

Financial Statements

**Confederación Norte, Centroamericana y del Caribe
de Voleibol, Norceca**

December 31, 2011

(With the Independent Auditor's Report)

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca
Financial Statements

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Independent Auditor's Report

To the Board of Administration of
Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

We have audited the accompanying financial statements of Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca ("the Confederation"), which comprise the statement of financial position as of December 31, 2011 and the corresponding statement of activities and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Confederation's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

May 25, 2012
Santo Domingo,
Dominican Republic

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca
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STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

	Notes	<u>2011</u>	<u>2010</u>
ASSETS			
Current assets:			
Cash on hands and in banks	6 and 7	26,658,471	16,938,339
Accounts receivable from affiliates	6 and 8	48,007,689	29,443,346
Other accounts receivable	6 and 11	331,549	958,191
Prepaid expenses		477,257	50,349
Sporting goods inventory	9 and 11	9,115,044	9,344,266
Total current assets		<u>84,590,010</u>	<u>56,734,491</u>
Furniture and equipments	10	<u>1,552,474</u>	<u>777,622</u>
Total assets		<u>86,142,484</u>	<u>57,512,113</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable to suppliers and others	6	4,340,185	3,547,482
Account payable to affiliates and directors	6 and 8	4,704,734	5,112,489
Accruals and withholdings payable	6	<u>1,016,753</u>	<u>687,778</u>
Total liabilities		10,061,672	9,347,749
Unrestricted net assets		<u>76,080,812</u>	<u>48,164,364</u>
Total liabilities and net assets		<u>86,142,484</u>	<u>57,512,113</u>

The accompanying notes are integral part of these financial statements

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

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STATEMENTS OF ACTIVITIES

For the years ended as of December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

		<u>2011</u>	<u>2010</u>
	Notes		
Unrestricted revenues:			
Economic contributions	8 and 15	104,554,101	69,869,653
Events and activities	8	12,684,471	7,538,011
Exchange for advertising sport equipment	11	13,789,335	6,682,871
Affiliation fees	8 and 16	596,243	578,025
Other revenues	7 and 8	1,837,483	376,842
Total unrestricted revenues		<u>133,461,633</u>	<u>85,045,402</u>
Expenses:			
Personnel expenses	12	(8,176,218)	(6,713,846)
Professional fees		(1,243,275)	(426,079)
Coordination meetings	13	(7,465,463)	(7,950,603)
Events and championships	14	(14,046,699)	(9,230,038)
Telephone services		(1,053,835)	(648,694)
Depreciation	10	(432,482)	(274,096)
Donation of sport equipment	8	(17,684,124)	(7,806,504)
Doubtful accounts expense	8	-	(987,144)
Economic contributions	8	(29,648,323)	(9,411,697)
Lodging, travel expenses and snacks	8 and 18	(6,459,356)	(2,977,093)
Regional center of development	15	(3,627,061)	(3,826,719)
Air tickets	8	(789,514)	(267,810)
Office supplies		(1,386,724)	(225,073)
Representation expenses	8	(259,378)	(1,574,641)
Repair and maintenance expenses	18	(3,537,553)	(12,090)
Seminars	18	(3,639,453)	(117,666)
Other expenses	18	(6,095,727)	(2,823,628)
Total		<u>(105,545,185)</u>	<u>(55,273,421)</u>
Changes in unrestricted net assets		27,916,448	29,771,981
Unrestricted net assets at beginning of year		<u>48,164,364</u>	<u>18,392,383</u>
Unrestricted net assets at end of year		<u>76,080,812</u>	<u>48,164,364</u>

The accompanying notes are integral part of these financial statements

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

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STATEMENTS OF CASH FLOWS

For the years ended as of December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

	Notes	<u>2011</u>	<u>2010</u>
Operating activities:			
Changes in unrestricted net assets		27,916,448	29,771,981
Adjustment to reconcile the changes in unrestricted net assets to net cash flows provided by operating activities:			
Depreciation expenses	10	432,482	274,096
Loss on disposal of fixed assets from impairment	10	8,707	
Doubtful accounts expense	8		987,144
Sport equipment received in exchange of advertising	11	(8,374,205)	(6,682,871)
Changes in assets and liabilities:			
Increase in accounts receivable from affiliates		(18,564,343)	(10,332,043)
Decrease (increase) in other accounts receivable		626,642	(356,405)
Increase in prepaid expenses		(426,908)	(50,349)
Decrease in sport equipment inventories		8,603,427	5,878,565
Increase (decrease) in account payable to suppliers and others		792,703	2,353,543
Decrease in account payable to affiliates and directors		(407,755)	(4,988,970)
Increase in accruals and withholdings payable		328,975	109,244
Net cash provided by operating activities		<u>10,936,173</u>	<u>16,963,935</u>
Investing activities:			
Acquisition of furniture and equipments	10	<u>(1,216,041)</u>	<u>(600,185)</u>
Net cash used in investing activities		<u>(1,216,041)</u>	<u>(600,185)</u>
Net increase in cash on hand and in banks		9,720,132	16,363,750
Cash on hand and in banks at beginning of year		<u>16,938,339</u>	<u>574,589</u>
Cash on hand and in banks at end of year		<u>26,658,471</u>	<u>16,938,339</u>

The accompanying notes are integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

1. Corporate Information

The North, Central America and Caribbean Volleyball Confederation (hereafter “Norceca” or the “Confederation”) is a non-profit organization, incorporated and domiciled in Santo Domingo, Dominican Republic as of November 1st, 2001. Norceca operates in the Dominican Republic as a Non-Governmental Organization (NGO) and as an entity affiliated to the International Volleyball Federation (Fédération Internationale de Volleyball, FIVB). On November 18, 2007 the Confederation finished settling its status as a non-profit entity. The Confederation’s objective is to manage, organize, represent, regulate, control and assess volleyball and beach volleyball activities in the region, as well as to facilitate the development of affiliated federations and monitor compliance with FIVB standards.

The FIVB’s purpose is to direct volleyball and beach volleyball at a global level; for this purpose it currently has 220 affiliated federations in different countries and/or territories. The FIVB’s headquarters are located in the city of Lausanne, Switzerland.

The Fédération Internationale de Volleyball, (FIVB) has organized its affiliated federations geographically into the following five confederations:

- African Confederation
- Asian Confederation
- European Confederation
- North and Central American and Caribbean Confederation (Norceca)
- South American Confederation

The Confederation’s financial resources are mainly from the annual contribution received by the FIVB as well as from competitions and events organized, marketing rights and advertisement and affiliation fees paid the federations under its management, as well as sports equipment exchanges. As of December 31, 2011 and 2010, the Confederation has 41 affiliated national federations and regional members.

The Confederation’s offices are located at the facilities of the Pabellón de Voleibol del Centro Olímpico Juan Pablo Duarte, in Santo Domingo, Dominican Republic.

The financial statements as of December 31, 2011, were authorized for issue by Confederation’ Management on May 25, 2012.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

2. Basis of preparation of the financial statements

The Confederation's financial statements as of December 31, 2011 and 2010 have been prepared in conformity with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The Confederation's financial statements as of December 31, 2011 and 2010 were prepared on a historical cost basis, except for certain items that were measured under the valuation methods indicated in note 4. The financial statements are presented in Dominican pesos (RD\$), which was defined as the Confederation's functional and presentation currency.

International Financial Reporting Standards do not have specific standards applicable to non-profit entities, regarding the classification of the financial information's structure and classification of net assets, therefore specific standards for non-profit entities published by the Financial Accounting Standards Board (FASB) were applied. Under these standards, net assets, revenue, expenses, and net increases and decreases in net assets are classified as follows:

Classification of net assets

Unrestricted net assets:

Correspond to assets that are not subject to stipulations imposed by the entities performing the contributions.

Temporarily restricted net assets:

Are assets subject to stipulations imposed by the entities performing the contributions, which may be met or complied with through actions over time.

Permanently restricted net assets:

Are assets subject to stipulations imposed by the entities that perform the contributions, which must be maintained permanently. Generally, asset donors allow using all or part of the revenue generated by these assets in specific activities.

The Confederation's net assets are only comprised of unrestricted assets, as there are no restrictions on their use.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

3. Significant accounting estimates and assumptions

Financial statement preparation requires the Confederation to make judgments, estimates and assumptions affecting reported amounts of revenues, expenses, assets and liabilities, and to disclose contingent liabilities as of the reporting date. Given the implicit uncertainty of these estimates and assumptions, significant adjustments affecting the disclosed amounts of assets and liabilities may be required in the future.

Estimates and assumptions

The main assumption that has a significant risk of causing a material adjustment to the assets and liabilities as of the reporting date is discussed below:

Impairment of non-financial assets

The Confederation believes that there are no indicators of impairment for any of its non-financial assets as of the reporting date. On an annual basis and when there is an indication of impairment, the Confederation conducts assessments of impairment.

4. Summary of significant accounting policies

4.1 Foreign currency transactions

Transactions in foreign currency are initially recorded at the exchange rate in effect on each transaction date. Monetary assets and liabilities in foreign currency are converted again at the exchange rate in effect on the date of the statement of financial position. All differences are carried to the income statement and classified within accounts of a similar nature to the transactions that result in exchange rate gains or losses. (See note 6)

At December 31, 2011, the exchange rate used to translate items between US dollars and Dominican pesos was RD\$38.82 (2010: RD\$37.54) per US\$1.00 and Swiss Francs to Dominican pesos was RD\$41.16 (2010: RD\$39.03) per CHF1.00.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.2 Cash on hands and in banks

Cash in the statement of financial position is represented by cash on hand and banks. For purposes of the cash flow statement, cash in bank is presented by the Confederation net of bank overdrafts, if any.

4.3 Financial assets

The Company recognizes its financial assets initially at fair value plus costs directly attributable to the transaction. The Company's financial assets include cash and accounts receivable.

Accounts receivable

Accounts receivable are recognized and recorded at the invoiced amount for federation affiliation fees and FIVB cash contributions. Collectability is periodically analyzed and an estimate is recorded for those individual accounts classified as doubtful, with the charge to the income statement for the year.

4.4 Impairment of financial assets

As of the date of the statement of financial position the Confederation determines whether a financial asset or group of financial assets may be impaired. A financial asset or group of financial assets is considered as impaired only if there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the financial asset and that the event of loss detected has an impact on the estimated future cash flows for the financial asset or group of financial assets that may be reliably estimated. Impairment evidence may include indicators that the debtors are experiencing significant financial difficulties, delays in the payment of interests or principal, probability of debtor's bankruptcy or any other type of financial reorganization, and when information indicates that there is a predictable drop in the Confederation's cash flows from contractual breaches.

4.5 Derecognition of financial asset

Financial assets are derecognized by the Confederation when the rights to receive cash flows from the asset have expired, or when the financial asset is transferred along with its inherent risks and benefits and contractual rights to receive cash flows from the asset are surrendered.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.6 Sporting goods inventory

Sporting goods inventory is valued at the lower of cost or net realizable value. Cost is determined on a First-In-First-Out basis (FIFO).

The net realizable value corresponds to the sales price less estimated costs necessary to make the sale.

Sporting goods inventory is comprised of sports supplies received in exchange for advertising, which are recognized at fair value at the time of contribution. The fair value corresponds to the cost established by the donating entity with reference to the market price at the date of the delivery. This inventory is used in turn for donations to the different federations that comprise the Confederation (see notes 9 and 11).

4.7 Furniture and equipment

Furniture and equipment are recorded at cost less accumulated depreciation.

The Confederation calculates depreciation on a straight line basis over the assets' estimated useful life, which has been estimated at four (4) years. Estimated useful life and depreciation methods are annually reviewed by Management and adjusted, when appropriate, at every period end.

Repair and maintenance costs are recognized in the income statement when incurred.

Furniture and equipment are derecognized upon sale or when no future economic benefits are expected from their use or sale. Gains or losses resulting from the derecognition of an asset (calculated as the difference between the net sale amount and the asset's carrying amount) is included in the income statement for the period in which the asset is derecognized.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.8 Impairment of non-financial assets

At each reporting date, the Confederation assesses the carrying amounts of its non-financial assets, in order to identify decreases in value when events and circumstances indicate that recorded amounts may not be recoverable. If such indication exists, and the carrying amounts exceeds the recoverable amount, the Confederation assesses the assets at its recoverable amount, defined this as the higher of the asset's fair value less costs to sell and its value in use. Resulting losses are recorded in the statement of activities of the period in which they are determined.

The Confederation assesses at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Confederation estimates the asset's recoverable amount, and if applicable, reverses the loss by increasing the asset until its new recoverable amount, which will not exceed carrying amount before the original impairment loss, was recognized recording the effect in the statement of activities or the period.

During the years ended December 31, 2011 and 2010, no impairment losses were recorded on the value of non-financial assets.

4.9 Financial liabilities

The Confederation recognizes its financial liabilities initially at fair value plus directly attributable transaction costs. Subsequent measurement occurs at amortized cost using the effective interest method. The Confederation recognizes gains or losses in the income statement when the financial liabilities are derecognized as well as through the amortization process.

4.10 Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation has been paid, cancelled or expires. When a financial liability is replaced by another, the Confederation derecognizes the original and recognizes a new liability. Differences that may result from these financial liability replacements are recognized through income or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.11 Revenue and expense recognition

The Confederation's revenue is recognized when the amount can be reliably measured, it is probable that future economic benefits will be received from cash contributions, events and activities performed, and affiliation fees, and these are recognized in the period in which the activity is performed and upon accrual of the FIVB's contributions and the affiliation fees paid by affiliated entities.

Sports supplies donations are recognized at fair value when they are received.

Expenses are recognized in the income statement when incurred.

4.12 Income tax

The Confederation is income tax exempt due to its nature as a Non-Governmental Organization; however, this condition does not exempt the entity from taxes related to withholdings on salaries and to third parties. Additionally, the Confederation has the obligation of presenting the annual income tax return, for informative purposes.

4.13 Cost of employee benefits

Pension plan

With the entrance into effect of Law 87-01, which establishes the Dominican Social Security System (SDSS), the Confederation monthly recognizes the payments made to the pension system (which are deposited in the employees' individual capitalization accounts) as expenses, as well as the employees' payments as an accumulation until they are deposited in the financial entities authorized by the Superintendence of Pensions of the Dominican Republic at the beginning of the following month, for subsequent transfer to the individual accounts at the pension fund administrators.

During the year ended December 31, 2011, the Confederation made payments for this concept for RD\$748,795 (2010: RD\$652,559), which are included as part of personnel costs in the accompanying income statement.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.13 Cost of employee benefits (continued)

Severance benefits

According to the Tax Code of the Dominican Republic, employers must provide employees with a notice and severance compensation in cases of unjustified dismissal. These payments are recognized in personnel expenses at the time they are paid.

Other benefits

The Confederation grants other benefits to its employees, such as vacation and Christmas bonus, according to the labor laws of the Dominican Republic. For these benefits the Confederation recognizes a liability using the amount accrued by employees based on work contracts with their employers, which is recorded in accruals payable in the accompanying statement of financial position.

4.14 Changes in accounting policies and disclosures

The accounting policies adopted by the Confederation to prepare its financial statements as of December 31, 2011 are consistent with those used to prepare the financial statements as of December 31, 2010, except for the following:

<u>Standard</u>	<u>Description</u>	Mandatory application for periods <u>beginning on:</u>
IAS 24	Related party disclosures –The amendment clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The Confederation does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.	January 1, 2011

NOTES TO THE FINANCIAL STATEMENTS

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(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.14 Changes in accounting policies and disclosures

<u>Standard</u>	<u>Description</u>	<u>Mandatory application for periods beginning on:</u>
IAS 32	Financial Instruments Presentation –It amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, or to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Confederation after initial application.	February 1, 2011

In 2011 the Confederation adopted the previous amendments to IFRS and new interpretations in effect this year. The adoption of these amended standards and interpretations has not had a significant effect on the Confederation’s financial statements.

5. Standards issued but not in effect

At the date of the financial statements, the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) had been published but were not of mandatory application as of December 31, 2011:

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Confederation’s financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

(Amounts expressed in Dominican pesos – RD\$)

5. Standards issued but not in effect (continued)

IFRS 7 Financial Instruments: Disclosures – Enhanced Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Confederation's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and will have no impact on the Confederation's financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and derecognition of financial assets. The completion of this project is expected during the first half of 2012. The adoption of the first phase of IFRS 9 could have an effect on the classification and measurement of the Confederation's financial assets, but will have no impact on classification and measurements of financial liabilities. The Confederation will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Confederation is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

The Confederation is in the process of assessing the impact, if any, of the adoption of these standards in future periods.

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(Amounts expressed in Dominican pesos – RD\$)

6. Balances in foreign currency

As of December 31, 2011, the exchange rate used by the Confederation to convert United States dollars into Dominican pesos was RD\$38.82 (2010: RD\$37.54) per US\$1 and the items in Swiss Francs into Dominican pesos were at RD\$41.16 (2010: RD\$39.03) per CHF1.00.

Below is a summary of financial assets and liabilities in foreign currency, expressed in US dollars and Swiss francs, included in the different section of the statement of financial position:

		<u>2011</u>	<u>2010</u>
US dollars:			
<i>Assets:</i>			
Cash on hand and in banks	US\$	603,957	428,897
Accounts receivable affiliates		467,412	86,697
Other accounts receivable		-	17,500
Total assets		<u>1,071,369</u>	<u>533,094</u>
<i>Liabilities:</i>			
Accounts payable vendors		(100,445)	(62,835)
Accounts payable affiliates and directors		(121,193)	(136,188)
Accruals and withholdings payable		-	(5,970)
Total liabilities		<u>(221,638)</u>	<u>(204,993)</u>
Net position in dollars – asset	US\$	<u>849,731</u>	<u>328,101</u>
Swiss francs:			
<i>Assets:</i>			
Accounts receivable affiliates	CHF	<u>750,000</u>	<u>700,000</u>
<i>Liabilities:</i>			
Accounts payable affiliates and directors		<u>(50,000)</u>	-
Net position in Swiss francs – asset	CHF	<u>700,000</u>	<u>700,000</u>

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(Amounts expressed in Dominican pesos – RD\$)

7. Cash on hand and in banks

The breakdown of cash on hand and in banks is as follows:

	<u>2011</u>	<u>2010</u>
Petty cash	5,000	-
Cash on hand	517,632	520,077
Accounts in banks (a)	<u>26,135,839</u>	<u>16,418,262</u>
	<u>26,658,471</u>	<u>16,938,339</u>

(a) As of December 31, 2011, this amount includes US\$603,957 (2010: US\$428,897), and corresponds to deposits in bank accounts in the Dominican Republic. These accounts gain an annual variable interest between 0.5% and 1% of the available balance. During the year ended December 31, 2011, bank accounts have generated interest for RD\$29,753 (2010: RD\$26,055) which are included in the line for other revenue in the accompanying income statement.

As of December 31, 2011 and 2010, there were no differences between the recorded value and the fair value of these financial assets.

As of the date of the statement of financial position there were no restrictions on the use of cash balances.

8. Balances and transactions with affiliates and directors

The most important transactions with affiliates and directors correspond to economical contributions, payment and collection of affiliation fees and payment and collection of registration fees for sports events made, expense which is covered for directors by the Confederation.

Balances:

The breakdown of accounts receivable from affiliates as of December 31, is the following:

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(Amounts expressed in Dominican pesos – RD\$)

8. Balances and transactions with affiliates and directors (continued)

	<u>2011</u>	<u>2010</u>
Fédération Internationale de Volleyball (FIVB) (a)	45,645,515	27,489,103
Federaciones afiliadas (b):		
Curacao Volleyball Federation	-	7,508
Surinaamse Volleyball Bond	-	7,508
Federation Haitienne de Volleyball	-	7,508
Federación Dominicana de Voleibol	85,890	156,260
Grenada National Volleyball Association	-	7,508
Jamaica Volleyball Association	745,717	723,756
Trinidad & Tobago Volleyball Federation	-	20,647
USA Volleyball	46,584	101,358
Belize Volleyball Association	2,717	2,628
Federación Cubana de Voleibol	38,702	641,021
St. Kitts Amateur Volleyball	-	22,410
French St. Maarten Volleyball Association	-	7,508
Bonaire Volleyball Association	-	7,508
Barbados Volleyball Federation	-	6,712
Bahamas Volleyball Federation	-	15,016
British Virgin Islands Federation	-	7,508
Federación Puertorriqueña de Voleibol	1,220,513	332,459
Montserrat Volleyball Association	-	7,508
Turks and Caicos Volleyball Association	-	7,508
Sabas Volleyball Association	11,646	7,508
Ligue Guadeloupéenne de Volley Ball	36,918	15,016
Federación Mexicana de Voleibol	639,526	854,792
Federación Panameña de Voleibol	-	58,187
Federación Nicaragüense de Voleibol	31,056	15,016
Virgin Islands Volleyball Federation	-	27,029
Federación Colombiana	58,230	-
Cayman Islands Volleyball Federation	13,587	20,647
Federación Salvadoreña de Voleibol	27,436	-
Federación Venezolana de Voleibol	60,171	-
Federación Peruana de Voleibol	189,636	-
Federación Argentina de Voleibol	145,575	-
St. Lucia Amateur Volleyball	15,528	-
Sub-total	<u>49,014,947</u>	<u>30,577,137</u>
Allowance for doubtful accounts (c)	(1,007,258)	(1,133,791)
Total accounts receivable from affiliates	<u>48,007,689</u>	<u>29,443,346</u>

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8. Balances and transactions with affiliates and directors (continued)

- (a) The account receivable from FIVB is mainly denominated in Swiss francs and corresponds to an annual economic contribution provided by this institution to Norceca. In the years ended December 31, 2011 and 2010, the revenues recognized for this concept were CHF 750,000 and CHF 700,000 respectively.

Additionally, the accounts receivable include reimbursements chargeable to FIVB for plane tickets and the payment of fees to FIVB instructor Justo Morales.

- (b) Balances receivable from affiliated federations derive from annual membership fees, concession rights from headquarters for the different championships held by the Confederation, team registration fees, promotion rights, penalties for non compliance with championship regulations, among other. These accounts are mostly denominated in U.S. dollars, do not have a specific maturity date, and amounted to US\$86,796 in 2011 (2010: US\$86,697).
- (c) The activity in the allowance for doubtful accounts for the years ended as of December 31 was as follows:

	<u>2011</u>	<u>2010</u>
Balance at start of year	(1,133,791)	(146,647)
Charges for the year – expense	-	(987,144)
Recovery of bad debts	126,533	-
Balance at year end	<u>(1,007,258)</u>	<u>(1,133,791)</u>

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8. Balances and transactions with affiliates and directors (continued)

The breakdown of accounts receivable as of December 31, is as follows:

	<u>Not past due</u>	<u>Past due but not impaired</u>			<u>Impaired</u>	<u>Total</u>
		<u>30 to 60 days</u>	<u>61 to 90 days</u>	<u>Over 91 days</u>	<u>Over 91 days</u>	
2011	<u>46,854,420</u>	<u>-</u>	<u>-</u>	<u>1,153,269</u>	<u>1,007,258</u>	<u>49,014,947</u>
2010	<u>27,769,153</u>	<u>22,524</u>	<u>-</u>	<u>1,651,669</u>	<u>1,133,791</u>	<u>30,577,137</u>

The breakdown of accounts payable to affiliates and directors as of December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Fédération Internationale de Volleyball (FIVB) (a)	513,216	80,711
Federación Trinidad & Tobago (b)	12,327	-
Federación Salvadoreña de Voleiboll (c)	27,447	-
Federación Mexicana de Voleibol (d)	-	46,024
USA Volleyball Federation (e)	-	18,770
Asociación Zonal Caribeña de Voleibol (CAZOVA) (f)	-	252,747
Federación Costarricenses de Voleibol (g)	199,829	40,937
Federación de Guatemala (h)	112,112	74,855
Centro Regional de Desarrollo de Voleibol (i)	17,857	17,268
Ligue Guadeloupéenne de Volley Ball (j)	-	187,700
Federación Puertorriqueña de Voleibol (k)	91,530	-
Aruba Volleyball Association (l)	3,882	-
Dominica Amateur Volleyball Association (m)	13,692	-
Curacao Volleyball Association (n)	116,130	-
Virgin Islands Volleyball Federation (o)	45,578	-
Federación Hondureña de Volleyball (p)	77,252	-
Federación Panameña de Voleibol (q)	2,834	-
Cayman Island Volleyball (r)	926,347	-
St. Lucia Volleyball Association (s)	-	187,700
Cristóbal Marte Hoffiz – Presidente de la Confederación (t)	<u>2,544,701</u>	<u>4,187,007</u>
	<u>4,704,734</u>	<u>5,093,719</u>
Other accounts payable to affiliates (p)	-	18,770
	<u>4,704,734</u>	<u>5,112,489</u>

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8. Balances and transactions with affiliates and executives (continued)

- (a) As of December 31, 2011, this corresponds to the payment of fees for the international transfer of ITC athletes, for US\$13,220. As of December 31, 2010 this corresponds to the payment of FIVB affiliation fees charged by Norceca to the different affiliated federations, 2010: US\$2,150, CHF4,450.
- (b) As of December 31, 2011, this corresponds to the economic assistance for US\$318, granted to the Trinidad & Tobago Federation for Mr. Larry Romany's participation in the sports management seminar.
- (c) As of December 31, 2011, this corresponds to the economic assistance for US\$707, assigned to the Salvadorian Volleyball Federation for the participation in the 7th phase of the V Circuit beach volleyball.
- (d) As of December 31, 2010, this corresponds to a payment commitment to the Mexican Federation for the USA additional partner, in the 5th phase of the II Circuit Beach Volleyball, and the payment of additional lodging of the Puerto Rico Federation for US\$626, as well as the enrollment of teams participating in the III Circuit of Beach Volleyball for US\$600.
- (e) As of December 31, 2010, this corresponds to the return of the payment of the enrollment with the USA Volleyball Federation for US\$500, which was unnecessary as this country was the host of the 2008 Continental Boys' Volleyball Championship.
- (f) As of December 31, 2010, this corresponds to economic assistance for US\$6,733 granted to the organization, and the celebration of the FIVB Copa Continental Beach Volleyball.
- (g) As of December 31, 2011, this corresponds to the economic assistance for US\$5,147, of the 6th, 7th and 8th phase of the V Circuit Beach Volleyball assigned to the Costa Rican Volleyball Federation. As of December 31, 2010, this corresponds to the economic assistance of US\$1,090 given to the Costa Rican Volleyball Federation for the purchase of airplane tickets to participate in the III Circuit Beach Volleyball.

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8. Balances and transactions with affiliates and executives (continued)

- (h) As of December 31, 2011 it corresponds to economic assistance for US\$2,888 for the purchase of plane tickets to participate in the V Beach Volleyball Circuit. As of December 31, 2010 it corresponded to economic assistance for US\$1,994, to purchase the plane tickets to participate in the IV Beach Volleyball Circuit.
- (i) As of December 31, 2011 it corresponds to the registration fee for volleyball courses taught by the Regional Development Centre for Volleyball, for US\$460 (2010: US\$460).
- (j) As of December 31, 2010 it corresponds to economic assistance for US\$5,000 for the development of the junior categories of the Ligue Guadeloupéenne de Volleyball.
- (k) As of December 31, 2011 it corresponds to economic assistance for US\$2,357, transferred to Internacional de Atletas (ITC).
- (l) As of December 31, 2011 corresponds to the surplus in the affiliation payment.
- (m) As of December 31, 2011 it corresponds to economic assistance for US\$353, granted to the Federación Dominicana Amateur de Voleibol for the purchase of plane tickets to participate in the 2011 Beach Volleyball Continental Cup.
- (n) As of December 31, 2011 it corresponds to economic assistance for US\$2,992 granted to the Curacao Volleyball Association for the purchase of tickets to participate in the 5th Stop of the V Beach Volleyball Circuit 2011.
- (o) As of December 31, 2011 it corresponds to economic assistance for US\$1,174, granted to the Virgin Islands Volleyball Federation for the purchase of plane tickets for participation in the 6th, 7th and 8th stop of the V Beach Volleyball Circuit.
- (p) As of December 31, 2011 it corresponds to assistance to the Federación Hondureña de Voleibol for the participation of its teams in the 8th Stop of the V Beach Circuit; and for the expenses incurred in the registration of the participants from El Salvador and Guatemala in the course “Entrenadores Nivel I” organized in Tegucigalpa, Honduras for US\$1,990.

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8. Balances and transactions with affiliates and executives (continued)

- (q) As of December 31, 2011 it corresponds to the registration fee for volleyball courses taught by the Regional Development Centre for Volleyball, amounting to US\$460.00.
- (r) As of December 31, 2011 it corresponds to economic assistance to Cayman Island Volleyball for the reimbursement of additional expenses incurred during the 5th Stop of the Continental Beach Volleyball Cup and classification to the London Games held in December 2011, amounting to US\$23,863.
- (s) As of December 31, 2010 corresponds to economic assistance for US\$5,000, granted to the St. Lucia Volleyball Association for the organization and celebration of the 2010 ECVA Females Volleyball Championship, for adults.
- (t) As of December 31, 2011 it corresponds mainly to the compensation to the President of Norceca for performing his functions, for US\$65,552. As of December 31, 2010 it mainly corresponds to loans granted by Lic. Cristóbal Marte Hoffiz on behalf of the Confederation for US\$111,535. This account does not accrue interest and it has no maturity date or a specific guarantee. This obligation is settled once the annual allocation is received from the FIVB.
- (u) As of December 31, 2011 accounts payable to affiliates and directors amount to US\$121,194 (2010: US\$136,188) and CHF US\$50,000 in 2011.
- (v) As of December 31, 2010 it corresponds to advance payments for affiliation fees, tournament registration fees, championships and events, received from related entities.

Transactions:

Transactions with affiliates and directors during the years ended December 31 as follows:

	<u>2011</u>	<u>2010</u>
<i>Revenues:</i>		
Economic contributions	104,411,317	69,869,653
Events and activities	10,769,543	7,538,011
Membership fees	596,243	578,025
Others	3,732,716	355,623
	<u>119,509,819</u>	<u>78,341,312</u>

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8. Balances and transactions with affiliates and executives (continued)

	<u>2011</u>	<u>2010</u>
<u>Expenses:</u>		
Sports supplies donated to federations	17,684,124	7,806,504
Economic contributions granted:		
Asociación de Federaciones Centroamericanas de Voleibol (AFECAVOL)	13,875,215	4,017,583
Asociación Zonal Caribeña de Voleibol (CAZOVA)	6,599,789	3,872,988
Assistance ECVA (Eastern Caribbean Volleyball Association)	5,913,226	1,214,015
Federación Nacional de Voleibol de Guatemala	-	151,703
Federación Salvadoreña de Voleibol	-	55,448
Financial assistance Central Zone	3,260,093	-
Others (assistance for Haiti's earthquake)	-	99,960
	<u>29,648,323</u>	<u>9,411,697</u>
Directors' expenses:		
Travel	620,260	595,391
Representation	259,378	1,574,641
Meals and lodging	1,742,562	1,541,926
Plane tickets	515,110	116,623
Executive Committee Meetings	674,111	250,706
	<u>3,811,421</u>	<u>4,079,287</u>

The administrative facilities used by the Confederation to perform its activities were provided by the government of the Dominican Republic through the Confederación Dominicana de Voleibol (CODOVOLI) at no cost to Norceca.

Terms and conditions with affiliates and directors

Activities with affiliates and directors are performed at the terms agreed between the parties. Outstanding balances at year end are unsecured and do not generate interest. No guarantees have been received or granted to any account receivable or payable to affiliates and directors.

From the year 2011, the Confederation's president receives an allocation of CHF 50,000 (2010: CHF30,000), as compensation for his duties, in addition to the reimbursements of expenses incurred in the performance of his position. At December 31, 2011 the amount is outstanding.

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9. Sports equipment inventory

As of December 31, this corresponds to the sporting goods inventory, which was recognized at fair value when the corresponding contributions were received. The sporting goods held by the Confederation were received from the Molten Corporation in exchange for advertising (see note 11) and the Fédération Internationale de Volleyball (FIVB) provided MIKASA sports equipment to be used in the FIVB Continental Beach Volleyball Championship.

These inventories are comprised as follows:

	<u>2011</u>	<u>2010</u>
<i>Molten equipment</i>		
Balls	3,112,660	4,865,630
Nets	774,676	1,142,910
Ball carts	894,076	423,040
Antennae	525,665	496,562
Linesman flag	180,052	233,100
Pressure gauge	101,613	156,093
Scoreboard	177,278	225,889
Marking tape	88,219	72,650
Tabletop scorer	167,335	-
Pumps	36,365	32,197
	<u>6,057,939</u>	<u>7,648,071</u>
<i>Mikasa equipment</i>		
Balls	2,058,854	802,440
Nets	380,045	563,937
Antennae	168,512	184,561
Game line	94,733	145,257
	<u>2,702,144</u>	<u>1,696,195</u>
<i>Others</i>		
Drug test kit	41,874	-
Beach court lines	313,087	-
	<u>354,961</u>	-
	<u>9,115,044</u>	<u>9,344,266</u>

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10. Furniture and equipment

The activity in furniture and equipment during the years ended as of December 31 was as follows:

	<u>Office furniture and equipment</u>	<u>Computer equipment</u>	<u>Total</u>
Costo de adquisición:			
Balances as of December 31, 2009	2,333,853	505,203	2,839,056
Additions	410,403	189,782	600,185
Balances as of December 31, 2010	<u>2,744,256</u>	<u>694,985</u>	<u>3,439,241</u>
Additions	884,259	331,782	1,216,041
Withdrawals	<u>(170,125)</u>	<u>(109,944)</u>	<u>(280,069)</u>
Balances as of December 31, 2011	<u>3,458,390</u>	<u>916,823</u>	<u>4,375,213</u>
Accumulated depreciation:			
Balances as of December 31, 2009	(2,065,976)	(321,547)	(2,387,523)
Depreciation expense for the year	<u>(161,720)</u>	<u>(112,376)</u>	<u>(274,096)</u>
Balances as of December 31, 2010	<u>(2,227,696)</u>	<u>(433,923)</u>	<u>(2,661,619)</u>
Depreciation expense for the year	(281,980)	(150,502)	(432,482)
Withdrawals	<u>152,273</u>	<u>119,089</u>	<u>271,362</u>
Balances as of December 31, 2011	<u>(2,357,403)</u>	<u>(465,336)</u>	<u>(2,822,739)</u>
Net carrying amount:			
As of December 31, 2011	<u>1,100,987</u>	<u>451,487</u>	<u>1,552,474</u>
As of December 31, 2010	<u>516,560</u>	<u>261,062</u>	<u>777,622</u>

11. Sporting goods received in exchange for advertising

On January 1st, 2011 the Confederation signed a contract with Molten Corporation, for a period of four years, which expired on December 31, 2014. As for this agreement the Confederation grants the Molten the right to advertise its brand sporting goods in all competitions and tournaments held by the Confederation. As consideration Molten Corporation will give the Confederation sports supplies for approximately US\$220,000 in 2011.

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11. Sporting goods received in exchange for advertising (continued)

The assignment of sporting goods for 2011 was US\$220,000 (equivalent to RD\$88,374,205), these are received in its entirety. For 2010, the Confederation received from sporting goods from Molten for US\$180,262 (equivalent to RD\$6,682,871).

12. Personnel expenses

The breakdown of personnel expenses during the years ended as of December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Wages	5,345,374	4,199,200
Christmas bonus	493,294	344,523
Vacations	315,566	271,554
Notice and severance (a)	320,830	885,480
Overtime	392,509	140,438
Services to personnel	545,351	220,092
Social Security	763,294	652,559
	<u>8,176,218</u>	<u>6,713,846</u>

(a) As of December 31, 2011, corresponds to the total payment of severance for employees in the departments of General Management and Administration, calculated based on the services they accumulated during the months of January and May 2011. This payment was approved by the President of the Confederation. As of December 31, 2010, corresponds to the payment made during the year of severance for employees that left the Confederation.

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13. Expenses for coordination meetings

The breakdown of expenses for coordination meetings during the years ended as of December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Norceca Conference (a)	3,420,363	-
FIVB work meetings	380,222	158,929
Norceca Working Commissions	1,617,562	734,454
Meeting Board of Directors	674,111	250,706
Meeting Executive Committee and Administrative Council of the FIVB (b)	583,318	5,758,133
Meeting in Jamaica	-	58,194
Meeting in Haiti	-	18,332
Meeting AFECAVOL Costa Rica	-	32,840
FIVB Conference	-	805,267
UPV Conference	388,295	-
Meeting in Panamá	-	133,748
Meeting ECVA	248,801	-
Meeting Cazova	93,857	-
Meeting Afecavol	58,934	-
	<u>7,465,463</u>	<u>7,950,603</u>

(a) Corresponds mainly to expenses incurred for the purchase of planet tickets, lodging, meals of all participants in the aforementioned congress, as well as payments for organization of the event, which was held in Punta Cana, Dominican Republic.

(b) Corresponds mainly for expenses incurred for airplane tickets, lodging, transportation services, souvenirs and gifts to participants of the Meeting of the Executive Committee and Administrative Council of the FIVB, which was held in Punta Cana, Dominican Republic.

14. Events and championships

The breakdown of expenses relating to events and championships, including tickets, transportation, lodging and travel expenses incurred by the Control Committees and representatives of the Confederation in the various events, tournaments and competitions held during the years ended as of December 31 is as follows:

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14. Events and championships (continued)

	<u>2011</u>	<u>2010</u>
X Pan American Women's Volleyball Cup	160,982	455,178
VI Pan American Men's Volleyball Cup	18,051	171,493
Norceca Girls' Youth Continental Championship	-	464,542
Norceca Boys' Youth Continental Championship	-	23,465
Men's Junior Pan American Cup	152,471	42,660
Norceca Women's Junior Continental Championship	-	44,328
Norceca Women's Continental Championship - Adults	210,033	-
Norceca Men's Continental Championship - Adults	88,578	-
Central American Sport Games	-	611,194
Pan American Games Guadalajara 2011	999,113	-
V Beach Volleyball Circuit-2 nd Stage	108,341	305,127
V Beach Volleyball Circuit-1 st Stage	292,894	401,817
V Beach Volleyball Circuit-3 rd Stage	851,901	621,007
V Beach Volleyball Circuit-4 th Stage	344,351	244,490
V Beach Volleyball Circuit-5 th Stage	370,019	167,880
V Beach Volleyball Circuit-6 th Stage	84,967	288,315
V Beach Volleyball Circuit-7 th Stage	28,224	-
V Beach Volleyball Circuit-8 th Stage	202,882	-
V Beach Volleyball Circuit-9 th Stage	-	368,223
V Beach Volleyball Circuit-10 th Stage	-	42,998
Women's Central-American Cup	-	25,332
FIVB Medical Congress	-	302,467
Continental Beach Volleyball Cup FIVB (a)	9,898,098	4,555,074
Women's Junios Pan American Cup	235,794	-
Final Four Championship	-	94,448
	<u>14,046,699</u>	<u>9,230,038</u>

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14. Events and championships (continued)

- (a) Mainly correspond to expenses incurred by teams' inscriptions fees, air tickets purchase, lodging and meals of the participating teams from the different federations members of Norceca during the celebration of the above-mentioned tournaments.

15. Regional Development Centre for Volleyball

As of December 31, 2011 and 2010 it corresponds to expenses incurred in organizing and presenting the courses and seminars taught through the Regional Development Centre for Volleyball, as well as the expenses incurred in the purchase of airplane tickets, lodging, meals and other travel expenses of the coaches and speakers.

16. Differences in exchange rates included in the income statement

	<u>2011</u>	<u>2010</u>
Included in income:		
Economic contribution:		
Net difference in foreign currency conversion	2,708,001	2,678,735
Affiliation fees:		
Net difference in foreign currency conversion	-	4,858
	<u>2,708,001</u>	<u>2,683,593</u>

17. Financial risk management policies and objectives

Financial risk management

In the normal course of operations, the Confederation is exposed to liquidity risk, foreign currency risk, credit risk and interest rate risk. The Confederation's policies to manage these risks are described below:

Liquidity risk

The maturity of financial liabilities based on contractual payments not discounted, is as follows:

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17. Financial risk management policies and objectives (continued)

Liquidity risk (continued)

	2011			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Accounts payable to suppliers and other (a)	-	3,805,146	535,039	4,340,185
Account payable to affiliates and directors (b)	2,171,781	-	2,532,953	4,704,734
Accruals and withholdings payable	-	1,016,753	-	1,016,753
	<u>2,171,781</u>	<u>4,821,899</u>	<u>3,067,992</u>	<u>10,061,672</u>

	2010			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Accounts payable to suppliers and others (a)	-	3,018,377	529,105	3,547,482
Accounts payable to affiliates and directors (b)	925,475	-	4,187,014	5,112,489
Accruals and withholdings payable	-	687,778	-	687,778
	<u>925,475</u>	<u>3,706,155</u>	<u>4,716,119</u>	<u>9,347,749</u>

(a) These accounts do not generate interest and are not subject to any discount for early payment.

(b) Accounts payable to affiliates and directors, with maturity of 60 to 90 days, are expected to be paid once the annual contribution provided by the FIVB is received, which is usually between May and June of each year.

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17. Financial risk management policies and objectives (continued)

Exchange rate risk

The Confederation is exposed to the risk of changes in foreign currency exchange rates in relation to its financial position and cash flows. Management establishes exposure limits per currency and the total daily operations, which are duly monitored. The foreign currency position is presented in note 6.

The following table presents the possible sensitivity of the Confederation's activities to changes in the foreign currency exchange rates in relation to the Dominican peso (due to the changes in the fair value of monetary assets and liabilities), assuming that all other variables remain constant:

		Increase (Decrease) in US\$ rate	Effects on change on net assets
2011	US\$	+5%	1,649,328
	US\$	-5%	<u>(1,649,328)</u>
2010	US\$	+5%	615,822
	US\$	-5%	<u>(615,822)</u>
		Increase (Decrease) in CHF rate	Effects of change on net assets
2011	CHF	+5%	1,543,500
	CHF	-5%	<u>(1,543,500)</u>
2010	CHF	+5%	1,366,127
	CHF	-5%	<u>(1,366,127)</u>

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17. Financial risk management policies and objectives (continued)

Interest rate risk

The Confederation does not maintain interest-bearing liabilities.

Credit Risk

The Confederation's accounts receivable result from fees and participation rights to the events of affiliated federations. The maximum exposure to credit risk is represented by the balance of each financial asset.

It is believed that there is no additional credit risk in the accounts receivable, since an allowance for doubtful accounts is created when recovery of the invoiced amount is not likely, or when there are late payments.

In terms of the credit risks of other financial assets, which are comprised of cash on hand and in banks, the Confederation's maximum exposure to non-compliance by third parties is the recorded value of these assets. In order to diminish this risk, the Confederation only carries out transactions with entities of recognized reliability.

18. Reclassifications

Some of the amounts for 2010 were reclassified in order to match the presentation for 2011. The reclassifications performed are the following:

<u>Description</u>	<u>2010, as previously reported</u>	<u>Reclassification</u>	<u>2010, Reclassified</u>
Statement of activities:			
Expenses:			
Lodging, travel expenses and snacks	(1,541,926)	(1,435,167)	(2,977,093)
Repair and maintenance expenses	-	(12,090)	(12,090)
Seminars	-	(117,666)	(117,666)
Other expenses	<u>(4,388,551)</u>	<u>1,564,923</u>	<u>(2,823,628)</u>
Total expenses	<u>(5,930,477)</u>	<u>-</u>	<u>(5,930,477)</u>