

SPORTS DEVELOPMENT FOUNDATION



Annual Report 2014

SPORTS DEVELOPMENT FOUNDATION

Annual Report for the Year ended December 31, 2014

Pursuant to Section 3 of the Public Bodies Management and Accountability Act, the Sports Development Foundation submits its Twentieth (20th) Report of the Board of Directors for the year ended December 31, 2014.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

The members of the board were:

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

2. MEETINGS

Twelve meetings each of the Board of Directors, Allocations/Projects Committee and the Finance Committee were scheduled for 2014. During the year the following were held:

- i. Board of Directors - Fifteen (15) meetings
- ii. Allocations/Projects Committee -Eleven (11) meetings
- iii. Finance Committee - Twelve (12) meetings
- iv. Audit Committee - One (1) meeting and
- v. Secretariat Committee - Two (2) meetings

3. REVIEW OF OPERATIONS

The Sports Development Foundation is pleased to note that our contributions have continued to enhance sports development in Jamaica at the highest level in international competitions and also in communities and educational institutions. It is our humble opinion that the performances of our athletes have more than justified the use of the funding provided.

Throughout 2014 the Foundation continued to carry out its mandate by:

- a) Facilitating the development and growth of talent and skills through the construction of sporting facilities
- b) Funding programmes of National Sporting Associations aimed at promoting the development of sport at the national and school levels
- c) Assisting with the training of sports personnel by providing funding to the G.C. Foster College
- d) Funding community based sports programmes through grants provided to the Institute of Sport and the Social Development Commission and
- e) Providing where appropriate assistance to athletes through the Athletes' Welfare Fund.

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

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

This policy remained in effect throughout 2014.

A. Comparison of Actual and Budget for 2014

Table 1 shows a comparison of the actual income and expenditure for 2014 compared to the budgeted amounts.

Table I

	Actual \$'000	Budget \$'000	Variance \$'000
INCOME			
Income from Gaming 2014	585,035	528,347	56,688
Investment Income	10,981	6,415	4,566
Other Income	2,819	1,531	1,288
TOTAL INCOME	598,835	536,293	62,542
EXPENDITURE:			
Administrative expenses	74,137	92,797	18,660
Grants to Government Agencies	48,587	45,587	(3,000)
Jamaica International Invitational Athletic Meet	51,817	32,400	(19,417)
Special Allocations	3,251	7,185	3,934
Infrastructure Projects	166,367	350,638	184,271
National Associations	159,148	161,256	2,108
Athletes Welfare Grants	17,642	40,080	22,438
TOTAL EXPENDITURE	520,949	729,943	208,994
SURPLUS/(DEFICIT)	77,886	(193,650)	271,536
Net cash adjustments	290,568	228,249	62,319
Distribution payment			
NET POSITION	368,454	34,599	333,855

B. Comparison of Actual Results for 2014 and 2013

Table 2 shows a comparison of the actual income and expenditure for 2014 compared to the actual income and expenditure for 2013

Table 2

	2014 Actual \$'000	2013 Actual \$'000	Variance \$'000
INCOME:			
Income from Gaming 2013	585,035	566,098	18,937
Investment Income	10,981	11,766	(785)
Other Income	2,819	3,281	(462)
TOTAL INCOME	598,835	581,145	17,690
EXPENDITURE			
Administrative expenses	74,137	79,295	5,158
Grants to Government Agencies	48,587	45,924	(2,663)
Jamaica International Invitational Athletic Meet	51,817	47,601	(4,216)
BILD Jamaica Project		4	4
Special Allocations	3,251	943	(2,308)
Infrastructure Projects	166,367	71,690	(94,677)
National Associations	159,148	247,757	88,609
Athletes Welfare Grants	17,642	16,130	(1,512)
TOTAL EXPENDITURE	520,949	509,344	(11,605)
SURPLUS	77,886	71,801	6,085

I. Income

In 2014 increased sales of gaming products resulted in an increase in income earned by the Foundation.

The gross income earned in 2014 of \$585.035m reflected a 3.34% increase compared to the gross income earned in 2013 (\$566.098m). This 3.34% change is however less than the 6.49% change in the income earned in 2013 (\$566.098m) compared to that earned in 2012(\$531.707m).

Owing to increased gaming proceeds and delays in the implementation of infrastructure projects, investments were held for longer periods resulting in a 71.18% (\$10.981m earned compared to budgeted amount of \$6.415m) increase in investment income.

The increase in proceeds facilitated an increase in the grant made towards the hosting of the 2014 Jamaica International Invitational Track Meet.

II. Sports Infrastructure Projects (Appendix 1):

During 2014, \$166.367m were spent (2013-\$71.690m) on infrastructure projects. These projects included:

- Construction/ rehabilitation of Multipurpose courts at 16 locations including courts at 4 schools (\$27.089m),
- Fencing at ten sites in six parishes (\$13.650m),
- Rehabilitation of playfields (including three high schools under the High Schools Sport Infrastructure Improvement Programme HSSIP)-\$47.480m
- National projects(\$74.357m),
- Rehabilitation/ commencement of construction of clubhouses (\$3.057m),
- Provision of equipment islandwide (\$0.734m).

Major Projects

- i. The replacement of the filters, valves and fittings at the National Stadium Pool

In 2012, the Foundation commenced the process of procuring a contractor to replace the filters, valves and fittings at the National Stadium Pool. A contract was signed in November 2013, with the initial payment of \$11.351m paid in order to commence the adaptation of the equipment to the required specifications. In 2014, a further \$20.153m was spent to complete this project.

- ii. The installation of new synthetic surfaces at the Leila Robinson Court.

The installation of the synthetic surface at the Leila Robinson Courts was accomplished during the year at a cost of \$25.362m. This project involved two phases that is:

- Phase One -the repair of the asphalt base and
- Phase Two – The purchase and installation of synthetic tiles on the asphalt base

- iii. The installation of new seats at the Leila Robinson Court

New seats including access for wheelchairs were installed at this facility at a cost of \$15.051m.

- iv. The replacement of the 16 year old synthetic surface at the Mona Hockey Complex

In 2014, the SDF assisted by the Government of Argentina and funding provided by the Olympic Solidarity through the Jamaica Olympic Association (JOA) completed the installation of a new sand-based synthetic surface at the Mona Hockey Complex. The cost of this project was \$15.193m, \$13.090m of which was provided by the Foundation.

v. The replacement of the running track at the G.C.Foster College

Owing to a lengthy approval process this project was not started during the year and has been carried forward in the 2015 budget at an estimated cost of \$157.907m.

Challenges experienced

- ❖ The Foundation continues to experience challenges in identifying contractors who possess the specialist skill required for the construction of sports infrastructure. This is owing to the absence of appropriate categories on the National Contracts Commission list from which these contractors can be selected. This is because there are no specific categories for example for the:
 - a. Construction of multipurpose courts
 - b. Construction of playfields
 - c. Installation of swimming pool equipment and repair of same
 - d. Installation of synthetic sports surfaces

The National Contracts Commission therefore recommended that the Foundation use “expressions of interest” invitations in order to identify contractors to undertake sports infrastructure projects.

- ❖ Sporting equipment to a large extent is manufactured to order; the Foundation faces the challenge of contractors/suppliers of such specialized equipment requesting advance payment of larger amounts than that allowed in the procurement guidelines. Thus permission has to be sought from the National Contracts Commission to effect these payments.
- ❖ In addition the small number of contractors locally and in some cases worldwide means that there may be one or no respondent to tenders.

As a result of these challenges the procurement process can be lengthy.

Other Infrastructure Activities

i. Constituency Development Fund Programme

Since 2008 the Foundation began participating in the Constituency Development Fund (CDF) Programme as it was commissioned to implement the projects related to sports. The funds allocated to each Member of Parliament have decreased significantly. This has reduced the number of sports projects implemented. No funding was received by the SDF for this programme in 2014.

ii. Sports Projects in Sugar Dependent Areas

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

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

A Memorandum of Understanding (MOU) for the implementation/rehabilitation of sporting facilities in the parishes listed above was signed by the Foundation and the Ministry of Agriculture and Fisheries in April 2012. This MOU designated the SDF as the implementing agency. At the end of 2014, of the \$240.510m received a total of \$215.304m had been expended for these projects.

Table 3 –Status of Ministry of Agriculture funded Projects at December 31, 2014

LOCATION	PLAYFIELD	MULTIPURPOSE COURT	FENCE	BUILDING	SEATING
Toll Gate	completed	completed	completed	completed	n/a
Lyssons	completed	completed	completed	in progress	n/a
Lluidasvale	completed	completed	completed	n/a	n/a
Marlie Acres	completed	completed	completed	n/a	n/a
Logwood	completed	completed	completed	n/a	n/a
Delveland	completed	n/a	completed	n/a	n/a
New Market	completed	n/a	completed	n/a	n/a
Dunbeholden	completed	completed	completed	completed	n/a
Lime Tree Grove	completed	completed	completed	completed	completed
Chedwin Gardens	98% completed	completed	completed	completed	n/a
Bunkers Hill	90% complete	completed	completed	completed	n/a
Elim	in progress	n/a	n/a	to be implemented	n/a
Crofts Hill	90% complete	completed	completed	n/a	n/a
Knollis	completed	completed	n/a	n/a	n/a
Pell River	n/a	n/a	n/a	completed	n/a

III. National Sports Associations (Appendix 2):

In 2014 \$159.148m (2013-\$247.757m) 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.

IV. Government Agencies (Appendix 3)

In 2014, the Foundation provided funding to Government Agencies as follows:

- a. Institute of Sports: \$16.500m (2013-\$16.457m) – For competitions, the development of athletes and coaching programmes.
- b. Social Development Commission: \$16.952m (2013-\$16.952m) – The provision of funding for training and competition expenses (including the national 20/20 cricket series) at the community level.
- c. Independence Park Limited: \$6.341m (2013-\$3.720m) – The provision of a monthly subvention to this agency began in 2010. These Funds are provided to supplement the continued maintenance of the National Stadium and Trelawny Multipurpose Complexes. An additional grant of \$3.000m was provided during the year for maintenance of the field at the Trelawny Multipurpose Stadium.
- d. G. C. Foster College of Physical Education & Sport: \$8.794m (2013-\$8.794m) – The provision of funding for the sports curriculum for the development of coaches & physical education teachers. The G.C. Foster College of Physical Education & Sport continues to produce many graduates who are now successfully imparting their knowledge in schools, clubs and communities across Jamaica.

V. Staffing:

The position of General Manager was filled on February 3, 2014.

4. CHANGES TO THE CORPORATE PLAN

There was no need to modify our corporate plan.

5. OTHER ACTIVITIES OF THE SDF

i. PetroCaribe Fund

In July 2013, the Foundation received \$5m from the Petrocaribe Fund. This amount represents a grant to athlete, Alia Atkinson. The amount is being disbursed based on the requests made by the athlete through the Amateur Swimming Association of Jamaica. At the end of 2014, the SDF had \$1.899m remaining to be paid over to Ms. Atkinson.

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

- a) Reports on the use of the fund will be provided by the Foundation

- b) Reports on the performance of the athlete will be provided by the Jamaica Amateur Swimming Association.

- ii. Beckwith International Leadership Development (BILD) Jamaica Project

In November 2013, the Foundation signed a Memorandum of Understanding with the Office of the Prime Minister for the operation of the BILD Jamaica Project which has been established for the training of youth through sport. Based on this agreement the SDF will manage the funds earmarked for this project. During the year \$7.587m was received and \$2.791m disbursed in relation to this project.

6. THE APPROVAL OF CHARITABLE STATUS

On July 15, 2013 the Charitable Organizations (Tax Harmonization) Act 2013 was passed in Parliament. In addition, later in 2013, a bill entitled as Charities Act 2013 was passed. These two pieces of legislation paved the way for amateur sports to benefit from tax relief. As there are no established professional sporting leagues in Jamaica, all sports being played have been captured under the Charitable Organizations (Tax Harmonization) Act 2013.

This Foundation is now an approved charitable organization. This status provides relief or exemption under the Income Tax, GCT, Stamp Duty, Transfer Tax, Property Tax and Customs Acts. This qualifies the SDF for the following:

- a) Exemption of its income under Section 12h of the Income Tax Act. (This includes exemption from withholding tax on the income of the Foundation)
- b) Zero-rating of goods and services acquired for the charitable purposes under Group 9, Part 11 of the First Schedule of the GCT Act (In this case the GCT has to be paid upfront and reclaimed).

This new development has:

- a) Addressed the deduction of withholding tax on interest income earned by the Foundation from July 15, 2013 and going forward. However prior to the passing of the Act, the SDF had withholding taxation recoverable. At the end of the financial year the Foundation claimed payment of withholding tax refund of \$16.159m from the Ministry of Finance and Planning. The SDF awaits the response of the Ministry of Finance and Planning.
- b) Resulted in increased efficiency in importation of sporting equipment and goods most of which are not manufactured in the island or the region.

- c) Resulted in increased sponsorships and grants in kind to National Sporting Associations from donors worldwide.

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

Administrative Expenses:

Administrative expenses for the year under review totaled \$74.137m. The budget for the year was \$92.797m. Expenditure for administrative expenses was less than the budgeted amounts and represents 14.23% of total expenditure for the year. The savings in administrative expenses were primarily due to the following expenses being below the budgeted amounts:

- ✓ Motor vehicle maintenance
- ✓ Health and Welfare
- ✓ Foreign Travel and
- ✓ Public relation expenses

Sports Infrastructure:

It was budgeted that \$350.638m would be spent on ongoing and new projects in 2014. During the year only \$166.367m were spent on infrastructure projects. This was mainly owing to lengthy procurement procedures that we are obliged to follow. As a result the main project, the replacement of the running track at the G.C. Foster College was not completed in 2014 and has been carried forward to 2015.

National Sports Associations:

In 2014, grants made to National Associations were in line with the budgeted amounts. The demands made on the Foundation each year by the Associations continue to exceed the available resources. In order for the growth of these Associations to be sustained it is important that consideration be given to increasing the allocation of funding to the Foundation.

Government Institutions:

Grants made to Government Agencies of \$48.587m represent an increase of \$3.000m compared with the budgeted amount for 2014.

8. **FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2015**

Based on a projected increase in proceeds for 2015, the projected funding for projects and grants are as outlined in the Table below.

Table 4

Key Output	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Sports infrastructure including i) Replacement of running track at G.C. Foster College, ii) Replacement of electrical system at National Stadium Pool, iii) Upgrade of football fields and construction of buildings at designated High Schools	\$193.417m	\$55.360m	\$27.500m	\$42.500m	\$318.777m
Improve administrative and technical development of sports through grants to national sports associations.	\$51.331m	\$57.266m	\$45.646m	\$32.416m	\$186.659m
Enhance sports curriculum. Increase community sports development through grants to Government Agencies.	\$11.397m	\$11.396m	\$11.397m	\$11.397m	\$45.587m
<u>Special Project</u> Jamaica International Invitational Track Meet	\$11.500m	\$23.000m			\$34.500m
<u>Athletes Welfare</u> Assist athletes and administrators for training, scholarships, medical expenses and other welfare needs as well support for the Jamaica Athlete Insurance Plan	\$10.200m	\$9.700m	\$19.625m	\$6.900m	\$46.425m
<u>Special Allocations</u> To assist other organizations in funding sport related activities	\$3.750m	\$3.750m	\$3.750m	\$3.750m	\$15.000m
Total	\$281.595m	\$160.472m	\$107.918m	\$96.963m	\$646.948m

9. CONCLUSION

The construction/installation of sports infrastructure is very precise and must satisfy the specific requirement of the particular sport(s). Owing to the limitation in the categories on the National Contracts Commission list (which do not address the needs of sport) as well as the relatively small number of competent contractors, the Foundation faces delays in selecting qualified and experienced contractors to complete sports infrastructure projects.

In light of the factors highlighted above the Foundation has budgeted for an increase in its total allocations for 2015 with the expectation that all the infrastructure projects budgeted will be completed in the year. It cannot be over emphasized that the procurement challenges that the Foundation faces result in delays which impact the timelines and costs of the projects. The effectiveness of the Foundation can also be further improved by an increase in the staff complement thus it is hoped that the application made in this regard to the Ministry of Finance and Planning will be successful.

At present the Foundation awaits the payment of withholding tax refunds from the Ministry of Finance and Planning. These funds are urgently needed for the programmes for the Foundation.

Table 5

Budget Item	\$'000 Actual 2013	\$'000 Actual 2014	\$'000 Budget 2015
Infrastructure projects	71,690	166,367	318,777
National Associations	247,757	159,148	186,659
Government Agencies:			
a. Institute of Sports	16,457	16,500	16,500
b. Social Development Commission	16,952	16,952	16,952
c. G. C. Foster College	8,794	8,794	8,794
d. Independence Park Limited	3,721	6,341	3,341
Jamaica Invitational Track Meet	47,601	51,817	34,500
Special Allocations	943	3,251	15,000
Athletes Welfare, Insurance & Scholarships	16,130	17,642	46,425
Bild Project	4		
Total	430,049	446,812	646,948

The Board will continue to work closely with the Office of the Prime Minister to ensure that the objectives of the Foundation are met. For these objectives to be met it is paramount that continued viability of our main source of revenue, Supreme Ventures Limited be protected.

April 28, 2015

Appendix 1

Project Expenses Analysis for 2014 (\$J)

Multipurpose Courts

Parish	No	Amount	Location
Kingston & St. Andrew	7	13,299,372	Seaview Gardens, Cooreville Gardens, Greenwich All Age, Oak Glades, Ashley Road, Alexander Road, Cockburn Gardens
Clarendon	2	5,129,438	Silent Hill, Thompson Town High, Sanguinetti Primary
St. Elizabeth	2	7,089,913	Vineyards Centre, Pondside Primary
St. Thomas		252,457	Yallahs High
St. Catherine	1	740,873	Old Harbour Church of Christ, Harkers Hall, Giblatore
Goals & Marking	4	577,136	Mona Primary, St. Judes, Constant Spring Junior High, Alpha Primary,
TOTAL	16	27,089,189	

Fencing/Walls

Parish	No	Amount	Location
Kingston & St. Andrew	2	6,410,785	Boys Town, Tarrant Primary
Clarendon	3	4,125,585	Edwin Allen High, Silent Hill, Sanguinetti Primary
Manchester	1	798,013	Hatfield Primary & Junior High
St. Catherine	2	1,047,420	Giblatore, Harkers Hall
St. Thomas	1	578,300	Yallahs High
St. Elizabeth	1	689,960	Vineyards Centre
TOTAL	10	13,650,063	

Fields

Parish	No	Amount	Location
Kingston & St. Andrew-HSSIIP	2	19,746,451	Tarrant High, Calabar High
St. James	1	8,016,015	Maldon High School
Clarendon	1	4,727,926	Silent Hill
Manchester	1	7,634,600	Hatfield Primary & Junior High
St. Catherine		354,000	Sligoville
Kingston & St. Andrew –HSSIIP	1	7,000,000	Kingston College
TOTAL	6	47,478,992	

National Projects

Parish	No	Amount	Location
St. Catherine		402,000	Track –G.C. Foster College
Kingston & St. Andrew		299,291	Track –National Stadium
Kingston & St. Andrew		13,090,348	Turf- Mona Hockey Complex
Kingston & St. Andrew		20,153,422	Filters –National Stadium Pool
Kingston & St. Andrew		25,361,580	Courts- Leila Robinson Complex –National Stadium
Kingston & St. Andrew		15,050,702	Seating –Leila Robinson Complex- National Stadium
TOTAL		74,357,343	

Project Expenses Analysis for 2014 (\$J) cont'd

Clubhouses, Complexes, Buildings

Parish	No	Amount	Location
Kingston & St. Andrew		2,053,329	Complex - Tivoli
Kingston & St. Andrew-HSSIIP		621,305	Drawings – Haile Selassie High
Portland-HSSIIP		382,600	Drawings- Happy Grove High
TOTAL		3,057,234	

Equipment, Signs& Other Projects

Parish	No	Amount	Location
Equipment Islandwide		734,035	
TOTAL		734,035	

Total Projects 2014 \$166,366,856

Appendix 2

Grants to National Associations 2014 and 2013 (\$J)

Association	Amount (2014)	Amount (2013)
Amateur Swimming Ass of Ja	1,800,000	2,394,190
Equestrian Federation	1,290,000	607,500
Ja Intercollegiate Sports Assn	800,000	2,800,000
Ja Athletic Administrative Assn	19,734,600	18,665,650
Ja Amateur Basketball Assn	4,983,000	4,483,000
Ja Amateur Gymnastics Assn	83,170	0
Ja Amateur Softball Assn	0	0
Assn of Sports Medicine	1,000,000	1,000,000
Ja Badminton Assn	5,348,537	4,411,788
Ja Bobsleigh Federation	0	750,000
Amateur Bodybuilding Assn	1,099,992	800,000
Boxing Board of Control	1,806,000	2,035,380
Ja Chess Federation	2,750,000	3,498,254
Ja Cricket Association	19,374,273	14,618,500
Ja Cycling Federation	1,806,000	2,674,822
Ja Football Federation	45,000,000	137,499,000
Ja Golf Association	2,435,000	1,935,000
Ja Hockey Federation	3,456,000	2,814,000
Ja Netball Association	11,230,850	11,182,062
Ja Paralympic Association	2,000,000	2,000,000
Ja Rifle Association	0	500,000
Ja Rugby Union	1,590,000	2,390,000
Ja Rugby League	1,949,996	1,570,014
Ja Skeet Club	500,000	0
Ja Ski Federation	0	0
Ja Visually Impaired Cricket	2,932,500	0
Ja Surfing Association	2,000,000	1,500,000
Ja Squash Association	1,806,000	1,806,000
Ja Table Tennis Association	3,135,000	4,652,261
Tae-Kwon Do Association and Federation	801,000	1,403,000
Ja Triathlon Association	0	300,000
Ja Volleyball Association	4,870,000	2,964,000
National Domino Bodies	880,000	0
Special Olympics Jamaica	3,508,800	5,508,800
Tennis Jamaica	4,299,000	4,499,000
IAAF High Performance Centre	0	1,032,000
Ja Motoring Club	0	535,398
Seido Karate Association	750,000	800,000
Multicare Foundation	2,838,000	2,838,000
Ja Cricket Umpires Assn	0	0
Ja Deaf Sports Association	1,290,000	1,290,000
TOTAL	159,147,718	247,757,619

Appendix 3

Grants to Government Agencies 2014 and 2013 (\$J)

Agency	Amount (2014)	Amount (2013)
G.C. Foster College	8,794,227	8,794,227
Institute of Sports	16,500,000	16,457,189
Independence Park Ltd	6,340,529	3,720,529
Social Development Com.	16,952,410	16,952,410
TOTAL	48,587,166	45,924,355

Appendix 4

Directors Compensation 2014 (\$J)

Position of Director	Gross Fees	Motor Vehicle Upkeep/ Travelling	Honoraria	All other Compensation cash and non cash	Total
Chairman	232,500	20,064		36,000	288,564
Director	70,500	146,300		36,000	252,800
Director	40,500	4,256		36,000	80,756
Director	88,500	13,832		36,000	138,332
Director	129,000	13,376		36,000	178,376
Director	174,500	207,936		36,000	418,436
Director	132,000	6,688		36,000	174,688
Director	210,500	32,984		36,000	279,484
Director	203,000	24,320		36,000	263,320
TOTAL	1,281,000	469,756		324,000	2,074,756

Appendix 5

Compensation

Senior Management's Emoluments 2014 (\$J)

Position	Basic Pay	Gratuity or Performance Incentive	Motor Vehicle Upkeep/Travelling	Pension or other Retirement Benefit	Other Allowances	Non-Cash Benefit	Total
General Manager	2,823,449		894,410				3,717,859
Financial Controller	2,983,171		975,720	144,322			4,103,213
Chief Engineer	2,537,256		975,720	125,613			3,638,589
TOTAL	8,343,876		2,845,850	269,935			11,456,661

All emoluments are stated before tax. The post of General Manager was filled on February 3, 2014.



Sports Development Foundation
(A Company Limited by Guarantee)

Financial Statements
31 December 2014

Sports Development Foundation

(a company limited by guarantee)

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Sports Development Foundation

(a company limited by guarantee)

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Independent Auditor's Report

To the Members of
Sports Development Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Sports Development Foundation, set out on pages 1 to 21, which comprise the balance sheet as at 31 December 2014 and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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C.D.W. Maxwell E.A. Crawford P.E. Williams L.A. McKnight L.E. Augier A.K. Jain B.L. Scott B.J. Denning
G.A. Reece P.A. Williams R.S. Nathan



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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sports Development Foundation as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

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

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

PricewaterhouseCoopers

Chartered Accountants
18 March 2015
Kingston, Jamaica

Sports Development Foundation

(a company limited by guarantee)

Statement of Comprehensive Income

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	2013 \$'000
Contributions from CHASE Fund	5	585,035	566,098
Investment income		10,981	11,764
Other income		2,819	3,283
		<u>598,835</u>	<u>581,145</u>
Less: Project Expenditure and Grants	6	(446,812)	(430,049)
Administration Expenses	7	<u>(74,137)</u>	<u>(79,295)</u>
Surplus for Year, being Total Comprehensive Income		<u><u>77,886</u></u>	<u><u>71,801</u></u>

Sports Development Foundation

(a company limited by guarantee)

Balance Sheet

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2014 \$'000	2013 \$'000
Non-Current Assets			
Intangible assets	9	235	442
Property, plant and equipment	10	60,260	64,790
Long term receivable	11	705	1,009
		<u>61,200</u>	<u>66,241</u>
Current Assets			
Receivables	12	101,176	87,417
Current portion of long term receivable	11	304	304
Taxation recoverable	16	16,163	16,139
Cash and cash equivalents	13	368,454	321,575
		<u>486,097</u>	<u>425,435</u>
Current Liabilities			
Payables and accrued charges		11,694	13,904
Current portion of managed funds	14	34,383	54,506
		<u>46,077</u>	<u>68,410</u>
Net Current Assets		<u>440,020</u>	<u>357,025</u>
		<u>501,220</u>	<u>423,266</u>
Equity			
Sports Development Fund		499,799	421,913
Non-Current Liabilities			
Long term portion of managed funds	14	1,421	1,353
		<u>501,220</u>	<u>423,266</u>

Approved for issue by the Board of Directors on 17 March 2015 and signed on its behalf by:

Dr. Warren Blake

Chairman

Hon. Michael Fennell OJ, CD

Director

Sports Development Foundation

(a company limited by guarantee)

Statement of Changes in Fund

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	Sport Development Fund \$'000	Total \$'000
Balance as at 1 January 2013	350,112	350,112
Surplus for year, being total comprehensive income	71,801	71,801
Balance at 31 December 2013	421,913	421,913
Surplus for year, being total comprehensive income	77,886	77,886
Balance at 31 December 2014	499,799	499,799

Sports Development Foundation

(a company limited by guarantee)

Statement of Cash Flows

Year ended 31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

	2014 \$'000	2013 \$'000
Cash Flows from Operating Activities		
Surplus for year	77,886	71,801
Adjustments:		
Investment income	(10,981)	(11,764)
Amortisation of long term receivables	304	304
Depreciation and amortisation	6,314	4,916
Profit on disposal of property, plant and equipment	(994)	-
Exchange and translation gains on foreign balances	(3,350)	(1,336)
	69,179	63,921
Changes in operating assets and liabilities:		
Receivables	(13,759)	21,520
Payables and accrued charges	(22,265)	(17,867)
	33,155	67,574
Tax withheld at source	(24)	(1,923)
Cash provided by operating activities	33,131	65,651
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,430)	(14,981)
Purchase of intangible assets	(147)	(18)
Proceeds from sale of property, plant and equipment	994	-
Investment income received	10,981	11,764
Cash provided by/(used in) investing activities	10,398	(3,235)
Exchange and translation gains on cash and cash equivalents	3,350	1,336
Increase in cash and cash equivalents	46,879	63,752
Cash and cash equivalents at beginning of year	321,575	257,823
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	368,454	321,575

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activity

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

Source of funding

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

Sports Development Fund

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

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

Standards, interpretations and amendments to published standards effective in 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 standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting (effective for annual periods beginning on or after 1 January 2014). These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. There were no transactions to which this related during the year.

Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective for annual periods beginning on or after 1 January 2014). This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application did not impact amounts reported in the financial statements.

Sports Development Foundation

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

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

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

(b) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) Employee benefits

(i) Pension obligations

The Foundation pays contributions to approved retirement schemes on behalf of staff members. Once the contributions have been paid, the Foundation has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs. See Note 16 for further details.

(ii) Accrued vacation

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

(d) Financial instruments

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

Financial assets

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

Loans and receivables

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

Financial liabilities

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

(e) Intangible assets

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

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Notes to the Financial Statements

31 December 2014

(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. For reverse repurchase agreements, the difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method. The Foundation has investment securities with original maturities of three months or less which are included as 'cash and cash equivalents' in the balance sheet.

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31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Long term receivable

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

(j) Receivables

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

(k) Cash and cash equivalents

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

(l) Payables and accrued charges

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

3. Financial Risk Management

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

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

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

(a) Credit risk

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

Sports Development Foundation

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process

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

(i) Investment securities

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

(ii) Long term and current receivables

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

(iii) Cash and cash equivalents

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

(b) Liquidity risk

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

Liquidity risk management process

The Foundation's liquidity management process includes:

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

Sports Development Foundation

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Liquidity risk management process (continued)

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

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1-5 Years	Total \$'000
2014					
Payables and accrued charges	1,080	1,641	8,973	-	11,694
Managed funds	-	-	34,383	1,422	35,805
	1,080	1,641	43,356	1,422	47,499
2013					
Payables and accrued charges	592	1,485	11,827	-	13,904
Managed funds	-	787	53,719	1,353	55,859
	592	2,272	65,546	1,353	69,763

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

(c) Market risk

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign exchange risk arising from currency exposure with respect to the US dollar. The balance sheet at 31 December 2014 includes aggregate net foreign assets of approximately \$178,492,000 (2013 – \$15,823,000) 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.

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

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

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

(d) Fair values of financial instruments

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

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

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

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

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

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Long term receivable	705	705	1,009	1,009

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

Fair values were estimated as follows:

Long term receivable

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

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

Capital management

The Foundation is not exposed to externally imposed capital requirements.

Sports Development Foundation

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

(b) Key sources of estimation uncertainty

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

5. Contributions from CHASE Fund

In accordance with Section 59G of the Betting Gaming and Lotteries Act, 40% of the gaming proceeds received by the CHASE Fund is payable to the Foundation. The amount for 2014 was \$585,035,000 (2013 - \$566,098,000).

6. Project Expenditure and Grants

	2014	2013
	\$'000	\$'000
Infrastructure Projects	166,367	71,690
Grants to National Associations	159,148	247,757
Grants to Government Agencies	48,587	45,924
Grant for Special Projects – Track Meets	51,817	47,601
Grants – others	20,893	17,073
Expenses – BILD Project	-	4
	<u>446,812</u>	<u>430,049</u>

Sports Development Foundation

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

7. Expenses by Nature

Total disbursements and administration expenses:

	2014	2013
	\$'000	\$'000
Advertising and promotion	266	1,210
Audit fees	1,610	1,454
Depreciation and amortisation	6,313	4,916
Directors' fees (Note 15)	2,075	2,009
Foreign travel	538	1,899
Insurance	1,168	1,203
Legal and professional fees	261	567
Motor vehicle expense	2,831	2,789
Repairs and maintenance	2,157	2,729
Security	2,105	1,977
Sporting events contribution	10,395	18,073
Staff costs (Note 8)	35,336	31,429
Utilities	4,529	3,670
Other expenses	4,553	5,370
	<u>74,137</u>	<u>79,295</u>
Project expenditure and grants (Note 6)	446,812	430,049
	<u>520,949</u>	<u>509,344</u>

8. Staff Costs

	2014	2013
	\$'000	\$'000
Salaries and wages	20,703	19,617
Accrued leave and gratuity costs	1,555	482
Payroll taxes – employer's portion	2,311	2,139
Pension contributions (Note 16)	881	813
Other (Health, Uniform and Welfare)	9,886	8,378
	<u>35,336</u>	<u>31,429</u>

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

	2014	2013
	No.	No.
Full-time	<u>14</u>	<u>13</u>

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

9. Intangible Assets

	Computer Software \$'000
At Cost -	
1 January 2013	2,467
Additions	18
Adjustment	(467)
31 December 2013	2,018
Additions	147
31 December 2014	2,165
Amortisation -	
1 January 2013	1,526
Amortisation for the year	517
Adjustment	(467)
31 December 2013	1,576
Amortisation for the year	354
31 December 2014	1,930
Net Book Value -	
31 December 2014	235
31 December 2013	442

Sports Development Foundation

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

10. Property, Plant and Equipment

	Computers	Office Furniture & Equipment	Motor Vehicles	Buildings	Land	Leasehold Property	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -							
At 1 January 2013	2,614	8,683	4,645	16,272	32,072	9,940	74,226
Additions	732	578	13,507	164	-	-	14,981
At 31 December 2013	3,346	9,261	18,152	16,436	32,072	9,940	89,207
Additions	900	530	-	-	-	-	1,430
Disposals	-	-	(4,645)	-	-	-	(4,645)
At 31 December 2014	4,246	9,791	13,507	16,436	32,072	9,940	85,992
Depreciation -							
At 1 January 2013	1,687	3,053	4,645	5,994	-	4,639	20,018
Charge for the year	523	897	1,576	409	-	994	4,399
At 31 December 2013	2,210	3,950	6,221	6,403	-	5,633	24,417
Charge for the year	717	1,137	2,701	411	-	994	5,960
Relieved on disposal	-	-	(4,645)	-	-	-	(4,645)
At 31 December 2014	2,927	5,087	4,277	6,814	-	6,627	25,732
Net Book Value -							
31 December 2014	1,319	4,704	9,230	9,622	32,072	3,313	60,260
31 December 2013	1,136	5,311	11,931	10,033	32,072	4,307	64,790

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

Sports Development Foundation

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Notes to the Financial Statements

31 December 2014

(expressed in Jamaican dollars unless otherwise indicated)

11. Long Term Receivable

In 2008, in settlement of a loan due from the Jamaica Cricket Association of \$16,000,000, the Foundation entered into an agreement as follows:

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

	2014	2013
	\$'000	\$'000
Long term receivable	1,009	1,313
Less: current portion	(304)	(304)
	<u>705</u>	<u>1,009</u>

Current portion of long term receivable comprised of:

	2014	2013
	\$'000	\$'000
Maintenance	<u>304</u>	<u>304</u>

12. Receivables

	2014	2013
	\$'000	\$'000
CHASE Fund	95,479	80,181
Prepayment	547	833
Other	<u>5,150</u>	<u>6,403</u>
	<u>101,176</u>	<u>87,417</u>

The CHASE Fund withholds on a monthly basis 20% of the gaming proceeds payable to the Foundation. This retained portion is paid to the Foundation 13 months after being withheld. Effective August 2013, The CHASE Fund agreed to reduce the level of reserve from 20% to 10%.

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12. Receivables (Continued)

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

13. Cash and Cash Equivalents

	2014 \$'000	2013 \$'000
Cash at bank and in hand	202,629	96,097
Cash equivalents	165,825	225,478
	<u>368,454</u>	<u>321,575</u>

Cash equivalents represent securities with original maturities of three months or less and include interest receivable of \$1,186,000 (2013 – \$2,011,000). The weighted average effective interest rate on JMD short term deposits was 6.74% (2013 – 5.70%), on USD short term deposits was 2.22% (2013 – Nil), and on EURO short term deposits was 0.25% (2013 – Nil).

Cash at bank and in hand includes funds held under management of \$28,255,000 (2013 – \$50,340,000).

14. Managed Funds

i) Constituency Development Fund

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

	2014 \$'000	2013 \$'000
Funds at the beginning of the year	577	2,535
Allocations during the year	-	1,437
Payment to Sports Development Foundation	-	(886)
Supplemental project costs borne by Sports Development Foundation	-	(1,069)
Project disbursements	-	(1,437)
Bank charges	(5)	(3)
Funds at the end of the year/Balance carried forward to page 19	<u>572</u>	<u>577</u>

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14. Managed Funds (Continued)

	2014 \$'000	2013 \$'000
Balance brought forward from page 18	572	577
ii) <i>Ministry of Agriculture and Fisheries</i>		
On April 18, 2012, the Sports Development Foundation signed a Memorandum of Understanding (MOU) with the Ministry of Agriculture and Fisheries for the development of sports facilities in sugar dependent areas. Under this MOU the SDF will manage the construction of sporting facilities by undertaking the technical, administrative and supervisory functions of all projects and activities until 1 September 2013. On 31 August 2013, the MOU was extended until September 1, 2014. On 12 November 2014, the MOU was further extended until 1 September 2015.		
	2014 \$'000	2013 \$'000
Funds at the beginning of the year	49,764	76,763
Allocations during the year	-	125,176
Interest earned	493	629
Project disbursements	(23,930)	(152,804)
Funds at the end of the year	26,327	49,764
iii) <i>Sports Museum</i>		
In celebration of the fiftieth anniversary of independence a sport exhibition was launched and a commemorative magazine published as a precursor to a National Sports Museum. The Sports Development Foundation was requested to receive and manage funds resulting from sponsorship donations and the sale proceeds from the magazine. These funds are to be held in escrow for the establishment of the National Sports Museum.		
	2014 \$'000	2013 \$'000
Funds at the beginning of the year	1,353	477
Allocations during the year	-	1,328
Interest earned	68	51
Project disbursements	-	(503)
Funds at the end of the year	1,421	1,353

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14. Managed Funds (Continued)

	2014 \$'000	2013 \$'000
Balance brought forward from page 19	28,320	51,694
iv) <i>PetroCaribe fund</i>		
This fund was created from proceeds granted by the PetroCaribe Development Fund in support of Olympic Swimmer, Alia Atkinson.		
	2014 \$'000	2013 \$'000
Funds at the beginning of the year	3,378	-
Allocations during the year	-	5,000
Project disbursements	(1,479)	(1,622)
Funds at the end of the year	1,899	3,378
v) <i>Beckwith International Leadership Development (BILD) Fund</i>		
The Memorandum of Understanding (MoU) between the Sports Development Foundation (SDF) and the Office of the Prime Minister (OPM) for the operation of the Beckwith International Development Foundation (BILD) was established effective 25 November 2013 for the implementation of a Youth Leadership Through Sport project. The SDF will manage these funds until 24 November 2017.		
	2014 \$'000	2013 \$'000
Funds at the beginning of the year	787	-
Allocations during the year	7,587	787
Interest earned	2	-
Project disbursements	(2,791)	-
Funds at the end of the year	5,585	787
Grand Total	35,804	55,859

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15. Related Party Transactions

The following transactions were carried out with related parties:

Key management compensation

	2014 \$'000	2013 \$'000
Salaries and other short-term employee benefits	8,343	6,289
Payroll taxes – employer's portion	876	645
Pension	270	247
	<u>9,489</u>	<u>7,181</u>
Directors' emoluments -		
Fees	<u>2,075</u>	<u>2,009</u>

16. Taxation

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

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

At the end of 2014 tax recoverable of \$16,163,000 (2013 - \$16,139,000) was due from the Ministry of Finance and Planning. The Foundation has written to this Ministry to request payment of this amount in the form of cash and cash equivalents over a three year period.

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 \$881,000 (2013 - \$813,000) in the current year.



**Installation of Netball Surface &
Replacement of Seating
Leila Robinson Courts, National
Stadium, Kingston**



**Replacement of Synthetic Surface
Mona Hockey Field, Kingston**



**Replacement of Filters
National Aquatic Complex,
National Stadium, Kingston**