



# Financial Statements 2015

March 2016

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# Relatório dos auditores independentes

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Aos:  
Administradores do  
Comitê Organizador dos Jogos Olímpicos Rio 2016  
Rio de Janeiro – RJ

Examinamos as demonstrações contábeis do Comitê Organizador dos Jogos Olímpicos Rio 2016 (Entidade), que compreendem o balanço patrimonial em 31 de dezembro de 2015 e as respectivas demonstrações do superávit, das mutações do patrimônio líquido e dos fluxos de caixa para o exercício findo naquela data, assim como o resumo das principais práticas contábeis e demais notas explicativas.

## **Responsabilidade da Administração sobre as demonstrações contábeis**

A Administração da Entidade é responsável pela elaboração e adequada apresentação das demonstrações contábeis, de acordo com as práticas contábeis adotadas no Brasil, aplicáveis a entidades sem fins lucrativos, assim como pelos controles internos que ela determinou como necessários para permitir a elaboração destas demonstrações contábeis livres de distorção relevante, independentemente se causada por fraude ou erro.

## **Responsabilidade dos auditores independentes**

Nossa responsabilidade é a de expressar uma opinião sobre essas demonstrações contábeis com base em nossa auditoria, conduzida de acordo com as normas brasileiras e internacionais de auditoria. Essas normas requerem o cumprimento de exigências éticas pelos auditores e que a auditoria seja planejada e executada, com o objetivo de obter segurança razoável de que as demonstrações contábeis estão livres de distorção relevante.

Uma auditoria envolve a execução de procedimentos selecionados para obtenção de evidência a respeito dos valores e das divulgações apresentados nas demonstrações contábeis. Os procedimentos selecionados dependem do julgamento do auditor, incluindo a avaliação dos riscos de distorção relevante nas demonstrações contábeis, independentemente se causada por fraude ou erro. Nessa avaliação de riscos, o auditor considera os controles internos relevantes para a elaboração e adequada apresentação das demonstrações contábeis da Entidade para planejar os procedimentos de auditoria que são apropriados nas circunstâncias, mas não para fins de expressar uma opinião sobre a eficácia desses controles internos da Entidade. Uma auditoria inclui, também, a avaliação da adequação das práticas contábeis utilizadas e a razoabilidade das estimativas contábeis feitas pela Administração, bem como a avaliação da apresentação das demonstrações contábeis tomadas em conjunto.

Acreditamos que a evidência de auditoria obtida é suficiente e apropriada para fundamentar nossa opinião.

**Opinião sobre as demonstrações contábeis**

Em nossa opinião, as demonstrações contábeis, acima referidas apresentam adequadamente, em todos os aspectos relevantes, a posição patrimonial e financeira do Comitê Organizador dos Jogos Olímpicos Rio 2016 em 31 de dezembro de 2015, o desempenho de suas operações e os seus fluxos de caixa para o exercício findo naquela data, de acordo com as práticas contábeis adotadas no Brasil, aplicáveis a entidades sem finalidade de lucros.

**Ênfase**

Conforme mencionado na Nota Explicativa nº 1, a Administração do Comitê Organizador dos Jogos Olímpicos Rio 2016 tem até o ano de 2023 como prazo final de encerramento das suas atividades, como consequência, na avaliação e registro de seus ativos e passivos, a referida descontinuidade das operações está sendo refletida adequadamente nas demonstrações contábeis da Entidade, para que no encerramento das suas operações, previstas no Estatuto, todos e quaisquer ajustes decorrentes desse encerramento estejam adequadamente contabilizados e sendo refletidos nas referidas demonstrações contábeis, de forma que a Entidade realize seus ativos e efetue a liquidação de seus passivos de acordo com as práticas contábeis adotadas no Brasil, aplicáveis a entidades sem fins lucrativos, com período de término de suas operações. Nossa opinião não está ressalvada em decorrência deste assunto.

Rio de Janeiro, 17 de fevereiro de 2016.



Ana Cristina Linhares Areosa  
Contadora CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes  
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# Report by independent auditors on the financial statements

To the Administrators of the  
Rio 2016 Organising Committee for the Olympic Games  
Rio de Janeiro - RJ

We have examined the financial statements of the Rio 2016 Organising Committee for the Olympic Games ("Entity"), which consist of the balance sheet as of 31 December 2015 and the respective statements of surplus/deficit, changes in equity and cash flows for the financial year ended on that date, as well as the summary of main accounting practices and related notes.

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

The Entity's management is responsible for the preparation and adequate presentation of the financial statements, in accordance with the accounting practices adopted in Brazil, applicable to non-profit entities, as well as the internal controls that it has deemed necessary to permit the production of these financial statements free from material misstatement, whether caused by fraud or error.

## **Responsibility of the independent auditors**

Our responsibility is to express an opinion about these financial statements based on our audit, conducted in accordance with Brazilian and international audit standards. These standards require compliance with ethical demands by the auditors and that the audit be planned and executed with the aim of obtaining reasonable assurance that the financial statements are free of material misstatement.

An audit involves the execution of selected procedures to obtain evidence about the amounts and disclosures presented in the financial statements. The selected procedures depend on the auditor's judgment, including the assessment of material distortion risks in the financial statements, whether this is caused by fraud or error. In this risk assessment, the auditor considers the internal controls relevant to the preparation and adequate presentation of the Entity's financial statements to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion about the effectiveness of these internal controls. An audit also includes an assessment of the adequacy of the accounting practices used and the reasonableness of the accounting estimates made by management, as well as an evaluation of the presentation of the financial statements taken as a whole.

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

## **Opinion regarding the financial statements**

In our opinion, the aforementioned financial statements fairly present, in all material aspects, the equity and financial position of the Rio 2016 Organising Committee for the Olympic Games as of 31 December 2015, the performance of its operations and its cash flows for the financial year ended on that date, in accordance with the accounting practices adopted in Brazil, applicable to non-profit entities.

## **Emphasis**

As mentioned in Note 1, the management of the Rio 2016 Organising Committee for the Olympic Games has the year 2023 as the deadline for ending its activities. Consequently, in the assessing and recording of its assets and liabilities, this ending of its operations is being adequately reflected in the Entity's financial statements, so that at the ending of its operations, as provided for, in its by-laws, any and all adjustments arising from this ending will be adequately accounted for, with the Entity realising its assets and settling its liabilities in accordance with the accounting practices adopted in Brazil, applicable to non-profit entities, with a period for ending its operations. Our opinion is not qualified with regard to this subject.

Rio de Janeiro, 17 February 2016.

Ana Cristina Linhares Areosa  
Accountant CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes  
CRC SP-025.583/O-1 "S" - RJ

# Rio 2016 Organising Committee for the Olympic Games

## Balance sheets as of 31 December 2015 and 2014

(In thousands of reais)

### ASSETS

	Notes	2015	2014
<b>Current asset</b>			
Cash and cash equivalents	3	229,711	195,779
Short-term investments	3	232,991	29,838
Accounts Receivables	4	874,159	16,044
Advances	5	718,455	1,648
Prepaid expenses	-	1,114	369
Other accounts receivable	-	372	213
<b>Total current assets</b>		<b>2,056,802</b>	<b>243,891</b>
<b>Non-current assets</b>			
Long-term investments	3	267,323	38,368
Accounts Receivables	4	-	502,686
Advances	5	96,485	30,134
Labor deposits in court		8	-
		<b>363,816</b>	<b>571,188</b>
Fixed assets	6	194,678	23,634
Intangible assets	7	33,794	28,924
		<b>228,472</b>	<b>52,558</b>
<b>Total non-current assets</b>		<b>592,288</b>	<b>623,746</b>
<b>Total assets</b>		<b>2,649,090</b>	<b>867,637</b>

See the accompanying notes to the financial statements.

# Rio 2016 Organising Committee for the Olympic Games

## Balance sheets as of 31 December 2015 and 2014

(In thousands of reais)

### LIABILITIES AND EQUITY

	Notes	2015	2014
<b>Current liabilities</b>			
Suppliers	8	62,917	7,195
Accounts payable	9	61,283	6,265
Marketing rights	10	13,266	81,257
Taxes and charges	11	7,133	4,033
Social contributions	11	4,956	2,027
Labour provisions	12	96,015	14,819
Advances	13	2,318,741	180,689
<b>Total liabilities</b>		<b>2,564,310</b>	<b>296,285</b>
<b>Non-current liabilities</b>			
Accounts payable	9	-	4,261
Marketing rights	10	-	5,451
Labour provisions	12	-	26,179
Advances	13	-	468,051
<b>Total non-current liabilities</b>		<b>-</b>	<b>503,942</b>
<b>Equity</b>			
Equity fund	-	10	10
Accumulated surplus / (deficit)	-	84,770	67,400
		<b>84,780</b>	<b>67,410</b>
<b>Total liabilities and social equity</b>		<b>2,649,090</b>	<b>867,637</b>

See the accompanying notes to the financial statements.



# Rio 2016 Organising Committee for the Olympic Games

## Statement of surplus for the periods that ended as of 31 December 2015 and 2014

(In thousands of reais)

	Notes	2015	2014
Revenue from operating activities	15	975,915	670,716
<b>Operating costs</b>			
Marketing rights	15	(162,306)	(111,993)
Write-off of COB marketing rights	15	146,369	-
Personnel expenses	16	(307,794)	(171,055)
Employment termination provision	12	(30,046)	(4,818)
General and administrative expenses	17	(508,972)	(235,284)
Advertising and publicity expenses	18	(42,416)	(24,632)
Event expenses	19	(168,354)	(11,490)
Taxes and charges	-	(247)	(58)
Depreciation and amortisation	6 and 7	(33,056)	(13,157)
<b>Surplus before financial result</b>		<b>(130,907)</b>	<b>98,229</b>
Net financial surplus	20	148,277	21,049
<b>Surplus for the financial year</b>		<b>17,370</b>	<b>119,280</b>

See the accompanying notes to the financial statements.

# Rio 2016 Organising Committee for the Olympic Games

## Statement of changes in equity (unsecured liability) for the periods that ended 31 December 2015 and 2014

(in thousands of reais)

	Social capital	Accumulated surplus / deficit	Total
Balances on 31 December 2013	10	(51,880)	(51,870)
Superavit for the year	-	119,280	119,280
<hr/>			
Balances on 31 December 2014	10	67,400	67,410
Superavit for the year	-	17,370	17,370
<hr/>			
Balance on 31 December 2015	10	84,770	84,780

See the accompanying notes to the financial statements.

# Rio 2016 Organising Committee for the Olympic Games

## Statement of cash flows for financial years ended 31 December 2015 and 2014

(In thousands of reais)

	2015	2014
<b>Cash flow from operating activities</b>		
Surplus for the year	17,370	119,280
Depreciation and amortisation	33,056	13,157
Labour provisions	55,017	20,665
Loss on write-off of fixed assets	256	16
Unrealised exchange rate variation	(99,612)	(12,972)
Operations not affecting cash	(533,527)	(209,445)
Adjusted deficit	(527,440)	(69,299)
<b>Changes in assets and liabilities</b>		
Accounts - Receivables	178,872	13,624
Advances	(775,712)	(27,183)
Anticipated expenses	(744)	598
Other assets	(167)	66
Taxes and charges	3,100	696
Social contributions	2,929	171
Suppliers	51,723	(10,543)
Marketing rights	(32,813)	(9,974)
Advances	1,724,761	446,700
Accounts payable	50,757	(4,213)
	1,202,706	409,942
<b>Net cash used in operating activities</b>	675,266	340,643
<b>Cash flow from investing activities</b>		
Investment in fixed and intangible assets	(209,226)	(20,584)
	(209,226)	(20,854)
<b>Cash flow from funding activities</b>		
Financial investments	(432,108)	(61,848)
Payment of loans	-	(69,296)
Interest payment	-	(3,386)
	(432,108)	(134,530)
<b>Increase in cash and cash equivalents</b>	33,932	185,259
<b>Statement of net change</b>		
Cash and cash equivalents at the beginning of financial year	195,779	10,520
Cash and cash equivalents at the end of financial year	229,711	195,779
<b>Increase in cash and cash equivalents</b>	33,932	185,259

See the accompanying notes to the financial statements.

# Management notes to the financial statements for the years ended 31 December 2015 and 2014 (amounts expressed in thousands of reais, except where otherwise indicated)

## 1. Operating context

The Rio 2016 Organising Committee for the Olympic Games (the Entity or Rio 2016) was established on 8 April 2010, with its headquarters based in Rio de Janeiro, at Rua Ulysses Guimarães, 2,016 - Cidade Nova.

The Entity operates as a private, not-for-profit civil society of sports, educational, cultural, and artistic nature, and its principal activity is the promotion, organisation, and staging (including, but not limited to, the provision of accommodation and ticket sales services, among others), in the city of Rio de Janeiro, state of Rio de Janeiro, in the Federal District and in the cities of São Paulo, Belo Horizonte, Salvador and Manaus, in the states of São Paulo, Minas Gerais, Bahia and Amazonas, respectively, of the Olympic Games, from 5 to 21 August 2016, and in the city of Rio de Janeiro, state of Rio de Janeiro, of the Paralympic Games, from 7 to 18 September 2016, pursuant to the provisions of the contractual instruments called the Host City Contract and the Joint Marketing Programme Agreement, referred to in Article 1, and in the Olympic Charter, and also in accordance, when applicable, with statutory and regulatory provisions of the International Olympic Committee (IOC), the International Paralympic Committee (IPC), the World Anti-Doping Agency (WADA), the Brazilian Olympic Committee (COB), and the Brazilian Paralympic Committee (CPB).

In addition to the Brazilian Olympic Committee (COB) and the Brazilian Paralympic Committee (CPB), the Brazilian Olympic Sports Confederations are the legal entities that make up the Entity as members, provided that their respective sports are included in the programme of the 2016 Olympic Games, that they are affiliated with the Brazilian Olympic Committee (COB) and with their respective International Federations, and provided that the said national entities issue an explicit intention of association.

On 23 January 2014, the Entity disclosed to the public the first review of the Games budget after the bid, in which it stressed a balanced budget composed only of private funds.

The change in relation to the original budget is due to:

- the impact of the adjustment based on the IPCA during the period
- inclusion of four new sports (golf, rugby, paracanoe and paratriathlon)
- new technologies
- Games security
- average salary increases above inflation
- spending on usage and retrofitting of the Olympic Village.

The Entity has the following governing bodies:

- a) General Assembly
- b) Board of Directors
- c) Executive Council
- d) Audit Committee
- e) Honorary Board

The Entity's Executive Council, formed under the exact terms of clause 2 of the Host City Contract, referred to in Article 1, shall be composed of: the Entity's President; Brazilian members, of any category, of the International Olympic Committee, currently Dr. Carlos Arthur Nuzman and Dr. João Havelange; the Secretary-General of the Brazilian Olympic Committee (COB), or his/her representative, appointed as substitute by the Executive Board of the Brazilian Olympic Committee, as provided for in §3, Article 28; a representative of the Brazilian Paralympic Committee, appointed by its President; an Olympic athlete appointed by the Executive Board of the Brazilian Olympic Committee; a representative of the Municipality of Rio de Janeiro, appointed by the Mayor of the Municipality of Rio de Janeiro; a representative of the State of Rio de Janeiro, appointed by the Governor of the State of Rio de Janeiro; and a representative of the Ministry of Sport, appointed by the Minister of Sports. All of these members shall have a single term, for the Entity's duration, as provided for in Article 2.

In order to achieve its ultimate goal, the Committee decided on the following main tasks:

- a) To promote, organise and stage, in any city in Brazilian territory, sports events involving the participation of Brazilian and/or foreign athletes, or other events of any nature, including test and preparatory events for the 2016 Olympic and Paralympic Games;
- b) To promote, organise and stage, in any city in Brazilian territory, in the period before the 2016 Olympic and Paralympic Games, events of any nature, sporting or otherwise, whose rights shall be independently commercialised, respecting the rights of third parties, contracted with the International Olympic Committee and/or the Entity, including but not limited to the Olympic Torch relay, the cultural programme, and test and preparatory events, related to said Games;
- c) To interact with the entities of the federal, state and/or municipal public administration, partially state-owned companies, public entities and/or agencies, private entities and individuals;
- d) To hire the Parties referred to in letter c) above and/or any others to perform construction work, provide services and acquire goods of any kind, movable and immovable, and to transfer resources through the signing of respective agreements and contracts;
- e) To license, within Brazilian territory, the use of the brands that it possesses, registered with the competent national bodies, and/or brands ceded to it, and/or any other rights that it holds in any way, in order to generate revenues.

The Entity's operations directly linked to the Games are scheduled to end by 31 December 2016. According to its by-laws, the Entity has a termination date of 31 December 2023; this deadline may be brought forward by means of a proposal by the Entity's president, which will be submitted to the General Assembly for examination and deliberation.

On 10 February 2015 a document was signed between the Entity and the Municipality of Rio de Janeiro in which the former took on from the latter the original obligation to purchase the infrastructure goods and services necessary to operate the International Broadcast Centre (IBC), with a corresponding transfer to the City of part of the expenses incurred with temporary power, in equal amounts. It should be emphasised that the construction of the facility remains under the responsibility of the City of Rio de Janeiro.

Law 7,036/15 (the Friend of the Games Act) was approved on 7 July 2015, granting ICMS (Goods and Services Circulation Tax) fiscal incentives to Companies investing in Olympic and Paralympic projects to the limit of four percent of the amount payable of such tax by the Company; the funding of these projects cannot surpass 1 percent of the amount of ICMS collected by the state of Rio de Janeiro in the prior year. Projects supported by this Act include the procurement of medical equipment, transport services, improvements to the Olympic infrastructure and facilities, and temporary labour, among others.

Act No. 13,161 was enacted on 31 August 2015 and it revoked Article 15 of Act No. 12,035, of 1 October 2009, which authorised the allocation of federal funds to cover any Rio 2016 operating deficits. This did not affect the solvency of the Entity, since the financial guarantees granted by the State Government of Rio de Janeiro and by the City of Rio de Janeiro remain in place.

The Entity's financial statements were approved at the board meeting held on 17 February 2016.

The financial statements as of 31 December 2015 present current liabilities greater than current assets, amounting to R\$507,508, as shown below:

	<b>2015</b>
Current assets	2,056,802
Current liabilities	(2,564,310)
<b>Current liability/current asset ratio</b>	<b>(507,508)</b>

However, these current liabilities largely represent payments that will not be made in cash, i.e. they will be largely settled through 'value in kind' (VIK), or arise from revenue recognition criterion, as shown below:

(-) Marketing rights to pay via VIK (i)	1,911
(-) Short-term liability advances (ii)	2,318,741
<b>Total non-financial settlements</b>	<b>2,320,652</b>
Other liabilities with financial settlement	243,658
<b>Total current liabilities</b>	<b>2,564,310</b>

(i) Amount related to marketing rights payable, which will be transferred to CPB via VIK.

(ii) This amount is due to:

- The difference between the financial flow/VIK of sponsors and the accounting recognition of revenue. When the appropriate amount of revenue in linear form is lower than the instalments already received from the sponsors, these resources are recorded in the books as advances from sponsors;
- Amounts received for broadcasting rights, accommodation and tickets, which will be recognised as revenue in the Games period.

Given the above scenario, the Entity believes that it will not have problems in settling its current liabilities in subsequent periods.

## 2. Basis for preparing and presenting the financial statements

### 2.1. Basis of preparation

#### 2.1.1. Declaration of Conformity

The entity's financial statements, as of 31 December 2015 and 2014 were prepared in accordance with accounting principles adopted in Brazil, applicable to non-profit entities, considering General Technical Interpretation (ITG) 2002, approved by CFC Resolution 1,409/2012, as well as the pronouncements issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC).

#### 2.1.2. Measurement basis

The financial statements have been prepared based on historical cost, unless otherwise stated.

#### 2.1.3. Functional currency and presentation currency

The Entity's functional currency is the Brazilian real. All amounts reported in these financial statements are expressed in thousands of reais, unless otherwise indicated.

## 2.2. Main accounting practices

### a) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly liquid short-term investments, with original maturities of up to three months, and with insignificant risk of changes in value.

### b) Financial investments

Financial investment presented in non-current assets include: (i) amounts received from sponsors whose realisation is dependent upon the holding of future events to be agreed to in contract between the sponsor and the Entity; (ii) amounts deposited as contractual collaterals to settle future operational obligations taken on by the Entity; (iii) amounts deposited as a guarantee of future payments/amount invested for the purpose of paying, at the end of the Olympic Games, the retention bonus for employees who remain with the Entity until its dissolution. These investments are recorded at fair value through profit.

### c) Receivables

Accounts receivable from sponsorships, including those whose consideration received by the Entity is in the form of the provision of services or the sale of products by the counterpart - better known as 'value in kind' (or VIK) -, are recognised in accordance with the revenue recognition policy described in item k), below.

### d) Fixed assets

Fixed assets are recorded at the cost of acquisition, net of accumulated depreciation. Depreciation is calculated using the linear method, based on the Entity's operational period, until 31 December 2016. The fixed assets balance includes all spending assignable to goods during their construction phase.

### e) Intangible

Intangible assets with a defined useful life, separately acquired, are recorded at cost less amortisation. Amortisation is recorded linearly, based on the Entity's operational period, until 31 December 2016.

### f) Provision for tax, civil, and labour risks

Provisions for tax, civil and labour contingencies are recognised when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provisions are updated to the dates of the balance sheets by the estimated amount of probable losses, considering their natures and supported by the opinion of the Entity's external lawyers.



**g) Employment termination provision and retention bonuses**

The provision for employment termination is recognised by the amount estimated by the Entity's Management to pay termination sums to its employees when the Entity is dissolved. Thus, a provision was set to cover these expenses up to 31 December 2015.

The provision for retention bonuses is designed to grant a bonus to employees who remain at the Entity until its dissolution. It is calculated and recorded in accordance with the length of the employment of each employee. Thus, a financial investment has been made to cover these costs (see Note 3).

The provisions are updated to the dates of the balance sheets by the estimated sum of likely future disbursements, considering their natures.

**h) Financial instruments**

The financial assets and liabilities maintained by the Entity include cash and cash equivalents, financial investments, accounts receivable, loans, suppliers, payable marketing rights, and accounts payable.

These instruments are classified as basic financial instruments, measured by the amortised cost method, based on the effective interest rate method, deducting any reductions in recoverable value.

During the financial years that ended on 31 December 2015 and 2014, the Entity did not operate with any derivative financial instruments.

**i) Foreign currency**

Transactions in foreign currency are converted at the exchange rate on the date of each transaction, and the balances of monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate on the closing date. Gains and losses arising from changes in exchange rates concerning monetary assets and liabilities are recorded in the statement of results.

**j) Other assets and liabilities (current and non-current)**

An asset is recognised on the balance sheet when it is likely that its future economic benefits will be generated in favour of the Entity and its cost or value can be measured with certainty. A liability is recognised on the balance sheet when the Entity has a legal or constituted obligation as the result of a past event, and it is likely that financial resources will be required to settle it. When applicable, the corresponding charges and monetary or exchange rate variations incurred are added. Provisions are recorded based on best estimates of the risk involved.

Assets and liabilities are classified as current when their realisation or settlement is likely to occur within the next 12 months. Otherwise, they are recorded as non-current.

#### **k) Revenue recognition**

Revenue arising from the granting of brand usage rights and commission on the sale of licensed products, noting the moment when the Entity transfers the benefits inherent to each contract to the sponsor, is recognised in linear form, provided that it can be reliably estimated. Consideration for these contracts takes place in the form of value in kind (VIK) service provision or through financial resources.

Revenue figures, including inflation adjustment, net of the instalments already received, are recorded as accounts receivable or as advances from sponsors, if the appropriation of revenue is less than the instalment already received, whether as financial resources or VIK. Recognition of expenses related to the services provided by VIK sponsors or others is recorded on an accrual basis as these services are provided.

Licensing revenue is recorded considering the minimum amount guaranteed in the contracts or the amount effectively received, whichever is higher.

Revenues from the sale of accommodation, tickets, Games hospitality, goods and services catalog sales (Rate Card), and the rights to televise the Games (Broadcasting Rights) will be recognised on an accrual basis during the broadcast period of the 2016 Olympic and Paralympic Games. For this reason, on 31 December 2015, the funds received in advance are recorded under the advance group of the current liabilities.

Revenue of proceeds from Law 7,036/15 will be recorded when the operation of each of the projects covered by the Act takes place.

#### **l) Tax obligations**

The Entity is exempt from the payment of income tax (IRPJ) and social contribution on net earnings (CSLL), COFINS, INSS, and employer PIS, among others, pursuant to the terms of Article 10 of Law 12,780/13, which institutes a set of federal tax exemptions for the individuals and legal entities that will organise and stage the 2016 Olympic and Paralympic Games.

With regard to the tax exemption process of state and municipal competency, one may highlight the publication of ICMS Agreement 133, on 5 December 2008, permitting all states to grant exemption from ICMS (tax on the circulation of goods and services), and the Rio de Janeiro Municipal Law 5,230, of 25 November 2010, granting tax exemption from ISS (service tax) for services provided to the Olympic and Paralympic Family.

This set of tax exemptions was prepared based on the guarantees offered by the city of Rio de Janeiro and the Federal Government to the IOC when the city made its bid to host the Olympic and Paralympic Games in 2016.

**m) Adjustment to present value of assets and liabilities**

When applicable, monetary assets and liabilities are adjusted by their present value when a transaction is initially recorded, taking into account the contractual cash flows and the explicit or implicit interest rates, based on the rates prevalent on the market for transactions similar to those of the respective assets and liabilities.

Subsequently, these effects are reassigned on the “revenue” or “financial expenses” income lines, in the result, by using the discount rate considered and the amortised cost method. In the financial years that ended on 31 December 2015 and 2014, no assets and liabilities subject to adjustment to present value were identified.

**n) Impairment of assets**

Every year, the Entity analyses its tangible and intangible assets to determine whether there is any indication that these assets have suffered a loss in terms of a reduction in their recoverable value. As of 31 December 2015 and 2014, the Entity had not identified any evidence of impairment of its assets, especially in its VIK transactions, fixed assets, and intangible assets.

## **2.3. Key accounting estimates and judgments**

The preparation of financial statements requires the use of assumptions and estimates by the Entity’s management, affecting asset and liability balances. As the management’s judgment involves determining estimates related to the probability of future events occurring, the actual results may differ from these estimates.

The settlement of transactions involving these estimates may result in values that are significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimation process. The Entity reviews its estimates and premises on an annual basis.

The main accounting judgments and estimates are presented below:

**a) Provisions for tax, civil, and labour risks**

Provisions are constituted for all risks related to legal proceedings that represent probable losses, estimated with a certain degree of certainty. Assessment of the probability of losses includes the evaluation of available evidence, the hierarchy of laws, available jurisprudence, the most recent court decisions and their relevance in the legal system, as well as assessment by external lawyers.

**b) Employment termination provision**

The employment termination provision is constituted based on the estimated additional severance charges that the Entity will need to incur to terminate its current workforce when the Entity is dissolved. This provision is reviewed once a year.

**c) Useful life of fixed and intangible assets**

Every year, the Entity revises the estimated useful life, residual value and depreciation or amortisation method of its fixed and intangible assets, at the end of each reporting period. The estimated useful life is compared with the Entity's duration period, and the shorter period is used.

**d) Asset retirement obligation**

At the end of each year, the Entity assesses the need for spending to cease its activities. As of 31 December 2015 no need was identified for a provision for discontinuance for assets included in fixed assets.

**3. Cash and cash equivalents and financial investments**

**a) Cash and cash equivalents**

	31/12/2015	31/12/2014
Cash and bank deposits	21	22
<b>Cash equivalents assessed at fair value through income</b>		
Investments in Debentures (i)	177,010	195,757
Investment in Bank Deposit Certificates (CDB) (ii)	52,680	-
<b>Total cash and cash equivalents</b>	<b>229,711</b>	<b>195,779</b>

**b) Financial investments**

	31/12/2015	31/12/2014
Deposits in savings accounts (v)	58,030	-
Investment in Bank Deposit Certificates (CDB) (iii)	410,143	52,849
Investment in DI TOP Fund (iv)	32,141	15,357
<b>Total financial investments</b>	<b>500,314</b>	<b>68,206</b>
Current	232,991	29,838
Non-current	267,323	38,368
<b>Total financial investments</b>	<b>500,314</b>	<b>68,206</b>

- (i) Financial investments in debentures (CDB), remunerated at a rate of 100.80% of the Interbank Deposit Certificate (CDI) in the financial year that ended on 31 December 2015 (100% as of 31 December 2014), with the investment having daily liquidity and an insignificant risk of a change in value.

- (ii) Financial investments in Bank Deposit Certificates (CDB), remunerated at a rate of 98.62% of the Interbank Deposit Certificates (CDI) in the financial year ended 31 December 2015, with the investment having daily liquidity and an insignificant risk of a change in value.
- (iii) Financial investment in Bank Deposit Certificates (CDB), remunerated at a rate of 97.95% of the Interbank Deposit Certificates (CDI) in the financial year ended 31 December 2015 (99.63% as of 31 December 2014), with the investment having daily liquidity and an insignificant risk of a change in value. The amount recorded in current assets relates to amounts received from sponsors whose realisation is contingent on future events to be signed in the contract between them and the Entity. The amount recorded in non-current assets relates to amounts deposited as a contractual collateral for the settlement of a few future operational obligations taken on by the Entity.
- (iv) The financial investment in a FIC FI investment fund, with a remuneration of 102.53% of the Interbank Deposit Certificate (CDI) for the year ended 31 December 2015 (101.78% as of 31 December 2014). This investment was constituted to pay the retention bonuses.
- (v) Deposits in savings accounts are made in specific accounts created due to contract obligation for the purchase of goods and services of exclusive sponsors, and which cannot be used for other purposes.

#### 4. Accounts receivable

The Entity's balance of accounts receivable on 31 December 2015 and 2014 is composed exclusively of amounts receivable from their sponsors in cash and in kind (VIK). When applicable, the amount is adjusted for inflation by the IPCA and IGPM indicators, under the conditions established in the contracts signed with the respective sponsor.

	31/12/2015	31/12/2014
International sponsorship	426,121	236,983
National sponsorship	438,840	274,493
International licensing	2,276	2,106
National licensing	6,922	5,148
<b>Total accounts receivable</b>	<b>874,159</b>	<b>518,730</b>
Current	874,159	16,044
Non-current	-	502,686
<b>Total accounts receivable</b>	<b>874,159</b>	<b>518,730</b>

The amount recorded as current assets includes all accounts receivable with an identifiable settlement period of up to 12 months; the other accounts receivable are recorded as non-current assets.

The receivables in VIK category were conservatively considered in noncurrent assets, as they do not have a set period of settlement.

During financial years 2015 and 2014, the Entity's Management conducted an analysis of the receivables and identified, for the year 2015, the need to write off sponsorship amounts receivable in the amount of R\$38,840 against the surplus of the year due to the renegotiation of a contract with one of its sponsors.

## 5. Advances

	31/12/2015	31/12/2014
Advance for accommodation (i)	491,104	-
Advance for suppliers (ii)	116,917	64
Advance - accommodation ship rental (iii)	91,624	28,662
Advance - Athletes' Village rent (iv)	49,302	-
Advance - Athletes' Village retrofit (iv)	46,992	-
Other advances	19,001	3,056
<b>Total</b>	<b>814,940</b>	<b>31,782</b>
Current	718,455	1,648
Non-current	96,485	30,134
<b>Total</b>	<b>814,940</b>	<b>31,782</b>

- (i) Refers to amounts advanced to hotels for the use of their accommodation during the Games.
- (ii) Refers to advances for miscellaneous services, among which we can highlight expenses with Games ceremonies (R\$54,336) and with surplus electricity (R\$30,000).
- (iii) Refers to ship rental advances amounting to US\$23,400 (US\$12,800 as of 31 December 2014), for the use of their accommodation during the Games.
- (iv) Refers to advances for expenses with the rental of accommodation at the Athletes' Village, which Rio 2016 will use from March 2016 to July 2017.
- (v) Refers to advances for expenses with retrofit works of the accommodation at the Athletes' Village, scheduled to take place from September 2016 to July 2017.

## 6. Fixed assets

a) The details of the Entity's fixed assets are shown in the following table:

	31/12/2015	31/12/2014
Machines and equipment	1,152	709
IT equipment	9,364	6,201
Furniture and fixtures	365	278
Facilities	4,736	9,465
Telephony	407	152
Recording apparatus	49	1
Construction work in progress (i)	161,411	1,453
Vessels (ii)	4,616	5,156
Imports in progress	1,764	-
Improvements in progress (iii)	9,013	-
Sports equipment	1,604	-
Advance to suppliers	197	219
Total	194,678	23,634

- (i) In 2015, reference is made mainly to expenses with infrastructure for the International Broadcast Centre (IBC); see Note 1 for further details. In 2014, it refers to expenses with temporary facilities.
- (ii) Refers to the purchase of vessels to ensure safety in the sailing test event, and which will continue being used in aquatic competitions.
- (iii) Refers to improvement works at facilities, largely at the Main Distribution Centre (MDC).

## b) Changes to fixed assets

Cost	Machines and equipment	Furniture and fixtures	Facilities	IT equipment	Telephony	Recording apparatus	Construction in progress	Vessels	Imports in progress	Improvements in progress	Sports equipment	Advance to suppliers	Total
At 31 December 2013	729	123	5,368	3,493	2	4	718	-	-	-	-	-	10,437
Additions	404	37	2,222	4,717	183	-	6,493	6,230	-	-	-	219	20,505
Disposals	(22)	(2)	-	-	-	-	-	-	-	-	-	-	(24)
Transfers (*)	-	206	5,552	-	-	-	(5,758)	-	-	-	-	-	-
At 31 December 2014	1,111	364	13,142	8,210	185	4	1,453	6,230	-	-	-	219	30,918
Additions	1,111	343	-	9,616	417	55	161,411	2,904	1,764	9,013	1,975	-	188,609
Disposals	-	(6)	(1,453)	(10)	-	-	-	-	-	-	-	(23)	(1,492)
Transfers	-	-	1,453	-	-	-	(1,453)	-	-	-	-	-	-
At 31 December 2015	2,222	701	13,142	17,816	602	59	161,411	9,134	1,764	9,013	1,975	196	218,035

Depreciation	Machines and equipment	Furniture and fixtures	Venues	IT equipment	Telephony	Recording equipment	Construction in progress	Vessels	Imports in progress	Improvements in progress	Sports equipment	Fixed asset advance	Total
At 31 December 2013	(188)	(16)	(1,054)	(188)	(1)	(2)	-	-	-	-	-	-	(1,449)
Additions	(221)	(70)	(2,623)	(1,821)	(32)	(1)	-	(1,074)	-	-	-	-	(5,842)
Disposals	7	-	-	-	-	-	-	-	-	-	-	-	7
At 31 December 2014	(402)	(86)	(3,677)	(2,009)	(33)	(3)	-	(1,074)	-	-	-	-	(7,284)
Additions	(668)	(252)	(4,729)	(6,444)	(162)	(7)	-	(3,444)	-	-	(371)	-	(16,077)
Disposals	-	2	-	1	-	-	-	-	-	-	-	-	3
At 31 December 2015	(1,079)	(336)	(8,406)	(8,452)	(195)	(10)	-	(4,518)	-	-	(371)	-	(23,358)

### Net

At 31 December 2014	709	278	9,465	6,201	152	1	1,453	5,156	-	-	-	219	23,634
At 31 December 2015	1,152	365	4,736	9,364	407	49	161,411	4,616	1,764	9,013	1,604	196	194,678

(\*) Transfers due to the completion and start of use of phases I and II of the Entity's new headquarters.



## 7. Intangibles

### a) Balance breakdown

	Net	
	31/12/2015	31/12/2014
<b>With defined useful life</b>		
Brand usage rights - COB (i)	15,000	-
Software usage rights (ii)	14,519	20,374
Brand usage rights - IPC (iii)	4,275	8,550
<b>Total</b>	<b>33,794</b>	<b>28,924</b>

(i) Refers to the transfer value of marketing rights to COB. On 31 December 2015, it was agreed that the form of transfer would no longer be on the revenue actually received, whether in cash or in the VIK mode, rather on a fixed value to be restated every 12 months based on the IPCA-IBGE index. The amount payable for this right appears in Note 9.

(ii) Refers mostly to the acquisition of data security software.

(iii) Refers to the value contracted from the IPC for the usage of its brand. The amount payable for this right appears in Note 9.

### b) Changes in balances

With defined useful life	Brand usage rights - COB	Software usage rights	Brand usage rights - IPC	Total
<b>Balance on 31 December 2013</b>	-	1,246	12,825	14,071
Additions	-	22,168	-	22,168
Amortisation	-	(3,040)	(4,275)	(7,315)
<b>Balance on 31 December 2014</b>	-	20,374	8,550	28,924
Additions	15,000	5,637	-	20,637
Amortisation	-	(11,492)	(4,275)	(15,767)
<b>Balance on 31 December 2015</b>	<b>15,000</b>	<b>14,519</b>	<b>4,275</b>	<b>33,794</b>

Management uses the date of 31 December 2016 as the limit for the lifespan of intangible goods, due to the closing of operational activities directly related to the Games.

## 8. Suppliers

	31/12/2015	31/12/2014
Accommodation - Ship	29,312	-
Infrastructure services	10,711	849
Rental and lease	7,846	2,559
Ceremonies	10,131	849
Information technology	1,506	734
Surveillance and security	-	791
Other administrative expenses	3,411	1,413
<b>Total</b>	<b>62,917</b>	<b>7,195</b>

## 9. Accounts payable

The balance of accounts payable on 31 December 2015 and 2014 is composed as follows:

	31/12/2015	31/12/2014
Accounts - Payables - COB (i)	56,592	-
Accounts - Payables - IPC (i)	4,686	10,518
Other accounts payable	5	8
<b>Total</b>	<b>61,283</b>	<b>10,526</b>
Current	61,283	6,265
Non-current	-	4,261
<b>Total</b>	<b>61,283</b>	<b>10,526</b>

- (i) Refers to the transfer amount for COB brand usage rights, as described in Note 7. The balance is updated every 12 months based on the IPCA-IBGE index. This amount will be settled in the form of cash payments or in the VIK mode.
- (ii) Refers to the acquisition of the IPC brand usage rights, as described in Note 7. The original amount is US\$12,000, and the amount of US\$1,200 (R\$4,686) was paid on 31 December 2015; the principal amount will be paid in nine fixed instalments, payable every six months until 2016.

## 10. Marketing rights payable

These refer to the marketing rights calculated on recognised sponsorship and licensing revenues, as established in the contracts specified in Note 1, and adjusted for inflation as established in the respective contracts. The balance is composed as follows:

	31/12/2015	31/12/2014
Marketing rights - IOC (i)	-	6,837
Marketing rights - COB (ii)	-	78,742
Marketing rights - CPB (iii)	13,266	1,147
<b>Total</b>	<b>13,266</b>	<b>86,708</b>
Current	13,266	81,257
Non-current	-	5,451
<b>Total</b>	<b>13,266</b>	<b>86,708</b>

- (i) As set forth under the Marketing Programme Agreement, marketing rights on sponsorship revenues the Entity receives in cash must be transferred to the IOC quarterly. Marketing rights to VIK revenues will be transferred in cash in two instalments during the 2016 financial year.
- (ii) As explained in Note 7, on 31 December 2015 it was agreed that the form of transfer would no longer be on the revenue actually received, whether in cash or in the VIK mode, rather on a fixed value to be restated every 12 months based on the IPCA-IBGE index.
- (iii) As set forth under the Paralympic Joint Marketing Programme Agreement, marketing rights to sponsorship revenues the Entity receives in cash must be transferred to CPB quarterly. Marketing rights to VIK revenues will be transferred in accordance with CPB's need to use the good or service in question.

## 11. Taxes, charges, and social contributions

The balance of taxes, charges and social contributions to collect is composed as follows:

Taxes and charges	31/12/2015	31/12/2014
Withholding tax (IRRF)	6,635	3,783
PIS/ COFINS/ CSLL and contributions	498	250
<b>Total</b>	<b>7,133</b>	<b>4,033</b>

Social contributions	31/12/2015	31/12/2014
INSS	2,512	447
FGTS on payroll	2,444	1,580
<b>Total</b>	<b>4,956</b>	<b>2,027</b>

## 12. Labour provisions

	31/12/2015	31/12/2014
Provision for vacations	22,988	14,808
Retention bonuses (i)	32,141	15,357
Employment termination provision (ii)	40,869	10,822
Other	17	11
<b>Total</b>	<b>96,015</b>	<b>40,998</b>
Current	96,015	14,819
Non-current	-	26,179
<b>Total</b>	<b>96,015</b>	<b>40,998</b>

- (i) Constituted in 2013 by decision of the Entity's Management, aimed at the retention of its employees until the holding of the Olympic and Paralympic Games (see Notes 2.2.g and 3.b).

Changes in the balance of the retention bonus are as follows:

Balance as of 31/12/2013	6,358
Employee additions to the base	9,635
Employee removals from the base	(1,549)
Financial income	913
Balance as of 31/12/2014	15,357
Employee additions to the base	16,536
Employee removals from the base	(2,218)
Financial income	2,466
Balance as of 31/12/2015	32,141

- (ii) Amount estimated by the Entity's Management for the settlement of labor obligations arising from the termination of operations (scheduled for 31 December 2016 - see Note 2.2g).

### 13. Advances

	31/12/2015	31/12/2014
Advance - sponsorship (i)	284,000	279,768
Advance - licensing	2,313	362
Advance - Olympic broadcasting rights (ii)	839,047	365,486
Advance - Paralympic broadcasting rights (iii)	6,398	3,124
Advance - accommodation (iv)	526,008	-
Advance - tickets (v)	596,232	-
Advance - Law 7,036/15 (vi)	40,781	-
Advance - hospitality (vii)	23,667	-
Advance - other	295	-
<b>Total</b>	<b>2,318,741</b>	<b>648,740</b>
Current	2,318,741	180,689
Non-current	-	468,051
<b>Total</b>	<b>2,318,741</b>	<b>648,740</b>

- (i) Refers to the amount received from sponsors in cash or VIK, whose revenue recognition will take place in subsequent periods, as described in item "k" of Note 2.2.
- (ii) Refers to the advance granted by the IOC to the Entity for its Olympic Games Broadcasting Rights. The revenue derived from these rights will be recognised at the start of the Olympic Games.
- (iii) Refers to the advance granted by television stations to the Entity for its Paralympic Games Broadcasting Rights. The revenue derived from these rights will be recognised at the start of the Paralympic Games.
- (iv) Refers to the advance received from Games entities for the usage of the accommodation the Entity purchased during the period of the Games.
- (v) Refers to amounts received from the sale of tickets for the Olympic and Paralympic Games. The revenue will be recognised during the period of the Games.
- (vi) Refers to granted amounts of Companies that joined Law 7,036/15, which grants ICMS fiscal incentives for Olympic and Paralympic projects. The revenue is recognised during the operation of each of these projects.
- (vii) Refers to amounts received by Games entities to purchase packages of various services related to travel and accommodation during the Games.

## 14. Risk management and financial instruments

### a) General considerations and policies

The Entity contracts operations involving financial instruments, all of which are registered in its accounts, designed to meet its operational and financial needs. Basically, financial investments and loans are contracted.

#### Financial investments

In accordance with the established financial investment policy, the Entity's Management selects financial institutions considered first-class by the market.

#### Loans

The loans are recorded based on the contractual interest rates in each operation, as shown in Note 8.

#### Policies for contracting derivative financial instruments

As of 31 December 2015 and 2014, the Entity did not have any operations involving derivative financial instruments.

## b) Financial risk factors

### i) Exchange rate risk

As of 31 December 2015 and 2014, the Entity possessed rights and obligations contracted with the International Olympic Committee (IOC) and the International Paralympic Committee (IPC) in foreign currency, as shown below:

#### • Rights

		31/12/2015	31/12/2014
Accounts receivable - international sponsorship	Note 4	464,961	236,983
Accounts receivable - international licensing	Note 4	2,276	2,106
Advances - accommodation	Note 5	491,104	-
<b>Total</b>		<b>958,341</b>	<b>239,089</b>

#### • Obligations

		31/12/2015	31/12/2014
Payable marketing rights (COI)	Note 10	-	6,837
Accounts payable (IPC)	Note 9	4,686	10,518
Advances - accommodation	Note 13	526,008	-
Advance - tickets	Note 13	162,675	-
<b>Total</b>		<b>693,369</b>	<b>17,355</b>

As shown above, Rio 2016 has more rights than obligations in foreign currency, which mitigates the risk of currency changes.

### ii) Liquidity risk

The Entity manages its liquidity risk by maintaining adequate reserves of sponsorship and licensing receipts while simultaneously monitoring its flow of disbursements. Should there be any cash mismatch due to operational dynamics, a bank credit line is available to obtain loans in order to mitigate possible liquidity risks and, as mentioned in Note 25 - Commitments, the government has undertaken to provide resources for Rio 2016 to meet its objectives (documented in the Host City Contract).

The Entity expects to meet its other obligations from its operating cash flows and its income from maturing financial assets.

## 15. Revenues and marketing rights

### a) Breakdown

The breakdown of sponsorship and marketing rights on 31 December 2015 and 2014 was as follows:

Revenues	31/12/2015				31/12/2014		
	Revenue	Marketing rights (i)	Write off COB marketing rights (ii)	Net	Revenue	Marketing rights (i)	Net
Sponsorship	947,872	(154,914)	144,253	937,211	660,089	(109,303)	550,786
Licensing	23,961	(7,392)	2,116	18,685	10,408	(2,690)	7,718
Other revenues	4,082	-	-	4,082	219	-	219
<b>Total</b>	<b>975,915</b>	<b>(162,306)</b>	<b>146,369</b>	<b>959,978</b>	<b>670,716</b>	<b>(111,993)</b>	<b>558,723</b>

- (i) Refers to COB, IOC, and CPB marketing rights.
- (ii) Refers to the write off of the expense with COB marketing rights recognised and unpaid up to 2015, pursuant to the new rules contained in the new agreement between the Entity and COB. The liability remaining at that date was reduced by R\$146,369, with the balance accounted for in the result, as per Note 7.



**b) Revenue from sponsorship and licensing contracted as of 31 December 2015 and 2014**

Modality	31/12/2015		
	Contracted	Recognised	To recognise (*)
Sponsorship - cash	2,138,287	(1,317,180)	821,107
Sponsorship - Value In Kind (VIK)	1,698,260	(1,066,217)	632,043
Licensing - cash	43,950	(36,170)	7,780
Licensing - Value In Kind (VIK)	5,998	(2,133)	3,865
<b>Total</b>	<b>3,935,692</b>	<b>(2,421,700)</b>	<b>1,464,795</b>

Modality	31/12/2014		
	Contracted	Recognised	To recognise
Sponsorship - cash	1,562,004	(793,624)	768,380
Sponsorship - Value In Kind (VIK)	1,339,264	(641,901)	697,363
Licensing - cash	30,533	(13,798)	16,735
Licensing - Value In Kind (VIK)	2,068	(544)	1,524
<b>Total</b>	<b>3,886,495</b>	<b>(1,449,867)</b>	<b>1,484,002</b>

(\*) These amounts will be fully recognised during 2016.

## 16. Personnel expenses

The breakdown of personnel expenses as of 31 December 2015 and 2014 is as follows:

	31/12/2015	31/12/2014
Salaries and wages	196,358	110,824
13th salaries	17,853	10,314
Pension for vacation	25,456	14,366
Retention bonuses (i)	16,784	8,999
FGTS	19,042	9,990
Meal vouchers	16,141	6,905
Health care	6,195	3,055
Other	9,966	6,632
<b>Total</b>	<b>307,794</b>	<b>171,055</b>

(i) See Note 12

## 17. General and administrative expenses

The breakdown of general and administrative expenses as of 31 December 2015 and 2014 is as follows:

	31/12/2015	31/12/2014
Services provided (i)	267,794	85,753
IT systems (ii)	150,080	93,591
Travel and representation expenses	24,571	24,611
Legal fees	8,078	9,696
Rent and condominium charges (iii)	36,077	5,773
Other administrative expenses	22,372	15,860
<b>Total</b>	<b>508,972</b>	<b>235,284</b>

(i) This refers to the Entity's contracting of services on the domestic and international markets, most notably infrastructure and database integration consulting services, Olympic brand protection services, and advisory services in various areas of the organisation provided through value in kind (VIK), and Games technology consulting services.

(ii) This refers to the Entity's contracting of services directly related to Information Technology, most notably IT planning and development services for the Olympic and Paralympic Games, telecommunication services and headquarters IT infrastructure services.

(iii) This basically refers to the rental of space (including furniture) for the headquarters.

## 18. Advertising and publicity expenses

In 2015 and 2014, these refer mainly to expenses related to media campaigns to advertise test events, the Volunteer Programme and the Olympic and Paralympic mascots, among others.

## 19. Events expenses

The breakdown of expenses with events as of 31 December 2015 and 2014 is as follows:

	31/12/2015	31/12/2014
Services provided (i)	48,378	11,490
Expenses with temporary facilities (ii)	79,287	-
FF&E rental (iii)	34,675	-
Other expenses with events	6,014	-
	<b>168,354</b>	<b>11,490</b>

- (i) Refers to services provided with the Torch Relay event organisation and the opening ceremony and expenses related to the provision of services with the test events.
- (ii) Refers to expenses incurred in the assembling and disassembling of temporary venues for the test events in 2015.
- (iii) Refers to expenses incurred with FF&E for test events and the Athletes' Village.

## 20. Financial result

The breakdown of the Entity's financial result as of 31 December 2015 and 2014 is as follows:

	31/12/2015	31/12/2014
<b>Financial revenues</b>		
Financial investment income	80,977	21,308
Exchange rate variation	188,246	45,092
Other financial revenues	289	299
	<b>269,512</b>	<b>66,699</b>
<b>Financial expenses</b>		
Interest and banking expenses	(190)	(1,278)
Exchange rate variation losses	(93,284)	(35,489)
Taxes on investment and loans	(22,223)	(4,739)
Commission on financial services	(5,637)	(4,138)
Other financial expenses	(1)	(6)
	<b>(121,235)</b>	<b>(45,650)</b>
<b>Net financial surplus</b>	<b>148,277</b>	<b>21,049</b>

## 21. Balances and transactions with related parties

### 21.1 Transactions with related parties

	31/12/2015				31/12/2014		
	Expenses	Expense recovery	Amounts receivable	Amounts payable	Expenses	Amounts receivable	Amounts payable
International Olympic Committee (IOC)	45,852	-	1,402	8,139	28,972	-	6,837
Brazilian Olympic Committee (COB)	107,486	146,369	-	59,363	77,040	-	78,724
International Paralympic Committee (IPC)	-	-	1,293	5,348	-	-	10,518
Brazilian Paralympic Committee (CPB)	11,910	-	1,119	13,266	7,245	1,077	1,147

The transactions with related parties are shown below:

#### International Olympic Committee (IOC)

		31/12/2015	31/12/2014
Expenses - marketing rights	Note 15	44,852	27,708
Expenses - interest and exchange variation on loans	Note 20	-	1,264
Amounts receivable - credit for marketing rights	Note 5	1,402	-
Advance for accommodation	Note 13	8,139	-

#### Brazilian Olympic Committee (BOC)

		31/12/2015	31/12/2014
Expenses - marketing rights	Note 15	107,486	77,040
Expenses recovery - write off for marketing rights	Note 15	146,369	-
Amounts payable - payables	Note 9	56,592	-
Amounts payable - marketing rights	Note 10	-	78,724
Advance for tickets	Note 13	924	-
Advance for accommodation	Note 13	1,847	-

## International Paralympic Committee (IPC)

		31/12/2015	31/12/2014
Advances	Note 5	1,293	-
Amounts payable - Payables	Note 9	4,686	10,518
Advance for accommodation	Note 13	662	-

## Brazilian Paralympic Committee (BPC)

		31/12/2015	31/12/2014
Expenses - marketing rights	Note 15	11,910	7,245
Advances	Note 5	1,119	1,077
Amounts payable - marketing rights	Note 10	13,266	1,147

## 21.2. Remuneration of key management

The Entity does not remunerate executive council members or members of its board of directors. Only members of the executive management are remunerated. This remuneration is covered by the consolidated labour laws (CLT). As of 31 December 2015, the Entity had paid board members, as salaries, the amount of R\$8,375 (R\$7,357 in 2014).

## 22. Insurance coverage (unaudited information)

The Entity has an insurance policy that mainly considers risk concentration and relevance, covering amounts considered sufficient by the Management, taking into consideration the nature of its activities and the guidance of its insurance consultants. Insurance coverage, in the values of 31 December 2015, is as follows:

	Insured value	Insurance premium
<b>Categories</b>		
Operational risk of venues	168,485	76
General civil liability	25,000	54
D&O	20,000	205
Miscellaneous equipment risks	13,000	393
Civil liability of events	25,000	79
Transport	500,000	165

Vessels	8,310	6
Health Insurance + Repatriation (volunteers)	R\$3.00/day per person	300
Health Insurance + Repatriation (MED customers)	R\$3.00/day per person	365

## 23. Provision for tax, civil, and labour risks

The Entity is a party to a number of lawsuits and administrative processes in courts and governmental bodies, arising from the normal course of its operations, involving labour issues and civil aspects. Management, based on information from its legal advisors and analysis of pending legal demands, follows the practice of only making a provision for contingencies classified as probable risks.

There were no contingencies rated as probable risks of losses on the base dates of 31 December 2015 and 2014. On 31 December 2015, the Entity had one labour lawsuit rated as a possible loss by its legal advisors, amounting to an estimated R\$2,152.

## 24. Commitments

The Entity has assumed various commitments to different bodies related to the organisation and staging of the Olympic and Paralympic Games in 2016, governed by the following main contracts:

- a) Host City Contract, a document signed by the city of Rio de Janeiro when it was elected to host the Olympic and Paralympic Games. This agreement specifies in detail the rights and obligations of all parties involved in organising both events, establishing the foundations for the partnership that underpins the work of the Entity with the International Olympic Committee, the International Paralympic Committee and their partners;
- b) Marketing Programme Agreement and the Joint Marketing Programme Agreement, a document that both establish the different sources of revenue from the event and the participation of Olympic Committees and national and international Paralympic as commission for use of their respective brands.

The Entity has entered into long-term contracts that run until 31 December 2017. The estimated and relevant disbursements related to these contracts may be summarised as follows:

	2016	2017	Total
Games Ceremonies (i)	13,520	-	13,520
Rental of headquarters (ii)	25,048	2,404	27,452
Rental of hotel ship (iii)	101,674	-	101,674
Furniture rental (FF&E) (iv)	26,795	-	26,795
Result system (v)	572,881	-	572,881
Logistics services (vi)	106,311	36,497	142,808
Monitoring of engineering and infrastructure works (vii)	14,369	-	14,369
Usage of the Athletes' Village (viii)	-	267,323	267,323
<b>Total</b>	<b>860,598</b>	<b>306,224</b>	<b>1,166,822</b>

- (i) Includes an inflation update clause based on the variation of the IPCA index.
- (ii) Includes an inflation update clause based on the variation of the IGPM index, as well as an increase due to the number of square meters to be occupied.
- (iii) Contract signed for the original amount of US\$39,000.
- (iv) Contract signed for the original amount of US\$17,963, of which US\$16,166 are payable in cash and US\$1,797 in the VIK mode.
- (v) Contract signed for the original amount of CHF134,353, of which CHF33,782 are payable in cash and CHF100,571 in the VIK mode.
- (vi) Includes an inflation update clause based on the variation of the IGPM index.
- (vii) Includes an inflation update clause based on the variation of the INCC, IGPM, and IPCA indices.
- (viii) On April 29, 2014, the Entity, Carvalho Hosken S.A. Engenharia e Construções, Ilha Pura Empreendimento Imobiliário, and Caixa Econômica Federal signed a Public Deed of Establishment of Free Usufruct of Real Estate. This instrument governs the allocation of the Ilha Pura real estate development to serve as the Athletes' Village. Usufruct will start on 1 March 2016 and end on 18 July 2017. During this period, the Entity will be responsible, under that usufruct, for paying the amount of the financial burden of the debt on the properties to guarantee the funding obtained by Ilha Pura with Caixa Econômica Federal. This amount is included in the Entity's budget and its financial settlement will occur solely with financial resources from current sponsors.



In addition, as stated in Note 15.b, the Entity has engaged, and not used, the amount of R\$698,887 of VIK sponsorship, which can be recognised through 31 December 2016.

To be able to meet its commitments, the Entity enters into contracts not only with its local sponsors, but also international sponsors (Top Sponsors) - those with a direct contractual relationship with the International Olympic Committee, which provide resources to the host cities of the Olympic and Paralympic Games. It should be highlighted that the delivery of the Olympic Games and their positive visibility on the world stage are of national interest. Consequently, the government has undertaken to provide resources for Rio 2016 to meet its objectives (documented in the Host City Contract).

## 25. Transactions not involving cash

During the years that ended on 31 December 2015 and 2014, the Entity made the following operational and investment activities not involving cash (all VIK):

	31/12/2015	31/12/2014
<b>Operational Activities</b>		
Revenues	599,688	327,665
Marketing rights	(56,496)	(54,476)
Operational expenses (i)	(275,835)	(63,742)
<b>Investment activities</b>		
Acquisitions of fixed and intangible assets	-	(21,819)

(i) Amount mainly related to consultancies, media campaigns, health care and telecommunications, among others.

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03.2016

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Rio 2016 Organising Committee for the  
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