

Financial Statements

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

*December 31, 2012  
(With the Independent Auditors' Report)*

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

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## **Independent Auditors' 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, 2012 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 present fairly, in all material respects, the financial position of Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca as of December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Ernst & Young*

June 13, 2013  
Santo Domingo,  
Dominican Republic

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

## Financial Statements

### STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

(Amounts expressed in Dominican pesos – RD\$)

	Notes	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Current assets:			
Cash on hands and in banks	6 and 7	14,268,463	26,658,471
Accounts receivable from affiliates	6 and 8	79,955,382	48,007,689
Other accounts receivable	11	459,250	331,549
Prepaid expenses		163,362	477,257
Sporting goods inventory	9 and 11	<u>16,056,376</u>	<u>9,115,044</u>
Total current assets		<u>110,902,833</u>	<u>84,590,010</u>
Furniture and equipments	10	<u>1,285,838</u>	<u>1,552,474</u>
<b>Total assets</b>		<b><u>112,188,671</u></b>	<b><u>86,142,484</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Notes payable	12	32,335,711	-
Accounts payable to suppliers and others	6	5,427,755	4,340,185
Account payable to affiliates and directors	6 and 8	17,683,959	4,704,734
Accruals and withholdings payable	6	<u>599,050</u>	<u>1,016,753</u>
Total liabilities		<u>56,046,475</u>	<u>10,061,672</u>
Unrestricted net assets		<u>56,142,196</u>	<u>76,080,812</u>
<b>Total liabilities and net assets</b>		<b><u>112,188,671</u></b>	<b><u>86,142,484</u></b>

The accompanying notes are an integral part of these financial statements

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

## Financial Statements

### STATEMENTS OF ACTIVITIES

For the years ended December 31, 2012 and 2011

(Amounts expressed in Dominican pesos – RD\$)

		<u>2012</u>	<u>2011</u>
	<b>Notes</b>		
<b>Unrestricted revenues:</b>			
Economic contributions	8 and 15	90,473,375	104,554,101
Events and activities	8	17,011,273	12,684,471
Exchange for advertising sport equipment	11	15,123,737	13,789,335
Affiliation fees	8 and 16	609,336	596,243
Other revenues	7 and 8	1,916,724	1,837,483
Total unrestricted revenues		<u>125,134,445</u>	<u>133,461,633</u>
<b>Expenses:</b>			
Personnel expenses	13	(9,025,575)	(8,176,218)
Professional fees		(1,636,936)	(1,243,275)
Coordination meetings	14	(5,156,150)	(7,465,463)
Events and championships	15	(21,510,800)	(14,046,699)
Telephone services		(604,491)	(1,053,835)
Depreciation	10	(615,873)	(432,482)
Donation of sport equipment	8	(6,191,011)	(17,684,124)
Doubtful accounts expense	8	(72,720)	-
Economic contributions	8	(81,684,900)	(29,648,323)
Lodging, per diem and snacks	8	(7,334,592)	(6,459,356)
FIVB Regional Volleyball Development Centre	16	(3,747,336)	(3,627,061)
Air tickets	8	(1,058,304)	(789,514)
Office supplies		(574,670)	(1,386,724)
Representation expenses	8	(382,139)	(259,378)
Repair and maintenance expenses		(297,892)	(3,537,553)
Seminars		-	(3,639,453)
Other expenses		(5,179,672)	(6,095,727)
Total		<u>(145,073,061)</u>	<u>(105,545,185)</u>
Changes in unrestricted net assets in the year		(19,938,616)	27,916,448
Unrestricted net assets at beginning of year		<u>76,080,812</u>	<u>48,164,364</u>
<b>Unrestricted net assets at end of year</b>		<u><b>56,142,196</b></u>	<u><b>76,080,812</b></u>

The accompanying notes are an integral part of these financial statements.

**Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca***Financial Statements***STATEMENTS OF CASH FLOWS****For the years ended December 31, 2012 and 2011***(Amounts expressed in Dominican pesos – RD\$)*

	Notes	<u>2012</u>	<u>2011</u>
<b>Operating activities:</b>			
Changes in unrestricted net assets		(19,938,616)	27,916,448
Adjustment to reconcile the changes in unrestricted net assets to net cash flows provided by operating activities:			
Depreciation expenses	10	615,873	432,482
Loss on disposal of fixed assets from impairment	10	2,614	8,707
Expense allowance for doubtful accounts	8	-	
Inventory received in exchange of advertising	11	(9,153,853)	(8,374,205)
Changes in assets and liabilities:			
Increase in accounts receivable from affiliates		(31,947,691)	(18,564,343)
Decrease (increase) in other accounts receivable		(127,701)	626,642
Decrease (increase) in prepaid expenses		313,895	(426,908)
Decrease in sport equipment inventories		2,212,521	8,603,427
Increase in account payable to suppliers and others		1,087,568	792,703
Increase (decrease) in account payable to affiliates and directors		12,979,225	(407,755)
Increase (decrease) in accruals and withholdings payable		<u>(417,703)</u>	<u>328,975</u>
Net cash provided by (used in) operating activities		<u>(44,373,868)</u>	<u>10,936,173</u>
<b>Investing activities:</b>			
Acquisition of furniture and equipments	10	<u>(351,851)</u>	<u>(1,216,041)</u>
Net cash used in investing activities		<u>(351,851)</u>	<u>(1,216,041)</u>
<b>Financing activities:</b>			
Acquisition of loans	12	<u>32,335,711</u>	-
Net cash provided by financing activities		<u>32,335,711</u>	-
Net increase (decrease) of cash on hand and banks		(12,390,008)	9,720,132
Cash on hand and in banks at beginning of year		<u>26,658,471</u>	<u>16,938,339</u>
<b>Cash on hand and in banks at end of year</b>		<b><u>14,268,463</u></b>	<b><u>26,658,471</u></b>

*The accompanying notes are an integral part of these financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(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 1<sup>st</sup>, 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, 2012 and 2011, 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, 2012, were authorized for issue by Confederation’s Management on June 13, 2013.



**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**2. Basis of preparation of the financial statements**

**2.1 Declaration of compliance**

The Confederation's financial statements as of December 31, 2012 and 2011 have been prepared in conformity with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

**2.2 Basis of valuation and presentation currency**

The Confederation's financial statements as of December 31, 2012 and 2011 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:*

Assets subject to stipulations imposed by the entities that perform the input, which can occur or fulfilled by actions through 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, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**3. Changes in accounting policies and disclosures**

The accounting policies applied by the Confederation for the preparation of its financial statements as of December 31, 2012 are consistent with those that were used in the preparation of its financial statements as of December 31, 2011.

A series of amendments to International Financial Reporting Standards became effective during the year ended December 31, 2012. However, they did not have an effect on the recognition of transactions or additional disclosures, over the previous year, in the financial statements of the Confederation as of December 31, 2012 and for the year ended on that date.

**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, 2012, the exchange rate used to convert funds in U.S. dollars in relation to Dominican pesos was RD\$40.40 (2011: RD\$38.82) per US\$1.00 and in relation to the Swiss franc RD\$43.93 (2011: RD\$41.16) per CHF1.00.

**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 Confederation recognizes its financial assets initially at fair value plus costs directly attributable to the transaction. The Confederation'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.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**4. Summary of significant accounting policies (continued)**

**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.

**4.6 Sporting goods inventory**

The stock is valued at cost or net realizable value, whichever is lower. 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).

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**4. Summary of significant accounting policies (continued)**

**4.7 Furniture and equipment**

The furniture and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Costs for repairs that do not qualify for recognition as assets and depreciation, are recognized as expenses in the year incurred.

The method used by the Confederacy is a straight line over the estimated useful life of each asset, which has been estimated to be four (4) years. The estimated useful lives and depreciation methods are reviewed annually by management and are adjusted, where appropriate, at the end of each accounting period.

A component of furniture and equipment is derecognized when the Confederation expropriated or when no future economic benefits are expected from its use. Any gains or losses arising from the retirement of the asset, calculated as the difference between its carrying amount and the sale proceeds is recognized in results of the year in which the transaction occurs.

**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, 2012 and 2011, no impairment losses were recorded on the value of non-financial assets.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**4. Summary of significant accounting policies (continued)**

**4.9 Financial liabilities**

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

Financial liabilities of the Confederation include notes payable, accounts payable and accruals and withholdings payable.

**4.10 Derecognition of financial liabilities**

Financial liabilities are derecognized by the Confederation when the obligation has been discharged or canceled or expires its demand. 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.

**4.11 Notes payable**

Notes payable are recognized initially at fair value at the respective dates of hire, including attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the method of the effective interest rate. The Confederation recognizes gains or losses in profit or loss when the financial liability is derecognised as well as through the amortization process.

**4.12 Revenue recognition**

Confederation revenues are recognized as such when the contribution can be measured reliably and it is probable that the economic benefits from the economic contributions, realization of events and activities and affiliations fees, they are recognized in the period in which the activity takes place and the time of accrual of contributions Fédération Internationale de Volleyball, and membership fees from affiliated agencies.

In the case of donations of sports gear received, they are recognized at fair value at the time the contributions are received.

**4.13 Recognition of costs and expenses**

Expenses are recognized in the statement of activities when they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**4. Summary of significant accounting policies (continued)**

**4.14 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.

**4.15 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, 2012, the Confederation made contributions for this concept for an amount of RD\$898,290 (2011: RD\$748,795), which is included as part of personnel expenses in the statement accompanying activities.

*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. The value of this compensation is recognized in income when incurred or when it is known fact that the employment relationship ceases and there is no possibility to change this decision.

*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.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**4. Summary of significant accounting policies (continued)**

**4.16 Significant accounting estimates and assumptions**

The preparation of the financial statements of the Confederation requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. Due to the uncertainty of these assumptions and estimates, these could cause material adjustments to the reported values of assets and liabilities in the future.

*Estimates and assumptions*

The main assumption regarding future events and other sources of variations prone estimates of the date of the financial statements and which by its nature has a risk of causing significant adjustments relating to the amounts of assets and liabilities in the financial statements next year, is presented below:

*Impairment of non-financial assets*

The Confederation assessed at the date of each financial statement, if there is any indication that a non-financial asset may be impaired. Non-financial assets are tested for impairment when there are indications that the carrying value may not be recoverable.

When we calculate these values management must estimate the expected future cash flows for the related assets or generating unit and must use a discount rate to calculate the present value of those cash flows.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**5. Standards issued but not yet effective**

Listed below are the International Financial Reporting Standards and Interpretations issued, but were still not in effect on the date of issuance of these financial statements. The list includes those standards and interpretations that the Confederation reasonably expected to have an impact on the disclosures, financial position or performance, when applied in the future. The Confederation must adopt these standards when they enter in effect.

*IAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (OCI)*

The amendments to IAS 1 change groupings of items presented in OCI. The items to be reclassified (or 'recycled') later to results (eg when recognition or liquidation) would be presented separately from items that will never be reclassified. The change could affect the presentation and would not have an impact on the financial position or performance of the Confederation. The amendment is effective for annual periods beginning July 1<sup>st</sup>, 2012.

*IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*

These amendments require an entity to disclose information about rights of offset and related agreements (eg collateral agreements). The revelations provide users with information that is useful in assessing the effect of netting agreements in financial position of an entity. The new disclosures are required for all recognized financial instruments that are compensated in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to a master agreement required compensation or similar agreement, regardless of whether it was offset in accordance with IAS 32. These amendments are effective for annual periods beginning on or after January 1, 2013.

*IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9 as it was issued reflects the first phase of the work of the Council of International Accounting Standards Board in the replacement of IAS 39 and extends the classification and measurement of financial assets and liabilities as defined in IAS 39. The Standard was initially effective for annual periods that would begin on or after January 1<sup>st</sup>, 2013, but the amendments to IFRS 9 issued in December 2011 postponed the mandatory effective date until the January 1<sup>st</sup>, 2015. In subsequent phases, the Board will discuss hedge accounting and impairment of financial assets.



**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**5. Standards issued but not yet effective (continued)**

*IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but provides guidance on how to measure fair value under IFRS when fair value measurement is required or permitted. The Confederation is currently evaluating the impact this standard would have on its financial position and performance. This standard is effective for annual periods beginning on or after January 1<sup>st</sup>, 2013.

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

**6. Balances in foreign currency**

As of December 31, 2012, the exchange rate used by the Confederation to convert US dollar items to Dominican pesos was RD\$40.40 (2011: RD\$38.82) per US\$1 and for items in swiss francs to Dominican pesos it was RD\$43.93 (2011: RD\$41.16) 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>2012</u>	<u>2011</u>
<b>US dollars:</b>			
<i>Assets:</i>			
Cash on hand and in banks	US\$	349,854	603,957
Accounts receivable related parties		1,185,653	467,412
Total assets		<u>1,535,507</u>	<u>1,071,369</u>
<i>Liabilities:</i>			
Accounts payable to vendors and others		(79,197)	(100,445)
Accounts payable to affiliates and directors		(437,722)	(121,193)
Notes payable		(800,389)	-
Total liabilities		<u>(1,317,308)</u>	<u>(221,638)</u>
<b>Net position in dollars – asset</b>	<b>US\$</b>	<b><u>218,199</u></b>	<b><u>849,731</u></b>
<b>Swiss francs:</b>			
<i>Assets:</i>			
Accounts receivable related parties	CHF	750,000	750,000
<i>Liabilities:</i>			
Accounts payable related parties and directors		(50,000)	(50,000)
<b>Net position in swiss francs – asset</b>	<b>CHF</b>	<b><u>700,000</u></b>	<b><u>700,000</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

*(Amounts expressed in Dominican pesos – RD\$)*

**7. Cash on hand and in banks**

Below is the breakdown of cash on hand and in banks:

	<u>2012</u>	<u>2011</u>
Petty cash	5,000	5,000
General cash	-	517,632
Deposits in banks (a)	14,263,463	26,135,839
	<u>14,268,463</u>	<u>26,658,471</u>

(a) As of December 31, 2012, this amount includes US\$349,854 (2011: US\$603,957) which correspond to deposits in bank accounts at banks in the Dominican Republic. These accounts earn annual interest rates ranging from 0.5% to 1% of the available balance. During the year ended December 31, 2012, the bank balances generated interest for RD\$30,112 (2011: RD\$29,753) which are included in the line for other revenues in the accompanying income statement.

As of December 31, 2012 and 2011, there were no differences between the recorded values and the fair values of these financial assets. At the date of the statement of financial position there were no restrictions of use on the balances of cash in banks.

**8. Balances and transactions with affiliates and directors**

The main transactions with affiliates and directors correspond to financial contributions, payment and collection of affiliation fees and payments and collection of enrollments fees at sports events, and expenses for directors on behalf of 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>2012</u>	<u>2011</u>
Fédération Internationale de Volleyball (FIVB) (a)	77,416,296	45,645,515
Affiliates (b):		
Curacao Volleyball Federation	40,400	-
Federación Costarricense de Voleibol	16,160	-
Dominica Amateur Volleyball Association	8,080	-
Anguila Amateur Volleyball Federation	16,160	-
Antigua & Barbuda Amateur Volleyball Association	8,080	-
Aruba Volleyball Association	8,888	-
Grenada Volleyball Association	8,080	-
Surinaamse Volleyball Bond	40,400	-
Federación Dominicana de Voleibol	739,825	85,890
Jamaica Volleyball Association	776,067	745,717
Trinidad & Tobago Volleyball Federation	47,018	-
USA Volleyball	-	46,584
Belize Volleyball Association	2,828	2,717
St. Kitts Amateur Volleyball Association	56,438	38,702
Ligue de Volleyball de Martinique	12,120	-
French St. Martin Volleyball Association	6,060	-
Dutch St. Maarten Volleyball Association	6,060	-
Barbados Volleyball Federation	16,160	-
Federación Hondureña de Voleibol	16,160	-
British Virgin Islands Association	8,080	-
Federación Puertorriqueña de Voleibol	664,228	1,220,513
Montserrat Volleyball Association	8,080	-
Saba Volleyball Association	12,120	11,646
Ligue Guadeloupenne de Volleyball	38,420	36,918
Federación Mexicana de Voleibol	103,026	639,526
Federación Panameña de Voleibol	25,333	-
Federación Nicaragüense de Voleibol	-	31,056
Virgin Islands Volleyball Federation	61,647	-
Federación Colombiana de Voleibol	60,600	58,230
Cayman Islands Volleyball Federation	6,060	13,587
Federación Salvadoreña de Voleibol	44,713	27,436
Federación Venezolana de Voleibol	62,620	60,171
Federación Peruana de Voleibol	156,953	189,636
Federación Argentina de Voleibol	151,500	145,575
Federación Cubana de Voleibol	195,132	-
St. Vincent Volleyball Association	8,080	15,528
Sub-total	<u>80,847,872</u>	<u>49,014,947</u>
Allowance for doubtful accounts (c)	<u>(892,490)</u>	<u>(1,007,258)</u>
<b>Total accounts receivable from affiliates</b>	<b><u>79,955,382</u></b>	<b><u>48,007,689</u></b>

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

- (a) The account receivable from the FIVB is denominated basically in swiss francs (CHF) and corresponds mainly to the financial contribution that said institution makes to Norceca each year. During the years ended December 31, 2012 and 2011, revenues recognized for this concept amount to CHF 750,000.

Additionally, accounts receivable include disbursements chargeable to the FIVB, for airplane tickets and payment of fees to the FIVB instructor, Horacio Bastit.

- (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 requirements, among others. These accounts are mostly denominated in U.S. dollars, do not have a specific maturity date, and amounted to US\$84,940 in 2012 (2011: US\$86,796).

- (c) The movements in the allowance for doubtful accounts for the years ended December 31, is as follows:

	<u>2012</u>	<u>2011</u>
Balance at beginning of year	(1,007,258)	(1,133,791)
Charges for the year – expense	72,720	-
Recovery of uncollectible accounts	42,048	126,533
<b>Balance at year end</b>	<b><u>(892,490)</u></b>	<b><u>(1,007,258)</u></b>

The breakdown of the maturity 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>	
2012	<u>77,930,752</u>	<u>32,322</u>	<u>440,663</u>	<u>1,551,645</u>	<u>892,490</u>	<u>80,847,872</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>

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

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

	<u>2012</u>	<u>2011</u>
Fédération Internationale de Volleyball (FIVB) (a)	1,890,907	513,216
Trinidad & Tobago Volleyball Federation (b)	452,480	12,327
Federación Salvadoreña de Voleibol (c)	-	27,447
Federación Mexicana de Voleibol (d)	456,684	-
USA Volleyball (e)	206,327	-
Federación Costarricense de Voleibol (f)	404,000	199,829
Federación Nacional de Voleibol de Guatemala (g)	362,630	112,112
FIVB Regional Volleyball Development Centre (h)	-	17,857
Federación Puertorriqueña de Voleibol (i)	497,581	91,530
Aruba Volleyball Association (j)	876,680	3,882
Dominica Amateur Volleyball Association (k)	14,249	13,692
Curacao Volleyball Association (l)	424,200	116,130
Virgin Islands Volleyball Federation (m)	-	45,578
Federación Hondureña de Voleibol (n)	-	77,252
Federación Panameña de Voleibol (o)	-	2,834
Cayman Island Volleyball Federation (p)	568,383	926,347
St. Lucia Amateur Volleyball Association (q)	121,200	-
AFECAVOL Economical Assistance (r)	298,644	-
ECVA Economical Assistance (s)	870,170	-
Federación Nicaragüense de Voleibol (t)	325,644	-
Antigua & Barbuda Volleyball Association (u)	808,000	-
Bonaire Volleyball Association (v)	252,500	-
Bahamas Volleyball Federation (w)	161,600	-
Canada Volleyball Association (x)	843,834	-
Ligue de Volleyball de Martinique (y)	312,657	-
Cristóbal Marte Hoffiz – President of the Confederation (z)	7,535,589	2,544,701
	<u>17,683,959</u>	<u>4,704,734</u>
Notes payable (aa)	<u>32,335,711</u>	<u>-</u>

(a) As of December 31, 2012 and 2011, this corresponds to the payment of fees for the international transfer of ITC athletes, for US\$46,805 (2011:US\$13,220).

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

- (b) As of December 31, 2012, this corresponds to pending reimbursement for registrations to events and per diem payments to the referee of the 2012 Women's World Championship Qualification Tournament Group A for USD\$1,200, and to the financial assistance for the organization and celebration of the 10th Stage of the 2012 Continental Beach Volleyball Circuit equivalent to US\$10,000. As of December 31, 2011, this corresponds to financial assistance for US\$318, given to the Trinidad & Tobago Volleyball Federation for the participation of Mr. Larry Romany in the sports management seminar.
- (c) As of December 31, 2011, this corresponds to the financial assistance of US\$707, allocated to Federación Salvadoreña de Voleibol for participation in the 7th Stage of the 2011 Continental Beach Volleyball Circuit.
- (d) As of December 31, 2012, this corresponds to a fine for not holding 2012 Norceca U-18 Women's Youth Continental Championship, equivalent to US\$5,304, and the purchase of plane tickets to participate in the 2012 Youth and Junior Beach Volleyball World Championships, amounting to US\$6,000.
- (e) As of December 31, 2012, this corresponds to the advance payment of 50% of the registration fee for the 8th Stage of the 2012 Continental Beach Volleyball Circuit, registration fees for the 2012 Norceca U-21 Men's Junior Continental Championship, equivalent to US\$1,900 and US\$2,425, as well as the reimbursement of US\$782 for the purchase of the plane ticket to participate in a beach event in Antigua that was cancelled.
- (f) As of December 31, 2012, this corresponds to the purchase of plane tickets to participate in the 2012 Continental Beach Volleyball Circuit and the FIVB Junior Beach Volleyball World Championship, amounting to US\$10,000. As of December 31, 2011, this corresponds to financial assistance for US\$5,147 in the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> Stages of the 2011 Continental Beach Volleyball Circuit assigned to Federación Costarricense de Voleibol.
- (g) As of December 31, 2012, this corresponds to financial assistance for the purchase of plane tickets to participate in the 2012 U-23 Men's Pan American Cup, amounting to US\$8,976. As of December 31, 2011, this corresponds to the financial assistance of US\$2,888 provided for the purchase of plane tickets to participate in the 2011 Continental Beach Volleyball Circuit.

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**December 31, 2012 and 2011**

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

- (h) As of December 31, 2011 this corresponds to the US\$460 registration fee for volleyball courses taught by the FIVB Regional Volleyball Development Centre.
- (i) As of December 31, 2012, this corresponds to 10% of fees for the international transfer of ITC athletes amounting to US\$12,316. As of December 31, 2011, this corresponds to the fees for the international transfer of ITC athletes amounting to US\$2,357.
- (j) As of December 31, 2012, this corresponds to 50% of the registration fees of the teams participating in the 11th Stage of the 2012 Continental Beach Volleyball Circuit, amounting to US\$1,700, and financial assistance of US\$20,000 to organize and hold the 11th Stage of the 2012 Continental Beach Volleyball Circuit. As of December 31, 2011, this corresponds to the excess of the affiliation fees payment amounting to US\$100.
- (k) As of December 31, 2012 and 2011, this corresponds to the financial assistance amounting to US\$353 provided to Dominica Amateur Volleyball Association for the purchase of plane tickets to participate in the 2011 Continental Cup Beach Volleyball.
- (l) As of December 31, 2012, this corresponds to financial assistance to organize and hold the 2012 Men's World Championship Qualification Tournament Group A, amounting to US\$10,500. As of December 31, 2011, this corresponds to the financial assistance of US\$2,992 provided to Curacao Volleyball Association for the purchase of plane tickets to participate in the 5<sup>th</sup> Stage of the 2011 Continental Beach Volleyball Circuit.
- (m) As of December 31, 2011, this corresponds to financial assistance of US\$1,174 provided to Virgin Islands Volleyball Federation for the purchase of plane tickets to participate in the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> Stages of the 2011 Continental Beach Volleyball Circuit.
- (n) As of December 31, 2011, this corresponds to financial assistance provided to Federación Hondureña de Voleibol to participate in the 8<sup>th</sup> Stage of the 2011 Continental Beach Volleyball Circuit, and for the expenses incurred to register the participants from El Salvador and Guatemala in the Coaches Level I Course held in Tegucigalpa, Honduras, amounting to US\$1,990.

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

- (o) As of December 31, 2011, this corresponds to the assistance complete for expenses in the organization of the 2011 U-21 Men's Pan American Cup in Panama for US\$73.
- (p) As of December 31, 2012, this correspond a refund of the purchase obligation of plane tickets to participate in the 2012 Women's World Championship Qualification Tournament Group E, amounting to US\$4,000, and the financial assistance to organize and celebrate the 2012 Men's World Championship Qualification Tournament Group E, amounting to US\$10,069. As of December 31, 2011, this corresponds to the financial assistance of US\$23,863 to reimburse excess expenses incurred during the 5<sup>th</sup> Stage of the 2011 Continental Beach Volleyball Circuit and the classification to the games in London in December 2011.
- (q) As of December 31, 2012, this corresponds to the payment of 50% of the registration fees of the teams participating in the 2012 Men's World Championship Qualification Tournament Group B, amounting to US\$1,300, and 50% of registration fees of the teams participating in the 9<sup>th</sup> Stage of the 2012 Continental Beach Volleyball Circuit, amounting to US\$1,700.
- (r) As of December 31, 2012, this corresponds to the financial assistance for the purchase of plane tickets to participate in the 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> Stages of the 2012 Continental Beach Volleyball Circuit, amounting to US\$7,392.
- (s) As of December 31, 2012, this corresponds to the purchase of plane tickets to participate in the 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> Stages of the 2012 Continental Beach Volleyball Circuit, amounting to US\$11,148, and the financial assistance to participate in the 2012 Women's Senior ECVA Championship, amounting to US\$10,391.
- (t) As of December 31, 2012, this corresponds to the financial assistance to organize the 2012 Norceca U-20 Women's Junior Continental Championship, amounting to US\$4,200, and the purchase of plane tickets to participate in the 10<sup>th</sup> and 11<sup>th</sup> Stages of the 2012 Continental Beach Volleyball Circuit, amounting to US\$3,861.
- (u) As of December 31, 2012, this corresponds to the financial assistance to organize and hold the 2012 Women's Senior ECVA Championship, amounting to US\$20,000.



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**December 31, 2012 and 2011**

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

- (v) As of December 31, 2012, this corresponds to the payment of plane tickets and referee's per diem to participate in the 2012 Women's World Championship Qualification Tournament Group G, amounting to US\$4,000; accommodations and meals for coach Ruben Sainz during his visit to reinforce volleyball programs, amounting to US\$2,250.
- (w) As of December 31, 2012, this corresponds to the financial assistance to purchase plane tickets to participate in the 2012 Men's World Championship Qualification Tournament Group A, amounting to US\$4,000.
- (x) As of December 31, 2012, this corresponds to the financial assistance to organize and hold the 2012 U-23 Men's Pan American Cup, amounting to US\$16,887, and plane tickets to participate in the 2012 FIVB Beach Volleyball World Championship, amounting to US\$4,000.
- (y) As of December 31, 2012, this corresponds to the allocation for plane tickets to participate in the 2012 Men's World Championship Qualification Tournament Group A, amounting to US\$7,739.
- (z) As of December 31, 2012 and 2011, this corresponds to compensation to the President of Norceca for his functions, for US\$54,368 (2011: US\$64,549), plus loans granted by Mr. Cristóbal Marte Hoffiz to the Confederation for US\$67,607. This account does not accrue interest and it has no maturity date nor a specific guarantee. This obligation is settled once the annual allocation is received from the FIVB.
- (aa) December 31, 2012, corresponding to notes payable by credit lines with BDI Bank for an amount of US\$800,389. These credit lines have joint guarantee of the NORCECA President Mr. Cristobal Marte Hoffiz.

*Transactions:*

During the years ended December 31, transactions with affiliates and executives were as follows:

	<u>2012</u>	<u>2011</u>
<i>Income:</i>		
Economic contributions received	90,473,375	104,411,317
Events and activities	17,011,272	12,684,471
Affiliation fees	609,336	596,243
Other	1,916,724	1,837,483
	<u>110,010,707</u>	<u>119,529,514</u>

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

	<u>2012</u>	<u>2011</u>
<u>Expenses:</u>		
Sports supplies donated to federations	<u>6,191,011</u>	<u>17,684,124</u>
Economic contributions granted:		
Asociación de Federaciones Centroamericanas de Voleibol (AFECAVOL)	16,820,750	13,875,215
Caribbean Zonal Volleyball Association (CAZOVA)	30,784,962	6,599,789
Eastern Caribbean Volleyball Association (ECVA)	29,471,661	5,913,226
(CENTRAL ZONE)	<u>4,607,527</u>	<u>3,260,093</u>
	<u>81,684,900</u>	<u>29,648,323</u>
Director expenses:		
Perdiems	704,609	620,260
Representation expenses	382,139	259,378
Meals and lodging	1,376,695	1,742,562
Airplane tickets	535,585	515,110
Executive Committee Meetings	<u>638,949</u>	<u>674,111</u>
	<u>3,637,977</u>	<u>3,811,421</u>

The administrative facilities used by the Confederation to carry out its activities were facilitated by the Government of the Dominican Republic through the Confederación Dominicana de Voleibol (CODOVOLI), free of cost to Norceca.

*Terms and conditions with affiliates and directors*

Activities with affiliates and directors are performed under the terms agreed between the parties. Balances pending at year end are unsecured, and do not generate interest. No guarantees have been received on accounts receivable or payable to affiliates and directors.

As of 2012, the Confederation's president receives CHF50,000 (2011: CHF50,000) as compensation for his functions, in addition to the payment of expenses incurred in performing said duties. As of December 31, 2012 this amount was pending payment.

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**9. Sports supplies inventories**

As of December 31, 2012 sports supplies inventories are recognized at fair value upon receipt of the corresponding amounts. The Confederation's sport supplies were received in exchange for advertising from the company Molten Corporation (see note 11), and sports supplies of the MIKASA brand were received from Fédération Internationale de Volleyball (FIVB) for use in the FIVB Beach Volleyball Continental Championship.

The breakdown of these inventories is as follows:

	<u>2012</u>	<u>2011</u>
<i>Molten supplies:</i>		
Balls	10,539,590	3,112,660
Nets	652,400	774,676
Ball carts	1,204,252	894,076
Antennas	261,386	525,665
Flags	266,553	180,052
Pressure gauges	174,360	101,613
Coaching Portfolios	244,591	177,278
Tape rolls	-	88,219
Masking tape	63,694	-
Tabletop score board	196,848	-
Table markers		167,335
Air Pumps	49,645	36,365
	<u>13,653,319</u>	<u>6,057,939</u>
<i>Mikasa supplies:</i>		
Balls	1,383,655	2,058,854
Nets	213,507	380,045
Antennas	138,083	168,512
Games lines	80,256	94,733
Ball carts	17,225	-
	<u>1,832,726</u>	<u>2,702,144</u>
<i>Other</i>		
Doping kits:	293,449	41,874
Mizuno uniforms	126,599	
Beach Volleyball Games lines	150,283	313,087
	<u>570,331</u>	<u>354,961</u>
	<u><b>16,056,376</b></u>	<u><b>9,115,044</b></u>

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**10. Furniture and equipment**

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

	<b>Office furniture and equipment</b>	<b>Computer equipment</b>	<b>Total</b>
<b>Cost of purchase:</b>			
Balances as of December 31, 2010	2,744,256	694,985	3,439,241
Additions	884,259	331,782	1,216,041
Disposals	<u>(170,125)</u>	<u>(109,944)</u>	<u>(280,069)</u>
Balances as of December 31, 2011	3,458,390	916,823	4,375,213
Additions	192,465	159,387	351,852
Disposals	<u>(6,242)</u>	<u>-</u>	<u>(6,242)</u>
Balances as of December 31, 2012	<u>3,644,613</u>	<u>1,076,210</u>	<u>4,720,823</u>
<b>Accumulated depreciation:</b>			
Balances as of December 31, 2010	(2,227,696)	(433,923)	(2,661,619)
Depreciation expense for the year	(281,980)	(150,502)	(432,482)
Disposals	<u>152,273</u>	<u>119,089</u>	<u>271,362</u>
Balances as of December 31, 2011	(2,357,403)	(465,336)	(2,822,739)
Depreciation expense for the year	(429,033)	(186,840)	(615,873)
Disposals	<u>3,627</u>	<u>-</u>	<u>3,627</u>
Balances as of December 31, 2012	<u>(2,782,809)</u>	<u>(652,176)</u>	<u>(3,434,985)</u>
<b>Net carrying amount:</b>			
<b>As of December 31, 2012</b>	<u><b>861,804</b></u>	<u><b>424,034</b></u>	<u><b>1,285,838</b></u>
As of December 31, 2011	<u>1,100,987</u>	<u>451,487</u>	<u>1,552,474</u>

**11. Sports supplies received in exchange for advertising**

On January 1, 2011 the Confederation signed a contract with Molten Corporation for a period of four (4) years, maturing on December 31, 2014. By means of this agreement the Confederation grants Molten the right to advertise its sports supplies in all competitions and tournaments held by the Confederation. As consideration, Molten Corporation gave sports supplies to the Confederation for approximately US\$230,002 in 2012.

The allocation for sports supplies in 2012 was US\$232,602 (equivalent to RD\$9,153,853), which was received in full. In 2011, the Confederation received from Molten sports supplies for US\$220,000 (equivalent to RD\$8,374,205).

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**12. Notes payable**

Notes payable correspond to short-term credit lines. The breakdown of notes payable is as follows:

	<u>2012</u>	<u>2011</u>
Credit line approved in 2012 for US\$1,000,000 with Banco BDI. The amount used during the year was US\$800,389, which bears an annual interest rate of 9%. This credit line is valid for twelve (12) months, maturing in 2013. Interest is payable monthly and the principal is payable upon maturity. As of December 31, 2012 the Company's availability on the credit line is US\$199,611.	32,335,711	-
	<u>32,335,711</u>	<u>-</u>

**13. Personnel expenses**

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

	<u>2012</u>	<u>2011</u>
Wages	6,002,926	5,345,374
Christmas Bonus	501,112	493,294
Vacations	335,404	315,566
Notice and severance (a)	60,428	320,830
Overtime	511,087	392,509
Services to personnel	672,363	545,351
Social security	942,255	763,294
	<u>9,025,575</u>	<u>8,176,218</u>

- (a) As of December 31, 2012, this corresponds to the total payment of severance benefits for employees in the General Management and Administrative departments, calculated based on the services accumulated on their behalf until January and May 2012. This payment was approved by the Confederation's presidency. As of December 31, 2011 this corresponds to the payment made during the year for the employees whose employment contract was terminated during the period.

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**14. Coordination meeting expenses**

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

	<u>2012</u>	<u>2011</u>
Norceca Congress (a)	-	3,420,363
FIVB Congress	891,355	-
FIVB Working Meetings	195,332	380,222
Norceca Working Commission Meeting	3,305,494	1,617,562
Norceca Executive Committee and Board of Administration Meeting	638,949	674,111
FIVB Executive Committee and Board of Administration Meeting (b)	39,040	583,318
UPV Congress	-	388,295
ECVA Assembly	-	248,801
Cazova Assembly	-	93,857
Afecavol Assembly	85,980	58,934
	<u>5,156,150</u>	<u>7,465,463</u>

(a) As of December 31, 2011, this corresponds mainly to expenses incurred for the purchase of plane tickets, lodging and per diem for all participants of said congress, as well as the payments to organize the event, which was held in Punta Cana, Dominican Republic.

(b) As of December 31, 2011 this corresponds to expenses incurred for the purchase of plane tickets, lodging, transport services, souvenirs and presents for the participants of the FIVB Executive Committee and Board of Administration Meeting, which was held in Punta Cana, Dominican Republic.

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**15. Events and championships**

The breakdown of expenses for the events and championships related to plane tickets, transport, lodging and per diems expenses incurred by the Control Committees and representatives of the Confederation in the different events, tournaments and competitions held during the years ended December 31 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
XI Women's Pan American Cup	296,306	160,982
VII Men's Pan American Cup	507,097	18,051
U-18 Women's Youth Continental Championship	36,246	-
U-19 Men's Youth Continental Championship	100,508	-
U-21 Men's Junior Continental Championship	12,419	-
U-20 Women's Junior Continental Championship	393,061	-
Norceca Women's Continental Championship	-	210,033
Norceca Men's Continental Championship	-	88,578
2011 Guadalajara Pan American Games	-	999,113
2nd Stage of the VI Continental Beach Volleyball Circuit	568,206	108,341
1st Stage of the VI Continental Beach Volleyball Circuit	644,199	292,894
3rd Stage of the VI Continental Beach Volleyball Circuit	497,167	851,901
4th Stage of the VI Continental Beach Volleyball Circuit	644,145	344,351
5th Stage of the VI Continental Beach Volleyball Circuit	648,207	370,019
6th Stage of the VI Continental Beach Volleyball Circuit	374,624	84,967
7th Stage of the VI Continental Beach Volleyball Circuit	379,428	28,224
8th Stage of the VI Continental Beach Volleyball Circuit	471,831	202,882
9th Stage of the VI Continental Beach Volleyball Circuit	755,816	-
10th Stage of the VI Continental Beach Volleyball Circuit	628,721	-
11st Stage of the VI Continental Beach Volleyball Circuit	881,190	-
FIVB World Championship Qualification Tournaments	3,257,450	-
Women's Olympic Qualification Championship	178,030	-
Men's Olympic Qualification Championship	138,675	-
World Grand Prix	402,031	-
Men's World League	621,050	-
FIVB Beach Volleyball Continental Cup (a)	7,943,373	9,898,098
U-23 Women's Pan American Cup	200,780	-
U-23 Men's Pan American Cup	52,023	-
FIVB Youth and Junior Beach Volleyball World Championships	878,217	-
U-20 Women's Junior Pan American Cup	-	235,794
U-21 Men's Junior Pan American Cup	-	152,471
	<u>21,510,800</u>	<u>14,046,699</u>

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**15. Events and championships (continued)**

(a) Correspond mainly to expenses incurred for the registration fees, airplane tickets, lodging and perdiem for the participating teams from the different federations that are members of Norceca during the aforementioned tournaments.

**16. FIVB Regional Volleyball Development Centre**

As of December 31, 2012 and 2011 this corresponds to expenses incurred in the organization and presentation of the courses and seminars given by the FIVB Regional Volleyball Development Centre (Centro Regional de Desarrollo de Voleibol FIVB), as well as the expenses incurred in the purchase of airplane tickets, lodging, perdiem and other travel expenses of the trainers and speakers.

**17. Differences in foreign currency exchange included in the statement of activities**

	<u>2012</u>	<u>2011</u>
Included in income:		
Economic contribution:		
Net difference in foreign currency exchange	-	2,708,001
Affiliation fees:		
Net difference in foreign currency exchange	<u>(129,497)</u>	<u>-</u>
	<u>(129,497)</u>	<u>2,708,001</u>

**18. Financial risk management objectives and policies**

*Financial risk management*

In its ordinary course of business, the Confederation is exposed to liquidity risk, foreign currency risk, credit risk and interest rate risk. The Confederation's policies to manage the aforementioned risks are detailed below:

*Liquidity risk*

The maturity of financial liabilities based on non-discounted cash flow payments is as follows:



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**18. Financial risk management policies and objectives (continued)**

*Liquidity risk (continued)*

	2012			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Accounts payable to vendors and other (a)	-	4,256,051	1,171,704	5,427,755
Accounts payable to affiliates and directors (b)	10,148,371	-	7,535,588	17,683,959
Accruals and withholdings payable	-	599,050	-	599,050
Notes payable	-	-	32,335,711	32,335,711
	<u>10,148,371</u>	<u>4,855,101</u>	<u>41,043,003</u>	<u>56,046,475</u>
	2011			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Accounts payable to vendors and other (a)	-	3,805,146	535,039	4,340,185
Accounts 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>

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

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

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**18. Financial risk management objectives and policies (continued)**

*Foreign currency risk*

The Confederation is exposed to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. Management establishes limits on the levels of exposure by currency and the daily operations total, which are duly monitored. The foreign currency position is presented in note 6.

The following table presents a sensitivity analysis of the effect of exchange rates for foreign currencies in relation to the Dominican peso on the Confederation's activities (due to changes in the fair value of monetary assets and liabilities), considering that other variables remain constant:

		<b>Increase (Decrease) in exchange rate for US\$</b>	<b>Change in net assets</b>
2012	US\$	+5%	440,762
	US\$	-5%	<u>(440,762)</u>
2011	US\$	+5%	1,649,328
	US\$	-5%	<u>(1,649,328)</u>
		<b>Increase (Decrease) in exchange rate for CHF</b>	<b>Change in net assets</b>
2012	CHF	+5%	(1,647,375)
	CHF	-5%	<u>1,647,375</u>
2011	CHF	+5%	1,543,500
	CHF	-5%	<u>(1,543,500)</u>

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**18. Financial risk management objectives and policies (continued)**

*Interest rate risk*

The Confederation's operating income and cash flows are substantially independent from changes in market interest rates. The Confederation has contracted liabilities that bear monthly interest at annual rates, which are similar to market rates.

*Credit risk*

Accounts receivable by the Confederation arise from fees and participation fees in events of affiliated federations. Maximum exposure to credit risk is represented by the balance of each financial asset.

Management considers that there is no additional credit risk from accounts receivable since an allowance for doubtful accounts is created when the collection of the total invoiced amount is not probable or payments are delinquent.

Regarding credit risk on other financial assets, comprised of cash in banks, the Confederation's maximum exposure to non-compliance by the counterparties is the recorded amount of these assets. To mitigate this risk the Company only performs transactions with entities of renowned solvency.