Grand total
	Men’s international tournaments	Women’s international tournaments	Domestic tournaments and cricket development			
Accommodations, meals & travel	647,266	96,149	92,244	835,659	41,517	877,176
Payroll & benefits	211,643	-	-	211,643	475,253	686,896
Athlete payments & support	551,878	116,948	11,209	680,035	-	680,035
Coaches, contractors, & professional fees	104,953	147,127	5,707	257,787	85,204	342,991
Event costs	191,061	47,634	71,234	309,929	4,077	314,006
Insurance	4,700	-	-	4,700	187,684	192,384
IT and telephone related costs	8,243	-	120	8,363	90,171	98,534
Accounting & legal fees	-	-	-	-	64,990	64,990
Office & administration costs	3,114	-	159	3,273	40,076	43,349
Depreciation expense	-	-	-	-	3,470	3,470
Other miscellaneous cost	28,333	20,588	20,911	69,832	27,237	97,069
<b>Grand total</b>	<b>1,751,191</b>	<b>428,446</b>	<b>201,584</b>	<b>2,381,221</b>	<b>1,019,679</b>	<b>3,400,900</b>

Expenses that can be identified with a specific program or supporting service are reported, accordingly. The Organization reports certain categories of expenses that are attributed to more than one program or supporting function. Certain expenses are allocated such as salaries, on the basis of time and effort estimates.

### **NOTE G – CONCENTRATION RISK**

During the year ended December 31, 2022, 63% of the contributions have been received from International Cricket Council (ICC) and 18% of the contributions have been received from American Cricket Enterprise Inc. (ACE). There is no contribution receivable from ICC, however, there are net receivable of \$ 5,498 from ACE as at December 31, 2022. The Foundation is exposed to credit risk by maintaining cash balances at financial institutions in excess of federally insured limits. Cash balances on deposits with bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$ 250,000.

### **NOTE H – LIQUIDITY**

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The table below reflects the Organization's financial assets available within one year for general expenditure as of December 31, 2022

	<u>December 31, 2022</u>
<b>Financial assets at year-end:</b>	
Cash and cash equivalents	232,692
Contribution receivable	142,489
Other receivables	24,105
<b>Total financial assets available within one year</b>	<u><b>399,286</b></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

### **NOTE I - GOING CONCERN**

At December 31, 2022, the Organization had a net asset deficiency of \$783,330, negative cash flow from operating activities of \$281,520 and also the total current liabilities exceed the total current assets. These factors create an uncertainty about the Organization's ability to continue as a going concern. The Organization receives significant economic benefits from grants provided by the ICC and ACE in order to enhance its programs to current levels. The ability of the Organization to continue as a going concern is dependent upon these contributions and contract revenue. Management intends to finance the Organization's activities through continued support and contributions from these organizations. As of the date of this report, the Board of Directors have no reason to believe that the ICC or ACE will not continue to support the Organization in the future. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Organization be unable to continue as a going concern.

### **NOTE J - PENSION PLAN**

The Organization has established a 403(b) plan. Employees are eligible to participate in the plan and make voluntary contributions after working for the Organization for one year. During the year ended December 31, 2022 the Organization's matching contributions for eligible employees was \$17,538.

### **NOTE K – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date the financial statements were available to be issued. Based on the evaluation, the Organization is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

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