

# 2015

## ANNUAL REPORT



Track at G. C. Foster College of Physical Education  
& Sport - St. Catherine



# **SPORTS DEVELOPMENT FOUNDATION**

## **Annual Report for the Year ended December 31, 2015**

Pursuant to Section 3 of the Public Bodies Management and Accountability Act, the Board of Directors is pleased to present the report of the operations of the Sports Development Foundation for the financial year ended December 31, 2015.

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

The members of the board were:

Dr. Warren Blake, Chairman  
Dr. Donovan Bennett  
Captain Horace Burrell, CD  
Hon. Michael Fennell, OJ. CD  
Dr. Joyce Graham Royal  
Mrs. Deon Hemmings- McCatty, OD  
Major Kevron Henry  
Hon. Molly Rhone, OJ. CD  
Mr. Compton Rodney  
Mrs. Elizabeth Thompson, OD, JP. Deputy Chairman

### **2. MEETINGS**

Monthly meetings of the Board of Directors, Allocations/Projects Committee and the Finance Committee were scheduled for 2015. During the year the following meetings were held:

- i. Board of Directors - Fifteen (15)
- ii. Allocations/Projects Committee -Twelve (12)
- iii. Finance Committee - Thirteen (13)
- iv. Public Relations Committee – Eight (8)
- v. Audit Committee – Three (3)
- vi. Secretariat Committee - One (1)

### **3. REVIEW OF OPERATIONS**

The Sports Development Foundation (SDF) continues to contribute significantly to the development of sport in Jamaica. This was achieved in spite of inadequate funding.

Throughout 2015, the Foundation continued to carry out its mandate of:

- a) Facilitating the development and growth of talent and skills through the construction of sporting facilities,
- b) Funding programmes of National Sporting Associations,
- c) Providing financial assistance to the G.C. Foster College of Physical Education and Sport which is the tertiary institution responsible for the development of sport officers and officials,
- d) Funding community based sports programmes through grants provided to the Institute of Sport and the Social Development Commission; and
- e) Providing where appropriate assistance to athletes through the Athletes' Welfare Fund.

Based on Section 59G of the Betting Gaming and Lotteries (BGLC) Act, the Foundation is entitled to 40% of the gaming proceeds received by the CHASE Fund. The current policy of the CHASE Fund for the transfer of the proceeds earned to the SDF is

- a) The payment of 90% of proceeds earned in the month
- b) The payment of the remaining 10% thirteen (13) months later.

This policy remained in effect for most of 2015 and was modified effective October 1, 2015 when the Government through the Minister with responsibility for sport announced a commitment to the Athletes Development Fund for track and field athletes managed by the Jamaica Athletic Administrative Association.

Through this commitment, athletes who satisfy the criteria established by the Jamaica Athletic Administrative Association will receive grants of approximately \$60,000 monthly for a period of ten months (October 2015 to July 2016) leading up to the 2016 Olympics in Brazil.

This benefit is intended to assist these athletes in their preparation for the 2016 Games. The Foundation has been asked to contribute \$4.2m monthly to this initiative. The CHASE Fund will pay 100% of the proceeds allocable to the SDF for the period October 2015 to August 2016 in order that the planned programmes of the SDF are not affected.

## A. Comparison of Actual and Budget for 2015

Table 1 shows a comparison of the actual income and expenditure for 2015 compared to the budgeted amounts.

**Table I – Comparison of Actual vs. Budget for 2015**

	<b>Actual \$'000</b>	<b>Budget \$'000</b>	<b>Variance \$'000</b>
<b>INCOME</b>			
Income from Gaming 2015	606,971	582,031	24,940
Investment Income	11,160	3,280	7,880
Other Income	14,690	12,507	2,183
<b>TOTAL INCOME</b>	<b>632,821</b>	<b>597,818</b>	<b>35,003</b>
<b>EXPENDITURE:</b>			
Administrative Expenses	95,850	119,890	24,040
Grants to Government Agencies	45,561	45,587	26
Jamaica International Invitational Athletic Meet	42,124	34,500	(7,624)
Special Allocations	3,201	15,000	11,799
Infrastructure Projects	252,153	348,847	96,694
National Associations	216,829	186,659	(30,170)
Athletes Welfare Grants	23,554	46,425	22,871
<b>TOTAL EXPENDITURE</b>	<b>679,272</b>	<b>796,908</b>	<b>117,636</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(46,451)</b>	<b>(199,090)</b>	<b>152,639</b>
Net cash adjustments	370,938	246,258	124,680
<b>NET POSITION</b>	<b>324,487</b>	<b>47,168</b>	<b>277,319</b>

## B. Comparison of Actual Results for 2015 and 2014

Table 2 shows a comparison of the actual income and expenditure for 2015 compared to the actual income and expenditure for 2014.

**Table 2 – Comparison of Actual Data for 2015 and 2014**

	<b>2015 Actual \$'000</b>	<b>2014 Actual \$'000</b>	<b>Variance \$'000</b>
<b>INCOME:</b>			
Income from Gaming	606,971	585,035	21,936
Investment Income	11,160	10,981	179
Other Income	14,690	2,819	11,871
<b>TOTAL INCOME</b>	<b>632,821</b>	<b>598,835</b>	<b>33,986</b>
<b>EXPENDITURE</b>			
Administrative expenses	95,850	74,137	(21,713)
Grants to Government Agencies	45,561	48,587	3,026
Jamaica International Invitational Athletic Meet	42,124	51,817	9,693
Special Allocations	3,201	3,251	50
Infrastructure Projects	252,153	166,367	(85,786)
National Associations	216,829	159,148	(57,681)
Athletes Welfare Grants	23,554	17,642	(5,912)
<b>TOTAL EXPENDITURE</b>	<b>679,272</b>	<b>520,949</b>	<b>(158,323)</b>
<b>SURPLUS / (DEFICIT)</b>	<b>(46,451)</b>	<b>77,886</b>	<b>(124,337)</b>

### I. Income

Total income for 2015 (\$632.821m) exceeded the budgeted projection (\$597.818m) by \$35 million. In 2015 increased sales of gaming products resulted in an increase in gaming income earned by the Foundation.

The gross income earned from gaming in 2015 (\$606.971m) reflected a 3.75% increase compared to the gross income earned in 2014 (\$585.035m). This amount represents a minimal change in comparison to the 3.34% increase in gaming income of 2014 (\$585.035m) compared to that of 2013 (\$566.098m).

In 2015, investment income earned (\$11.160m) surpassed the budgeted amount of \$3.280m. The policy of the Foundation is to invest all funds earmarked for projects prior to the implementation of same. Funds were invested for longer periods than planned owing to the following:

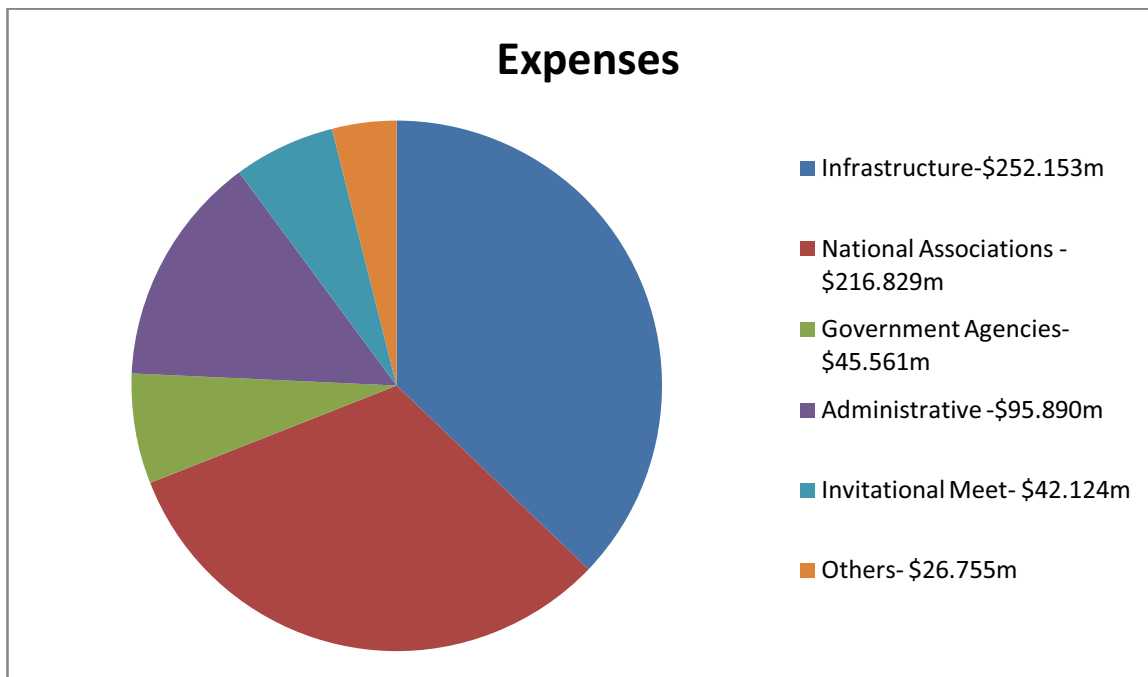
- a) Delays in the implementation timeline of infrastructure projects
- b) Savings achieved in expenditure categories, for example Administrative expenses
- c) Deferred implementation of programmes such as the Athletes Insurance Plan; and
- d) Increased income from the gaming industry.

## II. Major Expense Categories

The Major Expenses Categories are:

- a) Sports Infrastructure Projects
- b) Grants to National Associations
- c) Grants to Government Agencies
- d) Administrative Expenses

The chart below shows the amounts spent in each category.



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

During 2015, \$252.153m were spent on infrastructure projects compared with \$166.367m in 2014.

These projects included:

- Construction/rehabilitation of fenced multipurpose courts at 10 locations including courts at 5 schools (\$38.355m),
- Rehabilitation of playfields at schools and in communities (\$18.305m)
- New lights at Ulster Spring Complex (\$0.014m)
- Provision of equipment islandwide (\$0.171m)
- Major Projects such as National Projects (\$174.483m) and the High Schools Sport Infrastructure Improvement Programme (HSSIP-\$20.825m)

### **Major Projects**

- i. The reconstruction of the running track at the G. C. Foster College of Physical Education and Sports.

On January 28, 2015, the Foundation signed a contract with Berleburger Schaumstoffwerk (BSW) for the construction of a level 2 running track at the G.C.Foster College of Physical Education and Sport. The project was completed on August 19, 2015 at a cost of J\$171.174m, with the requisite certification.

- ii. The High School Sports Infrastructure Improvement Programme – This programme was developed on the basis that:
  - a. Students should have the chance of honing their sporting talent no matter which school they attend,
  - b. Schools represent a major base of development for sports in Jamaica,
  - c. The empirical evidence has shown that the protection and maintenance of sports infrastructure are achieved when the facilities are controlled by schools.

Twenty-five (25) schools were selected based on their participation and performance at the 2012 ISSA Boys and Girls Track and Field Championships. These schools are listed below:



- i. Mavis Bank High
- ii. Holmwood Technical High
- iii. Calabar High
- iv. Tarrant High
- v. St. Jago High
- vi. Paul Bogle High
- vii. Bog Walk High
- viii. Wolmer's Boys High
- ix. William Knibb High
- x. Balaclava (Roger Clarke) High
- xi. Vere Technical High
- xii. Kellits High
- xiii. Lacovia High
- xiv. Haile Selassie High
- xv. Munro College
- xvi. Tacius Golding High
- xvii. Grange Hill High
- xviii. Happy Grove High
- xix. Mushette High
- xx. Kingston College
- xxi. Petersfield High School
- xxii. Frome High
- xxiii. Mannings High
- xxiv. Garvey Maceo High
- xxv. Kemps Hill High

Funding for this programme is being provided by the SDF as well as the Sugar Transformation Unit (STU) through the Ministry of Agriculture (MOA). The schools that are to be funded by the MOA are those located in sugar dependent areas (see table attached).

The flow of funds from the Ministry of Agriculture for these projects has been very slow owing an inefficient approval process at that Ministry. This has resulted in inordinate delays in the progress of the projects. This matter has been reported to the MOA and promises have been made to improve the efficiencies but to date this remains a major hindrance to the work on these facilities.

**Table 3- MOA funded High School Infrastructure Improvement Project Status at Dec. 31, 2015**

<b>Item</b>	<b>Project Name</b>	<b>Parish</b>	<b>Project type</b>	<b>Status</b>
1	Paul Bogle High School	St. Thomas	Playing field	Complete
2	Bog Walk High School	St. Catherine	Playing field	Practically completed
3	Vere Technical High School	Clarendon	Playing field	Work advanced approximately 20%
4	Balaclava High School (Roger Clarke High)	St. Elizabeth	Playing field	Work advanced approximately 20%
5	William Knibb High School	Trelawny	Playing field	Work advanced approximately 20%
6	Grange Hill High School	Westmoreland	Playing field and Multipurpose Court	Site investigations have taken place and estimates have been prepared. Tender process to commence.
7	Kellits High School	Clarendon	Playing Field or Court	Due to the topography of the school, the facility at the nearby community centre may have to be developed to accommodate the school.

**Other Infrastructure Activities**

i. Constituency Development Fund Programme

Since 2008, the Foundation has been a part of the Constituency Development Fund (CDF) Programme as it was commissioned to implement the projects related to sports. The funds allocated to each Member of Parliament have decreased significantly. This has reduced the number of sports projects implemented. Only two projects, (construction of seats and a fenced multipurpose court at the Sherlock Crescent Complex) were done under this programme in 2015.

ii. Sports Projects in Sugar Dependent Areas

As part of the sugar divestment programme, the European Union provided funding for the establishment of sports infrastructure in sugar dependent areas (SDA) in eight parishes in Jamaica. These parishes are:

- a) Clarendon
- b) Hanover
- c) St. Catherine
- d) St. Elizabeth
- e) St. Thomas
- f) Trelawny
- g) Westmoreland
- h) St. Catherine

A Memorandum of Understanding (MOU) for the implementation/rehabilitation of sporting facilities in the parishes listed above was signed by the Foundation and the Ministry of Agriculture in April 2012. This MOU designated the SDF as the implementing agency. At the end of 2014, these projects were 95% complete. In November 2014, an extension of the MOU was agreed to taking it to August 2015. The SDF continues to experience challenges with the recovery of funds from the MOA for administrative expenses incurred in the execution of these projects.

Set out below is a table on the status of the projects, which were completed in 2015.

**Table 4 –Status of Ministry of Agriculture funded Projects at December 31, 2015**

LOCATION	PLAYFIELD	MULTIPURPOSE COURT	FENCE	BUILDING	SEATING
Lyssons	completed	Completed	Completed	Practical completion	n/a
Lime Tree Grove	completed	Completed	Completed	Completed	completed
Bunkers Hill	complete	Completed	Completed	Completed	n/a
Elim	completed	n/a	n/a	n/a	n/a

### **Challenges experienced**

- ❖ The Foundation continues to experience challenges in identifying contractors who possess the specialist skill required for the construction of sports infrastructure. This is owing to the absence of appropriate categories on the National Contracts Commission list from which these contractors can be selected. This is because there are no specific categories, for example, for the:
  - a. Construction of multipurpose courts
  - b. Construction of playfields
  - c. Installation of swimming pool equipment and repair of same
  - d. Installation of synthetic sports surfaces
- ❖ Sporting equipment to a large extent is manufactured to order. The Foundation faces the challenge of contractors/suppliers of such specialized equipment requesting advance payment of larger amounts than that allowed in the procurement guidelines. Thus permission has to be sought from the National Contracts Commission to effect these payments.
- ❖ In addition, the small number of contractors available locally and in some cases worldwide means that there may be one or no respondent to tenders at times.

As a result of these challenges the procurement process has been lengthy at times, resulting in significant delays and increased costs due to fluctuations in exchange rates.

The Foundation is however encouraged that the representation made to the Ministry of Finance in relation to the challenges highlighted above will be addressed in the changes that are now being made to the GOJ procurement policy.

### **III. National Sports Associations (Appendix 2):**

In 2015, \$216.829m (2014-\$159.148m) were paid to National Associations to provide funding for development programmes, administrative expenses, the training of athletes and administrators and for their participation in national and international competitions. These grants are outlined in Appendix 2. The increase in proceeds received during the year has facilitated the increase in grants made to National Sporting Associations. The primary beneficiary of increased funding was the Jamaica Football Federation.

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

In 2015, the Foundation provided funding of \$45.561m to Government Agencies compared to \$48.587m paid over in 2014. This was distributed as follows:

- a. Institute of Sports: \$16.500m (2014-\$16.500m) – For competitions, the development of athletes and coaching programmes.
- b. Social Development Commission: \$16.952m (2013-\$16.952m) – The provision of funding for training and competition expenses (including the national T20 cricket competition) at the community level.
- c. Independence Park Limited: \$3.315m (2014-\$6.341m) – The provision of a monthly subvention to this agency began in 2010. These Funds are provided to supplement the continued maintenance of the National Stadium and Trelawny Multipurpose Complexes. A special grant during 2014 for the Trelawny Multipurpose Stadium accounts for the significant difference between the two years
- d. G. C. Foster College of Physical Education & Sport: \$8.794m (2014-\$8.794m) – The provision of funding is for the sports curriculum for the development of physical education teachers and coaches. The G.C. Foster College of Physical Education & Sport continues to produce many graduates who are now successfully imparting their knowledge in schools, clubs and communities across Jamaica.

These grants are separate from the infrastructure upgrades provided for these institutions, in particular the G. C. Foster College and Independence Park Limited.

#### **V. Administrative Expenses**

The actual cost for Administrative expenses for the year was \$95.850m compared to the budgeted amount of \$119.890m resulting in a variance of \$24.040m.

#### **4. STAFFING**

There was no change to the staff complement in 2015. However, the SDF is urgently in need of additional personnel to improve its efficiency. In this regard, the Foundation awaits the approval of a new organizational chart and the permission to increase the staff complement from the Ministry of Finance.

5. **CHANGES TO THE CORPORATE PLAN**

The Foundation operated in 2015 in accordance with the approved Corporate Plan and no change was considered necessary.

6. **OTHER ACTIVITIES OF THE SDF**

i. Petrocaribe Fund

In July 2013, the Foundation received \$5m from the Petrocaribe Fund. This amount represents a grant to athlete, Alia Atkinson. The amount is being disbursed based on the requests made by the athlete through the Amateur Swimming Association of Jamaica. At the end of 2015, \$1.899m remained in this fund.

The reporting format agreed with the Petrocaribe Fund is as outlined below:

- a) Reports on the use of the fund will be provided by the Foundation
- b) Reports on the performance of the athlete will be provided by the Jamaica Amateur Swimming Association (ASA).

The SDF wrote recently to the ASA to inform of the funds being held for use by Miss Atkinson.

ii. Beckwith International Leadership Development (BILD) Jamaica Project

In November 2013, the Foundation signed a Memorandum of Understanding with the Office of the Prime Minister for the operation of the BILD Jamaica Project which was established for the training of youth through sport. Based on this agreement, the SDF has been managing the funds earmarked for this project. During 2015, no new funds were received but there was a carryover from 2014 of \$5.585m. Of this amount, \$1.586m was disbursed resulting in a balance of \$4.042m in the fund.

Throughout the life of the project, the Foundation has not received any report its operations. Activity under the project slowed significantly during 2015 and the SDF received reports of administrative challenges as well as possible plans to transfer implementation plans to the University of Technology (UTECH). During the last quarter of 2015 reports were received indicating that Beckwith was considering removing the project from Jamaica.

7. **CHARITABLE STATUS**

- The SDF continued to assist the various sporting bodies with the importation of sporting equipment for use in the development of the various sports.
- During 2015, it became necessary to clarify the role of the SDF in the clearance of sporting goods on a duty free basis with the Department of Co-operative and Friendly Societies, the body responsible for the issuing of Charitable Certificates. As a result the Foundation has notified National Sporting Associations that assistance in the clearing of goods and equipment will end in December 2016. The Associations have been encouraged to apply on their own behalf for charitable status.
- Prior to the Foundation receiving charitable status, application was made to the Ministry of Finance for the payment of \$16.159m in withholding tax refunds. The SDF received no response to these applications. However in 2015, the Foundation was advised by Tax Administration Jamaica that portions of the \$16.159m had become statute barred. However, this is being challenged by the SDF on the advice of our external Auditors, and the effort to recoup these funds continues on the basis that all claims were made in the correct years.

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

**Administrative Expenses:**

Administrative expenses for the year under review totaled \$95.850m. The budget for the year was \$119.890m indicating a positive variance of \$24.04m or 20.05%. Expenditure for administrative expenses represented 14.11% of total expenditure for the year. The savings in administrative expenses were primarily due to the following expenses being less than the budgeted amounts:

- ✓ Building and Equipment maintenance
- ✓ Foreign Travel and
- ✓ Salaries and Related Costs
- ✓ Professional Fees

### **Sports Infrastructure:**

It was budgeted that \$348.847m would be spent on ongoing and new projects in 2015. During the year \$252.153m were spent on infrastructure projects compared to \$166.367m in 2014. The increase in expenditure is solely attributed to the completion of the running track at the G.C. Foster College of Physical Education and Sport. The Foundation, however did not accomplish major projects such as the replacement of the electrical system at the National Stadium Pool and High School Improvement Projects at Haile Selassie, Happy Grove, Mavis Bank, and Tacius Golding High Schools.

### **National Sports Associations:**

In 2015, grants totaling \$216.829m made to National Associations exceeded the budgeted amount of \$186.660m. This variance of \$30.169m included an additional \$25.6m provided to the Jamaica Football Federation (JFF).

### **Government Institutions:**

Grants made to Government Agencies of \$45.561m were in keeping with the budgeted amounts.

## **9. FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2016**

Based on a projected increase in proceeds for 2016, the projected funding for projects and grants are as outlined in the Table below.



**Table 5- Forecasts and Projections for Financial year 2016**

<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>
Sports infrastructure including i)Replacement of electrical system at National Stadium Pool, ii) Upgrade of football fields and construction of buildings at designated High Schools(HSSIIP) iii) Commissioning of well, grassing of infield and rehabilitation of court at G.C.Foster College iv) Upgrade of sport infrastructure in communities island wide	<b>\$163.929m</b>	<b>\$60.500m</b>	<b>\$51.900m</b>	<b>\$27.500m</b>	<b>\$303.829m</b>
Improve administrative and technical development of sports through grants to national sports associations.	<b>\$59.448m</b>	<b>\$58.847m</b>	<b>\$56.677m</b>	<b>\$34.448m</b>	<b>\$209.420m</b>
Enhance sports curriculum. Increase community sports development through grants to Government Agencies.	<b>\$11.397m</b>	<b>\$11.396m</b>	<b>\$11.397m</b>	<b>\$11.397m</b>	<b>\$45.587m</b>
<u>Special Project</u> Jamaica International Invitational Track Meet	<b>\$12.500m</b>	<b>\$25.000m</b>			<b>\$37.500m</b>
<u>Athletes Welfare</u> Assist athletes and administrators for training, scholarships, medical expenses, stipends (\$42m) and other welfare needs as well support (\$20m)for the Jamaica Athlete Insurance Plan	<b>\$19.125m</b>	<b>\$18.725m</b>	<b>\$20.100m</b>	<b>\$19.125m</b>	<b>\$77.075m</b>
<u>Special Allocations</u> To assist other organizations in funding sport related activities	<b>\$5.125m</b>	<b>\$7.125m</b>	<b>\$5.625m</b>	<b>\$4.125m</b>	<b>\$22.000m</b>
<b>Total</b>	<b>\$271.524m</b>	<b>\$181.593m</b>	<b>\$145.699m</b>	<b>\$96.595m</b>	<b>\$695.411m</b>

## 10. CONCLUSION

- The SDF continues to operate at a very high level of efficiency and maintains an enviable record in the area of prompt reporting
- The major project for 2015 that is the construction of a Level 2 running track at the G. C. Foster College of Physical Education and Sport was completed within budget in the planned project timeline.
- The Foundation has been impacted negatively by the barring of withholding tax refunds. Thus continual appeals are being made to our parent ministry and the Ministry of Finance for a reversal of this action
- The continued high level of efficiency, while being commendable, cannot be taken for granted. The staff must be increased within the shortest time frame and must also be provided with all requisite tools and space in which to operate.

There continues to be increased demand for new and modern sport infrastructure throughout the island. Thus the Foundation has budgeted for an increase in its total allocations for 2016 with the expectation that all the budgeted infrastructure projects will be implemented (See table 6 below). The budgeted increase in expenditure in infrastructure in 2016 is balanced by a budgeted minimum decrease in the proposed grants to National Sporting Associations.

There is urgent need to increase the allocation of funding to the Foundation in order that the demands for sport infrastructure can be addressed in a meaningful way.

**Table 6- Comparison of the Budget for Financial year 2016 and the Actual Expenditure for Financial years 2015 and 2014**

<b>Budget Item</b>	<b>\$'000 Actual 2014</b>	<b>\$'000 Actual 2015</b>	<b>\$'000 Budget 2016</b>
Infrastructure projects	166,367	252,153	303,829
National Associations	159,148	216,829	209,420
Government Agencies:			
a. Institute of Sports	16,500	16,500	16,500
b. Social Development Commission	16,952	16,952	16,952
c. G. C. Foster College	8,794	8,794	8,794
d. Independence Park Limited	6,341	3,315	3,341
Jamaica Invitational Track Meet	51,817	42,124	37,500
Special Allocations	3,251	3,201	22,000
Athletes Welfare, Stipends, Insurance & Scholarships	17,642	23,554	77,075
<b>Total</b>	<b>446,812</b>	<b>583,422</b>	<b>645,411</b>

April 19, 2016

## Appendix 1

### Project Expenses Analysis for 2015 (\$J)

#### Fenced Multipurpose Courts

Parish	No	Amount	Location
Kingston & St. Andrew	5	16,122,580	August Town, Palms, Greenwich Primary, Melrose Primary, Norman Gardens High
Westmoreland		215,160	Retrieve
Clarendon	1	5,044,900	Tweedside
St. Elizabeth	1	4,391,150	Mayday
St. Thomas	2	7,789,300	Wheelerfield, Barking Lodge
St. Catherine	1	4,383,500	Cedar Grove
Equipment & Marking		408,338	Island wide,
TOTAL	10	38,354,928	

#### Fields

Parish	No	Amount	Location
Kingston & St. Andrew	1	10,040,000	Calabar High (running track), OPM
St. James		1,518,632	Maldon High School
Clarendon		3,000	Silent Hill
Manchester		831,420	Hatfield High
St. Catherine	1	5,911,900	Guys Hill
TOTAL	2	18,304,952	

#### Lighting, Equipment, Signs & Other Projects

Parish	No	Amount	Location
Trelawny		14,220	Ulster Spring
Equipment Island wide		170,910	
TOTAL		185,130	

## Project Expenses Analysis for 2015 (\$J) cont'd

### National Projects

Parish	No	Amount	Location
St. Catherine	1	172,673,668	Track & fencing –G.C. Foster College
Kingston & St. Andrew		(1,221,615)	Refund customs duties Track –National Stadium
Kingston & St. Andrew		69,113	Courts- Leila Robinson Complex –National Stadium
Kingston & St. Andrew		2,962,174	Seating –Leila Robinson Complex- National Stadium
TOTAL		174,483,340	

### High Schools Sports Infrastructure Improvement Projects -HSSIIP

Parish	Project type	Amount	Location
Kingston & St. Andrew	Clubhouse	770,120	Drawings – Haile Selassie High, Mavis Bank
Portland	Clubhouse	11,449	Drawings- Happy Grove High
Kingston & St. Andrew	Long jump pit, court	8,000	Mavis Bank High
Kingston & St. Andrew	well	3,000,000	Kingston College
Manchester	field	8,638,300	Holmwood High
Kingston & St. Andrew	field	382,000	Calabar High
St. Catherine	field	8,009,500	St. Jago High
St. Elizabeth	field	5,000	Munroe College
TOTAL		20,824,369	

Total Projects 2015 \$252,152,719

## Appendix 2

### Grants to National Associations 2015 and 2014 (\$J)

Association	Amount (2015)	Amount (2014)
Amateur Swimming Association of Jamaica	2,800,000	1,800,000
Equestrian Federation	1,290,000	1,290,000
Jamaica Intercollegiate Sports Assn	2,800,000	800,000
Jamaica Athletic Administrative Assn	26,652,342	19,734,600
Jamaica Amateur Basketball Assn	5,119,000	4,983,000
Jamaica Amateur Gymnastics Assn	2,381,684	83,170
Jamaica Amateur Softball Assn	1,290,000	0
Assn of Sports Medicine	1,000,000	1,000,000
Jamaica Badminton Assn	3,641,410	5,348,537
Jamaica Bobsleigh Federation	0	0
Amateur Bodybuilding Assn	1,200,000	1,099,992
Boxing Board of Control	1,806,000	1,806,000
Jamaica Chess Federation	1,750,000	2,750,000
Jamaica Cricket Association	23,800,000	19,374,273
Jamaica Cycling Federation	2,206,000	1,806,000
Jamaica Darts Association	500,000	0
Jamaica Football Federation	70,600,000	45,000,000
Jamaica Golf Association	4,185,000	2,435,000
Jamaica Hockey Federation	1,032,000	3,456,000
Jamaica Netball Association	18,680,850	11,230,850
Jamaica Paralympic Association	4,600,000	2,000,000
Jamaica Rifle Association	0	0
Jamaica Rugby Union	2,340,000	1,590,000
Jamaica Rugby League	2,250,000	1,949,996
Jamaica Skeet Club	500,000	500,000
Jamaica Ski Federation	0	0
Jamaica Visually Impaired Cricket	3,000,000	2,932,500
Jamaica Surfing Association	2,550,000	2,000,000
Jamaica Squash Association	2,306,000	1,806,000
Jamaica Table Tennis Association	2,778,950	3,135,000
Tae-Kwon Do Association and Federation	2,160,000	801,000
Jamaica Triathlon Association	500,000	0
Jamaica Volleyball Association	3,064,000	4,870,000
National Domino Bodies	1,360,000	880,000
Special Olympics Jamaica	5,508,800	3,508,800
Tennis Jamaica	5,249,000	4,299,000
Seido Karate Association	800,000	750,000
Multicare Foundation	2,838,000	2,838,000
Jamaica Cricket Umpires Assn	0	0
Jamaica Deaf Sports Association	1,290,000	1,290,000
Jamaica Rowing Federation	1,000,000	
<b>TOTAL</b>	<b>216,829,036</b>	<b>159,147,718</b>

### Appendix 3

#### Grants to Government Agencies 2015 and 2014 (\$J)

Agency	Amount (2015)	Amount (2014)
G.C. Foster College	8,794,227	8,794,227
Institute of Sports	16,500,000	16,500,000
Independence Park Ltd	3,314,501	6,340,529
Social Development Com.	16,952,410	16,952,410
TOTAL	45,561,138	48,587,166

### Appendix 4

#### Directors Compensation 2015 (\$J)

Position of Director	Gross Fees	Motor Vehicle Upkeep/ Travelling	Honoraria	All other Compensation cash and non cash	Total
Chairman	245,000	19,456		36,000	300,456
Director	67,000	133,000		36,000	236,000
Director	44,000	4,256		36,000	84,256
Director	127,500	21,280		36,000	184,780
Director	131,500	13,984		36,000	181,484
Director	188,500	216,600		36,000	441,100
Director	216,000	9,120		36,000	261,120
Director	196,000	28,728		36,000	260,728
Director	77,500	3,952		27,000	108,452
Director	247,000	25,536		36,000	308,536
TOTAL	1,540,000	475,912		351,000	2,336,912

## Appendix 5

### Compensation

#### Senior Management's Emoluments 2015 (\$J)

Position	Basic Pay	Gratuity or Performance Incentive	Motor Vehicle Upkeep/Travelling	Pension or other Retirement Benefit	Other Allowances	Non-Cash Benefit	Total
General Manager	3,343,699		1,158,672				4,502,371
Financial Controller	3,262,184		1,158,672	284,324			4,705,180
Chief Engineer	3,055,000		1,158,672	229,125			4,442,797
TOTAL	9,660,883		3,476,016	513,449			13,650,348

All emoluments are stated before tax.





**Sports Development Foundation**  
(A Company Limited by Guarantee)

**Financial Statements**  
**31 December 2015**

# Sports Development Foundation

(a company limited by guarantee)

Index

31 December 2015

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## ***Independent Auditor's 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 21, which comprise the balance sheet as at 31 December 2015 and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 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 of financial statements that give a true and fair view 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.

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*PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica*  
T: (876) 922 6230, F: (876) 922 7581, [www.pwc.com/jm](http://www.pwc.com/jm)



**Members of Sports Development Foundation  
Independent Auditor's Report  
Page 2**

***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of Sports Development Foundation as at 31 December 2015, and of its financial performance and 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 Jamaican Companies Act, in the manner so required.

*PricewaterhouseCoopers*

Chartered Accountants  
1 March 2016  
Kingston, Jamaica

# Sports Development Foundation

(a company limited by guarantee)

## Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Contributions from CHASE Fund	5	606,971	585,035
Investment income		11,160	10,981
Other income		14,690	2,819
		<u>632,821</u>	<u>598,835</u>
Less: Project Expenditure and Grants	6	(583,422)	(446,812)
Administration Expenses	7	(95,850)	(74,137)
<b>(Deficit)/surplus for Year, being Total Comprehensive Income</b>		<u>(46,451)</u>	<u>77,886</u>

# Sports Development Foundation

(a company limited by guarantee)

## Balance Sheet

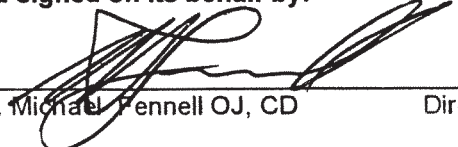
31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
<b>Non-Current Assets</b>			
Intangible assets	9	94	235
Property, plant and equipment	10	55,288	60,260
Long term receivable	11	401	705
		<u>55,783</u>	<u>61,200</u>
<b>Current Assets</b>			
Receivables	12	92,322	101,176
Current portion of long term receivable	11	304	304
Taxation recoverable	16	10,026	16,163
Cash and cash equivalents	13	324,487	368,454
		<u>427,139</u>	<u>486,097</u>
<b>Current Liabilities</b>			
Payables and accrued charges		19,025	11,694
Current portion of managed funds	14	9,061	34,383
		<u>28,086</u>	<u>46,077</u>
<b>Net Current Assets</b>			
		<u>399,053</u>	<u>440,020</u>
		<u>454,836</u>	<u>501,220</u>
<b>Equity</b>			
Sports Development Fund		453,348	499,799
<b>Non-Current Liabilities</b>			
Long term portion of managed funds	14	1,488	1,421
		<u>454,836</u>	<u>501,220</u>

Approved for issue by the Board of Directors on 1 March 2016 and signed on its behalf by:

  
 \_\_\_\_\_  
 Dr. Warren Blake Chairman

  
 \_\_\_\_\_  
 Hon. Michael Pennell OJ, CD Director

# Sports Development Foundation

(a company limited by guarantee)

## Statement of Changes in Fund

**Year ended 31 December 2015**

(expressed in Jamaican dollars unless otherwise indicated)

	<b>Sport Development Fund</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 January 2014	421,913	421,913
Surplus for year, being total comprehensive income	77,886	77,886
<b>Balance at 31 December 2014</b>	499,799	499,799
Deficit for year, being total comprehensive income	(46,451)	(46,451)
<b>Balance at 31 December 2015</b>	453,348	453,348

# Sports Development Foundation

(a company limited by guarantee)

## Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>		
(Deficit)/Surplus for year	(46,451)	77,886
Adjustments:		
Investment income	(11,160)	(10,981)
Amortisation of long term receivables	304	304
Depreciation and amortisation	5,743	6,314
Write-off of tax recoverable (Note 16)	6,137	-
Profit on disposal of property, plant and equipment	-	(994)
Exchange and translation gains on foreign balances	(4,423)	(3,350)
	<u>(49,850)</u>	<u>69,179</u>
Changes in operating assets and liabilities:		
Receivables	8,854	(13,759)
Payables and accrued charges	(17,924)	(22,265)
	<u>(58,920)</u>	<u>33,155</u>
Tax withheld at source	-	(24)
Cash (used in)/provided by operating activities	<u>(58,920)</u>	<u>33,131</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(560)	(1,430)
Purchase of intangible assets	(70)	(147)
Proceeds from sale of property, plant and equipment	-	994
Investment income received	11,160	10,981
Cash provided by investing activities	<u>10,530</u>	<u>10,398</u>
Exchange and translation gains on cash and cash equivalents	4,423	3,350
(Decrease)/Increase in cash and cash equivalents	(43,967)	46,879
Cash and cash equivalents at beginning of year	<u>368,454</u>	<u>321,575</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)</b>	<u><u>324,487</u></u>	<u><u>368,454</u></u>



# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2015**

(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.

#### **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 together with the investment and other income are credited directly to the Fund. The Fund is used to finance projects and administrative activities in executing the Foundation's mandate.

### 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.

***There were no new Standards, interpretations and amendments to published standards effective in the current year which would have an impact on the operations.***

# Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

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

#### ***Standards that are not yet effective and have not been early adopted by the Foundation***

The Foundation has concluded that the following standards which are published but not yet effective, are relevant to its operations, but will have no material impact on adoption.

**IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2018). The standard addresses the principles for the financial reporting of financial assets and financial liabilities to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The standard will eventually replace IAS 39 - Financial Instruments: Recognition and Measurement. The standard is mandatory for accounting periods beginning on or after 1 January 2015, however earlier adoption is permitted. Management is assessing the impact of adoption of the standard on the Foundation.

**IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2017). The standard will improve the financial reporting of revenue and improve comparability of the top line in the financial statements. Extensive disclosures are required to provide greater insight into both revenue that has been recognized, and revenue that is expected to be recognized in the future from existing contracts. Quantitative and qualitative information will be provided about the significant judgments and changes in those judgments that management made to determine revenue that is recorded. Management is assessing the impact of adoption of the standard on the Foundation.

### (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 functional and 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.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (c) Employee benefits

##### (i) Pension obligations

The Foundation pays contributions to approved retirement schemes on behalf of staff members. Once the contributions have been paid, the Foundation has no further obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs. See Note 17 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.

#### (d) 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 as loans and receivables. 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.

##### **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 'managed funds' and are included in non-current liabilities and current liabilities in the balance sheet.

#### (e) 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).

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (f) 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 life 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 statement of comprehensive income when expenditure is incurred.

#### (g) 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.

#### (h) Investment securities

Investment securities comprise securities purchased under agreements to resell (reverse repurchase agreements), which are treated as collateralised financing transactions. For reverse repurchase agreements, 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. The Foundation has investment securities with original maturities of three months or less which are included as 'cash and cash equivalents' in the balance sheet.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

**(i) 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.

**(j) 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.

**(k) 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.

**(l) Payables and accrued charges**

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

### 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.

# Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### ***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.

### (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

(iv) Optimising cash returns on investment.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

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

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

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

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1-5 Years	Total \$'000
<b>2015</b>					
Payables and accrued charges	6,503	1,627	10,895	-	19,025
Managed funds	-	-	9,061	1,488	10,549
	<u>6,503</u>	<u>1,627</u>	<u>19,956</u>	<u>1,488</u>	<u>29,574</u>
<b>2014</b>					
Payables and accrued charges	1,080	1,641	8,973	-	11,694
Managed funds	-	-	34,383	1,422	35,805
	<u>1,080</u>	<u>1,641</u>	<u>43,356</u>	<u>1,422</u>	<u>47,499</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 or 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 2015 includes aggregate net foreign assets of approximately \$38,708,000 (2014 – \$178,492,000) 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

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2015

(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 Foundation is exposed to cash flow interest rate risk on its cash and cash equivalents balance.

#### (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, receivables, payables and accrued charges, and managed funds reflect their approximate fair values because of the short-term maturity of these instruments.

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

	2015		2014	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Long term receivable	401	401	705	705

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.

##### Capital management

The Foundation is not exposed to externally imposed capital requirements.



# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2015**

(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. Contributions from CHASE Fund

In accordance with Section 59G of the Betting Gaming and Lotteries Act, 40% of the gaming proceeds received by the CHASE Fund is payable to the Foundation. The amount for 2015 was \$606,971,000 (2014 - \$585,035,000).

### 6. Project Expenditure and Grants

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Infrastructure Projects	252,153	166,367
Grants to National Associations	216,829	159,148
Grants to Government Agencies	45,561	48,587
Grant for Special Projects – Track Meets	42,124	51,817
Grants – others	26,755	20,893
	<u>583,422</u>	<u>446,812</u>

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 7. Expenses by Nature

Total disbursements and administration expenses:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Advertising and promotion	4,149	266
Audit fees	1,634	1,610
Depreciation and amortisation	5,744	6,313
Directors' fees (Note 15)	2,367	2,075
Foreign travel	1,128	538
Insurance	1,148	1,168
Legal and professional fees	505	261
Motor vehicle expense	2,617	2,831
Repairs and maintenance	2,574	2,157
Security	1,810	2,105
Sporting events contribution	14,616	10,395
Staff costs (Note 8)	41,960	35,336
Utilities	4,749	4,529
Other expenses	10,849	4,553
	<u>95,850</u>	<u>74,137</u>
Project expenditure and grants (Note 6)	583,422	446,812
	<u><u>679,272</u></u>	<u><u>520,949</u></u>

### 8. Staff Costs

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	23,822	20,703
Accrued leave and gratuity costs	1,541	1,555
Payroll taxes – employer's portion	2,556	2,311
Pension contributions (Note 16)	889	881
Other (Health, Uniform and Welfare)	13,152	9,886
	<u>41,960</u>	<u>35,336</u>

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

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Full-time	<u>14</u>	<u>14</u>

# Sports Development Foundation

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## Notes to the Financial Statements

**31 December 2015**

(expressed in Jamaican dollars unless otherwise indicated)

### 9. Intangible Assets

	<b>Computer Software \$'000</b>
At Cost -	
1 January 2014	2,018
Additions	147
31 December 2014	2,165
Additions	70
31 December 2015	2,235
Amortisation -	
1 January 2014	1,576
Amortisation for the year	354
31 December 2014	1,930
Amortisation for the year	211
31 December 2015	2,141
Net Book Value -	
31 December 2015	94
31 December 2014	235

# Sports Development Foundation

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## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 10. Property, Plant and Equipment

	Computers	Office Furniture & Equipment	Motor Vehicles	Buildings	Land	Leasehold Property	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -							
At 1 January 2014	3,346	9,261	18,152	16,436	32,072	9,940	89,207
Additions	900	530	-	-	-	-	1,430
Disposals	-	-	(4,645)	-	-	-	(4,645)
At 31 December 2014	4,246	9,791	13,507	16,436	32,072	9,940	85,992
Additions	259	301	-	-	-	-	560
At 31 December 2015	4,505	10,092	13,507	16,436	32,072	9,940	86,522
Depreciation -							
At 1 January 2014	2,210	3,950	6,221	6,403	-	5,633	24,417
Charge for the year	717	1,137	2,701	411	-	994	5,960
Relieved on disposal	-	-	(4,645)	-	-	-	(4,645)
At 31 December 2014	2,927	5,087	4,277	6,814	-	6,627	25,732
Charge for the year	399	1,027	2,701	411	-	994	5,532
At 31 December 2015	3,326	6,114	6,978	7,225	-	7,621	31,264
Net Book Value -							
31 December 2015	1,179	3,978	6,529	9,211	32,072	2,319	55,288
31 December 2014	1,319	4,704	9,230	9,622	32,072	3,313	60,260

Leasehold property represents the leases of two hospitality suites at the Sabina Park Complex in part settlement of a long term receivable due from the Jamaica Cricket Association (Note 11).

# Sports Development Foundation

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## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 11. Long Term Receivable

In 2008, in settlement of a 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 10).
- 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 would be repaid over a 24-month period commencing January 2009.

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Long term receivable	705	1,009
Less: current portion	(304)	(304)
	<u>401</u>	<u>705</u>

Current portion of long term receivable comprised of:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Maintenance	<u>304</u>	<u>304</u>

### 12. Receivables

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
CHASE Fund	88,187	95,479
Prepayment	613	547
Other	3,522	5,150
	<u>92,322</u>	<u>101,176</u>

The CHASE Fund withholds on a monthly basis part of the gaming proceeds payable to the Foundation. This retained portion is paid to the Foundation 13 months after being withheld.

# Sports Development Foundation

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## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 13. Cash and Cash Equivalents

	2015 \$'000	2014 \$'000
Cash at bank and in hand	131,573	202,629
Cash equivalents	192,914	165,825
	<u>324,487</u>	<u>368,454</u>

Cash equivalents represent securities with original maturities of three months or less and include interest receivable of \$1,714,000 (2014 – \$1,186,000). The weighted average effective interest rate on JMD short term deposits was 5.86% (2014 – 6.74%), on USD short term deposits was Nil (2014 – 2.22%), and on EURO short term deposits was Nil (2014 – 0.25%).

Cash at bank and in hand includes funds held under management of \$8,439,000 (2014 - \$28,255,000).

### 14. Managed Funds

i) *Constituency Development Fund*

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.

	2015 \$'000	2014 \$'000
Funds at the beginning of the year	572	577
Allocations during the year	7,272	-
Project disbursements	(8,546)	-
Bank charges	(7)	(5)
Funds at the end of the year/Balance carried forward to page 19	<u>(709)</u>	<u>572</u>

# Sports Development Foundation

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## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 14. Managed Funds (Continued)

	2015 \$'000	2014 \$'000
Balance brought forward from page 18	<u>(709)</u>	<u>572</u>
<i>ii) Ministry of Agriculture and Fisheries</i>		
On April 18, 2012, the Sports Development Foundation signed a Memorandum of Understanding (MOU) with the Ministry of Agriculture and Fisheries for the development of sports facilities in sugar dependent areas. Under this MOU the SDF will manage the construction of sporting facilities by undertaking the technical, administrative and supervisory functions of all projects and activities until 1 September 2013. On 31 August 2013, the MOU was extended until September 1, 2014. On 12 November 2014, the MOU was further extended until 1 September 2015.		
	2015 \$'000	2014 \$'000
Funds at the beginning of the year	26,327	49,764
Allocations during the year	29,039	-
Interest earned	136	493
Project disbursements	<u>(51,673)</u>	<u>(23,930)</u>
Funds at the end of the year	<u>3,829</u>	<u>26,327</u>
<i>iii) Sports Museum</i>		
In celebration of the fiftieth anniversary of independence a sport exhibition was launched and a commemorative magazine published as a precursor to a National Sports Museum. The Sports Development Foundation was requested to receive and manage funds resulting from sponsorship donations and the sale proceeds from the magazine. These funds are to be held in escrow for the establishment of the National Sports Museum.		
	2015 \$'000	2014 \$'000
Funds at the beginning of the year	1,421	1,353
Interest earned	<u>67</u>	<u>68</u>
Funds at the end of the year	<u>1,488</u>	<u>1,421</u>

# Sports Development Foundation

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## Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

### 14. Managed Funds (Continued)

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance brought forward from page 19	<u>4,608</u>	<u>28,320</u>
<i>iv) PetroCaribe fund</i>		
This fund was created from proceeds granted by the PetroCaribe Development Fund in support of Olympic Swimmer, Alia Atkinson.		
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Funds at the beginning of the year	1,899	3,378
Project disbursements	<u>-</u>	<u>(1,479)</u>
Funds at the end of the year	<u>1,899</u>	<u>1,899</u>
<i>v) Beckwith International Leadership Development (BILD) Fund</i>		
The Memorandum of Understanding (MOU) between the Sports Development Foundation (SDF) and the Office of the Prime Minister (OPM) for the operation of the Beckwith International Development Foundation (BILD) was established effective 25 November 2013 for the implementation of a Youth Leadership Through Sport project. The SDF will manage these funds until 24 November 2017.		
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Funds at the beginning of the year	5,585	787
Allocations during the year	-	7,587
Interest earned	43	2
Project disbursements	<u>(1,586)</u>	<u>(2,791)</u>
Funds at the end of the year	<u>4,042</u>	<u>5,585</u>
Grand Total	<u>10,549</u>	<u>35,804</u>
Broken down as follows:		
Current portion	9,061	34,383
Non-current	<u>1,488</u>	<u>1,421</u>
	<u>10,549</u>	<u>35,804</u>



# Sports Development Foundation

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## Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

### 15. Related Party Transactions

The following transactions were carried out with related parties:

#### Key management compensation

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short-term employee benefits	9,661	8,343
Payroll taxes – employer's portion	1,008	876
Pension	513	270
	<u>11,182</u>	<u>9,489</u>
Directors' emoluments -		
Fees	<u>2,367</u>	<u>2,075</u>

### 16. Taxation

Under Section 12(l) of the Income Tax Act the Foundation is exempt from Income Tax. In addition, in 2001, the Foundation received a waiver from the Minister of Finance and Planning on the income tax payable under Section 86 of the Income Tax Act. This allowed the Foundation to apply for refunds of tax withheld on interest income earned. The commencement of the global recession in 2008 has resulted in the cessation of the payment of withholding tax refunds.

Effective 15 July 2013 the Foundation was designated an Approved Charitable Organization as defined in Section 2 of the Income Tax Act. This means that the Foundation is eligible for tax exemption or relief under the Income Tax, GCT, Stamp Duty, Transfer Tax, Property Tax and Customs Acts. This new designation impacts tax withheld on interest income earned after 15 July 2013.

At the end of 2015 tax recoverable of \$10,026,000 (2014 - \$16,163,000) was due from the Ministry of Finance and Planning. The Foundation has written to this Ministry to request payment of this amount in the form of cash and cash equivalents over a three year period.

During the year the Foundation wrote off tax recoverable totaling \$6,137,000 as the amount was deemed to be uncollectible.

### 17. Pension Scheme

The employees make a contribution to approved retirement schemes. The Foundation contribute 5% of member's pensionable emoluments to these schemes. This payment amounted to \$889,000 (2014 - \$881,000) in the current year.







Track at Calabar High School - Kingston

## **Sports Development Foundation**

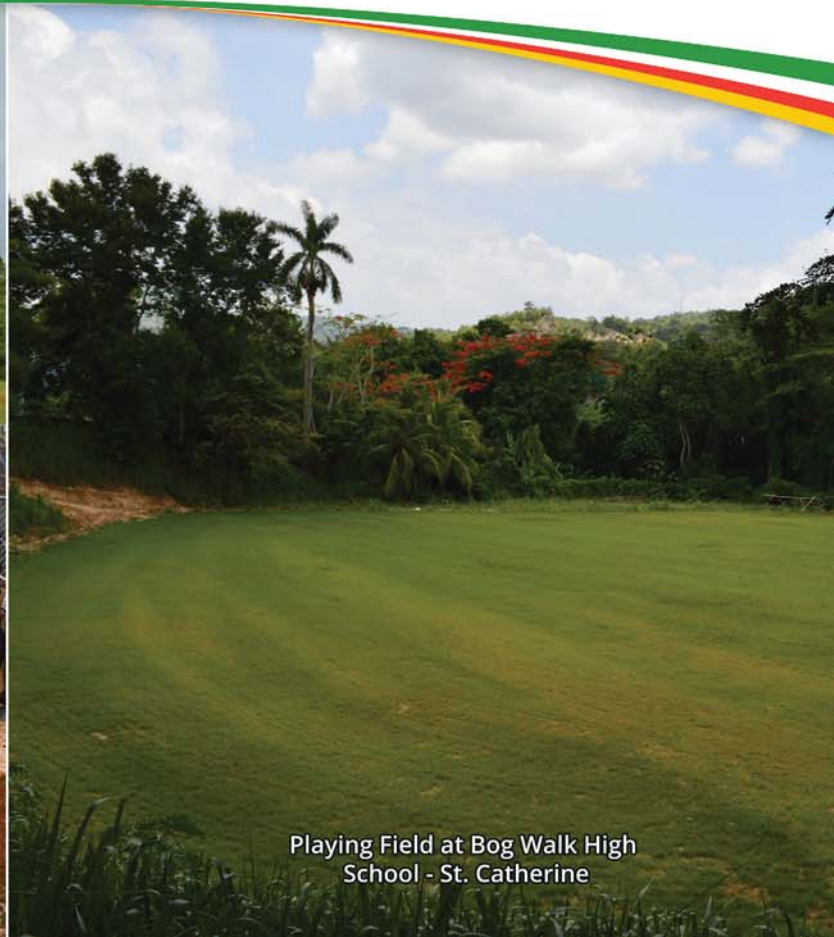
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