

Cricket Canada

Financial Statements

December 31, 2012

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, 2012 and the statements of operations and changes in general fund deficiency and cash flows for the year ended December 31, 2012, 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 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 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. 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 (deficiency) 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, 2012 and its operations and its cash flows for the year then ended in accordance with Canadian accounting for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Cricket Canada adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of operations and changes in the general fund deficiency and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information and, as such, it is unaudited.

March 23, 2013
Toronto, Ontario

Chartered Accountants
Licensed Public Accountants

Cricket Canada
Statement of Financial Position

As at	December 31, 2012	December 31, 2011 <i>(Unaudited)</i>	January 1, 2011 <i>(Unaudited)</i>
Assets			
Current			
Cash	7,132	7,933	90,834
Accounts receivable	51,600	127,976	94,741
Sales taxes recoverable	23,615	34,646	28,477
Prepaid expenses	5,401	11,122	22,352
	87,748	181,677	236,404
Property (Note 6)	1,100	1,100	1,100
	88,848	182,777	237,504
Liabilities and Fund Deficiency			
Current			
Accounts payable and accrued liabilities	84,353	238,320	243,193
Deferred sponsorship revenue (Note 4)	50,000	22,716	5,000
Deferred rental income (Note 5)	72	73	74
	134,425	261,109	248,267
Fund Deficiency			
Restricted funds, balance (Note 8)	3	3	3
General fund deficiency	(45,580)	(78,335)	(10,766)
	(45,577)	(78,332)	(10,763)
	88,848	182,777	237,504

Contingencies (Note 7)

Approved on behalf of the Board

Director

Treasurer

The accompanying notes are an integral part of these financial statements

Cricket Canada
Statement of Operations and Changes in General Fund Deficiency

For the year ended December 31,	2012	2011 <i>(Unaudited)</i>
Revenue		
Funds from International Cricket Council (<i>Note 11</i>)	1,042,000	1,195,152
Corporate sponsorship	248,280	152,781
Funding from Sports Canada	155,995	-
Provincial dues	39,000	35,880
Fund raising activities	22,070	6,767
Grant revenue	14,000	-
Miscellaneous	4,410	65,717
Tournament revenue	-	23,539
Total revenue	1,525,755	1,479,836
Expenses		
Management salaries and benefits	293,852	252,117
Meeting and travel	245,016	268,004
Players salaries and allowances	229,000	301,647
Professional fees	176,514	113,012
Apparel	174,832	135,402
Accommodations	133,839	156,406
Meals and per diem	58,290	44,552
Bad debt	49,430	-
Office supplies, rent, utilities and parking	36,902	28,799
Advertising and promotion	23,809	69,262
Miscellaneous (<i>Note 7</i>)	23,245	15,250
Supplies	20,052	28,397
Foreign exchange	16,040	17,238
Insurance	6,691	5,045
Interest and bank charges	3,038	5,494
Internet and website	2,450	33,560
Infrastructure improvement	-	73,220
Total expenses	1,493,000	1,547,405
Excess (deficiency) of revenue over expenses	32,755	(67,569)
General fund deficiency, beginning of year	(78,335)	(10,766)
General fund deficiency, end of year	(45,580)	(78,335)

The accompanying notes are an integral part of these financial statements

Cricket Canada
Statement of Cash Flows

For the year ended December 31,	2012	2011 <i>(Unaudited)</i>
Operating activities		
Excess (deficiency) of revenue over expenditures	32,755	(67,569)
Changes in non-cash working capital		
Accounts receivable	76,376	(33,235)
Sales taxes recoverable	11,030	(6,169)
Prepaid expenses	5,721	11,230
Accounts payable and accrued liabilities	(153,967)	(4,874)
Deferred sponsorship revenue (Note 4)	27,284	17,716
Decrease in cash	(801)	(82,901)
Cash, beginning of year	7,933	90,834
Cash, end of year	7,132	7,933
Cash interest paid during the year	3,038	5,494

The accompanying notes are an integral part of these financial statements

Cricket Canada

Notes to the Financial Statements

For the year ended December 31, 2012

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 discharge its expenses. 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 settle its liabilities as a going concern in the normal course of operations.

2. Impact of adopting accounting standards for not-for-profit organizations

These are the organization's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information for the year ended December 31, 2011 and the statement of financial position as at January 1, 2011 (the Organization's date of transition to ASNPO).

In preparing these financial statements, the Organization has not elected to apply any of the transitional provisions permitted by CICA 1501 First-time adoption by not-for-profit organizations at the date of transition to ASNPO.

The transition to ASNPO has not affected the statement of financial position, statement of operations and changes in fund balances, or statement of cash flows previously reported under Canadian generally accepted accounting principles ("GAAP").

3. 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:

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.

Contributed services

Individuals and companies contribute significant time to assist the Organization in carrying out its mandate. Due to the difficulty in determining their fair market value, contributed services are not recognized in the financial statements unless their fair market value is measurable.

Cricket Canada

Notes to the Financial Statements

For the year ended December 31, 2012

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 excess of revenues over expenses 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.

Property

The Organization owns a parcel of land in British Columbia. This land was donated to the Organization in 1985. The assessed value of the property as per 2013 Provincial property tax assessment notice was \$564,700. In keeping with the accounting policies used by many not for profit organizations, the Organization carries the land at a nominal value of \$1,100.

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.

Cricket Canada

Notes to the Financial Statements

For the year ended December 31, 2012

4. 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.

5. 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.

6. Capital Assets

Capital assets consist of the following:

	Cost		Accumulated amortization		2012 Net book value		2011 Net book value	
Property	\$	1,100	\$	-	\$	1,100	\$	1,100

7. Contingencies

During fiscal 2010, Ontario Cricket Association ("Plaintiff") has filed a statement of claim for damages against Cricket Canada for:

- An injunction preventing the expulsion of the Plaintiff from the Defendant organization, Cricket Canada;
- A declaration and injunction preventing Cricket Canada from interfering in the operations and management of the Plaintiff organization;
- The sum of \$1,000,000 for damages arising from the intentional interference in the Plaintiff's contractual relations.

Cricket Canada has filed a statement of defense and counter claims for \$250,000 for damages. These lawsuits have been resolved with a payment totaling \$6,500 made by Cricket Canada to the Plaintiff. These payments have been included in the miscellaneous expense account.

8. Restricted funds

Restricted funds consist of the following:	
Restricted funds balance, beginning of year	\$ 3
Restricted funds balance, end of year	\$ 3
Restricted funds balance is represented by:	
Due from General fund, beginning of year	\$ 3
Due from General fund, end of year	\$ 3

Cricket Canada

Notes to the Financial Statements

For the year ended December 31, 2012

9. Related party

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 (2011 - \$Nil) to the Canadian Cricket Trust Fund. During the year the Organization received \$Nil (2011 - \$4,270) 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 endowed 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.

10. 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, 2012, 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 \$16,593 (2011 - \$4,758).

11. Economic dependence

Based on the current commitments and current level of operation, the Organization is economically dependent upon International Cricket Council (ICC) for continued financing of the activities.

12. Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation; such reclassification is for presentation purpose only and has no effect on the previously reported results.