



Financial Statements 2014

May 2015

CONTENTS

Report by independent auditors on the financial statements (original Portuguese version).....	2
Report by independent auditors on the financial statements (free English translation).....	4
Financial statements	6
Notes by Management to the financial statements for the years ended 31 December 2014 and 2013	11

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 2014 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 2014, 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, 30 de janeiro de 2015.



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

Grant Thornton Auditores Independentes
CRC SP-025.583/O-1 “S” – RJ

Report by independent auditors on the financial statements

To the Administrators of the
RIO 2016 Organizing 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 2014 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 judgement, including the assessment of material distortion risks in the financial statements, whether 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 2014, 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 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. Our opinion is not qualified with regard to this subject.

Rio de Janeiro, January 31st 2015.

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 December 31, 2014 and 2013

(In thousands of reais)

ASSETS

	Notes	2014	2013
Current asset			
Cash and cash equivalents	3	195,779	10,520
Short-term investments	3	29,838	-
Accounts receivable	4	16,044	13,921
Advances	-	1,648	1,750
Prepaid expenses	-	369	263
Other accounts receivable	-	213	277
Total current asset		243,891	26,731
Non-current assets			
Long-term investments	3	38,368	6,358
Accounts receivable	4	502,686	277,972
Advances	5	30,134	2,850
Prepaid expenses	-	-	704
		571,188	287,884
Fixed assets	6	23,634	8,988
Intangible assets	7	28,924	14,071
		52,558	23,059
Total non-current assets		623,746	310,943

Rio 2016 Organising Committee for the Olympic Games

Balance sheets as of December 31, 2014 and 2013

(In thousands of reais)

LIABILITIES AND EQUITY (UNSECURED LIABILITIES)

	Notes	2014	2013
Current liabilities			
Loans	8	-	72,682
Suppliers	9	7,195	17,755
Accounts payable	10	6,265	6,790
Marketing rights	11	81,257	59,130
Taxes and charges	12	4,033	3,337
Social contributions	12	2,027	1,856
Labour provisions	13	14,819	7,970
Advances from sponsors	14	180,689	103,466
Total liabilities		296,285	272,986
Non-current liabilities			
Accounts payable	10	4,261	9,417
Marketing rights	11	5,451	4,924
Labour provisions	13	26,179	12,363
Advances from sponsors	14	468,051	89,854
Total non-current liabilities		503,942	116,558
Equity fund	-	10	10
Accumulated surplus / (deficit)	-	67,400	(51,880)
		67,410	(51,870)
Total liabilities and social equity (unsecured liability)		867,637	337,674

See the accompanying notes to the financial statements.

Rio 2016 Organising Committee for the Olympic Games

Statement of changes in equity (unsecured liabilities) for the financial years ended 31 December, 2014 and 2013

(In thousands reais)

	Equity fund	Accumulated Surplus / (deficit)	Total
Balances on 31 December 2012	10	(149,774)	(149,764)
Surplus for the financial year	-	97,894	97,894
Balances on 31 December 2013	10	(51,880)	(51,870)
Surplus for the financial year	-	119,280	119,280
Balance on 31 December 2014	10	67,400	67,410

See the accompanying notes to the financial statements.

16. Revenues and marketing rights

a) Breakdown

The breakdown of sponsorship and marketing rights on 31 December 2014 and 2013 was as follows:

Revenues	31/12/2014			31/12/2013		
	Revenue	Marketing rights (*)	Net	Revenue	Marketing rights (*)	Net
Sponsorship	660,089	(109,303)	550,786	471,965	(80,511)	391,454
Licensing	10,408	(2,690)	7,718	2,998	(357)	2,641
Other revenue	219	-	219	-	-	-
Total	670,716	(111,993)	558,723	474,963	(80,868)	394,095

(*) These refer to COB and IOC marketing rights.

b) Revenues contracted as of 31 December 2014 and 2013

Modality	31/12/2014		
	Contracted	Recognised	To be recognised
Sponsorship - cash	1,562,004	(793,624)	768,380
Sponsor - "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
Total	2,933,869	(1,449,867)	1,484,002

Modality	31/12/2013		
	Contracted	Recognised	To be recognised
Sponsorship - cash	1,200,424	(460,656)	739,768
Sponsor - "Value in Kind" (VIK)	1,081,697	(314,780)	766,917
Licensing - cash	12,741	(3,934)	8,807
Total	2,294,862	(779,370)	1,515,492

The initial recognition of sponsorship and licensing revenues yet to be recognised by 2016 is shown below:

Modality	31 December		Total (*)
	2015	2016	
Sponsorship - cash	384,190	384,190	768,380
Sponsor - "Value In Kind" (VIK)	348,681	348,681	697,363
Licensing - cash	8,368	8,368	16,735
Licensing - "Value in Kind" (VIK)	762	762	1,524
Total	742,001	742,001	1,484,002

(*) On the revenue to be recognised the respective costs of marketing rights due to the IOC, COB and CPB must be included.

17. Personnel expenses

Breakdown of personnel expenses as of 31 December 2014 and 2013:

	31/12/2014	31/12/2013
Salaries and wages	110,824	74,270
13th salaries	10,314	6,476
Provision for vacation	14,336	9,264
Retention bonuses (i)	8,999	6,358
FGTS	9,990	7,220
Meal vouchers	6,905	4,013
Health care	3,055	2,483
Other	6,632	3,207
Total	171,055	113,291

(i) See Note 13.

18. General and administrative expenses

Breakdown of general and administrative expenses as of 31 December 2014 and 2013:

	31/12/2014	31/12/2013
Services provided (i)	85,753	69,240
IT system (ii)	93,591	58,242
Rent and condominium charges (iii)	24,611	18,115
Travel and representation expenses	9,696	7,330
Legal fees	5,773	5,581
Other administrative expenses	15,860	5,551
Total	235,284	164,059

- (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, telecommunications services and headquarters IT infrastructure services.
- (iii) This basically refers to the rental of space (including furniture) for the headquarters.

19. Advertising and publicity expenses

	31/12/2014	31/12/2013
Media advertising placement (i)	20,620	-
Market Research	10	1,211
Press relations	1,485	499
Other expenses for advertising and publicity	2,517	1,280
	24,632	2,990

- (i) This refers to expenses related to placement campaigns in advertisement media such as the Volunteer Program and the presentation of the Olympic and Paralympic mascots.

20. Event expenses

In 2014 these mainly refer to expenses arising from the Torch Relay, Flag Tour, costs related to the sailing test event and the Committee's alignment sessions with governments, the IOC and the IPC to provide updates about the progress of Games organisation (Coordination Committee (Cocom) and Project Review).

In 2013 these mainly refer to expenses arising from the Flag Tour, Games debriefing events, and the Committee's alignment sessions with governments, the IOC and the IPC to provide updates about the progress of Games organisation (Coordination Committee (Cocom) and Project Review).

21. Financial result

Breakdown of the Entity's financial result as of 31 December 2014 and 2013:

	31/12/2014	31/12/2013
Financial revenues		
Financial investment income	21,308	3,605
Exchange rate variation	45,092	35,479
Other financial revenues	299	-
	66,699	39,084
Finance expenses		
Interest and banking expenses	(1,278)	(2,607)
Exchange rate variation losses	(35,489)	(35,541)
Taxes on investments and loans	(4,739)	(761)
Commission on financial services	(4,138)	-
Other financial expenses	(6)	(10)
	(45,650)	(38,919)
Net financial income	21,049	165

22. Balances and transactions with related parties

22.1. Transactions with related parties

	31 December 2014			31 December 2013		
	Expenses	Advance	Amounts to pay	Expenses	Advance	Amounts to pay
International Olympic Committee (IOC)	28,972	-	6,837	25,491	-	80,111
Brazilian Olympic Committee (COB)	77,040	-	78,724	61,855	-	56,625
International Paralympic Committee (IPC)	-	-	10,518	-	-	16,023
Brazilian Paralympic Committee (BPC)	7,245	1,077	1,147	-	1,077	-

The transactions with related parties are shown below:

International Olympic Committee (IOC)

		31/12/2014	31/12/2013
Expenses - marketing rights	Note 16	27,708	19,013
Expenses - interest and exchange rates variation on loans	Note 21	1,264	6,478
Values to pay - loans	Note 8	-	72,682
Values to pay - marketing rights	Note 11	6,837	7,429

Brazilian Olympic Committee (COB)

		31/12/2014	31/12/2013
Expenses - marketing rights	Note 16	77,040	61,855
Values to pay - marketing rights	Note 11	78,724	56,625

International Paralympic Committee - IPC

		31/12/2014	31/12/2013
Values to pay - accounts payable	Note 10	10,518	16,023

Brazilian Paralympic Committee - BPC

		31/12/2014	31/12/2013
Expenses - marketing rights	Note 16	7,245	-
Advance	-	1,077	1,077
Values to pay - marketing rights	Note 11	1,147	-

22.2 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 2013, the Entity had paid board members the amount of R\$ 7,357 in salaries (R\$ 5,062 in 2013).

23. 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 2014, is as follows:

	Insured value	Insurance premium
Categories		
Operational risk of facilities	75,794	20,204
Civil Liability	2,000	3,898
D&O - Civil Liability	20,000	209
Various equipment risks	389	901

24. 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 classified as probable risks of losses on the base dates of 31 December 2014 and 2013. On 31 December 2014, the Entity had labour lawsuits classified as a possible loss by its legal advisors, amounting to an estimated R\$1,875.

25. 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:

	2015	2016	2017	Total
Games ceremonies (i)	14,756	13,522	-	28,278
Rental of headquarters (ii)	30,207	32,258	2,722	65,187
Rent of hotel ship (iii)	29,538	42,538	-	72,076
Monitoring the works of Engineering and Infrastructure (iv)	22,350	12,000	-	34,350
Usage and retrofitting of the Olympic Village(v)	351,235	-	-	351,235
Total	448,086	100,318	2,722	551,126

- (i) Contains an inflation update clause based on the IPCA index.
- (ii) Contains an inflation update clause based on the IGPM index, as well as an additional payment based on the number of square metres to be occupied.
- (iii) Contract signed in the original amount of US\$ 39,000 (US\$ 11,600 to be disbursed in 2015 and US\$ 15,600 to be disbursed in 2016).
- (iv) Contains an inflation update clause based on the INCC, IGPM and IPCA changes.
- (v) On April 29, 2014, the Entity, Carvalho Hosken SA Engenharia e Construções, Ilha Pura Empreendimento Imobiliário and Caixa Econômica Federal signed a Deed of Free Usage of Real Estate. This instrument governs the allocation of the Ilha Pura real estate development to serve as the Olympic Village. Use of the Village will start on March 1st 2016 and will end on July 18th 2017. During this period, under that right of use, the Entity will pay the amount corresponding to the the financial burden of the debt on the properties, as a collateral to the financing obtained by Ilha Pura with Caixa Econômica Federal.
- (vi) After the end of the Use Contract, Rio 2016 will return the project to Ilha Pura in perfect conditions and in legacy mode, ie, according to the original plan of the each property. For this to be possible, on April 29, 2014, the Entity, Carvalho Hosken SA Engenharia e Construções and Ilha Pura Empreendimento Imobiliário signed the Adjustment and Reciprocal Commitment Agreement, and Contract for Procurement for Global price for Execution design, demolition, modification and Property Reform in Residential Purpose (retrofit).
- (vii) This amount includes both the value to be paid as a guarantee for the enjoyment of the property, as well as the retrofit. This value is included in the Entity's budget and its financial settlement will occur only with financial resources from current sponsors.

In addition, as informed in Explanatory Note 15b, the Entity has contracted for, but not yet used, the sum of R\$ 698,887 of VIK sponsorship, to be recognised by 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).

26. Transactions not involving cash

During the years ended 31 December 2014 and 2013, the Entity held the following operating and investing activities not involving cash (all by VIK):

	31/12/2014	31/12/2013
Operational Activities		
Revenues	327,665	215,951
Marketing rights	(54,478)	(44,055)
Operational costs (i)	(63,742)	(35,317)
Investment activities		
Fixed assets and intangible acquisition	(21,819)	-

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

* * *

05.2015

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Rio 2016 Organising Committee for the
Olympic and Paralympic Games

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