Financial Statements

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

December 31, 2018 and 2017
Together with the Independent Auditor's Report

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

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Building a better
working world

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Independent Auditors' Report

To the Board of Directors of
Confederación Norte, Centroamericana y del Caribe del Voleibol (NORCECA)

Opinion

We have audited the financial statements of Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca (hereinafter "the Confederation"), which comprise the statement of financial position as of December 31, 2018, and the income statement and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of the main accounting policies.

In our opinion, the accompanying 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, 2018, its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for the opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISAs"). Our responsibilities under these standards are further described in the *Auditor's responsibility section of the financial statements* report. We are independent of the Confederation in accordance with the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA), the Code of Ethics of the Institute of Certified Public Accountants of the Dominican Republic (ICPARD, for its acronym in Spanish), along with the ethics requirements that are relevant for our audit of the financial statements, and have fulfilled all other ethical responsibilities in accordance with these requirements and the Code of Ethics of IESBA and ICPARD. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and those charged with Corporate Governance over the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as wells as for the internal control that the management determines relevant to allow the preparation of the financial statements to be free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, management is responsible for assessing the Confederation's capacity to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the Confederation or to cease operations, or has no realistic alternative but to do so.

The Confederation's Corporate Government are responsible for the oversight of the Confederation's financial information process.

Auditor's Responsibility regarding the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Confederation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Confederation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future facts or conditions may cause the Confederation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those responsible for the Confederation's management regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in the internal control that we identify during our audit.

Ernst & Young

May 31, 2019
Santo Domingo,
Dominican Republic

STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017
(Amounts in Dominican pesos - RD$)

	Notes	2018	2017
ASSETS			
Current assets:			
Cash on hand and at banks:	7	11,719,341	27,218,024
Accounts receivable from affiliates	8	12,059,981	1,723,740
Other accounts receivable	9	693,929	1,429,339
Prepaid expenses		3,862,093	127,423
Inventory of sports equipment	10	22,690,478	24,013,106
Total current assets		51,025,822	54,511,632
Furniture and equipment	11	1,649,121	1,923,188
Total assets		**52,674,943**	**56,434,820**
LIABILITIES			
Current liabilities:			
Loans payable	8 y 13	50	48
Accounts payable to suppliers and others	14	355,965	3,260,388
Accounts payables to affiliates and directors	8	9,267,382	5,861,190
Accruals and withholdings payable		4,005,581	1,600,945
Total liabilities		13,628,978	10,722,571
Unrestricted net assets		39,045,965	45,712,249
Total net assets and liabilities		**52,674,943**	**56,434,820**

See accompanying notes to the financial statements.

STATEMENT OF INCOME AND CHANGES IN NET ASSETS
For the year ended December 31, 2018 and 2017
(Amounts in Dominican pesos - RD$)

	Notes	2018	2017
Unrestricted revenues:			
Economic contributions	8	21,233,700	32,209,582
Events and activities	8	42,855,384	36,266,101
Advertising exchange for sports equipments	12	23,749,754	19,612,690
Membership fees	8	778,868	723,547
Other income	8	4,393,089	12,305,955
Total unrestricted revenues		93,010,795	101,117,875
Expenses:			
Personnel expenses	15	(13,728,633)	(12,613,051)
Professional fees		(4,115,477)	(1,571,089)
Commission meetings	16	(2,637,479)	(4,709,311)
Events and championships	17	(4,627,465)	(5,468,543)
Telephone services		(1,307,544)	(1,148,562)
Depreciation	11	(543,427)	(461,800)
Donation of sports equipment	8	(24,435,581)	(20,066,422)
Expense for the estimation of loss for doubtful accounts		-	(37,042,500)
Economic contributions	8	(29,865,805)	(25,209,026)
Accommodation, travel expenses and meals		(3,022,610)	(3,563,676)
Regional Volleyball Development Centers	18	(3,675,761)	(3,439,628)
Airline tickets	8	(237,505)	(372,905)
Office supplies		(529,537)	(700,862)
Representation expenses	8	(1,087,508)	(734,477)
Repair and maintenance expenses		(50,977)	(365,485)
Loss due inventory obsolescence	10	-	(5,256,713)
Interest expenses	13	-	(289,631)
Other expenses	19	(10,507,539)	(4,091,821)
		(100,372,848)	(127,105,502)
Gain on foreign exchange, net		695,769	2,754,561
Changes in unrestricted net assets in the year		(6,666,284)	(23,233,066)
Unrestricted net assets at beginning of year		45,712,249	68,945,315
Unrestricted Net Assets at Year End		**39,045,965**	**45,712,249**

See accompanying notes to the financial statements.

CASH FLOW STATEMENTS
For the year ended December 31, 2018 and 2017
(Amounts in Dominican pesos - RD$)

	Notes	2018	2017
Operating activities:			
Changes in unrestricted net assets		(6,666,284)	(23,233,066)
Depreciation expense	11	543,427	461,800
Allowance for losses from doubtful accounts	8	-	37,042,500
Effect of exchange rate variation of foreign currency in the estimated doubtful accounts loss		1,253,536	-
Effect of exchange rate variation of foreign currency in loans payable		2	-
Estimated loss due to inventory obsolescence	10	-	5,256,713
Inventory received as advertising exchange	12	(23,749,754)	(19,612,690)
Interest expenses	13	-	289,631
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable from affiliates		(11,589,777)	6,930,646
Other accounts receivable		735,410	(1,040,292)
Prepaid expenses		(3,734,670)	(127,423)
Inventory of sports equipment		25,072,382	14,771,386
Increase (decrease) in liabilities:			
Accounts payable to suppliers and others		3,406,193	1,479,791
Accounts payables to affiliates and directors		(2,904,423)	532,502
Accruals and withholdings payable		2,404,636	51,406
Net cash provided by (used in) operating activities		(15,229,322)	22,802,904
Investing activities:			
Acquisition of furniture and equipment	11	(269,360)	(1,052,533)
Net cash used in investing activities		(269,360)	(1,052,533)
Financing activities:			
Acquisition of loans payable	13	-	15,661,750
Payment of loans payable	13	-	(15,661,702)
Interest paid		-	(289,631)
Net cash used in financing activities		-	(289,583)
Net increase in cash on hand and in banks		(15,498,682)	21,460,788
Cash and cash equivalents at beginning of year		27,218,023	5,757,236
Cash on hand and in banks at year end		**11,719,341**	**27,218,024**

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017
(Amounts in Dominican pesos - RD$)

1. Corporate Information

The North, Central America and Caribbean Volleyball Confederation (NORCECA) (hereinafter "Norceca" or the "Confederation") is a non-profit organization, which was organized and based in the city of Santo Domingo, Dominican Republic as of November 1, 2001. Norceca operates in the Dominican Republic under the figure of a non-profit organization since 2007, as an entity affiliated to the Fédération Internationale de Volleyball (FIVB). The objective of the Confederation is to manage, organize, represent, regulate, control and evaluate the activities of volleyball and beach volleyball in his region, as well as to support and facilitate the development of the affiliated federations and monitor respect for the rules of the FIVB.

The purpose of the FIVB is to manage the sport of volleyball and beach volleyball at a global level for which it currently has 222 affiliated federations in different countries and/or territories. The FIVB headquarters are located in the city of Luasanne, Switzerland.

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

- The African Confederation
- The Asian Confederation
- The European Confederation
- The North, Central America and Caribbean Confederation (NORCECA)
- The South American Confederation

The economic resources of the Confederation come mainly from the annual contribution it receives from the FIVB, as well as the organization of competitions and events, marketing and advertising rights and membership fees from the federations under its management. As of December 31, 2018 and 2017, the Confederation has 41 affiliated national federations and regional members.

The Confederation offices are located in the facilities of the Volleyball Hall of the Juan Pablo Duarte Olympic Center in Santo Domingo, Dominican Republic.

The financial statements as of December 31, 2018 were approved for issue by the Confederation's Management on may 31, 2019.

2. Basis of preparation of financial statements

2.1 Basis of valuation and statement of compliance

The Confederation's financial statements as of December 31, 2018 and 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standards Board.

2. Basis of preparation (continued)

2.1 Basis of valuation and statement of compliance (continued)

The International Financial Reporting Standards have not issued specific standards applicable to non-profit entities in regard to the classification of the financial information structure and net asset classifications. Therefore, for such purposes the specific rules for non-profit entities issued by the Financial Accounting Standards Board (FASB) have been applied. Under these standards the net assets, revenue and expenses, increases and decreases in net assets are classified as follows:

Classification of Net Assets

Unrestricted Net Assets:

It corresponds to assets that are not subject to provisions imposed by the entities that make contributions.

Temporary Unrestricted Net Assets

Assets subject to provisions imposed by entities making contributions which may be given or fulfilled through shares over the time.

Permanent Unrestricted Net Assets

Assets subject to provisions imposed by entities making contributions which may be held permanently. Usually, the donors of these assets allow the use of all or part of the income generated by these assets in specific activities.

The net assets of the Confederation are comprised only by unrestricted assets as there are no restrictions on them.

2.2 Basis of valuation and presentation currency

The Confederation's financial statements as of December 31, 2018 and 2017 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 stated in Dominican pesos (RD$), which has been defined as the Confederation's functional and presentation currency.

3. Changes in accounting principles and disclosures

The accounting policies adopted by the Company to prepare its financial statements as of December 31, 2018 are consistent with those that were used for the preparation of the financial statements as of December 31, 2017.

3. Changes in accounting policies and disclosures (continued)

The modifications to the International Financial Reporting Standards and New Interpretations of the standards that entered into effect before or after January 1, 2017, "IFRS 9 Financial Instruments" and "IFRS 15, revenue from ordinary activities arising from contracts with clients" did not have an effect in the Confederation's financial statements in terms of the classification and measurement, impairment of financial assets and hedge accounting.

IFRS 9 Financial Instruments

IFRS 9 Financial instruments supersedes IAS 29 Financial instruments: Recognition and Measurement, and applies to annual periods beginning on or after January 1, 2018. The standard meets the three fundamental aspects of financial instrument accounting: (a) classification and measurement; (b) impairment; and (c) hedge accounting.

The adoption IFRS 9 did not affect the classification and measurement of the financial instruments and their potential impairment, without producing adjustments that required restating the Company's financial statements as of December 31, 2018 and as of January 1, 2018.

IFRS 15 Revenue from ordinary activities arising from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations, and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers, and requires revenue to be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

4. Summary of applicable significant accounting policies

4.1 Balances and transactions in foreign currency

The accompanying financial statements have been prepared in Dominican pesos (RD$), which has been defined as the Confederation's functional and presentation currency. Transactions in foreign currency are initially recorded at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated again at the functional currency prevailing on the date of the statement of financial position. These differences are recognized in income or expenses in the accompanying statement of income and changes in net assets as foreign exchange gain, net.

As of December 31, 2018, the exchange rate used to translate balances in foreign currency to Dominican pesos was RD$50.20 (2017: RD$48.19), against the US Dollar. Information related to balances in foreign currency are presented in Note 6 to the financial statements.

4. Summary of applicable significant accounting policies (continued)

4.2 Current versus non-current classification

The Confederation presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is classified as current when the Confederation expects to realize the asset or has the intention to sell or consume it in the normal operating cycle; when it is held primarily for the purpose of trading; when it is expected to be realized within twelve months after the reporting period; and when the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Confederations classifies the rest of its assets as non-current.

A liability is classified as current when the Confederation expects to settle the liability in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period, or when there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Confederation classifies the rest of its liabilities as non-current.

4.3 Cash on hand and at banks

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

4.4 Financial Instruments

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

The valuation of the Confederation's financial instruments is determined using the fair value or amortized cost, as defined below:

Fair value*:* The fair value of a financial instrument negotiated in an organized financial market is determined using as reference the prices quoted in that financial market for negotiations performed as of the date of the statement of financial position. For financial instruments for which there is no active financial market, the fair value is determined using valuation techniques These techniques include recent market transactions between interested, fully informed parties who act independently; references to the fair value of another substantially similar financial instrument; and discounted cash flows or other valuation models.

Amortized cost: The amortized cost is calculated using the effective interest method less any allowance for impairment. The calculation takes into consideration any award or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

4. Summary of applicable significant accounting policies (continued)

4.5 Financial assets

Initial recognition and measurement

The approach used by the Confederation to classify and measure financial assets reflects the business model in which financial assets and their cash flow characteristics are managed.

The Confederation initially recognizes all of its financial assets at fair value plus costs directly attributable to the transaction, except for financial assets valued at fair value through changes in profit or loss in which these costs are not considered.

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 initially classifies the financial assets based on how they are measured after the amortized cost at fair value with changes in other comprehensive income or at fair value with changes in results.

Financial assets recorded at amortized cost

Financial assets are measured at amortized cost when the following conditions are met: (a) the financial asset is maintained within a business model whose objective is to obtain contractual cash flows; and (b) the contractual terms of the financial asset establish specific deadlines for cash flows derived only from payments to principal and interests of effective balance.

Financial assets at fair value through changes in other comprehensive income

Financial assets are measured at fair value with changes in other comprehensive income when the following conditions are met: (a) the financial asset is kept within a business model whose objective is to obtain contractual cash flows when selling the financial asset; and (b) the contractual terms of the financial asset establish specific deadlines for cash flows derived only from payments to capital and interests on effective balance.

Financial assets at fair value with changes in profit or loss

The remaining financial assets that do not classify into any of the categories previously mentioned are measured at fair value through profit or loss. In addition, on initial recognition of a financial asset and in certain circumstances, the Confederation can irrevocably designate a financial asset that meets the measurement requirements of the abovementioned categories to be measured at fair value through profit or loss, if doing so removes or significantly reduces an accounting mismatch that would otherwise rise.

4. Summary of applicable significant accounting policies (continued)

4.5 Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Accounts receivable

Accounts receivable are recognized for the amount of invoices of the membership fees of federations and the economic allocation fees of the FIVB. The recoverability is analyzed periodically and an impairment allowance is recorded for those accounts classified as doubtful with the corresponding charge to the period results.

4.6 Derecognition of financial assets

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, or when the Confederation retains the contractual rights to receive cash flows and assumes the obligation to pay them to one or more parties.

4.7 Impairment of financial assets

The Confederation recognizes an expected credit losses allowance on financial assets recorded at amortized cost or at fair value with changes in other comprehensive income and measures the value adjustment for expected credit losses during the lifetime of the asset if the credit risk of said financial instrument has been significantly increased since its initial recognition. Thereon, if as of the date of the statement of financial position, the credit risk of the financial instrument has not been significantly increased since its initial recognition, the Confederation measures the value adjustment for credit losses for said financial instrument at an amount equivalent to the expected credit losses in the following twelve (12) months.

The Confederation uses a simplified method to calculate the expected credit losses in accounts receivable from clients, contractual assets and related parties accounts receivable. Therefore, the Company does not follow up on the changes in credit risk but instead recognizes an adjustment based on the experience of expected credit losses as of the date of presenting its financial statements. The Confederation established an allowance matrix based on its historical credit losses experience, adjusted by specific prospective factors for the debtors and the economic environment. For the financial instruments at fair value through the statement of comprehensive income, the Confederation simplifies the low credit risk. For each presentation date, the Confederation assesses if the debt instrument is considered to have a low credit risk by using all the reasonable and supportable information available without improper cost or effort. By doing this assessment, the Confederation re-assesses the internal credit rating of the debt instrument. In addition, the Confederation considers that there has been a significant increase in the credit risk when the contractual payments are more than 30 days overdue.

4. Summary of applicable significant accounting policies (continued)

4.7 Impairment of financial assets (continued)

The Confederation considers a financial asset to be delinquent when the contractual payments are ninety (90) days overdue. However, in some cases, the Confederation may also consider a financial asset to be delinquent when the internal or external information indicates that it is unlikely that the Confederation receives the total pending contractual amounts before considering the credit improvements kept by the Confederation. A financial asset is derecognized when there is not a reasonable expectation to recover the contractual cash flows.

4.8 Inventory of sports equipment

Inventory is valued at the lower of cost and net realizable value, and are for internal use in the operations of the Confederation. Cost is determined using the first-in, first-out (FIFO) method.

Inventory consists of sports equipment received in exchange for advertising and direct purchases, which are recognized at fair value at the time of operation. Net realizable value is the selling price in the Confederation's ordinary course of business or business transfer value, less estimated costs necessary to make the sale. These inventories are in turn used to be distributed to the different federations that form the Confederation.

4.9 Plant and equipments

Furniture and equipment are recorded at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Disbursements for repairs and maintenance that do not qualify for recognition as an asset and depreciation are recognized as expenses in the year they are incurred.

Depreciation is calculated on a straight-line basis based on the estimated useful life of each type of asset. The residual value of depreciable assets, estimated useful life and depreciation methods are reviewed annually by Management and are adjusted when considered pertinent, at the end of each financial year.

A component of plant and equipment is derecognized when it is sold or when the Confederation does not expect future economic benefits from its use. Any loss or gain from the asset's disposal, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in the activities of the year in which the transaction occurs.

A breakdown of estimated useful lives is shown below:

Description	Estimated useful life
Furniture, office equipment and others	4 years
Computer equipment	4 years
Emergency generator	7 years

4. Summary of applicable significant accounting policies (continued)

4.10 Impairment of non-financial assets

The Confederation assesses the carrying amounts of its non-financial assets at each reporting date to determine reductions in value when events or circumstances indicate that recorded values may not be recovered. If any indication exists, and the carrying amount exceeds the recoverable amount, the Confederation measures the assets at their recoverable amounts, defined as the higher of fair value less costs to sell and its value in use. Resulting adjustments are recorded in the results of the year in which they are determined.

An assessment is made 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 re-estimates the asset's recoverable amount and if necessary, reverses the loss increasing the asset until its new recoverable amount, which will not exceed the asset's net carrying amount prior to recognizing the original impairment loss, recognizing the credit in the income statement. During the years ended December 31, 2018 and 2017, no losses from impairment in the value of non financial assets was recorded.

4.11 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss and loans payable and derivative financial instruments designated as hedging instruments in an effective hedge, as appropriate. The Confederation determines the classification of its financial liabilities at initial recognition. The Confederation recognizes all financial liabilities initially at fair value on the date of acceptance or contracting of the liability, plus directly attributable transaction costs.

The financial liabilities of the Confederation correspond to accounts payable to suppliers and others, accounts payable to affiliates and directors, and loans payable.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Accounts payable

Accounts payable are initially recognized at fair value on the respective contract dates, including costs directly attributable to the transaction. After initial recognition, short-term accounts payable that do not bear interest are measured at invoice value. The Confederation measures long term accounts payable that do not bear interest at amortized cost using the effective interest rate method. Gains or losses are recognized by the Confederation in the income statement when the financial liability is derecognized, as well as through the amortization process.

4. Summary of applicable significant accounting policies (continued)

4.11 Financial liabilities (continued)

Recognition and initial measurement (continued)

Loans payable

Loans payable are initially recognized at fair value on the respective contract dates, including costs directly attributable to the transaction. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Gains or losses are recognized by the Confederation in the income statement when the financial liability is derecognized, as well as through the amortization process.

4.12 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 financial liability for the same lender in substantially different conditions or the terms of the existing liability are modified substantially, this change is treated as a derecognition of the original liability and a new financial liability is recognized. The differences of the respective carrying values are recognized in the statement of income and changes in net assets.

4.13 Revenue recognition

The income of the Confederation is recognized as such when the contribution can be measured reliably and it is probable to receive economic benefits from these economic contributions, events, activities and membership fees, which are recognized in the period in which the activity is performed and when the contributions of the Federation Internationale de Volleyball, as well as the membership fees of affiliated agencies are accrued.

In the event of donations of sporting goods received, they are recognized at the fair value of the contributions when received.

4.14 Cost and expense recognition

Expenses are recognized in statements of income and changes in net assets when incurred.

4.15 Income tax

The Confederation is exempt from the payment of income tax due to its nature as it is a non-profit organization; however, this condition does not relieve it from the payment of the withholding tax on wages and third parties. As such, it shall serve as a withholding agent for the income tax on salaries paid to employees, which are within the levels established by Act 11-92, as well those taxable services provided to the Confederation by third parties.

4. Summary of applicable significant accounting policies (continued)

4.16 Employee benefits

Pension plan

From the entry into force of Law 87-01, which establishes the Dominican Social Security System (SDSS, *Sistema Dominicano de Seguridad Social*), the Confederation recognizes as an expense the monthly contributions made to the pension system to be deposited in the individual capitalization accounts of employees, as well as employee contributions, as an accumulation until they are deposited at the beginning of the month immediately following in financial entities authorized by the Superintendence of Pensions of the Dominican Republic, for subsequent transfer to the individual accounts in the pension fund administrators.

In the year ended December 31, 2018, the Confederation made contributions for this item amounting to approximately RD$470,000 (2017: RD$424,000), which is included in personnel expenses in the accompanying income statements.

Severance benefits

The Dominican Labor Code requires employers to pay severance to employees dismissed without justified cause. The value of this benefit is recognized in the statement of income and changes in net assets at the time it is incurred or when it is effectively known that the employment relationship will terminate and there is no possibility of changing this decision.

Other benefits

The Confederation provides benefits to its employees, such as vacation and Christmas bonus, according to the provisions of Dominican labor laws.

For these benefits the Confederation recognizes a liability taking as a parameter the amount earned by employees based on labor agreements. As of December 31, 2018 and 2017, for the vacations benefit there is a liability recognized in accruals and withholdings payable in the accompanying statements of financial position.

4.17 Significant accounting judgments, estimates and assumptions

Preparation of the financial statements requires Management to conduct judgments, estimates and assumptions affecting the reported figures of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. However, uncertainty about such judgments, estimates and assumptions could lead to situations that require adjustments of relative importance in the recorded asset and liabilities amounts in future periods.

4. Summary of applicable significant accounting policies (continued)

4.17 Significant accounting estimates and assumptions (continued)

In the process of applying its accounting policies, the Confederation has considered the following significant judgments, estimates or assumptions:

Impairment in the value of non-financial assets

The Confederation evaluates, as of each reporting date, whether there is any indication that a non-financial asset may be impaired. Non-financial assets are assessed for impairment when there are indications that the carrying amount may not be recoverable. When these values are calculated, Management must estimate future cash flows expected for related assets or for the generating unit, and it must use a discounted rate to calculate the present value of these cash flows.

5. Future changes in accounting policies

International Financial Reporting Standards or their interpretations and amendments that have been issued but have not yet become effective as of the reporting date of the Confederation's financial statements are described below: The standards or interpretations and amendments described are only those that, per Management's belief, may have a significant effect on the Confederation's disclosures, position or financial performance when they are applied at a future date. The Confederation intends to adopt these new and modified standards or interpretations, if applicable, when they enter into effect.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, - 15 Operating Leases-Incentives and - 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single model in the statement of financial position, similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of "low-value" assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

5. Future changes in accounting policies (continued)

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and financial leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than those contemplated in IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but an entity should apply IFRS 15 first. A lessee can choose to apply the standard using either a full or modified retrospective approach. The standard's transition provisions allow certain reliefs.

6. Balances in foreign currency

Below is a summary of financial assets and liabilities denominated in foreign currency, expressed in US dollars, included in the various items at their equivalent in Dominican pesos in the statement of financial statement:

		2018	2017
US Dollars:			
Assets:			
Cash on hand and at banks:	US$	207,288	552,924
Accounts receivable from affiliates		240,239	35,769
Other accounts receivable		5,771	25,749
Total assets		453,298	614,442
Liabilities:			
Accounts payable to suppliers and others		(12,643)	(61,919)
Accounts payables to affiliates and directors		(167,657)	(34,647)
Accruals and withholdings payable		-	(28,551)
Total liabilities		(180,300)	(125,117)
Net position in dollars – assets	**US$**	**272,998**	**489,325**

7. Cash on hand and at banks

A breakdown of cash on hand and at banks is as follows:

	2018	2017
Petty cash	40,120	38,914
Deposits in banks (a)	11,679,221	27,179,110
	11,719,341	**27,218,024**

(a) As of December 31, 2018, this amount includes US$207,288 (2017: US$552,324) which correspond to bank deposits in bank accounts in the Dominican Republic. These accounts accrue annual interest rates between 0.35% and 5% (2017: 0.35% and 1%) of the available balance.

As of December 31, 2018 and 2017, there was no difference between the recorded values and fair values of these financial assets. As of the reporting date, there were no restrictions on the use of cash at bank balances.

8. Balances and transactions with affiliates and directors

The main transactions with affiliates and directors correspond to economic contributions, payments and collections of membership fees, payments and collections of registration fees in sporting events and expenses covered by managers on behalf of the Confederation.

Balances:

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

	2018	2017
Fédération Internationale de Volleyball (FIVB) (a)	45,049,400	37,042,500
Affiliated federations (b):		
Federación Peruana de Voleibol	613,444	78,068
Ligue Volleybal de Martinique	-	21,685
Jamaica Volleyball Association	587,821	564,285
Trinidad & Tobago Volleyball Federation	-	1,207,144
Federación Puertorriqueña de Voleibol	251,000	240,950
Barbados Volleyball Federation	225,900	-
Federación Costarricense de Voleibol	50,535	-
Federación Mexicana de Voleibol	-	168,665
Federation Nacional de Guatemala	3,263,000	-
ST.Lucia Amateur Volleyball	100,400	-
Montserrat Volleyball Association	10,040	-
French St. Martin Volleyball Association	-	7,228
Federación Cubana de Voleibol	768,762	-
Subtotal	50,920,302	39,330,525
Estimated doubtful accounts loss cobro (c)	(38,860,321)	(37,606,785)
Total Accounts Receivable from Affiliates	**12,059,981**	**1,723,740**

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

(a) Accounts receivable from the FIVB is denominated in US dollars and corresponds mainly to the economic contribution that this institution annually contributes to the Confederation. In the year ended December 31, 2018, revenue recognized for this item amounted to US$404,994, equivalent to RD$20,249,700 (2017: US$613,626, equivalent to RD$29,570,639).

(b) Balances receivable from affiliated federations are derived from annual membership fees, rights for the grant of locations for the various championships held by the Confederation, team registration fees, advertising rights, fines for non-compliance with the sporting regulations of championships, among others. These accounts are denominated in US dollars and have no specific maturity and are equivalent to US$240,239 in 2018 (2017: US$47,479).

(c) The activity during the years ended December 31 for estimated doubtful accounts loss is as follows:

	2018	2017
Balance at beginning of year	(37,606,785)	(779,001)
Amounts credited to the allowance	(1,253,536)	(37,042,500)
Amounts debited from the allowance	-	214,716
Balance at year end	**(38,860,321)**	**(37,606,785)**

The composition of accounts receivables from affiliates as of December 31 is as follows:

		Past due but not impaired			Impaired	
	Not past due	Between 30 to 60 days	61 to 90 days	Over 90 days	Over 91 days	Total
2018	**12,059,981**	**-**	**-**	**-**	**38,860,321**	**50,920,302**
2017	1,723,740	-	-	-	37,606,785	39,330,525

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

The breakdown of accounts payable to affiliates and directors as of December 31, 2018 and 2017 is as follows:

	2018	2017
Fédération Internationale de Volleyball (FIVB) (d)	(1,899,473)	(2,049,912)
USA Volleyball (e)	(502,000)	(240,950)
Federación Puertorriqueña de Voleibol (f)	(85,861)	(82,423)
Curacao Volleyball Association (g)	(181,401)	(13,493)
Asistencia Económica ECVA (h)	(107,679)	-
Canadá Voleyball Association (i)	(40,160)	(279,502)
Federación Panameña de Voleibol (j)	-	(216,855)
Ligue Guadeloupenne de Volleyball (k)	(150,600)	(144,570)
Barbados Volleyball Federation (l)	(22,590)	(21,685)
Cristóbal Marte Hoffiz – Presidente de la Confederación (m)	(3,012,010)	(2,729,877)
Federación Mexicana de Voleibol (n)	(85,340)	(81,923)
Federación Nicaraguense de Voleibol (o)	(2,259,000)	
Federación Nacional del Salvador (p)	(70,280)	
Federación Dominicana de Voleibol (q)	(850,988)	-
	(9,267,382)	**(5,861,190)**
Loans payable (note 13)	**(50)**	**(48)**

(d) As of December 31, 2018, a 40% quota for International Athlete Transfer (ITC) of US$28,455, 10% fee for International Transfer of Female Athletes FIVB ITC of US$3,855, 10% fee for International Transfer of Male Athletes in the amount of US$946, 10% fee for International Transfer of Female Athletes in the amount of US$3,991 and 10% fee for the International Transfer of Male Athletes in the amount of US$591. As of December 31, 2017, corresponds to the payment of affiliations corresponding to the FIVB for US$4,700.

(e) As of December 31, 2018, it corresponds to the prize for being the winner of the Norceca Tour in the male and female branch 2018 for US$10,000 (2017: US$5,000).

(f) As of December 31, 2018 and 2017, this relates to 10% of the fees for International Athletes Transfer (ITC), 2013-2012 season, for US$1,120.

(g) As of December 31, 2018, it corresponds to the attendance to the 3rd, 4th and 5th stage of Norceca beach tour for US$3,613.58. As of December 31, 2017, it corresponds to registration in the second round of the World Cup Qualification Tournament, Men's L Group 2013 for US$280.

(h) As of December 31, 2018, these correspond to travel expenses for instructor Francisco Cruz Jiménez for technical assistance in the visit to St. Vicent & Grenadines for US$2,000 and US$145 for credit balance for the Eastern Caribbean Association.

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

(i) As of December 31, 2018, it corresponds to the 33% of registration in the seventh stage of the Norceca Tour 2016 for US$800. As of December 31, 2017, it corresponds to the 33% of registration in the seventh stage of the 2016 Norceca tour and the prize for the Women's 2017 Norceca tour for US$5,800.

(j) As of December 31, 2017, it corresponds to the economic assistance to the Under-19 Central American Games for US$4,500.

(k) As of December 31, 2018 and 2017, it corresponds to the registration of the teams participating in the 2nd. Round of the Men's World Championship Qualification Tournament Group N 2013 for US$3,000.

(l) As of December 31, 2018 and 2017, these correspond to the balance pending payment for return of 50% of the referee payment in the Under-21 Norceca Volleyball Championship held in El Salvador for US$450.

(m) As of December 31, 2018, it corresponds to Norceca's chairman stipend for US$60,000. As of December 31, 2017, it corresponds to the compensation assigned for the FIVB for US$49,142.

(n) As of December 31, 2018 and 2017, it corresponds to the payment for the registration in the First Beach Stage of the 2017 Norceca Tour , that took place in Paz Baja California Sur, México, for $1,700.

(o) As of December 31, 2018, it corresponds to the venue fee paid to hold the Under-21 Continental Championship for $45,000.

(p) As of December 31, 2018 it corresponds to tickets purchase for the participation in the sixth stage of the Continental Volleyball Tour in Norceca Beach 2018 for US$1,400.

(q) As of December 31, 2018, it corresponds to the sponsorship in Trilogy Dominicana for the Panamerican Volleyball Cup.

These accounts do not accrue interest and are not subject to a discount for early payment.

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

Transactions:

During the years ended December 31, 2018 and 2017, transactions with affiliates and directors were as follows:

	2018	2017
Revenues:		
Economic contributions received	21,233,700	32,209,582
Events and activities	42,855,384	36,266,101
Membership fees	778,868	723,547
Other	4,393,089	12,028,530
	69,261,041	**81,227,760**
Expenses:		
Sports equipment donated to federations	24,435,581	20,066,422
Economic contributions granted:		
Asociación de Federaciones Centroamericanas de Voleibol (AFECAVOL)	12,978,126	6,139,739
Caribbean Zonal Volleyball Association (CAZOVA)	6,967,289	10,969,449
Eastern Caribbean Volleyball Association (ECVA)	5,772,204	6,889,764
Asociación Voleibol Norte y Centroamérica (Central Zone)	4,148,183	1,210,074
	29,865,802	25,209,026
Other expenses:		
Rentals	979,182	979,182
Accommodation, travel expenses and meals	545,114	820,150
Representation expenses	1,087,507	734,477
Airlane tickets	237,505	372,905
Coordination meetings - Executive Committee and Management Committee	503,003	409,504
	3,352,311	3,316,218
	58,579,301	**48,591,666**

The administrative facilities used by the Confederation to carry out its activities were facilitated by the Government of the Dominican Republic through the Dominican Volleyball Federation (FEDOVOLI), free of cost to Norceca.

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

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, except as of December 31, 2018, when loans payable had joint guarantee of the President of Norceca, Mr. Cristóbal Marte Hoffiz. The Confederation's President receives an annual assignment of US$50,000 equivalent to approximately RD$2,551,500 (2017: US$50,000 equivalent to approximately RD$2,469,500) as compensation for his functions. In addition, he receives the payment of expenses incurred in performing said duties. As of December 31, 2018 obligations related to these concepts were pending payment.

9. Other accounts receivable

The breakdown of other accounts receivable is as follows:

	2018	2017
Employees (a)	537,795	336,010
Loans for commissions members (b)	82,242	78,950
Others (c)	73,892	1,014,379
	693,929	**1,429,339**

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

(b) As of December 31, 2018, these correspond to loans for commission members for the purchase of plane tickets to participate in the Commission of Press Meetings for US$1,638, equivalent to RD$82,242 (2017: US$1,638, equivalent to RD$78,950).

(c) As of December 31, 2018, it corresponds to accounts receivable from Marketing Sport Event for the seat fee in the 4th stage of the beach volleyball circuit in Punta Cana for an amount of US$1,200 equivalent to RD$60,240. It includes accounts receivable from Mireya Luis for a loan to cover accommodation for athletes in the 5th stage of beach volleyball in Boca Chica for US$272 equivalent to RD$13,652. As of December 31, 2017, accounts receivable from Molten Corporation, for the advancement of the purchase of volleyball balls, in the amount of US$18,850 equivalent to RD$908,362, are included.

10. Inventory of sports equipment

The Confederation's sporting goods were received in exchange for advertising and purchases from the company Molten Corporation (see note 12). MIKASA and Jinling Sports sporting goods were received from Fédération Internationale de Volleyball (FIVB). A breakdown of inventories is as follows:

	2018	2017
Molten supplies:		
Balls	3,367,167	9,616,182
Nets	1,388,350	2,354,848
Ball carts	139,487	19,020
Antennas	8,067	21,669
Flags	89,351	327,936
Pressure gauges	16,449	62,509
Coaching portfolios	313,959	232,338
Marking tape	91,903	104,881
Tabletop scoreboard	245,230	4,298
Air pumps	134,303	22,430
	5,794,266	12,766,111
Mikasa supplies:		
Balls	1,967,150	1,990,455
Nets	127,691	127,690
Antennas	138,082	138,082
Game lines	67,625	67,625
Ball carts	12,920	12,920
	2,313,468	2,336,772
Jinling supplies		
Referee stands	1,140,032	798,810
Net system	340,070	793,497
Nets	257,155	408,106
Padding and vertical padding	155,688	181,636
Antennas	140,313	140,313
Cutting line system	146,322	146,321
Anchoring system	99,629	99,630
Floor plates	48,885	65,180
	2,328,094	2,633,493
Other		
Doping kit:	118,221	60,276
Mizuno Uniforms	7,503,689	8,560,303
Beach volleyball game lines	384,956	166,980
Referee uniforms	41,933	43,717
Gerflor floors	10,228,672	3,737,103
Tandem Antennae	155,037	576,269
	18,432,508	13,144,648
Subtotal	28,868,336	30,881,022
Allowance for inventory obsolescence (a)	(6,177,858)	(6,867,916)
Total inventory of sports equipment	**22,690,478**	**24,013,106**

(a) For the years ended December 31, 2018 and 2017, accounting records related to the inventory valuation at net realizable value were conducted for RD$690,058 and RD$5,256,713, respectively.

11. Furniture and equipment

The activity of furniture and equipment for the years ended December 31 is as follows:

	Furniture Office furniture and equipment and others	Computer Equipment	Emergency Generator	Total
Acquisition costs:				
Balance as of January 1, 2017	3,523,851	1,008,543	1,344,881	5,877,275
Additions	953,089	99,444	-	1,052,533
Disposals	(474,043)	(59,645)	-	(533,688)
Balances as of December 31, 2017	4,002,897	1,048,342	1,344,881	6,396,120
Additions	167,700	101,660	-	269,360
Balances as of December 31, 2018	4,170,597	1,150,002	1,344,881	6,665,480
Accumulated depreciation:				
Balances as of January 1, 2017	(3,408,913)	(911,044)	(224,863)	(4,544,820)
Depreciation expenses for the year	(175,510)	(84,559)	(201,731)	(461,800)
Disposals	474,043	59,645	-	533,688
Reclassifications	85,229	9,318	(94,547)	-
Balances as of December 31, 2017	(3,025,151)	(926,640)	(521,141)	(4,472,932)
Depreciation expenses for the year	(265,407)	(76,288)	(201,732)	(543,427)
Balances as of December 31, 2018	(3,290,558)	(1,002,928)	(722,873)	(5,016,359)
Net value in book:				
As of December 31, 2018	**943,714**	**147,072**	**622,007**	**1,649,121**
As of December 31, 2017	977,746	121,702	823,740	1,923,188

As of December 31, 2018, the Confederation maintains in use fully depreciated assets for approximately RD$3,740,000 (2017: RD$3,546,000).

12. Sports equipment received in exchange for advertising

On January 1, 2015, the Confederation renewed the contract with Molten Corporation for a period of four (4) years, maturing on December 31, 2018. By means of this agreement the Confederation grants Molten the right to advertise its sporting goods in all competitions and tournaments held by the Confederation. As consideration, Molten Corporation will provide sporting goods to the Confederation for approximately US$270,000 in 2018 (2017: US$270,000).

The allocation for sports supplies from Molten in 2018 was US$270,000, equivalent to RD$13,277,520 (2017: US$270,004, equivalent to RD$12,806,290). In addition, Sport Court floors were received for a total of US$183,381 equivalent to RD$9,205,749, (2017: US$136,382 equivalent to RD$6,572,267.

13. Loans payable

Loans payable correspond to short-term credit lines as follows:

	2018	2017
These correspond to a secured line of credit with joint guarantee of the President of Norceca, Mr. Cristóbal Marte Hoffiz. This line was approved in 2013 by Banco BDI for an original amount of US$500,000 and the amount renewed on July 19, 2017 for US$1,000,000. The amount used in 2017 was US$325,000 and bear an annual interest of 9%. Interests are payable monthly until the maturity date of the line of credit.	**50**	**48**

Interest expenses generated in 2017 for the line of credit amount to US$6,052, equivalent to RD$289,631.

14. Accounts payable to suppliers and others

These accounts payable to suppliers and others do not bear interest, are not subject to discounts for early payment and are usually payable within 30 to 60 days from the corresponding documents' or invoices' issue dates. As of December 31, 2018, US$12,643 (2017: US$61,919) are included, which are payable in US dollars.

15. Personnel expenses

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

	2018	2017
Wages	6,723,337	7,097,487
Christmas bonus	700,464	822,813
Vacation	389,863	349,638
Severance and advance notice	4,297,525	2,401,347
Services to personnel	514,857	865,705
Social Security	1,102,587	1,076,061
	13,728,633	**12,613,051**

16. Commission meeting expenses

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

	2018	2017
Norceca Congress (a)	-	2,717,491
FIVB Work Meetings (b)	328,994	167,019
Norceca Work Commissions (c)	253,413	617,228
Meeting of the Executive Committee and Board of Directors (a)	503,003	409,504
AFECAVOL Assembly (d)	104,804	111,726
ECVA Assembly (d)	193,000	498,861
CAZOVA Assembly (d)	97,306	187,482
Other meetings	1,156,959	-
	2,637,479	**4,709,311**

(a) These 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 were made in San José, Costa Rica and the city of Tijuana, México.

(b) These correspond to expenses incurred for the purchase of plane tickets, accommodation and per diem for members of the press commission, beach commission and Confederation directors in FIVB annual meetings held in Switzerland.

(c) These correspond to expenses incurred for the purchase of plane tickets, accommodation, and transportation services for members of the commissions participating in the Confederation’s Work Meeting.

(d) These correspond to expenses incurred for the purchase of plane tickets, accommodation, per diem and transportation services for the Confederation's directors participating in AFECAVOL, ECVA and CAZOVA Assemblies.

17. Events and championships expenses

The breakdown of expenses for events and championships related to plane tickets, transport, accommodation 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 is as follows:

	2018	2017
Women's Pan-American Volleyball Cup	468,108	100,351
Men's Under-19 Panamerican Volleyball Cup	-	17,603
Central American Games in Barranquilla Colombia	388,552	60,710
Qualifying Tournament to FIVB World Championship	-	2,372,794
1st. Stage XI Norceca Beach Volleyball Circuit	-	369,371
2nd. Stage XI Norceca Beach Volleyball Circuit	-	263,207
3rd. Stage XII (XI) Norceca Beach Volleyball Circuit	1,186	265,993
4th. Stage XII (XI) Norceca Beach Volleyball Circuit	32,500	227,905
5th. Stage XII (XI) Norceca Beach Volleyball Circuit	1,771,166	211,310
Qualifying Tournament to Challenge Cup	59,355	-
Men's Under-19 Norceca Volleyball Championship	44,352	-
Men's Under-21 Pan-American Volleyball Cup	-	42,570
Under-18 Final Four Cup	-	44,096
Women's Under-20 Pan-American Volleyball Cup	-	103,116
Women's Under-18 Pan-American Volleyball Cup	-	47,915
Bolivarian Games	-	291,287
Training and practice games	-	242,606
Awards and incentives	502,000	666,838
Women' s Under-20 Norceca Continental Volleyball Championship	257,418	-
Women's Under-23 Pan-American Volleyball Cup	81,761	-
Women's Under-18 Norceca Volleyball Championship	104,407	-
Women's World Volleyball Cup	916,660	-
Men's Pan-American Volleyball Cup	-	140,871
	4,627,465	**5,468,543**

18. Regional volleyball development center

As of December 31, 2018 and 2017, this corresponds to expenses incurred in the organization and presentation of courses and seminars given by the FIVB Regional Volleyball Development Center (Centro Regional de Desarrollo de Voleibol FIVB, Tijuana, Mexico), as well as the expenses incurred in the purchase of airplane tickets, accommodation, per diem and other travel expenses of coaches and speakers; these expenses amount to RD$3,675,761 (2017: RD$3,439,628).

19. Other expenses

The breakdown of other expenses for the years ended December 31 is as follows:

	2018	2017
Building maintenance	1,234,253	180,008
Doping control	1,985,377	727,892
Rentals (a)	979,182	979,182
Transportation, fuels and lubricants	611,113	554,922
Bank charges	508,700	468,778
Other	5,188,914	1,181,039
	10,507,539	**4,091,821**

(a) During the year ended December 31, 2018, 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 coaches.

20. Objectives and policies for financial risk management

Financial Risk Management

In the normal course of business, the Confederation is exposed to liquidity risk, exchange rate risk, credit risk and interest risk. The Confederation's policies for managing the risks mentioned are described below.

Liquidity Risk

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

	2018			
	On demand	Less than 3 months	3 to 12 months	Total
Accounts payable to suppliers and others	355,965	-	-	355,965
Accounts payable to affiliates and directors	-	-	9,267,382	9,267,382
Loans payable	-	50	-	50
	355,965	**50**	**9,267,382**	**9,623,397**

20. Objectives and policies for financial risk management (continued)

Liquidity risk (continued)

	2017			
	On demand	Less than 3 months	3 to 12 months	Total
Accounts payable to suppliers and others	2,177,318	962,836	120,234	3,260,388
Accounts payables to affiliates and directors	1,307,894	-	4,553,296	5,861,190
Loans payable	-	48	-	48
	3,485,212	962,884	4,673,530	9,121,626

Exchange risk management

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 total daily operations, 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 the US$ rate	Effect of change on Net (Liabilities) Assets
2018	**US$**	**+5%**	**685,225**
	US$	**-5%**	**(685,225)**
2017	US$	+5%	1,179,030
	US$	-5%	(1,179,030)

20. Objectives and policies for financial risk management (continued)

Credit risk

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

Management considers 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 transactions with related parties. Management has assessed that balances with related entities are completely recoverable, except those balances included as part of the allowance for doubtful accounts. Additionally, balances receivable are permanently monitored, resulting in a non-significant exposure to bad debt.

Regarding credit risks of other financial assets, which comprise cash in banks, the maximum exposure of the Confederation, as a result of breach by the counterparty, would be the carrying amount of these assets. To mitigate this risk, the Confederation only conducts transactions with entities of renowned solvency.

Interest Rate Risk:

The Confederation's income and operating cash flows are substantially independent of market interest rate changes. As of December 31, 2017, the Confederation has contracted interest-bearing liabilities.

21. Fair values

A comparison between the carrying value and the fair value of the Confederation's financial instruments, except those whose carrying value is approximately similar to the fair value, is as follows:

	December 31, 2018		December 31, 2017	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities				
Loans payable	**(50)**	**(50)**	**(48)**	**(48)**

The Confederation's Management considers that the fair value of the cash on hand and at banks, the accounts payable to affiliates and others accounts receivable, the accounts payable to affiliates, accounts payable to suppliers and others and loans is close to the accounting value due largely to their short-term nature.

22. Changes in liabilities from financing activities

	2018				
		Cash flow			
	January 1, 2018	From new financial liabilities	Payments made	Capitalized interests and/or other	Decembe r 31, 2018
Loans payable	48	-	-	2	50

	2017				
		Cash flow			
	January 1, 2017	From new financial liabilities	Payments made	Capitalized interests and/or other	December 31, 2017
Loans payable	-	15,661,750	(15,661,702)	-	48