

Financial Statements

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

December 31, 2014

(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 Directors 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, 2014 and the corresponding statements of activities and 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, 2014 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

May 14, 2015
Santo Domingo,
Dominican Republic

The image shows the handwritten signature of Ernst & Young in a cursive script.

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Current assets:			
Cash on hand and in banks	7	7,084,717	5,549,244
Accounts receivable from affiliates	8	53,766,904	80,468,471
Other accounts receivable	9	5,591,901	404,525
Prepaid expenses		662,012	78,170
Sporting goods inventory	10	27,441,908	23,150,470
Total current assets		<u>94,547,442</u>	<u>109,650,880</u>
Furniture and equipment	11	<u>677,363</u>	<u>1,036,828</u>
Total assets		<u>95,224,805</u>	<u>110,687,708</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes payable	8 and 13	-	42,624,123
Accounts payable to suppliers and others	14	3,315,345	4,689,441
Accounts payable to affiliates and directors	8	21,047,882	7,302,055
Accruals and withholdings payable		<u>1,733,105</u>	<u>1,679,682</u>
Total liabilities		<u>26,096,332</u>	<u>56,295,301</u>
Unrestricted net assets		<u>69,128,473</u>	<u>54,392,407</u>
Total liabilities and net assets		<u>95,224,805</u>	<u>110,687,708</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 ACTIVITIES

For the years ended December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

		<u>2014</u>	<u>2013</u>
	<u>Notes</u>		
Unrestricted revenues:			
Economic contributions	8	69,592,507	93,267,701
Events and activities	8	45,885,903	13,623,214
Exchange for advertising sports equipment	12	25,870,149	22,796,794
Affiliation fees	8	672,984	639,912
Other revenues	8	10,278,115	4,424,205
Total unrestricted revenues		<u>152,299,658</u>	<u>134,751,826</u>
Expenses:			
Personnel expenses	15	(11,343,404)	(11,028,513)
Professional fees		(1,498,048)	(1,520,040)
Coordination meetings	8 and 16	(5,854,363)	(6,245,681)
Events and championships	17	(26,641,421)	(37,405,722)
Telephone services		(939,150)	(803,962)
Depreciation	11	(540,790)	(600,425)
Donation of sports equipment	8	(13,920,630)	(8,115,556)
Allowance for doubtful accounts	8		(391,924)
Economic contributions	8	(61,504,386)	(47,096,403)
Lodging, per diem and snacks	8	(5,282,235)	(7,626,522)
FIVB Regional Volleyball Development Centre	18	(1,950,045)	(2,980,483)
Air tickets	8	(776,074)	(492,631)
Office supplies		(487,389)	(541,773)
Representation expenses	8	(175,108)	(435,840)
Repair and maintenance expenses		-	(19,774)
Seminars		-	(1,807,509)
Loss on disposal of fixed assets		(13,307)	(99,373)
Interest expenses	13	(1,737,913)	(2,706,535)
Foreign Exchange losses		(132,790)	(145,822)
Other expenses	8 and 19	(4,766,539)	(6,437,127)
Total		<u>(137,563,592)</u>	<u>(136,501,615)</u>
Changes in unrestricted net assets for the year		14,736,066	(1,749,789)
Unrestricted net assets at beginning of year		<u>54,392,407</u>	<u>56,142,196</u>
Unrestricted net assets at year-end		<u>69,128,473</u>	<u>54,392,407</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, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Operating activities:			
Changes in unrestricted net assets		14,736,066	(1,749,789)
Depreciation expenses	11	540,790	600,425
Loss on disposal of fixed assets		13,307	99,373
Allowance for doubtful accounts	8		391,924
Inventory received in exchange for advertising		(25,870,149)	(22,796,794)
Interest expenses		1,737,913	2,706,535
Exchange effect not realized in notes payable			776,784
Changes in assets and liabilities:			
Increase in accounts receivable from affiliates		26,701,567	(905,013)
Decrease (increase) in other accounts receivable		(5,187,376)	54,725
Decrease in prepaid expenses		(583,842)	85,192
Decrease in sports equipment inventories		21,578,711	15,702,700
Increase (decrease) in account payable to suppliers and others		(1,374,096)	(725,416)
Increase (decrease) in account payable to affiliates and directors		13,745,827	(10,381,904)
Increase (decrease) in accruals and withholdings payable		53,423	1,067,733
Net cash provided by (used in) operating activities		<u>46,092,141</u>	<u>(15,073,525)</u>
Investing activities:			
Acquisition of furniture and equipment	11	<u>(194,632)</u>	<u>(450,788)</u>
Net cash used in investing activities		<u>(194,632)</u>	<u>(450,788)</u>
Financing activities:			
Acquisition of notes payable		-	37,626,210
Payment of notes payable		(42,624,123)	(28,114,581)
Interest paid		<u>(1,737,913)</u>	<u>(2,706,535)</u>
Net cash provided by (used in) financing activities		<u>(44,362,036)</u>	<u>6,805,094</u>
Net increase (decrease) of cash on hand and in banks		1,535,473	(8,719,219)
Cash on hand and in banks at beginning of year		<u>5,549,244</u>	<u>14,268,463</u>
Cash on hand and in banks at year-end		<u>7,084,717</u>	<u>5,549,244</u>

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

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(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, 2014 and 2013, 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, 2014 were authorized for issue by Confederation’s Management on May 14, 2015.

2. Basis of preparation of the financial statements

2.1 Declaration of compliance

The Confederation’s financial statements as of December 31, 2014 and 2013 have been prepared in conformity with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

2. Basis of preparation of the financial statements (continued)

2.2 Basis of valuation and presentation currency

The Confederation's financial statements as of December 31, 2014 and 2013 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.

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, 2014 are consistent with those used in the preparation of its financial statements as of December 31, 2013.

The following modifications to International Financial Reporting Standards and new Interpretations to those standards entered into effect as of January 1, 2014. These modifications and new interpretations have not caused a significant effect on the Confederation's separate financial statements, have required only certain additional disclosures and in some cases, the revision of certain accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

3. Changes in accounting policies and disclosures (continued)

Offsetting financial assets and financial liabilities – Amendments to IAS 32

The amendments to IAS 32 clarify the meaning of “currently has a legally enforceable right to set-off.” They also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 Impairment of assets.

The amendments clarify the disclosure requirements related to fair value less disposal costs. When IAS 36 "Impairment of Assets" was originally changed as a consequence of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Company.

4. Summary of significant accounting policies

4.1 Foreign currency transactions

The accompanying financial statements have been prepared in Dominican pesos (RD\$), which has been defined as the functional and presentation currency of the Confederation. 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.

As of December 31, 2014, the exchange rate used to convert funds in U.S. dollars in relation to Dominican pesos was RD\$44.20 (2013: RD\$42.67) per US\$1.00 and in relation to the Swiss franc RD\$44.70 (2013: RD\$47.87) per CHF1.00. The information related to the balances in foreign currency is presented in note 6 to the financial statements.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.2 Cash on hand and in banks

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

4.3 Financial assets

Financial assets within the scope of International Accounting Standard No 39 “Financial Instruments: Recognition and Measurement” are classified as cash and cash equivalents, financial assets at fair value through profit or loss, accounts and notes receivables, held-to-maturity investments, as appropriate. The Confederation determines the classification of its financial assets at initial recognition.

The Confederation initially recognizes all of its financial assets at fair value plus costs directly attributable to the transaction. The Confederation recognizes the purchase or sale of financial assets on the date of each transaction, which is the date on which the Confederation commits to buy or sell a financial asset.

The Confederation financial assets include cash and accounts and notes receivables.

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.

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.

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, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.4 Sporting goods inventory

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

Sporting goods inventory is comprised of sports supplies received in exchange for advertising, which are recognized at fair value at the time of the operation. The fair value corresponds to the cost established by the contracting entity with reference to the market price at the date of the delivery. In turn, this inventory is used to be distributed to the different federations that comprise the Confederation.

4.5 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 when incurred.

Depreciation is calculated by the Confederacy on a straight line basis 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 by the Confederation when disposed or when no future economic benefits are expected from its use. Any gains or losses arising from the disposal 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.

4.6 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 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 on each reporting date 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 to its new recoverable amount, which shall not exceed carrying amount before the original impairment loss, was recognized, recording the effect in the statement of activities for the period.

During the years ended December 31, 2014 and 2013, no impairment losses were recorded on the value of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.7 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.

The financial liabilities of the Confederation include notes payable, accounts payable to suppliers and others, account payable to affiliates and directors.

Accounts payables

Accounts payable are initially recognized at fair value on the respective contract dates, including attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost, using the effective interest method. The Company recognizes gains or losses in the results of the period when the financial liability is derecognized, as well as through the amortization process.

Notes payable

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

Derecognition of financial liabilities

Financial liabilities are derecognized by the Confederation 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.

4.8 Revenue recognition

Confederation revenues are recognized as such when the contribution can be measured reliably and it is probable that economic benefits will be received from economic contributions, events and activities held and affiliation fees; these 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 when the contributions are received.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.9 Recognition of costs and expenses

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

4.10 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 filing an annual income tax return for information purposes. Nonetheless, the entity shall act as an Income Tax Withholding Agent on the salaries paid in favor of the employees under the scales established by Law 11-92, as well as taxable services rendered on behalf of third parties in favor of the Confederation

4.11 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 accrual 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, 2014, the Confederation made contributions for this concept for RD\$1,106,000 (2013: RD\$1,040,000), which is included as part of personnel expenses in the accompanying statement of 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 of changing this decision.

Other benefits

The Confederation grants other benefits to its employees, such as vacations and Christmas bonus, in conformity with the labor laws of the Dominican Republic. As of December 31, 2014 and 2013, for these benefits the Confederation recognizes a liability using the amount accrued by employees based on their work contracts, which is recorded in accruals payable in the accompanying statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.12 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 subject to estimates as of the date of the financial statements, which due to its nature has a risk of causing significant adjustments relating to the amounts of assets and liabilities in next year's financial statements, is presented below:

Impairment of non-financial assets

The Confederation assesses on each reporting date whether 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 amount may not be recoverable.

5. Standards issued but not yet effective

International Financial Reporting Standards or their interpretations issued but not yet effective as of the date of issue of the Confederation financial statements are listed below. The standards or interpretations listed are those which Management believes may have a significant effect on the disclosures, position or financial performance of the Confederation when applied on a future date. The Confederation intends to adopt these standards or interpretations when they enter into effect.

IFRS 9 Financial Instruments

In July 2014, the IASB published the final version of IFRS 9 Financial Instruments, which reflects all phases of project financial instruments and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

The standard introduces new requirements for the classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, January 2018, with earlier application permitted. It requires retrospective application, but the comparative information is not mandatory. Early application of earlier versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before the 1st. February 2015.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

5. Standards issued but not yet effective (continued)

Annual Improvements 2010-2012 and 2011 – 2013 Cycle

These improvements are effective from July 1, 2014 and are not expected to have a material impact on the Company. They include:

- *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

6. Balances in foreign currency

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

		<u>2014</u>	<u>2013</u>
US dollars:			
<i>Assets:</i>			
Cash on hand and in banks	US\$	150,343	122,910
Accounts receivable from related parties		473,426	1,073,004
Other accounts receivable		122,294	625
Total assets		<u>746,063</u>	<u>1,196,539</u>
<i>Liabilities:</i>			
Notes payable		-	(998,925)
Accounts payable to vendors and others		(36,831)	(39,029)
Accounts payable to affiliates and directors		(859,280)	(171,129)
Accruals and withholdings payable		(15,482)	(22,778)
Total liabilities		<u>(911,593)</u>	<u>(1,231,861)</u>
Net position in dollars – asset	US\$	<u>(165,530)</u>	<u>(35,322)</u>
Swiss francs:			
<i>Assets:</i>			
Accounts receivable from related parties	CHF	<u>750,000</u>	<u>750,000</u>
<i>Liabilities:</i>			
Accounts payable to related parties and directors		<u>(50,000)</u>	<u>(50,000)</u>
Net position in Swiss francs – asset	CHF	<u>700,000</u>	<u>700,000</u>

7. Cash on hand and in banks

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

	<u>2014</u>	<u>2013</u>
Petty cash	10,000	10,000
Deposits in banks (a)	7,074,717	5,539,244
	<u>7,084,717</u>	<u>5,549,244</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2013

(Amounts expressed in Dominican pesos – RD\$)

7. Cash on hand and in banks (continued)

- (a) As of December 31, 2014, this amount includes US\$150,343 (2013: US\$122,910) which corresponds to deposits in bank accounts at banks in the Dominican Republic. These accounts earn annual interest rates ranging from 0.35% to 1% (2013: 0.5% to 1%) of the available balance. During the year ended December 31, 2014, the bank balances generated interest for RD\$24,266 (2013: RD\$29,184) which are included in the other revenue line in the accompanying statement of activities.

As of December 31, 2014 and 2013, there were no differences between the recorded values and the fair values of these financial assets. As of the date of the statement of financial position there were no restrictions on the use of cash in banks balances.

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

	<u>2014</u>	<u>2013</u>
Fédération Internationale de Volleyball (FIVB) (a)	50,100,000	78,512,108
Affiliates (b):		
Federación Costarricense de Voleibol	228,249	-
Aruba Volleyball Association	8,840	-
Canada Volleyball Association	621,452	725,390
Federación Dominicana de Voleibol	-	853,933
Jamaica Volleyball Association	823,649	777,003
Trinidad & Tobago Volleyball Federation	141,440	-
Belize Volleyball Association	-	30,000
Barbados Volleyball Federation	8,840	-
Federación Hondureña de Voleibol	-	-
British Virgin Islands Association	-	-
Federación Puertorriqueña de Voleibol	1,822,675	-
Montserrat Volleyball Association	8,840	-
Saba Volleyball Association	-	-
Ligue Guadeloupenne de Volleyball	13,260	-
Federación Mexicana de Voleibol	30,627	9,942
Federación Panameña de Voleibol	17,680	-
Virgin Islands Volleyball Federation	-	-
Federación Colombiana de Voleibol	-	64,005
Antigua Barbudas Volleyball Association	8,840	-
Federación Salvadoreña de Voleibol	163,540	-
Federación Venezolana de Voleibol	-	66,139
Federación Peruana de Voleibol	-	165,773
Federación Argentina de Voleibol	-	268,608
Federación Cubana de Voleibol	-	214,675
Federación Nicaragüense de Voleibol	434,814	-
Bonaire Volleyball Association	8,840	-
St. Vincent Volleyball Association	8,840	-
Sub-total	<u>54,450,426</u>	<u>81,687,576</u>
Allowance for doubtful accounts (c)	<u>(683,522)</u>	<u>(1,219,105)</u>
Total accounts receivable from affiliates	<u>53,766,904</u>	<u>80,468,471</u>

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

- (a) The account receivable from the FIVB is denominated 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, 2014 and 2013, revenues recognized for this concept amount to CHF 750,000, equivalent to RD\$33,525,000 (2013: RD\$35,902,500).

In addition, accounts receivable to the FIVB include the contribution to the development plan semester July-December in amount of US\$ 375,000 equivalent to RD\$ 16,575,000 (2013: RD\$16,001,250).

- (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 other. These accounts are mostly denominated in U.S. dollars, do not have a specific maturity date, and amounted to US\$98,426 in 2014 (2013: US\$74,419).

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

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	(1,219,105)	(892,490)
Charges for the year – expense	-	(391,924)
Recovery of uncollectible accounts	535,583	65,309
Balance at year end	<u>(683,522)</u>	<u>(1,219,105)</u>

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 90 days</u>	<u>Over 91 days</u>	
2014	<u>50,197,240</u>	<u>44,200</u>	<u>163,982</u>	<u>3,361,482</u>	<u>683,522</u>	<u>54,450,426</u>
2013	<u>78,097,517</u>	<u>853,400</u>	<u>-</u>	<u>1,517,554</u>	<u>1,219,105</u>	<u>81,687,576</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>2014</u>	<u>2013</u>
Fédération Internationale de Volleyball (FIVB) (d)	(1,740,424)	(1,214,194)
Trinidad & Tobago Volleyball Federation (e)	-	(51,204)
USA Volleyball (f)	(198,900)	(110,942)
Federación Costarricense de Voleibol (g)	-	(710,015)
Federación Puertorriqueña de Voleibol (h)	(49,488)	(47,774)
Curacao Volleyball Association (i)	(44,200)	(42,670)
St. Lucia Amateur Volleyball Association (j)	-	(72,539)
Asistencia Económica ECVA (k)	-	(40,618)
Asistencia Económica CAZOPA (l)	(548,080)	-
Federación Salvadoreña de Voleibol (m)	(542,249)	-
Federación Hondureña de Voleibol (n)	(663,000)	
Bonaire Volleyball Association (o)	(176,800)	(170,680)
Ligue Guadeloupenne de Volleyball (p)	(132,600)	(128,010)
Barbados Volleyball Federation (q)	(19,890)	-
Cristóbal Marte Hoffiz – President of the Confederation (r)	(16,932,251)	(4,713,409)
	<u>(21,047,882)</u>	<u>(7,302,055)</u>
Notes payable (note 12)	<u>-</u>	<u>(42,624,123)</u>

(d) As of December 31, 2014, this corresponds to the payment of fees for the International Transfer of Athletes (ITC), in the amount of US\$34,676 (2013: US\$28,456) and the payment of corresponding affiliations to the FIVB, amounting to US\$4,700.

(e) As of December 31, 2013, this corresponds to pending reimbursement for registrations to events and per diem payments to the referee of the 2013 Women's World Championship Qualification Tournament Group A for US\$1,200.

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

- (f) As of December 31, 2014, corresponds to 50% of registration of participating countries in the Continental Championship Male Child U-19 2014, by an amount of US\$4,500. As of December 31, 2013, corresponds to the complete pay 50% of registration 8va. Stage of Beach Volleyball Norceca equivalent to US\$2,600.
- (g) As of December 31, 2013, this corresponds to the purchase of plane tickets and payment of professional fees for an instructor, for technical assistance to the federation, for US\$1,983 and US\$5,000, purchase of plane tickets to participate in the 5th, 6th, 7th, 8th, 9th and 11th stage of the VII Beach Volleyball Circuit 2014, for US\$9,556 and 50% for registration of the Trinidad & Tobago Federation to participate in the 10th Stage of the VII Beach Volleyball Circuit 2013 for US\$100.
- (h) As of December 31, 2014, corresponds to 10% complete fees Athletes ITC International Transfer, Season 2014-2013 in the amount of US\$1,120 (2013: US\$ 1,120).
- (i) As of December 31, 2014 and 2013, corresponds to registration in the 2nd round of the qualifying tournament to the World Championship, Male Group L 2013, by an amount of US\$1,000.
- (j) As of December 31, 2013, this corresponds to the payment of 50% of the registration fees of the teams participating in the 9th Stage of the 2013 Continental Beach Volleyball Circuit, amounting to US\$1,700.
- (k) As of December 31, 2013, this corresponds to the purchase of a plane ticket, per diem, lodging and meals of Mr. Belville Smith, who was in charge of installing the Sport Court at St. Vincent for US\$952.
- (l) As of December 31 2014, corresponds to the complete revolving fund 2014, by an amount of US\$7,000 and for payment of visit of the instructor Augusto Sabbatini to Bonaire Volleyball Association from October 13 to November 13 2014, by an amount of US\$5,400.
- (m) As of December 31 2014, corresponds to economic assistance to the Central American Championship Adult Beach Volleyball 2014, by an amount of US\$12,268.

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

- (n) As of December 31, 2014, it corresponds to economic assistance for the Central American Championship of Major Masculine 2014 celebrated in Tegucigalpa, for a total of US\$15,000.
- (o) As of December 31, 2014 and 2013, this corresponds to the payment of plane tickets, meals and lodging for the referee in order to participate in the 2012 Women's World Championship Qualification Tournament Group G, amounting to US\$4,000.
- (p) As of December 31, 2014 and 2013, corresponds to the registration of the teams participating in the 2nd Round of the Men's World Championship Qualification Tournament Group N 2014 for US\$3,000.
- (q) As of December 31 2014, corresponds to refund 50% of the payment of the arbitrator in the Norceca Continental Championship U-21, celebrated in El Salvador, by amount of US\$450.
- (r) As of December 31, 2014 and 2013, these correspond mainly to the compensation assigned for the Norceca President position, which includes US\$161,027. This account does not accrue interest and does not have a maturity date or specific guarantee. This obligation is settled once the annual FIVB assignment is received. Additionally corresponds to loan without interests granted to the Norceca during 2014 to cover general and administrative expenses, the total amount of US\$222,055.

These accounts do not generate interest and are not subject to any discount for early payment. The accounts payable to affiliates and directors, maturing between 60 to 90 days, are expected to be settled once the annual contribution of the FIVB is received, which is usually between May and June of each year.

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

Transactions:

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

	<u>2014</u>	<u>2013</u>
<i><u>Income:</u></i>		
Economic contributions received	69,592,507	93,267,701
Events and activities	45,885,903	13,623,214
Affiliation fees	672,984	639,912
Other	10,278,115	4,424,205
	<u>126,429,509</u>	<u>111,955,032</u>
<i><u>Expenses:</u></i>		
Sports supplies donated to federations	<u>13,920,630</u>	<u>8,115,556</u>
Economic contributions granted:		
Asociación de Federaciones Centroamericanas de Voleibol (AFECAVOL)	23,852,747	13,916,402
Caribbean Zonal Volleyball Association (CAZOVA)	16,464,657	15,661,259
Eastern Caribbean Volleyball Association (ECVA)	14,187,172	13,296,961
Economic assistance (CENTRAL ZONE)	6,999,810	4,221,781
	<u>61,504,386</u>	<u>47,096,403</u>
Rentals	619,182	666,798
Lodging, per diem and meals	1,804,129	1,626,587
Representation expenses	175,108	435,840
Airplane tickets	776,074	492,631
Executive Committee Meetings	668,022	508,108
	<u>4,042,515</u>	<u>3,729,964</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.

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

As of 2014, the Confederation's president receives CHF50,000 (2013: CHF50,000) as compensation for his functions, in addition to the payment of expenses incurred in performing said duties. As of December 31, 2014 this amount was pending payment.

9. Other accounts receivable

The breakdown of their accounts receivable is as follows:

	<u>2014</u>	<u>2013</u>
Employees (a)	149,655	377,861
Advances to suppliers (b)	5,241,015	-
Other	201,231	26,664
	<u>5,591,901</u>	<u>404,525</u>

(a) These correspond to accounts receivable from employees of the Confederation for cash advances. These accounts receivable do not generate interest and are recoverable in the Company's functional currency.

(b) Corresponds to cash given to Molten Corporation for US\$118,575 equivalent to RD\$5,241,015 for the purchase of 11,000 Molten brand volleyballs, which will be donated to the federations that are part of Norceca.

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10. Sports supplies inventories

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 and Jinling Sports 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>2014</u>	<u>2013</u>
<i>Molten supplies:</i>		
Balls	15,589,312	13,926,818
Nets	1,364,224	2,532,259
Ball carts	1,046,469	1,129,443
Antennas	89,429	708,054
Flags	472,736	344,914
Pressure gauges	185,719	256,523
Coaching Portfolios	340,621	273,671
Masking tape	2,196	29,650
Tabletop score board	286,034	245,984
Air Pumps	72,717	54,864
	<u>19,449,457</u>	<u>19,502,180</u>
<i>Mikasa supplies:</i>		
Balls	2,088,737	2,148,187
Nets	188,988	188,988
Antennas	138,082	138,082
Games lines	80,256	80,256
Ball carts	17,226	17,226
	<u>2,513,289</u>	<u>2,572,739</u>
<i>Jinling supplies</i>		
Referee support	927,045	-
Net system	906,853	-
Nets	580,938	-
Padding and vertical filling	207,585	-
Antennas	198,891	-
Cutoff line system	146,317	-
Anchoring system	99,630	-
Floors	81,475	-
	<u>3,148,734</u>	<u>-</u>
<i>Other</i>		
Doping kits:	93,502	237,354
Mizuno uniforms	388,763	514,672
Beach Volleyball Games lines	127,322	323,525
Gerflor floors	1,720,841	-
	<u>2,330,428</u>	<u>1,075,551</u>
	<u>27,441,908</u>	<u>23,150,470</u>

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11. Furniture and equipment

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

	<u>Office Furniture and Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
Cost of purchase:			
Balances as of December 31, 2012	3,644,613	1,076,210	4,720,823
Additions	294,271	156,517	450,788
Disposals	<u>(464,296)</u>	<u>(302,125)</u>	<u>(766,421)</u>
Balances as of December 31, 2013	3,474,588	930,602	4,405,190
Additions	63,962	130,670	194,632
Disposals	(5,615)	(55,142)	(60,757)
Reclassifications	<u>(22,354)</u>	<u>22,354</u>	<u>-</u>
Balances as of December 31, 2014	<u>3,510,581</u>	<u>1,028,484</u>	<u>4,539,065</u>
Accumulated depreciation:			
Balances as of December 31, 2012	(2,782,809)	(652,176)	(3,434,985)
Depreciation expense for the year	(393,793)	(206,632)	(600,425)
Disposals	<u>422,613</u>	<u>244,435</u>	<u>667,048</u>
Balances as of December 31, 2013	(2,753,989)	(614,373)	(3,368,362)
Depreciation	(364,597)	(176,193)	(540,790)
Disposals	5,615	41,835	47,450
Reclassifications	<u>19,537</u>	<u>(19,537)</u>	<u>-</u>
Balances as of December 31, 2014	<u>(3,093,434)</u>	<u>(768,268)</u>	<u>(3,861,702)</u>
Net carrying amount:			
As of December 31, 2014	<u>417,147</u>	<u>260,216</u>	<u>677,363</u>
As of December 31, 2013	<u>720,599</u>	<u>316,229</u>	<u>1,036,828</u>

As of December 31, 2014, the Confederation maintains in use fully depreciated assets amounting to approximately RD\$2,630,000 (2013: RD\$2,050,000).

12. Sports supplies received in exchange for advertising

The value of the sports supplies received from Molten in 2014 was US\$250,000, equivalent to RD\$10,903,921 (2013: US\$240,319 equivalent to RD\$9,953,001), of which as of December 31, 2014 a value of US\$3,625 equivalent to RD\$160,225 is still pending.

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12. Sports supplies received in exchange for advertising (continued)

In addition, they received Sport Court floors for a total of US\$173,768 equivalent to RD\$7,680,547 (2013: US\$270,397 equivalent to RD\$11,532,993), MIKASA balls for US\$11,607 equivalent to RD\$501,668 (2013: US\$31,161 equivalent to RD\$1,310,799), Gerflor floors for US\$30,968 equivalent to RD\$1,662,053 and an indoor volleyball system, a beach volleyball system, and Jinling Sports props for US\$118,219 equivalent to RD\$5,121,960.

13. Notes payable

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

	<u>2014</u>	<u>2013</u>
Correspond to two secured lines of credit with joint and several guarantee of the President of Norceca, Mr. Cristóbal Marte Hoffiz. These lines were approved in 2013 by Banco BDI for an original amount of US\$1,000,000. The amount used during the year was US\$998,925, which bear an annual interest of 9%. Interests are payable monthly until the maturity date of the lines of credit. During the year 2014 he was paid the total capital in one installment. Interest expenses caused during the year ended December 31, 2014 amount to RD\$1,737,913 (2013: RD\$2,706,535).	-	<u>42,624,123</u>

As of December 31, 2014, the Confederation maintains two (2) approved credit lines with a local financial institution. The available balance in these lines to date is US\$1,000,000, equivalent to RD\$44,356,000 (2013:US\$1,075 equivalent to RD\$45,999).

14. Accounts payable to vendors and others

Accounts payable to vendors and others do not bear interest, are not subject to discounts for early payment, and are generally payable within 30 to 60 days as of the date of issue of the corresponding notes or invoices. As of December 31, 2014 this includes US\$36,831 (2013: US\$39,029) payable in US dollars.

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15. Personnel expenses

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

	<u>2014</u>	<u>2013</u>
Wages	7,707,279	7,186,083
Christmas Bonus	643,964	597,452
Vacations	420,094	354,606
Notice and severance	600,958	172,802
Overtime	-	244,360
Services to personnel	864,596	1,432,855
Social security	1,106,513	1,040,355
	<u>11,343,404</u>	<u>11,028,513</u>

16. Coordination meeting expenses

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

	<u>2014</u>	<u>2013</u>
Norceca Congress (a)	-	2,681,267
FIVB Working Meetings (b)	1,121,436	1,136,299
Norceca Working Commission Meeting (c)	2,659,056	1,455,243
Norceca Executive Committee and Board of Administration Meeting (a)	668,022	508,108
AFECAVOL Assembly (d)	295,609	43,638
ECVA Assembly (d)	561,550	-
CAZOVA Assembly (d)	548,690	-
Asian confederation Meetings	-	421,126
	<u>5,854,363</u>	<u>6,245,681</u>

- (a) Correspond mainly to expenses incurred for the purchase of plane tickets, lodging and per diem of all participants of Norceca Congress and the Meeting of the Executive Committee and Board of Directors, as well as payments to organize the event, which was held in Punta Cana, Dominican Republic.
- (b) Correspond to expenses incurred for the purchase of plane tickets, lodging and per diem at press meetings and executive group of the FIVB, as well as the payments to organize the Beach Volleyball Meeting held in Switzerland.
- (c) Correspond to expenses incurred for the purchase of plane tickets, lodging, transport services to members of the Executive Committee and Board of Directors for participants of the Confederation's Work Meeting held in Santo Domingo, Dominican Republic.
- (d) Correspond to expenses incurred for the purchase of plane tickets, lodging, diet and transport services to members of the Executive Committee of the Norceca taking part in the Assemblies AFECAVOL, ECVA and CAZOVA 2014.

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17. Events and championships

The breakdown of expenses for the events and championships related to plane tickets, transport, lodging and per diem 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, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
XII Women's Pan American Cup	721,962	643,141
IX (VIII) Men's Pan American Cup	445,640	170,239
Norceca Women's Continental Championship	-	292,988
Norceca Men's Continental Championship	-	2,035
1st Stage of the VIII (VII) Continental Beach Volleyball Circuit	617,161	422,998
2nd Stage of the VIII (VII) Continental Beach Volleyball Circuit	413,259	559,029
3rd Stage of the VIII (VII) Continental Beach Volleyball Circuit	366,127	435,532
4th Stage of the VIII (VII) Continental Beach Volleyball Circuit	598,893	539,742
5th Stage of the VIII (VII) Continental Beach Volleyball Circuit	516,673	704,513
6th Stage of the VIII (VII) Continental Beach Volleyball Circuit	79,441	698,568
7th Stage of the VIII (VII) Continental Beach Volleyball Circuit	547,927	485,947
8th Stage of the VIII (VII) Continental Beach Volleyball Circuit	418,687	647,302
9th Stage of the VIII (VII) Continental Beach Volleyball Circuit	492,218	510,316
10th Stage of the VIII (VII) Continental Beach Volleyball Circuit	589,228	746,259
11st Stage of the VIII (VII) Continental Beach Volleyball Circuit	-	539,095
Nanjing 2014 Beach Volleyball Youth Olympic Games		
Qualification Tournaments	-	2,129,177
FIVB Youth & Junior Championship	-	492,228
World Grand Prix	-	487,465
U 20 Women's Pan American Cup	-	1,357,596
U-18 Girls's Youth Pan American Cup	-	687,051
Final Four Championship	220,700	349,239
2 nd Round of the World Championship Qualification Tournament		
2014 (a)	-	23,266,806
Youth Volleyball Festival Assistance 2013	703,794	811,756
Awards and incentives	-	426,700
Norceca Continental Young Womens' Volleyball Championship	396,086	-
Womens' Volleyball U-23 Panamerican Cup	579,858	-
Mens' Volleyball U-23 Panamerican Cup	2,170,897	-
Norceca Continental Children's Volleyball Championship	268,889	-
Central American and Caribbean Games	1,021,615	-
3rd Round Qualifying Tournament for World Championship (a)	12,598,818	-
Qualifying Tournament for Olympic Beach Volleyball Youth		
Games	2,873,548	-
	<u>26,641,421</u>	<u>37,405,722</u>

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17. Events and championships (continued)

- (a) As of December 31, 2014 and d2013, correspond mainly to expenses incurred for the registration fees, airplane tickets, lodging and per diem for the participating teams from the different federations that are members of Norceca during the aforementioned tournaments.

18. FIVB Regional Volleyball Development Centre

As of December 31, 2014 and 2013 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, per diem and other travel expenses of the trainers and speakers; these expenses amount to RD\$1,950,045 (2013: RD\$2,980,483).

19. Other expenses

The breakdown of other expenses for the years ended December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Building maintenance	79,247	350,555
Anti-doping	1,956,337	1,263,767
Leases (a)	619,182	666,798
Transport, fuel and lubricants	504,371	1,009,992
Bank charges	883,217	841,878
Other	724,185	2,304,137
	<u>4,766,539</u>	<u>6,437,127</u>

- (a) During the years ended December 31, 2014 and 2013, these correspond to the lease of three (3) spaces where sports equipment and supplies of the Confederation are stored. In addition, it includes the rental of the apartment of the Norceca trainer.

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20. 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:

	2014			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Accounts payable to vendors and others	-	2,067,641	1,026,704	3,094,345
Accounts payable to affiliates and directors	21,047,882	-	-	21,047,882
	<u>21,047,882</u>	<u>2,067,641</u>	<u>1,026,704</u>	<u>24,142,227</u>

	2013			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Notes payable	-	-	46,460,294	46,460,294
Accounts payable to vendors and others	-	2,960,740	1,728,701	4,689,441
Accounts payable to affiliates and directors	7,302,055	-	-	7,302,055
	<u>7,302,055</u>	<u>2,960,740</u>	<u>48,188,995</u>	<u>58,451,790</u>

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20. 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:

		Increase (Decrease) in exchange rate for US\$	Effect of change on Net Assets (Liabilities)
2014	US\$	+5%	365,821
	US\$	-5%	<u>(365,821)</u>
2013	US\$	+5%	75,361
	US\$	-5%	<u>(75,361)</u>
		Increase (Decrease) in exchange rate for CHF	Effect of change on Net Assets (Liabilities)
2014	CHF	+5%	(1,564,500)
	CHF	-5%	<u>1,564,500</u>
2013	CHF	+5%	(1,675,450)
	CHF	-5%	<u>1,675,450</u>

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20. Financial risk management objectives and policies (continued)

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. The Confederation conducts important operations with related parties; management has assessed that the balances with these related entities are fully recoverable, except for those balances that are included in the allowance for doubtful accounts. Balances receivable are also permanently monitored to ensure that the Confederation's exposure to doubtful accounts is not significant.

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.

Interest rate risk

Revenue and operating cash flows of the Confederation are substantially independent from changes in market interest rates. The Confederation has contracted liabilities which bear monthly interest at annual rates, which are similar to market rates.