



**USA CRICKET**

**Financial Statements**

**For the Year Ended December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
USA Cricket  
Colorado Springs, Colorado

We have audited the accompanying financial statements of USA Cricket (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 of 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 auditor's 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Cricket as of December 31, 2019, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note A to the financial statements, in 2019, USA Cricket adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
July 10, 2020

USA CRICKET  
Statement of Financial Position  
December 31, 2019

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 165,514
Accounts receivable	255,004
Travel advances	14,864
Prepaid expenses	<u>21,679</u>
Total current assets	457,061
PROPERTY AND EQUIPMENT:	
Furniture and equipment	1,075
Website and database	63,851
Less accumulated depreciation	<u>(46,111)</u>
Property and equipment - net	<u>18,815</u>
TOTAL ASSETS	<u>\$ 475,876</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 144,578
Accrued liabilities	761
Deferred revenue	<u>150,000</u>
Total current liabilities	295,339
NONCURRENT DEFERRED REVENUE	<u>300,000</u>
Total liabilities	595,339
NET ASSETS:	
Without donor restriction	(134,027)
With donor restriction	<u>14,564</u>
Total net assets	<u>(119,463)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 475,876</u>

See Notes to Financial Statements

USA CRICKET  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Totals</u>
REVENUE AND SUPPORT:			
Contributions	\$ 2,361,537	\$ 14,564	\$ 2,376,101
Contract revenue, including value-in-kind	1,525,240		1,525,240
Value-in-kind	128,972		128,972
Sponsorship	10,000		10,000
Membership dues	13,120		13,120
Other income	<u>5,800</u>		<u>5,800</u>
Total revenue and support	4,044,669	14,564	4,059,233
EXPENSES:			
Program services:			
High performance men	2,794,885		2,794,885
High performance women	586,851		586,851
Membership	240,468		240,468
Youth cricket	171,000		171,000
Cricket development	<u>14,822</u>		<u>14,822</u>
Total program services	3,808,026		3,808,026
Supporting services:			
General & administrative	236,022		236,022
Media & commercial	<u>122,566</u>		<u>122,566</u>
Total supporting services	358,588		358,588
Total expenses	<u>4,166,614</u>		<u>4,166,614</u>
CHANGE IN NET ASSETS	(121,945)	14,564	(107,381)
NET ASSETS (DEFICIENCY), beginning of year	<u>(12,082)</u>		<u>(12,082)</u>
NET ASSETS (DEFICIENCY), end of year	<u>\$ (134,027)</u>	<u>\$ 14,564</u>	<u>\$ (119,463)</u>

See Notes to Financial Statements

USA CRICKET  
Statement of Functional Expenses  
For the Year Ended December 31, 2019

	High Performance Men	High Performance Women	Membership	Youth Cricket	Cricket Development	Total Program Services
Accomodation, meals & travel	\$ 855,253	\$ 287,985	\$ 2,775	\$101,862	\$ 10,072	\$1,257,947
Accounting & legal fees	46,268	10,365	4,146	2,073		62,852
Athlete payments & support	779,590	80,789		9,540	4,250	874,169
Database maintenance			114,318			114,318
Depreciation & amortization	296	67	69,248	13		69,624
Insurance	14,928	3,144	1,258	629		19,959
IT & telephone related costs	9,921	9,796	859	431		21,007
Occupancy	11,857	2,908	1,077	538		16,380
Office & administrative costs	16,030	1,794	1,000	250	500	19,574
Other costs	4,004	910	364	182		5,460
Payroll taxes & benefits	46,946	16,234	3,047	2,487		68,714
Professional fees	360,389	22,644	15,255	6,528		404,816
Salaries & wages	233,306	64,442	27,070	12,547		337,365
Team & event costs	416,097	85,773	51	33,920		535,841
	<u>\$ 2,794,885</u>	<u>\$ 586,851</u>	<u>\$ 240,468</u>	<u>\$ 171,000</u>	<u>\$ 14,822</u>	<u>\$ 3,808,026</u>

	<u>General &amp; Administrative</u>	<u>Media &amp; Commercial</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Accomodation, meals & travel	\$ 11,098	\$ 2,775	\$ 13,873	\$1,271,820
Accounting & legal fees	16,585	4,146	20,731	83,583
Athlete payments & support				874,169
Database maintenance		1,900	1,900	116,218
Depreciation & amortization	108	21,311	21,419	91,043
Insurance	5,030	1,258	6,288	26,247
IT & telephone related costs	3,439	39,807	43,246	64,253
Occupancy	4,306	1,077	5,383	21,763
Office & administrative costs	1,029	257	1,286	20,860
Other costs	1,456	364	1,820	7,280
Payroll taxes & benefits	25,068	6,348	31,416	100,130
Professional fees	37,021	9,255	46,276	451,092
Salaries & wages	130,679	33,817	164,496	501,861
Team & event costs	<u>203</u>	<u>251</u>	<u>454</u>	<u>536,295</u>
	<u>\$ 236,022</u>	<u>\$ 122,566</u>	<u>\$ 358,588</u>	<u>\$ 4,166,614</u>

See Notes to Financial Statements



USA CRICKET  
Statement of Cash Flows  
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (107,381)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	91,043
In-kind donation of equipment, database and website	(109,858)
(Increase) decrease in operating assets:	
Accounts receivable	(195,004)
Travel advances	(14,864)
Prepaid expenses	(21,679)
Increase (decrease) in operating liabilities:	
Accounts payable	131,771
Accrued liabilities	761
Deferred revenue	<u>390,000</u>
Total adjustments	<u>272,170</u>
Net cash provided by operating activities	<u>164,789</u>
NET INCREASE IN CASH	164,789
CASH AND CASH EQUIVALENTS, beginning of year	<u>725</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 165,514</u></u>

See Notes to Financial Statements

USA CRICKET  
Notes to Financial Statements  
For the Year Ended December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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.

Accounting Standards Update

On January 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

On January 1, 2019, the Organization also adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with

## Notes to Consolidated Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Accounting Standards Update - continued

any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of the Organization's checking and savings accounts.

#### Accounts Receivable

Accounts receivable include amounts from contracts with customers and contributions postmarked before the end of the year. Receivables from contracts with customers at the beginning and end of 2019 were \$0 and \$216,508, respectively.

Accounts 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, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Therefore, no allowance for doubtful accounts is considered necessary.

#### Depreciation

Items with greater than one-year useful life and costs greater than \$1,500 are capitalized. Assets are recorded at cost or fair market value if donated and depreciated using the straight-line method over estimated useful lives.

#### Use of Estimates in Preparation of Financial Statements

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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

#### Revenue from Contracts with Customers

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.

Membership dues revenue - 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.

Sponsorship revenue - 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.

#### Donated Materials

Donated materials are recorded as both a revenue and expenditure in the accompanying statements of activities at their estimated values.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Donated Services

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. During the year ended December 31, 2019, \$208,627 was recorded for donated services.

#### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Some of the expenses which are allocated include utilities and depreciation, which are allocated on a square footage basis, as well as salaries, which are allocated on the basis of time and effort estimates.

#### Income Tax

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

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.

#### Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 10, 2020, the date that the financial statements were available to be issued.

#### Supplemental Cash Flow Information

During the year ended December 31, 2019, the Organization did not pay any income taxes and paid interest of \$7,280.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Supplemental Cash Flow Information - continued

Equipment, database, and website development costs in the amount of \$109,858 were transferred to the Organization during 2019 at no cost to the Organization.

### B. AVAILABLE RESOURCES AND 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 as of December 31, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal Board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	<u>2019</u>
Financial assets at year-end:	
Cash and cash equivalents	\$ 165,514
Accounts receivable	255,004
Other receivables	<u>14,864</u>
Total financial assets	435,382
Less amounts not available to be used within one year:	
Restricted gifts, net	<u>14,564</u>
Financial assets not available to be used within one year	<u>14,564</u>
Financial assets available within one year	<u>\$ 420,818</u>

### C. RELATED PARTY TRANSACTIONS

The International Cricket Council (ICC) provided contributions to the Organization as follows for the year ended December 31, 2019:

## Notes to Financial Statements

### C. RELATED PARTY TRANSACTIONS - Continued

Grants	\$ 1,916,993
Reimbursements	381,005
Gifts in kind	128,972
ICCA Receipts	<u>63,539</u>
	<u>\$ 2,490,509</u>

The amount receivable from and payable to ICC at December 31, 2019 was \$38,496 and \$8,308, respectively.

American Cricket Enterprises (ACE) provided the Organization with grants of \$1,525,240 for the year ended December 31, 2019. Amounts provided by ACE are considered contract revenue. Accounts receivable at December 31, 2019 consisted of \$216,508 due from ACE. There were no amounts payable to ACE at the end of the year. USA Cricket shares office space and employees with ACE at no cost.

ACE USA Cricket JV LLC is an entity incorporated in the state of Texas and is wholly owned by ACE. ACE and USA Cricket are the two appointed managers.

The Organization receives significant economic benefits from grants provided by the ICC and ACE in order to enhance its programs to current levels. It is economically dependent on these contributions and contract revenue. As of the date of this report, the Board of Directors has no reason to believe that the ICC or ACE will not continue to support the Organization in the future.

### D. DEFERRED REVENUE

Deferred revenue, which represents contract liabilities from contracts with customers, consists of advance payments from ACE to cover current obligations. Deferred revenue from contracts with customers at the beginning and end of 2019 were \$0 and \$450,000, respectively.

### E. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions consist of \$14,564 restricted for USA Women satellite coaching program.

## Notes to Financial Statements

### E. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2019, no amounts were released.

### F. PENSION PLAN

The Organization has established a 401k profit sharing plan. Employees are eligible to participate after working for the Organization for one year. During the year ended December 31, 2019, the Organization made matching contributions for eligible employees of \$42,700. The Organization is pursuing changes to the plan document currently in place.

### G. SUBSEQUENT EVENTS

In March 2020, the outbreak of COVID-19 (coronavirus) was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to decline in global financial markets, temporary closures of many businesses, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 (coronavirus) outbreak will affect the operations or financial results of the Organization is uncertain.

In May 2020, the Organization received a \$87,296 loan from Wells Fargo through the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a minimum maturity of two years, and up to five years upon request and lender approval, and an interest rate of 1%. Loan payments are deferred for ten months.