

Financial Statements

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

December 31, 2013

(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, 2013 and the corresponding statement of activities and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Confederation's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca as of December 31, 2013 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

The logo for Ernst & Young, written in a cursive, handwritten style.

June 13, 2014
Santo Domingo,
Dominican Republic

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Current assets:			
Cash on hand and in banks	6 and 7	5,549,244	14,268,463
Accounts receivable from affiliates	6 and 8	80,468,471	79,955,382
Other accounts receivable	11	404,525	459,250
Prepaid expenses		78,170	163,362
Sporting goods inventory	9 and 11	23,150,470	16,056,376
Total current assets		<u>109,650,880</u>	<u>110,902,833</u>
Furniture and equipment	10	<u>1,036,828</u>	<u>1,285,838</u>
Total assets		<u>110,687,708</u>	<u>112,188,671</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes payable	6, 8 and 12	42,624,123	32,335,711
Accounts payable to suppliers and others	6 and 13	4,689,441	5,427,755
Accounts payable to affiliates and directors	6 and 8	7,302,055	17,683,959
Accruals and withholdings payable	6	<u>1,679,682</u>	<u>599,050</u>
Total liabilities		56,295,301	56,046,475
Unrestricted net assets		<u>54,392,407</u>	<u>56,142,196</u>
Total liabilities and net assets		<u>110,687,708</u>	<u>112,188,671</u>

The accompanying notes are an integral part of these financial statements

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

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STATEMENTS OF ACTIVITIES

For the years ended December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

		<u>2013</u>	<u>2012</u>
	<u>Notes</u>		
Unrestricted revenues:			
Economic contributions	8	93,267,701	90,473,375
Events and activities	8	13,623,214	17,011,273
Exchange for advertising sports equipment	11	22,796,794	15,123,737
Affiliation fees	8	639,912	609,336
Other revenues	8	4,424,205	1,916,724
Total unrestricted revenues		<u>134,751,826</u>	<u>125,134,445</u>
Expenses:			
Personnel expenses	14	(11,028,513)	(9,025,575)
Professional fees		(1,520,040)	(1,636,936)
Coordination meetings	8 and 15	(6,245,681)	(5,156,150)
Events and championships	16	(37,405,722)	(21,510,800)
Telephone services		(803,962)	(604,491)
Depreciation	10	(600,425)	(615,873)
Donation of sports equipment	8	(8,115,556)	(4,127,455)
Allowance for doubtful accounts	8	(391,924)	(72,720)
Economic contributions	8	(47,096,403)	(83,488,630)
Lodging, per diem and snacks	8	(7,626,522)	(7,334,592)
FIVB Regional Volleyball Development Centre	17	(2,980,483)	(3,756,379)
Air tickets	8	(492,631)	(1,058,304)
Office supplies		(541,773)	(574,670)
Representation expenses	8	(435,840)	(382,139)
Repair and maintenance expenses		(19,774)	(297,892)
Seminars		(1,807,509)	-
Loss on disposal of fixed assets		(99,373)	(2,614)
Interest expenses	12	(2,706,535)	(791,450)
Foreign Exchange losses		(145,822)	(129,497)
Other expenses	18	(6,437,127)	(4,506,894)
Total		<u>(136,501,615)</u>	<u>(145,073,061)</u>
Changes in unrestricted net assets for the year		(1,749,789)	(19,938,616)
Unrestricted net assets at beginning of year		<u>56,142,196</u>	<u>76,080,812</u>
Unrestricted net assets at year-end		<u>54,392,407</u>	<u>56,142,196</u>

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

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

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STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Operating activities:			
Changes in unrestricted net assets		(1,749,789)	(19,938,616)
Depreciation expenses	10	600,425	615,873
Loss on disposal of fixed assets		99,373	2,615
Allowance for doubtful accounts	8	391,924	72,720
Inventory received in exchange for advertising		(9,953,001)	(9,153,853)
Interest expenses		2,706,535	791,450
Exchange effect not realized in notes payable		776,784	-
Changes in assets and liabilities:			
Increase in accounts receivable from affiliates		(905,013)	(32,020,411)
Decrease (increase) in other accounts receivable		54,725	(127,701)
Decrease in prepaid expenses		85,192	313,895
Decrease in sports equipment inventories		2,858,907	2,212,521
Increase (decrease) in account payable to suppliers and others		(725,416)	1,087,568
Increase (decrease) in account payable to affiliates and directors		(10,381,904)	12,979,225
Increase (decrease) in accruals and withholdings payable		1,067,733	(417,703)
Net cash used in operating activities		<u>(15,073,525)</u>	<u>(43,582,417)</u>
Investing activities:			
Acquisition of furniture and equipment	10	<u>(450,788)</u>	<u>(351,852)</u>
Net cash used in investing activities		<u>(450,788)</u>	<u>(351,852)</u>
Financing activities:			
Acquisition of notes payable		37,626,210	40,312,671
Payment of notes payable		(28,114,581)	(7,976,960)
Interest paid		(2,706,535)	(791,450)
Net cash provided by financing activities		<u>6,805,094</u>	<u>31,544,261</u>
Net decrease of cash on hand and in banks		(8,719,219)	(12,390,008)
Cash on hand and in banks at beginning of year		<u>14,268,463</u>	<u>26,658,471</u>
Cash on hand and in banks at year-end		<u>5,549,244</u>	<u>14,268,463</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, 2013 and 2012

(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, 2013 and 2012, 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, 2013 were authorized for issue by Confederation’s Management on June 13, 2014.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

2. Basis of preparation of the financial statements

2.1 Declaration of compliance

The Confederation's financial statements as of December 31, 2013 and 2012 have been prepared in conformity with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

2.2 Basis of valuation and presentation currency

The Confederation's financial statements as of December 31, 2013 and 2012 were prepared on a historical cost basis, except for certain items that were measured under the valuation methods indicated in note 4. The financial statements are presented in Dominican pesos (RD\$), which was defined as the Confederation's functional and presentation currency.

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

Classification of net assets

Unrestricted net assets:

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

Temporarily restricted net assets:

Assets subject to stipulations imposed by the entities that perform the input, which can occur or fulfilled by actions through time.

Permanently restricted net assets:

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

3. Changes in accounting policies and disclosures

The accounting policies applied by the Confederation for the preparation of its financial statements as of December 31, 2013 are consistent with those used in the preparation of its financial statements as of December 31, 2012.

The following modifications to International Financial Reporting Standards and new Interpretations to those standards entered into effect as of January 1, 2013. These modifications and new interpretations have not caused a significant effect on the Company's separate financial statements, have required only certain additional disclosures and in some cases, the revision of certain accounting policies.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of this standard had no effect on the financial situation of the Confederation.

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities

These amendments require the entity to disclose information about the rights of set-off, amounts set off and the related agreements (for example, collateral agreements). The disclosures will provide users information that is useful in assessing the effect of netting agreements in the financial position of an entity. The new disclosures are required for all recognized financial instruments that are offset in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply for recognized financial instruments that are subject to an enforceable master netting agreement or similar agreement, regardless of whether or not it was offset in accordance with IAS 32. The application of this standard had no effect on the financial situation of the Confederation.

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 (See note 6).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.1 Foreign currency transactions (continued)

As of December 31, 2013, the exchange rate used to convert funds in U.S. dollars in relation to Dominican pesos was RD\$42.67 (2012: RD\$40.40) per US\$1.00 and in relation to the Swiss franc RD\$47.87 (2012: RD\$43.93) per CHF1.00. The information related to the balances in foreign currency is presented in note 6 to the financial statements.

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

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

Accounts receivable

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

4.4 Impairment of financial assets

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

4.5 Derecognition of financial asset

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.6 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 contribution. The fair value corresponds to the cost established by the donating entity with reference to the market price at the date of the delivery. In turn, this inventory is used for donations to the different federations that comprise the Confederation (see notes 9 and 11).

4.7 Furniture and equipment

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

4.8 Impairment of non-financial assets

At each reporting date, the Confederation assesses the carrying amounts of its non-financial assets, in order to identify decreases in value when events and circumstances indicate that recorded amounts may not be recoverable. If such indication exists, and the carrying amounts exceeds the recoverable amount, the Confederation assesses the assets at its recoverable amount, defined 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.8 Impairment of non-financial assets (continued)

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, 2013 and 2012, no impairment losses were recorded on the value of non-financial assets.

4.9 Financial liabilities

The Confederation recognizes its financial liabilities initially at fair value plus directly attributable transaction costs. 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 and accruals and withholdings payable.

4.10 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.

4.11 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.12 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.

4.13 Recognition of costs and expenses

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

4.14 Income tax

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

4.15 Cost of employee benefits

Pension plan

With the entrance into effect of Law 87-01, which establishes the Dominican Social Security System (SDSS), the Confederation monthly recognizes the payments made to the pension system (which are deposited in the employees' individual capitalization accounts) as expenses, as well as the employees' payments as an 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, 2013, the Confederation made contributions for this concept for RD\$1,040,000 (2012: RD\$942,000), which is included as part of personnel expenses in the accompanying statement of activities.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

4. Summary of significant accounting policies (continued)

4.15 Cost of employee benefits (continued)

Severance benefits

According to the Tax Code of the Dominican Republic, employers must provide employees with a notice and severance compensation in cases of unjustified dismissal. 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, 2013 and 2012, 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.

4.16 Significant accounting estimates and assumptions

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

Estimates and assumptions

The main assumption regarding future events and other sources of variations 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

(Amounts expressed in Dominican pesos – RD\$)

5. Standards issued but not yet effective

As of the financial statements date the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRIC) have been published but their application was not mandatory as of December 31, 2013.

The standards or interpretations listed are those which Management believes may have a significant effect on the disclosures, position or financial performance of the Company when applied on a future date. The Company intends to adopt these standards or interpretations when they enter into effect.

IFRS 9 Financial Instruments: Classification and measurement

This standard is being developed in phases. The first phase addresses the classification and measurement of financial instruments (Phase I).

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

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(Amounts expressed in Dominican pesos – RD\$)

6. Balances in foreign currency

As of December 31, 2013, the exchange rate used by the Confederation to convert US dollar items to Dominican pesos was RD\$42.67 (2012: RD\$40.40) per US\$1 and for items in Swiss francs to Dominican pesos it was RD\$47.87 (2012: RD\$43.93) per CHF1.00.

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>2013</u>	<u>2012</u>
US dollars:			
<i>Assets:</i>			
Cash on hand and in banks	US\$	122,910	349,854
Accounts receivable from related parties		<u>1,073,629</u>	<u>1,185,653</u>
Total assets		<u>1,196,539</u>	<u>1,535,507</u>
<i>Liabilities:</i>			
Notes payable		(998,925)	(800,389)
Accounts payable to vendors and others		(39,029)	(79,197)
Accounts payable to affiliates and directors		(171,129)	(437,722)
Accruals and withholdings payable		<u>(22,778)</u>	<u>-</u>
Total liabilities		<u>(1,231,861)</u>	<u>(1,317,308)</u>
Net position in dollars – asset	US\$	<u>(35,322)</u>	<u>218,199</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>

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NOTES TO THE FINANCIAL STATEMENTS

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(Amounts expressed in Dominican pesos – RD\$)

7. Cash on hand and in banks

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

	<u>2013</u>	<u>2012</u>
Petty cash	10,000	5,000
Deposits in banks (a)	5,539,244	14,263,463
	<u>5,549,244</u>	<u>14,268,463</u>

(a) As of December 31, 2013, this amount includes US\$122,910 (2012: US\$349,854) which corresponds to deposits in bank accounts at banks in the Dominican Republic. These accounts earn annual interest rates ranging from 0.5% to 1% of the available balance. During the year ended December 31, 2013, the bank balances generated interest for RD\$29,184 (2012: RD\$30,112) which are included in the other revenue line in the accompanying statement of activities.

As of December 31, 2013 and 2012, 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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(Amounts expressed in Dominican pesos – RD\$)

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

	<u>2013</u>	<u>2012</u>
Fédération Internationale de Volleyball (FIVB) (a)	78,512,108	77,416,296
Affiliates (b):		
Curacao Volleyball Federation	-	40,400
Federación Costarricense de Voleibol	-	16,160
Dominica Amateur Volleyball Association	-	8,080
Anguila Amateur Volleyball Federation	-	16,160
Antigua & Barbuda Amateur Volleyball Association	-	8,080
Aruba Volleyball Association	-	8,888
Grenada Volleyball Association	-	8,080
Surinaamse Volleyball Bond	-	40,400
Canada Volleyball Association	725,390	-
Federación Dominicana de Voleibol	853,933	739,825
Jamaica Volleyball Association	777,003	776,067
Trinidad & Tobago Volleyball Federation	-	47,018
Belize Volleyball Association	30,000	2,828
St. Kitts Amateur Volleyball Association	-	56,438
Ligue de Volleyball de Martinique	-	12,120
French St. Martin Volleyball Association	-	6,060
Dutch St. Maarten Volleyball Association	-	6,060
Barbados Volleyball Federation	-	16,160
Federación Hondureña de Voleibol	-	16,160
British Virgin Islands Association	-	8,080
Federación Puertorriqueña de Voleibol	-	664,228
Monserrat Volleyball Association	-	8,080
Saba Volleyball Association	-	12,120
Ligue Guadeloupenne de Volleyball	-	38,420
Federación Mexicana de Voleibol	9,942	103,026
Federación Panameña de Voleibol	-	25,333
Virgin Islands Volleyball Federation	-	61,647
Federación Colombiana de Voleibol	64,005	60,600
Cayman Islands Volleyball Federation	-	6,060
Federación Salvadoreña de Voleibol	-	44,713
Federación Venezolana de Voleibol	66,139	62,620
Federación Peruana de Voleibol	165,773	156,953
Federación Argentina de Voleibol	268,608	151,500
Federación Cubana de Voleibol	214,675	195,132
St. Vincent Volleyball Association	-	8,080
Sub-total	81,687,576	80,847,872
Allowance for doubtful accounts (c)	(1,219,105)	(892,490)
Total accounts receivable from affiliates	80,468,471	79,955,382

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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, 2013 and 2012, revenues recognized for this concept amount to CHF 750,000, equivalent to RD\$35,902,500 (2012: RD\$32,947,500).

In addition, accounts receivable include the economic contribution granted by the FIVB to hold the 2nd phase of the World Championship Qualification Tournament 2014 for US\$599,120 equivalent to RD\$25,564,431; the contributions for the july-december semester development plan for US\$375,000 equivalent to RD\$16,001,250, fees and purchase of plane tickets for professor Rafael Matos Navelo for US\$15,034, equivalent to RD\$641,491, and transfers of 14 athletes during the period, the latter amounting to US\$9,431 equivalent to RD\$402,435.

- (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\$74,419 in 2013 (2012: US\$84,940).
- (c) The activity in the allowance for doubtful accounts for the years ended December 31, is as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	(892,490)	(861,818)
Charges for the year – expense	(391,924)	(72,720)
Recovery of uncollectible accounts	65,309	42,048
Balance at year end	<u>(1,219,105)</u>	<u>(892,490)</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>30 to 60 days</u>	<u>61 to 90 days</u>	<u>Over 91 days</u>	<u>Over 91 days</u>	<u>Total</u>
2013	<u>78,097,517</u>	<u>853,400</u>	-	<u>1,517,554</u>	<u>1,219,105</u>	<u>81,687,576</u>
2012	<u>77,930,752</u>	<u>32,322</u>	<u>440,663</u>	<u>1,551,645</u>	<u>892,490</u>	<u>80,847,872</u>

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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>2013</u>	<u>2012</u>
Fédération Internationale de Volleyball (FIVB) (d)	(1,214,194)	(1,890,907)
Trinidad & Tobago Volleyball Federation (e)	(51,204)	(452,480)
Federación Mexicana de Voleibol (f)	-	(456,684)
USA Volleyball (g)	(110,942)	(206,327)
Federación Costarricense de Voleibol (h)	(710,015)	(404,000)
Federación Nacional de Voleibol de Guatemala (i)	-	(362,630)
Federación Puertorriqueña de Voleibol (j)	(47,774)	(497,581)
Aruba Volleyball Association (k)	-	(876,680)
Dominica Amateur Volleyball Association (l)	-	(14,249)
Curacao Volleyball Association (m)	(42,670)	(424,200)
Cayman Island Volleyball Federation (n)	-	(568,383)
St. Lucia Amateur Volleyball Association (o)	(72,539)	(121,200)
Asistencia Económica AFECAVOL (p)	-	(298,644)
Asistencia Económica ECVA (q)	(40,618)	(870,170)
Federación Nicaragüense de Voleibol (r)	-	(325,644)
Antigua & Barbuda Volleyball Association (s)	-	(808,000)
Bonaire Volleyball Association (t)	(170,680)	(252,500)
Bahamas Volleyball Federation (u)	-	(161,600)
Canada Volleyball Association (w)	-	(843,834)
Ligue de Volleyball de Martinique (x)	-	(312,657)
Ligue Guadeloupenne de Volleyball (y)	(128,010)	-
Cristóbal Marte Hoffiz – President of the Confederation (z)	(4,713,409)	(7,535,589)
	<u>(7,302,055)</u>	<u>(17,683,959)</u>
Notes payable (note 12)	<u>(42,624,123)</u>	<u>(32,335,711)</u>

(d) As of December 31, 2013 and 2012, this corresponds to the payment of fees for the international transfer of ITC athletes, for US\$28,456 (2012: US\$46,805).

(e) As of December 31, 2013, this corresponds to pending reimbursement for registrations to events and per diem payments to the referee of the 2012 Women's World Championship Qualification Tournament Group A for US\$1,200. As of December 31, 2012, corresponds to the financial assistance for the organization and celebration of the 10th Stage of the 2012 Continental Beach Volleyball Circuit equivalent to US\$10,000.

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

- (f) As of December 31, 2012, this corresponds to a fine for not holding 2012 Norceca U-18 Women's Youth Continental Championship, equivalent to US\$5,304, and the purchase of plane tickets to participate in the 2012 Youth and Junior Beach Volleyball World Championships, amounting to US\$6,000.
- (g) As of December 31, 2013, corresponds to complete pay 50% of the 8th Stage of the NORCECA Beach Volleyball equivalent to U.S. \$ 2,600. As of December 31, 2012, this corresponds to the advance payment of 50% of the registration fee for the 8th Stage of the 2012 Continental Beach Volleyball Circuit, registration fees for the 2012 Norceca U-21 Men's Junior Continental Championship, equivalent to US\$1,900 and US\$2,425, as well as the reimbursement of US\$782 for the purchase of the plane ticket to participate in a beach event in Antigua that was cancelled.
- (h) 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 2013, 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. As of December 31, 2012 this corresponds to the purchase of plane tickets to participate in the Norceca Continental Tour and Youth Beach Volleyball FIVB 2012, for US\$10,000.
- (i) As of December 31, 2012, this corresponds to financial assistance for the purchase of plane tickets to participate in the 2012 U-23 Men's Pan American Cup, amounting to US\$8,976.
- (j) As of December 31, 2013, corresponds to 10% complete fees Athletes ITC International Transfer, Season 2013-2012 in the amount of US\$1,120 (2012: US\$ 12,316).
- (k) As of December 31, 2012, this corresponds to 50% of the registration fees of the teams participating in the 11th Stage of the 2012 Continental Beach Volleyball Circuit, amounting to US\$1,700, and financial assistance of US\$20,000 to organize and hold the 11th Stage of the 2012 Continental Beach Volleyball Circuit.
- (l) As of December 31, 2012, this corresponds to the financial assistance amounting to US\$353 provided to Dominica Amateur Volleyball Association for the purchase of plane tickets to participate in the Continental Cup Beach Volleyball.

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

- (m) As of December 31, 2013 this corresponds to the registration in the 2nd round of the World Championship Qualification Tournament, Men's L Group 2013, for US\$1,000. As of December 31, 2012, this corresponds to financial assistance to organize and hold the 2012 Men's World Championship Qualification Tournament Group A, amounting to US\$10,500.
- (n) As of December 31, 2012, this corresponds to the reimbursement for the purchase of tickets at the World Championship Qualification Tournament, Women's Group E 2012, for US\$4,000 and economic assistance for the organization and holding of the World Championship Qualification Tournament, Men's E Group 2012, for US\$10,069.
- (o) As of December 31, 2013, this corresponds to the payment of 50% of the registration fees in the 9th Stage of the 2013 Continental Beach Volleyball Circuit, amounting to US\$1,700. As of December 31, 2012, this corresponds to the payment of 50% of the registration fees of the teams participating in the 2012 Men's World Championship Qualification Tournament Group B, amounting to US\$1,300, and 50% of registration fees of the teams participating in the 9th Stage of the 2012 Continental Beach Volleyball Circuit, amounting to US\$1,700.
- (p) As of December 31, 2012, this corresponds to the financial assistance for the purchase of plane tickets to participate in the 8th, 9th and 10th Stages of the 2012 Continental Beach Volleyball Circuit, amounting to US\$7,392.
- (q) 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. As of December 31, 2012, this corresponds to the purchase of plane tickets to participate in the 7th, 8th, 9th and 10th Stages of the 2012 Continental Beach Volleyball Circuit, amounting to US\$11,148, and the financial assistance to participate in the 2012 Women's Senior ECVA Championship, amounting to US\$10,391.
- (r) As of December 31, 2012, this corresponds to the financial assistance to organize the 2012 Norceca U-20 Women's Junior Continental Championship, amounting to US\$4,200, and the purchase of plane tickets to participate in the 10th and 11th Stages of the 2012 Continental Beach Volleyball Circuit, amounting to US\$3,861.

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

- (s) As of December 31, 2012, this corresponds to the financial assistance to organize and hold the 2012 Women's Senior ECVA Championship, amounting to US\$20,000.
- (t) As of December 31, 2013, this corresponds to the payment of plane tickets and referee's per diem to participate in the 2012 Women's World Championship Qualification Tournament Group G, amounting to US\$4,000. As of December 31, 2012, this corresponds to the accommodations and meals for coach Ruben Sainz during his visit to reinforce volleyball programs, amounting to US\$2,250.
- (u) As of December 31, 2012, this corresponds to the financial assistance to purchase plane tickets to participate in the 2012 Men's World Championship Qualification Tournament Group A, amounting to US\$4,000.
- (w) As of December 31, 2012, this corresponds to the financial assistance to organize and hold the 2012 U-23 Men's Pan American Cup, amounting to US\$16,887, and plane tickets to participate in the 2012 FIVB Beach Volleyball World Championship, amounting to US\$4,000.
- (x) As of December 31, 2012, this corresponds to the allocation for plane tickets to participate in the 2012 Men's World Championship Qualification Tournament Group A, amounting to US\$7,739.
- (y) As of December 31, 2013, 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.
- (z) As of December 31, 2013 and 2012, these correspond mainly to the compensation assigned for the Norceca President position, which includes US\$56,093 (2012: US\$54,369). 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.

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)1

Transactions:

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

	<u>2013</u>	<u>2012</u>
<i>Income:</i>		
Economic contributions received	93,267,701	90,473,375
Events and activities	13,623,214	17,011,273
Affiliation fees	639,912	609,336
Other	4,424,205	1,916,724
	<u>111,955,032</u>	<u>110,010,708</u>
<i>Expenses:</i>		
Sports supplies donated to federations	<u>8,115,556</u>	<u>6,191,011</u>
Economic contributions granted:		
Asociación de Federaciones Centroamericanas de Voleibol (AFECAVOL)	13,916,402	16,820,750
Caribbean Zonal Volleyball Association (CAZOVA)	15,661,259	30,784,962
Eastern Caribbean Volleyball Association (ECVA)	13,296,961	29,471,661
Economic assistance (CENTRAL ZONE)	4,221,781	4,607,527
	<u>47,096,403</u>	<u>81,684,900</u>
Director expenses:		
Lodging, per diem and meals	1,626,587	2,081,304
Representation expenses	435,840	382,139
Airplane tickets	492,631	535,585
Executive Committee Meetings	508,108	638,949
	<u>3,063,166</u>	<u>3,637,977</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 2013, the Confederation's president receives CHF50,000 (2012: CHF50,000) as compensation for his functions, in addition to the payment of expenses incurred in performing said duties. As of December 31, 2013 this amount was pending payment.

9. Sports supplies inventories

As of December 31, 2013 sports supplies inventories are recognized at fair value upon receipt of the corresponding amounts. The Confederation's sport supplies were received in exchange for advertising from the company Molten Corporation (see note 11), and sports supplies of the MIKASA brand were received from Fédération Internationale de Volleyball (FIVB) for use in the FIVB Beach Volleyball Continental Championship.

The breakdown of these inventories is as follows:

	<u>2013</u>	<u>2012</u>
<i>Molten supplies:</i>		
Balls	13,926,818	10,539,590
Nets	2,532,259	652,400
Ball carts	1,129,443	1,204,252
Antennas	708,054	261,386
Flags	344,914	266,553
Pressure gauges	256,523	174,360
Coaching Portfolios	273,671	244,591
Masking tape	29,650	63,694
Tabletop score board	245,984	196,848
Air Pumps	54,864	49,645
	<u>19,502,180</u>	<u>13,653,319</u>
<i>Mikasa supplies:</i>		
Balls	2,148,187	1,383,655
Nets	188,988	213,507
Antennas	138,082	138,083
Games lines	80,256	80,256
Ball carts	17,226	17,225
	<u>2,572,739</u>	<u>1,832,726</u>
<i>Other</i>		
Doping kits:	237,354	293,449
Mizuno uniforms	514,672	126,599
Beach Volleyball Games lines	323,525	150,283
	<u>1,075,551</u>	<u>570,331</u>
	<u>23,150,470</u>	<u>16,056,376</u>

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10. 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 January 1, 2012	3,458,390	916,823	4,375,213
Additions	192,465	159,387	351,852
Disposals	<u>(6,242)</u>	<u>-</u>	<u>(6,242)</u>
Balances as of December 31, 2012	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	<u>3,474,588</u>	<u>930,602</u>	<u>4,405,190</u>
Accumulated depreciation:			
Balances as of January 1, 2012	(2,357,403)	(465,336)	(2,822,739)
Depreciation expense for the year	(429,033)	(186,840)	(615,873)
Disposals	<u>3,627</u>	<u>-</u>	<u>3,627</u>
Balances as of December 31, 2012	(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	<u>(2,753,989)</u>	<u>(614,373)</u>	<u>(3,368,362)</u>
Net carrying amount:			
As of December 31, 2013	<u>720,599</u>	<u>316,229</u>	<u>1,036,828</u>
As of December 31, 2012	<u>861,804</u>	<u>424,034</u>	<u>1,285,838</u>

As of December 31, 2013, the Confederation maintains in use fully depreciated assets amounting to approximately RD\$2,050,000 (2012: RD\$2,380,000).

11. Sports supplies received in exchange for advertising

On January 1, 2011 the Confederation signed a contract with Molten Corporation for a period of four (4) years, maturing on December 31, 2014. By means of this agreement the Confederation grants Molten the right to advertise its sports supplies in all competitions and tournaments held by the Confederation. As consideration, Molten Corporation gave sports supplies to the Confederation for approximately US\$240,000 in the 2013 (2012: RD\$230,002)

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

The allocation for sports supplies from Molten in 2013 was US\$240,319 equivalent to RD\$9,953,001 (2012: US\$232,602 equivalent to RD\$9,153,853) which were received in full.

In addition, Sport Court brand floors were received for a total of US\$270,397 equivalent to RD\$11,532,993 and MIKASA volleyballs for US\$31,161 equivalent to RD\$1,310,799.

12. Notes payable

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

	<u>2013</u>	<u>2012</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 (2012: US\$800,389), which bear an annual interest of 9%. These lines of credit are valid for twelve (12) months, maturing in 2014. Interests are payable monthly until the maturity date of the lines of credit, date on which the total will be paid in full. As of December 31, 2013 the amount available on these lines of credit amounts to US\$1,075 (2012: US\$199,611). Interest expenses caused during the year ended December 31, 2013 amount to RD\$2,706,535 (2012: RD\$791,450).	<u>42,624,123</u>	<u>32,335,711</u>

13. 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, 2013 this includes US\$39,029 (2012: US\$79,197) payable in US dollars.

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14. Personnel expenses

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

	<u>2013</u>	<u>2012</u>
Wages	7,186,083	6,002,926
Christmas Bonus	597,452	501,112
Vacations	354,606	335,404
Notice and severance	172,802	60,428
Overtime	244,360	511,087
Services to personnel	1,432,855	672,363
Social security	1,040,355	942,255
	<u>11,028,513</u>	<u>9,025,575</u>

15. Coordination meeting expenses

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

	<u>2013</u>	<u>2012</u>
Norceca Congress (a)	2,681,267	-
FIVB Congress		891,355
FIVB Working Meetings (b)	1,136,299	195,332
Norceca Working Commission Meeting (c)	1,455,243	3,305,494
Norceca Executive Committee and Board of Administration Meeting (a)	508,108	677,989
Afecavol Assembly	43,638	85,980
Asian confederation Meetings	421,126	-
	<u>6,245,681</u>	<u>5,156,150</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, República Dominicana.
- (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, República Dominicana.

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16. 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, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
XII Women's Pan American Cup	643,141	296,306
VIII Men's Pan American Cup	170,239	507,097
Women's Youth Continental Championship	-	36,246
Men's Youth Continental Championship	-	100,508
Men's Junior Continental Championship	-	12,419
Women's Junior Continental Championship	-	393,061
Norceca Women's Continental Championship	292,988	-
Norceca Men's Continental Championship	2,035	-
1st Stage of the VII Continental Beach Volleyball Circuit	422,998	644,199
2nd Stage of the VII Continental Beach Volleyball Circuit	559,029	568,206
3rd Stage of the VII Continental Beach Volleyball Circuit	435,532	497,167
4th Stage of the VII Continental Beach Volleyball Circuit	539,742	644,145
5th Stage of the VII Continental Beach Volleyball Circuit	704,513	648,207
6th Stage of the VII Continental Beach Volleyball Circuit	698,568	374,624
7th Stage of the VII Continental Beach Volleyball Circuit	485,947	379,428
8th Stage of the VII Continental Beach Volleyball Circuit	647,302	471,831
9th Stage of the VII Continental Beach Volleyball Circuit	510,316	755,816
10th Stage of the VII Continental Beach Volleyball Circuit	746,259	628,721
11st Stage of the VII Continental Beach Volleyball Circuit	539,095	881,190
Nanjing 2014 Beach Volleyball Youth Olympic Games Qualification Tournaments	2,129,177	3,257,450
FIVB Youth & Junior Championship	492,228	-
Women's Olympic Qualification Championship	-	178,030
Men's Olympic Qualification Championship	-	138,675
World Grand Prix	487,465	402,031
Men's World League	-	621,050
FIVB Continental Cup Beach Volleyball	-	7,943,373
U-23 Women's Pan American Cup	-	200,780
U-23 Men's Pan American Cup	-	52,023
FIVB Youth and Junior Beach Volleyball World Championships	-	878,217
U 20 Women's Pan American Cup	1,357,596	-
U-18 Girls's Youth Pan American Cup	687,051	-
Final Four Championship	349,239	-
2 nd Round of the World Championship Qualification Tournament 2014 (a)	23,266,806	-
Youth Volleyball Festival Assistance 2013	811,756	-
Awards and incentives	426,700	-
	<u>37,405,722</u>	<u>21,510,800</u>

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16. Events and championships (continued)

- (a) 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.

17. FIVB Regional Volleyball Development Centre

As of December 31, 2013 and 2012 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\$2,980,483 (2012: RD\$3,756,379).

18. Other expenses

The breakdown of other expenses for the years ended December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Building maintenance	350,555	102,604
Anti-doping	1,263,767	833,020
Leases (a)	666,798	227,945
Transport, fuel and lubricants	1,009,992	926,793
Bank charges	841,878	844,531
Other	2,304,137	1,572,001
	<u>6,437,127</u>	<u>4,506,894</u>

- (a) During the year ended December 31, 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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19. 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:

	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 other	-	2,960,740	1,728,701	4,689,441
Accounts payable to affiliates and directors	7,302,055	-	-	7,302,055
Accruals and withholdings payable	-	1,679,682	-	1,679,682
	<u>7,302,055</u>	<u>4,640,422</u>	<u>48,188,995</u>	<u>60,131,472</u>

	2012			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Notes payable	-	-	35,245,925	35,245,925
Accounts payable to vendors and other	-	4,256,051	1,171,704	5,427,755
Accounts payable to affiliates and directors	17,683,959	-	-	17,683,959
Accruals and withholdings payable	-	599,050	-	599,050
	<u>17,683,959</u>	<u>4,855,101</u>	<u>36,417,629</u>	<u>58,956,689</u>

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19. 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)
2013	US\$	+5%	75,361
	US\$	-5%	<u>(75,361)</u>
2012	US\$	+5%	(440,762)
	US\$	-5%	<u>440,762</u>
		Increase (Decrease) in exchange rate for CHF	Effect of change on Net Assets (Liabilities)
2013	CHF	+5%	(1,675,450)
	CHF	-5%	<u>1,675,450</u>
2012	CHF	+5%	(1,537,550)
	CHF	-5%	<u>1,537,550</u>

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19. 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.

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.