

Financial Statements

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

*December 31, 2015*

*(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, 2015 and the statements of activities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's responsibility for the financial statements*

The Confederation's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the internal control that management determine necessary to enable the preparation of financial statements free from significant errors, whether due to fraud or mistake.

### *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 significant errors.

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, 2015 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

May 30, 2016  
Santo Domingo,  
Dominican Republic

A handwritten signature in cursive script that reads "Ernst & Young".

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

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2015 and 2014**

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

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Current assets:			
Cash on hand and in banks	7	4,276,245	7,084,717
Accounts receivable from affiliates	8	74,445,186	53,766,904
Other accounts receivable	9	446,613	5,591,901
Prepaid expenses		871,098	662,012
Sport equipment inventories	10	27,495,817	27,441,908
Total current assets		<u>107,534,959</u>	<u>94,547,442</u>
Furniture and equipment	11	1,682,639	677,363
<b>Total assets</b>		<b><u>109,217,598</u></b>	<b><u>95,224,805</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Notes payable	8 and 13	13,629,633	-
Accounts payable to suppliers and others	14	13,438,094	3,315,345
Accounts payable to affiliates and directors	8	10,429,951	21,047,882
Accruals and withholdings payable		834,933	1,733,105
Total liabilities		<u>38,332,611</u>	<u>26,096,332</u>
Unrestricted net assets		<u>70,884,987</u>	<u>69,128,473</u>
<b>Total liabilities and net assets</b>		<b><u>109,217,598</u></b>	<b><u>95,224,805</u></b>

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

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

Financial Statements

## STATEMENTS OF ACTIVITIES

For the years ended December 31, 2015 and 2014

(Amounts expressed in Dominican pesos – RD\$)

		<u>2015</u>	<u>2014</u>
	<u>Notes</u>		
<b>Unrestricted revenues:</b>			
Economical assistance	8	73,216,445	69,592,507
Events and activities	8	33,971,228	45,885,903
Exchange for advertising sports equipment	12	20,425,334	25,870,149
Affiliation fees	8	697,944	672,984
Other revenues	8	3,619,083	10,278,115
Total unrestricted revenues		<u>131,930,034</u>	<u>152,299,658</u>
<b>Expenses:</b>			
Personnel expenses	15	(10,541,235)	(11,343,404)
Professional fees		(1,505,640)	(1,498,048)
Coordination meetings	8 and 16	(10,691,358)	(5,854,363)
Events and championships	17	(24,715,645)	(26,641,421)
Telephone services		(572,869)	(939,150)
Depreciation	11	(505,023)	(540,790)
Donation of sport equipment	8	(18,047,703)	(13,920,630)
Economical assistance	8	(43,352,883)	(61,504,386)
Lodging, per diem and snacks	8	(6,212,465)	(5,282,235)
FIVB Regional Volleyball Development Centres	18	(3,597,229)	(1,950,045)
Air tickets	8	(169,135)	(776,074)
Office supplies		(642,549)	(487,389)
Representation expenses	8	(213,654)	(175,108)
Loss on disposal of fixed assets		(17,295)	(13,307)
Loss by obsolescence of inventory	10	(2,664,303)	-
Interest expenses	13	(1,405,752)	(1,737,913)
Profit / loss foreign exchange (rate)		1,192,552	(132,790)
Other expenses	19	(6,511,334)	(4,766,539)
Total		<u>(130,173,520)</u>	<u>(137,563,592)</u>
Changes in unrestricted net assets for the year		1,756,514	14,736,066
Unrestricted net assets at beginning of year		<u>69,128,473</u>	<u>54,392,407</u>
<b>Unrestricted net assets at year-end</b>		<u><b>70,884,987</b></u>	<u><b>69,128,473</b></u>

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

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

## Financial Statements

### STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

(Amounts expressed in Dominican pesos – RD\$)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<b>Operating activities:</b>			
Changes in unrestricted net assets		1,756,514	14,736,066
Depreciation expenses	11	505,023	540,790
Loss on disposal of fixed assets		17,295	13,307
Estimation for inventory obsolescence	10	2,664,303	-
Inventory received in exchange for advertising		(20,425,334)	(25,870,149)
Interest expenses		1,405,752	1,737,913
Changes in assets and liabilities:			
Decrease (increase) in assets			
Accounts receivable from affiliates		(20,678,282)	26,701,567
Others accounts receivable		5,145,288	(5,187,376)
Prepaid expenses		(209,086)	(583,842)
Sports equipment inventories		17,707,122	21,578,711
Increase (decrease) in liabilities:			
Accounts payable to suppliers and others		10,122,749	(1,374,096)
Accounts payable to affiliates and directors		(10,617,931)	13,745,827
Accruals and withholdings payable		(898,172)	53,423
Net cash provided by (used in) operating activities		<u>(13,504,759)</u>	<u>46,092,141</u>
<b>Investing activities:</b>			
Acquisition of furniture and equipment	11	<u>(1,527,594)</u>	<u>(194,632)</u>
Net cash used in investment activities		<u>(1,527,594)</u>	<u>(194,632)</u>
<b>Financing activities:</b>			
Acquisition of notes payable		22,585,000	35,890,345
Payment of notes payable		(8,955,367)	(78,514,468)
Interest paid		<u>(1,405,752)</u>	<u>(1,737,913)</u>
Net cash provided by (used in) financing activities		<u>12,223,881</u>	<u>(44,362,036)</u>
Net increase (decrease) of cash on hand and in banks		(2,808,472)	1,535,473
Cash on hand and in banks at beginning of year		<u>7,084,717</u>	<u>5,549,244</u>
<b>Cash on hand and in banks at year-end</b>		<b><u>4,276,245</u></b>	<b><u>7,084,717</u></b>

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

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

*Financial Statements*

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## **NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

### **1. Corporate Information**

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

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

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

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

The Confederation’s financial resources are mainly from the annual contribution received by the FIVB as well as from competitions and events organized, marketing rights and advertisement and affiliation fees paid by the federations under its management, as well as sports equipment exchanges. As of December 31, 2015 and 2014, 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, 2015 were authorized for issue by Confederation’s Management on May 30, 2016.

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

#### **2.1 Declaration of compliance**

The Confederation’s financial statements as of December 31, 2015 and 2014 have been prepared in conformity with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).



**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

**2.2 Basis of valuation and presentation currency**

The Confederation's financial statements as of December 31, 2015 and 2014 were prepared on a historical cost basis, except for certain items that were measured under the valuation methods indicated in note 4. The financial statements are presented in Dominican pesos (RD\$), which was defined as the Confederation's functional and presentation currency.

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

*Classification of net assets*

*Unrestricted net assets:*

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

*Temporarily restricted net assets:*

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

*Permanently restricted net assets:*

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

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

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

The accounting policies applied by the Confederation for the preparation of its financial statements as of December 31, 2015 are consistent with those used in the preparation of its financial statements as of December 31, 2014.

The following modifications to International Financial Reporting Standards and new Interpretations to those standards entered into effect as of January 1, 2015. These modifications and new interpretations have not caused a significant effect on the Confederation's separate financial statements, have required only certain additional disclosures and in some cases, the revision of certain accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

**3. Changes in accounting policies and disclosures (continued)**

*IAS 24 Related Party Disclosures*

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

*IFRS 13 Fair Value Measurement*

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

**4. Summary of significant accounting policies**

**4.1 Foreign currency transactions**

The accompanying financial statements have been prepared in Dominican pesos (RD\$), which has been defined as the functional and presentation currency of the Confederation. Transactions in foreign currency are initially recorded at the exchange rate in effect on each transaction date. Monetary assets and liabilities in foreign currency are converted again at the exchange rate in effect on the date of the statement of financial position. All differences are carried to the income statement and classified within accounts of a similar nature to the transactions that result in exchange rate gains or losses.

As of December 31, 2015, the exchange rate used to convert funds in U.S. dollars in relation to Dominican pesos was RD\$45.47 (2014: RD\$44.20) per US\$1.00 and in relation to the Swiss franc RD\$45.91 (2014: RD\$44.70) per CHF1.00. The information related to the balances in foreign currency is presented in note 6 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

**4.2 Cash on hand and in banks**

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

**4.3 Financial assets**

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

The Confederation initially recognizes all of its financial assets at fair value plus costs directly attributable to the transaction, except for financial assets valued at fair value with changes in results that are not considered such costs.

Purchases or sales of financial assets are recognized by the Confederation on the dates that make each transaction, being the date, the date on which the Confederation undertakes to buy or sell a financial asset.

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

*Accounts receivable*

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

***Impairment of financial assets***

As of the date of the statement of financial position the Confederation determines whether a financial asset or group of financial assets may be impaired.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

**4.3 Financial assets (continued)**

*Derecognition of financial asset*

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

**4.4 Sporting goods inventory**

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

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

**4.5 Furniture and equipment**

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

Depreciation is calculated by the Confederation on a straight line basis over the estimated useful life of each asset, which has been estimated to be 25% and 15%. The estimated useful lives and depreciation methods are reviewed annually by management and are adjusted, where appropriate, at the end of each accounting period.

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

**4.6 Impairment of non-financial assets**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

**4.6 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, 2015 and 2014, no impairment losses were recorded on the value of non-financial assets.

**4.7 Financial liabilities**

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

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

*Accounts payables*

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

*Notes payable*

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

***Derecognition of financial liabilities***

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

**4.8 Revenue recognition**

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

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

**4.9 Recognition of costs and expenses**

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

**4.10 Income tax**

The Confederation is income tax exempt due to its nature as a Non-Governmental Organization; however, this condition does not exempt the entity from taxes related to withholdings on salaries and to third parties. Additionally, the Confederation has the obligation of filing an annual income tax return for information purposes. Nonetheless, the entity shall act as an Income Tax Withholding Agent on the salaries paid in favor of the employees under the scales established by Law 11-92, as well as taxable services rendered on behalf of third parties in favor of the Confederation

**4.11 Cost of employee benefits**

*Pension plan*

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

During the year ended December 31, 2015, the Confederation made contributions for this concept for RD\$1,054,000 (2014: RD\$1,106,000), which is included as part of personnel expenses in the accompanying statement of activities.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

**4.11 Cost of employee benefits**

*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, 2015 and 2014, 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.

**4.12 Significant accounting estimates and assumptions**

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

*Estimates and assumptions*

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

*Impairment of non-financial assets*

The Confederation assesses on each reporting date whether there is any indication that a non-financial asset may be impaired. Non-financial assets are tested for impairment when there are indications that the carrying amount may not be recoverable.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

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

*IFRS 9 Financial Instruments*

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

The standard introduces new requirements for the classification and measurement, impairment and hedge accounting. IFRS 9 enters into effect for annual periods beginning on or after January 01, 2018, and early adoption is allowed. Retrospective application is required, except for hedge accounting, but comparative information is not mandatory. The requirements are generally applied prospectively for hedge accounting, with certain limited exceptions.

*Annual Improvements 2012-2014 Cycle*

These amendments are effective for annual periods beginning on or after 1 January 2016. The improvements include:

*IFRS 7 Financial Instruments: Disclosures*

Service contracts: The amendment clarifies that a service contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

*Amendments to IAS 1 Presentation of Financial Statements*

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendment clarify: (a) materiality requirements in IAS 1, (b) that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, (c) that entities have flexibility as to the order in which they present the notes to financial statements, (d) that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

**6. Balances in foreign currency**

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

		<u>2015</u>	<u>2014</u>
<b>US dollars:</b>			
<i>Assets:</i>			
Cash on hand and in banks	US\$	86,733	150,343
Accounts receivable from related parties		895,012	473,426
Other accounts receivable		4,656	122,294
Total assets		<u>986,401</u>	<u>746,063</u>
<i>Liabilities:</i>			
Notes payable		(299,750)	-
Accounts payable to vendors and others		(98,825)	(36,831)
Accounts payable to affiliates and directors		(229,380)	(859,280)
Accruals and withholdings payable		(14,542)	(15,482)
Total liabilities		<u>(642,497)</u>	<u>(911,593)</u>
<b>Net position in dollars – asset (liability)</b>	<b>US\$</b>	<b><u>343,904</u></b>	<b><u>(165,530)</u></b>
<b>Swiss francs:</b>			
<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>
<b>Net position in Swiss francs – asset</b>	<b>CHF</b>	<b><u>700,000</u></b>	<b><u>700,000</u></b>

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

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

	<u>2015</u>	<u>2014</u>
Petty cash	10,000	10,000
Deposits in banks (a)	4,266,245	7,074,717
	<u>4,276,245</u>	<u>7,084,717</u>

(a) As of December 31, 2015, this amount includes US\$86,733 (2014: US\$150,343) which corresponds to deposits in bank accounts at banks in the Dominican Republic. These accounts earn annual interest rates ranging from 0.35% to 1% (2014: 0.35% to 1%) of the available balance. During the year ended December 31, 2015, the bank balances generated interest for RD\$29,115 (2014: RD\$24,266) which are included in the other revenue line in the accompanying statement of activities.

As of December 31, 2015 and 2014, 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, 2015 and 2014, is the following:

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

	<u>2015</u>	<u>2014</u>
Fédération Internationale de Volleyball (FIVB) (a)	72,354,480	50,100,000
Affiliates (b):		
Federación Costarricense de Voleibol	-	228,249
Antigua & Barbudas Volleyball Association	-	8,840
Canada Volleyball Association	834,602	621,452
Jamaica Volleyball Association	870,050	823,649
Trinidad & Tobago Volleyball Federation	23,826	141,440
Antigua & Barbudas Volleyball Association	7,011	8,840
Federación Hondureña de Voleibol	45,470	-
British Virgin Islands Volleyball Association	7,011	-
Federación Puertorriqueña de Voleibol	750,482	1,822,675
Montserrat Volleyball Association	25,199	8,840
Saba Volleyball Association	7,010	-
Ligue Guadeloupenne de Volleyball	-	13,260
Federación Mexicana de Voleibol	88,667	30,627
Federación Panameña de Voleibol	-	17,680
Cayman Islands Volleyball Federation	15,050	8,840
Federación Salvadoreña de Voleibol	-	163,540
Federación Nicaragüense de Voleibol	-	434,814
Bonaire Volleyball Association	-	8,840
St. Vincent Volleyball Association	7,011	8,840
Grenada Volleyball Association	7,011	-
St. Lucia Amateur Volleyball Association	7,011	-
French St. Martin Volleyball Association	7,011	-
Dutch St. Maarten Volleyball Association	7,011	-
St. Eustatius Volleyball Association	39,749	-
Turk and Caicos Volleyball Association	4,014	-
Dominica Amateur Volleyball Association	7,011	-
Anguila Amateur Volleyball Association	7,011	-
St. Kitts Amateur Volleyball Association	7,010	-
Sub-total	<u>75,128,708</u>	<u>54,450,426</u>
Doubtfull accounts estimated loss (c)	(683,522)	(683,522)
<b>Total accounts receivable from affiliates</b>	<b><u>74,445,186</u></b>	<b><u>53,766,904</u></b>

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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, 2015 and 2014, revenues recognized for this concept amount to CHF 750,000, equivalent to RD\$34,432,500 (2014: RD\$33,525,000).

In addition, accounts receivable to the FIVB include the contribution to the development plan semester in amount of US\$834,000 equivalent to RD\$37,921,980 (2014: US\$375,000 equivalentes a RD\$16,575,000).

- (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\$61,012 in 2015 (2014: US\$98,426).
- (c) The activity in the allowance for doubtful accounts for the years ended December 31, is as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	(683,522)	(1,219,105)
Recovery of uncollectible accounts	-	535,583
<b>Balance at year end</b>	<u><b>(683,522)</b></u>	<u><b>(683,522)</b></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 90 days</u>	<u>Over 91 days</u>	<u>Total</u>
<b>2015</b>	<u><b>70,372,378</b></u>	<u>-</u>	<u><b>157,963</b></u>	<u><b>3,914,845</b></u>	<u><b>683,522</b></u>	<u><b>75,128,708</b></u>
<b>2014</b>	<u><b>50,197,240</b></u>	<u><b>44,200</b></u>	<u><b>163,982</b></u>	<u><b>3,361,482</b></u>	<u><b>683,522</b></u>	<u><b>54,450,426</b></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, 2015 y 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Fédération Internationale de Volleyball (FIVB) (d)	(1,939,576)	(1,740,425)
USA Volleyball (e)	(454,700)	(198,900)
Federación Puertorriqueña de Voleibol (f)	(93,910)	(49,488)
Curacao Volleyball Association (g)	(12,732)	(44,200)
Economical Assistance ECVA (h)	(245,538)	-
Economical Assistance CAZOVA (i)	-	(548,080)
Federación Salvadoreña de Voleibol (j)	-	(542,249)
Federación Hondureña de Voleibol (k)	-	(663,000)
Bonaire Volleyball Association (l)	(172,786)	(176,800)
Ligue Guadeloupenne de Volleyball (m)	(136,410)	(132,600)
Barbados Volleyball Federation (n)	(20,462)	(19,890)
Cristóbal Marte Hoffiz – President of the Confederation (o)	(7,262,897)	(16,932,250)
Economical Assistance AFECAVOL (p)	(90,940)	-
	<u>(10,429,951)</u>	<u>(21,047,882)</u>
Notes payable (note 13)	<u>(13,629,633)</u>	<u>-</u>

(d) As of December 31, 2015, this relates to the payment of fees for “International Transfer Certificate” (ITC) for US\$33,256 (2014: US\$34,676) and to the payment of affiliations to the FIVB, for US\$4,700 (2014: US\$4,700).

(e) As of December 31, 2015, this corresponds to an award to the champion of the 2015 Norceca Beach Volleyball Continental Tour, in the female and male versions, for US\$10,000. As of December 31, 2014, this corresponds to 50% of the registration of countries participating in the 2014 U-19 Boys Continental Championship for US\$4,500.

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

- (f) As of December 31, 2015, this relates to 10% of the fees for “International Transfer Certificate” ITC, 2015-2014 and 2013-2012 season, for US\$2,065 (2014: US\$1,120).
- (g) As of December 31, 2015 and 2014, this relates to the registration in the 2nd round of the World Championship Qualification Tournament, 2<sup>nd</sup> Round Group L, for US\$280 (2014: US\$1,000).
- (h) As of December 31, 2015, these correspond to per diem for instructor Joao Moraes de Campos for technical assistance to the St. Lucia Volleyball Association, for US\$5,400.
- (i) As of December 31, 2014, corresponds to the 2014 rotating fund, for US\$7,000, and per diem to instructor Augusto Sabbatini in Bonaire Volleyball Association from October 13 to November 13, 2014, for US\$5,400.
- (j) As of December 31, 2014, this corresponds to economical assistance for the 2014 Central American Beach Volleyball Championship, for US\$12,268.
- (k) As of December 31, 2014, this corresponds to economical assistance for the 2014 Central American Male Championship, held in Tegucigalpa, for US\$15,000.
- (l) As of December 31, 2015 and 2014, this corresponds to the obligation to pay airplane tickets, meals and lodging for the referee participation in the 2012 Women World Championship Qualification Tournament 1<sup>st</sup> Round Group G for US\$3,800.
- (m) As of December 31, 2015 and 2014, these correspond to the registration of teams participating in the World Championship Qualifications Tournament 2<sup>nd</sup> Round Group N for US\$3,000.
- (n) As of December 31, 2015 and 2014, this corresponds to the balance pending payment for return of 50% of the payment of the referee in the Norceca U-21 Continental Championship held in El Salvador, for US\$450.
- (o) As of December 31, 2015 and 2014, this corresponds to compensation assigned to the President of Norceca for his duties, for US\$159,729 (2014: US\$383,082). This account does not accrue interest and has no maturity date, nor a specific guarantee, and the obligation is settled once the annual assignment is received from FIVB.

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

- (p) As of December 31, 2015, these corresponds the per diem expenses for instructor Justo Morales for technical assistance to the Honduras Federation, for US\$2,000.

These accounts do not accrue interest and are not subject to a discount for early payment. Accounts payable to affiliates and directors with a maturity of 60 to 90 days are expected to be settled once the annual contribution is received from FIVB between May and June of each year.

#### Transactions:

During the years ended December 31, 2015 and 2014, transactions with affiliates and executives, were as follows:

	<u>2015</u>	<u>2014</u>
<u>Income:</u>		
Economic contributions received	70,917,140	69,592,507
Events and activities	33,371,868	45,885,903
Affiliation fees	697,944	672,984
Other	7,710,301	10,278,115
	<u>112,697,253</u>	<u>126,429,509</u>
<u>Expenses:</u>		
Sports supplies donated to federations	<u>18,047,703</u>	<u>13,920,630</u>
Economic contributions granted:		
Asociación de Federaciones Centroamericanas de Voleibol (AFECAVOL)	10,747,000	23,852,747
Caribbean Zonal Volleyball Association (CAZOVA)	16,859,115	16,464,657
Eastern Caribbean Volleyball Association (ECVA)	11,496,353	14,187,172
North Central America Volleyball Association, Central zone (NCVA)	4,250,415	6,999,810
	<u>43,352,883</u>	<u>61,504,386</u>
Other expenses:		
Rentals	619,182	619,182
Lodging, per diem and meals	533,883	1,804,129
Representation expenses	213,654	175,108
Airplane tickets	169,135	776,074
Executive Committee Meetings	732,339	668,022
	<u>2,268,193</u>	<u>4,042,515</u>
	<u>63,668,779</u>	<u>79,467,531</u>

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

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, except on December 31, 2015, that the documents for paying were provided with united guarantee of the President of the Norceca, mister Cristóbal Mars Hoffiz.

The Confederation's president receives CHF50,000 equivalent to RD\$2,295,000 (2014: CHF50,000 equivalent to RD\$2,235,000) as compensation for his functions, in addition to the payment of expenses incurred in performing said duties. As of December 31, 2015 this amount was pending payment.

**9. Other accounts receivable**

The breakdown of the accounts receivable is as follows:

	<u>2015</u>	<u>2014</u>
Employees (a)	153,460	149,655
Advances to suppliers (b)	-	5,241,015
Other	293,153	201,231
	<u>446,613</u>	<u>5,591,901</u>

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

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



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#### 10. Sports supplies inventories

The Confederation's sport equipment was received in exchange for advertising and purchase from Molten Corporation (see note 12). From FIVB was received sport equipment of the MIKASA brand, in order to be used in the FIVB Beach Volleyball Continental Cup, and other sport supplies of the Jinling Sports brand. The detail of these inventories is as follows:

	<u>2015</u>	<u>2014</u>
<i>Molten supplies:</i>		
Balls	16,799,465	15,589,312
Nets	2,238,513	1,364,224
Ball carts	1,073,699	1,046,469
Antennas	728,424	89,429
Flags	332,147	472,736
Pressure gauges	137,294	185,719
Coaching Portfolios	340,540	340,621
Masking tape	132,955	2,196
Tabletop score board	348,277	286,034
Air Pumps	80,534	72,717
	<u>22,211,848</u>	<u>19,449,457</u>
<i>Mikasa supplies:</i>		
Balls	2,303,377	2,088,737
Nets	188,988	188,988
Antennas	138,082	138,082
Games lines	80,256	80,256
Ball carts	17,227	17,226
	<u>2,727,930</u>	<u>2,513,289</u>
<i>Jinling supplies</i>		
Referee support	927,045	927,045
Net system	906,854	906,853
Nets	429,671	580,938
Padding and vertical filling	207,584	207,585
Antennas	140,314	198,891
Cutoff line system	146,315	146,317
Anchoring system	99,631	99,630
Floors	81,477	81,475
	<u>2,938,891</u>	<u>3,148,734</u>
<i>Other</i>		
Doping kits:	15,455	93,502
Mizuno uniforms	342,246	388,763
Beach Volleyball Games lines	213,869	127,322
Gerflor floors	1,709,881	1,720,841
	<u>2,281,451</u>	<u>2,330,428</u>
Sub-total	30,160,120	27,441,908
Estimation for inventory obsolescence	(2,664,303)	-
<b>Total</b>	<u><b>27,495,817</b></u>	<u><b>27,441,908</b></u>

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**11. Furniture and equipment**

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

	<b><u>Office, Furniture and Equipment</u></b>	<b><u>Computer Equipment</u></b>	<b><u>Power Plant</u></b>	<b><u>Total</u></b>
<b>Cost of purchase:</b>				
Balances as of January 1, 2014	3,474,588	930,602	-	4,405,190
Additions	63,962	130,670	-	194,632
Disposals	(5,615)	(55,142)	-	(60,757)
Reclassifications	(22,354)	22,354	-	-
Balances as of December 31, 2014	3,510,581	1,028,484	-	4,539,065
Additions	99,828	82,885	1,344,881	1,527,594
Disposals	(134,466)	(130,155)	-	(264,621)
Balances as of December 31, 2015	<u>3,475,943</u>	<u>981,214</u>	<u>1,344,881</u>	<u>5,802,038</u>
<b>Accumulated depreciation:</b>				
Balances as of January 1, 2014	(2,753,989)	(614,373)	-	(3,368,362)
Depreciation expense for the year	(364,597)	(176,193)	-	(540,790)
Disposals	5,615	41,835	-	47,450
Reclassifications	19,537	(19,537)	-	-
Balances as of December 31, 2014	(3,093,434)	(768,268)	-	(3,861,702)
Depreciation expense for the year	(232,816)	(154,530)	(117,677)	(505,023)
Disposals	119,069	128,257	-	247,326
Balances as of December 31, 2015	<u>(3,207,181)</u>	<u>(794,541)</u>	<u>(117,677)</u>	<u>(4,119,399)</u>
<b>Net carrying amount:</b>				
<b>As of December 31, 2015</b>	<u><u>268,762</u></u>	<u><u>186,673</u></u>	<u><u>1,227,204</u></u>	<u><u>1,682,639</u></u>
<b>As of December 31, 2015</b>	<u>417,147</u>	<u>260,216</u>	<u>-</u>	<u>677,363</u>

As of December 31, 2015, the Confederation maintains in use fully depreciated assets amounting to approximately RD\$2,210,000 (2014: RD\$2,630,000).

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

In date on January 1<sup>st</sup>. of 2015, the Confederation renewed the contract with Molten Corporation for a period of four years, which expires on December 31<sup>st</sup>, 2018. Through this agreement the Confederation grants to Molten the right to promote their sports equipment in all competitions and tournaments held by the Confederation. As consideration, Molten Corporation shall deliver to the Confederation Sport Equipment for approximately value of US\$260,000 in 2015 (2014: US\$250,000).

The value of the sports equipment received from molten during the year 2015 was US\$260,066 equivalent to RD\$11,706,583 (2014: US\$250,000 equivalent to RD\$10,903,921). They were also received floors brand Sport Court for a total amount of US\$180,346 equivalent to RD\$8,200,351 (2014: \$270,397 equivalent to RD\$11,532,993), balloons brand MIKASA at a value of US\$11,520 equivalent to RD\$518,400 (2014: US\$11,607 equivalent to RD\$501,668).

**13. Notes payable**

Notes payable correspond to short-term credit lines. As indicated below:

	<u>2015</u>	<u>2014</u>
Correspond to a lines of credit with joint and several guarantee of the President of Norceca, Mr. Cristóbal Marte Hoffiz. These lines were approved in 2013 by BDI Bank for an original amount of US\$500,000. The amount used during the year 2015 was US\$500,000, which bear an annual interest of 9%. Interests are payable monthly until the maturity date of the line of credit. During the year 2014 was paid the total capital in one installment. Interest expenses caused during the year ended December 31 <sup>st</sup> , 2015 amount to RD\$1,405,752 (2014: RD\$1,737,913).	<u>13,629,633</u>	<u>-</u>

As of December 31<sup>st</sup>, 2015, the Confederation maintains one (1) an approved credit line with a local financial institution. The available balance in is line to date is US\$200,250, equivalent to RD\$9,105,367 (2014:US\$500,000 equivalent to RD\$22,100,000).

**14. Accounts payable to vendors and others**

Accounts payable to vendors and others do not bear interest, are not subject to discounts for early payment, and are generally payable within 30 to 60 days as of the date of issue of the corresponding notes or invoices. As of December 31<sup>st</sup>, 2015 this include US\$98,825 (2014: US\$36,831) payable in US dollars.

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#### 15. Personnel expenses

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

	<u>2015</u>	<u>2014</u>
Wages	7,265,880	7,707,279
Christmas Bonus	688,584	643,964
Vacations	304,630	420,094
Notice and dismissal	466,817	600,958
Services to personnel	760,910	864,596
Social security	1,054,414	1,106,513
	<u>10,541,235</u>	<u>11,343,404</u>

#### 16. Coordination meeting expenses

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

	<u>2015</u>	<u>2014</u>
Norceca Congress (a)	5,807,899	-
FIVB Working Meetings (b)	580,336	1,121,436
Norceca Working Commission Meeting (c)	2,260,646	2,659,056
Norceca Executive Committee and Board of Administration Meeting (a)	732,339	668,022
AFECAVOL Assembly (d)	116,139	295,609
ECVA Assembly (d)	728,936	561,550
CAZOVA Assembly (d)	465,063	548,690
	<u>10,691,358</u>	<u>5,854,363</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 Administration, as well as payments to organize the event, which was held in Punta Cana, Dominican Republic.
- (b) Correspond to expenses incurred to cover air tickets, lodging and per diem of the NORCECA commission's members and executives participating at the FIVB annual commission meeting held in Switzerland.
- (c) Correspond to expenses incurred for the purchase of air tickets, lodging, transportation services for members of the Executive Committee and Board of Administration participating at the Confederation's Working Meeting held during the 2015 in Santo Domingo, Dominican Republic and Tijuana, México.
- (d) Correspond to expenses incurred for the purchase of air tickets, lodging, per diem and transportation services of Norceca executives participating in the CAZOVA, AFECAVOL and ECVA Assemblies.

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#### 17. Events and championships

The detail 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, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Women's Pan American Cup	1,568,098	721,962
Men's Pan American Cup	-	445,640
Norceca Women's Continental Championship	733,908	-
Norceca Men's Continental Championship	9,042	-
1st Stage of the IX (VIII) Continental Beach Volleyball Circuit	631,297	617,161
2nd Stage of the IX (VIII) Continental Beach Volleyball Circuit	678,581	413,259
3rd Stage of the IX (VIII) Continental Beach Volleyball Circuit	754,078	366,127
4th Stage of the IX (VIII) Continental Beach Volleyball Circuit	-	598,893
5th Stage of the IX (VIII) Continental Beach Volleyball Circuit	588,763	516,673
6th Stage of the IX (VIII) Continental Beach Volleyball Circuit	539,755	79,441
7th Stage of the IX (VIII) Continental Beach Volleyball Circuit	803,635	547,927
8th Stage of the IX (VIII) Continental Beach Volleyball Circuit	-	418,687
9th Stage of the IX (VIII) Continental Beach Volleyball Circuit	-	492,218
10th Stage of the IX (VIII) Continental Beach Volleyball Circuit	-	589,228
Junior Men's PanAmerican Cup U21	12,924	-
Beach Volleyball Continental Cup	14,804,201	-
Final Four Men Champions Cup	20,787	-
PanAmerican Grand Toronto 2015	226,648	-
U 20 Women's Pan American Cup	2,132,934	-
U-18 Girls's Youth Pan American Cup	149,018	-
Final Four Championship	-	220,700
Women World Championship	585,802	-
Youth Volleyball Festival Assistance	-	703,794
Awards and incentives	454,700	-
Norceca Continental Junior Volleyball Championship	-	396,086
Womens' Volleyball U-23 Panamerican Cup	-	579,858
Mens' Volleyball U-23 Panamerican Cup	-	2,170,897
Norceca Continental Youth Volleyball Championship	-	268,889
Central American and Caribbean Games	-	1,021,615
3rd Round Qualifying Tournament for World Championship (a)	-	12,598,818
Qualifying Tournament for Olympic Beach Volleyball Youth Games	-	2,873,548
School volleyball program	21,474	-
	<u>24,715,645</u>	<u>26,641,421</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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

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

- (a) As of December 31<sup>st</sup>, 2015 and 2014, correspond mainly to expenses incurred for the registration fees, air tickets, lodging and per diem for the participating teams from the different federations that are members of Norceca during the aforementioned tournaments.

**18. FIVB Regional Volleyball Development Centre**

As of December 31<sup>st</sup>, 2015 and 2014, this corresponds to expenses incurred in the organization and presentation of the courses and seminars given by the FIVB Regional Volleyball Development Centre in Dominican Republic and FIVB Regional Development Centre in Tijuana México, 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\$3,597,229 (2014: RD\$1,950,045).

**19. Other expenses**

The breakdown of other expenses for the years ended December 31<sup>st</sup>, 2015 and 2014 is as follows:

	<u><b>2015</b></u>	<u><b>2014</b></u>
Building maintenance	102,979	79,247
Anti-doping	2,009,280	1,956,337
Leases (a)	619,182	619,182
Transportation, fuel and lubricants	517,789	504,371
Bank charges	698,945	883,217
Other	2,563,159	724,185
	<u><b>6,511,334</b></u>	<u><b>4,766,539</b></u>

- (a) During the years ended December 31<sup>st</sup>, 2015 and 2014, 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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### NOTES TO THE FINANCIAL STATEMENTS

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#### 20. Financial risk management objectives and policies

##### Financial risk management

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

##### Liquidity risk

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

	2015			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Accounts payable to vendors and others	-	13,438,094	-	13,438,094
Accounts payable to affiliates and directors	10,429,951	-	-	10,429,951
	<u>10,429,951</u>	<u>13,438,094</u>	<u>-</u>	<u>23,868,045</u>

  

	2014			
	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
Accounts payable to vendors and others	-	2,067,641	1,247,704	3,315,345
Accounts payable to affiliates and directors	21,047,882	-	-	21,047,882
	<u>21,047,882</u>	<u>2,067,641</u>	<u>1,247,704</u>	<u>24,363,227</u>

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**December 31, 2015 and 2014**

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

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

*Foreign currency risk*

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

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

		<b>Increase (Decrease) in exchange rate for US\$</b>	<b>Effect of change on Net Assets (Liabilities)</b>
2015	US\$	+5%	781,862
	US\$	-5%	<u>(781,862)</u>
2014	US\$	+5%	365,821
	US\$	-5%	<u>(365,821)</u>
		<b>Increase (Decrease) in exchange rate for CHF</b>	<b>Effect of change on Net Assets (Liabilities)</b>
2015	CHF	+5%	(1,564,500)
	CHF	-5%	<u>1,564,500</u>
2014	CHF	+5%	(1,675,450)
	CHF	-5%	<u>1,675,450</u>



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#### **20. Financial risk management objectives and policies (continued)**

##### *Credit risk*

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

Management considers that there is no additional credit risk from accounts receivable since an allowance for doubtful accounts is created when the collection of the total invoiced amount is not probable or payments are delinquent. The Confederation conducts important operations with related parties; management has assessed that the balances with these related entities are fully recoverable, except for those balances that are included in the allowance for doubtful accounts. Balances receivable are also permanently monitored to ensure that the Confederation's exposure to doubtful accounts is not significant.

Regarding credit risk on other financial assets, comprised of cash in banks, the Confederation's maximum exposure to non-compliance by the counterparties is the recorded amount of these assets. To mitigate this risk Norceca 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. As of December 31, 2015, the Confederation has contracted liabilities which bear monthly interest at annual rates, which are similar to market rates.