

Financial Statements

Confederación Norte, Centroamericana y del
Caribe de Voleibol, Norceca

December 31, 2022
(Together with the Independent Auditor's Report)

Confederación Norte, Centroamericana y del Caribe de Voleibol,
Norceca

Financial Statements

CONTENTS

	Page (s)
Independent Auditors' Report.....	1 - 2
Financial Statements:	
Statements of Financial Position.....	3
Income Statements and Changes in Net Assets.....	4
Statements of Cash Flows.....	5
Notes to the Financial Statements.....	6 - 31



Ernst & Young, S. R. L.
RNC No. 1-31-20492-9
Reyna II Business Tower
Suite 900, 9th floor
Pedro Henríquez Ureña No. 138
Santo Domingo, Dominican Republic

Telephone number: (809) 472-3973
Fax number: (809) 381-4047

Independent Auditors' Report

To the Board of Directors of
Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Opinion

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, 2022, and the income statement and changes in net assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca as of December 31, 2022, its financial performance, and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Responsibilities of management and those charged with corporate governance over the financial statements

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

In preparing the financial statements, Management is also responsible for assessing the Confederation's ability to continue as a going concern, disclosing matters related to the going concern as appropriate and using the going concern accounting principle; unless Management intends to liquidate the Confederation or terminate its activities, or there is no other realistic alternative.

Those charged with the Confederation's Corporate Governance are responsible for the oversight of the Confederation's financial reporting process.

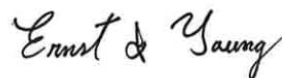
Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risk of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to those risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of a material misstatement due to fraud going undetected is higher than one due to error, since fraud may involve collusion, forgery, intentional omissions, intentionally mistaken statements, or the circumvention of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are adequate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Confederation's internal control.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Confederation's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to note in our audit report the corresponding disclosures in the financial statements or express a modified opinion if those disclosures are not appropriate. Our conclusions are based on audit evidence obtained as of the date of our audit report. Nevertheless, future events or conditions could cause the Confederation not to continue as a going concern.
- Assess the global presentation, structure, and content of the financial statements, including disclosures, and whether these statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicated with those responsible for the Confederation's Management in relation, among other matters, to the scope and timing of our audit and the significant findings including any significant weaknesses in internal control that we identified during our audit.

August 25, 2023
Santo Domingo,
Dominican Republic

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

Confederación Norte, Centroamericana y del Caribe de Voleibol,
Norceca

Financial Statements

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Current assets:			
Cash on hand and in banks	7	27,540,586	30,033,504
Accounts receivables from affiliates	8	766,218	555,274
Other accounts receivable	9	19,477,083	23,727,043
Prepaid expenses		-	389,909
Sporting goods inventory	10	48,704,995	38,438,679
Total current assets		<u>96,488,882</u>	<u>93,144,409</u>
Furniture and equipment	11	404,769	348,265
Total assets		<u>96,893,651</u>	<u>93,492,674</u>
LIABILITIES			
Current liabilities:			
Loan payable	13	8,396,999	58
Accounts payable to vendors and others	14	9,296,703	5,884,706
Accounts payable to affiliates and directors	8	7,998,075	12,806,889
Accruals and withholdings payables		2,264,606	2,922,815
Total liabilities		<u>27,956,383</u>	<u>21,614,468</u>
NET ASSETS			
Net assets without donor restriction		68,937,268	71,878,206
Total net assets and liabilities		<u>96,893,651</u>	<u>93,492,674</u>

See accompanying notes to the financial statements.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

INCOME STATEMENTS AND CHANGES IN NET ASSETS

For the years ended December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Revenues:			
Events and activities	8	59,527,468	45,325,387
Sporting supplies received in exchange for advertising	12	22,615,329	23,135,427
Affiliation fees	8	1,161,136	1,084,070
Other revenues	8	7,718,749	6,925,210
Unrestricted Income		<u>91,022,682</u>	<u>76,470,094</u>
Expenses:			
Personnel expenses	15	(9,668,671)	(9,023,826)
Professional fees		(3,106,463)	(3,153,964)
Coordination meetings	16	(557,768)	(116,495)
Events and championships	17	(14,219,548)	(2,252,762)
Telephone services		(497,213)	(623,700)
Depreciation	11	(242,847)	(534,321)
Donations of sporting goods	8	(13,463,384)	(5,066,011)
Expenses from allowance for losses from doubtful accounts	8 and 9	-	(4,189,025)
Economic contributions	8	(30,638,625)	(16,536,198)
Accommodation, travel expenses, and meals		(1,227,725)	(337,121)
Regional Volleyball Development Centers	18	(1,304,405)	(334,005)
Office supplies		(222,983)	(178,138)
Representation expenses	8	(2,400,314)	(1,144,129)
Loss from inventory obsolescence	10	(721,428)	(10,101,804)
Other expenses	19	(14,306,442)	(7,496,808)
Total expenses		<u>(92,577,816)</u>	<u>(61,088,307)</u>
Loss in foreign exchange differences, net		<u>(1,385,804)</u>	<u>(48,416)</u>
Changes in net assets of the year		<u>(2,940,938)</u>	15,333,371
Net assets without donor restriction at the beginning of the year		71,878,206	56,544,835
Net assets without donor restriction at year end		<u>68,937,268</u>	<u>71,878,206</u>

See accompanying notes to the financial statements.

Confederación Norte, Centroamericana y del Caribe de Voleibol,
Norceca

Financial Statements

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Operating activities:			
Changes in net assets of the year		(2,940,938)	15,333,371
Adjustment for reconcile of changes in net assets of the year and cash flows from operating activities:			
Depreciation expense	11	242,847	534,321
Allowance for loss in doubtful accounts	8 and 9	-	4,189,025
Effect of exchange rate variation of foreign currency in allowance for loss in doubtful accounts	8	(803,463)	(2,523,477)
Allowance for loss from inventory obsolescence	10	721,428	10,101,804
Inventory received in exchange for advertising		(22,615,329)	(23,135,427)
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivables from affiliates		568,463	10,859,821
Other accounts receivable		4,274,016	(22,839,139)
Prepaid expenses		389,909	(389,909)
Sporting goods inventory		11,627,585	17,057,785
Increase (decrease) in liabilities:			
Accounts payable to vendors and others		3,411,997	5,113,541
Accounts payable to affiliates and directors		(4,808,814)	5,043,306
Accruals and withholdings payables		(658,209)	576,411
Net cash provided by (used in) operating activities		<u>(10,590,508)</u>	<u>19,921,433</u>
Investment activities:			
Acquisition of furniture and equipment	11	<u>(299,351)</u>	<u>(154,703)</u>
Net cash used in investment activities		<u>(299,351)</u>	<u>(154,703)</u>
Financing activities:			
Acquisition of loan payable	13	8,396,999	-
Payment of loan payable	13	(58)	-
Net cash provided by financing activities		<u>8,396,941</u>	<u>-</u>
Net increase (decrease) in cash on hand and in banks		(2,492,918)	19,766,730
Cash on hand and in banks at beginning of year		<u>30,033,504</u>	<u>10,266,774</u>
Cash on hand and in banks at year end		<u>27,540,586</u>	<u>30,033,504</u>

See accompanying notes to the financial statements.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

1. Corporate Information

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca (“Norceca” or the “Confederation”) is a non-profit organization that was organized and located in Santo Domingo, Dominican Republic on November 1, 2001. Norceca has operated as a Non-Governmental Organization (NGO) since 2007 and an affiliate of the International Volleyball Federation (Federation Internationale de Volleyball (FIVB in French)). The objective of the Confederation is to manage, organize, represent, regulate, control, and assess volleyball and beach volleyball activities in the region. It also supports and facilitates the development of affiliated federations and monitors the compliance with FIVB regulations.

The purpose of the FIVB is to manage the volleyball and beach volleyball activities worldwide through its 222 affiliated federations in different countries. FIVB headquarters are in Lausanne, Switzerland.

The International Volleyball Federation (FIVB) has geographically organized its affiliated federations in five confederations:

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

The Confederation’s economic resources are generated by competitions, events, activities, marketing rights, advertising, and affiliation fees of the federations it manages. As of December 31, 2022 and 2021, the Confederation has 41 national federations and regional affiliated members.

The Confederation headquarters are in the offices of the Volleyball Department of Juan Pablo Duarte Olympic Center in Santo Domingo, Dominican Republic.

The Confederation’s Management approved to issue the financial statements as of December 31, 2022 on August 25, 2023.

2. Basis for preparation of financial statements

2.1 Basis of preparation

The Confederation’s financial statements as of December 31, 2022 and 2021 were prepared in accordance with the International Financial Reporting Standards (IFRS), adopted by the International Accounting Standards Board (IASB).

The IFRS have not issued specific standards that apply to non-profitable entities regarding the classification of the financial reporting structure and net assets. Therefore, specific standards for non-profit entities issued by the Financial Accounting Standard Board (FASB) were used.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

2. Basis of preparation of financial statements (continued)

2.1 Basis of preparation (continued)

Under these standards net assets, revenues, and expenses, increases and decreases in net assets are classified as follows:

Net assets with donor restrictions

Portion of net assets of a non-profitable entity that is subject to restrictions imposed by donors.

Net assets without donor restrictions

Portion of net assets of a non-profitable entity that is not subject to restrictions imposed by donors.

Confederation's net assets are only composed of assets without donor restrictions since there is no restriction over them.

2.2 Basis of valuation and presentation currency

The Confederation's financial statements as of December 31, 2022 and 2021 were prepared on a historical cost basis, except for certain items that were measured in accordance with the valuation methods described in note 4. The financial statements are in Dominican pesos (RD\$), which has been defined as the Confederation's functional and reporting currency.

3. Changes in accounting policies and disclosures

The accounting policies adopted by the Confederation to prepare its financial statements as of December 31, 2022, are consistent with those that were used for the preparation of the financial statements as of December 31, 2021. Other amendments and interpretations were applied for the first time in 2022 but did not cause a significant impact on the Confederation's financial statements. These amendments and new interpretations have required certain additional disclosures, and in some cases, the revision of certain accounting policies. The Confederation has not adopted early any standard, interpretation or amendment issued in that is not yet effective.

Standards	Description
Property, plant and equipment: Proceeds before the intended use - Amendments to IAS 16	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from the sale of items produced while bringing that asset to the location and condition necessary to operate in the manner intended by Management. Instead, an entity recognizes proceeds from selling such items and the costs of producing them in the period's profit or loss.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

3. Changes in accounting policies and disclosures (continued)

Standards	Description
IFRS 9 Financial instruments: Commissions for the 10-percent test to derecognize financial liabilities accounts	The amendment clarifies the commissions that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These commissions include only those paid or received by the borrower and the lender, including commissions paid or received by either the borrower or lender on the other's behalf. A similar amendment has not been proposed for IAS 39 Financial Instruments: Recognition and Measurement.

4. Summary of applicable significant accounting policies

4.1 Balances and transactions in foreign currency

The financial statements are presented 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 the date of the transaction. Monetary assets and liabilities in foreign currency are translated into the functional currency in effect on the date of the statement of financial position. These differences are recognized in income or expenses in the accompanying statement of income and changes in net assets as foreign exchange loss, net.

The closing exchange rate used by the Confederation to measure its balances in foreign currency as of December 31, 2022 for the US Dollar was RD\$55.98 (2021: RD\$57.14) per US\$1 and As of December 31, 2021 for the Swiss Francs RD\$62.45 per Franc. Balances in foreign currency are presented in note 6 of the financial statements.

4.2 Current and Non-Current Classification

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

A liability is classified as current when the Confederation expects to settle the liability in the normal activity cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve (12) months after the reporting period, or when there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period. The Confederation classifies the rest of its assets as non-current.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

4. Summary of applicable significant accounting policies (continued)

4.3 Cash on hand and in banks

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

4.4 Financial Instruments

A financial instrument is any contract that results in a financial asset at one entity and a financial liability or equity instrument at another entity.

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

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

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

4.5 Financial assets

Initial recognition and measurement

The Confederation's approach to classify and measure financial assets reflects the business model in which assets are managed, and the cash flow contractual characteristics of the financial asset.

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

The Confederation recognizes the purchase or sale of financial assets on the date of each transaction, which is the date on which the Confederation commits to buy or sell a financial asset.

The Confederation initially classifies its financial assets based on the method through which they will be subsequently measured, at amortized cost, at fair value with changes in other comprehensive income or at fair value through profit or loss.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

4. Summary of applicable significant accounting policies (continued)

4.5 Financial assets (continuación)

Initial recognition and measurement (continuación)

Financial assets recorded at amortized cost

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

Financial assets at fair value through changes in other comprehensive income

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

Financial assets at fair value through changes in profit or loss

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

Subsequent measurement

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

Financial assets recorded at amortized cost

After initial recognition, these financial assets are recorded at amortized cost using the effective interest method less a credit loss allowance. Any profit or loss is recognized in results when financial assets are derecognized or impaired, as well as through the amortization process. The Company's financial assets measured at amortized cost include accounts receivable from affiliates and others accounts receivable.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

4. Summary of applicable significant accounting policies (continued)

4.6 Derecognition of financial assets

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

4.7 Impairment of financial assets

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

The Confederation uses a simplified method to calculate the expected credit losses in accounts receivable. Therefore, the Confederation does not follow up on the changes in credit risk but instead recognizes an adjustment based on the experience of expected credit losses as of the date of presenting its financial statements.

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

4.8 Sporting goods inventory

Inventory is valued at the lower of cost or net realizable value (whichever is less) and is intended for internal use in the Confederation's activities. The cost is determined under the first in first out method (FIFO).

Inventory is composed of sporting goods received as exchange from advertising and direct purchases and are recognized at fair value at the time of the operation. Net realizable value is the selling price in the Confederation's ordinary course of business or business transfer value, less estimated costs necessary to make the sales. These inventories are distributed to the different federations that belong to the Confederation.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

4. Summary of applicable significant accounting policies (continued)

4.9 Furniture and equipment

Furniture and equipment are measured at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Disbursements for repair and maintenance that do not meet the conditions for recognition as assets and depreciation are recognized as expenses in the year in which they are incurred.

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

A component of furniture and equipment is written off when it is sold, or when the Confederation no longer expects future benefits from its use. Any loss or gain from the asset's disposal, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in the activities of the year in which the transaction occurs.

A breakdown of estimated useful lives is shown below:

	<u>Estimated useful life</u>
Furniture, office equipment, and other furniture	4 years
Computer equipment	4 years
Electric generator	<u>7 years</u>

4.10 Impairment of non-financial assets

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

The Confederation assesses at the end of each reporting period if there is any indication that the previously recognized impairment losses for a non-financial asset may no longer exist or have decreased. If such indication exists, the Confederation re-estimates the asset's recoverable amount and if necessary, reverses the loss increasing the asset until its new recoverable amount, which will not exceed the asset's net carrying amount prior to recognizing the original impairment loss, recognizing the credit in the year's income statement. As of the years ended December 31, 2022 and 2021, losses on impairment of non-financial assets were not recorded.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

4. Summary of applicable significant accounting policies (continued)

4.11 Leases

At the beginning of the contract, the Confederation determines whether the contract has a lease, i.e., if the contract includes the right to control the use of an asset identified during a period of time in exchange of a consideration.

Confederation as lessee

The Confederation applies a unique recognition and measurement approach for all leases, except for short-term leases and leases for low-value assets. The Confederation recognized lease liabilities to pay for leases and assets from the right of use that represent the right to use underlying assets.

Short-term leases and leases for low value assets

The Confederation applies the exemption to recognize short-term leases for its equipment leases (i.e., those leases with a twelve-month (12) leasing term or less from the start date which do not include a purchase option). It also applies the leasing to the recognition exemptions for low-value assets to the leasing of low-value office equipment. Leasing payments in short-term leases and low value leases are recognized as expenses on a straight line during the lease term.

4.12 Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Accounts payable

Accounts payable are initially recognized at fair value on the respective contracting dates, including attributable transaction costs. After initial recognition, short-term accounts payable that do not generate interest are measured at the value of invoices. Long-term accounts payable that do not generate interest are measured at amortized cost under the effective interest rate method. The Confederation recognizes the gains or losses in the results of the period when the financial liability is derecognized as well as through the amortization process.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

4. Summary of significant accounting policies (continued)

4.12 Financial liabilities (continuación)

Subsequent measurement (continuación)

Loans payable

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

4.13 Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation has been paid, canceled, or expired. When a financial liability is replaced by another financial liability of the same creditor in substantially different conditions, or the terms of the existing liability substantially change, this change will be recorded as derecognition of the original liability, and a new financial liability will be recognized. The differences of the respective carrying values are recognized in the statement of income and changes in net assets.

4.14 Revenue recognition

Confederation revenues are recognized as such when they can be reliably measured, and economic benefits from economic contributions are likely to be received. Revenues from events and activities are recognized in the year when they are performed. Revenues from affiliation fees correspond to non-reimbursable fees, charged to affiliated federations, and are recognized every year.

Sporting goods donations are recognized at fair value of the contributions when received.

4.15 Recognition of costs and expenses

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

4.16 Income tax

The Confederation is exempt from income tax payments due to its Non-Governmental Organization nature. However, it is not exempt from salary withholdings and third-party taxes. As such, it must operate as a tax withholding agent for salaries paid to employees at levels set by Law 11-92, as well as taxable services provided to the Confederation by third parties.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

4. Summary of applicable significant accounting policies (continued)

4.17 Employee benefit cost

Retirement plan

As of the entry into force of Law 87-01, which establishes the Dominican Social Security System (SDSS), the Confederation recognizes monthly, as expenses, the contributions made to the pension system to be deposited in the employees' individual capitalization accounts, as well as employee contributions, as an accrual until the time they are deposited, at the beginning of the following month, in the financial entities authorized by the Superintendence of Pensions of the Dominican Republic, for subsequent transfer to the individual accounts in the pension fund managers. During the year ended December 31, 2022, the Confederation contributed to this item approximately RD\$844,203 (2021: RD\$717,291), which is included in personnel expenses in the accompanying income statement and changes in net assets.

Severance benefits

The Labor Code of the Dominican Republic requires employers to pay severance benefits to employees who are dismissed without justification. The value of this benefit is recognized in the statement of income and changes in net assets at the time it is incurred or when it is effectively known that the employment relationship will terminate and there is no possibility of changing this decision. In 2019, the Confederation decided to determine and pay the severance benefits for each employee annually. If the employment relationship terminates, the amounts paid will be deducted from compensations payable for acquired rights. If an employee who has received these benefits resigns, balances paid will not be collected.

Other benefits

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

For these benefits, the Confederation recognizes a liability using as a parameter the amount earned by employees based on labor agreements. As of December 31, 2022 and 2021, the Confederation has recorded a liability under the item of accruals and withholdings payable for vacations in the accompanying statement of financial position.

4.18 Significant accounting judgments, estimates and assumptions

Preparation of the financial statements requires Management to conduct judgments, estimates and assumptions affecting the reported figures of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. Given the implicit uncertainty of these estimates and assumptions, adjustments affecting the disclosed amounts of assets and liabilities may be required in the future.

Judgments

Based on the accounting policies applied by the Confederation, Management has used the following judgment (besides those implying allowances) which has effect on values recognized in the financial statements:

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

4. Summary of applicable significant accounting policies (continued)

4.18 Significant accounting judgments, estimates and assumptions (continuación)

Allowance for accounts receivables from affiliates

The Confederation creates an allowance for its accounts receivable from affiliates based on the historical payment breaches by affiliates.

Useful life of furniture and equipment

The Confederation estimates the useful life of each furniture and equipment to determine the depreciation and amortization expense recorded each year. The Confederation currently depreciates its assets based on their useful lives, which are calculated considering the expected operating and maintenance conditions.

Impairment of non-financial assets

The Confederation estimates that there are no indicators of impairment for any of its non-financial assets as of the reporting date. Every year and when it detects indications of impairment, the Confederation assesses non-financial asset impairment. The Confederation assesses impairment of other non-financial assets when there are indications that recorded values may not be recovered.

5. Future changes in accounting policies

The International Financial Reporting Standards or their interpretations and amendments issued but not yet in effective as of December 31, 2022, are described below: The standards or interpretations and amendments described are only those that, per Management's opinion, may have a significant effect on the Confederation's disclosures, position, or financial performance when they are applied on a future date. The Confederation intends to adopt these new and modified standards and interpretations, if applicable, when they enter into effect.

Standards, interpretations, or amendments	Entry into force
Classification of Liabilities as Current or Non-Current	The amendments are effective for annual reporting periods beginning on January 1, 2023 and must be applied retroactively.
Definition of Accounting Estimates - Amendments to IAS 8	The amendments are effective for annual reporting periods beginning January 1, 2023, and changes in accounting policies and in accounting estimates that occur in or after the start of that period are applied. Early adoption is permitted as long as this fact is disclosed.

Confederación Norte, Centroamericana y del Caribe de Voleibol,
Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

5. Future changes in accounting policies (continuación)

Standards, interpretations, or amendments	Entry into force
Disclosure of Accounting Policies - Amendments to IAS 1 and Practice Document N° 2	Amendments to IAS 1 are applicable for annual periods beginning on January 1, 2023; early adoption is allowed. Since amendments to Practice Document N° 2 provide non-mandatory guidance on the application of the definition of materiality in accounting policies information, an effective date for these amendments is not necessary.
Deferred tax assets or liabilities from a single transaction - Amendments to IAS 12	The amendments are applicable for annual periods beginning on January 1, 2023.

6. Balances in foreign currency

A summary of financial assets and liabilities denominated in foreign currency, included in the various items of the accompanying statement of financial position, with the equivalent in Dominican pesos is presented below:

	2022		2021	
	US\$	CHF\$	US\$	CHF\$
<i>Assets:</i>				
Cash on hand and in banks	132,137	-	371,381	-
Accounts receivables from affiliates	56,065	-	64,895	750,000
Other accounts receivable	310,738	-	435,215	-
	<u>498,940</u>	<u>-</u>	<u>871,491</u>	<u>750,000</u>
<i>Liabilities:</i>				
Accounts payable to vendors and others	(13,015)	-	(55,869)	-
Accounts payable to affiliates and directors	(139,492)	-	(220,819)	-
Accruals and withholdings payables	(37,529)	-	-	-
Loan payable	(150,000)	-	(1)	-
	<u>(340,036)</u>	<u>-</u>	<u>(276,689)</u>	<u>-</u>
Monetary position, net - asset	<u>158,904</u>	<u>-</u>	<u>594,802</u>	<u>750,000</u>

7. Cash on hand and in banks

The breakdown of cash on hand and in banks is as follows:

	2022	2021
Petty cash	10,000	10,000
Bank accounts - Current (a):		
Dominican pesos	20,133,562	8,802,802
US dollars	7,397,024	21,220,702
	<u>27,540,586</u>	<u>30,033,504</u>

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

7. Cash on hand and in banks (continuación)

- (a) As of December 31, 2022, this amount includes US\$132,137 (2021: US\$371,381), corresponding to current accounts in Dominican banks. These accounts accrued annual interest rates of 0.5% in Dominican pesos, 0.25% in US dollars (2021: 0.5% in Dominican pesos and 0.25% in US dollars) of the available balance.

As of December 31, 2022 and 2021, there were no differences between the register value and the fair value of these financial assets. As of the date of the statement of financial position, there were no restrictions on the use of cash balances at banks.

8. Balances and transactions with affiliates and directors

The main transactions with affiliates and directors are economic contributions, payments and collections of affiliation fees, collections of sporting events, and expenses by directors, by the Confederation.

Balances

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

	<u>2022</u>	<u>2021</u>
Federation Internationale de Volleyball (FIVB) (a)	-	46,837,500
Affiliated federations (b):		
Jamaica Volleyball Association	197,305	205,966
Barbados Volleyball Federation	1,120	2,286
Federación Costarricense de Voleibol	283,072	57,521
Federación Nacional de Voleibol de Guatemala	1,885,207	1,924,272
St. Lucia Amateur Volleyball Association	16,794	3,428
Montserrat Volleyball Association	-	11,428
Federación Mexicana de Voleibol	1,120	1,143
Surinaamse Volleyball Bond	273,753	965,151
Volleyball Canada	207,798	-
Antigua & Barbuda Amateur Volleyball Association	-	22,856
Aruba Volleyball Association	33,588	22,856
Belize Volleyball Association	57,009	45,712
Trinidad & Tobago Volleyball Federation	100,764	222,846
Bonaire Volleyball Association	-	17,142
Turks and Caicos Volleyball Association	25,191	17,142
St. Eustatius Volleyball Association	-	17,142
Dutch St. Maarten Volleyball Association	-	17,142
French St. Martin Volleyball Association	-	17,142
British Virgin Islands Amateur Volleyball	-	22,856
Netherlands Antilliane Volleyball	30,789	19,999
Dominica Amateur Volleyball Association	-	22,856
Grenada National Volleyball Association	-	22,856
Federación Hondureña de Voleibol	22,392	-
Federación Dominicana de Voleibol	1,120	-
Federación Panameña de Voleibol	-	22,856
Ligue Guadeloupenne de Volleyball	1,511	1,542
Virgin Islands Volleyball Federation	-	22,856
Subtotal	<u>3,138,533</u>	<u>50,544,496</u>
Allowance for losses in doubtful accounts (c)	<u>(2,372,315)</u>	<u>(49,989,222)</u>
Total accounts receivable from affiliates	<u>766,218</u>	<u>555,274</u>

Confederación Norte, Centroamericana y del Caribe de Voleibol,
Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

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

- (a) Correspond to account receivable from the FIVB as of December 31, 2021 for CHF\$750,000 (Swiss francs), equivalents to RD\$46,837,500, converted at the CHF\$62.45 exchange rate per RD\$1, corresponded to the 2016 economic contribution, unpaid to the Confederation. As of December 31, 2022 and 2021, contributions were not recognized for this concept.
- (b) Correspond to balances receivable from affiliated federations derived from annual affiliation fees, headquarter concession rights for Confederation championships, team registration fees, promotion rights, fines for non-compliance with championship sporting regulations, etc. These accounts are in US dollars, have no specific expiration dates, and are equivalent to US\$56,065 in 2022 (2021: US\$64,895).
- (c) Below is the movement of the allowance for loss from doubtful accounts as of December 31:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	(49,989,222)	(49,565,800)
Amounts credited to the allowance	-	(2,946,899)
Amounts debited from the allowance	46,837,500	-
Effect of exchange rate variation in foreign currency	<u>779,407</u>	<u>2,523,477</u>
Balance at year end	<u>(2,372,315)</u>	<u>(49,989,222)</u>

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

	Not past due	Past due but not impaired			Impaired More than 91 days	Total
		30 to 60 days	61 to 90 days	More than 90 days		
2022	<u>-</u>	<u>766,218</u>	<u>-</u>	<u>-</u>	<u>2,372,315</u>	<u>3,138,533</u>
2021	<u>-</u>	<u>555,274</u>	<u>-</u>	<u>-</u>	<u>49,989,222</u>	<u>50,544,496</u>

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

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

Below is breakdown of accounts payable to affiliates and directors as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Federation Internationale de Volleyball (FIVB) (d)	(2,428,866)	(2,799,181)
USA Volleyball (e)	-	(17,142)
Eastern Caribbean Volleyball Association, ECVA (f)	(8,117)	(2,270,513)
Canadá Volleyball Association (g)	(43,608)	(44,512)
Ligue Guadeloupenne de Volleyball (h)	(167,940)	(171,420)
Barbados Volleyball Federation	(25,191)	(25,713)
Federación Mexicana de Voleibol (j)	(251,910)	(257,130)
Federación Dominicana de Voleibol (k)	(189,304)	(189,304)
Federación Cubana de Volleyball (l)	(1,643,534)	(6,906,266)
Aruba Volleyball Association (m)	-	(114,280)
Cayman Island Volleyball Federation (n)	(16,796)	-
Cristóbal Marte Hoffiz – Norceca Chairman (o)	(3,211,613)	-
Bonaire Volleyball Association (p)	(11,196)	(11,428)
	<u>(7,998,075)</u>	<u>(12,806,889)</u>

(d) As of December 31, 2022 and 2021, correspond to payment of 40% of the International Transfer of ITC Athletes (Season 2012-2013) for US\$28,455; the payment of 10% of the International Transfer of ITC FIVB Female Athletes (Season 2014-2015) for US\$3,855; the payment of 10% of the International Transfer of Male Athletes (Season 2015-2016) for US\$9,457 (equivalent by 10% to US\$945); the payment of 10% of the International Transfer of ITC FIVB Female Athletes (Season 2015-2016) (equivalent to US\$3,991); to payment of 10% of the International Transfer of Male Athletes (Season 2016) for US\$590; the 2020 Affiliation fee for US\$5,550; and the 2021 Affiliation fee for US\$5,600 were included.

(e) As of December 31, 2021, it is the registration fee of the team that participated in the 5th beach volleyball circuit stage in 2019 for US\$300, equivalent to RD\$17,142.

(f) As of December 31, 2022, the credit balance for Eastern Caribbean Volleyball Association was US\$145, equivalent to RD\$8,117. As of December 31, 2021, the credit balance was US\$145, equivalent to RD\$8,225; the financial assistance was US\$10,000, equivalent to RD\$571,400; the professional fees of federation coaches and flight tickets were US\$29,591, equivalent to RD\$1,690,828.

(g) As of December 31, 2022, it is 33% of the registration fee for the 7th. stage of the Norceca tour in 2016 for US\$779, equivalent to RD\$43,608 (2021: US\$779, equivalent to RD\$44,512).

(h) As of December 31, 2022 and 2021, it corresponds to the registration fee of teams participating in the 2nd round of the qualifying tournament of the Worldwide Championship of Male N Group 2013 for US\$3,000, equivalent to RD\$167,940 (2021: RD\$171,420).

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

8. Balances and transactions with affiliates and directors (continued)
- (i) As of December 31, 2022 and 2021, it corresponds to the balance pending payment for return of 50% of the referee payment in the Continental U-21 Norceca Volleyball Championship held in El Salvador for US\$450, equivalents to RD\$25,191 (2021: RD\$25,713).
 - (j) As of December 31, 2022 and 2021, it is the percentage of registrations collected during the 1st stage of the beach volleyball circuit in Aguascalientes, Mexico US\$2,800 equivalents to RD\$156,744 (2021: RD\$159,992), and the payment of 33% for the registration in the 1st stage of the 2017 Norceca Tour, held in Paz Baja California Sur, Mexico, for \$1,700, equivalents to RD\$95,166 (2021: RD\$97,138)
 - (k) As of December 31, 2022 and 2021, it corresponds to the sponsorship of Trilogy Dominicana, S. A. for the Pan-American Volleyball Championship.
 - (l) As of December 31, 2022 and 2021, it corresponds to the highest payment of the amount owed to Norceca as of December 31, 2022, equivalent to US\$29,351, equivalents to RD\$1,643,534 (2021: US\$120,866, equivalents to RD\$6,906,266).
 - (m) As of December 31, 2021 and 2021, it corresponds to the support for professional fees for volleyball coaches for US\$2,000, equivalents to RD\$114,280.
 - (n) As of December 31, 2022, corresponds to the highest payment of the registration fee of the team participating in the 2019 beach volleyball circuit for US\$300, equivalents to RD\$16,796.
 - (o) As of December 31, 2022, corresponds to the annual 2022 allocation for the Confederation's Chairman for US\$50,000, equivalents to RD\$2,799,000, and the reimbursement for flight tickets for the Confederation's Chairman, Confederation's General Director, and Dominican Federation's Chairman for US\$7,371, equivalents to RD\$412,613.
 - (p) As of December 31, 2022 and 2021, corresponds to 33% for the registration in the 7th stage of the 2019 Norceca Tour for US\$200, equivalents to RD\$11,196 (2021: RD\$11,428).

These accounts do not generate interest and are not subject to discounts for early payments.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

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

Transactions

For the years ended December 31, 2022 and 2021, the transactions with affiliates and directors were as follows:

	<u>2022</u>	<u>2021</u>
<u>Revenues:</u>		
Events and activities	59,527,468	45,325,387
Affiliation fees	1,161,136	1,084,070
Other	<u>7,718,749</u>	<u>6,925,210</u>
<u>Expenses:</u>		
Donations of sport equipment donate to the federations	<u>13,463,384</u>	<u>5,066,011</u>
Economic contributions:		
Asociación de Federaciones Centroamericanas de Voleibol (AFECAVOL)	12,820,516	2,937,416
Caribbean Zonal Volleyball Association (CAZOVA)	7,730,066	6,610,147
Eastern Caribbean Volleyball Association (ECVA)	7,636,434	2,197,819
North Central Americas Volleyball Association (NCVA)	<u>2,451,609</u>	<u>4,790,816</u>
	<u>30,638,625</u>	<u>16,536,198</u>
<u>Other expenses:</u>		
Rentals	4,368,000	979,933
Accommodation, travel expenses, and meals	4,300,528	2,716,217
Representation expenses	2,400,314	1,144,129
Flight tickets	350,222	35,790
Coordination meetings - Executive Committee and Board of Administrations	<u>557,768</u>	<u>116,495</u>
	<u>11,976,832</u>	<u>4,992,564</u>
	<u>56,078,841</u>	<u>26,594,773</u>

The administrative facilities for the Confederation activities were granted for free by the Dominican government through the Dominican Volleyball Federation (Federación Dominicana de Voleibol, FEDOVOLI) to the Confederation.

Terms and conditions with affiliates and directors

Activities with affiliates and directors are performed per the terms agreed by the parties. Pending balances as of the close of the year are not secured and do not generate interest. No guarantees for accounts receivable from or payable to affiliates and directors were received or granted, except for those as of December 31, 2022 and 2021, since the loan payable has a joint guarantee of Norceca's Chairman, Cristóbal Marte Hoffiz.

Confederation's Chairman receives an annual allocation of US\$50,000, equivalent to RD\$2,799,000 (2021: US\$50,000, equivalent to RD\$2,857,0000) as compensation for his functions. In addition, the expenses incurred from his functions are also compensated.

Confederación Norte, Centroamericana y del Caribe de Voleibol,
Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

9. Other accounts receivable

The breakdown of accounts receivable is as follows:

	<u>2022</u>	<u>2021</u>
Employees (a)	60,500	101,000
Other (b)	20,577,513	24,868,169
	<u>20,638,013</u>	<u>24,969,169</u>
Allowance for loss in doubtful accounts (c)	<u>(1,160,930)</u>	<u>(1,242,126)</u>
	<u>19,477,083</u>	<u>23,727,043</u>

(a) They correspond to cash advances to Confederation employees. These accounts receivable do not accrue interest and are recoverable in the functional currency of the Confederation.

(b) As of December 31, 2022, correspond to accounts receivable from Molten Corporation for unreceived contractual supplies for US\$290,000 (equivalents to RD\$16,234,200); Peruvian Volleyball Federation for US\$20,738 (equivalents to RD\$1,160,930); Dominican Volleyball Federation for air conditioning repair in Volleyball Palace for RD\$3,019,135; and Milagros Cabral for flight tickets for US\$2,916 (equivalents to RD\$163,248) were included. As of December 31, 2021, correspond to accounts receivable from Molten Corporation for unreceived contractual supplies for US\$290,000 (equivalents to RD\$16,570,600, US\$2,250 in 2020, equivalents to RD\$128,565); the Organizing Committee of the Pan-American Women's Championship for headquarter and commercialization fee for US\$118,310 (equivalents to RD\$6,760,250); the Peruvian Volleyball Federation for US\$21,738 (equivalents to RD\$1,242,126); and Milagros Cabral for flight tickets for US\$2,916 (equivalents to RD\$166,630) were included.

(c) The movement of the allowance for loss from doubtful accounts for the years ended December 31 are as follows:

	2022	2021
Balance at beginning of year	(1,242,126)	-
Amounts credited to the allowance	-	(1,242,126)
Amounts debited from the allowance	57,140	-
"Effect of exchange rate variation in foreign currency"	24,056	-
Balance at year end	<u>(1,160,930)</u>	<u>(1,242,126)</u>

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

10. Sporting goods inventory

Confederation' sporting goods were received mainly as an exchange for advertising and purchases from Molten Corporation (see note 12). Federation Internationale de Volleyball (FIVB) gave MIKASA and Jinling Sports sporting goods and supplies. A breakdown of these inventories is as follows:

	<u>2022</u>	<u>2021</u>
<i>Molten supplies:</i>		
Balls	31,167,609	19,402,976
Carts for ball	156,525	344,355
Bonbus	1,185,441	727,989
Portfolios	380,099	411,936
Whistles for referees	119,476	128,666
Marking tape	365,120	375,184
Boards	37,744	-
Pumps to inflate balls	198,056	130,638
	<u>33,610,070</u>	<u>21,521,744</u>
<i>Mikasa supplies:</i>		
Balls	2,554,849	2,554,849
Nets	103,171	103,171
Antennas game	122,034	122,034
Lines	67,625	67,625
Carts of Balls	12,920	12,920
	<u>2,860,599</u>	<u>2,860,599</u>
<i>Jinling supplies</i>		
Referee support	735,269	735,269
Network system	680,140	680,140
Nets	321,848	321,848
Cushioning and vertical filling	155,688	155,688
Antennas	140,313	140,313
Cutting line system	146,321	146,321
Anchoring system	99,630	99,630
Floor plates	48,885	48,885
	<u>2,328,094</u>	<u>2,328,094</u>
<i>Senoh supplies:</i>		
Nets	283,108	314,372
Antennas	17,064	17,064
Game line	62,203	62,203
	<u>362,375</u>	<u>393,639</u>
<i>Other</i>		
Doping kit	54,845	54,845
Mizuno uniforms	7,590,154	8,445,404
Beach court lines	511,761	150,920
Uniforms for referees	41,933	41,933
Gerflor floors	13,270,834	15,505,562
Norvo nets	4,281,528	4,937,940
Tandem antennas	66,807	364,462
Norvo cones	131,679	-
	<u>25,949,541</u>	<u>29,501,066</u>
Subtotal	65,110,679	56,605,142
Allowance for inventory obsolescence (a)	(16,405,684)	(18,166,463)
Total sporting goods inventory	<u>48,704,995</u>	<u>38,438,679</u>

Confederación Norte, Centroamericana y del Caribe de Voleibol,
Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

10. Sporting goods inventory (continued)

(a) As of December 31, 2022, inventory adjustments related to the net realizable value were made for RD\$721,428 (2021: RD\$10,101,804).

11. Furniture and equipment

The movement of furniture and equipment during, the years ended December 31 is shown below:

	Office furniture and equipment and other	Computer equipment	Electric generator	Total
Acquisition costs:				
Balances as of January 1, 2021	4,150,425	1,040,523	1,344,881	6,535,829
Additions	-	154,703	-	154,703
Reclassifications	32,936	(32,936)	-	-
Balance as of December 31, 2021	4,183,361	1,162,290	1,344,881	6,690,532
Additions	16,186	283,165	-	299,351
Disposals	-	(834,311)	-	(834,311)
Reclassifications	(59,657)	59,657	-	-
Balances as of December 31, 2022	4,139,890	670,801	1,344,881	6,155,572
Accumulated depreciation:				
Balances as of January 1, 2021	(3,722,531)	(959,078)	(1,126,337)	(5,807,946)
Depreciation expenses for the year	(235,278)	(97,311)	(201,732)	(534,321)
Reclassifications	(69,855)	69,855	-	-
Balances as of December 31, 2021	(4,027,664)	(986,534)	(1,328,069)	(6,342,267)
Depreciation expenses for the year	(105,966)	(120,069)	(16,812)	(242,847)
Disposals	-	834,311	-	834,311
Reclassifications	3,526	(3,526)	-	-
Balances as of December 31, 2022	(4,130,104)	(275,818)	(1,344,881)	(5,750,803)
Net carrying amount:				
As of December 31, 2022	9,786	394,983	-	404,769
As of December 31, 2021	155,697	175,756	16,812	348,265

As of December 31, 2022, the Confederation maintained fully depreciated assets in use for approximately RD\$4,207,000 (2021: RD\$4,603,000).

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

12. Sporting supplies received in exchange for advertising

On January 1, 2019, the Confederation renewed the contract with Molten Corporation, which had expired on December 31, 2022, for another 4 years. Through this contract, the Confederation gives Molten the right to advertise its sporting goods in all competitions and tournaments held by the Confederation. As consideration, Molten Corporation will give the Confederation sporting goods for approximately US\$290,000 (equivalent to RD\$16,234,200) in 2022 (2021: US\$290,000 (equivalent to RD\$16,570,600)).

The value of the sporting supplies received from Molten in 2022 was US\$290,000 (equivalent to RD\$16,234,200) (2021: US\$290,000 (equivalent to RD\$16,570,600)). In 2022, it received Sport Court floors for US\$99,727 (equivalent to a RD\$5,472,041) (2021: US\$98,572, equivalent to RD\$5,632,399) and Errea, Puma, and Cuban Volleyball Federation uniforms for US\$16,240 (equivalent to RD\$909,087 (2021: RD\$932,428)).

13. Loan payable

Loan payable corresponds to a credit line payable in the short term, shown below:

	<u>2022</u>	<u>2021</u>
It corresponds to a secured credit line with joint guarantee of Norceca's President, Cristóbal Marte Hoffiz. This line was approved in year 2013 by Banco Múltiple BDI, S. A. for US\$500,000 (equivalent to RD\$28,570,000). It was renewed on December 30, 2019 for US\$1,000,000 (equivalent to RD\$57,140,000). As of December 31, 2022, US\$150,000 were used (equivalent to RD\$8,396,999), generating an annual interest of 9%. Interest is paid monthly up to the maturity date of the credit line. In 2021, this credit line was not used.	<u>8,396,999</u>	<u>58</u>

14. Accounts payable to vendors and others

Accounts payable to vendors and other do not generate interest, are not subject to any discount for early payment, and are generally payable within a term of 30 to 60 days from the corresponding invoices or notes' issue date. As of December 31, 2022, US\$13,015 (2021: RD\$55,869) is included and payable in US dollars.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

15. Personnel expenses

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

	<u>2022</u>	<u>2021</u>
Wages	5,605,437	4,629,450
Thirteenth-month bonus	717,253	600,949
Vacations	331,733	256,486
Notice and severance	749,452	1,819,088
Staff support	1,420,593	1,000,562
Social security	844,203	717,291
	<u>9,668,671</u>	<u>9,023,826</u>

16. Expenses for coordination meeting

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

	<u>2022</u>	<u>2021</u>
Meetings of the Executive Committee and Board management (a)	193,361	35,415
FIVB work meetings (b)	200,996	81,080
Norceca work commissions (c)	160,336	-
Other meetings	3,075	-
	<u>557,768</u>	<u>116,495</u>

(a) Its correspond to accommodation, per diem, and supply purchase expenses by all participants of the meeting of the Executive Committee and the Board management.

(b) Its correspond to air ticket, accommodation, and per diem expenses by all Confederation executives in the annual FIVB meetings in Switzerland.

(c) Its correspond to air ticket, accommodation, and transportation expenses by the members of the commissions present at the Confederation work meeting.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

17. Events and championships

The detail of the expenses of events and championship related to air ticket, transportation, accommodation, and travel expenses of members of Control Committees and Confederation representatives participating in events, tournaments, and championships held for the years ended December 31 is as follows:

	<u>2022</u>	<u>2021</u>
Norceca Continental Beach Volleyball Cup	5,800,936	6,708
U-23 Beach Volleyball Qualifying Tournament	39,588	407,705
Women's Senior Volleyball Pan-American Cup	1,227,970	923,312
U-23 Volleyball Women's Pan-American Cup	-	49,194
Men's Pan-American Volleyball Cup	220,115	-
Women's U-19 Pan-American Volleyball Cup	74,895	-
Men's U-19 Pan-American Volleyball Cup	3,854	-
Women's U-20 Pan-American Volleyball Cup	1,322,544	-
Men's U-21 Pan-American Volleyball Cup	152,707	-
World Volleyball Qualifying Tournaments	1,816,962	-
Men's Volleyball Nations League (VNL) Qualifying Tournament	68,496	-
Women's Volleyball Nations League (VNL) Qualifying Tournament	1,146,492	-
Bolivarian games	90,287	-
Men's Pan-American final Six Cup	1,306,160	-
Women's Pan-American final Six Cup	948,542	-
Norceca Continental Championship for Senior Women	-	103,505
Norceca Continental Championship for Senior Men	-	54,707
Olympic games	-	166,588
Youth Pan-American Games (Cali, Colombia)	-	541,043
	<u>14,219,548</u>	<u>2,252,762</u>

18. Regional Volleyball Development Centers

As December 31, 2022, these correspond to expenses incurred for the organization and presentation of courses and seminars given by the FIVB Regional Volleyball Development Center of the Dominican Republic for RD\$1,304,405 (2021: RD\$334,005).

19. Other expenses

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

	<u>2022</u>	<u>2021</u>
Building maintenance	646,632	8,768
Doping control	702,355	789,241
Short-term leases (a)	4,368,000	979,933
Transport, fuel, and lubricants	668,605	555,829
Bank charges	572,842	273,213
Other	7,348,008	4,889,824
	<u>14,306,442</u>	<u>7,496,808</u>

Confederación Norte, Centroamericana y del Caribe de Voleibol,
Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

19. Other expenses (continued)

(a) For the years ended December 31, 2022 and 2021, they correspond to rentals of three premises to store Confederation' sporting equipment and goods. The rental of an apartment for Norceca instructors is also included.

20. Objectives and policies for financial risk management

Financial risk management

During the normal course of activities, the Confederation is exposed to liquidity, exchange, credit, and interest risks. Its risk management policies are described below:

Liquidity risk

The maturity of financial liabilities based on non-discounted contractual payment flows is as follows:

	2022			Total
	On demand	Less than 3 months	3 to 12 months	
Accounts payable to vendors and others	9,296,703	-	-	9,296,703
Accounts payable to affiliates and directors	-	-	7,998,075	7,998,075
Loan payable	-	8,457,878	-	8,457,878
	<u>9,296,703</u>	<u>8,457,878</u>	<u>7,998,075</u>	<u>25,752,656</u>
	2021			
	On demand	Less than 3 months	3 to 12 months	Total
Accounts payable to vendors and others	5,884,706	-	-	5,884,706
Accounts payable to affiliates and directors	-	-	12,806,889	12,806,889
Loan payable	-	58	-	58
	<u>5,884,706</u>	<u>58</u>	<u>12,806,889</u>	<u>18,691,653</u>

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

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

Exchange rate risk management

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

The following table shows the potential exchange sensitivity compared to the Dominican peso for the Confederation activities (due to changes in the fair value of monetary assets and liabilities), considering that the other variables remain constant:

	Increase (Decrease) in US\$ rate	Exchange effect in assets, Net
2022	+5%	444,772
	-5%	(444,772)
2021	+5%	1,576,599
	-5%	(1,576,599)
	Increase (Decrease) in CHF\$ rate	Exchange effect in assets, Net
2021	+5%	2,341,875
	-5%	(2,341,875)

Credit risk

Accounts receivable of the Confederation are generated by fees and rights of participation in events of affiliated federations. The maximum credit risk exposure is represented by the balance of each financial asset.

The Confederation considers that there is no additional credit risk in accounts receivable since an allowance for doubtful accounts is created when the recovery of the total amount of the invoice is not likely or is in arrears. The Confederation performs important activities with related parties. Management has assessed if balances with related parties are fully recoverable, except for the balances included as allowance for doubtful accounts. In addition, balances receivable is permanently monitored to prevent a significant exposure by the Confederation to doubtful accounts.

Confederación Norte, Centroamericana y del Caribe de Voleibol, Norceca

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in Dominican pesos - RD\$)

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

Credit risk (continued)

Regarding credit risk of other financial assets, which are composed of cash at banks, the maximum exposure of the Confederation to noncompliance by the counterparty would correspond to the carrying value of said assets. To mitigate this risk, the Confederation only makes transactions with recognized solvent financial entities.

Interest rate risk

The Confederation's income and operating cash flows are substantially independent from changes in market interest rates. As of December 31, 2022 and 2021, the Confederation has contracted interest-bearing market liabilities.

21. Fair values

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

22. Changes in liabilities from financing activities

	2022				December 31, 2022
	January 1, 2022	From new financial liabilities	Payments made	Interest paid and other	
Loan payable	58	8,396,999	(58)	-	8,396,999

	2021				December 31, 2021
	January 1, 2021	From new financial liabilities	Payments made	Interest paid and other	
Loan payable	58	-	-	-	58