



FINANCIAL STATEMENTS | 2013 & 2012

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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 2013 e as respectivas demonstrações do superávit/ déficit, das mutações do passivo a descoberto 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 2013, 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, 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, 23 de janeiro de 2014.

Ana Cristina Linhares Areosa

Contadora CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes

CRC SP-025.583/O-1 "S" – RJ

A translation from Portuguese to English of the report by independent auditors on the financial statements prepared in accordance with accounting practices adopted in Brazil.

Report by independent auditors on the financial statements

To the Administration 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 2013 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.

The independent auditors’ responsibility

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 2013, 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.

Rio de Janeiro, 23 January 2014

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

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

A translation from Portuguese to English of the financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil.

Rio 2016 Organising Committee for the Olympic Games

Balance sheets as of 31 December 2013 and 2012

(in reais)

ASSETS

	Notes	2013	2012
Current assets			
Cash and cash equivalents	3	10,520,036	239,133
Accounts receivable	4	13,921,268	11,779,795
Advances	-	1,750,174	2,131,440
Anticipated expenses	-	262,635	187,944
Other accounts receivable	-	276,755	317,152
Total current assets		26,730,868	14,655,464
Non-current assets			
Financial investments	3	6,357,970	-
Accounts receivable	4	277,971,806	69,453,581
Advances	-	2,850,542	1,116,220
Prepaid expenses	-	704,269	751,777
		287,884,587	71,321,578
Fixed assets	5	8,987,941	4,154,355
Intangible assets	6	14,070,605	17,969,602
		23,058,546	22,123,957
Total non-current assets		310,943,133	93,445,535
Total assets		337,674,001	108,100,999

See the accompanying notes to the financial statements.

Rio 2016 Organising Committee for the Olympic Games

Balance sheet as of 31 December 2013 and 2012

(in reais)

LIABILITIES AND EQUITY (UNSECURED LIABILITY)

	Notes	2013	2012
Current liabilities			
Loans	7	72,681,963	4,350,486
Suppliers	8	17,754,451	8,603,604
Accounts payable	9	6,789,550	30,281,764
Marketing rights	10	59,130,420	28,910,557
Taxes and charges	11	3,336,747	1,997,594
Social contributions	11	1,855,660	2,159,548
Labour provisions	12	7,970,336	5,680,054
Advances from sponsors	13	103,466,151	11,964,067
Total current liabilities		272,985,278	93,947,674
Non-current liabilities			
Loans	7	-	61,305,000
Accounts payable	9	9,417,132	13,977,540
Marketing rights	10	4,924,832	3,964,579
Labour provisions	12	12,362,820	3,470,174
Advances from sponsors	13	89,853,618	81,200,000
Total non-current liabilities		116,558,402	163,917,293
Unsecured liability			
Equity fund	-	10,000	10,000
Accumulated deficit	-	(51,879,679)	(149,773,968)
		(51.869.679)	(149.763.968)
Total liabilities and unsecured liabilities		337,674,001	108,100,999

See the accompanying notes to the financial statements.

Rio 2016 Organising Committee for the Olympic Games

Statements of surplus (deficit) for the financial years ended 31 December 2013 and 2012

(in reais)

	Notes	2013	2012 (Reclassified)
Revenue from operating activities	15	474,963,033	201,358,766
Operating expenses			
Marketing rights	15	(80,867,517)	(35,676,260)
Personnel expenses	16	(113,290,652)	(76,866,695)
Employment termination provision	12	(2,534,301)	(2,153,847)
General and administrative expenses	17	(164,059,088)	(82,158,078)
Advertising and publicity expenses	-	(2,990,084)	(4,253,164)
Event expenses	18	(7,418,547)	(58,546,988)
Taxes and charges	-	(135,650)	(5,676,269)
Depreciation and amortisation	-	(5,937,699)	(4,434,308)
Other revenues	-	-	2,529
Surplus/(deficit) before financial income (expenses)		97,729,495	(68,404,314)
Net financial income (expenses)	19	164,794	(22,232,895)
Surplus/(deficit) for financial year		97,894,289	(90,637,209)

See the accompanying notes to the financial statements.

Rio 2016 Organising Committee for the Olympic Games

Statements of changes in unsecured liabilities for the financial years ended 31 December 2013 and 2012

(in reais)

	Equity	Accumulated surplus/(deficit)	Total
Balance on 31 December 2011	10,000	(59,136,759)	(59,126,759)
Deficit in the financial year	-	(90,637,209)	(90,637,209)
Balance on 31 December 2012	10,000	(149,773,968)	(149,763,968)
Surplus in the financial year	-	97,894,289	97,894,289
Balance on 31 December 2013	10,000	(51,879,679)	(51,869,679)

See the accompanying notes to the financial statements.

Rio 2016 Organising Committee for the Olympic Games

Statements of cash flows for financial years ended

31 December 2013 and 2012

(in reais)

	2013	2012
Cash flow from operating activities		
Surplus/(deficit) for the year	97,894,289	(90,637,209)
Depreciation and amortisation	5,937,699	4,434,308
Labour provisions	11,182,928	4,283,279
Loss from write-off of fixed assets	105,075	-
Unrealised exchange rate variation	8,945,790	12,805,103
	124,065,781	(69,114,519)
Changes in operating assets and liabilities		
Accounts receivable	(210,580,684)	(29,390,744)
Advances	(1,353,056)	(2,131,440)
Anticipated expenses	(27,183)	187,944
Other accounts receivable	40,398	(1,216,925)
Taxes and charges	1,339,153	651,488
Social contributions	(303,889)	1,201,614
Suppliers	9,150,847	4,499,545
Marketing rights	31,180,115	17,190,521
Advances from sponsors	100,155,702	93,164,067
Accounts payable	(28,052,622)	8,486,668
	(98,451,219)	92,642,738
Net cash used in operating activities	25,614,562	23,528,219
Cash flow from investment activities		
Investment in fixed and intangible assets	(6,977,363)	(4,507,331)
	(6,977,363)	(4,507,331)
Cash flow from funding activities		
Financial investments	(6,357,970)	-
Loans and financing obtained	-	(20,504,163)
Interest payments	(1,998,326)	-
	(8,356,296)	(20,504,163)
Increase/(decrease) in cash and cash equivalents	10,280,903	(1,483,275)
Statement of net variation		
Cash and cash equivalents at start of financial year	239,133	1,722,408
Cash and cash equivalents at end of financial year	10,520,036	239,133
Increase/(decrease) in cash and cash equivalents	10,280,903	(1,483,275)

See the accompanying notes to the financial statements.

Notes by Management to the financial statements for the years ended 31 December 2013 and 2012 (in reais)

1. Operations

The Rio 2016 Organising Committee for the Olympic and Paralympic Games (the “Entity”) was formally established on 8 April 2010, headquartered in the City of Rio de Janeiro, at Rua Ulisses Guimarães, no. 2016, Cidade Nova.

The Entity operates as a private, non-profit civil society of sports nature, and its principal activity is the promotion, organisation and staging, in the city of Rio de Janeiro, Rio de Janeiro State, in the Federal Districts, and in the Cities of São Paulo, Belo Horizonte and Salvador, in the States of São Paulo, Minas Gerais and Bahia, respectively, of the Olympic Games, in the period from 05 to 21 August 2016, and in the city of Rio de Janeiro, Rio de Janeiro State, of the Paralympic Games, in the period from 07 to 18 September 2016, in accordance with the provisions of the contractual instruments called the Host City Contract, Marketing Programme Agreement and Joint Marketing Programme Agreement, referred to in Article 1, in the Olympic Charter, and also in accordance, when applicable, with the statutory, procedural and regulatory provisions of the International Olympic Committee (IOC), International Paralympic Committee (IPC) and World Anti-Doping Agency, and the provisions of the bylaws of the Brazilian Olympic Committee (COB in Portuguese).

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

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 a

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 period of duration, provided for in Article 2.

In order to achieve its final objective, the committee has 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.

The Entity's financial statements were approved at the board meeting held on 23 January 2014.

The financial statements of 31 December 2013 present total current liabilities greater than current assets, amounting to R\$246,254,410, as shown below:

	2013
Current assets	26,730,868
Current liabilities	(272,985,278)
Net current liabilities	(246,254,410)

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

(-) Marketing rights to pay via VIK (i)	20,561,365
(-) Rebates of sums to receive from the IOC (ii)	72,681,963
(-) Advances from sponsors (iii)	103,466,151
Total non-financial settlements	196,709,479
Other liabilities with financial settlement	76,275,799
Total current liabilities	272,985,278

- (i) Amount related to marketing rights to pay, which will be passed on to COB through VIK.
- (ii) The settlement of loans, in accordance with Note 7, will be deducted from the amount receivable from the second instalment of broadcast advances, scheduled for payment in 2014, as defined in the contract between the parties.
- (iii) This amount arises from 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.

Considering the aforementioned circumstances, in the very short term the Entity expects to receive the approximate amount of R\$443,668,037 (net of the amount of R\$72,681,963 payable to the IOC) for sponsorship, licensing and advance payments for Olympic Games broadcasting rights. Therefore, the Entity will not have any problems in settling its current liabilities in subsequent periods.

2. Basis for preparing and presenting the financial statements

2.1. Basis of preparation

The Entity's financial statements for the period ended 31 December 2013 and 2012 were prepared in accordance with accounting practices 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).

The Entity's functional currency is the Brazilian real (plural 'reais'). All values presented in these financial statements are expressed in reais, except where otherwise indicated.

Reclassifications

In presenting the comparative financial statements of 31 December 2012, a reclassification of inflation adjustment for revenues from operational activities, marketing rights and financial income for the respective operational items took place, considering that this inflation adjustment is an integral part of the Entity's operations. This reclassification is shown in the following table:

	Original balance as of 31/12/2012	Reclassification of inflation adjustment	Adjusted balances as of 31/12/2012
Revenue from operating activities	194,799,066	6,559,700	201,358,766
Marketing rights	(34,480,050)	(1,196,210)	(35,676,260)
Financial income	(16,869,405)	(5,363,490)	(22,232,895)

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 (retention bonuses)

The financial investment presented among non-current assets covers the amount invested for the purpose of paying retention bonuses at the end of the Olympic Games to employees who remain at the Entity until its dissolution, with the fair value evaluated in the results.

c) Accounts receivable

Sponsorship accounts receivable, 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) Intangibles

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 risks are recorded when the Entity has an obligation that is present or not formalised as the result of past events, and it is probable that disbursements will be required to settle the obligation, and its value 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 employment termination provision is recognised by the amount estimated by the Entity's management to pay termination sums to its employees when the Entity is dissolved.

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 employment of each employee.

The provisions are updated to the dates of the balance sheets by the estimated sum of probable 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, marketing rights to pay, 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 ended 31 December 2013 and 2012, 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 surplus.

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

An asset is recognised on the balance sheet when it is probable that its future economic benefits will be generated in favour of the Entity and its cost or value may be measured with certainty. A liability is recognised on the balance sheet when the Entity has a legal obligation or an obligation constituted 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 in the next 12 months. Otherwise, they are recorded as non-current.

k) Recognition of revenue

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.

The right to use the Paralympic brand is currently being made available to some sponsors. The fair value of this operation and its respective contracts are still being discussed by the parties. Due to the unreliability of the measurement of the fair values involved and the non-signing of the contract formalising the commercial brand usage rights, the Entity did not record the revenues arising from the use of the brand through these operations, in line with the requirements of CPC 30 Technical Pronouncement for recognition of revenues.

l) Tax obligations

As a non-profit institution, the Entity is exempt from the payment of income tax (IRPJ) and social contribution on net earnings (CSLL), pursuant to the terms of Article 15 and subsequent articles of Law 9,532 of 10 December 1997.

In accordance with Article 14 of Provisional Measure 2,158-35 of 24 August 2001, the Entity is exempt from COFINS with regard to revenues arising from its own activities. This benefit does not extend to revenues arising from other activities unrelated to the Entity's purpose, even if such revenues are used to sustain its target activity.

In addition, the publication of Federal Law 12,780 on 9 January 2013 guaranteed exemptions from federal taxes on imports, employers' INSS and PIS, and local purchases of products and services for all operations involving the 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 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.

m) Adjustment of the 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 consideration the contractual cash flows and the explicit or implicit interest rates, based on the rates prevalent in the market for similar transactions for the respective assets and liabilities. Subsequently, these effects are reassigned on the "revenue" or "financial expenses" income lines, by using the discount rate considered and the amortised cost method. In the financial years ended 31 December 2013 and 2012, no assets and liabilities subject to adjustment of their 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 2013 and 2012, the Entity had not identified any evidence of impairment of its assets, especially in its VIK operations, fixed assets and intangible assets.

2.3. Key accounting estimates and judgements

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 judgement 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 judgements 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 revised once per year.

c) Useful life of fixed and intangible goods

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, and the shorter period is used.

3. Cash and cash equivalents and financial investments

a) Cash and cash equivalents

	31/12/2013	31/12/2012
Cash and bank deposits	133,767	239,133
Cash equivalents assessed at fair value through income		
Investment in Bank Deposit Certificates (CDB) (i)	10,386,269	-
Total cash and cash equivalents	10,520,036	239,133

b) Financial investments

	31/12/2013	31/12/2012
Interbank Deposit (DI) investment (ii)	6,357,970	-

- (i) Financial investment in bank deposit certificates (CDB), remunerated at a rate of 100% of interbank deposit certificates (CDI) in the financial year ended 31 December 2013 (101% as of 31 December 2012), with daily liquidity applied and insignificant risk of a change in value.
- (ii) Financial application in interbank deposits (DI), remunerated at the rate of 104.78% of interbank deposit certificates (CDI) in the financial year ended 31 December 2013. This investment was constituted to pay retention bonuses (see Note 12).

4. Accounts receivable

The Entity's balance of accounts receivable on 31 December 2013 and 2012 is composed exclusively of values to receive from its sponsors in cash and value in kind (VIK). When applicable, the amount is adjusted for inflation by the IPCA and IGPM indices, under the conditions established in the contracts signed with the respective sponsors.

Breakdown:

	31/12/2013	31/12/2012
International sponsorship	142,455,480	-
Domestic sponsorship	148,666,940	81,233,376
International licensing	723,181	-
Domestic licensing	47,473	-
Total accounts receivable	291,893,074	81,233,376
Current	13,921,268	11,779,795
Non-current	277,971,806	69,453,581
Total accounts receivable	291,893,074	81,233,376

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.

During financial years 2013 and 2012, the Entity's management conducted analyses of the amounts to receive and deemed it unnecessary to make an allowance for doubtful account, and did not write down any values to receive in the financial year's results.

5. Fixed assets

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

	31/12/2013	31/12/2012
Machines and equipment	540,919	191,154
IT equipment	3,304,704	154,154
Furniture and fixtures	107,216	101,834
Facilities	4,314,352	4,650
Telephony	1,050	1,455
Recording equipment	2,213	3,319
Construction in progress (i)	717,487	3,697,789
Total	8,987,941	4,154,355

(i) Refers to expenditure on the expansion of the Entity's new headquarters, to be completed by the end of 2014.

b) Changes to fixed assets

Cost	Machines and equipment	Furniture and utensils	Facilities	IT equipment	Telephony	Recording apparatus	Building work underway	Total
On 31 December 2011	183,064	119,501	6,200	163,394	-	-	-	472,159
Additions	39,915	3,223	-	54,678	1,680	3,688	3,705,619	3,808,803
Disposals	-	-	-	(7,830)	-	-	-	(7,830)
On 31 December 2012	222,979	122,724	6,200	210,242	1,680	3,688	3,705,619	4,273,132
Additions	532,761	109,569	1,451,751	3,287,208	-	-	921,851	6,303,140
Disposals	(26,410)	(109,141)	-	(4,000)	-	-	-	(139,551)
Transfers (*)	-	-	3,909,983	-	-	-	(3,909,983)	-
On 31 December 2013	729,330	123,152	5,367,934	3,493,450	1,680	3,688	717,487	10,436,721

Depreciation	Machines and equipment	Furniture and utensils	Facilities	IT equipment	Telephony	Recording apparatus	Building work underway	Total
On 31 December 2011	(12,154)	(8,744)	(930)	(20,589)	-	-	-	(42,417)
Additions	(19,671)	(12,146)	(620)	(35,499)	(225)	(369)	(7,830)	(76,360)
On 31 December 2012	(31,825)	(20,890)	(1,550)	(56,088)	(225)	(369)	(7,830)	(118,777)
Additions	(157,893)	(18,852)	(1,052,032)	(134,191)	(405)	(1,106)	-	(1,364,479)
Disposals	1,307	23,806	-	1,533	-	-	7,830	34,476
On 31 December 2013	(188,411)	(15,936)	(1,053,582)	(188,746)	(630)	(1,475)	-	(1,448,780)

Net

On 31 December 2012	191,154	101,834	4,650	154,154	1,455	3,319	3,697,789	4,154,355
On 31 December 2013	540,919	107,216	4,314,352	3,304,704	1,050	2,213	717,487	8,987,941

(*) Transfers due to the completion and use of phase I of the Entity's new headquarters.

(**) The Entity does not expect to incur additional expenditure with the demobilisation of its property when its activities cease.

6. Intangibles

a) Balance breakdown

	Net	
	31/12/2013	31/12/2012
With defined useful life		
Software usage rights	1,245,871	869,956
Brand usage rights - IPC (i)	12,824,734	17,099,646
Total	14,070,605	17,969,602

(i) This refers to the value contracted with the IPC for the use of its brand. The amount to pay related to this right is presented in Note 9.

b) Changes in balances

With defined useful life	Software usage rights	Image rights	Total
Balances on 31 December 2012	246,635	21,374,557	21,621,192
Additions	706,357	-	706,357
Amortisation	(83,036)	(4,274,911)	(4,357,948)
Balances on 31 December 2012	869,956	17,099,646	17,969,602
Additions	674,223	-	674,223
Amortisation	(298,308)	(4,274,912)	(4,573,220)
Balances on 31 December 2013	1,245,871	12,824,734	14,070,605

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

7. Loans

These refer to loans for working capital and overdraft accounts, and are constituted as shown below:

Acquisition	Institution/entity	Purpose	Interest rate (%)	Currency	31/12/2013	31/12/2012
12/2012	Bradesco	Credit line	CDI + 3.04% pa	BRL	-	2,345,896
01/2012	International Olympic Committee (i)	Working capital	3.25% pa + fixed rate of 0.25% pa	USD	72,681,963	63,309,590
Total					72,681,963	65,655,486

(i) The loan obtained from the International Olympic Committee (IOC) is scheduled for repayment of its entire principal in 2014, with interest paid annually. There is a covenant in the loan agreement regarding early payment of the remaining loan balance if the Entity does not comply with financial settlements on the pre-established dates. As of the date of authorisation of the issuance of these financial statements, the Entity was in compliance with this covenant.

A breakdown of loans between current and non-current is presented below:

	31/12/2013	31/12/2012
Current	72,681,963	4,350,486
Non-current	-	61,305,000
Total	72,681,963	65,655,486

8. Suppliers

The account balance is mainly composed of infrastructure, Games technology and general service suppliers.

9. Accounts payable

The accounts payable balance as of 31 December 2013 and 2012 was composed as follows:

	31/12/2013	31/12/2012
Values to pay - IOC (i)	-	24,598,842
Values to pay - IPC (ii)	16,023,384	19,617,600
Other accounts to pay	183,298	42,862
Total	16,206,682	44,259,304
Current	6,789,550	30,281,764
Non-current	9,417,132	13,977,540
Total	16,206,682	44,259,304

- (i) These refer to payments for Games technology and international brand protection services, paid by the IOC and charged to the Entity in foreign currency. Payment of this sum took place in early 2013.
- (ii) These refer to the acquisition of the right to use the IPC brand, as described in Note 6. The original amount is US\$12,000,000 and the amount to pay was US\$6,840,000 (R\$16,023,384) as of 31 December 2013. The principal is being paid in nine fixed instalments, paid every six months until 2016.

10. Marketing rights

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:

	31/12/2013	31/12/2012
Marketing rights - IOC (i)	7,429,443	21,026,334
Marketing rights - COB (ii)	56,625,809	11,848,802
Total	64,055,252	32,875,136
Current	59,130,420	28,910,557
Non-current	4,924,832	3,964,579
Total	64,055,252	32,875,136

- (i) As established in the Marketing Programme Agreement, the marketing rights to sponsorship revenues received in cash by the Entity must be transferred to the IOC on a quarterly basis. The marketing rights to VIK revenues will be transferred in cash in two instalments during the 2016 financial year.
- (ii) As established in the Joint Marketing Programme Agreement, all marketing rights to sponsorship revenues received in cash by the Entity must be transferred to COB on a six-monthly basis. The marketing rights to VIK revenues will be transferred in accordance with COB's need to use the product 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	31/12/2013	31/12/2012
IRRF	3,053,700	1,904,262
PIS/COFINS/CSLL and contributions	283,047	93,332
Total	3,336,747	1,997,594

Social contributions	31/12/2013	31/12/2012
INSS (i)	287,297	1,528,814
PIS on payroll (i)	-	84,985
FGTS on payroll	1,568,363	545,749
Total	1,855,660	2,159,548

- (i) Reduction due to tax exemption obtained during the 2013 financial year (Law 12,780/13).

12. Labour provisions

	31/12/2013	31/12/2012
Salaries payable	18,991	41,464
Provision for vacation	7,928,715	5,638,590
Retention bonuses (i)	6,357,970	-
Employment termination provision	6,004,474	3,470,174
Other	23,006	-
Total	20,333,156	9,150,228
Current	7,970,336	5,680,054
Non-current	12,362,820	3,470,174
Total	20,333,156	9,150,228

- (i) Established in 2013 by a decision of the Entity's management in order to retain employees until the staging of the Olympic Games (see Note 2.2.g).

13. Advances from sponsors

	31/12/2013	31/12/2012
Advances - sponsorship (i)	112,072,740	11,964,047
Advances - licensing	47,029	-
Advances - broadcasting rights (ii)	81,200,000	81,200,000
Total	193,319,769	93,164,047
Current	103,466,151	11,964,047
Non-current	89,853,618	81,200,000
Total	193,319,769	93,164,047

- (i) This refers to the amount received from sponsors in cash, whose revenue recognition will take place in subsequent periods, as described in item k) of Note 2.2.
- (ii) This refers to the advance granted by the IOC to the Entity for its Olympic and Paralympic Games broadcasting rights. The recognition of revenue for these rights will take place at the start of 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 7.

Policies for contracting derivative financial instruments

As of 31 December 2013 and 2012, the Entity did not have any operations involving derivative financial instruments.

b) Financial risk factors

i) Exchange rate risk

As of 31 December 2013 and 2012, 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**

		31/12/2013	31/12/2012
Accounts receivable - international sponsorship	Note 4	142,455,483	-
Accounts receivable - international licensing	Note 4	723,181	-

- **Obligations**

		31/12/2013	31/12/2012
Loans - IOC	Note 7	72,681,963	63,309,590
Marketing rights - IOC	Note 10	7,429,443	21,026,334
Accounts payable - IPC	Note 9	16,023,384	19,617,600

The Entity has prepared a hedging policy, which is awaiting approval from the Council to implement the plan based on its budget.

ii) Interest rate risk

The Entity's Management considers that, as of 31 December 2013, the interest rate risk was mitigated, given that the loan in foreign currency amounting to R\$72,681,963 (see Note 7) is indexed to an interest rate of 3.25% pa + a fixed rate of 0.25% pa, below the prevailing rate of the domestic market.

iii) 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 and, as mentioned in Note 23 - 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 2013 and 2012 was as follows:

Revenues	31/12/2013			31/12/2012		
	Revenue	Marketing rights (*)	Net	Revenue	Marketing rights (*)	Net
Sponsorship	471,964,846	(80,511,234)	391,453,612	200,422,292	(35,542,051)	164,880,241
Licensing	2,998,187	(356,283)	2,641,904	936,474	(134,209)	802,265
Total	474,963,033	(80,867,517)	394,095,516	201,358,766	(35,676,260)	165,682,506

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

b) Revenues contracted as of 31 December 2013 and 2012

	31/12/2013		
	Contracted	Recognised	To be recognised
Sponsorship - cash	1,200,423,764	(460,655,889)	739,767,875
Sponsorship - value in kind (VIK)	1,081,696,732	(314,779,644)	766,917,088
Licensing - cash	12,741,335	(3,934,661)	8,806,674
Total	2,294,861,831	(779,370,193)	1,515,491,637

	31/12/2012		
	Contracted	Recognised	To be recognised
Sponsorship - cash	699,300,000	(211,201,805)	488,098,195
Sponsorship - value in kind (VIK)	442,400,000	(98,828,581)	343,571,419
Licensing - cash	936,474	(936,474)	-
Total	1,142,636,474	(310,966,860)	831,669,614

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

	31 December			
	2014	2015	2016	Total
Sponsorship - cash	246,589,292	246,589,291	246,589,291	739,767,875
Sponsorship - value in kind (VIK)	255,639,030	255,639,029	255,639,029	766,917,088
Licensing - cash	2,935,558	2,935,559	2,935,558	8,806,674
Total	505,163,880	505,163,879	505,163,878	1,515,491,637

16. Personnel expenses

Breakdown of personnel expenses as of 31 December 2013 and 2012:

	31/12/2013	31/12/2012
Salaries and wages	74,269,529	44,066,751
Employers' INSS (i)	40,494	14,062,852
13 th salaries	6,475,773	3,972,494
Provision for vacation	9,263,863	5,737,143
Retention bonuses	6,357,970	-
FGTS	7,219,618	4,436,877
PIS	-	520,197
Meal vouchers	4,013,519	2,310,058
Health care	2,482,799	1,238,603
Other	3,167,087	521,720
Total	113,290,652	76,866,695

- (i) Decrease due to the tax exemption obtained by the Entity during the 2013 financial year (Law 12,780/13).

17. General and administrative expenses

Breakdown of general and administrative expenses as of 31 December 2013 and 2012:

	31/12/2013	31/12/2012
Services provided (i)	69,239,555	58,650,701
IT systems (ii)	58,242,091	5,975,389
Travel and representation expenses	7,330,419	5,882,818
Legal fees	5,581,024	4,823,596
Rent and condominium charges (iii)	18,115,088	2,166,429
Other administrative expenses	5,550,911	4,659,145
Total	164,059,088	82,158,078

- (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.

18. Event expenses

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).

In 2012, they mainly refer to expenses arising from events organised by the Entity in order to propagate the Olympic spirit, especially the creation of a space in London to promote Brazil during the 2012 Olympic and Paralympic Games (Casa Brasil), the organisation of the Olympic and Paralympic flag handover during the London Games closing ceremony, and the holding of Games debriefing events.

19. Financial result

Breakdown of the Entity's financial result as of 31 December 2013 and 2012:

	31/12/2013	31/12/2012
Financial revenues		
Financial investment income	3,605,314	2,407,668
Exchange rate variation	35,479,396	22,661,918
Other financial revenues	-	8,478
	39,084,710	25,078,064
Financial expenses		
Interest and banking expenses	(2,606,664)	(4,871,062)
Exchange rate variation losses	(35,541,245)	(41,616,244)
Taxes on investment and loans	(760,514)	(673,434)
Other financial expenses	(11,493)	(150,219)
	(38,919,916)	(47,310,959)
Net financial income	164,794	(22,232,895)

20. 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\$5,062,014 in salaries (R\$3,136,004 in 2012).

21. 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 2013, is as follows:

	Insured value	Insurance premium
Categories		
Operational risk of facilities	65,000,000	12,710
Civil liability	2,000,000	4,650

22. 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 2013 and 2012. On 31 December 2013, the Entity had a labour lawsuit classified as a possible loss by its legal advisors, amounting to an estimated R\$1,140.

23. 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 Joint Marketing Programme Agreement, documents establishing the different sources of revenue arising from the event and the participation of the national and international Olympic and Paralympic Committees as recipients of commission for the use of their respective brands.

The Entity has entered into long-term contracts that run until 31 December 2016 (the end of its operational activities). The estimated and relevant disbursements related to these contracts may be summarised as follows:

	2014	2015	2016	Total
Games ceremonies (i)	7,710,268	11,641,071	10,730,803	30,082,142
Rental of headquarters (ii)	14,730,215	14,730,215	14,730,215	44,190,645
Total	22,440,483	26,371,286	25,461,018	74,272,787

- (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.

The Entity also has a long-term contract designed to integrate infrastructure with public and private partners, whose disbursements for the financial years 2014 to 2016 are estimated to total R\$127,812,613. The schedule of disbursements in this period is currently under discussion.

In addition, as informed in Explanatory Note 15b, the Entity has contracted for, but not yet used, the sum of R\$766,917,088 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).

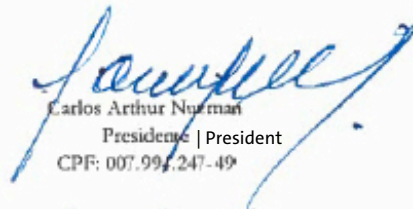
24. Subsequent events

On 23 January 2014, the Entity publicly disclosed its first revision of the Games budget following the bid, highlighting a balanced budget using only private resources.

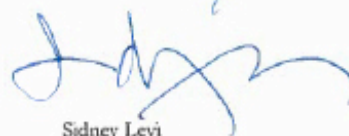
The change in relation to the original budget is due to:

- the impact of adjustment based on the IPCA index during the period;
- the 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.

* * *



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