

2022

ANNUAL REPORT



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**SPORTS
DEVELOPMENT
FOUNDATION**



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Key

- 1 Rusea's High School, Hanover - **IRRIGATION SYSTEM**
- 2 Wilson Shop, St. Ann - **FENCED MULTIPURPOSE COURT & LIGHTING**
- 3 Oracabessa, St. Mary - **SEATING FACILITY**
- 4 The Ministry of Sport assists the Jamaica Rifle Association to participate at the 2022 Pan-Am Handgun Championships.
- 5 The SDF hands over sporting equipment to the SOS Children's Villages Jamaica, along with a fenced multipurpose court.

MESSAGE FROM THE MINISTER OF CULTURE, GENDER, ENTERTAINMENT AND SPORT FOR THE ANNUAL REPORT OF THE SPORTS DEVELOPMENT FOUNDATION FOR 2022



In 2022 the sporting industry reemerged in a significant way from the covid 19 pandemic. The track and field World Championship was staged at the international level and football World Cup qualifications resumed along with a host of other sporting activities locally, regionally and internationally.

The Sports Development Foundation (SDF) continued its infrastructure development work and its staunch support for the national sporting bodies as we jointly sought to ensure the full revival of sport. Infrastructure works across the country continued as we sought to ensure that no area is left without facilities to allow for a variety of sporting activities and that our athletes can continue their development. With \$255M spent on national sporting bodies in the form of subventions as well as assistance with travel to participate in competition and to

host local and regional activities, this is a clear indication of the government's commitment to sport and its development

Just under \$200M was spent on infrastructure development in a year when there was no extraordinary project undertaken, clear testimony to the effort to ensure the kind of investment in upgrading sports facilities and installing new ones. There can be little doubt that the industry is in need of major funding to address major facilities like the Catherine Hall complex in Montego Bay and this has not escaped the focus of government.

It is our sincere hope that as covid recedes more funds will be freed up in order that major funds can be made available for Catherine Hall and other such facilities. I encourage the Board, management and staff to continue the stalwart work, which has been the hallmark of the SDF through the years.

Hon. Olivia Grange OJ, CD, MP

THE CHAIRMAN'S MESSAGE



2022 could be described as the year of infrastructure. Not because it represented the highest spend in this area, but rather due to the fact that the spend on infrastructure, for the first time, exceeded the projections for the year. Given that this represents one of the key mandates of the Foundation, this is remarkable as it is the provision of sporting infrastructure that indicates the reinvestment in an area that has been very kind to brand Jamaica.

In 2022 \$190 Million was spent on infrastructure projects, compared with a projection of \$183M. Let me hasten to point out that this was not a case of spending more than was available, but rather had to do with projects completed in 2022, some of which were carried over from 2021, with the requisite funds. Commendations are due to the Projects Department in particular, as well as the overall organization as it takes all areas to get the job done.

In spite of the foregoing I must continue to remind that the funds available to the SDF falls well short of what is really required to address the needs of the sporting sector. Performances in the areas of track and field, women football, netball, la crosse and rugby have been outstanding on the international stage and in many other sports we excel at the regional levels. The income generated at the local level as well as the positive branding on the international media circuit, makes sport worthy of significant reinvestment.

Having received a total of \$667M to carry out the mandate for 2022, we had to apply experience and knowledge of the sector to make the best use of these funds, where the demands far exceeded what was available. I am constrained to urge that

due to ever increasing demands on the resources available to the SDF the need for allocation of more funds should be given priority consideration. The SDF continues to perform with a level of efficiency that ensures value for money to the tax payers as well as transparency, through the promptness of its reporting.

The continued support to almost sixty sporting bodies, with approximately forty receiving monthly subventions, is an indication of the commitment to the sporting sector. The distribution of subvention has been done in the most even handed manner and only additional funding can render us capable of doing more for the sector.

We commend the support provided from our Minister and Ministry and ask that we join in an appeal for additional support for a most worthy sector.

Sincerely

George Soutar CD, KC
Chairman

SPORTS DEVELOPMENT FOUNDATION

Annual Report for the Year ended December 31, 2022

The Board of Directors is very pleased to present in a timely manner the report for the 27th year of the operations of the Sports Development Foundation (SDF).

The year 2022 was very active owing to the full resumption of sporting events and programmes after two years of no or minimal activity owing to the Covid 19 pandemic.

The focus of the Foundation remained unchanged for 2022. This was to be achieved through prudent management of the available resources and providing financial assistance to the following:

- The continued establishment of sports infrastructure islandwide
- The funding of the programmes of National Sporting Associations
- The funding of sports programmes at the community level geared at enhancing the social inclusion of all citizens
- The provision of financial assistance to active and retired athletes and sports personnel
- The provision of funding to government agencies involved in the development of sport and
- The use of the Foundation's charitable status to assist in the importation of sporting equipment into the island for sporting associations.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

For the year the members of the Board of Directors were:

1. Mr. George Soutar, CD, KC, - Chairman
2. Mr. Newton Amos
3. Hon. Michael Fennell, OJ,CD, LLD(Hon)
4. Mrs. Annmarie Heron, OD,JP
5. Mr. Lloyd Pommells, OD, JP
6. Ms. Lillian Reid
7. Hon. Molly Rhone, OJ,CD,LLD(Hon)
8. Mr. Compton Rodney, OD
9. Mr. Alexander Shaw
10. Mr. Denzil Wilks (Ex-officio)

2. MEETINGS

The number of meetings of the Board and Committees held during the year is set out below:

- I. Board Meetings:
 - ✓ Board Meetings (13)

- II. Committees
 - ✓ Advisory/Special Committees (3)
 - ✓ Allocations/Projects Committee (13)
 - ✓ Audit Committee(2)
 - ✓ Human Resources Committee (3)
 - ✓ Finance Committee (12)
 - ✓ Public Relations Committee (1)

3. REVIEW OF OPERATIONS

The year began with the expectation that resumption of sporting activities on the island and internationally would continue and increase especially as Covid 19 vaccines were now accessible in most countries in the world. Jamaica agreed to host the Carifta Track and Field Championships at the National Stadium in April 2022 and it was expected that the Reggae Girls would continue to participate in the FIFA series of qualifying matches for the 2023 Women's World Cup. Based on this expectation, the 2022 budget of J\$653.883m from Gaming Proceeds and a special subvention from the Ministry of Finance & the Public Service (MOFPS) of J\$153.240m was submitted for approval. The addition grant of J\$153.240m was requested to provide support for:

- a) The hosting of the 2022 Carifta Track and Field Championships (J\$31.600m)
- b) The World Cup Campaign for the Reggae Boyz (J\$30.000m)
- c) The World Cup Campaign for the Reggae Girls (J\$91.640m)

This budget was approved by MOFPS with the understanding that the approved subvention from the MOFPS had to be paid from the Consolidated Fund directly to the parent ministry in order to be in compliance with the rules governing the operation of the Consolidated Fund.

The programmes budgeted for the year were selected in keeping with the priorities established by our parent ministry to improve the development of and access to sports programmes and facilities by all citizens of Jamaica with every attempt being made to fund all core areas as much as possible within the J\$653.883m provided.

For the year the SDF achieved the following:

- a) The establishment of sports infrastructure (2022-\$190.340m , 2021-\$137.243m), a 38.7% increase
- b) Provision of continued support to National Sporting Associations through monthly subventions and additional grants (2022-\$255.885m, 2021-\$196.671m), a 30.1% increase
- c) The funding of sport programmes in communities islandwide including summer camps for the youth (2022-\$107.268m, 2021-\$61.176m), an increase of 75.3%
- d) Support to the Institute of Sport (2022- \$56.334m, 2021- \$12.084m) an increase of over 300%
- e) Support to Independence Park Limited (2022-\$20.745m, 2021-\$17.114m) an increase of 21.2%
- f) Financial assistance to athletes and sports personnel (active and retired) through grants from the Athletes Welfare & Other Grants (2022-\$37.495m, 2021-\$11.074m), an increase of 238.5%, that is a more than doubling of the expenditure in this area.

The Covid-19 pandemic continued to affect the hosting of international events such as the Jamaica International Invitational Track Meet and the Racers Grand Prix Meet; resulting in these events being cancelled for another year.

Table 1 shows a comparison of budget for 2022 and the actual income and expenditure for the year

Table 1– Comparison of Actual vs. Budget for 2022

	Actual \$'000	Budget \$'000	Variance \$'000
INCOME			
Income thru CHASE Fund	667,948	653,883	14,065
Subvention-MOFPS	-	153,240	(153,240)
Investment Income	5,810	4,760	1,050
Other Income	891	780	111
Fair Value & Exchange gain	(4,636)		(4,636)
TOTAL INCOME	670,013	812,663	(142,650)
ADMINISTRATIVE EXPENDITURE:	118,708	184,454	65,746
OTHER EXPENDITURE:			
Grants to Government Agencies	80,979	43,114	(37,865)
Special Projects	1,965	-	(1,965)
Track Meets	-	20,000	20,000
Special Allocations	107,268	86,400	(20,868)
Infrastructure Projects	190,340	183,000	(7,340)
Reggae Girls & Reggae Boys	-	121,640	121,640
National Associations	255,885	199,466	(56,419)
Athletes Welfare & Other Grants	37,495	42,850	5,355
TOTAL OTHER EXPENDITURE	673,932	696,470	22,538
TOTAL EXPENDITURE: ADMINISTRATION AND OTHER EXPENDITURE	792,640	880,924	88,284
SURPLUS/(DEFICIT)	(122,627)	(68,261)	(54,366)

I. INCOME

Income received through the CHASE Fund for 2022 (\$667.948m) represented an increase of \$14.065m compared to the budgeted amount of \$683.883m. The comparative income received through the CHASE Fund for 2021 was \$566.370m. Investment income earned for the year exceeded the budgeted amounts (by \$1.050m) as

- a) Funds were invested for longer periods than budgeted and,
- b) During the year there was an increase in interest rates in the market place; moving from 2.5% p.a. in January to 6.25% p.a. at the end of the year.

The Other Income category includes rental income, project management fees and the sale of tender documents.

The appreciation of the Jamaica Dollar compared to the United States Dollar over the year resulted in a decrease in the valuation of funds held in foreign currencies.

II. ADMINISTRATIVE EXPENSES-\$118.708m

Administrative expenses incurred for the year were \$118.708m which was \$65.746m less than the budgeted amount.

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

a) Board Costs

The need to maintain physical distancing as a mitigation measure for the Covid 19 pandemic resulted in an increase in the use of a dual modality that is, face to face and virtual meetings being held. Savings resulted as travelling and meeting costs decreased.

b) Employee Costs

The Administrative budget for 2022 included the provision for an increase in the staff complement as well as an increase in emoluments in keeping with the projected new compensation package for the public sector. The increase in the staff complement was not implemented in the year and where necessary, required services were outsourced. To improve the efficiency and position the organization for growth, an organizational review exercise commenced in

December 2022. This was done with the approval of the Ministry of Finance and the Public Service and the parent ministry and is the first such exercise since the inception of the SDF. It is anticipated that this review will be completed for implementation during 2023.

c) Maintenance-Building and Equipment

The maintenance of the plant planned for 2022, (for example painting of the buildings and repairs to the roof) was not achieved owing to emphasis being placed by the Projects Department on increasing the rate of implementation of sports infrastructure throughout the island.

Emphasis was placed on the maintenance of software applications and technology driven systems to ensure that operations continued seamlessly.

III. OTHER EXPENSES-\$673.932m

a) Grants for Meets and Special Projects

As the 2022 Jamaica International Invitational and Racers Grand Prix Meets were cancelled owing to the Covid-19 pandemic, the funds budgeted for these events were used to supplement additional grants to National Sporting Associations.

b) Special Allocations-\$107.238m

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. Included in this amount is \$15.375m for the hosting of Summer Camps for the youth. These camps were successfully held in full compliance with the Disaster Risk Management Act.

c) Infrastructure Projects-\$190.340m

The implementation of infrastructure projects was faster than projected during the year owing to the improvement in the management of the Covid 19 pandemic. The projects that were incomplete at the end of the year were carried forward to 2023.

d) Grants to National Associations- \$255.885m

The amounts spent in 2022 (2022-\$255.885m, 2021-\$196.671m) for grants to National Associations reflect an increase compared to the budgeted amount (\$199.466m).The grants paid represent, monthly subventions of \$144.840m and

additional grants of \$111.045m. The Foundation was deliberate in making these payments in order that National Sporting Associations would continue to receive support especially at a time when funding from other national and international organizations decreased and ceased in some instances. From the second quarter of the year some National Associations began training as well as participating in competitions held locally and outside of Jamaica.

The Cali-Columbia under 20 and Eugene-USA 2021 World Athletics Championships were successfully held during the year. Fifty- one (51) percent of the additional grants of \$111.045m was granted to two National Sporting Associations as outlined below:

- ✓ The Jamaica Athletic Administrative Association received additional support of \$36.200m while
- ✓ The Jamaica Football Federation received an additional grant of \$20.487m.

Table 2 shows a comparison of the actual income and expenditure for 2022 with the actual income and expenditure for 2021

Table 2 – Comparison of Actual Data for 2022 and 2021

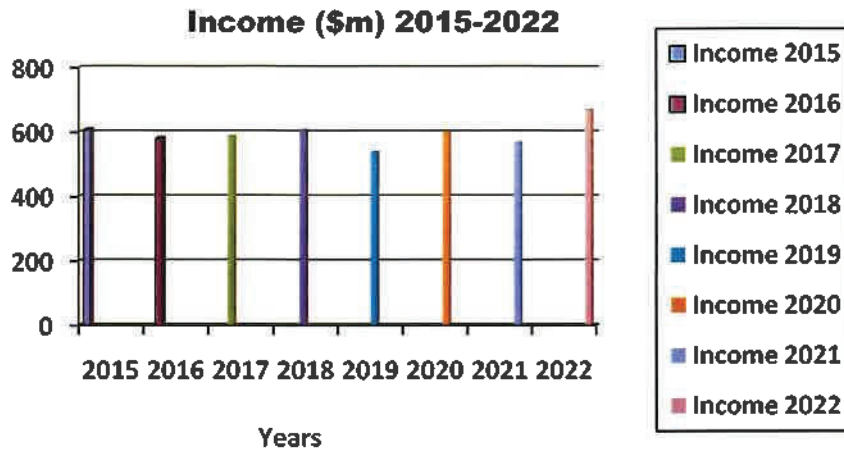
	2022 Actual \$'000	2021 Actual \$'000	Variance \$'000
INCOME:			
Income from Gaming	667,948	566,370	101,578
Investment Income	5,810	5,491	319
Other Income	(3,745)	8,283	(12,028)
TOTAL INCOME	670,013	580,144	89,869
EXPENDITURE			
Administrative expenses	118,708	113,943	(4,765)
Grants to Government Agencies	80,979	29,197	(51,782)
Assistance to Sporting Events (Track Meets)	-	-	-
Special Projects	1,965	11,757	9,792
Special Allocations Fund	107,268	61,176	(46,092)
Infrastructure Projects	190,340	137,243	(53,097)
National Associations	255,885	196,671	(59,214)
Athletes Welfare and Other Grants,	37,495	11,074	(26,421)
TOTAL EXPENDITURE	792,640	561,061	(231,579)
SURPLUS / (DEFICIT)	(122,627)	19,083	(141,710)

I. Income

The income received in 2022 reflects an increase (17.93%) compared to 2021. For the eight-year period 2015-2022, the proceeds received in 2022 represent the largest amount received since inception, yet this amount is woefully lacking compared to the real needs for the development of sport in the country.

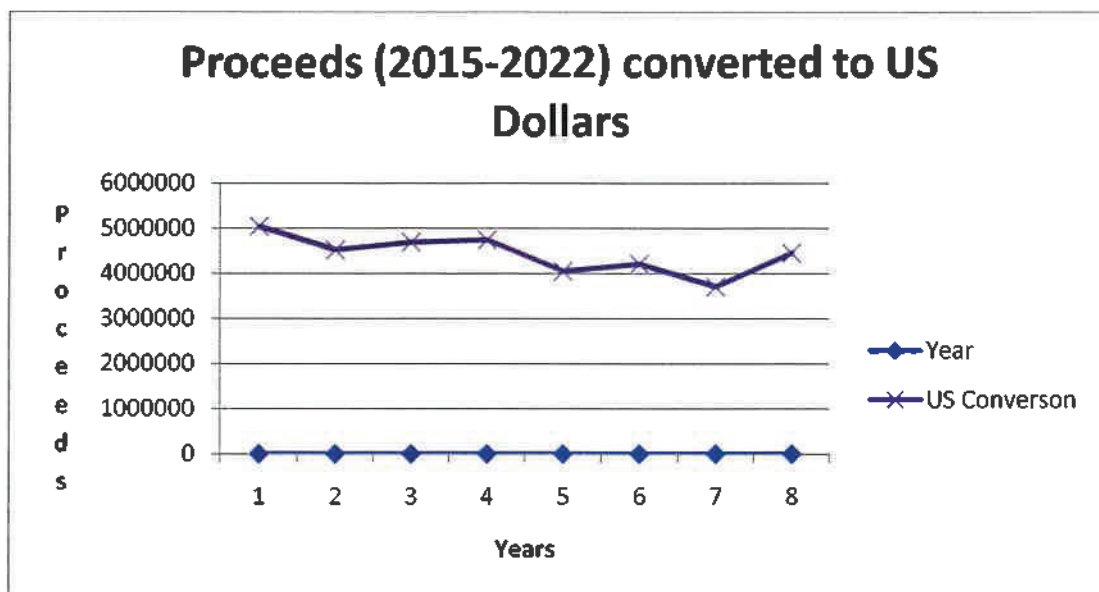
The chart below shows the change in income over the eight- year period 2015-2022.

Chart 1- Comparison of Income (\$m) received over the eight year period 2015-2022



A further analysis of the proceeds received over the eight year period (2015-2022) is reflected in Chart 2 below.

Chart 2 –Showing Proceeds (2015-2022) converted to US Dollars



The proceeds received over the eight-year period shown above highlights that the resources available to the Foundation have declined, in real terms, over the period. This has taken place in the context where the cost of infrastructure and other services have increased by over 50% over the period especially owing to supply chain challenges resulting from the Covid 19 global pandemic. The need for additional funding is palpable and imperative.

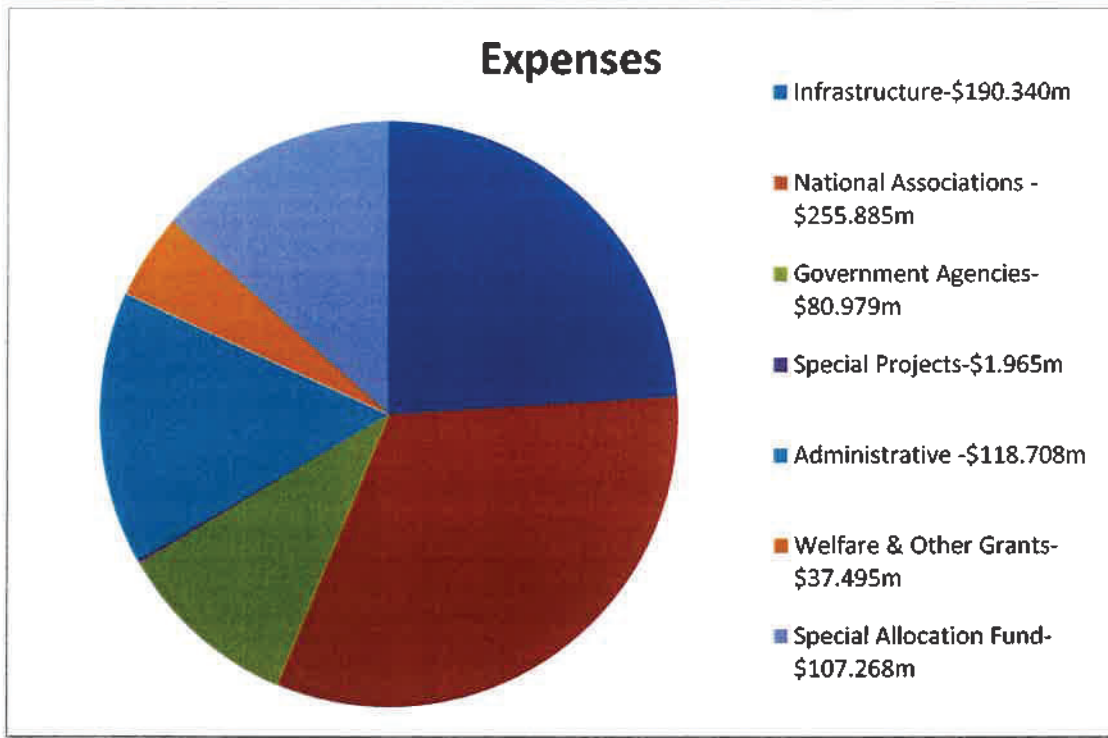
2. Major Expense Categories

The Major Expense Categories are:

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

The chart below gives an indication of the spread of expenditure across categories.

Chart 3- Comparison of Funds allocated to Expense categories for 2022



Infrastructure expenditure represented 24.0% of total expenditure, allocations to national associations were 32.3%, and other non-administrative expenses represented 28.7%. Administrative expenses amounted to 15.0%. This is another indication of the efficiency of the Foundation. Staff costs amounted to \$58.969 million, a mere 8.1% of total expenditure. It should be noted however, that this is also an indication of the understaffing of the Foundation, as well as inadequacy in the compensation of employees.

a) Sports Infrastructure Projects (Appendix 1):

These projects included:

National Facilities-\$15.191m

The purchase of new pumps and installation of same at the National Aquatic centre was completed during the year. The Foundation paid for the assessment of the stands at the Aquatics Centre in order to determine the remaining useful life of this structure. The final payment for the lights installed at the Basketball courts was effected during the year.

Community & Institution Infrastructure Projects-\$174.749m

During the year the Foundation:

- ✓ Completed/ upgraded multipurpose courts in four communities,
- ✓ Completed/upgraded fenced multipurpose courts at eleven institutions of learning
- ✓ Provided fencing for sporting complexes in three communities
- ✓ Continued the rehabilitation of playfields/turfs at two schools and in one community
- ✓ Constructed seats at one location
- ✓ Continued the construction of sporting complexes in two Communities
- ✓ Rehabilitated the dormitory at one high school
- ✓ Replaced goals and provided equipment to schools and communities throughout the island

b) National Sports Associations (Appendix 2)-\$255.885m

In 2022, \$255.885m (2021-\$196.671m) was paid to National Associations to provide funding for their national programmes, administrative expenses and assistance to athletes. These grants are outlined in Appendix 2. The grants made in 2022 represent an increase of \$59.214m compared to that of 2021. This was done in an attempt to assist in the resumption of sporting activity (training, competitions and tournaments) after the shutdown of the industry in 2020 and 2021 owing to the Covid 19 pandemic.

c) Government Agencies (Appendix 3)-\$80.979m

In 2022, the Foundation provided funding of \$80.979m to Government Agencies compared to \$29.197m paid over in 2021. This was distributed as follows:

- a. Institute of Sports: \$56.334m (2021-\$12.083m)–For programme support including \$31.000m for the Primary Schools Track and Field Competition.
- b. Independence Park Limited: \$20.745m (2021-\$17.114m) – These funds included \$6.570m to supplement the continued maintenance of the National Stadium and the Trelawny Multipurpose Complexes, \$13.773m provided support towards the replacement of the running tracks and \$0.402m for the purchase of a scoreboard.
- c. G. C Foster College of Physical Education- \$ 0.400m for the G.C. Foster Classics
- d. Social Development Commission -\$3.500m for the 2022 20/20 Cricket Competition

In each year, these grants are separate from any infrastructure upgrades provided for facilities located at the Independence Park Limited.

d. Special Projects -\$1.965m

The Foundation commenced a project in the year to review the sport of cricket at the youth level through the purchase of equipment and construction of cricket nurseries. The amount spent was used to purchase kiddie bats, pads and balls.

e. Administrative Expenses-\$118.708m

Administrative expenses for 2022 were 15% of total expenditure, an outstanding achievement by any standard and continuing the trend over the years of being within 25% of total expenditure. Administrative expenses increased in 2022 compared to 2021. This increase is attributable to:

- ✓ An increase in the maintenance costs of aging motor vehicles.
- ✓ The Covid-19 pandemic resulted in a cessation of overseas travel. Travel resumed during the year.
- ✓ In 2022, the Foundation increased the amount spent on public relations and advertising in order to enhance the public profile of the Foundation.
- ✓ The outsourcing of professional services increased during the year as there was an increase in infrastructure projects. In addition the Foundation received approval from the Ministry of Finance and the parent ministry to undertake its first organizational review. This was deemed necessary to equip and strengthen the capacity of the SDF to respond to the changing sports industry.

f. Athletes Welfare Fund & Other Grants-\$37.495m

Based on the requests received, grants totalling \$37.495m (2021-\$11.074m) were paid to athletes (active, retired and indigent) from the Athletes Welfare Fund and for the purchase of tickets. \$18.086m was spent during the year for the purchase of tickets to support primarily the sports of track and field and football. This represented additional investment in our two major sports.

g. Special Allocation Fund-\$107.268m

This category includes grants made to organizations and groups that are involved in the development of sports and sports programmes including summer camps. During the year, grants were also made to facilitate sports programmes in "ZOSO" and "SOE" designated

communities. In the case of ZOSO, these are Zones of Special Operations implemented by the Security forces in their efforts to control crime and violence. Sport, being identified as one of the most effective means of intervention, has been added to the mix of crime prevention efforts. The same applies to the areas in which States of Emergency have been implemented.

3. OTHER INFRASTRUCTURE ACTIVITES

i. Constituency Development Fund Programme (CDFP) and other entities-\$9.981m

During the year, the Foundation received \$7.981m from the CDFP to construct a multipurpose court at Falmouth Gardens in Trelawny. In addition the Jamaica Bauxite Institute (JBI) paid \$2m to the SDF for the construction of a multipurpose court in Addison Park, St. Ann. Both courts were completed by year end.

ii. Projects implemented on behalf of the Tourism Enhancement Fund/Tourism Development Product Company-\$5.930m

In March 2022, the Foundation received \$5.930m from the Tourism Product Development Company to undertake the:

- i. The rehabilitation of a multipurpose court in Discovery Bay, St. Ann (\$2.180m) and
- ii. The construction of a boundary wall at Thompson Park, St Catherine (\$3.750m).

The rehabilitation of the court was completed during the year. The construction of the wall was completed in early 2023.

iii. The High School Sports Infrastructure Improvement Programme (HSSIIP)-\$4.079m

This programme began in 2014 with the objective of implementing and improving sport infrastructure at High Schools throughout the island in order to give students a fair chance to excel in sport regardless of their school of choice.

The improvements include:

- ✓ Renovation of playfield
- ✓ Construction/rehabilitation of multipurpose courts
- ✓ Construction of gymnasiums
- ✓ Contribution to the installation of synthetic running tracks
- ✓ Construction of jump pits

- ✓ Construction of retaining walls and
- ✓ Construction of changing rooms

The Ministry of Agriculture and Fisheries through its Sugar Transformation Unit (STU) provided funding for the improvements done at High Schools situated in sugar dependent areas. These schools are Bog Walk High, Paul Bogle High, Vere Technical High, William Knibb High, Roger Clarke High, Kellits High, Grange Hill High and Frome High.

By 2022 only one school project remained, that is, the construction of the playfield for the Grange Hill High School. The construction of the playfield for Grange Hill High is still in progress as continual rainfall throughout 2022 significantly hindered the progress of this project.

4. STAFFING

It was proposed that the staff complement of the Foundation would increase in the year. This was not achieved as the organizational review was not completed at year end.

5. CHANGES TO THE CORPORATE PLAN

There was no need to change the 2022 Corporate Plan.

6. CHARITABLE STATUS

The SDF continued to assist the various sporting bodies with the importation of sporting equipment for use in their respective sport. This has been a major contributor to the development of various sports as many organizations are yet to achieve charitable status and the SDF has assisted in reducing the cost of imported sporting goods and equipment.

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

i. Administrative Expenses:

Administrative expenses for the year under review totalled \$118.708m. The budget for the year was \$184.454m resulting in a positive variance of \$65.746m.

ii. Sports Infrastructure:

It was budgeted that \$183.000m would be spent on ongoing and new projects in 2022. During the year \$190.340m were spent on infrastructure projects. This represents an increase of 38.69% compared to \$137.243m spent in 2021.

iii. National Sports Associations:

In 2022, grants totaling \$255.885m made to National Associations were more than the budgeted amount of \$199.466m. The increase was funded from savings from the Administrative expenses and from the cancellation of events such as the Track Meets.

iv. Government Institutions:

Grants made to Government Agencies totalled \$80.979m which is significantly more than the budgeted amount of \$43.114m.

8. FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2023

Based on the projected proceeds for 2023, the expenditure on projects and grants are as outlined in the table below.

Table 3- Forecasts and Projections for Financial year 2023

Key Output	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
Sports infrastructure including rehabilitation of fields and courts at schools and communities island-wide	\$48.300m	\$46.317m	\$39.275m	\$57.023m	\$190.915m
Improve administrative and technical development of sports through grants to national sports associations.	\$53.278m	\$43.254m	\$48.652m	\$36.921m	\$182.105m
The purchase of tickets for sporting events	\$7.050m	\$5.950m	\$2.650m	\$0.000m	\$15.650m
Enhance sports curriculum. Increase community sports development through grants to Government Agencies.	\$2.250m	\$2.250m	\$2.250m	\$2.250m	\$9.000m
<u>Special Project</u> Jamaica International Invitational Track Meet	\$0.000m	\$0.000m			\$0.000m
Racers Grand Prix		\$0.000m			\$0.000m
Assist other organizations involved in sport Summer Camp			\$24.000m		\$24.000m
Zoso Interventions	\$2.400m	\$2.400m	\$2.400m	\$2.800m	\$10.000m
PLCA & Inner-city Coach	\$7.050m	\$2.850m	\$0.500m	\$4.200m	\$14.600m
<u>Athletes Welfare</u> Assist athletes and administrators for training, scholarships, medical expenses, stipends	\$2.300m	\$2.300m	\$2.300m	\$2.300m	\$9.200m
Indigent Fund	\$2.500m	\$2.500m	\$2.500m	\$2.500m	\$10.000m
Scholarships	\$2.500m			\$2.500m	\$5.000m
<u>Special Allocations</u> To assist other organizations in funding sport related activities	\$4.050m	\$4.050m	\$5.000m	\$6.900m	\$20.000m
Total	\$131.678m	\$111.871m	\$129.527m	\$117.394m	\$490.470m

The budget for 2023 has been approved for implementation.

Table 4- Comparison of the Budget for Financial year 2023 and the Actual Expenditure for Financial years 2022 and 2021

Budget Item	\$'000 Actual 2021	\$'000 Actual 2022	\$'000 Budget 2023
Infrastructure projects	137,243	190,340	190,915
National Associations	196,671	255,886	182,105
Government Agencies:			
a. Institute of Sports	12,083	56,334	9,000
b. Social Development Commission	0	3,500	0
c. Independence Park Limited	17,114	20,745	0
d. G.C. Foster College	0	400	0
Tickets Sporting Events	269	18,087	15,650
Jamaica Invitational Track Meet & Racers Grand Prix	0	0	0
Special Allocations	28,421	61,832	20,000
Grant PLCA	7,200	15,550	12,600
Scholarships		3,375	5,000
ZOZO and SOE Programmes	8,570	13,511	10,000
Summer Camp	16,985	15,375	24,000
Athletes Welfare, Indigent Grants & Special Projects	22,562	18,997	21,200
Total	447,118	673,932	490,470

Table 5 reflects a decrease in the proposed budget for 2023 compared to the actual amount spent in 2022.

9. REFLECTIONS ON THE BOARD'S PERFORMANCE AND RECOMMENDATIONS GOING FORWARD

The SDF continues to operate at an extremely high level of efficiency and maintains an enviable record in the area of prompt reporting, good corporate governance practices and prudent management of its resources. Our external auditors have, over the years, commended the Foundation for its efforts and have stated that the SDF is an example that other public sector entities should emulate.

In order to continue to serve its stakeholders and to effectively carry out its mandate, there needs to be urgent attention given to increasing the funding for this organization.

Sport contributes significantly to the Jamaican brand and adds value to the economy. However, the growth of this sector requires deliberate and focused attention to the funding of programmes at the youth level and the development of proper sport infrastructure. This is required to ensure that the talents of our potential athletes are not missed and that they be allowed to hone their athletic skills on surfaces that meet the basic international standards. In this regard, the Board of the Sports Development Foundation strongly advocates for greater funding to the SDF to be made available for this vital sector, which is no longer just leisure, but one which touches every aspect of our existence. The need for more funding has been expressed repeatedly and we suggest that this should form the basis for future events as well as to help generate real economic growth in Jamaica.

10. RECOMMENDATIONS

After twenty-seven (27) years of operations it is timely for the SDF to undertake a review of its role and financial position in order to meet the real demands for the development of sport. In order to keep pace with the changing global sport industry there needs to be:

1. The sourcing of additional funding
2. The carrying out of extensive work in the area of research and development
3. The structuring of programmes for the maintenance of sport infrastructure
4. Continued training for sports personnel and
5. Greater levels of coordination in order to more significantly impact the economy.

11. CONCLUSION

The Board of the Sports Development Foundation takes this opportunity to express its gratitude and appreciation to the Minister and her staff for the Ministry's continued dedication and assistance to the Foundation during the year.



George Soutar CD, KC

CHAIRMAN



Denzil Wilks

GENERAL MANAGER

April 26, 2023

Appendix 1

Project Expenses Analysis for 2022 (\$J)

Fenced Multipurpose Courts

Parish	No	Amount	Location
St. Andrew	6	25,618,690	YWCA, Rocky Valley, Tavares Garden, Kencot SDA, Papine High, SOS Children's Village (goals-Jarrett Lane)
St. Catherine	1	6,966,904	Jericho Primary, Spanish Town High, Tawes Pen (goals-Cumberland Southboro)
Clarendon	2	8,232,852	Portland Cottage, Treadlight Primary
St. Elizabeth	1	10,355,001	Hampton High, Hopewell Primary
Kingston	1	9,507,090	Rae Town
St. James		6,084	Paradise
Manchester	3	19,552,951	Manchester High, Old England Primary, Holmwood High
St. Ann	1	7,134,236	Walkerswood Primary
Portland		459,042	Goals Woodstock
TOTAL	15	87,832,850	

Fields

Parish	No	Amount	Location
Kingston	1	2,500,000	Maxfield Park
St. Elizabeth		700,686	Alligator Pond
St. Andrew	1	7,029,648	New Providence Primary, Kencot SDA, Kingsway High, St. Andrew Technical
St. Ann		528,040	Wilson Shop
Clarendon		6,290,684	Knox College
Westmoreland		3,042	Bog Oval
St. Catherine		3,678,252	Ebony Vale, G. C. Foster
TOTAL	2	20,730,352	

Project Expenses Analysis for 2022 (\$J) cont'd

National Projects

Parish	No	Amount	Location
Kingston		20,000	Lighting of National Basketball Courts –National Stadium
Kingston		15,191,154	Stadium Pool
Kingston		379,500	Stands, Stadium Pool
TOTAL		15,590,654	

Fencing/Wall

Parish	No	Amount	Location
St. Mary	1	3,905,462	Annotto Bay Complex. Westmoreland Oval
Kingston	1	2,054,000	Majesty Gardens
Portland	1	1,401,878	Bellview Primary
TOTAL	3	7,361,340	

Seats

Parish	No	Amount	Location
Kingston	1	4,500,000	St. George's College
St. Catherine		45,630	Thompson Park,
Westmoreland		3,042	Wilson Shop
TOTAL	1	4,548,672	

Project Expenses Analysis for 2022 (\$J) cont'd

Equipment & Signs

Parish	No	Amount	Location
Island-wide		5,876,110	Equipment includes goals, marking of courts.
Kingston & St. Andrew		382,000	Backbush
TOTAL		6,058,110	

Complexes & Dormitories

Parish	No	Amount	Location
St. Mary		15,280,752	Oracabessa,
Clarendon		2,000,000	Dorms-Clarendon College
St. Catherine		29,200,570	Complex –Gordon Pen
St. Ann		1,263,924	Wilson Shop, Watt Town
St. Andrew		470,000	Savage Pen
St. James		3,042	Catherine Hall
TOTAL		48,218,288	

Total Projects 2022 \$190,340,266

Appendix 2

Grants to National Associations 2022 and 2021 (\$J)

Association	Amount (2022)	Amount (2021)
Aquatics Jamaica	7,300,000	1,800,000
Equestrian Federation	1,290,000	1,290,000
Jamaica Intercollegiate Sports Assn	800,000	-
Jamaica Athletic Administrative Assn	54,200,000	53,730,000
Jamaica Amateur Basketball Assn	7,583,000	6,483,000
Jamaica Amateur Gymnastics Assn	4,290,000	2,740,000
Jamaica Amateur Softball Assn	1,290,000	1,290,000
Assn of Sports Medicine	990,000	1,308,224
Jamaica Badminton Assn	3,659,100	1,870,500
Jamaica Bobsleigh & Skeleton Federation	2,000,000	3,650,000
Amateur Bodybuilding Assn	1,629,978	1,801,648
Boxing Board of Control	3,306,000	1,806,000
Jamaica Chess Federation	4,250,004	1,250,004
Jamaica Cricket Association	13,200,000	13,200,000
Jamaica Cycling Federation	1,655,500	3,806,000
Jamaica Darts Association	650,000	650,000
Jamaica Football Federation	60,661,438	42,000,000
Jamaica Golf Association	3,604,985	3,935,000
Jamaica Hockey Federation	6,564,000	2,484,000
Jamaica Netball Association	13,180,850	12,680,850
Jamaica Paralympic Association	1,833,414	2,000,088
Jamaica Rifle Association	2,900,000	-
Jamaica Rugby Union	4,290,000	2,290,000
Jamaica Rugby League	1,900,044	1,000,044
Jamaica Skeet Club	1,000,000	-
Jamaica Draughts Association	200,000	-
Jamaica Visually Impaired Cricket	1,400,004	1,400,004
Jamaica Surfing Association	3,125,000	1,700,000
Jamaica Squash Association	1,806,000	1,806,000
Jamaica Table Tennis Association	6,285,000	5,812,500
Tae-Kwon Do Association	1,250,000	900,000
World Korean Tae-kwon Do	1,525,000	900,000
Jamaica Triathlon Association	1,850,000	650,000
Jamaica Volleyball Association	4,324,000	2,064,000
National Domino Bodies	1,400,000	880,000
Special Olympics Jamaica	6,008,800	3,508,800
Tennis Jamaica	4,249,000	3,999,000
Seido Karate Association	1,050,000	600,000
Multicare Foundation	2,838,000	2,838,000
World Bridge Federation		210,000
Jamaica Deaf Sports Association	1,530,000	1,290,000
Jamaica Rowing Federation	-	1,000,000
Jamaica Male Netball Association	1,500,000	
Jamaica Master Athletic Association	1,596,000	
Jamaica Lacrosse Association	2,500,000	
Jamaica Weightlifting Association	1,700,000	1,748,250
Jamaica National Powerlifting Association	3,220,000	500,000
Total Carried Forward	253,385,117	194,871,912

Total Carried Forward	253,385,117	194,871,912
Jamaica Wrestling Association		98,961
Jamaica Tackle Football Association	2,200,000	1,700,000
Jamaica Canoeing Federation	-	-
KSATTA Table Tennis	150,000	
JA Taekwondo Academy	150,000	
TOTAL	255,885,117	196,670,873

Appendix 3

Grants to Government Agencies 2022 and 2021 (\$J)

Agency	Amount (2022)	Amount (2021)
G.C. Foster College	400,000	-
Institute of Sports including camp	56,334,500	12,083,585
Independence Park Ltd	20,744,600	17,113,800
Social Development Commission	3,500,000	-
TOTAL	80,979,100	29,197,385

Appendix 4

Directors Compensation 2022 (\$J)

Position of Director	Gross Fees	Travelling	Honoraria	All other Compensation cash and non cash	Total
George Soutar	379,100	-	-	84,000	463,100
Newton Amos	121,000	1,890	-	-	122,890
Michael Fennell	220,700	13,860	-	25,000	259,560
Annmarie Heron	294,500	20,475	-	18,000	332,975
Lloyd Pommells	382,900	31,941	-	84,000	498,841
Lillian Reid	249,700	1,008	-	60,000	310,708
Molly Rhone	197,700	5,040	-	60,000	262,740
Compton Rodney	295,600	28,980	-	-	324,580
Alexander Shaw	153,500	26,208	-	60,000	239,708
TOTAL	2,294,700	129,402	-	391,000	2,815,102

Appendix 5

Compensation

Senior Management's Emoluments 2022 (\$J)

Name and Position	Basic Pay	Gratuity/ Honorary	Motor Vehicle Upkeep/Travelling	Pension or other Retirement Benefit	Other Allowances	Non- Cash Benefit	Total
Denzil Wilks General Manager	5,588,904	817,652	1,697,148		-	-	8,103,704
Charmaine Hanson Financial Controller	4,238,522		1,697,148	200,104	-	-	6,135,774
Terry Montaque Chief Engineer *	1,770,308	-	848,574	88,515	-	-	2,707,397
TOTAL	11,597,734	817,652	4,242,870	288,619	-	-	16,946,875

* Mr. Terry Montaque resigned effective June 30, 2022. All emoluments are stated before tax.



Sports Development Foundation
(A Company Limited by Guarantee)

Financial Statements
31 December 2022

Sports Development Foundation

Index

31 December 2022

Auditor's Report to the Members

Financial Statements

Statement of comprehensive income	1
Statement of financial position	2
Statement of changes in fund	3
Statement of cash flows	4
Notes to the financial statements	5 - 21



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 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with 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 2022;
- 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 significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
1 March 2023

Sports Development Foundation

Statement of Comprehensive Income

Year ended 31 December 2022


(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
Contributions through the CHASE Fund	5	667,948	566,370
Investment income		5,810	5,491
Other income		<u>(3,745)</u>	<u>8,283</u>
		670,013	580,144
Less: Project expenditure and grants	6	(673,932)	(447,118)
Administration expenses	7	<u>(118,708)</u>	<u>(113,943)</u>
(Deficit)/Surplus for Year, being Total Comprehensive Income		<u>(122,627)</u>	<u>19,083</u>

Sports Development Foundation
Statement of Financial Position
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 \$'000	2021 \$'000
Non-Current Assets			
Intangible assets	9	134	233
Property, plant and equipment	10	54,210	51,312
Investment securities	11	44,585	48,928
		<u>98,929</u>	<u>100,473</u>
Current Assets			
Receivables	12	13,476	6,469
Cash and cash equivalents	13	145,253	273,556
		<u>158,729</u>	<u>280,025</u>
Current Liabilities			
Payables and accrued charges		15,815	16,059
Current portion of managed funds	14	14,194	14,233
		<u>30,009</u>	<u>30,292</u>
		<u>128,720</u>	<u>249,733</u>
Net Current Assets		<u>227,649</u>	<u>350,206</u>
Equity			
Sports Development Fund		225,708	348,335
Non-Current Liabilities			
Long term portion of managed funds	14	1,941	1,871
		<u>227,649</u>	<u>350,206</u>

Approved for issue by the Board of Directors on 1 March 2023 and signed on its behalf by:



George Soutar, CD, K.C Chairman



Compton Rodney, OD Director

Sports Development Foundation

Statement of Changes in Funds

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Sport Development Fund
	\$'000
Balance as at 1 January 2021	329,253
Surplus for year, being total comprehensive income	<u>19,082</u>
Balance at 31 December 2021	348,335
Deficit for year, being total comprehensive income	<u>(122,627)</u>
Balance at 31 December 2022	<u><u>225,708</u></u>

Sports Development Foundation

Page 4

Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	2022 \$'000	2021 \$'000
Cash Flows from Operating Activities		
(Deficit)/Surplus for year	(122,627)	19,083
Adjustments:		
Investment income	(5,810)	(5,491)
Depreciation and amortization	6,468	8,248
Exchange and translation losses/ (gains) on foreign balances	5,000	(6,041)
	<u>(116,969)</u>	<u>15,799</u>
Changes in operating assets and liabilities:		
Receivables	(7007)	1,674
Payables and accrued charges	(949)	(13,793)
Cash (used in)/provided by operating activities	<u>(124,259)</u>	<u>3,680</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(8,559)	(2,178)
Purchase of intangible assets	(708)	(763)
Investment income received	5,810	5,491
Cash (used in)/provided by investing activities	<u>(3,457)</u>	<u>2,550</u>
Exchange and translation (losses)/gains on cash and cash equivalents	<u>(587)</u>	<u>3,246</u>
(Decrease)/Increase in cash and cash equivalents	(128,303)	9,476
Cash and cash equivalents at beginning of year	273,556	264,080
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	<u>145,253</u>	<u>273,556</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(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 2022

(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

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after 1 January 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver for a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. There was no significant impact from the adoption of this amendment during the year.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. There was no significant impact from the adoption of the new standard on its financial statements.

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:

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. There will be no impact to the Foundation on adoption of this amendment.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Foundation.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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 statement of comprehensive income.

(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 17 for further details.

(ii) Accrued vacation

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

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

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).

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Property, plant and equipment and depreciation

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

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

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

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

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

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

Repairs and renewals are charged to the statement of comprehensive income when expenditure is incurred.

(g) Impairment of non-current assets

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

(h) Investment securities

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

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(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

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(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) Receivables

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

(iii) Cash and cash equivalents

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

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(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:

	2022				Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	
Payables and accrued charges	2,306	2,638	10,871	-	15,815
Managed funds	-	-	14,194	1,941	16,135
	2,306	2,638	25,065	1,941	31,950

	2021				Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	
Payables and accrued charges	2,124	2,902	11,033	-	16,059
Managed funds	-	-	14,233	1,871	16,104
	2,124	2,902	25,266	1,871	32,163

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 2022

(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 statement of financial position at 31 December 2022 includes aggregate net foreign assets of approximately \$67,742,836 (2021 – \$88,718,000) in respect of such transactions.

(i) Sensitivity arising from currency risk

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.

The effect of a further 4% (2021 - 8%) depreciation and a 1% (2021 - 2%) appreciation in the Jamaican dollar (JMD) relative to the United States dollar (USD) at the year end is considered in the following tables:

	2022			2021		
	Balances	Effect of a 4%	Effect of a 1%	Balances	Effect of a 8%	Effect of a 2%
	Denominated in USD	Depreciation at 31 December 2022	Appreciation at 31 December 2022	Denominated in USD	Depreciation at 31 December 2021	Appreciation at 31 December 2021
	\$	\$	\$	\$	\$	\$
Statement of financial position:						
Net position	67,743,000	2,710,000	(677,000)	88,718,000	7,097,000	(1,774,000)

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. However, this exposure is not significant as the balance is short term in nature.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(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 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.

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 through the CHASE Fund

The Foundation receives funding for its approved budget for each financial year through the CHASE Fund. This amount was \$667,948,000 in 2022 (2021 - \$566,370,000). These contributions were recognized at a point in time.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

6. Project Expenditure and Grants

	2022	2021
	\$'000	\$'000
Infrastructure Projects	190,340	137,243
Grants to National Associations	255,885	196,671
Grants to Government Agencies	80,979	29,197
Grant to Special Projects	1,965	11,757
Special Allocation Fund	107,268	61,176
Grants – others	37,495	11,074
	<u>673,932</u>	<u>447,118</u>

7. Expenses by Nature

Total disbursements and administration expenses:

	2022	2021
	\$'000	\$'000
Advertising and promotion	9,866	6,545
Audit fees		
Prior year over accrual	-	(372)
Current	2,245	2,118
Depreciation and amortization	6,468	8,248
Directors' fees	2,694	3,272
Insurance	1,843	1,647
Legal and professional fees	2,014	776
Motor vehicle expense	5,641	4,017
Repairs and maintenance	8,114	9,648
Security	2,517	2,283
Staff costs (Note 8)	58,969	59,241
Utilities	6,791	6,664
Other expenses	11,546	9,856
	<u>118,708</u>	<u>113,943</u>
Project expenditure and grants (Note 6)	<u>673,932</u>	<u>447,118</u>
	<u>792,640</u>	<u>561,061</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

	2022 \$'000	2021 \$'000
Salaries and wages	32,146	32,091
Accrued leave and gratuity costs	1,688	2,676
Payroll taxes – employer's portion	3,241	3,617
Pension contributions (Note 17)	940	992
Other (Health, Travelling, Uniform and Welfare)	20,954	19,865
	<u>58,969</u>	<u>59,241</u>
Average number of persons employed by the Foundation during the year:		
	2022 No.	2021 No.
Full-time	<u>13</u>	<u>14</u>

9. Intangible Assets

	Computer Software \$'000
At Cost -	
1 January 2021	<u>3,273</u>
Additions	<u>764</u>
31 December 2021	<u>4,037</u>
Additions	<u>708</u>
31 December 2022	<u>4,745</u>
Amortisation -	
1 January 2021	<u>3,078</u>
Amortisation for the year	<u>726</u>
31 December 2021	<u>3,804</u>
Amortisation for the year	<u>807</u>
31 December 2022	<u>4,611</u>
Net Book Value -	
31 December 2022	<u>134</u>
31 December 2021	<u>233</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(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
Cost:							
1 January 2021	9,399	15,819	20,205	16,436	32,072	19,174	113,105
Additions	1,397	781	-	-	-	-	2,178
31 December 2021	10,796	16,600	20,205	16,436	32,072	19,174	115,283
Additions	441	327	7,791	-	-	-	8,559
At 31 December 2022	11,237	16,927	27,996	16,436	32,072	19,174	123,842
Depreciation:							
At 1 January 2021	5,229	11,273	17,636	9,280	-	13,031	56,449
Charge for the year	1,204	1,497	2,568	411	-	1,842	7,522
31 December 2021	6,433	12,770	20,204	9,691	-	14,873	63,971
Charge for the year	1,339	900	1,169	411	-	1,842	5,661
31 December 2022	7,772	13,670	21,373	10,102	-	16,715	69,632
Net Book Value:							
December 31, 2022	3,465	3,257	6,623	6,334	32,072	2,459	54,210
December 31, 2021	4,363	3,830	1	6,745	32,072	4,301	51,312

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

	2022 \$'000	2021 \$'000
Financial assets at amortised costs -		
Government of Jamaica	11,836	13,141
Corporate bonds	32,749	35,787
	<u>44,585</u>	<u>48,928</u>

The weighted average effective interest rate on investments was 7.8% (2021 – 7.8%). The investments have a maturity date of November 10, 2024 and July 9, 2025.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

12. Receivables

	2022	2021
	\$'000	\$'000
Prepayment	1,255	883
Other	12,221	5,586
	<u>13,476</u>	<u>6,469</u>

13. Cash and Cash Equivalents

	2022	2021
	\$'000	\$'000
Cash at bank and in hand	119,580	223,323
Cash equivalents	25,673	50,233
	<u>145,253</u>	<u>273,556</u>

Cash equivalents represent securities with original maturities of three months or less and include interest receivable of \$906,000 (2021 – \$915,000). The weighted average effective interest rate on JMD short term deposits was 2.80% (2021 – 2.62%).

Cash at bank and in hand includes funds held under management of \$7,882,000 (2021 - \$13,250,000).

14. Managed Funds

	2022	2021
	\$'000	\$'000
Constituency Development Fund	3,273	2,961
Tourism Product Development Fund	5,943	2,226
Ministry of Agriculture & Fisheries	4,978	9,046
Sports Museum	1,941	1,871
	<u>16,135</u>	<u>16,104</u>
Current portion	(14,194)	(14,233)
	<u>1,941</u>	<u>1,871</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

14. Managed Funds (Continued)

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

The Constituency Development Fund Programme (CDFP) was developed out of a 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 2022 the Foundation received funding from the CDFP to undertake one project in St. James and one in Trelawny.

The Foundation also received funding in the year from the Jamaica Bauxite Institute to undertake a project on its behalf in St. Ann

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.

In 2022, the Foundation received funding from the TPDCo to undertake one project in St. Ann and one in St. Catherine.

The Foundation has been appointed as project manager of sports related projects approved under the CDFP and TPDCo and the Government of Jamaica.

Constituency Development Fund & Other Entities

	2022 \$'000	2021 \$'000
Funds at the beginning of the year	2,961	2,157
Allocations during the year	12,081	2,100
Project disbursements	(11,769)	(1,296)
Funds at the end of the year	<u>3,273</u>	<u>2,961</u>

Tourism Product Development Co. Ltd

	2022 \$'000	2021 \$'000
Funds at the beginning of the year	2,226	1,086
Allocations during the year	5,930	1,552
Project disbursements	(2,213)	(412)
Funds at the end of the year	<u>5,943</u>	<u>2,226</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

14. Managed Funds (Continued)

a. 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.

In 2022, work continued on the construction of a playfield at one such high school in Westmoreland. This project represents the final school under this programme.

	2022 \$'000	2021 \$'000
Funds at the beginning of the year	9,046	22,351
Interest earned	-	64
Allocation	13	-
Bank charges	(2)	(6)
Project disbursements	<u>(4,079)</u>	<u>(13,363)</u>
Funds at the end of the year	<u>4,978</u>	<u>9,046</u>

b. 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.

	2022 \$'000	2021 \$'000
Funds at the beginning of the year	1,870	1,823
Interest earned	<u>71</u>	<u>48</u>
Funds at the end of the year	<u>1,941</u>	<u>1,871</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

15. Related Party Transactions

	2022 \$'000	2021 \$'000
<i>Key management compensation -</i>		
Salaries and other short-term employee benefits	11,598	13,366
Gratuity	818	833
Payroll taxes – employer's portion	634	1,551
Pension	289	363
	<u>13,339</u>	<u>16,113</u>

16. Taxation

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.

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 \$940,000 (2021 - \$992,000) in the current year.



Key

- 6 SDA Church, Kencot, St. Andrew - **MULTIPURPOSE COURT**
- 7 Wilson Shop, St. Ann - **PLAYING FIELD & LIGHTING**
- 8 Jamaica's archery team aiming for greatness.
- 9 Handover of a bicycle from Denzil Wilks, General Manager of the SDF to Clive Dixon, Referee and former Boys Town goalkeeper.



SPORTS DEVELOPMENT FOUNDATION



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