



2016

ANNUAL REPORT

Maldon High School - Playing Field, St. James



25m Diving Pool - National Stadium, Kingston

HSSIIP

High School Sports Infrastructure
Improvement Programme



MESSAGE FROM THE MINISTER OF CULTURE, GENDER, ENTERTAINMENT AND SPORT FOR THE ANNUAL REPORT OF THE SPORTS DEVELOPMENT FOUNDATION



The importance of the role of the Sports Development Foundation (SDF) as one of the key agencies of the Ministry of Culture, Gender, Entertainment and Sport cannot be over-emphasized.

The SDF was conceived as the entity that would provide resources to support the development and implementation of sport in Jamaica. Its mission is to develop the physical infrastructure and human capital for sport at the community and national levels by implementing appropriate plans, policies and programmes.

Considering the gravity of such a mandate, it is of fundamental importance that the SDF operates at optimum level.

It is satisfying to note that during the period which this Annual Report reviews, the SDF was able to complete work on 10 of the 25 schools under the High Schools Sports Infrastructure Improvement Programme.

That organisation was also able to improve administrative and technical development of sports through grants to national sports associations is also worthy of notice.

As it forges ahead, we can reasonably expect the SDF to continue to make its contribution in the effort to realize the vision of Jamaica's National Sport Policy which is, "To create a dynamic and enabling environment in which persons enjoy and excel in sport at all levels while building strong bonds of unity in their communities and benefiting from the economic opportunities to be derived from sport."

To the Board of Directors, Management and Staff, I express my sincere thanks for the work you do day in and day out to satisfy the demands of the mandate of the Sports Development Foundation in the interest of advancing sport for people and country.

OLIVIA GRANGE, MP CD

Minister of Culture, Gender, Entertainment and Sport



CHAIRMAN'S MESSAGE

I have had the privilege of chairing the Board of the Sports Development Foundation (SDF) since May 2016 and been able to participate in a process that genuinely contributes to the development of a vital sector of the economy. Sport has evolved over the years into a genuine economic industry that contributes significantly to the growth of the Gross Domestic Product (GDP) of the country. This, however, should not be interpreted to mean that it can now survive on its own. The symbiotic relationship between this emerging industry and its counterparts, in particular, tourism needs to be consolidated.

The country gets no greater advertisement than when it's sporting stars get to the pinnacle of their sport and are covered by international media. It would seem then that the tourism industry has a vested interest in athletic prowess and concomitant obligation to contribute to its enhancement.

Sport has become a source of national pride that extends to the Diaspora. Those who have been immigrants for decades are now claiming ownership of our athletic stars and not those of their adopted home. This is fully recognized by the government, which is committed to ensuring that the critical infrastructure is in place to ensure sustainability in quality sporting performance.

The SDF has a rich history of efficiency and operating within the confines of its mandate and regulatory framework. For an institution with just fourteen full time staff it is commendable the number of completed projects right across the length and breadth of the country. For the most part these projects are completed within budget and time allotted in spite of the vagaries of terrain, weather and human resource challenges.

The rating of this institution in the books of the National Contracts Commission, Office of the Contractor General and its auditors remains exemplary. This allows us Directors to concentrate on matters of policy and enhancement as internal control mechanisms are adhered to by management and staff.

I use this forum to commend the staff and previous boards as well, and history indicates a consistency of performance. I thank the Hon. Minister for affording me the opportunity to serve and I know I speak on behalf of my fellow Directors in saying thanks. I also thank them for the support they provide even as we seek to take the organization to a new level of proactivity.

Finally, it would be remiss of me not to appeal to the relevant authorities to allow this efficient Public Body the staffing upgrade required to ensure even greater levels of efficiency and output. The board will not resile from this task of ensuring that the requisite human and other capacity is in place. Equally the need for additional funding is urgent as the current budgetary allocation barely satisfies one third of the needs of the sporting bodies. If this can be impacted significantly whether through private or public initiative it would significantly improve the economic impact of the sporting sector.

GEORGE SOUTAR Q.C. O.D.

SPORTS DEVELOPMENT FOUNDATION

Annual Report for the Year ended December 31, 2016

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, 2016.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

The members of the board were:

1. Mr. George Soutar, QC, OD – Chairman
2. Mr. Lloyd Pommells, JP – Deputy Chairman
3. Dr. the Hon. Michael Fennell, OJ
4. Hon. Molly Rhone, OJ
5. Mrs. Annmarie Heron, OD
6. Mr. Compton Rodney, OD
7. Mr. Newton Amos
8. Dr. Donovan Bennett
9. Mr. Ian Forbes
10. Mr. Lance Thomas
11. Mr. David Shirley

2. MEETINGS

The following meetings were held during the year:

- Board Meetings (13)
- Allocations/Projects Committee (6)
- Finance Committee (8)
- Audit Committee (3)
- Secretariat Committee
- Special Budget Meetings (2)

3. REVIEW OF OPERATIONS

The year 2016 was an extremely interesting one for the Sports Development Foundation (SDF) as shortly after the completion of the budget an election was

announced in February and this resulted in a change in Administration. It should be noted, however, that the Board that was in place at the time of the elections was asked to continue until a new Board was appointed. This appointment took place in May, 2016.

Nonetheless the SDF 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.

As stated in the 2015 report, there was a temporary policy change as it relates to the delayed payment. This resulted from the special stipend paid to track and field athletes who were in preparation mode, mainly for the Rio Olympics as well as other regional and international representation. This programme continued to July of 2016 after which the original payment schedule was reinstated.

A. Comparison of Actual and Budget for 2016

Table 1 shows a comparison of the actual income and expenditure for 2016 compared to the budgeted amounts.

Table I – Comparison of Actual vs. Budget for 2016

	Actual \$'000	Budget \$'000	Variance \$'000
INCOME			
Income from Gaming 2016	580,506	612,342	(31,836)
Investment Income	11,605	5,182	6,423
Other Income	6,110	648	5,462
TOTAL INCOME	598,221	618,172	(19,951)
EXPENDITURE:			
Administrative Expenses	79,509	111,085	31,576
Grants to Government Agencies	45,837	45,587	(250)
Jamaica International Invitational & Racers Grand Prix Athletic Meets	56,869	37,500	(19,369)
Sporting Events- Tickets	20,232	19,000	(1,232)
Special Allocations	74,166	22,000	(52,166)
Infrastructure Projects	120,917	303,829	182,912
National Associations	233,711	209,420	(24,291)
Athletes Welfare Grants	54,307	77,075	22,768
TOTAL EXPENDITURE	685,548	825,496	139,948
SURPLUS/(DEFICIT)	(87,327)	(207,324)	119,997
Net cash adjustments	332,768	291,167	41,601
NET POSITION	245,441	83,843	161,598

Income from gaming for 2016 fell short of projections by \$31.836m (5.2%). Investment and other income performed above expectations resulting in the total income for the period showing a shortfall of \$19.951m (3.3%).

Administrative expenses for the year fell \$31.576m short of budget due to a combination of factors including the fact that a number of confirmed vacancies have not been filled

due to constraints pending the Public Sector Reform Programme, savings in the area of maintenance and efficiencies in the area of operations.

It should also be noted that the contribution to the two international track meets exceeded the budget by \$19.369m as when the budget was crafted the Racers Grand Prix had not been contemplated. The variance is entirely due to the US\$150,000 allocated to this event.

The significant variance in expenditure on infrastructure projects is cause for concern, being \$182.912m or 60.2% of the budget. This was due mainly to the decision to postpone some projects to 2017 and further based on certain imperatives that developed during the latter half of 2016. A significant portion of this shortfall (\$50m) was expended on the athletes awards and related celebrations following the Rio Olympics. Procurement delays also contributed to this reduced execution of infrastructure projects as well as weather related delays, particularly where field upgrade is concerned.

B. Comparison of Actual Results for 2016 and 2015

Table 2 shows a comparison of the actual income and expenditure for 2016 compared to the actual income and expenditure for 2015.

Table 2 – Comparison of Actual Data for 2016 and 2015

	2016 Actual \$'000	2015 Actual \$'000	Variance \$'000
INCOME:			
Income from Gaming	580,506	606,971	(26,465)
Investment Income	11,605	11,160	445
Other Income	6,110	14,690	(8,580)
TOTAL INCOME	598,221	632,821	(34,600)
EXPENDITURE			
Administrative expenses	79,509	81,234	1,725
Grants to Government Agencies	45,837	45,561	(276)
Jamaica International Invitational & Racers Grand Prix Athletic Meets	56,869	42,124	(14,745)
Special Allocations	74,166	3,201	(70,965)
Special Events-Tickets	20,232	14,616	(5,616)
Infrastructure Projects	120,917	252,153	131,236
National Associations	233,711	216,829	(16,882)
Athletes Welfare Grants including Athletes Insurance Plan	54,307	23,554	(30,754)
TOTAL EXPENDITURE	685,548	679,272	(6,276)
SURPLUS / (DEFICIT)	(87,327)	(46,451)	(40,876)

I. Income

Research has indicated that gaming income for 2015 was over the average returns. Therefore the \$26.465m decline in 2016 from 2015 does not represent a real decline from what can be considered the norm. Rather 2015 must go down as a special year. One interesting factor is that during that year the lotto jackpot soared to over \$300m. History suggests that there is a definite correlation between a high lotto jackpot and increased purchases.

The significant difference in the area of Special Allocations in 2016 was due to the expenditure on athletes following the Olympics, a special summer programme for children and support provided for a national women's football tournament.

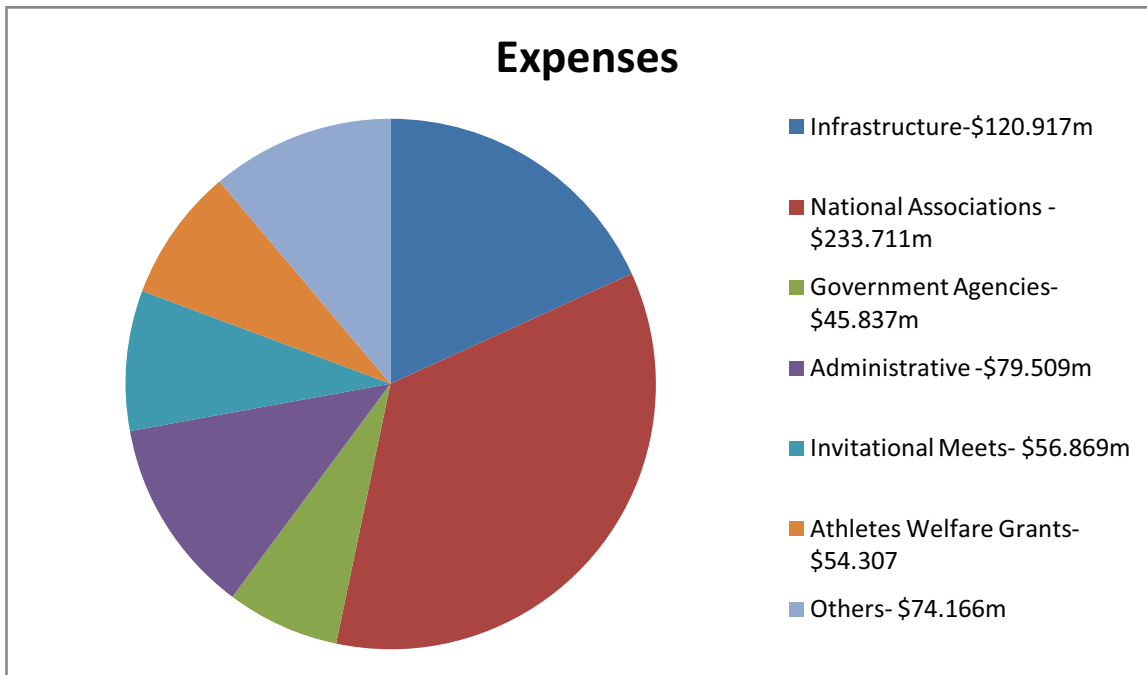
The activation of the Athletes' Insurance Plan resulted in a sharp increase in the area of Athletes' Welfare Grants by \$30.754m.

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):

These projects included:

- i. **The High School Sports Infrastructure Improvement Programme (HSSIIP)** – This programme began in 2014 and has continued. By the end of 2016 work had been completed on ten of the twenty-five selected as follows:

- i. Calabar High
- ii. Holmwood Technical High
- iii. Paul Bogle High
- iv. Bog Walk High
- v. Wolmer's Boys High
- vi. Vere Technical High
- vii. Kingston College
- viii. St. Jago High
- ix. Mavis bank High
- x. Happy Grove 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.

Other Infrastructure Activities

- i. Constituency Development Fund Programme
 - a. There was no activity in this area during 2016 as Members of Parliament chose to execute their CDF projects through other state agencies.

- ii. Sports Projects in Sugar Dependent Areas
 - a. A number of projects in this area were completed prior to 2016. Since then the concentration has been on the HSSIIP, which have already been reported on. Three of the ten projects completed under this programme have been in sugar dependent areas and two others were started during the year under review.

Challenges experienced

- ❖ The National Contracts Commission (NCC) is yet to make the necessary adjustments to facilitate the specialized area of sport related construction and service provision.

- ❖ The SDF still awaits the special consideration promised as it relates to the acquisition of specialized equipment and accessing services as promised by the Ministry of Finance.

- ❖ Questions continue to be raised regarding the gaps in funding provided to different sporting bodies. The only solution to this challenge is additional funding as there is no sport that is adequately funded.

iii. National Sports Associations (Appendix 2):

In 2016, \$233.711m (2015-\$216.829m) 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 Foundation took a strategic decision to make a greater contribution to the Associations, over and above their monthly allocations, based on the programmes as outlined. It is fully recognized that the assistance is inadequate but the effort is to maximize the benefits from what is available.

iv. Government Agencies (Appendix 3)

In 2016, the Foundation provided funding of \$45.837m to Government Agencies compared to \$45.561m paid over in 2015. This was distributed as follows:

- a. Institute of Sports: \$6.875m (2015-\$16.500m) – For competitions, the development of athletes and coaching programmes. In June 2016, the responsible Minister requested that the Foundation withhold subvention payments due to this organization until further advised. The unpaid portion has been accrued (\$9.625m)
- b. Social Development Commission: \$16.952m (2015-\$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: \$3.341m (2015-\$3.315m) – 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.
- d. G. C. Foster College of Physical Education & Sport: \$9.044m (2015-\$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.

III. Administrative Expenses

Administrative expenses for 2016 were 11.6% of total expenditure, an outstanding achievement by any standard and continuing the trend over the years as in 2015 the ratio was 12.0%.

4. STAFFING

There was no change to the staff complement in 2016. However, the SDF is urgently in need of additional personnel to further improve its capacity to deliver projects. 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. The MOF initially indicated that it was ready to allow for the adjustment but the Public Sector Reform Programme has resulted in this being put on hold.

5. CHANGES TO THE CORPORATE PLAN

The Foundation operated in 2016 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 2016, \$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

The donor agency for this project, Youth Sport Trust International indicated that it will no longer support the BILD project in Jamaica. Thus in May 2016, \$3.999m (US\$31,880.51) was remitted to this donor agency. The Foundation has retained funds (J\$70,312) which are to be used to pay outstanding project obligations.

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 the year a seminar was held in conjunction with the Department of Cooperatives and Friendly Societies and the Jamaica Customs Agency in order to assist National Sporting Associations to obtain their own 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. This is being challenged by the SDF and the effort to recoup these funds continues on the basis that all claims were made in the applicable years.

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

Administrative Expenses:

Administrative expenses for the year under review totaled \$79.509m. The budget for the year was \$111.085m indicating a positive variance of \$31.576m or 28.42%. Expenditure for administrative expenses represented 11.60% 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
- ✓ Salaries and Related Costs and
- ✓ Professional Fees

Sports Infrastructure:

It was budgeted that \$303.829m would be spent on ongoing and new projects in 2016. During the year \$120.917m were spent on infrastructure projects compared to \$252.153m in 2015. The decrease in expenditure is solely attributed to the reallocation of funds to other priority areas.

National Sports Associations:

In 2016, grants totaling \$233.711m made to National Associations exceeded the budgeted amount of \$209.420m. This variance of \$24.291m included an additional \$9m provided to the Jamaica Football Federation (JFF).

Government Institutions:

Grants made to Government Agencies of \$45.837m were in keeping with the budgeted amounts.

9. FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2017

Based on the projected proceeds for 2017, the projected funding for projects and grants are as outlined in the Table below.

Table 4- Forecasts and Projections for Financial year 2017

Key Output	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
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 Commencement of mini-stadium iv) Upgrade of sport infrastructure in communities island wide	\$135.238m	\$30.000m	\$11.500m	\$44.100m	\$220.838m
Improve administrative and technical development of sports through grants to national sports associations.	\$46.274m	\$43.199m	\$53.279m	\$39.399m	\$182.151m
The purchase of tickets for sporting events	\$6.750m	\$11.550m	\$3.650m	\$0.600m	\$22.550m
Enhance sports curriculum. Increase community sports development through grants to Government Agencies.	\$11.397m	\$9.528m	\$9.528m	\$9.529m	\$39.982m
<u>Special Project</u> Jamaica International Invitational Track Meet Racers Grand Prix	\$13.500m	\$27.000m \$20.250m			\$40.500m \$20.250m
Assist other organizations involved in sport a) Provide support for PLCA b) Jamaica 55 c) Summer Camp	\$5.400m \$0.900m	\$5.400m \$0.900m	\$1.800m \$0.300m \$9.500m		\$12.600m \$2.100m \$9.500m
<u>Athletes Welfare</u> Assist athletes and administrators for training, scholarships, medical expenses, stipends The Jamaica Athlete Insurance Plan	\$1.800m \$5.100m	\$1.800m \$4.700m	\$1.800m \$5.100m	\$1.800m \$5.100m	\$7.200m \$20.000m
<u>Special Allocations</u> To assist other organizations in funding sport related activities	\$0.450m	\$0.450m	\$1.650m	\$2.250m	\$4.800m
Commissioning of statutes to honour Track and Field athletes	\$6.750m	\$6.750m	\$6.750m		\$20.250m
Total	\$233.559m	\$161.527m	\$104.857m	\$102.778m	\$602.721m

10. CONCLUSIONS

- 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 2016 was the High Schools Sports Infrastructure Improvement Programme. Significant progress was made with this programme during the year with nine schools completed.
- The sharp drop in infrastructure expenditure in 2016 should be avoided for 2017 as this is the main remit of the Foundation.
- There is a great need for more collaboration with the other state entities involved in the funding of sports.
- There is the need for the use of scientific data to select project locations and sites.
- With the expertise garnered by our Chief Engineer and Project Manager in the area of turf management it is time to look at the training aspect of the Foundation's remit.
- The area of fund raising needs to be addressed from the highest policy level in order that the SDF can be provided with a clear pathway to pursue this vital aspect of development.

Table 5- Comparison of the Budget for Financial year 2017 and the Actual Expenditure for Financial years 2016 and 2015

Budget Item	\$'000 Actual 2015	\$'000 Actual 2016	\$'000 Budget 2017
Infrastructure projects	252,153	120,917	220,838
National Associations	216,829	233,711	182,151
Government Agencies:			
a. Institute of Sports	16,500	16,500	19,875
b. Social Development Commission	16,952	16,952	4,238
c. G. C. Foster College	8,794	9,044	2,199
d. Independence Park Limited	3,315	3,341	13,670
Tickets Sporting Events	14,616	20,232	22,550
Jamaica Invitational Track Meet	42,124	38,069	40,500
Racers Grand Prix		18,800	20,250
Special Allocations	3,201	59,566	4,800
Grant PLCA	-	3,600	12,600
Jamaica 55	-	1,500	2,100
Summer Camp	-	9,500	9,500
Athletes Welfare Stipends & Scholarships	23,554	34,307	7,200
Athletes Insurance	-	20,000	20,000
Statutes	-	-	20,250
Total	598,038	606,039	602,721

April 26, 2017

Appendix 1

Project Expenses Analysis for 2016 (\$J)

Fenced Multipurpose Courts

Parish	No	Amount	Location
Kingston & St. Andrew	5	12,353,108	Tinson Pen, Gaynstead High, Tivoli Gardens, Windward Road
Westmoreland	2	9,885,740	Retrieve, Llandillo
Clarendon	1	3,113,180	Denbigh
St. James	1	6,287,790	Cambridge
St. Thomas	1	3,945,160	Old Pera
St. Catherine	4	17,497,745	G.C. Foster College, Deeside, Glengoffe
Equipment & Marking		316,504	Island wide,
TOTAL	14	53,399,227	

Fields

Parish	No	Amount	Location
Kingston & St. Andrew	1	1,500,000	Tivoli Community
St. James		452,500	Maldon High School
St. Catherine		12,,000	Guys Hill, G.C. Foster
TOTAL	1	1,964,500	

Project Expenses Analysis for 2016 (\$J) cont'd

National Projects

Parish	No	Amount	Location
St. Catherine		107,181	Track & fencing –G.C. Foster College
Kingston & St. Andrew		(24,474)	Refund customs duties Track –National Stadium
TOTAL		82,707	

High Schools Sports Infrastructure Improvement Projects -HSSIIP

Parish	Project type	Amount	Location
Kingston & St. Andrew	field	8,207,874	Haile Selassie High, Mavis Bank
Portland	Clubhouse	11,093,878	Happy Grove High
Kingston & St. Andrew	Long jump pit, court	7,326,208	Mavis Bank High
Kingston & St. Andrew	Court, long jump pit	6,857,433	Wolmers Boys
Manchester	field	1,563,962	Holmwood High
Kingston & St. Andrew	field	649,985	Tarrant High
St. Catherine	field	1,543,990	St. Jago High
St. Elizabeth	field	6,635,602	Lacovia High
St. Catherine		5,370	Tacius Golding High
Clarendon		1,500	Kellits High
TOTAL		43,885,802	

Project Expenses Analysis for 2016 (\$J) cont'd

Fencing

Parish	No	Amount	Location
Kingston & St. Andrew	2	2,200,250	Real Success Basic School, Tarrant High
Clarendon	1	753,450	Tweedside Primary
TOTAL	3	2,953,700	

Lighting, Seating, Wells & Other Projects

Parish	No	Amount	Location
Kingston and St. Andrew		89,350	Sherlock Crescent (seating)
Kingston and St. Andrew		2,000,000	Payne Avenue (lighting)
Kingston and St. Andrew		6,500,000	Kingston College (well)
Clarendon		9,922,830	Hazeldene (clubhouse)
Islandwide		119,270	Equipment
TOTAL		18,631,450	

Total Projects 2016 \$120,917,386

Appendix 2

Grants to National Associations 2016 and 2015 (\$J)

Association	Amount (2016)	Amount (2015)
Amateur Swimming Association of Jamaica	2,800,000	2,800,000
Equestrian Federation	1,597,035	1,290,000
Jamaica Intercollegiate Sports Assn	3,600,000	2,800,000
Jamaica Athletic Administrative Assn	29,000,000	26,652,342
Jamaica Amateur Basketball Assn	9,147,860	5,119,000
Jamaica Amateur Gymnastics Assn	1,290,000	2,381,684
Jamaica Amateur Softball Assn	1,290,000	1,290,000
Assn of Sports Medicine	1,000,000	1,000,000
Jamaica Badminton Assn	2,970,500	3,641,410
Jamaica Bobsleigh Federation	0	0
Amateur Bodybuilding Assn	1,200,000	1,200,000
Boxing Board of Control	1,853,500	1,806,000
Jamaica Chess Federation	3,250,000	1,750,000
Jamaica Cricket Association	24,400,000	23,800,000
Jamaica Cycling Federation	2,206,000	2,206,000
Jamaica Darts Association	1,000,000	500,000
Jamaica Football Federation	67,000,000	70,600,000
Jamaica Golf Association	4,935,000	4,185,000
Jamaica Hockey Federation	6,175,341	1,032,000
Jamaica Netball Association	18,680,850	18,680,850
Jamaica Paralympic Association	4,500,000	4,600,000
Jamaica Rifle Association	0	0
Jamaica Rugby Union	2,890,000	2,340,000
Jamaica Rugby League	2,200,000	2,250,000
Jamaica Skeet Club	1,800,000	500,000
Jamaica Ski Federation	0	0
Jamaica Visually Impaired Cricket	3,628,895	3,000,000
Jamaica Surfing Association	3,000,000	2,550,000
Jamaica Squash Association	2,306,000	2,306,000
Jamaica Table Tennis Association	2,525,931	2,778,950
Tae-Kwon Do Association and Federation	2,200,000	2,160,000
Jamaica Triathlon Association	884,000	500,000
Jamaica Volleyball Association	4,464,000	3,064,000
National Domino Bodies	2,230,000	1,360,000
Special Olympics Jamaica	6,008,800	5,508,800
Tennis Jamaica	4,749,000	5,249,000
Jamaica Motoring Federation	500,000	0
Seido Karate Association	850,000	800,000
Multicare Foundation	2,838,000	2,838,000
Jamaica Deaf Sports Association	1,740,000	1,290,000
Jamaica Rowing Federation	1,000,000	1,000,000
TOTAL	233,710,712	216,829,036

Appendix 3

Grants to Government Agencies 2016 and 2015 (\$J)

Agency	Amount (2016)	Amount (2015)
G.C. Foster College	9,044,227	8,794,227
Institute of Sports	16,500,000	16,500,000
Independence Park Ltd	3,340,529	3,314,501
Social Development Com.	16,952,410	16,952,410
TOTAL	45,837,166	45,561,138

Appendix 4

Directors Compensation 2016 (\$J)

Position of Director	Gross Fees	Travelling	Honoraria	All other Compensation cash and non cash	Total
Chairman	153,550	5,472	-	48,000	207,022
Former Chairman	70,000	3,648	-	15,000	88,648
Director	55,000	2,280	-	30,000	87,280
Director	51,500	66,500	-	51,000	169,000
Director	22,000	1,824	-	15,000	38,824
Director	178,050	20,216	-	51,000	249,266
Director	130,550	8,512	-	36,000	175,062
Director	37,000	1,520	-	15,000	53,520
Director	33,000	3,040	-	15,000	51,040
Director	143,500	10,336	-	36,000	189,836
Director	47,500	51,984	-	15,000	114,484
Director	202,800	11,552	-	48,000	262,352
Director	139,200	4,560	-	51,000	194,760
Director	216,600	22,344	-	46,000	284,944
Director	44,000	-	-	28,000	72,000
Director	82,550	6,080	-	36,000	124,630
Director	47,500	3,648	-	15,000	66,148
TOTAL	1,654,300	223,516	-	551,000	2,428,816

Appendix 5

Compensation

Senior Management's Emoluments 2016 (\$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	3,712,139	1,608,547	1,311,132		-	-	6,631,818
Financial Controller	3,388,677	-	1,311,132	157,553	-	-	4,857,362
Chief Engineer	2,830,997	-	1,311,132	138,675	-	-	4,280,804
TOTAL	9,931,813	1,608,547	3,933,396	296,228	-	-	15,769,984

All emoluments are stated before tax.



Sports Development Foundation
(A Company Limited by Guarantee)

Financial Statements
31 December 2016

Sports Development Foundation

(a company limited by guarantee)

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31 December 2016

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Independent Auditor's Report

To the Members of Sports Development Foundation

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sports Development Foundation (the Foundation) as at 31 December 2016, and 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.

What we have audited

The Foundation's financial statements comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in fund for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom D.D. Dodd G.K. Moore



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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 stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
26 April 2017
Kingston, Jamaica

Sports Development Foundation

(a company limited by guarantee)

Statement of Comprehensive Income

Year ended 31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Contributions from CHASE Fund	5	580,506	606,971
Investment income		11,605	11,160
Other income		6,110	14,690
		<u>598,221</u>	<u>632,821</u>
Less: Project Expenditure and Grants	6	(606,039)	(583,422)
Administration Expenses	7	(79,509)	(95,850)
Deficit for Year, being Total Comprehensive Income		<u>(87,327)</u>	<u>(46,451)</u>

Sports Development Foundation

(a company limited by guarantee)

Balance Sheet

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Non-Current Assets			
Intangible assets	9	3	94
Property, plant and equipment	10	58,755	55,288
Long term receivable	12	101	401
Investment securities	11	41,639	-
		<u>98,498</u>	<u>55,783</u>
Current Assets			
Receivables	13	47,155	92,322
Current portion of long term receivable	12	304	304
Taxation recoverable	17	10,196	10,026
Cash and cash equivalents	14	246,441	324,487
		<u>303,096</u>	<u>427,139</u>
Current Liabilities			
Payables and accrued charges		21,445	19,025
Current portion of managed funds	15	12,568	9,061
		<u>34,013</u>	<u>28,086</u>
Net Current Assets			
		<u>269,083</u>	<u>399,053</u>
		<u>367,581</u>	<u>454,836</u>
Equity			
Sports Development Fund		366,021	453,348
Non-Current Liabilities			
Long term portion of managed funds	15	1,560	1,488
		<u>367,581</u>	<u>454,836</u>

Approved for issue by the Board of Directors on 28 April 2017 and signed on its behalf by:


George Soutar O.D. Q.C.

Chairman


Ian Forbes

Director

Sports Development Foundation

(a company limited by guarantee)

Statement of Changes in Fund

Year ended 31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Sport Development Fund \$'000	Total \$'000
Balance as at 1 January 2015	499,799	499,799
Deficit for year, being total comprehensive income	(46,451)	(46,451)
Balance at 31 December 2015	453,348	453,348
Deficit for year, being total comprehensive income	(87,327)	(87,327)
Balance at 31 December 2016	366,021	366,021

Sports Development Foundation

(a company limited by guarantee)

Statement of Cash Flows

Year ended 31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities		
Deficit for year	(87,327)	(46,451)
Adjustments:		
Investment income	(11,264)	(11,160)
Amortisation of long term receivables	300	304
Depreciation and amortisation	6,032	5,743
Write-off of tax recoverable	-	6,137
Exchange and translation gains on foreign balances	(3,196)	(4,423)
	<u>(95,455)</u>	<u>(49,850)</u>
Changes in operating assets and liabilities:		
Receivables	45,167	8,854
Payables and accrued charges	5,999	(17,924)
	<u>(44,289)</u>	<u>(58,920)</u>
Tax withheld at source	(170)	-
Cash used in operating activities	<u>(44,459)</u>	<u>(58,920)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(7,408)	(560)
Purchase of intangible assets	-	(70)
Investment income received	11,264	11,160
Purchase of investment securities	(41,639)	-
Cash provided by investing activities	<u>(37,783)</u>	<u>10,530</u>
Exchange and translation gains on cash and cash equivalents	3,196	4,423
Decrease in cash and cash equivalents	(79,046)	(43,967)
Cash and cash equivalents at beginning of year	324,487	368,454
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	<u>245,441</u>	<u>324,487</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

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.

Standards, interpretations and amendments to existing standards effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new interpretations and amendments, and has determined that they did not have a material impact on the Company's operations.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortization, (effective for annual periods beginning on or after 1 January 2016). This IASB has clarified that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Entities are assessing the impact of adopting these amendments.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

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 2018, 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.

The foundation has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no material impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect.

(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

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Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

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 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.

(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 in the following categories: at fair value through profit or loss and 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.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) 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.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Financial Instruments (continued)

Loans and receivables

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).

(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.

Sports Development Foundation

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Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Investment securities

Investment securities comprise securities purchased under agreements to resell (reverse repurchase agreements), which are treated as collateralised financing transactions and investments in debt securities.

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's investment securities with original maturities of three months or less which are included as 'cash and cash equivalents' in the balance sheet.

Debt securities are classified as held-to-maturity. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognised at fair value, which is the cash consideration including any transaction costs.

(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.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

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

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Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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.

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 \$'000	Total \$'000
2016					
Payables and accrued charges	791	2,801	17,853	-	21,445
Managed funds	-	-	12,568	1,560	14,128
	791	2,801	30,421	1,560	35,573
2015					
Payables and accrued charges	6,503	1,627	10,895	-	19,025
Managed funds	-	-	9,061	1,488	10,549
	6,503	1,627	19,956	1,488	29,574

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

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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 2016 includes aggregate net foreign assets of approximately \$97,830,000 (2015 – \$38,708,000) 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.

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.

Sports Development Foundation

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Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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:

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Long term receivable	405	405	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

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Notes to the Financial Statements

31 December 2016

(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 2016 was \$580,506,000 (2015 - \$606,971,000).

6. Project Expenditure and Grants

	2016	2015
	\$'000	\$'000
Infrastructure Projects	120,917	252,153
Grants to National Associations	233,711	216,829
Grants to Government Agencies	45,837	45,561
Grant for Special Projects – Track Meets	56,869	42,124
Grants – others	148,705	26,755
	<u>606,039</u>	<u>583,422</u>

Sports Development Foundation

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Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

7. Expenses by Nature

Total disbursements and administration expenses:

	2016	2015
	\$'000	\$'000
Advertising and promotion	2,802	4,149
Audit fees	2,118	1,634
Depreciation and amortization	6,032	5,744
Directors' fees (Note 16)	2,429	2,367
Foreign travel	1,407	1,128
Insurance	1,699	1,148
Legal and professional fees	169	505
Motor vehicle expense	2,776	2,617
Repairs and maintenance	3,452	2,574
Security	2,075	1,810
Sporting events contribution	-	14,616
Staff costs (Note 8)	44,689	41,960
Utilities	4,357	4,749
Other expenses	5,504	10,849
	<u>79,509</u>	<u>95,850</u>
Project expenditure and grants (Note 6)	606,039	583,422
	<u>685,548</u>	<u>679,272</u>

8. Staff Costs

	2016	2015
	\$'000	\$'000
Salaries and wages	23,908	23,822
Accrued leave and gratuity costs	2,064	1,541
Payroll taxes – employer's portion	2,790	2,556
Pension contributions (Note 18)	971	889
Other (Health, Uniform and Welfare)	14,956	13,152
	<u>44,689</u>	<u>41,960</u>

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

	2016	2015
	No.	No.
Full-time	<u>14</u>	<u>14</u>

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Notes to the Financial Statements

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9. Intangible Assets

	Computer Software \$'000
At Cost -	
1 January 2015	2,165
Additions	<u>70</u>
31 December 2015 and 31 December 2016	<u>2,235</u>
Amortisation -	
1 January 2015	1,930
Amortisation for the year	<u>211</u>
31 December 2015	2,141
Amortisation for the year	<u>91</u>
31 December 2016	<u>2,232</u>
Net Book Value -	
31 December 2016	<u>3</u>
31 December 2015	<u>94</u>

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(expressed in Jamaican dollars unless otherwise indicated)

10. Property, Plant and Equipment

	Computers \$'000	Office Furniture & Equipment \$'000	Motor Vehicles \$'000	Buildings \$'000	Land \$'000	Leasehold Property \$'000	Total \$'000
At Cost -							
At 1 January 2015	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
Additions	-	691	6,698	-	-	19	7,408
At 31 December 2016	4,505	10,783	20,205	16,436	32,072	9,959	93,960
Depreciation -							
At 1 January 2015	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
Charge for the year	393	867	3,259	411	-	1,010	5,941
At 31 December 2016	3,719	6,981	10,237	7,636	-	8,631	37,205
Net Book Value -							
31 December 2016	786	3,802	9,967	8,800	32,072	1,328	56,755
31 December 2015	1,179	3,978	6,529	9,211	32,072	2,319	55,288

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 12).

11. Investment Securities

	2016 \$'000	2015 \$'000
Held-to-maturity		
Government of Jamaica	11,081	-
Corporate bonds	30,558	-
	<u>41,639</u>	<u>-</u>

The weighted average effective interest rate on investments was 8.50% (2015 – Nil). The investments have a maturity date of November 10, 2024 and July 9, 2025.

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Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

12. 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:

- a) 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).
- b) The payment of 10 years maintenance valued at \$3,035,032 (\$303,503 per annum) which commenced in May 2008.

	2016	2015
	\$'000	\$'000
Long term receivable	405	705
Less: current portion	<u>(304)</u>	<u>(304)</u>
	<u>101</u>	<u>401</u>

Current portion of long term receivable comprised of:

	2016	2015
	\$'000	\$'000
Maintenance	<u>304</u>	<u>304</u>

13. Receivables

	2016	2015
	\$'000	\$'000
CHASE Fund	41,080	88,187
Prepayment	859	613
Other	<u>5,216</u>	<u>3,522</u>
	<u>47,155</u>	<u>92,322</u>

Effective August 2013, The CHASE Fund withholds 10% of the gaming proceeds payable to the Foundation. This retained portion is paid to the Foundation 13 months after being withheld.

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Notes to the Financial Statements

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

13. Receivables (Continued)

The Betting, Gaming and Lotteries Commission (BGLC) amended the conditions to the license granted to Prime Sports (Jamaica) Limited to conduct lottery-type games. Under Section 49 of the BGLC Act the licensee is required to pay towards CHASE contributions of 3.65% of the weekly ticket sales in all the permitted activities, and contributions of 50% of the value of all unclaimed prizes arising from weekly ticket sales in all the permitted activities. The licensee is also required to pay BGLC contributions of 50% of the value of all unclaimed prizes arising from weekly ticket sales in all the permitted activities.

14. Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
Cash at bank and in hand	131,704	131,573
Cash equivalents	<u>113,737</u>	<u>192,914</u>
	<u>245,441</u>	<u>324,487</u>

Cash equivalents represent securities with original maturities of three months or less and include interest receivable of \$1,076,000 (2015 – \$1,714,000). The weighted average effective interest rate on JMD short term deposits was 5.10% (2015 – 5.86%).

Cash at bank and in hand includes funds held under management of \$4,778,000 (2015 - \$8,439,000).

15. Managed Funds

	2016 \$'000	2015 \$'000
Constituency Development Fund	6,426	(709)
Ministry of Agriculture & Fisheries	4,172	3,829
Sports Musuem	1,560	1,488
Petrocaribe Fund	1,899	1,899
Beckwith International Leadership Development (BILD) Fund	<u>71</u>	<u>4,042</u>
	14,128	10,549
Current portion	<u>(12,568)</u>	<u>(9,061)</u>
	<u>1,560</u>	<u>1,488</u>

Sports Development Foundation

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31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

15. Managed Funds (Continued)

i) *Constituency Development Fund/ Tourism Product Development Co. Ltd*

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. Since 2015, the Ministry of Tourism through the Tourism Product Development Co. Ltd (TPDCo) has been providing another source of funding to Members of Parliament for development projects in constituencies. The Foundation has been appointed as project manager of the sports related projects approved under the CDFP and TPDCo.

	2016 \$'000	2015 \$'000
Funds at the beginning of the year	(709)	572
Allocations during the year	15,945	7,272
Project disbursements	(8,805)	(8,546)
Bank charges	(5)	(7)
Funds at the end of the year/Balance carried forward to page 19	<u>6,426</u>	<u>(709)</u>

ii) *Ministry of Agriculture and Fisheries*

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. Effective September 2, 2015 individual grant fund agreements (MOUs) have been signed for each project implemented by the Foundation.

	2016 \$'000	2015 \$'000
Funds at the beginning of the year	3,829	26,327
Allocations during the year	22,252	29,039
Interest earned	26	136
Project disbursements	<u>(21,935)</u>	<u>(51,673)</u>
Funds at the end of the year	<u>4,172</u>	<u>3,829</u>

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Notes to the Financial Statements

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15. Managed Funds (Continued)

iii) Sports Museum

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.

	2016 \$'000	2015 \$'000
Funds at the beginning of the year	1,488	1,421
Interest earned	<u>72</u>	<u>67</u>
Funds at the end of the year	<u>1,560</u>	<u>1,488</u>

iv) PetroCaribe fund

This fund was created from proceeds granted by the PetroCaribe Development Fund in support of Olympic Swimmer, Alia Atkinson.

	2016 \$'000	2015 \$'000
Funds at the beginning and end of the year	<u>1,899</u>	<u>1,899</u>

v) Beckwith International Leadership Development (BILD) Fund

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. However, in May 2016, the BILD program ceased operations in Jamaica. The remaining funds represent expenses due to be paid in the next 12 months.

	2016 \$'000	2015 \$'000
Funds at the beginning of the year	4,042	5,585
Interest earned	7	43
Project disbursements	<u>(3,978)</u>	<u>(1,586)</u>
Funds at the end of the year	<u>71</u>	<u>4,042</u>

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31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

16. Related Party Transactions

The following transactions were carried out with related parties:

Key management compensation

	2016 \$'000	2015 \$'000
Salaries and other short-term employee benefits	11,540	9,661
Payroll taxes – employer's portion	1,182	1,008
Pension	296	513
	<u>13,018</u>	<u>11,182</u>
Directors' emoluments -		
Fees	<u>2,429</u>	<u>2,367</u>

17. Taxation

Under Section 12(I) 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 2016 tax recoverable of \$10,196,000 (2015 - \$10,026,000) 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.

18. Pension Scheme

The superannuation fund operated by the Foundation was wound up in 2009 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 \$971,000 (2015 - \$889,000) in the current year.

HSSIP

High School Sports Infrastructure
Improvement Programme



Mavis Bank High School - Multipurpose Court & Gym
St. Andrew



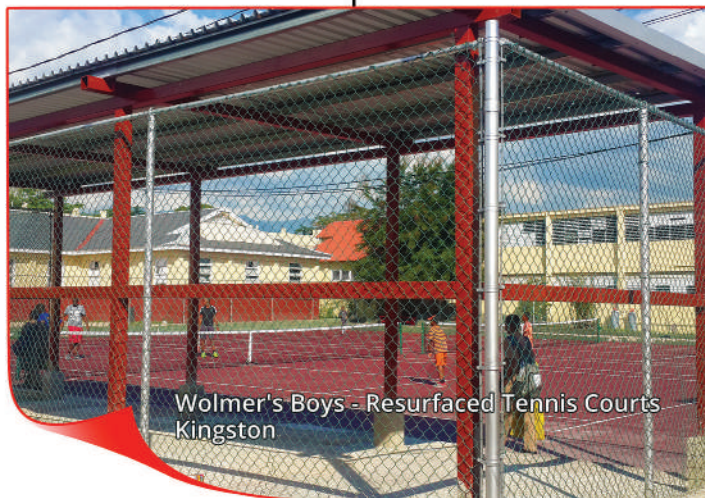
Paul Bogle High School - Playing Field
St. Thomas



St. Jago High School - Playing Field
St. Catherine



Tarrant High School - Playing Field
Kingston



Wolmer's Boys - Resurfaced Tennis Courts
Kingston

Cambridge Community Centre – Multipurpose Court & Fencing, St. James



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Developing a Nation Through Sports



G.C. Foster College – Multipurpose Court, St. Catherine