



## *2009 Annual Report*

*Developing a Nation through Sport*

# **SPORTS DEVELOPMENT FOUNDATION**

## **Annual Report for the Year 2009**

Pursuant to Section 3 of the Public Bodies Management and Accountability Act, the Sports Development Foundation submits its Fifteenth (15<sup>th</sup>) Annual Report for the calendar year 2009.

### **1. MEMBERSHIP AND COMPOSITION OF THE BOARD**

The members of the Board were as follows:

|                             |          |
|-----------------------------|----------|
| Mr. David Mais              | Chairman |
| Mr. Lloyd Pommells          |          |
| Mr. Howard Aris, CD         |          |
| Mr. Ian Forbes              |          |
| Mrs. Ann Marie Spence-Heron |          |
| Mr. John Jackson            |          |
| Mr. Saleem Lazarus          |          |
| Mrs. Molly Rhone, CD        |          |
| Mr. Compton Rodney          |          |
| Mr. Keith Shervington, CD   |          |
| Mr. Emile Spence            |          |
| Mr. Cecil Warren            |          |

Mr. Keith Shervington, CD died on February 12, 2009. Messrs. Warren and Forbes were appointed to the Board of Directors in March 9, 2009 and May 20, 2009, respectively.

## **2. MEETINGS**

Twelve meetings of the Board of Directors, Allocations/Projects Committee and the Finance Committee were scheduled for 2009.

However, during the year there were Fourteen (14) meetings of the Board of Directors. There were also Thirteen (13) meetings of the Allocations/Project Committee, Fifteen (15) meetings of the Finance Committee and Two (2) meetings of the Audit committee.

The extra meetings held during the year represent specially convened meetings and Board retreats.

## **3. REVIEW OF OPERATIONS**

Our mandate is to promote and encourage the development and growth of talent, skills, facilities and activities concerning all aspects of Sports. To establish, fund and carry on programmes and promote the development of sporting facilities and activities.

The global financial crisis, which began in late 2008 continued to have an effect on the country in 2009. By March 2009, the Foundation began to prepare for the possibility of reduced income from the Gaming Industry as the income at the end of the first quarter reflected an 18% decline compared to the 2008 amounts. It was assumed at this point that the decline in income could be as high as 20% of budget.

In order to effectively manage our resources and carry out our mandate the following measures were instituted:

- Monthly cash projections/scenarios were done
- Some infrastructure projects were deferred to 2010
- Additions to the staff complement in relation to the CDF projects were not done

At the half year point the assessment of the income revealed that the fallout could be around 10% of budget.

By the end of the third quarter the situation showed further improvement and the decrease in revenue was expected to be 5% of budget.

The fourth quarter has historically been three months of high sales volumes in gaming products. This is particularly true in a period in which there is minimal winning of the game “Lotto” and thus the jackpot gets very large. The income of the fourth quarter resulted in the proceeds for the year surpassing the budgeted amounts.

The projected income to the Foundation from the Gaming Industry for 2009 was \$411.912m. At the end of the year, the actual proceeds were \$414.972m.

The Gaming Industry is perceived to be “recession proof” and this remained true for 2009.

**Table I**

|                                 | <b>Actual \$'000</b> | <b>Budget \$'000</b> |
|---------------------------------|----------------------|----------------------|
| <b>Income:</b>                  |                      |                      |
| Income from Gaming 2009         | 414.972              | 411.912              |
| Invested Income                 | 18.228               | 6.613                |
| Other Income                    | 0.552                | 0.480                |
| <b>Total Income</b>             | <b>433.752</b>       | <b>419.005</b>       |
|                                 |                      |                      |
| <b>Expenditure:</b>             |                      |                      |
| Administrative expenses         | 58.606               | 77.150               |
| Grants to Government Agencies   | 88.437               | 71.229               |
| Special Project: Track Meet     | 26.100               | 26.100               |
| Special Allocations             | 26.935               | 18.600               |
| Infrastructure Projects         | 130.465              | 184.279              |
| National Associations           | 128.242              | 110.440              |
| Athletes Welfare Grants         | 6.495                | 17.250               |
| <b>Total Expenditure</b>        | <b>465.280</b>       | <b>505.048</b>       |
|                                 |                      |                      |
| <b>Deficit</b>                  | <b>(31.528)</b>      | <b>(86.043)</b>      |
| <b>Withheld Income for 2008</b> | <b>100.443</b>       | <b>92.386</b>        |
| <b>Net Position</b>             | <b>68.915</b>        | <b>6.343</b>         |

### **Infrastructure Projects (Appendix 1):**

During 2009, the SDF, spent \$130.46m on infrastructure projects by constructing:

- 28 multipurpose courts in 10 parishes and 17 communities, and 11 schools;
- 17 fenced facilities involving courts and fields in 8 parishes;
- 13 playfields all in various stages of completion;
- provided changing room facilities in two (2), seating in one (1) and lighting in four (4) locations.

In addition goal posts and basketball hoops/backboards were provided for the Multicare Foundation and Clan Carty High School.

### **National Associations (Appendix 2):**

The amount of \$128.24m was paid to 38 National Associations to provide funding for development programmes, training of athletes and administrators and for their participation in national competitions. Details are given in Appendix II. The SDF's contribution represented approximately 35% of the Budgets submitted by the National Associations.

### **Government Agencies (Appendix 3)**

In 2009, the Foundation provided funding to Government Agencies as follows:

- Institute of Sports      - \$64.61m – For development, coaching and competition programmes. This included a grant of \$10.80m (compared to \$3.6m in 2008) for a Summer programme. This programme involved athletics, basketball, cricket, football and netball and was geared towards inner-city children.

- Social Development Commission - \$15.18m - To provide training and competition at the community level.
- G. C. Foster College of Physical Education & Sport - \$8.64m – To provide funding for the sports curriculum for the development of coaches & physical education teachers.

The G.C. Foster College of Physical Education & Sport continues to produce the majority of coaches who are now successfully sharing their talents in schools, clubs and communities across Jamaica. Many of Jamaica's national coaches, especially in track & field athletics, are products of this institution.

The training has impacted the competitiveness and success of athletes, particularly in football, track & field, netball and cricket.

#### **Staffing:**

During the year, the staff complement increased by two, as the Foundation employed two engineers to supplement the Projects Department.

#### **4. PROPOSED CHANGES IN THE NATURE AND SCOPE OF THE ACTIVITIES OF THE SDF**

In 2008 the Foundation began participating in the Constituency Development Fund Programme. This programme was developed to improve the effectiveness of elected Parliamentary representatives and to give a greater voice to constituents. The SDF has been commissioned to undertake aspects of the CDF programme related to Sports. At the end of 2009, \$16.298m were spent on projects in the following constituencies:

**Table II**

| <b>Constituency</b>      | <b>Projects</b>             |
|--------------------------|-----------------------------|
| South East St. Andrew    | Clubhouse repairs & fencing |
| South East St. Catherine | Court & Fencing             |
| South Trelawny           | Court & Fencing             |
| South St. Catherine      | Court & Fencing             |
| East Central St. Andrew  | Football field              |
| North East St. Catherine | Court & Fencing             |

**5. CHANGES TO THE CORPORATE PLAN**

There was no need to modify our corporate plan.

**6. SUMMARY OF THE ACHIEVEMENT OF THE SDF MEASURED AGAINST PERFORMANCE TARGETS**

**Administrative Expenses:**

Administrative expenses for the year under review totaled \$58.606m. The budget for the year was \$77.150m. Thus administrative expenses were less than budgeted.

This resulted from:

- The efficient management of our resources and the implementation of new controls to further mitigate waste.
- The cancellation of the plan to hire additional staff
- The dedication and commitment of the staff to continue to increase efficiency notwithstanding the existing constraints.

**Infrastructure:**

2009 was the first time in the history of the Sports Development Foundation that project expenditure surpassed \$100m. This was mainly achieved through the following:

1. Employment of 2 experienced engineers
2. Favourable weather conditions

We achieved our performance targets in providing 28 multipurpose courts. At the end of the period, 13 playfields (in various stages of completion) were being constructed in excess of our projections of 9 playfields.

We had budgeted to provide lighting at Drax Hall, Buff Bay and Constant Spring Complexes. While we provided lighting on 4 projects, the ones planned for 2009 were carried forward to 2010. This was the result of the delay in obtaining poles and lights from overseas. The Lynch Park – Buff Bay Project was completed in January 2010 and work on the Drax Hall and Constant Spring Complexes are to be completed in the first half of 2010.

We exceeded our targets in the following categories:

- National Associations
- Funding of \$128.24m was provided, against targeted expenditure of \$110.44m. Greater demand by national Associations mainly to participate in overseas championships was the main reason for exceeding our projections.

The main beneficiaries were the Jamaica Football Federation (\$7.18m), Jamaica Basketball Association (\$5.75m), Jamaica Softball Association (\$1.40m), Jamaica Netball Association (\$2.00m), Paralympic Association (\$1.00m) and the Ski Federation (\$0.90m).

- Government Institutions
- Grants totalling \$88.36m significantly exceeded target of \$71.23m. This was due to additional grants made to the Institute of Sports (\$15.80m- \$10.80m of which was for the Summer Programme) and the Social Development Commission (\$1.33m).



In addition, grants totaling \$8.53m were made to Independence Park Limited, a Government Agency that is not included in the list of entities to which the Foundation normally provides monthly support.

Of this amount, \$4.03m was provided to facilitate refurbishing of the swimming pool at the National Stadium.

## **7. FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2010**

**Table III**

| <b>Key Output</b>  | <b>1<sup>st</sup> Quarter</b> | <b>2<sup>nd</sup> Quarter</b> | <b>3<sup>rd</sup> Quarter</b> | <b>4<sup>th</sup> Quarter</b> | <b>Total</b>     |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------|
| Multipurpose courts for netball, basketball, tennis and volleyball. Football field that will meet acceptable standards | <b>\$49.79m</b>               | <b>\$43.30m</b>               | <b>\$39.60m</b>               | <b>\$39.60m</b>               | <b>\$172.29m</b> |
| Improved development of sports. Increased ranking of each individual sport   | <b>\$25.55m</b>               | <b>\$27.79m</b>               | <b>\$26.70m</b>               | <b>\$24.50m</b>               | <b>\$104.54m</b> |
| Increase in community sports programme (Government Agencies)   | <b>\$16.70m</b>               | <b>\$17.70m</b>               | <b>\$16.70m</b>               | <b>\$15.71m</b>               | <b>\$66.81m</b>  |
| Assist in the successful hosting of the Jamaica International Invitational Track Meet (an IAAF approved track meet)    |                               | <b>\$27.90m</b>               |                               |                               | <b>\$27.90m</b>  |
| <u>Athletes Welfare</u><br>Assist athletes and administrators for training, medical expenses and other welfare needs   | <b>\$3.87m</b>                | <b>\$4.00m</b>                | <b>\$5.26m</b>                | <b>\$4.12m</b>                | <b>\$17.25m</b>  |
|  |                               |                               |                               |                               |                  |

|   |                  |                  |                 |                 |                  |
|---|------------------|------------------|-----------------|-----------------|------------------|
| <u>Special Allocations</u><br>Assists other organizations<br>involved in sports | <b>\$6.34m</b>   | <b>\$5.41m</b>   | <b>\$4.78m</b>  | <b>\$3.47m</b>  | <b>\$20.0m</b>   |
| <b>Total</b>  | <b>\$102.25m</b> | <b>\$126.10m</b> | <b>\$93.04m</b> | <b>\$87.40m</b> | <b>\$408.79m</b> |

## 8. **CONCLUSION**

The Sports Development Foundation in pursuit of its mandate has budgeted an increase in its total allocations for 2010. Details are given in Table IV below.

**Table IV**

| <b>Budget Item</b>                  | <b>\$'000<br/>2008</b> | <b>\$'000<br/>2009 Actual</b> | <b>\$'000<br/>2010 Budget</b> |
|-------------------------------------|------------------------|-------------------------------|-------------------------------|
| Infrastructure projects             | 76,211                 | 130,465                       | 172,295                       |
| National Associations               | 124,711                | 128,242                       | 104,541                       |
| Government Agencies:                |                        |                               |                               |
| a. Institute of Sports              | 48,267                 | 64,608                        | 45,431                        |
| b. Social Development<br>Commission | 10,513                 | 15,183                        | 10,022                        |
| c. G. C. Foster College             | 7,593                  | 8,645                         | 8,017                         |
| d. Independence Park<br>Limited     | 5,408                  | 8,537                         | 3,340                         |
| Jamaica Invitational Track Meet     | 23,256                 | 26,100                        | 27,900                        |
| Special Allocations                 | 37,057                 | 18,399                        | 20,000                        |
| Athletes Welfare                    | 7,224                  | 6,495                         | 17,250                        |
| <b>Total</b>                        | <b>340,240</b>         | <b>406,674</b>                | <b>408,796</b>                |

The Board will continue to work closely with the Government to ensure that the objectives of the Government for sports are met.

March 19, 2010

## Appendix 1

### Project Expenses Analysis for 2009 (\$J)

#### Courts

| Parish                | No | Amount     | Location   |
|-----------------------|----|------------|--|
| Kingston & St. Andrew | 6  | 10,903,400 | George Headley Primary, Hannah Town, Meadowbrook High, Olympic Gardens, Tivoli Gardens                   |
| St. James             | 1  | 1,390,613  | Somerton All-Age   |
| Clarendon             | 4  | 4,767,131  | Trout Hall, Alston High, Mitchell Town, Hayes New Town   |
| St. Ann               | 1  | 179,035    | Ocho Rios High   |
| Manchester            | 3  | 4,536,001  | Manchester High, Holmwood High   |
| Trelawny              | 2  | 2,908,538  | Duncans, William Knibb High  |
| St. Catherine         | 8  | 16,508,681 | Riversdale, Barry & Lloyd, Point Hill, Eltham, Ensom, Cumberland, St. John's Primary, St. Mary's College |
| St. Thomas            | 1  | 1,867,315  | Springfield  |
| St. Mary              | 2  | 2,503,309  | Eden Park  |
| TOTAL                 | 28 | 45,564,022 |  |

#### Fencing

| Parish                | No | Amount     | Location   |
|-----------------------|----|------------|--|
| Kingston & St. Andrew | 2  | 953,068    | Mobile Reserve, Olympic Gardens  |
| Clarendon             | 1  | 451,786    | Alston High  |
| Manchester            | 1  | 473,229    | Belair High  |
| Trelawny              | 2  | 1,433,654  | Duncans, Village United  |
| St. Catherine         | 8  | 4,870,500  | Ensom, Eltham, Ellerslie Pen, Barry & Lloyd, Cumberland, Point Hill, South Borough Primary, St. John's Primary |
| St. Elizabeth         | 1  | 984,394    | Battersea  |
| St. Mary              | 2  | 3,359,327  | Three Hills, Eden Park   |
| TOTAL                 | 17 | 12,525,958 |  |

#### Fields

| Parish                | No | Amount     | Location  |
|-----------------------|----|------------|---|
| Kingston & St. Andrew | 4  | 6,911,501  | Greenwich All Age, Hope Gardens, Camperdown, Tony Spaulding Complex |
| Westmoreland          | 1  | 873,000    | Little London   |
| Clarendon             | 2  | 8,059,975  | Sanguinetti, Garvey Maceo High, Sunbury                             |
| Trelawny              |    | 7,500      | Ulster Spring   |
| St. Catherine         | 1  | 100,000    | Tawes Pen   |
| St. Elizabeth         | 3  | 3,745,548  | Battersea, Evergreen, Magotty High                                  |
| St. Mary              | 2  | 6,230,733  | Three Hills, Eden Park  |
| TOTAL                 | 13 | 25,928,257 |   |

#### Lighting

| Parish                | No | Amount     | Location                                       |
|-----------------------|----|------------|--|
| Poles & Lights        |    | 13,430,990 |  |
| Kingston & St. Andrew | 3  | 4,164,307  | Majestic Gardens, Olympic Gardens, Denham Town |
| Portland              | 1  | 804,663    | Windsor Castle                                 |
| St. Ann               |    | 9,989      | Drax Hall                                      |
| St. Thomas            |    | 800        | Ginger Hill                                    |
| TOTAL                 | 4  | 18,410,749 |  |

## Clubhouses, Complexes

| Parish                | No | Amount     | Location               |
|-----------------------|----|------------|------------------------|
| Kingston & St. Andrew | 1  | 11,999,330 | Hannah Town,           |
| Clarendon             | 1  | 6,000,000  | Hazeldene              |
| Portland              |    | 1,600      | Windsor Castle All Age |
| St. Ann               |    | 156,600    | Drax Hall              |
| Trelawny              |    | 3,000      | Ulster Spring          |
| St. Mary              | 1  | 4,931,309  | Three Hills            |
| TOTAL                 | 3  | 23,091,839 |                        |

## Seating

| Parish                | No | Amount  | Location        |
|-----------------------|----|---------|-----------------|
| Kingston & St. Andrew | 1  | 782,250 | Olympic Gardens |
| TOTAL                 | 1  | 782,250 |                 |

## Driveway, Equipment & Signs

| Parish                | No | Amount    | Location   |
|-----------------------|----|-----------|--|
| Equipment Islandwide  |    | 454,664   |  |
| Kingston & St. Andrew | 4  | 2,472,438 | George Headley Primary, Clan Carty Primary, Multicare Foundation, Police Officers Club |
| St. Thomas            | 1  | 178,858   | Springfield  |
| St. Catherine         | 4  | 723,848   | Point Hill, Barry & Lloyd, Bonnett Sunshine, St. John's Primary                        |
| St. Elizabeth         | 2  | 331,876   | Barbary Hall, Crawford   |
| TOTAL                 | 11 | 4,161,684 |  |

Total Projects 2009 \$130,464,759

## Appendix 2

### Grants to National Associations 2009 (\$J)

| Association                    | Amount      |
|--------------------------------|-------------|
| Amateur Swimming Ass of Ja     | 2,373,832   |
| Equestrian Federation          | 600,000     |
| Ja Intercollegiate Sports Assn | (132,000)   |
| Ja Amateur Athletic Assn       | 16,190,800  |
| Ja Amateur Basketball Assn     | 8,587,841   |
| Ja Amateur Gymnastics Assn     | 1,952,400   |
| Ja Amateur Softball Assn       | 2,000,000   |
| Assn of Sports Medicine        | 501,600     |
| Ja Badminton Assn              | 2,184,000   |
| Ja Bobsleigh Federation        | 2,235,300   |
| Amateur Bodybuilding Assn      | 1,064,000   |
| Boxing Board of Control        | 1,845,184   |
| Ja Chess Federation            | 250,000     |
| Ja Cricket Association         | 10,461,200  |
| Ja Cycling Federation          | 1,190,184   |
| Ja Football Federation         | 31,860,000  |
| Ja Golf Association            | 2,205,550   |
| Ja Hockey Federation           | 2,584,320   |
| Ja Netball Association         | 9,590,000   |
| Ja Paralympic Association      | 2,174,800   |
| Ja Racing Commission           | 0           |
| Ja Rifle Association           | 0           |
| Ja Rugby Union                 | 1,227,883   |
| Ja Skeet Club                  | (165,000)   |
| Ja Ski Federation              | 2,220,000   |
| Ja Visually Impaired Cricket   | 1,050,000   |
| Ja Surfing Association         | 939,384     |
| Ja Squash Association          | 420,000     |
| JA Table Tennis Association    | 5,690,665   |
| Tae-Kwon Do Association        | 300,000     |
| Ja Triathlon Association       | 146,000     |
| Ja Volleyball Association      | 3,213,360   |
| National Domino Bodies         | 500,000     |
| Special Olympics Jamaica       | 4,500,000   |
| Tennis Jamaica                 | 3,389,616   |
| IAAF High Performance Centre   | 871,200     |
| Ja Race Car Drivers Club       | 600,000     |
| Seido Karate Association       | 600,000     |
| Multicare Foundation           | 720,000     |
| Ja Olympic Association         | 1,800,000   |
| Ja Cricket Umpires Assn        | 500,000     |
| TOTAL                          | 128,242,119 |

### Appendix 3

#### Grants to Government Agencies 2009 (\$J)

| Agency                  | Amount     |
|-------------------------|------------|
| G.C. Foster College     | 8,644,780  |
| Institute of Sports     | 64,608,800 |
| Social Development Com. | 15,183,225 |
| TOTAL                   | 88,436,805 |

## Appendix 4

### Directors Compensation 2009 (\$J)

| Position of Director | Gross Fees | Motor Vehicle Upkeep/ Travelling | Honoraria | All other Compensation cash and non cash | Total     |
|----------------------|------------|----------------------------------|-----------|--|-----------|
| Chairman             | 192,000    | 126,228                          |           | 72,000                                   | 390 ,228  |
| Director             | 174,000    | 73,803                           |           | 36,000                                   | 283,803   |
| Director             | 87,500     | 6,720                            |           | 21,000                                   | 115,220   |
| Director             | 73,000     | 5,824                            |           | 36,000                                   | 114,824   |
| Director             | 151,000    | 12,096                           |           | 36,000                                   | 199,096   |
| Director             | 106,500    | 18,088                           |           | 36,000                                   | 160,588   |
| Director             | 173,000    | 47,040                           |           | 72,000                                   | 292,040   |
| Director             | 162,500    | 7,840                            |           | 36,000                                   | 206,340   |
| Director             | 238,000    | 39,200                           |           | 36,000                                   | 313,200   |
| Director             | 145,500    | 14,336                           |           | 36,000                                   | 195,836   |
| Director             | 106,000    | 7,392                            |           | 30,000                                   | 143,392   |
| TOTAL                | 1,609,000  | 358,567                          |           | 447,000                                  | 2,414,567 |

## Appendix 5

### Compensation

#### Senior Management's Emoluments 2009 (\$J)

| Position                | Basic Pay | Gratuity or<br>Performance<br>Incentive | Motor<br>Vehicle<br>Upkeep | Pension or<br>other<br>Retirement<br>Benefit | Other<br>Allowances | Non-<br>Cash<br>Benefit | Total      |
|-------------------------|-----------|---|----------------------------|--|---------------------|-------------------------|------------|
| General<br>Manager      | 3,498,402 |   | 796,500                    |  |                     |                         | 4,294,902  |
| Financial<br>Controller | 2,654,184 |   | 796,500                    | 132,709                                      |                     |                         | 3,583,393  |
| Chief<br>Engineer       | 1,916,667 |   | 796,500                    | 38,333                                       |                     |                         | 2,751,500  |
| TOTAL                   | 8,069,253 |   | 2,389,500                  | 171,042                                      |                     |                         | 10,629,795 |

All emoluments are stated before tax.

The position of General Manager based on contractual terms is eligible to receive 25% of annual basic salary as a gratuity in lieu of pension benefits at the end of the contract term.



**Sports Development Foundation**

(A Company Limited by Guarantee)

**Financial Statements**

**31 December 2009**

# Sports Development Foundation

(a company limited by guarantee)

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31 December 2009

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## **Independent Auditors' Report**

To the Members of  
Sports Development Foundation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Sports Development Foundation, set out on pages 1 to 23, which comprise the balance sheet as of 31 December 2009 and the statement of changes in Sports Development Fund, statement of changes in fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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. 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.

Members of Sports Development Foundation  
Independent Auditors' Report  
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**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

**Report on Other Legal and Regulatory Requirements**

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

*PricewaterhouseCoopers*

Chartered Accountants

23 April 2010  
Kingston, Jamaica

# Sports Development Foundation

(a company limited by guarantee)

## Statement of Comprehensive Income

**Year ended 31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

|  | Note | 2009<br>\$'000         | 2008<br>\$'000       |
|--|------|------------------------|----------------------|
| Contributions from CHASE Fund for the year                       |      | 423,790                | 403,092              |
| Investment income  |      | 18,228                 | 16,684               |
| Other income   |      | 552                    | 554                  |
|  |      | <u>442,570</u>         | <u>420,330</u>       |
| Less: Project Expenditure and Grants                             | 5    | (406,674)              | (340,241)            |
| Administration Expenses  |      | <u>(58,608)</u>        | <u>(54,121)</u>      |
| <b>(DEFICIT)/SURPLUS FOR YEAR AND TOTAL COMPREHENSIVE INCOME</b> |      | <u><u>(22,712)</u></u> | <u><u>25,968</u></u> |



# Sports Development Foundation

(a company limited by guarantee)

## Balance Sheet

31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

|   | Note | 2009<br>\$'000 | 2008<br>\$'000 |
|---|------|----------------|----------------|
| <b>Non-Current Assets</b>               |      |                |                |
| Intangible assets                       | 8    | 855            | 85             |
| Property, plant and equipment           | 9    | 57,535         | 58,918         |
| Long term receivable                    | 10   | 2,225          | 3,918          |
| <b>Current Assets</b>                   |      |                |                |
| Receivables                             | 11   | 111,282        | 100,443        |
| Current portion of long term receivable | 10   | 2,048          | 1,940          |
| Taxation recoverable                    | 17   | 10,414         | 7,685          |
| Investment securities                   | 12   | -              | 29,551         |
| Cash and cash equivalents               | 13   | 107,044        | 104,393        |
|   |      | 230,788        | 244,012        |
| <b>Current Liabilities</b>              |      |                |                |
| Payables and accrued charges            |      | 12,956         | 20,804         |
| Managed funds                           | 15   | 15,030         | -              |
|   |      | 27,986         | 20,804         |
| <b>Net Current Assets</b>               |      | 202,802        | 223,208        |
|   |      | <u>263,417</u> | <u>286,129</u> |
| <b>Financed By</b>                      |      |                |                |
| Sports Development Fund                 | 14   | <u>263,417</u> | <u>286,129</u> |

Approved for issue by the Board of Directors on 23 April 2010 and signed on its behalf by:

David Mais

Chairman

Lloyd Pommells

Director

# Sports Development Foundation

(a company limited by guarantee)

## Statement of Changes in Fund

**Year ended 31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

|  | Sport<br>Development<br>Fund<br>\$'000 | Total<br>\$'000 |
|--|--|-----------------|
| Balance as at 1 January 2008                     | 260,161                                | 260,161         |
| Surplus for year and total comprehensive income  | 25,968                                 | 25,968          |
| <b>Balance at 31 December 2008</b>               | 286,129                                | 286,129         |
| Deficit for year and total comprehensive expense | (22,712)                               | (22,712)        |
| <b>Balance at 31 December 2009</b>               | <b>263,417</b>                         | <b>263,417</b>  |

# Sports Development Foundation

(a company limited by guarantee)

## Statement of Cash Flows

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

|   | 2009<br>\$'000 | 2008<br>\$'000 |
|---|----------------|----------------|
| <b>Cash Flows from Operating Activities</b>                   |                |                |
| (Deficit)/surplus for year                                    | (22,712)       | 25,968         |
| Adjustments:  |                |                |
| Investment income   | (18,228)       | (16,684)       |
| Exchange gain on foreign balances                             | (4)            | (66)           |
| Loss on disposal of property, plant and equipment             | -              | 17             |
| Write-off of long term receivables                            | 304            | 202            |
| Depreciation and amortization                                 | 3,678          | 3,056          |
|   | (36,962)       | 12,493         |
| Changes in operating assets and liabilities:                  |                |                |
| Receivables   | (9,558)        | (13,696)       |
| Taxation recoverable  | (2,729)        | (2,508)        |
| Payables and accrued charges                                  | 7,182          | 15,498         |
| Cash (used in)/provided by operating activities               | (42,067)       | 11,787         |
| <b>Cash Flows from Investing Activities</b>                   |                |                |
| Purchase of property, plant and equipment                     | (2,166)        | (1,378)        |
| Purchase of intangible assets                                 | (899)          | (70)           |
| Investment income received                                    | 18,460         | 17,759         |
| Investment securities, net                                    | 29,319         | (3,073)        |
| Cash provided by investing activities                         | 44,714         | 13,238         |
| Increase in cash and cash equivalents                         | 2,647          | 25,025         |
| Effects of exchange rate changes on cash and cash equivalents | 4              | 66             |
| Cash and cash equivalents at beginning of year                | 104,393        | 79,302         |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)</b>     | <b>107,044</b> | <b>104,393</b> |

In 2008, the Foundation acquired property, plant & equipment amounting to \$9,940,000 by way of a finance lease arrangement with the Jamaica Cricket Association (Note 10).



# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

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### 1. Identification and Activity

The main activity of the Foundation, which is incorporated in Jamaica, is to promote and encourage the development and growth of talents, skills, facilities and activities concerning all aspects of sports aimed at uplifting the social and economic well-being and awareness of the youth of Jamaica.

#### **Source of funding**

The Culture Health Arts Sports and Education Fund (Chase Fund) is the recipient of a cess imposed on the gaming industry by the Government of Jamaica. Based on Section 59G of the Betting, Gaming and Lotteries Act, 2002, 40% of this cess is allocated to the Foundation.

### 2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **(a) Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **Standard and amendment to published accounting standard effective in 2009**

Certain standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Foundation has assessed the relevance of the following new standard and amendment, and has adopted the following IFRS, which are relevant to its operations:

- **IFRS 7 (Amendment) 'Financial instruments – Disclosures'** (effective 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy for those financial instruments which are measured at fair value in the balance sheet. As there are currently no financial instruments measured at fair value in the balance sheet, there are no significant changes to the disclosures.
- **IAS 1 (Revised), 'Presentation of financial statements'** (effective 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in financing') in the statement of changes in fund, requiring 'non-owner changes in financing' to be presented separately from owner changes in financing in a statement of comprehensive income. As a result the Foundation presents all non-owner changes in financing in a single statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on the opening Fund balance.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

##### ***Amendment to published standard that is not yet effective and has not been early adopted***

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Foundation's accounting periods beginning on or after 1 January 2010 or later periods, but were not effective at balance sheet date, and which the Foundation has not early adopted. The Foundation has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations:

- **IAS 7 (Amendment), 'Statement of cash flows'** (effective from 1 January 2010). This amendment requires that only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the statement of cash flows. The Foundation will apply IAS 7 (Amendment) from 1 January 2010.

#### (b) Foreign currency translation

##### ***Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the Foundation operates (the 'functional currency'). The financial statements are presented in Jamaican Dollars, which is the Foundation's presentation currency.

##### ***Transactions and balances***

Transactions denominated in foreign currencies are converted at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items denominated in a foreign currency, which are carried at historical cost, are translated at historical rates. Exchange gains and losses, including unrealised gains and losses relating to investment transactions and those arising from the translation of investments denominated in foreign currencies are dealt with in the Sports Development Fund.

#### (c) Sports Development Fund

Contributions received from the Culture Health Arts Sports and Education Fund (CHASE Fund) and investment income earned thereon are credited directly to the Sports Development Fund account. Transfers are made to fund approved projects and administrative expenditure.



# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (d) Employee benefits

##### (i) Pension obligations

The Foundation received permission from the Financial Services Commission to wind-up its superannuation pension fund and transfer the members' benefits to approved retirement schemes. The effective wind-up date was December 31, 2008. The superannuation fund has been wound up and the members' benefits have been transferred to approved retirement schemes. The Foundation continues to pay contributions to these schemes on behalf of staff members. Once the contributions have been paid, the Foundation has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs. See Note 18 for further details.

##### (ii) Accrued vacation

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

#### (e) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

##### **Financial assets**

The Foundation classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'long term receivable' and 'receivables' and are included in non-current assets and current assets in the balance sheet.

##### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. These assets are classified as 'investment securities' and 'cash and cash equivalents' and are included in non-current assets and current assets, respectively, on the balance sheet.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Changes in the fair value of financial assets classified as available-for-sale are recognised in equity. Loans and receivables are carried at amortised cost using the effective interest method.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Significant Accounting Policies (Continued)

#### (e) Financial instruments (continued)

The Foundation assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

#### Financial liabilities

The Foundation's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as 'payables and accrued charges' and included in current liabilities on the balance sheet.

#### (f) Intangible assets

Cost associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs are amortised over the estimated useful life of the software (5 years).

#### (g) Property, plant and equipment and depreciation

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the Foundation or the cost of the item can be measured reliably.

Depreciation of property, plant and equipment is calculated on the straight-line basis at annual rates estimated to write off the cost of each asset over the term of its expected useful life. The annual rates are as follows:

|                                |                            |
|--------------------------------|----------------------------|
| Computers                      | 20%                        |
| Office furniture and equipment | 10%                        |
| Motor vehicles                 | 20%                        |
| Buildings                      | 2½%                        |
| Leasehold property             | Over the live of the lease |

Land is not depreciated as it is deemed to have an indefinite life.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining surplus for the year.

Repairs and renewals are charged to the Sports Development Fund when expenditure is incurred.



# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (h) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

#### (i) Investment securities

Investment securities comprise securities purchased under agreements to resell (reverse repurchase agreements), which are treated as collateralised financing transactions. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

#### (j) Long term receivable

Long term receivable is recognised when the cash is advanced to borrowers. It is initially recorded at cost, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortised cost, less any provision for impairment.

#### (k) Receivables

Receivables are carried at anticipated realisable value less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the asset's carrying amount and the present value of expected future cash flows, discounted at the market rate of interest for similar borrowers.

#### (l) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and investment securities with original maturities of three months or less.

#### (m) Payables and accrued charges

Payables and accrued charges are initially recognised at fair value and subsequently stated at amortised cost.

#### (n) Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management

The Foundation's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Foundation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Foundation's financial performance.

The Foundation's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Foundation regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board is ultimately responsible for the establishment and oversight of the Foundation's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

#### (a) Credit risk

The Foundation takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Foundation by failing to discharge their contractual obligations. Credit risk is a very important risk for the Foundation's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Foundation's receivables and investment activities. The Foundation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and industry segments.

#### ***Credit review process***

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

#### (i) Investment securities

The Foundation limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

#### (ii) Long term and current receivables

The Foundation's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Credit risk is monitored according to the credit characteristics such as whether it is an individual or company, geographic location, industry, aging profile, and previous financial difficulties.

#### (iii) Cash and cash equivalents

Cash and cash equivalents transactions are limited to high credit quality financial institutions. The Foundation has policies in place to limit the amount of exposure to any one financial institution.



# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (a) Credit risk (continued)

##### **Maximum exposure to credit risk**

The Foundation's maximum exposure to credit risk at year end was as follows:

|   | 2009           | 2008           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| Investment securities                   | -              | 29,551         |
| Long term receivable                    | 2,225          | 3,918          |
| Receivables                             | 110,987        | 100,013        |
| Current portion of long term receivable | 2,048          | 1,940          |
| Cash and cash equivalents               | 107,044        | 104,393        |
|   | <u>222,304</u> | <u>239,815</u> |

##### **Exposure to credit risk for investment securities.**

The following table summarises the Foundation's credit exposure for investment securities at their carrying amounts, as categorised by issuer:

|                               | 2009     | 2008          |
|-------------------------------|----------|---------------|
|                               | \$'000   | \$'000        |
| Reverse repurchase agreements | -        | 29,551        |
|                               | <u>-</u> | <u>29,551</u> |

#### (b) Liquidity risk

Liquidity risk is the risk that the Foundation is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

##### **Liquidity risk management process**

The Foundation's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining committed lines of credit; and

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (b) Liquidity risk (continued)

##### *Liquidity risk management process (continued)*

##### (iv) Optimising cash returns on investment.

The maturity profile of the Foundation's financial liabilities at year end based on contractual undiscounted payments was as follows:

|                              | Within 1<br>Month<br>\$'000 | 1 to 3<br>Months<br>\$'000 | 3 to 12<br>Months<br>\$'000 | Total<br>\$'000 |
|------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------|
| <b>2009</b>                  |                             |                            |                             |                 |
| Payables and accrued charges | 2,579                       | 2,225                      | 8,152                       | 12,956          |
| Managed funds                | -                           | -                          | 15,030                      | 15,030          |
|                              | <u>2,579</u>                | <u>2,225</u>               | <u>23,182</u>               | <u>27,986</u>   |
| <b>2008</b>                  |                             |                            |                             |                 |
| Payables and accrued charges | 264                         | 2                          | 7,771                       | 8,037           |
| Managed funds                | -                           | -                          | 12,767                      | 12,767          |
|                              | <u>264</u>                  | <u>2</u>                   | <u>20,538</u>               | <u>20,804</u>   |

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents.

#### (c) Market risk

The Foundation takes on exposure to market risks, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk.

##### **Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign exchange risk arising from currency exposure with respect to the US dollar. The balance sheet at 31 December 2009 include aggregate net foreign assets of approximately US\$83 (2008 – US\$700) in respect of such transactions.

The Foundation manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Foundation further manages this risk by maximising foreign currency earnings and holding foreign currency balances.



# Sports Development Foundation

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## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Foundation to cash flow interest risk, whereas fixed interest rate instruments expose the Foundation to fair value interest risk.

The following table summarises the Foundation's exposure to interest rate risk. It includes the Foundation's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

|  | 2009                        |                            |                             |                           |                                       | Total<br>\$'000 |
|--|-----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------------------|-----------------|
|  | Within 1<br>Month<br>\$'000 | 1 to 3<br>Months<br>\$'000 | 3 to 12<br>Months<br>\$'000 | 1 to 5<br>Years<br>\$'000 | Non-<br>Interest<br>Bearing<br>\$'000 |                 |
| <b>Assets</b>                              |                             |                            |                             |                           |                                       |                 |
| Long term receivable                       | -                           | -                          | -                           | -                         | 2,225                                 | 2,225           |
| Receivables                                | -                           | -                          | -                           | -                         | 111,282                               | 111,282         |
| Current portion of long term<br>receivable | -                           | -                          | -                           | -                         | 2,048                                 | 2,048           |
| Cash and cash equivalents                  | 2,774                       | 89,169                     | -                           | -                         | 15,101                                | 107,044         |
| <b>Total financial assets</b>              | <b>2,774</b>                | <b>89,169</b>              | <b>-</b>                    | <b>-</b>                  | <b>130,656</b>                        | <b>222,599</b>  |
| <b>Liabilities</b>                         |                             |                            |                             |                           |                                       |                 |
| Payables and accrued charges               | -                           | -                          | -                           | -                         | 12,956                                | 12,956          |
| Managed funds                              | -                           | -                          | -                           | -                         | 15,030                                | 15,030          |
| <b>Total financial liabilities</b>         | <b>-</b>                    | <b>-</b>                   | <b>-</b>                    | <b>-</b>                  | <b>27,986</b>                         | <b>27,986</b>   |
| <b>Total interest repricing gap</b>        | <b>2,774</b>                | <b>89,169</b>              | <b>-</b>                    | <b>-</b>                  | <b>102,670</b>                        | <b>194,613</b>  |

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

(c) **Market risk (continued)**  
*Interest rate risk (continued)*

|  | 2008                        |                            |                             |                           |                                       | Total<br>\$'000 |
|--|-----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------------------|-----------------|
|  | Within 1<br>Month<br>\$'000 | 1 to 3<br>Months<br>\$'000 | 3 to 12<br>Months<br>\$'000 | 1 to 5<br>Years<br>\$'000 | Non-<br>Interest<br>Bearing<br>\$'000 |                 |
| <b>Assets</b>                              |                             |                            |                             |                           |                                       |                 |
| Long term receivable                       | -                           | -                          | -                           | -                         | 3,918                                 | 3,918           |
| Investment securities                      | -                           | -                          | 29,319                      | -                         | 232                                   | 29,551          |
| Receivables                                | -                           | -                          | -                           | -                         | 100,443                               | 100,443         |
| Current portion of long term<br>receivable | -                           | -                          | -                           | -                         | 1,940                                 | 1,940           |
| Cash and cash equivalents                  | 13,161                      | 77,405                     | -                           | -                         | 13,827                                | 104,393         |
| Total financial assets                     | 13,161                      | 77,405                     | 29,319                      | -                         | 120,360                               | 240,245         |
| <b>Liabilities</b>                         |                             |                            |                             |                           |                                       |                 |
| Payables and accrued charges               | -                           | -                          | -                           | -                         | 8,037                                 | 8,037           |
| Managed funds                              | -                           | -                          | -                           | -                         | 12,767                                | 12,767          |
| Total financial liabilities                | -                           | -                          | -                           | -                         | 20,804                                | 20,804          |
| <b>Total interest repricing gap</b>        | 13,161                      | 77,405                     | 29,319                      | -                         | 99,556                                | 219,441         |

(d) **Fair values of financial instruments**

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Foundation is current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Foundation uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair values of the Foundation's financial instruments were estimated as follows:

The amounts included in the financial statements for cash and cash equivalents, investment securities, receivables and payables and accrued charges reflect their approximate fair values because of the short-term maturity of these instruments.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (d) Fair values of financial instruments (continued)

The estimated fair value of the Foundation's other financial instrument is as follows:

|                      | 2009               |               | 2008               |               |
|----------------------|--------------------|---------------|--------------------|---------------|
|                      | Carrying<br>Amount | Fair<br>Value | Carrying<br>Amount | Fair<br>Value |
|                      | \$'000             | \$'000        | \$'000             | \$'000        |
| Long term receivable | 2,225              | 3,067         | 3,918              | 3,107         |

The estimated fair values have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented above are not necessarily indicative of the amounts that the Foundation would realise in a current market exchange.

Fair values were estimated as follows:

#### Long term receivable

The fair value of long term receivable was estimated by discounting the future contractual cash flows at an estimated current market rate of interest.

There are no financial instruments carried at fair value in the balance sheet.

#### (e) Capital management

The Foundation's objective when managing capital is to safeguard the Foundation's ability to continue as a going concern in order to develop the nation through sports in compliance with the Government of Jamaica's regulations.

The Foundation is not exposed to externally imposed capital requirements.



# Sports Development Foundation

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## Notes to the Financial Statements

**31 December 2009**

(expressed in Jamaican dollars unless otherwise indicated)

### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

#### (a) Critical judgements in applying the Foundation's accounting policies

In the process of applying the Foundation's accounting policies, management has made the determination that there are no judgements that would have a significant impact on the amounts recognised in the financial statements.

#### (b) Key sources of estimation uncertainty

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management has determined that there are no estimates and assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 5. Project Expenditure and Grants

|  | 2009<br>\$'000 | 2008<br>\$'000 |
|--|----------------|----------------|
| Infrastructure Projects                  | 130,465        | 76,211         |
| Grants to National Associations          | 128,242        | 124,711        |
| Grants to Government Agencies            | 88,436         | 66,373         |
| Grant for Special Projects – Track Meets | 26,100         | 23,256         |
| Grants – others                          | 33,431         | 49,690         |
|  | <u>406,674</u> | <u>340,241</u> |

# Sports Development Foundation

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(expressed in Jamaican dollars unless otherwise indicated)

### 6. Expenses by Nature

Total disbursements and administration expenses:

|   | <b>2009</b>    | <b>2008</b>    |
|---|----------------|----------------|
|   | <b>\$'000</b>  | <b>\$'000</b>  |
| Advertising and promotion               | 1,571          | 3,294          |
| Audit fees                              | 990            | 990            |
| Depreciation and amortization           | 3,678          | 3,056          |
| Directors' fees                         | 2,415          | 1,740          |
| Foreign travel                          | 2,174          | 2,810          |
| Insurance                               | 852            | 777            |
| Legal and professional fees             | 4,354          | 1,072          |
| Motor vehicle expense                   | 910            | 905            |
| Other expenses                          | 2,659          | 3,410          |
| Project expenditure and grants (Note 5) | 406,674        | 340,241        |
| Repairs and maintenance                 | 1,762          | 1,159          |
| Security                                | 1,704          | 1,632          |
| Staff costs (Note 7)                    | 33,284         | 31,048         |
| Utilities                               | 2,255          | 2,228          |
|   | <u>465,282</u> | <u>394,362</u> |

### 7. Staff Costs

|                                      | <b>2009</b>   | <b>2008</b>   |
|--------------------------------------|---------------|---------------|
|                                      | <b>\$'000</b> | <b>\$'000</b> |
| Salaries and wages                   | 21,157        | 17,788        |
| Payroll taxes – employer's portion   | 1,893         | 1,670         |
| Pension contributions (Note 18)      | 666           | 657           |
| Others (Health, Uniform and Welfare) | 9,568         | 10,933        |
|                                      | <u>33,284</u> | <u>31,048</u> |

Average number of persons employed by the Foundation during the year:

|           | <b>2009</b> | <b>2008</b> |
|-----------|-------------|-------------|
|           | <b>No.</b>  | <b>No.</b>  |
| Full-time | <u>14</u>   | <u>11</u>   |

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## Notes to the Financial Statements

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### 8. Intangible Assets

|                           | <b>Computer<br/>Software<br/>\$'000</b> |
|---------------------------|---|
| At Cost -                 |   |
| 1 January 2008            | 464                                     |
| Additions                 | <u>70</u>                               |
| 31 December 2008          | 534                                     |
| Additions                 | <u>899</u>                              |
| 31 December 2009          | <u>1,433</u>                            |
| Amortisation -            |   |
| 1 January 2008            | 379                                     |
| Amortisation for the year | <u>70</u>                               |
| 31 December 2008          | 449                                     |
| Amortisation for the year | <u>129</u>                              |
| 31 December 2009          | <u>578</u>                              |
| Net Book Value -          |   |
| 31 December 2009          | <u><u>855</u></u>                       |
| 31 December 2008          | <u><u>85</u></u>                        |

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### 9. Property, Plant and Equipment

|                       | Computers | Office<br>Furniture &<br>Equipment | Motor<br>Vehicles | Buildings | Land   | Leasehold<br>Property | Total  |
|-----------------------|-----------|------------------------------------|-------------------|-----------|--------|-----------------------|--------|
|                       | \$'000    | \$'000                             | \$'000            | \$'000    | \$'000 | \$'000                | \$'000 |
| At Cost -             |           |                                    |                   |           |        |                       |        |
| At 1 January 2008     | 1,990     | 8,059                              | 4,908             | 16,272    | 32,072 | -                     | 63,301 |
| Additions             | 497       | 876                                | 5                 | -         | -      | 9,940                 | 11,318 |
| Disposals             | -         | (45)                               | -                 | -         | -      | -                     | (45)   |
| At 31 December 2008   | 2,487     | 8,890                              | 4,913             | 16,272    | 32,072 | 9,940                 | 74,574 |
| Additions             | 927       | 1,239                              | -                 | -         | -      | -                     | 2,166  |
| At 31 December 2009   | 3,414     | 10,129                             | 4,913             | 16,272    | 32,072 | 9,940                 | 76,740 |
| Depreciation -        |           |                                    |                   |           |        |                       |        |
| At 1 January 2008     | 1,196     | 5,306                              | 2,235             | 3,961     | -      | -                     | 12,698 |
| Charge for the year   | 355       | 602                                | 959               | 408       | -      | 662                   | 2,986  |
| Relieved on disposals | -         | (28)                               | -                 | -         | -      | -                     | (28)   |
| At 31 December 2008   | 1,551     | 5,880                              | 3,194             | 4,369     | -      | 662                   | 15,656 |
| Charge for the year   | 384       | 834                                | 930               | 406       | -      | 995                   | 3,549  |
| At 31 December 2009   | 1,935     | 6,714                              | 4,124             | 4,775     | -      | 1,657                 | 19,205 |
| Net Book Value -      |           |                                    |                   |           |        |                       |        |
| 31 December 2009      | 1,479     | 3,415                              | 789               | 11,497    | 32,072 | 8,283                 | 57,535 |
| 31 December 2008      | 936       | 3,010                              | 1,719             | 11,903    | 32,072 | 9,278                 | 58,918 |

Leasehold property represents the leases of two hospitality suites at the Sabina Park Complex in settlement of a long term receivable due from the Jamaica Cricket Association (Note 10).



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### 10. Long Term Receivable

During the prior year, in settlement of the loan due from the Jamaica Cricket Association of \$16,000,000, the Foundation entered into an agreement as follows:

- Lease of two hospitality suites (numbers 2 & 3) at the Sabina Park Complex at a cost of \$9,940,000 (US\$140,000). These suites are included in the property, plant and equipment (note 9).
- The payment of 10 years maintenance valued at \$3,035,032 (\$303,503 per annum) which commenced in May 2008.
- The balance of this loan (\$3,024,968) is interest free and is to be used to finance the Foundation's portion of the stamp duty. Any remaining balance will be repaid over a 24-month period commencing January 2009.

|                       | <b>2009</b>   | <b>2008</b>   |
|-----------------------|---------------|---------------|
|                       | <b>\$'000</b> | <b>\$'000</b> |
| Long term receivable  | 4,273         | 5,858         |
| Less: current portion | (2,048)       | (1,940)       |
|                       | <u>2,225</u>  | <u>3,918</u>  |

Current portion of long term receivable comprised of:

|             | <b>2009</b>   | <b>2008</b>   |
|-------------|---------------|---------------|
|             | <b>\$'000</b> | <b>\$'000</b> |
| Loan        | 1,498         | 1,636         |
| Maintenance | 304           | 304           |
| Stamp duty  | 246           | -             |
|             | <u>2,048</u>  | <u>1,940</u>  |

### 11. Receivables

|            | <b>2009</b>    | <b>2008</b>    |
|------------|----------------|----------------|
|            | <b>\$'000</b>  | <b>\$'000</b>  |
| CHASE Fund | 110,756        | 99,209         |
| Prepayment | 295            | 430            |
| Other      | 231            | 804            |
|            | <u>111,282</u> | <u>100,443</u> |



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### 12. Investment Securities

Investment securities comprise repurchase agreements, which are collateralised by Government of Jamaica securities.

#### (i) Short term

This comprised of:

|   | <b>2009</b>   | <b>2008</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Pan Caribbean Financial Services Limited -                        |               |               |
| Government of Jamaica instruments – 14% - 19.25%                  |               |               |
| (2008 – 16% - 19%)  |               |               |
| - Original maturity of less than 90 days                          | 68,663        | 26,150        |
| - Original maturity of greater than 90 days                       | -             | 29,320        |
| JN Fund Managers Limited -  |               |               |
| Government of Jamaica instruments – 12.5% - 18% (2008 – 14 - 17%) |               |               |
| - Original maturity of less than 90 days                          | 20,506        | 51,254        |
| Accrued Interest  | 2,762         | 1,092         |
|   | 91,931        | 107,816       |
| Transferred to cash and cash equivalents (Note 13)                | (91,931)      | (78,265)      |
|   | <u>-</u>      | <u>29,551</u> |

### 13. Cash and Cash Equivalents

|  | <b>2009</b>    | <b>2008</b>    |
|--|----------------|----------------|
|  | <b>\$'000</b>  | <b>\$'000</b>  |
| Cash at bank and in hand                   | 15,113         | 26,128         |
| Short term investment securities (Note 12) | 91,931         | 78,265         |
|  | <u>107,044</u> | <u>104,393</u> |

Short term investment securities represent securities with original maturities of three months or less and include interest receivable of \$2,762,000 (2008 – \$860,000).

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### 14. Sports Development Fund

In accordance with the provisions of its memorandum of association, the Foundation administers a Sports Development Fund. All amounts received from the CHASE Fund (Note 1) together with investment and other incomes are credited directly to the Fund. The Fund is used to finance projects and administrative activities in executing the Foundation's mandate.

15. The Constituency Development Fund Programme (CDFP) was developed out of the need to improve the effectiveness of elected parliamentary representatives and to give a greater voice to constituents in effecting change in their lives and communities. The Constituency Development Fund (CDF) therefore represents a designated funding mechanism which provides Members of Parliament with an equal annual allocation from the national budget to carry out development projects in their constituencies. In relation to sports projects, the Foundation has been appointed as project manager of the projects approved in this category under the CDFP.

|                                    | <b>2009</b>   | <b>2008</b>   |
|------------------------------------|---------------|---------------|
|                                    | <b>\$'000</b> | <b>\$'000</b> |
| Funds at the beginning of the year | 12,767        | -             |
| Allocations during the year        | 27,051        | 12,431        |
| Interest earned                    | 1,725         | 336           |
| Project disbursements              | (26,504)      | -             |
| Bank charges                       | (9)           | -             |
| Funds at the end of the year       | <u>15,030</u> | <u>12,767</u> |

### 16. Related Party Transactions

The following transactions were carried out with related parties:

#### Key management compensation

|   | <b>2009</b>   | <b>2008</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Salaries and other short-term employee benefits | 8,069         | 6,093         |
| Payroll taxes – employer's portion              | 507           | 564           |
| Pension   | 171           | 133           |
|   | <u>8,747</u>  | <u>6,790</u>  |
| Directors' emoluments -                         |               |               |
| Fees  | <u>2,415</u>  | <u>1,740</u>  |

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### 17. Taxation

The Foundation is exempt from Income Tax under Section 12 (I) of the Income Tax Act. In addition, in 2001, the Foundation received a waiver from the Minister of Finance on the income tax payable under Section 86 of the Income Tax Act. This allows the Foundation to apply for refunds of tax withheld on interest income earned.

### 18. Pension Scheme

The superannuation fund operated by the Foundation was wound up during the year and the members' benefits transferred to approved retirement schemes. The Foundation continues to contribute 5% of member's pensionable emoluments to these schemes. This payment amounted to \$660,000 (2008 - \$657,000) in the current year.

### 19. Commitments

In the normal course of business, the Foundation approved projects which at year end were not disbursed. These commitments that have not been recognised in the financial statements are:

|          | <b>2009</b>   | <b>2008</b>    |
|----------|---------------|----------------|
|          | <b>\$'000</b> | <b>\$'000</b>  |
| Projects | <u>27,995</u> | <u>116,368</u> |