

**Cricket Canada  
Financial Statements  
For the Year Ended December 31, 2013**

**Draft - For Management Only**

*Chander Pan*

## Independent Auditors' Report

To the Board of Directors of Cricket Canada:

We have audited the accompanying financial statements of Cricket Canada which comprise of the statement of financial position as at December 31, 2013 and the statement of operations and changes in general fund deficiency and cash flows for the year ended December 31, 2013, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 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 auditors consider 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

### *Basis for Qualified Opinion*

In common with similar not-for-profit organizations, Cricket Canada derives a portion of its revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to donations, fundraising revenue, excess of revenue over expenses, assets and unrestricted net assets.

### *Qualified Opinion*

In our opinion, except for the possible effects of matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Cricket Canada as at December 31, 2013 and its operations and its cash flows for the year then ended in accordance with Canadian accounting for not-for-profit organizations.

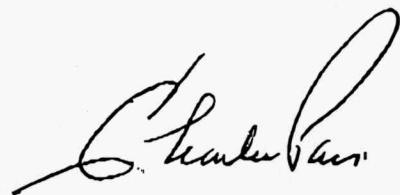
*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Organization's current liabilities exceed its current assets by \$233,947 as at December 31, 2013. This condition, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast doubt about the Organization's ability to continue as a going concern.

August 19, 2014  
Toronto, Ontario

Chartered Professional Accountants  
Licensed Public Accountants

Draft - For Management Only



**Cricket Canada**  
**Statement of Financial Position**  
*As at December 31, 2013*

	2013	2012
<b>Assets</b>		
<b>Current</b>		
Cash	27,038	7,132
Accounts receivable	73,503	51,600
Sales taxes recoverable	31,899	23,615
Prepaid expenses	15,130	5,401
	<b>147,570</b>	<b>87,748</b>
<b>Property and equipment (Note 3)</b>	<b>2,313</b>	<b>1,100</b>
	<b>149,883</b>	<b>88,848</b>
<b>Liabilities and Fund Deficiency</b>		
<b>Current</b>		
Loan payable (Note 4)	150,000	-
Accounts payable and accrued liabilities	181,446	84,353
Deferred sponsorship revenue (Note 5)	50,000	50,000
Deferred rental income (Note 6)	72	72
	<b>381,517</b>	<b>134,425</b>
<b>Fund Deficiency</b>		
Restricted funds (Note 2)	3	3
General fund deficiency	(231,637)	(45,580)
	<b>(231,634)</b>	<b>(45,577)</b>
	<b>149,883</b>	<b>88,848</b>

Approved on behalf of the Board

*[Signature]* Director

*[Signature]* Treasurer

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

**Cricket Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

<b>Revenue</b>		
Funds from International Cricket Council (Note 9)	1,103,538	1,042,000
Funding from Sports Canada	235,400	155,995
Corporate sponsorship	302,635	248,280
Provincial dues	72,500	39,000
Miscellaneous	33,357	4,410
Fund raising activities	16,636	22,070
Grant revenue	5,000	14,000
<b>Total revenue</b>	<b>1,769,666</b>	<del>1,525,755</del>
<b>Expenses</b>		
Management salaries and benefits	442,287	293,852
Players salaries and allowances	341,660	229,000
Meeting and travel	200,078	245,016
Accommodations	117,774	133,839
Meals and per diem	101,192	68,290
Advertising and promotion	298,052	23,809
Tournament costs, apparel and equipment	269,729	174,832
Office and miscellaneous	69,505	54,026
Professional fees	49,065	176,514
Rent and parking	51,872	26,173
Insurance	7,325	6,691
Interest and bank charges	4,309	3,038
Internet and website	2,385	2,450
Bad debts	-	49,430
Foreign exchange (gain) loss	-	16,040
<b>Total expenses</b>	<b>1,955,123</b>	<b>1,493,000</b>
<b>(Deficiency) excess of revenue over expenses</b>	<b>(186,057)</b>	<b>32,755</b>
<b>General fund deficiency, beginning of year</b>	<b>(45,580)</b>	<b>(78,335)</b>
<b>General fund deficiency, end of year</b>	<b>(231,637)</b>	<b>(45,580)</b>

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

**Cricket Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

	2013	2012
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	(186,057)	32,755
Changes in non-cash working capital		
Accounts receivable	(21,903)	76,376
Sales taxes recoverable	(8,285)	11,030
Prepaid expenses	(9,729)	5,721
Accounts payable and accrued liabilities	97,092	(153,967)
Deferred sponsorship revenue	27,284	
	(128,882)	(801)
<b>Investing activities</b>		
Purchase of property and equipment	(1,212)	-
<b>Financing activities</b>		
Loan advanced during the year	150,000	-
Increase (decrease) in cash	19,906	(801)
Cash, beginning of year	7,132	7,933
Cash, end of year	27,038	7,132

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



**Cricket Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

**1. Purpose, income taxes and basis of presentation**

Cricket Canada (the "Organization") was registered as a non-profit association as per Letters Patent on April 1, 1968. The purpose of the Organization is to promote the game of Cricket throughout Canada and to provide a governing body to Provincial Cricket Organizations across Canada. The Organization also selects and forms a cricket team to represent Canada in the world of international cricket. It also manages an exchange of visits of representatives of cricket elevens to and from other countries and is responsible for all negotiations with official cricket organizations in connection with such visits. The Organization is a registered charity under the Income Tax Act, registration number 12768 1625 RR0001 and is exempt from income taxes under Section 149 of the Income tax Act.

The Organization's operations are dependent upon its ability to collect and obtain future revenue in order to satisfy its obligations as they become due in the normal course of business. There is no certainty that the Organization will be able to achieve positive cash flows sufficient to meet current and future obligations. These financial statements have been prepared on the basis that the Organization will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses that would be necessary if the Organization was not able to realize its assets and meet its liabilities as a going concern in the normal course of operations. The Organization has incurred losses and at December 31, 2013 has a general fund deficiency of \$231,637 (2012 - \$45,580) and has a working capital deficiency of \$233,947 (2012 - \$46,677).

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

**Fund accounting**

The Organization follows the deferral method of accounting and uses fund accounting. The Organization maintains the general fund and restricted funds.

The general fund provides for the ongoing operations and transactions of the Organization.

Restricted funds consist of a balance at year end of \$3 (2012 - \$3). The restricted fund balance at year end is represented by an amount due from the general fund of \$3 (2012 - \$3).

**Revenue recognition**

The Organization recognizes revenue on an accrual basis when there is a reasonable assurance that the collection of the approved funds is probable. Revenues from donations and fund raising activities are recorded on cash basis.

**Donations-in-kind**

The Organization records the donations of goods and services only when their fair market value is measurable.



**Cricket Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

**2. Significant accounting policies (continued from previous page)**

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

**Financial instruments**

Cricket Canada recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or those are linked to and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by quoted market prices. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations and changes in general fund deficiency for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

The Organization's financial instruments include cash, sales taxes recoverable, accounts receivable and accounts payable and accrued liabilities. Cash is subsequently measured at their fair value, while the other financial assets and liabilities are subsequently measured at their amortized cost.

**Foreign currency translation**

Monetary assets and liabilities are translated at exchange rates in effect at the statement of financial position date. Revenue and expense items are translated at the approximate exchange rates prevailing on the date of the transaction. Any foreign exchange gain or loss on the translation of the financial results is included in the statement of operations and changes in general fund deficiency.



**Cricket Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

**2. Significant accounting policies (continued from previous page)**

**Property and equipment**

The Organization owns a parcel of land in British Columbia. This land was donated to the Organization in 1985. The Organization carries the land at a nominal value of \$1,100.

Computer equipment is recorded at cost. Amortization is calculated using the declining balance method at an annual rate of 30% based on its estimated useful life.

**Non-monetary transactions**

The Organization enters into agreements with certain customers from whom the Organization obtains goods and services. Transactions involving the exchange of monetary consideration representing 10% or greater of the fair value of the arrangement are considered to be monetary transactions. Non-monetary transactions, for which the Organization's future cash flows have been significantly affected ("commercial substance"), are recorded at the fair value of the assets or services given up or received, whichever is more reliably measured.

**3. Property and equipment**

Property and equipment consist of the following:

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Property	1,100	-	1,100	1,100
Computer equipment	1,213	-	1,213	-
	2,313	-	2,313	1,100

The assessed value of the property as per the 2014 provincial property tax assessment notice was \$516,400.

**4. Loan payable**

The unsecured loan payable to the International Cricket Council is payable in full on or before October 1, 2014 and bears interest at a rate equal to the three month US Libor rate plus 3%.

**5. Deferred sponsorship revenue**

Deferred sponsorship revenue relates to monies received in advance from sponsorships or advertising for matches to be held in the following year.

**6. Deferred rental income**

The Organization owns a parcel of land in British Columbia. In 1985 the Organization leased this property to Cowichan Cricket and Sports Club for the period of 99 years terminating on December 31, 2084 for a rental charge of \$1 per annum and received full consideration of \$99 for the term of the lease. Deferred rental income relates to unamortized portion of rent received for future years.



**Cricket Canada**  
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**7. Related party transactions**

In 1977, The Canadian Cricket Trust Fund was established to support the development of cricket in Canada. The donors wishing to contribute to the Canadian Cricket Trust Fund must specifically designate their donations, through the Organization. The Organization then forwards the donation to the Canadian Cricket Trust Fund. During the year the Organization forwarded \$Nil (2012 - \$Nil) to the Canadian Cricket Trust Fund. During the year the Organization received \$Nil (2012 - \$Nil) from the Canadian Cricket Trust Fund.

The Organization is a beneficiary under an agreement with The Canadian Cricket Trust Fund. Under the terms of this agreement the assets are to be independently administered to provide an investment vehicle to make available a source of income for the purposes of the Organization separate and apart from Members' fees, grants and/or contributions.

Upon the winding up of the Canadian Cricket Trust Fund the assets shall be applied firstly to fulfilling any outstanding obligations of the Organization and the remainder of the assets shall be distributed equally among the schools identified in a schedule attached to the trust agreement.

During the year, the Organization paid \$12,500 (2012 - \$Nil) on account of consulting services to a company controlled by an officer of the organization. The amount was paid in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

**8. Financial Instruments**

The Organization is exposed to the following risks related to its financial assets and liabilities:

**Credit risk**

The Organization is subject to credit risk through its receivables. Credit risk arises from the potential that counterparty will fail to perform its obligations. Credit risk with respect to the receivables is limited due to the nature of the Organization's activities.

**Fair value**

At December 31, 2013, management has estimated the fair value of sales taxes recoverable, accounts receivable and accounts payable and accrued liabilities to be equal to their carrying amount.

**Currency risk**

Currency risk is the risk to the Organization's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk, which is limited due to the nature of the Organization's activities in which one bank account is denominated in U.S. dollars. The U.S. dollar balance at year end was \$846 (2012 - \$16,593).

**9. Economic dependence**

Based on the current commitments and current level of operations, the Organization is economically dependent upon the continued support of International Cricket Council (ICC) to help fund operations.



**Cricket Canada**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

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**10. Non-monetary transactions**

During 2013, the Organization entered into an agreement with another party for the exchange of services. Advertising and promotion expenses from these non-monetary transactions totaled \$180,000 (2012 - \$nil), and are measured at the fair value of the advertising and promotion expenses. Corporate sponsorship revenue of \$180,000 (2012 - \$nil) associated with these transactions has been recorded.

**11. Subsequent events**

Subsequent to the year end, the Organization was named as a defendant in multiple lawsuits seeking to recover damages related to unpaid commissions and other payments under various contracts. These lawsuits remain at an early stage. It is not possible to determine the ultimate outcome of these lawsuits or to estimate the loss, if any, which may result. No provision has been recorded with respect to these lawsuits in the Organization's 2013.

**Draft - For Management**

