
Agence mondiale antidopage

Lausanne

***Report of the
statutory auditor to the
Foundation Board***

***on the financial statements
2018***





Report of the statutory auditor to the Foundation Board of Agence mondiale antidopage Lausanne

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Agence mondiale antidopage (World Anti-doping Agency), which comprise the balance sheet, statement of activities, statement of comprehensive loss and changes in equity, cash flow statement and notes, for the year ended 31 December 2018.

Foundation Board's responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law and the foundation's deed. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law, International Standards on Auditing and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2018 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law and the foundation's deed.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 83b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Foundation Board.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Philippe Tzaud
Audit expert
Auditor in charge

Raphaël Marclay
Audit expert

Lausanne, 24 May 2019

Enclosure:

- Financial statements (balance sheet, statement of activities, statement of comprehensive loss and changes in equity, cash flow statement and notes)

World Anti-Doping Agency

Balance Sheet as at 31 December 2018

(in thousands of Swiss Francs with audited US Dollar figures as complementary information – Note 2a)

	Note	2018 USD	2017 USD	2018 CHF	2017 CHF
Assets					
Current assets					
Cash and cash equivalents	4	13,158	14,105	12,946	13,768
Investments	5b	4,140	6,872	4,073	6,707
Receivables	6	956	928	941	906
Other current assets	7	2,305	2,158	2,268	2,107
		<u>20,559</u>	<u>24,063</u>	<u>20,228</u>	<u>23,488</u>
Non-current assets					
Investments at fair value through other comprehensive income	5b	18,016	13,785	17,726	13,455
Fixed assets	8	911	948	896	925
Intangible assets	9	6,762	5,582	6,653	5,448
		<u>25,689</u>	<u>20,315</u>	<u>25,275</u>	<u>19,828</u>
Total Assets		46,248	44,378	45,503	43,316
Liabilities and Equity					
Current liabilities					
Accounts payable		2,369	1,837	2,331	1,793
Accrued expenses	10	1,260	1,608	1,240	1,570
Advance contributions		11,695	12,836	11,506	12,528
Total Liabilities		<u>15,324</u>	<u>16,281</u>	<u>15,077</u>	<u>15,891</u>
Equity					
Foundation capital	11	4,006	4,006	5,000	5,000
Cumulative translation adjustment		-	-	(8,271)	(8,476)
Litigation reserve	12a	1,500	1,500	1,476	1,464
Operation reserve	12b	3,400	2,900	3,345	2,830
Cumulative fair value loss on investments		(243)	(21)	(239)	(20)
Excess of income over expenses brought forward		22,261	19,712	29,115	26,627
Total Equity		<u>30,924</u>	<u>28,097</u>	<u>30,426</u>	<u>27,425</u>
Total Liabilities and Equity		46,248	44,378	45,503	43,316

World Anti-Doping Agency

Statement of Activities for the year ended 31 December 2018

(in thousands of Swiss Francs with audited US Dollar figures as complementary information – Note 2a)

	Note	2018 USD	2017 USD	2018 CHF	2017 CHF
Income					
Annual contributions	13	32,404	29,778	31,673	29,397
Grants	14	2,734	1,874	2,673	1,850
Other	15	248	306	242	302
Total income		35,386	31,958	34,588	31,549
Operating expenses					
Salaries and other personnel costs	16	14,060	12,354	13,743	12,196
Travel and accommodation		4,265	3,433	4,168	3,389
Information and communications		262	120	257	119
Testing fees		611	838	597	828
Accreditation fees		348	265	340	262
Research grants	17	1,765	2,486	1,726	2,454
Other grants		100	214	98	211
Testing materials for development programs		20	79	20	78
Project consulting fees		3,437	3,511	3,359	3,465
Rents		908	841	888	831
Administration		2,691	2,406	2,630	2,375
IT costs		1,480	1,423	1,447	1,405
Depreciation and amortization of fixed and intangible assets		2,764	2,210	2,701	2,181
Total operating expenses		32,711	30,180	31,974	29,794
Excess of operating income over expenses before financial income (expenses)		2,675	1,778	2,614	1,755
Financial income (expenses)					
Interest		674	480	659	474
Gain from disposal of investments		-	76	-	75
Bank fees		(137)	(149)	(134)	(147)
Net gain (loss) on exchange rates		(163)	385	(159)	380
		374	792	366	782
Excess of income over expenses for the year		3,049	2,570	2,980	2,537

World Anti-Doping Agency

Statement of Cash Flows for the year ended 31 December 2018

(in thousands of Swiss Francs with audited US Dollar figures as complementary information – Note 2a)

	2018 USD	2017 USD	2018 CHF	2017 CHF
Operating activities				
Excess of income over expenses for the year	3,049	2,570	2,980	2,537
Depreciation and amortization of fixed and intangible assets	2,764	2,210	2,701	2,181
Interest	(674)	(480)	(659)	(474)
Gain from disposal of investments	-	(76)	-	(75)
Changes in				
Receivables	(28)	(189)	(27)	(187)
Other current assets	(123)	(82)	(120)	(81)
Accounts payable	446	(151)	436	(149)
Accrued expenses	(349)	(499)	(341)	(492)
Advance contributions	(1,141)	763	(1,115)	754
Net cash provided by operating activities	3,944	4,066	3,855	4,014
Investing activities				
Purchase of fixed assets	(478)	(476)	(467)	(470)
Purchase of intangible assets	(3,342)	(3,089)	(3,267)	(3,049)
Interest received	727	451	710	445
Purchase of investments	(9,582)	(10,854)	(9,365)	(10,715)
Proceeds from sale of investments	7,784	7,720	7,608	7,621
Net cash used in investing activities	(4,891)	(6,248)	(4,781)	(6,168)
Decrease in cash and cash equivalents	(947)	(2,182)	(926)	(2,154)
Currency translation impact	-	-	104	(667)
Cash and cash equivalents at beginning of year	14,105	16,287	13,768	16,589
Cash and cash equivalents at end of year	13,158	14,105	12,946	13,768

World Anti-Doping Agency

Statement of Comprehensive Income and Changes in Equity for the year ended 31 December 2018

(in thousands of Swiss Francs with audited US Dollar figures as complementary information – Note 2a)

	Foundation capital USD	Litigation reserve USD	Operation reserve USD	Cumulative fair value loss on available- for-sale investments and on investments at fair value through other comprehensive income USD	Excess of income over expenses brought forward USD	Total USD
Balance as at 31 December 2016	4,006	1,500	2,400	53	17,642	25,601
Excess of income over expenses for the year	-	-	-	-	2,570	2,570
Transfer to operation reserve	-	-	500	-	(500)	-
Item that will be reclassified to profit or loss						
Fair value loss on available-for-sale investments	-	-	-	(74)	-	(74)
Total comprehensive income for the year						2,496
Balance as at 31 December 2017	4,006	1,500	2,900	(21)	19,712	28,097
Excess of income over expenses for the year	-	-	-	-	3,049	3,049
Transfer to operation reserve	-	-	500	-	(500)	-
Item that will be reclassified to profit or loss						
Fair value loss on investments at fair value through other comprehensive income	-	-	-	(222)	-	(222)
Total comprehensive income for the year						2,827
Balance as at 31 December 2018	4,006	1,500	3,400	(243)	22,261	30,924

World Anti-Doping Agency

Statement of Comprehensive Income and Changes in Equity for the year ended 31 December 2018 (cont'd)

(in thousands of Swiss Francs with audited US Dollar figures as complementary information – Note 2a)

	Foundation capital CHF	Cumulative translation adjustment CHF	Litigation reserve CHF	Operation reserve CHF	Cumulative fair value loss on available- for-sale investments and on investments at fair value through other comprehensive income CHF	Excess of income over expenses brought forward CHF	Total CHF
Balance as at 31 December 2016	5,000	(7,528)	1,528	2,444	54	24,578	26,076
Excess of income over expenses for the year	-	-	-	-	-	2,537	2,537
Transfer to operation reserve	-	-	-	488	-	(488)	-
Item that will be reclassified to profit or loss							
Fair value loss on available-for-sale investments	-	-	-	-	(74)	-	(74)
Item that will not be reclassified to profit or loss							
Exchange movement	-	(948)	(64)	(102)	-	-	(1,114)
Total comprehensive income for the year							1,349
Balance as at 31 December 2017	5,000	(8,476)	1,464	2,830	(20)	26,627	27,425
Excess of income over expenses for the year	-	-	-	-	-	2,980	2,980
Transfer to operation reserve	-	-	-	492	-	(492)	-
Item that will be reclassified to profit or loss							
Fair value loss on investments at fair value through other comprehensive income	-	-	-	-	(219)	-	(219)
Item that will not be reclassified to profit or loss							
Exchange movement	-	205	12	23	-	-	240
Total comprehensive income for the year							3,001
Balance as at 31 December 2018	5,000	(8,271)	1,476	3,345	(239)	29,115	30,426

**Notes to Financial Statements
31 December 2018**

(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

1 Activity

The World Anti-Doping Agency (“WADA” or the “Agency”), domiciled in Lausanne, Switzerland, is a not-for-profit foundation constituted in Lausanne on 10 November 1999 under the Swiss Civil Code. On 2 June 2002, the Head Office of WADA was officially moved to Montréal, Canada, in accordance with the vote of the Foundation Board on 21 August 2001 in Tallinn, Estonia, the office in Lausanne therefore becoming a branch office. However, WADA remains a Swiss foundation with its registered office in Lausanne, Switzerland.

The mission of WADA is to promote and coordinate, at an international level, the fight against doping in sports in all its forms. The Agency cooperates with intergovernmental organizations and governments (hereafter “Public Authorities”) and other public and private organizations devoted to fighting against doping in sports, including the International Olympic Committee, the International Sports Federations, the National Olympic Committees and athletes.

The financing of WADA is provided equally by the International Olympic Committee and the Public Authorities involved in the mission of WADA.

2 Basis of presentation and summary of significant accounting policies

a) Basis of presentation

These financial statements have been approved by the Foundation Board of WADA on 16 May 2019 and cannot be amended after issuance. The financial statements of WADA for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). WADA’s financial statements are prepared in accordance with Swiss legal requirements.

The financial statements have been prepared under the historical cost principle, except for investments at fair value through other comprehensive income which are shown at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying WADA’s accounting policies. In particular, areas involving a higher degree of judgment or complexity are the definition of the Agency’s functional currency and the research grant recognition described below.

The functional currency of the Agency is the US Dollar, as the majority of its activities (income and expenses) are based in US Dollars. The presentation currency of the Agency is the Swiss Franc to fulfill Swiss legal requirements. Assets and liabilities are converted from US Dollars to Swiss Francs at the closing rate. The Agency’s capital in Swiss Francs is kept at historical exchange rates. The statement of activities is translated into Swiss Francs at the transaction rate. Any resulting exchange difference is recorded in the cumulative translation adjustment on the balance sheet. The statement of cash flows is translated into Swiss Francs at the transaction rate. Any resulting exchange difference is shown separately on the statement of cash flows.

US Dollar figures are included as complementary information.

**Notes to Financial Statements
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(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

b) Foreign currencies

Foreign currency income and expenses are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of activities. Non-monetary items that are carried at historical cost and denominated in a foreign currency are reported using the historical exchange rate at the date of the transaction.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and unrestricted deposits held with banks with original maturity of three months or less.

d) Financial assets (effective for 2017 and prior)

The Agency classifies its financial assets in the following categories: loans and receivables and available-for-sale assets. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market nor intended for trading. They are included in current assets, except for assets with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as receivables on the balance sheet.

Loans and receivables are originally recognized at fair value and are subsequently measured at amortized cost, less a provision for bad debts or impairment losses, as appropriate.

Available-for-sale assets

Available-for-sale assets are non-derivative financial assets that are either designated in this category or not classified in the other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale assets are classified as available-for-sale investments on the balance sheet.

Available-for-sale assets are recognized at fair value plus transaction fees. Gains or losses arising from changes in the fair value are presented in equity in cumulative fair value gain (loss) on available-for-sale investments.

When assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of activities as gains (losses) from disposal of available-for-sale investments. Interest on available-for-sale investments calculated using the effective interest rate method is recognized in the statement of activities as part of financial income (expenses).

Notes to Financial Statements
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(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

e) Financial liabilities disclosure

WADA discloses the fair value measurements by level as per the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Substantially all available-for-sale assets held by WADA are valued using quoted prices (unadjusted) in active markets (Level 1) at the balance sheet date.

WADA assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists for available-for-sale assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the statement of activities.

Regular purchases and sales of available-for-sale investments are recognized on the settlement date. Available-for-sale investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and WADA has transferred substantially all risks and rewards of ownership.

f) Financial liabilities at amortized cost

Financial liabilities at amortized cost comprise accounts payable and accrued expenses.

g) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	2.5 years
Office equipment	4 years
Leasehold improvements	Over the lower of the life of the lease and its useful life

h) Intangible assets

Intangible assets comprise the Anti-Doping Administration & Management System software (“ADAMS”) and other software, which are stated at cost less accumulated amortization. Amortization is calculated on a straight-line basis over four years, which is the estimated useful life of the assets.

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Notes to Financial Statements
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(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

i) Impairment of non-financial assets

Fixed assets and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset as determined by management).

j) Leases

The leasing of computer equipment and software where the Agency has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the statement of activities over the lease period. Leases where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases, and such payments are charged to the statement of activities on a straight-line basis over the term of the lease. WADA does not currently hold any finance leases.

k) Revenue and income recognition

Annual contributions and advance contributions

The annual contributions due from Public Authorities involved in the fight against doping in sports and the International Olympic Committee are recognized as income in the period for which they are due. However, annual contributions which have not been paid by year-end when due are only recognized when they are received.

Advance contributions are composed of annual contributions received in the current year for the following years' income and grants received for special projects such as RADO, ADO Symposium and additional public authorities' contributions.

Grants

Grants are recorded as income when there is reasonable assurance that the grants will be received and WADA will comply with all attached conditions.

Other

Laboratory accreditation and re-accreditation fees are recognized on the date of payment, which is the date giving full effect to the accreditation.

Financial income

Interest income is recognized on an effective yield basis.

l) Income taxes

WADA is exempt from paying income taxes.

**Notes to Financial Statements
31 December 2018**

(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

m) Research grants

Research grants are provided for specific research projects and paid by WADA on a yearly basis by an upfront payment of 80% of the granted amount and 20% payment upon completion of the yearly research project report. These grants cover a 12-month research period. They are expensed on a straight-line basis from the date the amount is granted as per the contractual agreement.

n) Changes in accounting policy and disclosures

New accounting standards adopted during the year

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15 specifies how and when to recognize revenues as well as requiring more informative and relevant disclosures. IFRS 15 superseded International Accounting Standard (“IAS”) 18, Revenue, IAS 11, Construction Contracts, and other revenue recognition related interpretations.

WADA adopted IFRS 15 on January 1st, 2018, using the modified retrospective method as permitted by IFRS 15. The adoption of this standard did not result in any change in the recognition of revenues compared to prior periods and therefore no comparative figures have been restated.

Revenues are measured based on the consideration specified in a contract with a customer. The Agency typically recognizes revenues when it has satisfied its performance obligations.

Revenue from transactions or events that does not arise from a contract with a customer is not in the scope of IFRS 15. The main revenue stream of WADA is the annual contributions and advance contributions which are received as donations. Therefore, this revenue stream is not in the scope of IFRS 15.

IFRS 9, Financial Instruments (“IFRS 9”)

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

On initial recognition, the Agency determines the financial instruments classification as per the following categories:

- Instruments measured at amortized cost
- Instruments measured at fair value through other comprehensive income (FVOCI)

The financial instruments classification under IFRS 9 is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial instrument in the scope of the standard are never separated. Instead the hybrid financial instrument as a whole is assessed for classification.

**Notes to Financial Statements
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(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at fair value through profit or loss (“FVTPL”):

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as instruments held for trading or derivatives) or if WADA elects to measure them at FVTPL.

The Agency has adopted all of the requirements of IFRS 9, as at 1 January 2018, without restating comparative figures.

The table below summarizes the classification and measurement of the Agency’s financial instruments accounted as under IFRS 9 as compared to the Agency’s previous policy in accordance with IAS 39.

Classification and measurement

	IAS 39 31 December 2017	IFRS 9 1 January 2018
Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Investments at fair value through other comprehensive income	Available-for-sale	Fair value through other comprehensive income
Receivables	Loans and receivables	Amortized cost
Liabilities		
Accounts payable	Other liabilities	Amortized cost
Accrued expenses	Other liabilities	Amortized cost

Evaluation

Financial instruments at amortized cost

Financial instruments at amortized cost are initially measured at fair value, and subsequently at amortized cost, using the effective interest method, less any impairment loss. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of activities.

Financial instruments at FVOCI

Financial instruments at FVOCI are initially and subsequently measured at fair value and are accounted for in the statement of comprehensive income and changes in equity. Realized gains or losses are transferred to the statement of activities.

Notes to Financial Statements
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(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

Derecognition

Financial assets

WADA derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred.

Financial liabilities

The Agency derecognizes a financial liability when, and only when, it is extinguished, meaning when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the extinguished financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the statement of activities.

Impairment

IFRS 9 also introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. Since the Agency has no trade receivables, the impairment related to expected credit losses is not applicable.

New accounting standards not yet adopted

The Agency has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than 1 January 2018. Many of these updates are not relevant to the Agency and are therefore not discussed herein.

IFRS 16, Leases (“IFRS 16”)

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 will supersede IAS 17, “Leases”, and related interpretations. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019.

The Agency expects that the adoption and application of IFRS 16, effective 1 January 2019, will result in a material increase to its assets and liabilities through the recognition of right-to-use assets and lease liabilities, estimated to range between USD2.8M (CHF2.76M) and USD3.4M (CHF3.35M).

There are no other IFRS or IAS interpretations that are not yet effective that would be expected to have a material impact on the Agency.

Notes to Financial Statements
31 December 2018

(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

3 Financial risk management

a) Financial risk factors

Because of the international nature of its activities, WADA is exposed to the following financial risks: foreign currency exchange risk, interest rate risk, liquidity risk, credit risk and capital risk.

Risk management is carried out by management under policies approved by the Foundation Board. Management identifies, evaluates and hedges financial risks.

i) Foreign currency exchange risk

WADA is exposed to foreign currency exchange risk mainly because most of its revenues are generated in US Dollars, whereas its operating expenses are partially in Canadian Dollars. WADA used price collars and bank deposits in Canadian Dollars, Swiss Francs and Euros to partly cover its currency exposure.

As at 31 December 2018, had the Canadian Dollar weakened by 5% against the US Dollar, with all other variables held constant, excess of income over expenses for the year would have been CHF172 (USD 238) lower (2017 – excess of expenses over income would have been CHF81 (USD104) lower) mainly as a result of foreign exchange loss on translation of cash and cash equivalents denominated in Canadian Dollars.

As at 31 December 2018, had the Swiss Franc weakened by 2% against the US Dollar, with all other variables held constant, excess of income over expenses for the year would have been CHF4 (USD4) lower (2017 – excess of expenses over income would have been CHF7 (USD7) lower) mainly as a result of foreign exchange loss on translation of cash and cash equivalents denominated in Swiss Francs.

As at 31 December 2018, the following accounts are shown in Canadian Dollars, Swiss Francs, Euros, South African Rand, Japanese Yen and British Pounds, and have been converted to the functional currency in the balance sheet.

	2018					
Denominated in	CAD	CHF	EUR	ZAR	YEN	GBP
Cash and cash equivalents	3,907	270	333	962	7,347	59
Receivables	917	45	0.5	-	1,259	7
Accounts payable and accrued expenses	2,241	446	127	7	1,004	33
	2017					
Denominated in	CAD	CHF	EUR	ZAR	YEN	GBP
Cash and cash equivalents	2,052	513	753	1,059	1,348	92
Available-for-sale investments	200	-	-	-	-	-
Receivables	485	7	1	-	1,266	1
Accounts payable and accrued expenses	1,573	279	115	30	177	4009

Notes to Financial Statements
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(in thousands of Swiss Francs with audited US Dollar figures as complementary information, unless otherwise specified – Note 2a)

ii) Interest rate risk

WADA is exposed to interest rate risk through the impact of rate changes on interest-bearing assets. As at 31 December 2018, WADA's interest-bearing assets were cash and cash equivalents and investments at fair value through other comprehensive income.

As at 31 December 2018, had interest rates been 0.25% lower, with all other variables held constant, equity would have been CHF142 (USD145) higher (2017 – CHF99 (USD102) higher) as a result of an increase in the fair value of bonds classified as FVOCI.

iii) Liquidity risk

WADA needs to maintain sufficient levels of cash and cash equivalents to finance its ongoing activities. In the absence of bank financing facilities, it is dependent on the receipt of contributions on a timely basis from stakeholders to meet its cash needs.

iv) Credit risk

Substantially all of WADA's revenues are generated from contributions, which are recognized in the statement of activities at their payment date. Revenues generated from grants are considered to be fully collectible by WADA. WADA has policies which limit the amount of credit and investment exposures. WADA is exposed to minimal credit risk on receivables, as a large portion is due from the Quebec government for sales taxes (Quebec sales tax). Cash and cash equivalents and investments at fair value through other comprehensive income are placed with major banks. The table below shows the balance held at the three major banks at the balance sheet date in the form of cash and term deposits.

Banks	2018			2017		
	Rating	Balance		Rating	Balance	
		USD	CHF		USD	CHF
UBS	A+	9,310	9,100	A+	9,767	9,532
Lombard Odier Darier Hentsch	AA-	748	732	AA-	1,932	1,885
The Bank of Nova Scotia	AA-	3,017	2,949	AA-	2,355	2,298
		<u>13,075</u>	<u>12,781</u>		<u>14,054</u>	<u>13,715</u>

Investments at fair value through other comprehensive income represent mainly bonds issued by major corporations and banking institutions.

v) Capital risk

WADA's objective when managing capital is to maintain an appropriate level to develop new programs and participate in new activities. Foundation capital, litigation reserve and operation reserve are considered for capital risk management.

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b) Fair value estimation

As at 31 December 2018, the fair value of cash and cash equivalents, receivables, accounts payable and accrued expenses was not significantly different from their book value because of their maturity being close to the balance sheet date. As at 31 December 2018, no financial assets were impaired or past due.

4 Cash and cash equivalents

	2018 USD	2017 USD	2018 CHF	2017 CHF
Cash	10,854	9,816	10,679	9,581
Term deposits	2,304	4,289	2,267	4,187
	<u>13,158</u>	<u>14,105</u>	<u>12,946</u>	<u>13,768</u>

Cash and term deposits are subject to current interest rates.

5 Financial instruments

a) Financial instruments by category

As at 31 December 2018	Amortized cost		Investments at FVOCI		Total	
	USD	CHF	USD	CHF	USD	CHF
Current assets						
Cash and cash equivalents (note 4)	13,158	12,946	-	-	13,158	12,946
Investments at fair value through other comprehensive income (note 5b)	-	-	4,140	4,073	4,140	4,073
Receivables (note 6)	956	941	-	-	956	941
Non-current assets						
Investments at fair value through other comprehensive income (note 5b)	-	-	18,016	17,726	18,016	17,726
Total	<u>14,114</u>	<u>13,887</u>	<u>22,156</u>	<u>21,799</u>	<u>36,270</u>	<u>35,686</u>
As at 31 December 2017						
	Loans and receivables		Available-for-sale assets		Total	
	USD	CHF	USD	CHF	USD	CHF
Current assets						
Cash and cash equivalents (note 4)	14,105	13,768	-	-	14,105	13,768
Available-for-sale investments (note 5b)	-	-	6,872	6,707	6,872	6,707
Receivables (note 6)	928	906	-	-	928	906
Non-current assets						
Available-for-sale investments (note 5b)	-	-	13,785	13,455	13,785	13,455
Total	<u>15,033</u>	<u>14,674</u>	<u>20,657</u>	<u>20,162</u>	<u>35,690</u>	<u>34,836</u>

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b) Investments at fair value through other comprehensive income

	2018 USD	2017 USD	2018 CHF	2017 CHF
Bonds in US Dollars	22,156	20,498	21,799	20,007
Bonds in Euros	-	-	-	-
Bonds in Canadian Dollars	-	159	-	155
	22,156	20,657	21,799	20,162
Less current portion	4,140	6,872	4,073	6,707
Total non-current portion	18,016	13,785	17,726	13,455

Bonds bear interest at rates ranging from 0.13% to 5.75% and mature from January 2019 to December 2027. Investments at fair value through other comprehensive income comprise corporate bonds in the amount of CHF15,433 (USD15,686) (2017 – CHF15,477 (USD15,857)), banking institution bonds in the amount of CHF 4,471 (USD4,544) (2017 – CHF4,685 (USD4,800)), and CHF1,895 (USD1,926) of government bonds (2017 – nil).

6 Receivables

	2018 USD	2017 USD	2018 CHF	2017 CHF
Quebec sales tax receivable	612	434	602	425
Other receivables	331	480	326	468
Recoverable withholding taxes	2	3	2	2
Rental deposit and guarantees – Uruguay office	11	11	11	11
	956	928	941	906

7 Other current assets

	2018 USD	2017 USD	2018 CHF	2017 CHF
Prepaid expenses	1,326	1,250	1,305	1,220
Prepaid expenses – Olympic Games	-	404	-	395
Accrued interest	168	143	164	140
Prepaid scientific research grants 2013	43	-	42	-
Prepaid scientific research grants 2014	-	13	-	13
Prepaid scientific research grants 2015	26	15	26	15
Prepaid scientific research grants 2016	48	220	47	214
Prepaid scientific research grants 2017	259	64	255	62
Prepaid scientific research grants 2018	408	-	402	-
Prepaid social science research grants 2015	3	18	3	18
Prepaid social science research grants 2016	-	26	-	25
Prepaid social science research grants 2017	24	5	24	5
	2,305	2,158	2,268	2,107

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8 Fixed assets

	Computer equipment		Office equipment		Leasehold improvements		Total	
	USD	CHF	USD	CHF	USD	CHF	USD	CHF
Year ended 31 December 2017								
Opening net book amount	581	592	94	96	332	339	1,007	1,027
Additions	199	181	35	31	195	177	429	389
Depreciation charge	(354)	(350)	(37)	(37)	(97)	(96)	(488)	(483)
Exchange effect	-	(7)	-	(1)	-	-	-	(8)
Closing net book amount	426	416	92	89	430	420	948	925
As at 31 December 2017								
Cost	1,305	1,653	1,287	1,267	589	1,058	3,181	3,978
Accumulated depreciation	(879)	(1,316)	(1,195)	(1,190)	(159)	(682)	(2,233)	(3,188)
Exchange effect	-	79	-	12	-	44	-	135
Net book amount	426	416	92	89	430	420	948	925
Year ended 31 December 2018								
Opening net book amount	426	416	92	89	430	420	948	925
Additions	84	82	113	111	286	260	483	453
Depreciation charge	(321)	(314)	(59)	(58)	(140)	(137)	(520)	(509)
Exchange effect	-	2	-	1	-	24	-	27
Closing net book amount	189	186	146	143	576	567	911	896
As at 31 December 2018								
Cost	1,276	1,735	1,380	1,378	838	1,318	3,494	4,431
Accumulated depreciation	(1,086)	(1,630)	(1,235)	(1,248)	(262)	(819)	(2,583)	(3,697)
Exchange effect	-	81	-	13	-	68	-	162
Net book amount	190	186	145	143	576	567	911	896

As at 31 December 2018, the amount of leasehold improvements included in accounts payable was USD 31 (CHF 31) (2017 – USD26 (CHF25)).

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9 Intangible assets

	<u>Software</u>	
	USD	CHF
Year ended 31 December 2017		
Opening net book amount	4,221	4,299
Additions	3,082	3,042
Amortization charge	(1,721)	(1,699)
Exchange effect	-	(194)
Closing net book amount	5,582	5,448
As at 31 December 2017		
Cost	19,072	18,424
Accumulated amortization	(13,490)	(13,175)
Exchange effect	-	199
Net book amount	5,582	5,448
Year ended 31 December 2018		
Opening net book amount	5,582	5,448
Additions	3,423	3,346
Amortization charge	(2,243)	(2,192)
Exchange effect	-	51
Closing net book amount	6,762	6,653
As at 31 December 2018		
Cost	22,212	21,769
Accumulated amortization	(15,450)	(15,367)
Exchange effect	-	251
Closing net book amount	6,762	6,653

Intangible assets comprise the ADAMS project and other software mainly developed internally. The amount related to the ADAMS project represents the core software necessary to fulfill the requirements of the World Anti-Doping Code regarding tracking and management of testing activity. This software enables more efficient tracking and management of the testing results.

As at 31 December 2018, the amount of intangible assets included in accounts payable was USD678 (CHF 663) (2017 – USD597 (CHF583)).

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10 Accrued expenses

	2018	2017	2018	2017
	USD	USD	CHF	CHF
Accruals	371	551	365	538
Accrued scientific research grants 2007	-	37	-	36
Accrued scientific research grants 2008	39	38	38	38
Accrued scientific research grants 2010	-	45	-	44
Accrued scientific research grants 2011	-	30	-	29
Accrued scientific research grants 2012	61	64	60	62
Accrued scientific research grants 2013	87	205	85	200
Accrued scientific research grants 2014	117	208	115	203
Accrued scientific research grants 2015	160	237	157	231
Accrued scientific research grants 2016	270	111	266	108
Accrued scientific research grants 2017	80	-	79	-
Accrued social science grants 2009	1	1	1	1
Accrued social science grants 2010	7	7	7	7
Accrued social science grants 2011	7	11	7	11
Accrued social science grants 2012	4	4	4	4
Accrued social science grants 2013	4	8	4	8
Accrued social science grants 2014	9	9	9	9
Accrued social science grants 2015	35	39	35	38
Accrued social science grants 2016	3	3	3	3
Accrued social science grants 2017	5	-	5	-
	1,260	1,608	1,240	1,570

11 Foundation capital

Foundation capital is defined in the statutes as a fixed amount of CHF5M (USD4M).

12 Reserves

a) Litigation

In 2007, the Foundation Board agreed to a reserve of USD1.5M dedicated to litigation. This will allow the Agency to engage in any case where it is required.

b) Operations

In 2009, the Foundation Board agreed to a reserve of USD2.4M dedicated to operations.

In 2015, the Executive Committee agreed to increase the operation reserve to hold six months of operations or USD9.6M. The operation fund would be funded over time through the allocation of unallocated funds as a regular budgetary item, or with any surplus from operations (year-end profits) or through specific sources of revenue such as one-time gifts of special grants.

In 2018, the operations reserve was increased to USD3.4M funded through surplus on operations.

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13 Annual contributions

	2018 USD	2017 USD	2018 CHF	2017 CHF
2002 to 2010 contributions	8	9	8	9
2011 Public Authorities and governments	1	-	1	-
2012 Public Authorities and governments	1	-	1	-
2013 Public Authorities and governments	1	-	1	-
2014 Public Authorities and governments	1	26	1	26
2015 Public Authorities and governments	76	22	74	22
2016 Public Authorities and governments	125	102	122	101
2016 International Olympic Committee	-	192	-	190
2017 Public Authorities and governments	228	14,564	222	14,377
2017 International Olympic Committee	-	14,863	-	14,672
2018 Public Authorities and governments	15,912	-	15,553	-
2018 International Olympic Committee	16,051	-	15,690	-
	<u>32,404</u>	<u>29,778</u>	<u>31,673</u>	<u>29,397</u>

14 Grants

	2018 USD	2017 USD	2018 CHF	2017 CHF
Montréal International	1,470	1,433	1,438	1,415
Government of China	994	-	972	-
Government of Australia	60	42	59	42
Government of Japan	164	167	159	163
Government of Kuwait	-	39	-	39
Canton de Vaud / City of Lausanne	41	41	40	41
Government of Saudi Arabia	-	100	-	99
Government of Azerbaijan	-	50	-	49
Government of Egypt	5	2	5	2
	<u>2,734</u>	<u>1,874</u>	<u>2,673</u>	<u>1,850</u>

WADA benefits from two major government supports in Canada. The Government of Canada provides WADA with a total cash contribution of CAD10M, indexed over a 10-year period (2002–2011), and exempts WADA from any income tax. The Government of Quebec also provides WADA with a total cash contribution of CAD5M, indexed over a 10-year period (2002–2011). The governments of Canada and Quebec amended the agreement in order to extend the financial contributions for the initial period by an additional 10-year period. Under this amended agreement, WADA will receive an additional total cash contribution of CAD10M, indexed over a 10-year period (2012–2021), from the Government of Canada and an additional total cash contribution of CAD5M, indexed over a 10-year period (2012–2021), from the Government of Quebec. The grants are paid as one combined amount from a corporation, Montréal International, formed by the aforementioned governments. The grants are subject to the following conditions: WADA must maintain its permanent operational headquarters in Montréal, maintain a minimum staff of 17 to 25 employees, supply quarterly unaudited and annual audited accounts, budgets and activity reports, and continue its original mission. The aim of these government supports is to encourage and maintain WADA's activities on a long-term basis.

WADA also receives additional grants from Public Authorities (governments) to support specific activities.

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15 Other income

	2018	2017	2018	2017
	USD	USD	CHF	CHF
Laboratory accreditation and re-accreditation fees	160	230	156	226
Code monitoring	39	36	38	36
Inducements and reward programs	49	40	48	40
	<u>248</u>	<u>306</u>	<u>242</u>	<u>302</u>

16 Salaries and other personnel costs

	2018	2017	2018	2017
	USD	USD	CHF	CHF
Salaries	9,745	8,660	9,526	8,549
Social charges and other benefits	3,940	3,487	3,851	3,443
Defined benefit pension plan contributions	178	161	174	159
Temporary staff	197	46	192	45
	<u>14,060</u>	<u>12,354</u>	<u>13,743</u>	<u>12,196</u>

The number of people employed was 117 as at 31 December 2018 (2017 – 98).

Retirement benefit obligation

Most of WADA's employees are located at its Montréal headquarters. WADA grants all of its employees a pre-defined proportion of their salary as a contribution to their pension plan. Considering that WADA has no further obligation once payments are made, these costs are considered as fringe benefits and are included in salaries and other personnel costs in the statement of activities in the period they are incurred. The retirement obligations for WADA's employees in Tokyo are met by the Japanese government. For its South African office employees, WADA only contributes with the employees into the state pension scheme. For WADA's employees in Switzerland, the retirement obligations qualify as a defined benefit plan. It is funded by contributions from WADA and the employees to a financially independent trust. Because of the limited number of employees under this plan, no actuarial calculations have been performed for reasons of materiality.

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17 Research grants

	2018	2017	2018	2017
	USD	USD	CHF	CHF
Research grants expensed				
Scientific research grants expensed	1,630	2,236	1,593	2,207
Social science research grants expensed	202	260	198	257
Refunds received on cancellation of project	(67)	(10)	(65)	(10)
Total research grants expensed	1,765	2,486	1,726	2,454
Research grants paid out				
Research grants expensed	1,765	2,486	1,726	2,454
Prepaid expenses (movement)	451	(541)	441	(534)
Accruals (movement)	169	331	165	327
Total research grants paid out	2,385	2,276	2,332	2,247

18 Related party transactions

Transactions with Public Authorities and other organizations including the Olympic Movement are disclosed separately in these financial statements. The Foundation Board members, the President and the Executive Committee of WADA are not remunerated by the Agency. However, WADA covers all expenses related to the execution of their functions, in particular, travel, hotel and meal expenses and a daily allowance for out-of-pocket expenses. These costs are included in travel and accommodation in the statement of activities.

	2018	2017	2018	2017
	USD	USD	CHF	CHF
Compensation of key management				
Salaries	2,563	2,462	2,505	2,430
Benefits and social charges	1,086	1,257	1,059	1,187
Defined benefit pension plan contributions	45	55	44	54
	3,694	3,774	3,608	3,671

Key management of WADA is defined as all the directors of the Agency. Compensation is for 14 directors as at 31 December 2018 (2017 – 14 directors).

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19 Commitments

a) Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	2018 USD	2017 USD	2018 CHF	2017 CHF
Less than one year	637	653	627	637
More than one year and less than five years	1,447	2,111	1,424	2,061
More than five years	-	68	-	66
	<u>2,084</u>	<u>2,832</u>	<u>2,051</u>	<u>2,764</u>

The operating lease commitments are for the following:

Montréal, Canada office lease to February 2021
Lausanne, Switzerland office lease to April 2019
Tokyo, Japan office lease to March 2019
Montevideo, Uruguay office lease to June 2019

b) Commitments for non-lease elements

	2018 USD	2017 USD	2018 CHF	2017 CHF
Less than one year	1,172	1,886	1,145	1,841
More than one year and less than five years	815	1,764	802	1,722
	<u>1,987</u>	<u>3,650</u>	<u>1,947</u>	<u>3,563</u>

The commitments for non-lease elements are related mainly to the IT management service contract from 2016 to 2020 and various other contracts.

c) Scientific and social science research commitments

Scientific research grants and social science research grants may be committed over several years by the signing of research grant contracts, including upcoming years of research for certain projects. The related amounts at the end of the year are as follows:

	2018 USD	2017 USD	2018 CHF	2017 CHF
Less than one year	3,007	3,145	2,959	3,069
More than one year and less than five years	386	559	380	546
	<u>3,393</u>	<u>3,704</u>	<u>3,339</u>	<u>3,615</u>

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20 Contingent liabilities

At the end of 2018, WADA has contingent liabilities in the amount of CHF2,983 (USD3,032) (2017 – CHF4,279 (USD4,384)). This amount is for all research grants that have been granted by WADA but are contingent upon one or more of the following approvals: ethical approval from the government of the country of the laboratory which is to conduct the research or the signing of the research contract by the laboratory. Eighty percent of the amount would be due upon these approvals and would probably be disbursed in 2019.