



**USA CRICKET**

**Financial Statements**

**For the Year Ended December 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
USA Cricket  
Los Altos, California

**Opinion**

We have audited the accompanying financial statements of USA Cricket (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements 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.

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, 2021, and the changes in 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 USA Cricket 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.

**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 USA Cricket'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 Responsibility 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 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 USA Cricket'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 USA Cricket'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.

#### **Report on Summarized Comparative Information**

We have previously audited USA Cricket's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 23, 2021.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
September 22, 2022

USA CRICKET  
Statement of Financial Position  
December 31, 2021  
(With Comparative Amounts for December 31, 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 122,212	\$ 593,642
Accounts receivable, net	200,777	656,368
Deposits	8,953	
Travel advances	43,820	
Prepaid expenses	<u>116,385</u>	<u>47,960</u>
Total current assets	492,147	1,297,970
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture and equipment	10,925	6,126
Website	63,851	63,851
Less accumulated depreciation	<u>(67,496)</u>	<u>(65,297)</u>
Property and equipment - net	<u>7,280</u>	<u>4,680</u>
<b>TOTAL ASSETS</b>	<u>\$ 499,427</u>	<u>\$ 1,302,650</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 455,051	\$ 83,808
Accrued liabilities	380,623	40,506
Short-term note payable	150,000	
Deferred revenue	<u>153,620</u>	<u>150,000</u>
Total current liabilities	1,139,294	274,314
<b>NONCURRENT LIABILITIES:</b>		
Deferred revenue	<u>                    </u>	<u>150,000</u>
Total noncurrent liabilities		150,000
Total liabilities	1,139,294	424,314
<b>NET ASSETS:</b>		
Without donor restriction	(650,146)	868,057
With donor restriction	<u>10,279</u>	<u>10,279</u>
Total net assets	<u>(639,867)</u>	<u>878,336</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 499,427</u>	<u>\$ 1,302,650</u>

See Notes to Financial Statements

USA CRICKET  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021  
(With Comparative Totals for December 31, 2020)

	Without Donor Restriction	With Donor Restriction	2021 Totals	2020 Totals
<b>REVENUE AND SUPPORT:</b>				
Contributions	\$ 1,528,254	\$	\$ 1,528,254	\$ 1,449,456
Contract revenue	826,241		826,241	1,439,800
Membership dues	157,553		157,553	182
Sponsorship	60,000		60,000	5,000
Broadcast and digital rights	39,726		39,726	
Accreditation fees	9,750		9,750	
Ticket income	7,569		7,569	
Other income	5,001		5,001	17,735
Value-in-kind	3,000		3,000	
Currency loss	(2,935)		(2,935)	(617)
PPP Grant				87,296
Total revenue and support	<u>2,634,159</u>		<u>2,634,159</u>	<u>2,998,852</u>
<b>EXPENSES:</b>				
Program services:				
High performance men	2,514,220		2,514,220	1,201,385
High performance women	327,717		327,717	153,828
Membership	327,650		327,650	164,910
Cricket development	163,678		163,678	115,467
Youth cricket	81,838		81,838	26,156
Total program services	<u>3,415,103</u>		<u>3,415,103</u>	<u>1,661,746</u>
Supporting services:				
General & administrative	450,564		450,564	238,613
Media & commercial	286,695		286,695	100,694
Total supporting services	<u>737,259</u>		<u>737,259</u>	<u>339,307</u>
Total expenses	<u>4,152,362</u>		<u>4,152,362</u>	<u>2,001,053</u>
CHANGE IN NET ASSETS	(1,518,203)		(1,518,203)	997,799
NET ASSETS (DEFICIENCY), beginning of year	<u>868,057</u>	<u>10,279</u>	<u>878,336</u>	<u>(119,463)</u>
NET ASSETS (DEFICIENCY), end of year	<u>\$ (650,146)</u>	<u>\$ 10,279</u>	<u>\$ (639,867)</u>	<u>\$ 878,336</u>

See Notes to Financial Statements

USA CRICKET  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Comparative Totals for December 31, 2020)

	High Performance Men	High Performance Women	Membership	Cricket Development	Youth Cricket	Total Program Services
Accommodations, meals & travel	\$ 586,117	\$ 77,037	\$ 77,037	\$ 38,521	\$ 17,646	\$ 796,358
Accounting & legal fees	300,715	40,096	40,096	20,048	10,023	410,978
Athlete payments & support	263,861	35,181	35,181	17,591	8,796	360,610
Bad debt	15,000	2,000	2,000	1,000	500	20,500
Database maintenance	13,646	1,867	1,800			17,313
Depreciation & amortization	1,308	175	175	87	43	1,788
Insurance	87,574	11,677	11,677	5,839	2,920	119,687
IT & telephone related costs	45,529	6,070	6,070	3,785	1,893	63,347
Occupancy	2,759	154	154	77	39	3,183
Office & administrative costs	26,131	1,713	1,917	880	292	30,933
Other costs	66,250	8,833	18,032	9,094	6,115	108,324
Payroll taxes & benefits	60,429	8,057	8,057	4,028	2,014	82,585
Professional fees	393,661	52,489	52,489	26,244	13,121	538,004
Salaries & wages	361,755	48,234	48,234	24,117	12,058	494,398
Team & event costs	287,685	33,894	24,491	12,247	6,318	364,635
Value in-kind	1,800	240	240	120	60	2,460
	<u>\$ 2,514,220</u>	<u>\$ 327,717</u>	<u>\$ 327,650</u>	<u>\$ 163,678</u>	<u>\$ 81,838</u>	<u>\$ 3,415,103</u>



	General & Administrative	Media & Commercial	Total Supporting Services	2021 Total Expenses	2020 Total Expenses
Accommodations, meals & travel	\$ 105,927	\$ 67,408	\$ 173,335	\$ 969,693	\$ 137,013
Accounting & legal fees	55,131	35,083	90,214	501,192	40,329
Athlete payments & support	48,374	30,784	79,158	439,768	621,513
Bad debt	2,750	1,750	4,500	25,000	
Database maintenance				17,313	55,429
Depreciation & amortization	240	153	393	2,181	19,186
Insurance	16,055	10,217	26,272	145,959	85,293
IT & telephone related costs	8,347	6,887	15,234	78,581	20,341
Occupancy	212	135	347	3,530	1,943
Office & administrative costs	5,986	1,384	7,370	38,303	16,777
Other costs	24,795	16,072	40,867	149,191	22,184
Payroll taxes & benefits	11,079	7,050	18,129	100,714	95,841
Professional fees	72,171	45,927	118,098	656,102	420,928
Salaries & wages	66,322	42,204	108,526	602,924	410,606
Team & event costs	32,845	21,431	54,276	418,911	53,670
Value in-kind	330	210	540	3,000	
	<u>\$ 450,564</u>	<u>\$ 286,695</u>	<u>\$ 737,259</u>	<u>\$ 4,152,362</u>	<u>\$ 2,001,053</u>

See Notes to Financial Statements

USA CRICKET  
Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Amounts for December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,518,203)	\$ 997,799
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,181	19,186
(Increase) decrease in operating assets:		
Accounts receivable	455,591	(401,364)
Deposits	(8,953)	
Travel advances	(43,820)	14,864
Prepaid expenses	(68,425)	(26,281)
Increase (decrease) in operating liabilities:		
Accounts payable	371,243	(60,770)
Accrued liabilities	340,117	39,745
Deferred revenue	<u>(146,380)</u>	<u>(150,000)</u>
Total adjustments	<u>901,554</u>	<u>(564,620)</u>
Net cash provided (used) by operating activities	(616,649)	433,179
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(4,781)</u>	<u>(5,051)</u>
Net cash used by investing activities	<u>(4,781)</u>	<u>(5,051)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	<u>150,000</u>	<u>          </u>
Net cash provided by financing activities	<u>150,000</u>	<u>          </u>
NET INCREASE (DECREASE) IN CASH	(471,430)	428,128
CASH AND CASH EQUIVALENTS, beginning of year	<u>593,642</u>	<u>165,514</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 122,212</u>	<u>\$ 593,642</u>

See Notes to Financial Statements

USA CRICKET  
Notes to Financial Statements  
For the Year Ended December 31, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Cricket (a non-profit Organization) (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.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Organization's checking accounts. In the unlikely event of a bank or brokerage firm failure, the Corporation might only be able to recover the amounts insured.

Supplemental Cash Flow Information

During the years ended December 31, 2021 and 2020, the Organization did not pay any income taxes or interest.

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 2021 were \$511,910 and \$140,431, 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, they have concluded that realization losses on balances outstanding at year-end may be material. Therefore, an allowance for doubtful accounts in the amount of \$25,000 and \$0 is considered necessary at December 31, 2021 and 2020.

## Notes to Financial Statements

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

#### Depreciation and Amortization

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.

#### 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 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 - 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.

## Notes to Financial Statements

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

Broadcast and Digital Rights, Accreditation fees, Ticket income - 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.

#### Donated Materials

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

#### 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 years ended December 31, 2021 and 2020, \$3,000 and \$10,000, respectively, were recorded for donated services.

A substantial number of volunteers donated time to the Corporation's program services and its fundraising activities; however, the estimated value was not recorded because they did not meet the criteria described above.

#### 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 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.

## Notes to Financial Statements

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

#### Income Tax - continued

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.

#### 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.

#### Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 22, 2022, the date that the financial statements were available to be issued.

### B. AVAILABLE RESOURCES AND LIQUIDITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The table below reflects the Organization's financial assets as of December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 122,212	\$ 593,642
Accounts receivable	200,777	656,368
Other receivables	<u>43,820</u>	<u>          </u>
Total financial assets	366,809	1,250,010
Less amounts not available to be used within one year:		
Restricted gifts, net	<u>10,279</u>	<u>10,279</u>
Financial assets available within one year	<u>\$ 356,530</u>	<u>\$ 1,239,731</u>

C. RELATED PARTY TRANSACTIONS

The ICC provided contributions to the Organization as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Grants	\$ 1,410,000	\$ 1,410,000
Reimbursements	<u>115,054</u>	<u>39,456</u>
	<u>\$ 1,525,054</u>	<u>\$ 1,449,456</u>

The amount receivable from and payable to ICC at December 31, 2021 was \$56,733 and \$0, respectively. The amount receivable from and payable to ICC at December 31, 2020 was \$0 and \$1,000, respectively.

ACE provided the Organization with grants of \$826,241 and \$1,439,800 during the years ended December 31, 2021 and 2020, respectively. Amounts provided by ACE are considered contract revenue. The amount receivable from ACE at December 31, 2021 and 2020 was \$63,088 and \$511,910, respectively and payable to ACE was \$23,133 and \$4,673, respectively. The Organization shares office space and employees with ACE at no cost.

## Notes to Financial Statements

### C. RELATED PARTY TRANSACTIONS - Continued

ACE also provided the Organization with an interest-free loan of \$150,000 to assist the Organization in paying for event expenses that occurred in December 2021 and January 2022. The loan terms require 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.

ACE USA Cricket JV LLC is an entity incorporated in the state of Texas and is wholly owned by ACE. ACE and the Organization 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 2021 were \$300,000 and \$153,620, respectively.

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

As of December 31, 2021 and 2020 net assets with donor restrictions consist of \$10,279 restricted for USA Women satellite coaching program.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended December 31, 2021, no amount was released from restrictions.



## Notes to Financial Statements

### F. PENSION PLAN

The Organization has established a 401k profit sharing 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, 2021 and 2020, the Organization's matching contributions for eligible employees was \$18,090 and \$14,458, respectively.

### G. CONTINGENCIES

Prior to December 31, 2021, claims were made against some of the Organization's Board members and the former CEO relating to membership voting rights. The affected Board members and former CEO vigorously defended against these claims and prior to year-end, the suit was dropped by the offended parties.

### H. SUBSEQUENT EVENTS

Subsequent to December 31, 2021, claims were made against the Organization by the former Chief Executive Officer for unpaid compensation based on an employment agreement dated August 14, 2019. As the liability for the unpaid compensation is highly probable, a liability of \$300,000 has been recorded in the current financial statements. Management has indicated that a funding source has agreed to advance funds to the Organization to cover this expense, and this advance will be deducted from future annual licensing payments.

### I. UNCERTAINTIES

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

With the rising cost of inflation and potential recession, it is uncertain what effect these factors may have on operations of the Organization in the coming year.