



***World Anti-Doping Agency
Lausanne***

***Report of the statutory auditor
to the Foundation Board
on the financial statements 2013***



Report of the statutory auditor
to the Foundation Board of
World Anti-Doping Agency
Lausanne

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of 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 2013.

Foundation Board's responsibility

The Foundation Board is responsible for the preparation and fair presentation 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 and fair presentation 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 and Swiss Auditing Standards as well as the International Standards on Auditing. 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 and fair presentation 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 the 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 2013 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.

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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

Pierre-Alain Dévaud
Audit expert
Auditor in charge

Yves Tritten
Audit expert

Lausanne, 28 May 2014

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 2013

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

	Notes	2013 USD	2012 USD	2013 CHF	2012 CHF
Assets					
Current assets					
Cash and cash equivalents	4	14,323,209	16,276,161	12,754,416	14,874,783
Available-for-sale investments	5b	2,409,911	3,562,903	2,145,958	3,256,138
Receivables	6	711,557	382,300	633,621	349,384
Other current assets	7	2,563,138	3,343,504	2,282,403	3,055,629
		<u>20,007,815</u>	<u>23,564,868</u>	<u>17,816,398</u>	<u>21,535,934</u>
Non-current assets					
Available-for-sale investments	5b	9,223,219	7,833,447	8,213,018	7,158,987
Fixed assets	8	774,524	674,492	689,692	616,418
Intangible assets	9	4,558,411	3,197,823	4,059,138	2,922,490
		<u>14,556,154</u>	<u>11,705,762</u>	<u>12,961,848</u>	<u>10,697,895</u>
Total Assets		<u>34,563,969</u>	<u>35,270,630</u>	<u>30,778,246</u>	<u>32,233,829</u>
Liabilities and Equity					
Current liabilities					
Accounts payable		1,670,875	1,019,573	1,487,868	931,788
Accrued expenses	10	2,450,840	2,577,027	2,182,404	2,355,145
Advance contributions		1,635,902	2,592,510	1,456,725	2,369,295
Total Liabilities		<u>5,757,617</u>	<u>6,189,110</u>	<u>5,126,997</u>	<u>5,656,228</u>
Equity					
Foundation capital	11	5,388,056	5,474,651	5,000,000	5,000,000
Cumulative translation adjustment on USD					
Foundation capital		(1,381,556)	(1,468,151)	-	-
Cumulative translation adjustment		-	-	(10,469,111)	(9,893,183)
Litigation reserve	12a	1,500,000	1,500,000	1,335,708	1,370,850
Operation reserve	12b	2,400,000	2,400,000	2,137,133	2,193,360
Cumulative fair value gain on available-for-sale investments		225,790	349,525	201,060	319,432
Excess of income over expenses brought forward		20,674,062	20,825,495	27,446,459	27,587,142
Total Equity		<u>28,806,352</u>	<u>29,081,520</u>	<u>25,651,249</u>	<u>26,577,601</u>
Total Liabilities and Equity		<u>34,563,969</u>	<u>35,270,630</u>	<u>30,778,246</u>	<u>32,233,829</u>

“Notes 1 to 20 are an integral part of the financial statements.”

World Anti-Doping Agency

Statement of Activities for the year ended 31 December 2013

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

	Notes	2013 USD	2012 USD	2013 CHF	2012 CHF
Income					
Annual contributions	13	26,397,315	26,511,321	24,523,326	24,890,202
Grants	14	2,420,651	2,042,251	2,248,805	1,917,371
Other	15	362,473	290,759	336,740	272,980
Total income		29,180,439	28,844,331	27,108,871	27,080,553
Operating expenses					
Salaries and other personnel costs	16	10,379,981	9,725,347	9,643,089	9,130,660
Travel and accommodation		3,769,747	3,632,684	3,502,127	3,410,552
Information and communications		174,551	230,320	162,159	216,236
Testing fees		689,700	907,701	640,737	852,197
Accreditation fees		290,225	429,528	269,621	403,263
Research grants	17	4,494,797	5,718,427	4,175,704	5,368,755
Other grants		383,786	328,446	356,540	308,363
Education		76,271	43,035	70,856	40,404
Project consulting fees		2,715,170	2,642,250	2,522,416	2,480,682
Administration		3,029,890	2,909,712	2,814,793	2,731,788
IT costs		1,659,478	2,166,446	1,541,668	2,033,971
Depreciation of fixed and intangible assets		1,734,427	1,554,090	1,611,297	1,459,060
Total operating expenses		29,398,023	30,287,986	27,311,007	28,435,931
Excess of operating expenses over income before financial income		(217,584)	(1,443,655)	(202,136)	(1,355,378)
Financial income (expenses)					
Interest		384,538	441,730	357,239	414,719
Losses from disposal of available-for-sale investments		(33,501)	(2,069)	(31,123)	(1,942)
Bank fees		(90,026)	(80,517)	(83,638)	(75,593)
Net gains (losses) on exchange rates		(194,860)	313,911	(181,025)	294,716
		66,151	673,055	61,453	631,900
Excess of expenses over income for the year		(151,433)	(770,600)	(140,683)	(723,478)

“Notes 1 to 20 are an integral part of the financial statements.”

World Anti-Doping Agency

Statement of Cash Flows for the year ended 31 December 2013

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

	2013 USD	2012 USD	2013 CHF	2012 CHF
Operating activities				
Excess of expenses over income for the year	(151,433)	(770,600)	(140,683)	(723,478)
Depreciation of fixed and intangible assets	1,734,427	1,554,090	1,611,297	1,459,060
Interest	(384,538)	(441,730)	(357,239)	(414,719)
Losses from disposal of available-for-sale investments	33,501	2,069	31,123	1,942
Changes in				
Receivables	(329,257)	70,418	(305,882)	66,112
Other current assets	750,543	(511,967)	697,258	(480,661)
Accounts payable	293,090	(86,983)	272,283	(81,664)
Accrued expenses	(126,187)	121,754	(117,229)	114,309
Advance contributions	(956,608)	1,118,171	(888,697)	1,049,797
Net cash provided by operating activities	863,538	1,055,222	802,231	990,698
Investing activities				
Purchase of fixed assets	(383,837)	(288,984)	(356,589)	(271,314)
Purchase of intangible assets	(2,452,999)	(1,311,850)	(2,278,856)	(1,231,633)
Interest received	412,293	492,889	383,024	462,750
Purchase of investments	(4,360,472)	(2,703,410)	(4,050,917)	(2,538,103)
Proceeds from sale of investments	3,968,525	2,961,705	3,686,795	2,780,605
Net cash used in investing activities	(2,816,490)	(849,650)	(2,616,543)	(797,695)
Increase (decrease) in cash and cash equivalents	(1,952,952)	205,572	(1,814,312)	193,003
Currency translation impact	-	-	(306,055)	(398,716)
Cash and cash equivalents at beginning of year	16,276,161	16,070,589	14,874,783	15,080,496
Cash and cash equivalents at end of year	14,323,209	16,276,161	12,754,416	14,874,783

“Notes 1 to 20 are an integral part of the financial statements.”

World Anti-Doping Agency

Statement of Comprehensive Loss and Changes in Equity for the year ended 31 December 2013

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

	Foundation capital USD	Cumulative translation adjustment on Foundation capital USD	Litigation reserve USD	Operation reserve USD	Cumulative fair value gain (loss) on available- for-sale investments USD	Excess of income over expenses brought forward USD	Total USD
Balance as at 31 December 2011	5,328,271	(1,321,771)	1,500,000	2,400,000	389,819	21,596,095	29,892,414
Excess of expenses over income for the year	-	-	-	-	-	(770,600)	(770,600)
Items that will be reclassified to profit or loss							
Fair value loss on available-for-sale investments	-	-	-	-	(40,294)	-	(40,294)
Exchange movement	146,380	(146,380)	-	-	-	-	-
Total comprehensive loss for the year							(810,894)
Balance as at 31 December 2012	5,474,651	(1,468,151)	1,500,000	2,400,000	349,525	20,825,495	29,081,520
Excess of expenses over income for the year	-	-	-	-	-	(151,433)	(151,433)
Items that will be reclassified to profit or loss							
Fair value loss on available-for-sale investments	-	-	-	-	(123,735)	-	(123,735)
Exchange movement	(86,595)	86,595	-	-	-	-	-
Total comprehensive loss for the year							(275,168)
Balance as at 31 December 2013	5,388,056	(1,381,556)	1,500,000	2,400,000	225,790	20,674,062	28,806,352

“Notes 1 to 20 are an integral part of the financial statements.”

World Anti-Doping Agency

Statement of Comprehensive Loss and Changes in Equity for the year ended 31 December 2013 (cont'd.)

(in 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 gain (loss) on available- for-sale investments CHF	Excess of income over expenses brought forward CHF	Total CHF
Balance as at 31 December 2011	5,000,000	(9,285,379)	1,407,587	2,252,138	365,803	28,310,620	28,050,769
Excess of expenses over income for the year	-	-	-	-	-	(723,478)	(723,478)
Items that will be reclassified to profit or loss							
Fair value loss on available-for-sale investments	-	-	-	-	(46,371)	-	(46,371)
Exchange movement	-	(607,804)	(36,737)	(58,778)	-	-	(703,319)
Total comprehensive loss for the year							(1,473,168)
Balance as at 31 December 2012	5,000,000	(9,893,183)	1,370,850	2,193,360	319,432	27,587,142	26,577,601
Excess of expenses over income for the year	-	-	-	-	-	(140,683)	(140,683)
Items that will be reclassified to profit or loss							
Fair value loss on available-for-sale investments	-	-	-	-	(118,372)	-	(118,372)
Exchange movement	-	(575,928)	(35,142)	(56,227)	-	-	(667,297)
Total comprehensive loss for the year							(926,352)
Balance as at 31 December 2013	5,000,000	(10,469,111)	1,335,708	2,137,133	201,060	27,446,459	25,651,249

“Notes 1 to 20 are an integral part of the financial statements.”

Notes to Financial Statements
31 December 2013

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.

Effective 1 January 2002, the financing of WADA is provided equally by the Olympic Movement and the Public Authorities involved in the mission of WADA. Previously, the financing was exclusively provided by the Olympic Movement.

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 18 May 2014 and cannot be amended after issuance. The financial statements of WADA for the year ended 31 December 2013 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 available-for-sale investments 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 functional currency and the research grant recognition described below.

The functional currency is the US Dollar, as the majority of the activities (income and expenses) are based in US Dollars. The presentation currency is the Swiss Franc to fulfil Swiss legal requirements. Assets and liabilities are converted from US Dollars to Swiss Francs at the closing rate. The Foundation capital in Swiss Francs is kept at historical exchange rates. The Foundation capital is presented at closing rates in US Dollars. The resulting exchange differences are recorded as the exchange adjustment on USD Foundation capital in equity. The statement of activities is translated into Swiss Francs at the average exchange rate for the year. Any resulting exchange difference is recorded in the cumulative translation adjustment. The cash flow is converted into Swiss Francs at the average rate for the year. 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
31 December 2013

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

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 subsequently measured at amortized cost less provision for bad debts or impairment losses, as appropriate.

Available-for-sale assets

Available-for-sale assets are non-derivatives that are either designated in this category or not classified in any of the other categories. 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 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.

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).

Notes to Financial Statements
31 December 2013

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 investments are recognized on the settlement date. 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.

e) Financial liabilities at amortized cost

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

f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Leasehold improvements are depreciated over the lower of the life of the lease and its useful life. 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	5 years

g) Intangible assets

Intangible assets comprise the Anti-Doping Administration & Management System software (“ADAMS”), which is stated at cost less accumulated depreciation. Depreciation 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.

h) Impairment of non-financial assets

Property and equipment 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).

Notes to Financial Statements
31 December 2013

i) 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.

j) Revenue recognition

Annual contributions

The annual contributions due from Public Authorities involved in the fight against doping in sports and the Olympic Movement 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. Payments received in advance relating to the following year's activities are deferred and presented as advance contributions on the balance sheet.

Financial income

Interest income is recognized on an effective yield basis.

Grants

Grants are recorded as income when there is reasonable assurance that the grant 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.

k) Income taxes

WADA is exempt from paying income taxes.

l) 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 contractual agreement.

Notes to Financial Statements
31 December 2013

m) Standards, amendments and interpretations

The standards, amendments or interpretations becoming effective in 2013 had no impact on the financial statements as at 31 December 2013. Certain standards, amendments and interpretations to existing standards have been published and are mandatory to WADA's accounting periods beginning on or after 1 January 2014 or later periods, but WADA has not early-adopted them. WADA currently believes that none of them will have a significant impact on its financial statements.

- IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in the statement of other comprehensive income into two groups based on whether or not items may be recycled in the future. The Agency evaluated this standard and there is no financial impact on statement of comprehensive income.
- IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among the specific standards requiring fair value measurements and in many cases did not reflect a clear measurement basis or consistent disclosures. The Agency evaluated this standard and there is no impact on the financial statements.

Accounting standards and amendments issued but not yet adopted

- IFRS 9, Financial Instruments, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments: Recognition and Measurement, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are recognized either at fair value through profit or loss or at fair value through other comprehensive income. However, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. IFRS 9 is effective for annual periods beginning on or after 1 January 2015.

Requirements for financial liabilities were added to IFRS 9 in October 2010, and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss are generally recorded in other comprehensive income

- IAS 36, Impairment of Assets, has been amended with respect to the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13.

WADA is currently assessing the impact of these new and amended standards on its financial statements.

3 Financial risk management

1. Financial risk factors

Because of the international nature of its activities, WADA is exposed to the following financial risks: changes in foreign currency exchange rates, changes in interest rates, 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.

Notes to Financial Statements
31 December 2013

a) 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 essentially in US Dollars and Canadian Dollars. During the year ended 31 December 2013, WADA used price collars and bank deposits in US Dollars, Canadian Dollars, Swiss Francs and Euros to partly cover its currency exposure.

As at 31 December 2013, if the Canadian Dollar had weakened by 5% against the US Dollar, with all other variables held constant, excess of expenses over income for the year would have been CHF280,747 (USD315,279) higher (2012 – excess of expenses over income would have been CHF350,935 (USD383,997) higher), mainly as a result of foreign exchange loss on translation of cash and cash equivalents denominated in Canadian Dollars. Excess of expenses over income was more sensitive to movement in US Dollar exchange rates in 2012 than 2013 because of the higher amount of cash and cash equivalents denominated in Canadian Dollars.

As at 31 December 2013, if the Swiss Franc had weakened by 2% against the US Dollar, with all other variables held constant, excess of expenses over income for the year would have been CHF19,319 (USD21,695) higher (2012 – excess of expenses over income would have been CHF27,092 (USD29,645) higher), mainly as a result of foreign exchange loss on translation of cash and cash equivalents denominated in Swiss Francs.

b) Interest rate risk

WADA is exposed to interest rate risk through the impact of rate changes on interest-bearing assets. As at 31 December 2013, WADA's interest-bearing assets were cash and cash equivalents and available-for-sale investments.

As at 31 December 2013, if interest rates had been 0.25% lower, with all other variables held constant, equity would have been CHF50,386 (USD56,583) higher (2012 – CHF44,014 (USD48,161) higher) as a result of an increase in the fair value of bonds classified as available for sale.

c) 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.

d) 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 accounts receivable, as a large portion is due from the Quebec government for sales taxes (Quebec sales tax). Cash and cash equivalents and available-for-sale investments 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.

Notes to Financial Statements
31 December 2013

Banks	Rating	2013		Rating	2012	
		Balance			Balance	
		USD	CHF		USD	CHF
UBS	A	6,447,524	5,741,339	A	6,404,620	5,853,182
Lombard Odier						
Darier Hentsch	AA-	3,149,352	2,804,410	AA-	5,283,463	4,828,557
The Bank of Nova Scotia	AA-	4,676,611	4,164,391	AA-	4,539,570	4,148,713
		<u>14,273,487</u>	<u>12,710,140</u>		<u>16,227,653</u>	<u>14,830,452</u>

Available-for-sale investments represent mainly bonds issued by major corporations and government entities.

e) *Capital risk management*

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

2. Fair value estimation

As at 31 December 2013, 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 2013, no financial assets were impaired or past due.

4 Cash and cash equivalents

	2013 USD	2012 USD	2013 CHF	2012 CHF
Cash	9,152,829	9,174,483	8,150,338	8,384,560
Term deposits				
in US Dollars	3,640,000	3,460,000	3,241,318	3,162,094
in Canadian Dollars	504,956	2,433,274	449,649	2,223,769
in Swiss Francs	337,003	547,465	300,091	500,328
in Euros	688,421	660,939	613,020	604,032
	<u>14,323,209</u>	<u>16,276,161</u>	<u>12,754,416</u>	<u>14,874,783</u>

Cash and term deposits are held in major Swiss and Canadian banks. They are subject to current interest rates.

Notes to Financial Statements
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5 Financial instruments

a) Financial instruments by category

As at 31 December 2013	Loans and receivables		Available for sale		Total	
	USD	CHF	USD	CHF	USD	CHF
Current assets						
Cash and cash equivalents (note 4)	14,323,209	12,754,416	-	-	14,323,209	12,754,416
Available-for-sale investments (note 5b)	-	-	2,409,911	2,145,958	2,409,911	2,145,958
Receivables (note 6)	711,557	633,621	-	-	711,557	633,621
Non-current assets						
Available-for-sale investments (note 5b)	-	-	9,223,219	8,213,018	9,223,219	8,213,018
Total	15,034,766	13,388,037	11,633,130	10,358,976	26,667,896	23,747,013
As at 31 December 2012						
Current assets						
Cash and cash equivalents (note 4)	16,276,161	14,874,783	-	-	16,276,161	14,874,783
Available-for-sale investments (note 5b)	-	-	3,562,903	3,256,138	3,562,903	3,256,138
Receivables (note 6)	382,300	349,384	-	-	382,300	349,384
Non-current assets						
Available-for-sale investments (note 5b)	-	-	7,833,447	7,158,987	7,833,447	7,158,987
Total	16,658,461	15,224,167	11,396,350	10,415,125	28,054,811	25,639,292

b) Available-for-sale investments

	2013 USD	2012 USD	2013 CHF	2012 CHF
Bonds in US Dollars	9,251,395	7,820,507	8,238,108	7,147,161
Structured products in US Dollars	502,630	500,000	447,578	456,950
Bonds in Euros	1,113,441	1,491,896	991,488	1,363,445
Structured products in Euros	-	264,375	-	241,612
Bonds in Canadian Dollars	765,664	1,319,572	681,802	1,205,957
	11,633,130	11,396,350	10,358,976	10,415,125

Bonds bear interest at rates ranging from 0.90% to 4.63% and mature from January 2014 to January 2019. The structured product in US Dollars is capital guaranteed and will mature on 2 July 2015.

Notes to Financial Statements
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6 Receivables

	2013 USD	2012 USD	2013 CHF	2012 CHF
Quebec sales tax receivable	399,154	282,235	355,434	257,935
Other receivables	287,445	75,074	255,962	68,610
Recoverable withholding taxes	2,358	2,391	2,100	2,185
Rental deposits and guarantees	22,600	22,600	20,125	20,654
	<u>711,557</u>	<u>382,300</u>	<u>633,621</u>	<u>349,384</u>

The rental deposit is for the Uruguay office amounting to CHF20,125 (USD22,600) (2012 – CHF20,654 (USD22,600)).

7 Other current assets

	2013 USD	2012 USD	2013 CHF	2012 CHF
Prepaid expenses	1,458,027	1,327,187	1,298,332	1,212,917
Accrued interest	107,659	137,483	95,868	125,646
Prepaid scientific research grants 2005	-	4,993	-	4,563
Prepaid scientific research grants 2008	-	111,141	-	101,573
Prepaid scientific research grants 2009	50,375	75,768	44,857	69,244
Prepaid scientific research grants 2010	12,361	254,946	11,007	232,995
Prepaid scientific research grants 2011	96,929	1,007,237	86,312	920,514
Prepaid scientific research grants 2012	689,636	283,387	614,102	258,987
Prepaid scientific research grants 2013	85,273	-	75,933	-
Prepaid social science research grants 2009	-	16,928	-	15,470
Prepaid social science research grants 2011	3,863	12,927	3,440	11,814
Prepaid social science research grants 2012	15,381	111,507	13,697	101,906
Prepaid social science research grants 2013	43,634	-	38,855	-
	<u>2,563,138</u>	<u>3,343,504</u>	<u>2,282,403</u>	<u>3,055,629</u>

Notes to Financial Statements
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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 2012								
Opening net book amount	190,932	179,170	91,416	85,784	347,405	326,000	629,753	590,954
Additions	162,421	152,489	25,949	24,362	88,933	83,495	277,303	260,346
Depreciation charge	(114,026)	(107,053)	(29,279)	(27,489)	(89,259)	(83,800)	(232,564)	(218,342)
Exchange effect	-	(5,884)	-	(2,156)	-	(8,500)	-	(16,540)
Closing net book amount	239,327	218,722	88,086	80,501	347,079	317,195	674,492	616,418
As at 31 December 2012								
Cost	1,310,726	1,660,387	1,257,822	1,670,090	575,973	602,459	3,144,521	3,932,936
Accumulated depreciation	(1,071,399)	(1,363,304)	(1,169,736)	(1,489,179)	(228,894)	(222,304)	(2,470,029)	(3,074,787)
Exchange effect	-	(78,361)	-	(100,410)	-	(62,960)	-	(241,731)
Net book amount	239,327	218,722	88,086	80,501	347,079	317,195	674,492	616,418
Year ended 31 December 2013								
Opening net book amount	239,327	218,722	88,086	80,501	347,079	317,195	674,492	616,418
Additions	343,015	318,664	21,128	19,628	32,857	30,524	397,000	368,816
Depreciation charge	(159,404)	(148,088)	(35,696)	(33,162)	(101,868)	(94,636)	(296,968)	(275,886)
Exchange effect	-	(12,684)	-	(1,501)	-	(5,471)	-	(19,656)
Closing net book amount	422,938	376,614	73,518	65,466	278,068	247,612	774,524	689,692
As at 31 December 2013								
Cost	737,896	685,512	1,201,856	1,116,534	595,737	553,445	2,535,489	2,355,491
Accumulated depreciation	(314,958)	(292,599)	(1,128,338)	(1,048,235)	(317,669)	(295,117)	(1,760,965)	(1,635,951)
Exchange effect	-	(16,299)	-	(2,833)	-	(10,716)	-	(29,848)
Net book amount	422,938	376,614	73,518	65,466	278,068	247,612	774,524	689,692

As at 31 December 2013, the amount of leasehold improvements included in accounts payable was USD13,164 (2012 – nil).

Notes to Financial Statements
31 December 2013

9 Intangible assets

	Software	
	USD	CHF
Year ended 31 December 2012		
Opening net book amount	3,133,138	2,940,109
Additions	1,386,211	1,301,447
Depreciation charge	(1,321,526)	(1,240,718)
Exchange effect	-	(78,348)
Closing net book amount	3,197,823	2,922,490
As at 31 December 2012		
Cost	9,580,595	10,545,775
Accumulated depreciation	(6,382,772)	(7,181,658)
Exchange effect	-	(441,627)
Net book amount	3,197,823	2,922,490
Year ended 31 December 2013		
Opening net book amount	3,197,823	2,922,490
Additions	2,798,047	2,599,409
Depreciation charge	(1,437,459)	(1,335,411)
Exchange effect	-	(127,350)
Closing net book amount	4,558,411	4,059,138
As at 31 December 2013		
Cost	11,661,379	10,833,518
Accumulated depreciation	(7,102,968)	(6,598,716)
Exchange effect	-	(175,664)
Net book amount	4,558,411	4,059,138

Intangible assets comprise the ADAMS project and other software. The amount related to the ADAMS project represents the core software necessary to fulfil 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 2013, the amount of intangible assets included in accounts payable was USD440,102 (2012 – USD95,054).

Notes to Financial Statements
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10 Accrued expenses

	2013 USD	2012 USD	2013 CHF	2012 CHF
Accruals	912,239	1,182,356	812,323	1,080,555
Accrued scientific research grants 2005	20,000	-	17,809	-
Accrued scientific research grants 2006	21,346	47,232	19,008	43,165
Accrued scientific research grants 2007	84,250	173,236	75,023	158,320
Accrued scientific research grants 2008	120,401	221,101	107,213	202,064
Accrued scientific research grants 2009	173,995	375,813	154,937	343,455
Accrued scientific research grants 2010	347,491	488,852	309,431	446,762
Accrued scientific research grants 2011	642,675	53,420	572,284	48,820
Accrued scientific research grants 2012	81,217	-	72,323	-
Accrued social science grants 2009	3,429	5,243	3,053	4,791
Accrued social science grants 2010	6,767	9,286	6,026	8,487
Accrued social science grants 2011	20,219	20,271	18,004	18,527
Accrued social science grants 2012	16,811	217	14,970	199
	<u>2,450,840</u>	<u>2,577,027</u>	<u>2,182,404</u>	<u>2,355,145</u>

11 Foundation capital

The Foundation capital is defined in the statutes as a fixed amount of CHF5,000,000.

12 Reserves

a) Litigation

In 2007, the WADA Foundation Board agreed to a reserve of USD1,500,000 dedicated to litigation. This will allow the Agency to engage in any case where it is required.

b) Operations

In 2009, the WADA Foundation Board agreed to a reserve of USD2,400,000 dedicated to operations.

Notes to Financial Statements
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13 Annual contributions

	2013 USD	2012 USD	2013 CHF	2012 CHF
2002 Public Authorities and governments	2,142	746	1,990	700
2002 International Olympic Committee	2,142	746	1,990	700
2003 Public Authorities and governments	2,484	2,682	2,308	2,518
2003 International Olympic Committee	2,484	2,682	2,308	2,518
2004 Public Authorities and governments	-	24	-	23
2004 International Olympic Committee	-	24	-	23
2005 Public Authorities and governments	3,913	369	3,635	346
2005 International Olympic Committee	3,913	5,370	3,635	5,042
2006 Public Authorities and governments	4,030	403	3,744	378
2006 International Olympic Committee	4,030	7,485	3,744	7,027
2007 Public Authorities and governments	4,150	391	3,855	367
2007 International Olympic Committee	4,150	391	3,855	367
2008 Public Authorities and governments	4,316	3,530	4,010	3,314
2009 Public Authorities and governments	4,489	11,537	4,170	10,831
2010 Public Authorities and governments	4,668	21,341	4,337	20,036
2011 Public Authorities and governments	22,608	91,018	21,003	85,452
2012 Public Authorities and governments	55,430	13,152,533	51,495	12,348,280
2012 International Olympic Committee	-	13,210,049	-	12,402,280
2013 Public Authorities and governments	13,062,317	-	12,135,001	-
2013 International Olympic Committee	13,210,049	-	12,272,246	-
	<u>26,397,315</u>	<u>26,511,321</u>	<u>24,523,326</u>	<u>24,890,202</u>

14 Grants

	2013 USD	2012 USD	2013 CHF	2012 CHF
Montréal International	1,710,835	1,665,308	1,589,380	1,563,477
Government of Australia	137,000	124,975	127,274	117,333
Government of Kazakhstan	-	9,211	-	8,648
Government of Japan	153,281	204,999	142,399	192,464
Government of Uruguay	5,000	-	4,645	-
Government of the Russian Federation	393,075	-	365,170	-
Canton de Vaud/City of Lausanne	21,460	22,077	19,937	20,727
C.O.N.F.E.J.E.S.	-	15,681	-	14,722
	<u>2,420,651</u>	<u>2,042,251</u>	<u>2,248,805</u>	<u>1,917,371</u>

WADA benefits from two major government supports in Canada. The Government of Canada provides WADA with a total cash contribution of CAD10,000,000, indexed over a ten-year period (2002–2011), and exempts WADA from any income tax. The Government of Quebec also provides WADA with a total cash contribution of CAD5,000,000, indexed over a ten-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 ten-year period. Under this amended agreement, WADA will receive an additional total cash contribution of CAD10,000,000, indexed over a ten-year period (2012–2021), from the Government of Canada and an additional total cash contribution of CAD5,000,000, indexed over a ten-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 support WADA's activities on a long-term basis.

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

15 Other income

	2013	2012	2013	2012
	USD	USD	CHF	CHF
Laboratory accreditation and re-accreditation fees	290,801	219,938	270,156	206,489
Code monitoring	22,905	28,933	21,279	27,164
Tenant inducements	48,767	41,888	45,305	39,327
	<u>362,473</u>	<u>290,759</u>	<u>336,740</u>	<u>272,980</u>

16 Salaries and other personnel costs

	2013	2012	2013	2012
	USD	USD	CHF	CHF
Salaries	5,878,335	5,586,547	5,461,023	5,244,940
Social charges and other benefits	4,342,344	4,008,922	4,034,074	3,763,784
Defined benefit pension plan contributions	99,665	93,600	92,589	87,876
Temporary staff	59,637	36,278	55,403	34,060
	<u>10,379,981</u>	<u>9,725,347</u>	<u>9,643,089</u>	<u>9,130,660</u>

The number of people employed was 70 as at 31 December 2013 (2012 – 64).

Retirement benefit obligation

Most of WADA's employees are located at its Montréal headquarters. WADA grants all of its employees a predefined proportion of each employee's 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

	2013 USD	2012 USD	2013 CHF	2012 CHF
Scientific research grants expensed	4,238,067	5,645,355	3,937,200	5,300,152
Social science research grants expensed	288,642	294,793	268,150	276,766
Refunds received on cancellation of project	(31,912)	(221,721)	(29,646)	(208,163)
Total research grants expensed	4,494,797	5,718,427	4,175,704	5,368,755
Research grants paid out				
Research grants expensed	4,494,797	5,718,427	4,175,704	5,368,755
Prepaid expenses (movement)	(881,383)	256,601	(818,812)	240,910
Accruals (movement)	(143,932)	63,316	(133,714)	59,444
Research grants paid out	3,469,482	6,038,344	3,223,178	5,669,109

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.

Compensation of key management	2013 USD	2012 USD	2013 CHF	2012 CHF
Salaries	2,173,402	2,198,425	2,019,109	2,063,995
Benefits and social charges	965,822	969,828	897,257	910,525
Defined benefit pension plan contributions	44,465	12,850	41,308	12,064
	3,183,689	3,181,103	2,957,674	2,986,584

Key management of WADA is defined as all the directors of the Agency. There are 10 directors as at 31 December 2013 (2012 – 10 directors).

Notes to Financial Statements
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19 Commitments

a) Operating lease commitments

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

	2013 USD	2012 USD	2013 CHF	2012 CHF
Less than one year	490,227	483,824	436,533	442,167
More than one year and less than five years	1,939,094	1,847,828	1,726,709	1,688,731
More than five years	1,401,945	1,743,720	1,248,393	1,593,586
	<u>3,831,266</u>	<u>4,075,372</u>	<u>3,411,635</u>	<u>3,724,484</u>

The operating lease commitments are for the following:

Montréal, Canada office lease to February 2021
Lausanne, Switzerland office lease to April 2017
Tokyo, Japan office lease to March 2015
Montevideo, Uruguay office lease to June 2017

b) Commitments for non-lease elements

	2013 USD	2012 USD	2013 CHF	2012 CHF
Less than one year	1,263,367	1,516,250	1,124,993	1,385,701
More than one year and less than five years	994,878	1,591,690	885,911	1,454,646
More than five years	2,310	-	2,057	-
	<u>2,260,555</u>	<u>3,107,940</u>	<u>2,012,961</u>	<u>2,840,347</u>

The commitments for non-lease elements are related mainly to the IT management service contract from 2013–2015 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:

	2013 USD	2012 USD	2013 CHF	2012 CHF
Less than one year	4,482,100	4,726,262	3,991,185	4,437,260
More than one year and less than five years	443,530	586,416	394,951	550,558
	<u>4,925,630</u>	<u>5,312,678</u>	<u>4,386,136</u>	<u>4,987,818</u>

Notes to Financial Statements
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20 Contingent liabilities

At the end of 2013, WADA has contingent commitments of CHF3,630,505 (USD4,078,302) (2012 – CHF2,527,052 (USD2,765,130)). 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 signing of the research contract by the laboratory. Eighty percent of the amount would be due upon these approvals and would probably occur in 2014.

