



**SPORTS
DEVELOPMENT
FOUNDATION,
JAMAICA**

2019

2019 100m World Champion - Shelly-Ann Fraser-Pryce & baby Zyon



Minister Grange makes a presentation to Netball Jamaica



ANNUAL REPORT



Gymnastics' Olympic qualifier - Danusia Francis



2019 World Long Jump Champion - Tajay Gayle



Minister Grange makes a presentation to Special Olympics Jamaica

**MESSAGE FROM THE MINISTER OF CULTURE, GENDER,
ENTERTAINMENT AND SPORT FOR THE ANNUAL REPORT OF THE
SPORTS DEVELOPMENT FOUNDATION FOR 2019**



Congratulations to the Board of Directors, Management, and staff of the Sports Development Foundation (SDF) for the work done for 2019 and I encourage them to continue to strive for excellence. This report is on the period 2019 as the SDF operates a calendar year, having been granted special leave to do so by the Ministry of Finance.

2020, however, the year in which the report is being presented, represents the twenty-fifth year of operations for the Foundation. Unfortunately, the COVID 19 Corona Virus Pandemic intervened, and we have not yet been able to begin celebrations.

Celebrations, however, must be held in the appropriate form, as this institution has made its contribution to the sporting landscape of this country and has assisted in making Jamaica the beacon that it has become in the eyes of Jamaicans and the international community.

Spawned in 1995, the SDF has maintained a consistency in performance, even as the number of national associations it supports has grown from eleven back then to forty-two, with another seventeen waiting in the wings. We may not be able to have the physical activities that would normally accompany a milestone of this sort but I would encourage the SDF to ensure that the public is made aware of the many fields, courts, seating facilities, change rooms, and numerous other physical facilities that have been built for the benefit of the sporting fraternity. In addition, there is the invaluable support provided to national associations as well as communities and schools.

The year 2019 was a challenging one but that is when the best is brought out of those who are made of stern stuff. Our National Sporting Associations continued to receive their monthly stipends. A total of \$210.3 million was disbursed to the forty-one organizations for whom they currently provide regular support and another \$104.3 million as special allocation based on specific requests for additional support. It should be noted that funds have been allocated to sporting bodies, which are not yet regular recipients of stipends but have been considered worthy of support.

From a budgetary allocation of \$536.8 million the SDF was able to execute \$107.6 million worth of infrastructure works. In addition, the SDF also provides grants to government institutions with sporting mandates like the Institute of Sports (INSPORTS) and Independence Parks Limited (IPL) and for 2019 this amounted to \$43.1 million.

The SDF continues to be worthy of emulation regarding its reporting standards and we look forward their continued inspirational work in the coming years.

Olivia Grange MP, CD

Minister of Culture, Gender, Entertainment and Sport

THE CHAIRMAN'S MESSAGE



Thirteen Board meetings, 12 Allocations/Projects Committee meetings, 12 Finance Committee meetings, five Human Resource Committee meetings and one each Audit and Advisory Committee meetings for one year is an indication of an organization, which takes its work seriously. I thank my colleague Directors for the sacrifice they make to dedicate their time to this worthy cause. Despite challenges we make our plans and as soon as the resource changes are identified we make the adjustments and soldier along as best we can.

2019 was indeed a challenging year. Paradoxically, it was the year when, for a while we anticipated a budget that could really cut into the backlog of infrastructure works to be executed. Instead we received the lowest allocation since 2013. To say that this was disappointing is an understatement. Nevertheless, I want to commend the resilience of those with whom I work. From our Hon. Minister and her team at the Ministry, through my colleague Directors and the staff of the SDF, we were able to make a distinct impact in all areas of responsibility. Let me pause to acknowledge and welcome Mrs. Mexine Bisasor, who joined the team during the year and certainly made her mark.

Although the total allocation of \$536.8 million is what was received, we still managed to implement infrastructure projects to the extent of \$107.6 million. The National Sporting Associations received \$210.3 million as their monthly subventions to keep them going and we were also able to allocate another \$104.3 million as special allocations in response to various urgent requests for assistance.

The SDF continued to maintain its record of submission of statutory reports on time. Regarding procurement, the highest level of compliance with the regulations and collaboration with the Integrity Commission was maintained. Our auditors continue to commend us for the adherence to international accounting standards.

With all the foregoing I think I should use this opportunity to make a case for greater allocation to sport, particularly through the Foundation. This is based on our stewardship, but more so

on the fact that sport can be a game changer at the national level. It offers some level of employment as well as leisure time activity for the youth. There is also the psychological impact that sport has on the populace. The business opportunities of each sporting activity to individual participants and the nation as a whole need to be explored and exploited and the cumulative impact on tourism at the international level is worthy of our collective consideration.

GEORGE SOUTAR CD, QC

SPORTS DEVELOPMENT FOUNDATION

Annual Report for the Year ended December 31, 2019

Pursuant to Section 3 of the Public Bodies Management and Accountability Act, the Board of Directors is pleased to present the report for the 24th year of the operations of the Sports Development Foundation for the financial year ended December 31, 2019.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

At the beginning of the year the members of the board were:

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

During the fourth quarter of the year the Board complement was increased by the addition of Mrs. Mexine Bisasor.

2. MEETINGS

The following meetings were held during the year:

- Board Meetings (13)
- Allocations/Projects Committee (12)
- Finance Committee (12)
- Audit Committee (1)
- Human Resources Committee (5)
- Advisory Committees (1)

3. REVIEW OF OPERATIONS

In keeping with the outcomes outlined in the National 2030 vision plan and the thrust of our parent ministry to improve the development of, and access to sports programmes and facilities by all citizens, the Foundation submitted to the Ministry of Finance and the Public Service in 2018 a budget of \$1.442b for 2019. It was projected that this amount would be used to significantly improve sporting facilities across the island; especially as the country commences preparation to position itself to bid for International Sporting Events such as the 2021 World Athletics World Relays.

After the tabling of budgets in the Houses of Parliaments at Standing Finance Committee in February 2019, every indication was that the submitted budget had been approved. However, in March 2019 the Foundation was advised by the Ministry of Finance and the Public Service that the submitted budget would not be provided. Instead the Foundation would be provided with a total of \$536m. This drastic change resulted in the Foundation having to significantly adjust the 2019 budget.

These adjustments resulted in:

- a) A significant decrease in the number and types of infrastructure projects that could be financed, for example, the replacement of the running track at the Catherine Hall Stadium could not be implemented.
- b) A decrease in the planned administrative expenditure, for example a postponement in repairs and maintenance of the office building and related equipment
- c) A cancellation of the construction of additional office space
- d) A decrease in the funds available to be granted to National Sporting Associations.

Nonetheless, as best as could be financed 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 groups and organizations involved in sport development in communities islandwide,
- d) Providing financial support to Independence Park Limited for the maintenance of the stadium complex,
- e) Funding community-based sports programmes through grants provided to the Institute of Sport and the Social Development Commission
- f) Providing, where appropriate, assistance to athletes through the Athletes' Welfare Fund.

A. Comparison of Actual and Budget for 2019

Table 1 shows a comparison of the actual income and expenditure for 2019 compared to the amounts in the submitted budget.

Table I – Comparison of Actual vs. Budget for 2019

	Actual \$'000	Budget \$'000	Variance \$'000
INCOME			
Income thru CHASE Fund	536,793	1,442,000	(905,207)
Investment Income	5,186	4,164	1,022
Other Income	1,455	720	735
TOTAL INCOME	543,434	1,446,884	(903,450)
ADMINISTRATIVE EXPENDITURE:			
Administrative Expenses	100,984	150,586	49,602
PROJECT TYPE EXPENDITURE:			
Grants to Government Agencies	43,114	43,113	(1)
Assistance for Sporting events (Jamaica International Invitational & Racers Grand Prix Athletic Meets	30,800	44,150	(11,355)
Special Allocations	104,304	128,443	24,139
Infrastructure Projects	107,632	872,651	765,019
National Associations	210,289	238,228	27,939
Jamaica Athletes Insurance Plan		20,000	20,000
Sports Research Project		10,000	10,000
Athletes Welfare & Other Grants	42,218	12,600	(4,913)
TOTAL PROJECT TYPE EXPENDITURE	538,357	575,968	830,828
TOTAL EXPENDITURE:	639,341	1,519,771	880,430
SURPLUS/(DEFICIT)	(95,907)	(72,887)	(23,020)
Net cash adjustments	292,320	97,261	195,059
NET POSITION	196,413	24,374	172,039

INCOME

Income received through the CHASE Fund for 2019 (\$536.796m) represented only 37.23% of the budgeted amount. The comparative income figure for 2018 was \$606.000m. Investment income earned for the year exceeded the budgeted amounts as invested funds were held for longer periods than planned. The Other Income category includes rental income and gains or losses on revaluation of funds held in foreign currencies.

ADMINISTRATIVE EXPENSES

Administrative expenses incurred for the year were \$100.984m, \$49.602m less than the budgeted amount.

The following expense categories are the main contributors to this favourable variance:

i. Professional Fees

The 2019 budget included a provision for the payment for professional services such as surveying and architectural fees based on the projects planned for the year. As most of these projects were cancelled, this expenditure category was significantly reduced.

ii. Employee Costs

The Administrative budget for 2019 included the provision for an increased staff complement and the associated costs of health, training and pension. As the budgeted income was not provided, the increase in the staff complement could not be implemented. Thus actual employee costs were less than the budgeted amounts.

iii. Maintenance-Building and Equipment

The maintenance of building and equipment planned for 2019 was adjusted to ensure that expenses would be in line with the actual income received. The items not achieved in 2019 will be carried forward to 2020.

PROJECT TYPE EXPENSES

a) Grants for Meets and Leagues

The 2019 budget included grants of \$24.000m to be spent equally for the hosting of the Jamaica International Invitational Track Meet and the Racers Grand Prix. Owing to a decrease in available funding in the marketplace, only the Racers Grand Prix was held during the year. The Foundation supported this event through the provision of \$18.000m which represents an increase over the budgeted amount. The 2018 budgeted allocation for the Jamaica International Invitational Meet of \$12.800m was requested and paid over in 2019. In addition the Foundation was asked to provide \$4.600m as the contribution of the Government of Jamaica towards the hosting of the Caribbean Premier League (CPL) series of matches held at Sabina Park in August 2019.

b) Special Allocations

This category includes the grants made to organizations and groups involved in the development of sports and programmes including those conceptualized by the parent ministry. In 2019, the Foundation paid the final costs for the sculptures of Asafa Powell and Veronica Campbell-Brown.

c) Infrastructure Projects

The implementation of infrastructure projects was negatively impacted during the year owing to:

- I. The decrease in the actual income received compared to the budgeted amount. The implementation of large projects such as the replacement of the running track at the Catherine Hall Stadium, the installation of a running track at the Hazeldene Complex, the renovation of the Barbican Football field and the commissioning of a well at that location had to be cancelled.
- II. There is still a relatively small number of contractors in the island with the requisite skill to undertake sport infrastructure projects. It is not anticipated that this will change until the revision of the procurement process which is now under way, is approved by Parliament.
- III. A late start to the execution of infrastructure projects as a result of the uncertainties regarding the financing of the budget for 2019. In fact, the Foundation received no funding in the month of March

2019. The result of this is that no new project was started until after the first quarter.

Owing to the uncertainties of receiving adequate funding, for the first time since inception, the Foundation has not been able to carry forward to 2020 the large infrastructure projects that could not be achieved in 2019.

d) Grants to National Association

The amounts spent in 2019 for grants to National Associations reflect a decrease compared to the budgeted amounts. The Jamaica Football (\$20.353m) and the Jamaica Athletic Administrative Association (JAAA-\$13m) Federations were the main recipients of additional funding. The Jamaica Football Federation received additional funding for the Reggae Girlz World Cup campaign. The JAAA received additional funds to facilitate the participation of athletes in the 2019 Doha World Championships.

B. Comparison of Actual Results for 2019 and 2018

Table 2 shows a comparison of the actual income and expenditure for 2019 compared to the actual income and expenditure for 2018.

Table 2 – Comparison of Actual Data for 2019 and 2018

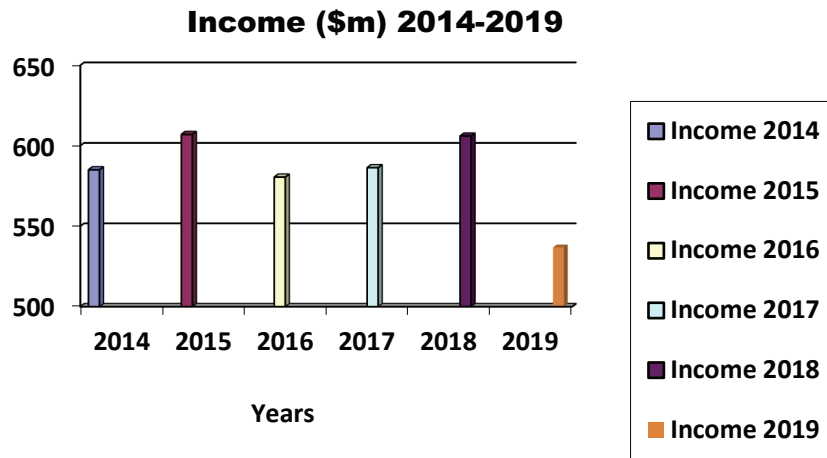
	2019 Actual \$'000	2018 Actual \$'000	Variance \$'000
INCOME:			
Income from Gaming	536,793	606,000	(69,207)
Investment Income	5,186	7,844	(2,658)
Other Income	1,455	2,992	(1,537)
TOTAL INCOME	543,434	616,836	(73,402)
EXPENDITURE			
Administrative expenses	100,984	94,360	(6,624)
Grants to Government Agencies	43,114	41,214	(1,900)
Assistance to Sporting Events (Jamaica International Invitational & Racers Grand Prix Athletic Meets	30,800	28,884	(26,621)
Special Allocations Fund	104,304	58,824	(45,480)
Infrastructure Projects	107,632	163,785	56,153
National Associations	210,289	196,439	(13,850)
Athletes Welfare and Other Grants,	42,218	6,494	(11,019)
TOTAL EXPENDITURE	639,341	590,000	(49,341)
SURPLUS / (DEFICIT)	(95,907)	26,836	(122,743)

I. Income

The income received in 2019 reflects a decrease (11.42%) compared to 2018. For the six-year period 2014-2019, the proceeds received in 2019 represent the lowest amount.

The chart below shows the change in income over the six- year period 2014-2019.

Chart 1- Comparison of Income (\$m) received over the six year period 2014-2019



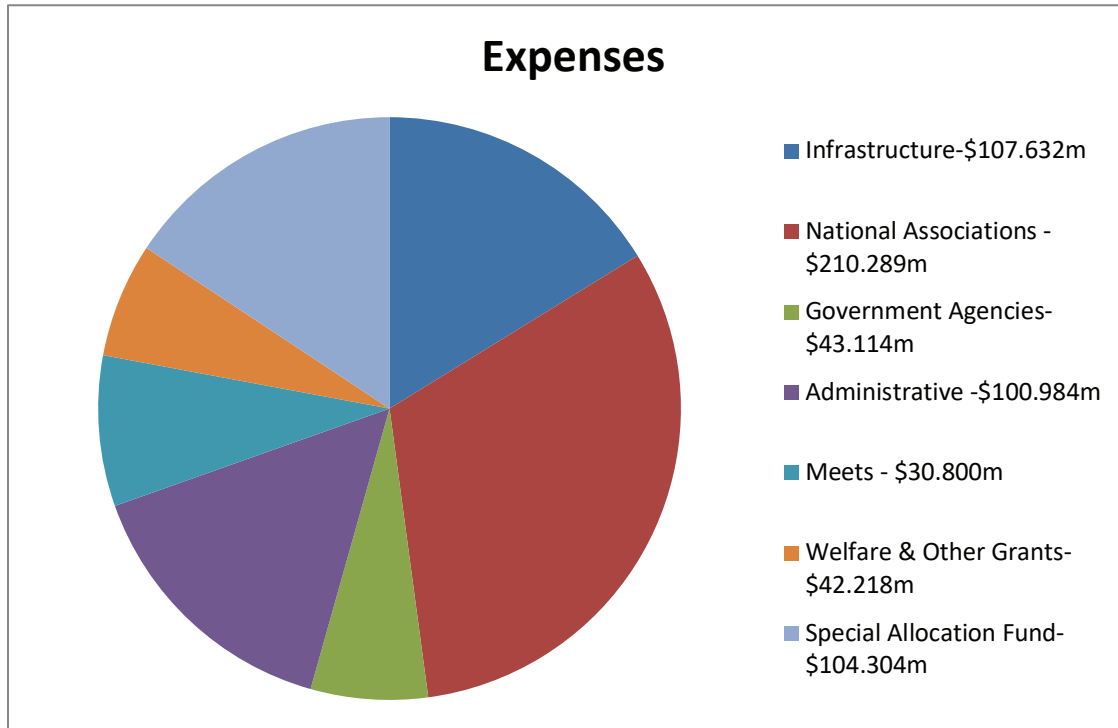
II. Major Expense Categories

The Major Expense Categories are:

- a) Sports Infrastructure Projects
- b) Grants to National Associations
- c) Grants to Government Agencies
- d) Administrative Expenses
- e) Meets
- f) Athletes Welfare & Other Grants
- g) Special Allocations Fund Grants

The chart below shows the amounts spent in each category.

Chart 2- Comparison of Funds allocated to Expense categories for 2019



i. Sports Infrastructure Projects (Appendix 1):

These projects included:

The High School Sports Infrastructure Improvement Programme (HSSIIP)

This programme began in 2014 and by 2018 infrastructure improvements were completed at the schools listed below.

- 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
- xi. Lacovia High
- xii. Haile Selassie High
- xiii. Tarrant High
- xiv. Tacius Golding High
- xv. William Knibb High
- xvi. Roger Clarke High

For those schools situated in sugar dependent areas (Bog Walk High, Paul Bogle High, Vere Technical High, William Knibb High and Roger Clarke High) funding was provided by the Ministry of Agriculture through its Sugar Transformation Unit (STU).

In 2019, the Foundation received \$28.291m from the Ministry of Industry Commerce and Agriculture for the:

- ✓ Construction of multipurpose courts at the Frome High School
- ✓ Construction of a gymnasium at the Kemps Hill High School and
- ✓ Rehabilitation of the playfield at the Grange Hill High School

During the year, the Foundation provided a grant of \$10m to Jamaica College to assist with the construction of its sports complex.

National Facilities

In the year infrastructure development namely, the completion of the installation of seats for the National Basketball Court was carried out at the National Stadium Complex.

SDF Special Project

In 2018, the Foundation made an assessment that the potential for students to excel in the hurdles events was not being maximized owing to the unavailability or inadequacy of hurdles equipment at schools throughout the island. In 2018, the Foundation purchased 1050 hurdles. The hurdles were assembled during the year and are being issued to high schools throughout the island that have a hurdles programme in place.

Community Infrastructure Projects

During the year the Foundation:

- ✓ Completed/ upgraded multipurpose courts in two communities,
- ✓ Completed/upgraded fenced multipurpose courts at three institutions of learning
- ✓ Provided fencing for two institutions of learning
- ✓ Continued the rehabilitation of playfields at one school and in five communities
- ✓ Completed lighting of courts in one community and contributed to lighting at an institution of learning
- ✓ Completed seating in one community
- ✓ Provided equipment for example goals for courts in three schools and mowers for playfields at two schools and in two communities

Other Infrastructure Activities

i. Constituency Development Fund Programme (CDFP) and other entities

The Foundation received funding of \$4.114m from the CDFP to rehabilitate a court in the Marverly Community of St. Andrew. The Ministry of National Security paid \$0.531m for the construction of ramps at the multipurpose courts at Up Park Camp. Both projects have been completed.

ii. Projects implemented on behalf of the Tourism Product Development Company

The Foundation has been implementing projects in selected communities on behalf of the Tourism Development Product Company Limited since 2015. In 2019, the Foundation received funding to undertake the following projects:

- The installation of an irrigation system (\$3.384m) at the Dunrobin Sports Complex and
- The construction of seats (\$1.590m) at the Netball court in the Maxfield Park Sports Complex

Both projects have been completed.

ii. National Sports Associations (Appendix 2):

In 2019, \$210.289m (2018-\$196.439m) 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 grants made in 2019 represent an increase compared to that of 2018. It must be recognized, however, that the assistance given each year to National Associations is far below the real needs of these organizations.

iii. Government Agencies (Appendix 3)

In 2019, the Foundation provided funding of \$43.114m to Government Agencies compared to \$41.214m paid over in 2018. This was distributed as follows:

- a. Institute of Sports: \$21.000m (2018-\$24.100m) – For competitions, the development of athletes and coaching programmes.
- b. Independence Park Limited: \$17.114m (2018-\$17.114m) – These funds included \$3.341m to supplement the continued maintenance of the National Stadium and the Trelawny Multipurpose Complexes, and \$13.773m provided for savings towards the replacement of the running tracks.
- c. The Social Development Commission: In 2019, \$5.000m was granted to this Agency for the SDC 20/20 cricket competition.

These grants are separate from any infrastructure upgrades provided for these institutions.

iv. Administrative Expenses

Administrative expenses for 2019 were 15.8% of total expenditure, an outstanding achievement by any standard and continuing the trend over the years of being within 20% of total expenditure.

v. Athletes Welfare Fund

Based on the requests received, grants totaling \$17.513m (2018, \$6.494m) were paid to athletes (active and retired) from the Athletes Welfare Fund. The devaluation of the Jamaican dollar impacts the grants made under this category as approximately 50% of our active athletes reside outside of Jamaica.

vi. Athletes Insurance Plan

The premiums for the Athletes Insurance Plan are now totally financed by the parent ministry.

vii. Special Allocation Fund

Other categories include grants made to organizations and groups that are involved in the development of sports and sports programmes. During the year, grants were also made to facilitate sports programmes in “ZOSO” and “SOE” designated communities. The final cost to sculpt the statues of athletes Asafa Powell and Veronica Campbell Brown are included in this category.

4. STAFFING

It was proposed that the staff complement of the Foundation would increase in the year. Owing to budgetary constraints this was not realized. In the final quarter of 2019, the staff complement decreased by one owing to retirement. The Foundation is still projecting an increase in the staff complement in 2020 as it attempts to achieve the 2030 sports vision. In this regard the necessary request has been submitted to the parent ministry.

5. CHANGES TO THE CORPORATE PLAN

Except for the cancellation of some projects planned for 2019, the Foundation operated in 2019 in accordance with the approved Corporate Plan.

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 has been disbursed based on the requests made by this athlete through Aquatics Jamaica. At the beginning of 2019, \$0.618m remained in this fund. Ms. Atkinson has requested and has been paid all the funds as reimbursement for her training expenses.

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 awaits the presentation of invoices to facilitate the payment of the J\$50,462 retained.

7. **CHARITABLE STATUS**

- The SDF continued to assist the various sporting bodies with the importation of sporting equipment for use in the development of their respective sport.
- Prior to the Foundation receiving charitable status, applications were made to the Ministry of Finance for the payment of \$16.294m in withholding tax refunds. The SDF received no response to these applications. However in 2015, the Foundation was advised by Tax Administration Jamaica that a portion (\$6.278m) of the \$16.294m had become statute barred. Despite numerous and continuous efforts to get a refund of the remaining amount (now \$10.484m); the Foundation still awaits a ruling on the matter from the Financial Secretary of the Ministry of Finance and the Public Service.

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

Administrative Expenses:

Administrative expenses for the year under review totaled \$100.984m. The budget for the year was \$150.586m resulting in a positive variance of \$49.602m.

Sports Infrastructure:

It was budgeted that \$872.651m would be spent on ongoing and new projects in 2019. With the significant reduction in income received compared to the budgeted amount, many of the budgeted projects could not be done. During the year \$107.632m were spent on infrastructure projects compared to \$163.785m in 2018.

National Sports Associations:

In 2019, grants totaling \$210.289m made to National Associations were less than the budgeted amount of \$238.228m. The decrease was as a result of the actual income received for the year being significantly less than the budgeted amount.

Government Institutions:

Grants made to Government Agencies totaled \$43.114m which is in line with the budgeted amounts.

9. FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2020

Based on the projected proceeds for 2020, the expenditure on projects and grants are as outlined in the table below.

Table 4- Forecasts and Projections for Financial year 2020

Key Output	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Sports infrastructure including iii) Rehabilitation of fields and courts at schools and communities islandwide iv) Replacement of lights at Independence Park Limited v) Installation of lights for night use in communities	\$100.292m	\$36.000m	\$53.392m	\$47.416m	\$237.100m
Improve administrative and technical development of sports through grants to national sports associations.	\$45.499m	\$42.549m	\$51.729m	\$33.699m	\$173.476m
The purchase of tickets for sporting events	\$7.050m	\$7.950m	\$6.150m	\$0.000m	\$21.150m
Enhance sports curriculum. Increase community sports development through grants to Government Agencies.	\$17.563m	\$7.085m	\$9.085m	\$9.381m	\$43.114m
<u>Special Project</u> Jamaica International Invitational Track Meet	\$5.600m	\$8.400m			\$14.000m
Racers Grand Prix		\$10.500m	\$3.500m		\$14.000m
Assist other organizations involved in sport a)b) Summer Camp c) UWI/SDF Research Project	\$5.000m	\$5.000m	\$10.000m \$5.000m		\$15.000m \$10.000m
<u>Athletes Welfare</u> Assist athletes and administrators for training, scholarships, medical expenses, stipends	\$5.000m	\$5.000m	\$5.000m	\$4.800m	\$19.800m
<u>Special Allocations</u> To assist other organizations in funding sport related activities	\$7.800m	\$5.200m	\$5.000m	\$8.400m	\$26.400m
Total	\$193.804m	\$127.684m	\$148.856m	\$103.696m	\$574.040m

The proposed budget for 2020 is based on the projected income for the year.

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. Our external auditors have over the years commended the Foundation for its efforts.

Table 5- Comparison of the Budget for Financial year 2020 and the Actual Expenditure for Financial years 2019 and 2018

Budget Item	\$'000 Actual 2018	\$'000 Actual 2019	\$'000 Budget 2020
Infrastructure projects	163,785	107,632	237,100
National Associations	196,439	210,289	173,476
Government Agencies:			
a. Institute of Sports	24,100	21,000	21,000
b. Social Development Commission		5,000	5,000
c. Independence Park Limited	17,114	17,114	17,114
Tickets Sporting Events	16,384	20,105	21,150
Jamaica Invitational Track Meet		12,800	14,000
Racers Grand Prix	12,500	18,000	14,000
CPL		4,600	
Special Allocations	29,122	57,230	12,000
Statues	14,345	15,077	
Grant PLCA	3,500	13,000	10,400
UWI/SDF project			10,000
ZOZO and SOE Programmes	3,787	4,383	4,000
Summer Camp	8,070	14,614	15,000
Athletes Welfare Stipends & Scholarships	6,494	17,513	19,800
Total	495,640	538,357	574,040

March 18, 2020

Appendix 1

Project Expenses Analysis for 2019 (\$J)

Fenced Multipurpose Courts

Parish	No	Amount	Location
Kingston & St. Andrew	2	5,074,243	Trench Town Polytechnic
St. Catherine	1	6,337,880	Caymanas Gardens, Linstead Primary
Clarendon	1	4,816,585	Spaulding High
St. Mary	1	8,774,050	Richmond
Court marking equipment & goals		1,065,768	Trinity Moravian, Campion College, Westmoreland Oval
TOTAL	5	26,068,526	

Fenced Fields/Tracks/ Complexes

Parish	No	Amount	Location
Kingston & St. Andrew	1	7,928,635	Balmagie Primary
St. Elizabeth		7,351,620	Alligator Pond
Portland	1	2,652,700	Woodstock
St. Ann	1	6,589,160	Wilson Shop
St. Mary		96,753	Westmoreland Oval,
Clarendon		10,720	Hockey base Denbigh
St. Catherine		5,263,635	Spanish Town High, Eltham High, Tacius Golding,
St. Catherine	1	14,143,985	Ebony Vale
Portland	1	9,172,020	Moore Town
TOTAL	5	53,209,228	

Project Expenses Analysis for 2019 (\$J) cont'd

National Projects

Parish	No	Amount	Location
Kingston		4,214,808	Seating –National Stadium
All island		579,140	Hurdles
TOTAL		4,793,948	

High Schools Sports Infrastructure Improvement Projects -HSSIIP

Parish	Project type	Amount	Location
Kingston & St. Andrew	Contribution to complex	10,000,000	Jamaica College
TOTAL		10,000,000	

Fencing/Wall

Parish	No	Amount	Location
Portland	1	3,078,040	Snow Hill
St. Catherine	1	654,500	Linstead Primary
Kingston & St. Andrew	1	2,926,500	Trench Town Polytechnic
St. Elizabeth	1	799,680	New Broughton Primary
Clarendon	1	1,343,000	Spaulding High
TOTAL	5	8,801,720	

Project Expenses Analysis for 2019 (\$J) cont'd

Lighting, Renovations, Seating, Wells & Other Projects

Parish	No	Amount	Location
St. James	1	3,738,118	Seating at Rose Heights,
		20,745	Lighting Azteca
St. Catherine	1	1,000,000	Lighting G. C. Foster
TOTAL	2	4,758,863	

Total Projects 2019 \$107,632,285

Appendix 2

Grants to National Associations 2019 and 2018 (\$J)

Association	Amount (2019)	Amount (2018)
Aquatics Jamaica	5,880,000	2,772,445
Equestrian Federation	1,290,000	1,290,000
Jamaica Intercollegiate Sports Assn	400,000	800,000
Jamaica Athletic Administrative Assn	31,000,000	27,833,668
Jamaica Amateur Basketball Assn	5,621,241	5,683,000
Jamaica Amateur Gymnastics Assn	3,538,800	3,965,000
Jamaica Amateur Softball Assn	1,790,000	1,799,038
Assn of Sports Medicine	1,345,739	1,000,000
Jamaica Badminton Assn	3,070,500	4,819,008
Jamaica Bobsleigh Federation	871,854	500,000
Amateur Bodybuilding Assn	1,500,000	1,550,000
Boxing Board of Control	2,406,000	2,661,000
Jamaica Chess Federation	3,450,004	4,810,004
Jamaica Cricket Association	16,693,450	16,200,000
Jamaica Cycling Federation	1,806,000	2,516,000
Jamaica Darts Association	950,000	700,000
Jamaica Football Federation	62,353,063	47,000,000
Jamaica Golf Association	2,335,000	2,935,000
Jamaica Hockey Federation	2,064,000	5,164,000
Jamaica Netball Association	17,346,548	14,361,808
Jamaica Paralympic Association	2,560,000	2,000,000
Jamaica Rifle Association	650,000	1,550,000
Jamaica Rugby Union	2,550,000	4,341,618
Jamaica Rugby League	1,000,000	2,400,000
Jamaica Skeet Club	0	1,500,000
Jamaica Ski Federation	0	0
Jamaica Visually Impaired Cricket	2,050,004	1,400,004
Jamaica Surfing Association	2,000,000	2,136,675
Jamaica Squash Association	2,310,000	2,723,700
Jamaica Table Tennis Association	2,740,000	4,735,000
Tae-Kwon Do Association and Federation	2,567,750	2,800,000
Jamaica Triathlon Association	1,000,000	1,000,000
Jamaica Volleyball Association	3,819,000	3,564,000
National Domino Bodies	2,880,000	2,530,000
Special Olympics Jamaica	5,508,800	4,038,771
Tennis Jamaica	4,749,000	4,981,500
Jamaica Motoring Federation		
Seido Karate Association	850,000	950,000
Multicare Foundation	2,838,000	2,838,000
World Bridge Federation	100,000	
Jamaica Cricket Umpire Assn	1,050,000	
Jamaica Deaf Sports Association	1,290,000	1,590,000
Jamaica Rowing Federation	1,000,000	1,000,000
New Associations	1,063,878	
TOTAL	210,288,631	196,439,239

Appendix 3

Grants to Government Agencies 2019 and 2018 (\$J)

Agency	Amount (2019)	Amount (2018)
G.C. Foster College		
Institute of Sports including camp	21,000,000	24,100,000
Independence Park Ltd	17,113,800	17,113,800
Social Development Com.	5,000,000	
TOTAL	43,113,800	41,213,800

Appendix 4

Directors Compensation 2019 (\$J)

Position of Director	Gross Fees	Travelling	Honoraria	All other Compensation cash and non cash	Total
George Soutar	327,450	22,932	-	84,000	434,382
Newton Amos	159,850	11,340	-	60,000	231,190
Donovan Bennett	71,550	88,830	-	60,000	220,380
Mexine Bisasor	22,000	48,006	-	10,000	80,006
Ian Forbes	243,300	39,879	-	60,000	343,179
Annmarie Heron	176,800	18,018	-	60,000	254,818
Lloyd Pommells	361,400	32,760	-	84,000	478,160
Molly Rhone	182,150	8,316	-	60,000	250,466
Compton Rodney	263,350	42,021	-	60,000	365,371
David Shirley	110,100	9,009	-	60,000	179,109
Nelson Stokes			-	60,000	60,000
TOTAL	1,917,950	321,111	-	658,000	2,897,061

Appendix 5

Compensation

Senior Management's Emoluments 2019 (\$J)

Name and Position	Basic Pay	Gratuity or Performance Incentive	Motor Vehicle Upkeep/Travelling	Pension or other Retirement Benefit	Other Allowances	Non-Cash Benefit	Total
Denzil Wilks General Manager	5,393,181		1,697,148		-	-	7,090,329
Charmaine Hanson Financial Controller	3,971,268	-	1,697,148	182,346	-	-	5,850,762
Terry Montaque Chief Engineer	3,384,450	-	1,697,148	162,116	-	-	5,243,714
TOTAL	12,748,899		5,091,444	344,462	-	-	18,184,805

All emoluments are stated before tax.



Sports Development Foundation
(A Company Limited by Guarantee)

Financial Statements
31 December 2019

Sports Development Foundation

(a company limited by guarantee)

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31 December 2019

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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 2019, 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 statement of financial position as at 31 December 2019;
- 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.



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
31 March 2020
Kingston, Jamaica

Sports Development Foundation

(a company limited by guarantee)

Statement of Comprehensive Income

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
Contributions from CHASE Fund	5	536,793	606,000
Investment income		5,186	7,844
Other income		1,456	2,992
		<u>543,435</u>	<u>616,836</u>
Less: Project expenditure and grants	6	(538,358)	(495,640)
Administration expenses	7	(100,984)	(94,360)
(Deficit)/surplus for Year, being Total Comprehensive Income		<u>(95,907)</u>	<u>26,836</u>

Sports Development Foundation

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Statement of Financial Position

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
Non-Current Assets			
Intangible assets	9	168	70
Property, plant and equipment	10	55,454	49,000
Investment securities	11	40,346	39,878
		<u>95,968</u>	<u>88,948</u>
Current Assets			
Receivables	12	8,468	70,432
Taxation recoverable	16	10,483	10,456
Cash and cash equivalents	13	196,413	222,316
		<u>215,364</u>	<u>303,204</u>
Current Liabilities			
Payables and accrued charges		12,382	22,470
Current portion of managed funds	14	27,739	2,616
		<u>40,121</u>	<u>25,086</u>
Net Current Assets			
		<u>175,243</u>	<u>278,118</u>
		<u>271,211</u>	<u>367,066</u>
Equity			
Sports Development Fund		269,461	365,368
Non-Current Liabilities			
Long term portion of managed funds	14	1,750	1,698
		<u>271,211</u>	<u>367,066</u>

Approved for issue by the Board of Directors on 31 March 2020 and signed on its behalf by:



 George Soutar Chairman



 Compton Rodney Director

Sports Development Foundation

(a company limited by guarantee)

Statement of Changes in Fund

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Sport Development Fund
	\$'000
Balance as at 1 January 2018	338,532
Deficit for year, being total comprehensive income	26,836
Balance at 31 December 2018	365,368
Surplus for year, being total comprehensive income	(95,907)
Balance at 31 December 2019	269,461

Sports Development Foundation

(a company limited by guarantee)

Statement of Cash Flows

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities		
(Deficit)/surplus for year	(96,907)	26,836
Adjustments:		
Investment income	(5,186)	(7,844)
Amortisation of long term receivables	-	101
Depreciation and amortization	3,968	4,792
Exchange and translation gains on foreign balances	(1,365)	(310)
	<u>(98,490)</u>	<u>23,575</u>
Changes in operating assets and liabilities:		
Receivables	61,964	(65,956)
Payables and accrued charges	15,087	1,852
	<u>(21,439)</u>	<u>(40,529)</u>
Tax withheld at source	(27)	(162)
Cash used in operating activities	<u>(21,466)</u>	<u>(40,691)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(10,270)	(3,018)
Purchase of intangible assets	(250)	(177)
Investment income received	5,186	7,844
Cash (used in)/ provided by investing activities	<u>(5,334)</u>	<u>4,649</u>
Exchange and translation gains on cash and cash equivalents	897	302
Decrease in cash and cash equivalents	<u>(25,903)</u>	<u>(35,740)</u>
Cash and cash equivalents at beginning of year	<u>222,316</u>	<u>258,056</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	<u><u>196,413</u></u>	<u><u>222,316</u></u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2019

(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) was the recipient of a cess imposed on the gaming industry by the Government of Jamaica from its inception in 2002 up to March 31, 2017. Based on Section 59G of the Betting Gaming and Lotteries Act, 2002, 40% of that cess was allocated to the Foundation.

Commencing April 1, 2017, the CHASE Fund is funded through the Consolidated Fund. The Foundation now receives funding for its approved budget for each financial year from the Consolidated Fund through the CHASE Fund.

Sports Development Fund

In accordance with the provisions of its memorandum of association, the Foundation administers a Sports Development Fund. All amounts received through 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 (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's 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.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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 Foundation has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations

- **Amendment to IFRS 9, 'Financial instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for annual periods beginning on or after 1 January 2019).** This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The amendment did not have a significant impact on the financial statements
- **IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019)** was issued in January 2017 and replaces IAS 17, 'Leases'. A company can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15, 'Revenue from Contracts with Customers'. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors and lessees that will improve information provided to users of the financial statements. The amendment did not have a significant impact on the financial statements.

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.

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Foundation has not early adopted. The Foundation has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

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Notes to the Financial Statements

31 December 2019

(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 (continued)
Amendment to IAS 1 and IAS 8, (effective for annual periods beginning on or after 1 January 2020).
 These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The Foundation is currently assessing the impact of future adoption of the new standard on its financial statements.

(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 statement of financial position date. Non-monetary items denominated in a foreign currency, which are carried at historical cost, are translated at historical rates. Exchange gains and losses, including unrealised gains and losses relating to investment transactions and those arising from the translation of investments denominated in foreign currencies are dealt with in the Sports Development Fund.

(c) 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 statement of financial position 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

IFRS 9 introduces a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost based on the nature of the cash flows of these assets and the Foundation's business model. These categories replace the existing IAS 39 classification of FVTPL, available for sale, loans and receivables and held-to-maturity. The foundation classifies its financial assets in the following categories: at fair value through profit or loss and amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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Notes to the Financial Statements

31 December 2019

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2. Significant Accounting Policies (Continued)

(d) Financial instruments (continued)

(i) Financial assets measured at amortized cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

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

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- when a group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

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 Foundation has transferred substantially all risks and rewards of ownership.

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 current liabilities in the statement of financial position.

(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).

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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%
Cell phones	100%
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 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 statement of financial position.

Debt securities are classified as financial assets at amortised cost. Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation is holding solely for the payment of principal and interest. Financial assets at amortised cost are initially recognised at fair value, which is the cash consideration including any transaction costs.

Sports Development Foundation

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Notes to the Financial Statements

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Receivables

Receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Foundation holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(j) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

(k) Payables and accrued charges

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

Sports Development Foundation

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Notes to the Financial Statements

31 December 2019

(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 2019

(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.

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
2019					
Payables and accrued charges	799	4,478	7,105	-	12,382
Managed funds	-	-	27,739	1,750	29,489
	799	4,478	34,844	1,750	41,871
2018					
Payables and accrued charges	6,201	2,812	13,457	-	22,470
Managed funds	-	-	2,616	1,698	4,314
	6,201	2,812	16,073	1,698	26,784

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

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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 statement of financial position at 31 December 2019 includes aggregate net foreign assets of approximately \$84,691,000 (2018 – \$47,852,000) 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.

(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 statement of financial position date. The quoted market price used for financial assets held by the Foundation is current bid 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 statement of financial position 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.

Indicative prices or yields are used to determine fair value of government and corporate bonds. These prices or yields are obtained from reputable pricing services.

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.

Capital management

The Foundation is not exposed to externally imposed capital requirements.

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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

The Foundation receives funding for its approved budget for each financial year through the CHASE Fund. This amount was \$536,793,000 in 2019 (2018-\$606,000,000). These contributions were recognized at a point in time.

6. Project Expenditure and Grants

	2019	2018
	\$'000	\$'000
Infrastructure Projects	107,632	163,785
Grants to National Associations	210,289	196,439
Grants to Government Agencies	43,114	41,214
Grant for Special Projects – Track Meets	30,800	12,500
Special Allocation Fund	104,304	58,824
Grants – others	42,219	22,878
	<u>538,358</u>	<u>495,640</u>

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7. Expenses by Nature

Total disbursements and administration expenses:

	2019	2018
	\$'000	\$'000
Advertising and promotion	3,310	1,366
Audit fees	2,367	2,254
Depreciation and amortization	3,969	4,793
Directors' fees (Note 15)	2,897	3,010
Foreign travel	3,318	1,248
Insurance	1,855	1,667
Legal and professional fees	3,919	3,833
Motor vehicle expense	4,395	4,694
Repairs and maintenance	4,808	4,799
Security	2,301	2,166
Staff costs (Note 8)	55,479	52,275
Utilities	5,301	4,959
Other expenses	7,065	7,296
	<u>100,984</u>	<u>94,360</u>
Project expenditure and grants (Note 6)	<u>538,358</u>	<u>495,640</u>
	<u><u>639,342</u></u>	<u><u>590,000</u></u>

8. Staff Costs

	2019	2018
	\$'000	\$'000
Salaries and wages	28,919	28,098
Accrued leave and gratuity costs	2,548	1,534
Payroll taxes – employer's portion	3,157	3,056
Pension contributions (Note 17)	942	896
Other (Health, Uniform and Welfare)	19,913	18,691
	<u>55,479</u>	<u>52,275</u>

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

	2019	2018
	No.	No.
Full-time	<u>13</u>	<u>14</u>

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9. Intangible Assets

	Computer Software \$'000
At Cost -	
1 January 2018	2,305
Additions	177
31 December 2018	2,482
Additions	250
31 December 2019	2,732
Amortisation -	
1 January 2018	2,235
Amortisation for the year	177
31 December 2018	2,412
Amortisation for the year	152
31 December 2019	2,564
Net Book Value -	
31 December 2019	168
31 December 2018	70

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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 2018	4,797	11,017	20,205	16,436	32,072	9,959	94,486
Additions	278	2,740	-	-	-	-	3,018
At 31 December 2018	5,075	13,757	20,205	16,436	32,072	9,959	97,504
Additions	267	788	-	-	-	9,215	10,270
At 31 December 2019	5,342	14,545	20,205	16,436	32,072	19,174	107,774
Depreciation -							
At 1 January 2018	4,133	7,804	14,278	8,047	-	9,627	43,889
Charge for the year	375	1,032	2,465	411	-	332	4,615
At 31 December 2018	4,508	8,836	16,743	8,458	-	9,959	48,504
Charge for the year	232	1,051	893	411	-	1,229	3,816
At 31 December 2019	4,740	9,887	17,636	8,869	-	11,188	52,320
Net Book Value -							
31 December 2019	602	4,658	2,569	7,567	32,072	7,986	55,454
31 December 2018	567	4,921	3,462	7,978	32,072	-	49,000

Leasehold property represents a 5 year lease of two hospitality suites at the Sabina Park Complex. The lease payments for the entire lease period were paid upfront by the Foundation.

11. Investment Securities

	2019 \$'000	2018 \$'000
Financial assets at amortised costs -		
Government of Jamaica	10,996	10,784
Corporate bonds	29,350	29,094
	<u>40,346</u>	<u>39,878</u>

The weighted average effective interest rate on investments was 8.5% (2018 – 8.5%). The investments have a maturity date of November 10, 2024 and July 9, 2025.

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12. Receivables

	2019	2018
	\$'000	\$'000
Prepayment	941	1,022
Other	7,527	69,410
	<u>8,468</u>	<u>70,432</u>

At 31 December 2018, included in other is an amount of \$58,657,000 advanced on behalf of Independence Park Limited. The amount was reimbursed during the current year.

The receivables at the end of 2018 also included \$3,680,000 due from the Ministry of National Security for the construction of two courts and seating at Up Park Camp which was also reimbursed during the current year.

13. Cash and Cash Equivalents

	2019	2018
	\$'000	\$'000
Cash at bank and in hand	148,559	86,832
Cash equivalents	47,854	135,484
	<u>196,413</u>	<u>222,316</u>

Cash equivalents represent securities with original maturities of three months or less and include interest receivable of \$647,000 (2018 – \$1,125,000). The weighted average effective interest rate on JMD short term deposits was 2.28% (2018 – 2.75%).

Cash at bank and in hand includes funds held under management of \$26,687,000 (2018 - \$6,433,000).

14. Managed Funds

	2019	2018
	\$'000	\$'000
Constituency Development Fund	301	870
Tourism Product Development Fund	1,086	629
Ministry of Agriculture & Fisheries	26,301	449
Sports Museum	1,750	1,698
Petrocaribe Fund	-	617
Beckwith International Leadership Development (BILD) Fund	51	51
	<u>29,489</u>	<u>4,314</u>
Current portion	<u>(27,739)</u>	<u>(2,616)</u>
	<u>1,750</u>	<u>1,698</u>

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14. 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.

In 2019 the Foundation received funding from the CDFP to undertake two projects in the parish of St. Andrew.

Since 2015, the Ministry of Tourism through the Tourism Product Development Company 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 sports related projects approved under the CDFP and TPDCo.

Constituency Development Fund

	2019 \$'000	2018 \$'000
Funds at the beginning of the year	870	-
Allocations during the year	4,645	7,987
Project disbursements	<u>(5,214)</u>	<u>(7,117)</u>
Funds at the end of the year	<u>301</u>	<u>870</u>

Tourism Product Development Co. Ltd

	2019 \$'000	2018 \$'000
Funds at the beginning of the year	629	2,442
Allocations during the year	4,974	8,083
Project disbursements	<u>(4,517)</u>	<u>(9,896)</u>
Funds at the end of the year	<u>1,086</u>	<u>629</u>

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14. Managed Funds (Continued)

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 managed the construction of sporting facilities by undertaking the technical, administrative and supervisory functions of all projects and activities. This development of sporting facilities in sugar dependent areas has been completed. Effective September 2, 2015, individual grant fund agreements (MOU) have been signed for the implementation by the Foundation of sporting facilities in selected high schools located in sugar dependent areas throughout the island.

	2019 \$'000	2018 \$'000
Funds at the beginning of the year	449	1,780
Interest earned	43	11
Allocation	28,291	-
Project disbursements	<u>(2,482)</u>	<u>(1,342)</u>
Funds at the end of the year	<u>26,301</u>	<u>449</u>

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.

	2019 \$'000	2018 \$'000
Funds at the beginning of the year	1,698	1,644
Interest earned	<u>52</u>	<u>54</u>
Funds at the end of the year	<u>1,750</u>	<u>1,698</u>

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14. Managed Funds (Continued)

iv) *PetroCaribe fund*

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

	2019 \$'000	2018 \$'000
Funds at the beginning and end of the year	617	1,899
Project disbursements	(617)	(1,282)
Funds at the end of the year	<u>-</u>	<u>617</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. 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.

	2019 \$'000	2018 \$'000
Funds at the beginning of the year	51	51
Project disbursements	-	-
Funds at the end of the year	<u>51</u>	<u>51</u>

15. Related Party Transactions

The following transactions were carried out with related parties:

Key management compensation

	2019 \$'000	2018 \$'000
Salaries and other short-term employee benefits	12,749	11,996
Payroll taxes – employer's portion	1,299	1,226
Pension	344	328
	<u>14,392</u>	<u>13,550</u>
Directors' emoluments -		
Fees	<u>2,897</u>	<u>3,010</u>

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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 global recession in 2008 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 2019, tax recoverable of \$10,483,000 (2018- \$10,456,000) was due from the Ministry of Finance and the Public Service. The Foundation has written to this Ministry to request payment and a conclusion of this matter.

17. 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 \$942,000 (2018 - \$896,000) in the current year.

18. Subsequent events

Subsequent to the end of the financial year, the WHO has declared the Coronavirus to be a global pandemic. The pandemic has resulted in a significant downturn in commercial activity as there is currently no cure, and the means most recommended to manage contagion is social distancing. Schools have therefore been temporarily closed, entertainment and sporting events which typically generate huge revenues and profits have been either cancelled or suspended, global travel restrictions have been implemented, all of which will have negative global economic consequences.

There has not been a sufficient passage of time for management to quantify the impact of the foregoing on its financial results at the time of reporting. The Foundation is already in the process of analyzing, based on the numerous developments and with time will be able to get an indication of the real impact and the potential for recovery.

Jamaica's Swimming Sensation - Alia Atkinson



Mico University College's Multipurpose Court



Jamaica Amateur Bodybuilding & Fitness Assn's National Championships





Alphansus Davis High School (formerly Spaulding High School)



Fenced Multipurpose Court

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