



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

***Report of the statutory auditor  
to the Foundation Board on the  
financial statements 2012***



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 cash flows, statement of comprehensive loss and changes in equity and notes, for the year ended 31 December 2012.

#### *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), 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 2012 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's Board.

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

PricewaterhouseCoopers SA

A handwritten signature in blue ink, appearing to read 'A. Dévaud'.

Pierre-Alain Dévaud  
Audit expert  
Auditor in charge

A handwritten signature in blue ink, appearing to read 'D. Albasini'.

David Albasini  
Audit expert

Lausanne, 30 May 2013

Enclosure:

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

## World Anti-Doping Agency

### Balance Sheet as at 31 December 2012

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

	Notes	2012 USD	2011 USD	2012 CHF	2011 CHF
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	16,276,161	16,070,589	14,874,783	15,080,496
Available-for-sale investments	5b	3,562,903	2,688,395	3,256,138	2,522,766
Receivables	6	382,300	452,718	349,384	424,827
Other current assets	7	3,343,504	2,882,696	3,055,629	2,705,095
		<u>23,564,868</u>	<u>22,094,398</u>	<u>21,535,934</u>	<u>20,733,184</u>
<b>Non-current assets</b>					
Available-for-sale investments	5b	7,833,447	9,008,613	7,158,987	8,453,601
Fixed assets	8	674,492	629,753	616,418	590,954
Intangible assets	9	3,197,823	3,133,138	2,922,490	2,940,109
		<u>11,705,762</u>	<u>12,771,504</u>	<u>10,697,895</u>	<u>11,984,664</u>
<b>Total Assets</b>		<b><u>35,270,630</u></b>	<b><u>34,865,902</u></b>	<b><u>32,233,829</u></b>	<b><u>32,717,848</u></b>
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
Accounts payable		1,019,573	1,043,876	931,788	979,564
Accrued expenses	10	2,577,027	2,455,273	2,355,145	2,304,008
Advance contributions		2,592,510	1,474,339	2,369,295	1,383,507
<b>Total Liabilities</b>		<u>6,189,110</u>	<u>4,973,488</u>	<u>5,656,228</u>	<u>4,667,079</u>
<b>Equity</b>					
Foundation capital	11	5,474,651	5,328,271	5,000,000	5,000,000
Cumulative translation adjustment on USD					
Foundation capital		(1,468,151)	(1,321,771)	-	-
Cumulative translation adjustment		-	-	(9,893,183)	(9,285,379)
Litigation reserve	12a	1,500,000	1,500,000	1,370,850	1,407,587
Operation reserve	12b	2,400,000	2,400,000	2,193,360	2,252,138
Cumulative fair value gain on					
available-for-sale investments		349,525	389,819	319,432	365,803
Excess of income over expenses brought forward		20,825,495	21,596,095	27,587,142	28,310,620
<b>Total Equity</b>		<u>29,081,520</u>	<u>29,892,414</u>	<u>26,577,601</u>	<u>28,050,769</u>
<b>Total Liabilities and Equity</b>		<b><u>35,270,630</u></b>	<b><u>34,865,902</u></b>	<b><u>32,233,829</u></b>	<b><u>32,717,848</u></b>

“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 2012

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

	Notes	2012 USD	2011 USD	2012 CHF	2011 CHF
<b>Income</b>					
Annual contributions	13	26,511,321	26,492,689	24,890,202	23,588,027
Grants	14	2,042,251	2,077,201	1,917,371	1,849,456
Other	15	290,759	188,979	272,980	168,259
<b>Total income</b>		<b>28,844,331</b>	<b>28,758,869</b>	<b>27,080,553</b>	<b>25,605,742</b>
<b>Operating expenses</b>					
Salaries and other personnel costs	16	9,725,347	9,436,860	9,130,660	8,402,196
Travel and accommodation		3,632,684	3,580,896	3,410,552	3,188,286
Information and communications		230,320	179,474	216,236	159,796
Testing fees		907,701	1,441,166	852,197	1,283,157
Accreditation fees		429,528	448,386	403,263	399,225
Research grants	17	5,718,427	4,887,468	5,368,755	4,351,606
Other grants		328,446	226,838	308,363	201,968
Education		43,035	32,786	40,404	29,192
Project consulting fees		2,642,250	2,489,438	2,480,682	2,216,497
Administration		2,909,712	3,053,933	2,731,788	2,719,098
IT costs		2,166,446	1,892,865	2,033,971	1,685,332
Depreciation of fixed and intangible assets		1,554,090	1,579,138	1,459,060	1,406,001
<b>Total operating expenses</b>		<b>30,287,986</b>	<b>29,249,248</b>	<b>28,435,931</b>	<b>26,042,354</b>
<b>Excess of operating expenses over income before financial income</b>		<b>(1,443,655)</b>	<b>(490,379)</b>	<b>(1,355,378)</b>	<b>(436,612)</b>
<b>Financial income (expenses)</b>					
Interest		441,730	479,396	414,719	426,835
Losses from disposal of available-for-sale investments		(2,069)	-	(1,942)	-
Bank fees		(80,517)	(134,168)	(75,593)	(119,459)
Net gains (losses) on exchange rates		313,911	(330,757)	294,716	(294,494)
		673,055	14,471	631,900	12,882
<b>Excess of expenses over income for the year</b>		<b>(770,600)</b>	<b>(475,908)</b>	<b>(723,478)</b>	<b>(423,730)</b>

“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 2012

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

	2012 USD	2011 USD	2012 CHF	2011 CHF
<b>Operating activities</b>				
Excess of expenses over income for the year	(770,600)	(475,908)	(723,478)	(423,730)
Depreciation of fixed and intangible assets	1,554,090	1,579,138	1,459,060	1,406,001
Interest	(441,730)	(479,396)	(414,719)	(426,835)
Losses from disposal of available-for-sale investments	2,069	-	1,942	-
Changes in				
Receivables	70,418	(149,911)	66,112	(133,475)
Other current assets	(511,967)	34,193	(480,661)	30,443
Accounts payable	(86,983)	474,482	(81,664)	422,460
Accrued expenses	121,754	(29,126)	114,309	(25,933)
Advance contributions	1,118,171	35,698	1,049,797	31,784
<b>Net cash provided by operating activities</b>	<b>1,055,222</b>	<b>989,170</b>	<b>990,698</b>	<b>880,715</b>
<b>Investing activities</b>				
Purchase of fixed assets	(288,984)	(410,766)	(271,314)	(365,730)
Purchase of intangible assets	(1,311,850)	(1,422,506)	(1,231,633)	(1,266,542)
Interest received	492,889	509,857	462,750	453,957
Purchase of investments	(2,703,410)	-	(2,538,103)	-
Proceeds from sale of investments	2,961,705	1,422,094	2,780,605	1,266,176
<b>Net cash provided by (used in) investing activities</b>	<b>(849,650)</b>	<b>98,679</b>	<b>(797,695)</b>	<b>87,861</b>
<b>Increase in cash and cash equivalents</b>	<b>205,572</b>	<b>1,087,849</b>	<b>193,003</b>	<b>968,576</b>
<b>Currency translation impact</b>	<b>-</b>	<b>-</b>	<b>(398,716)</b>	<b>116,528</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>16,070,589</b>	<b>14,982,740</b>	<b>15,080,496</b>	<b>13,995,392</b>
<b>Cash and cash equivalents at end of year</b>	<b>16,276,161</b>	<b>16,070,589</b>	<b>14,874,783</b>	<b>15,080,496</b>

“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 2012

(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
<b>Balance as at 31 December 2010</b>	5,352,741	(1,346,241)	1,500,000	2,400,000	376,371	22,072,003	<b>30,354,874</b>
Excess of expenses over income for the year	-	-	-	-	-	(475,908)	<b>(475,908)</b>
Fair value gain on available-for-sale investments	-	-	-	-	13,448	-	<b>13,448</b>
Exchange movement	(24,470)	24,470	-	-	-	-	<b>-</b>
Total comprehensive loss for the year							<b>(462,460)</b>
<b>Balance as at 31 December 2011</b>	<b>5,328,271</b>	<b>(1,321,771)</b>	<b>1,500,000</b>	<b>2,400,000</b>	<b>389,819</b>	<b>21,596,095</b>	<b>29,892,414</b>
Excess of expenses over income for the year	-	-	-	-	-	(770,600)	<b>(770,600)</b>
Fair value loss on available-for-sale investments	-	-	-	-	(40,294)	-	<b>(40,294)</b>
Exchange movement	146,380	(146,380)	-	-	-	-	<b>-</b>
Total comprehensive loss for the year							<b>(810,894)</b>
<b>Balance as at 31 December 2012</b>	<b>5,474,651</b>	<b>(1,468,151)</b>	<b>1,500,000</b>	<b>2,400,000</b>	<b>349,525</b>	<b>20,825,495</b>	<b>29,081,520</b>

“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 2012 (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
<b>Balance as at 31 December 2010</b>	5,000,000	(9,374,395)	1,401,152	2,241,842	351,569	28,734,350	<b>28,354,518</b>
Excess of expenses over income for the year	-	-	-	-	-	(423,730)	<b>(423,730)</b>
Fair value gain on available-for-sale investments	-	-	-	-	14,234	-	<b>14,234</b>
Exchange movement	-	89,016	6,435	10,296	-	-	<b>105,747</b>
Total comprehensive loss for the year							<b>(303,749)</b>
<b>Balance as at 31 December 2011</b>	<b>5,000,000</b>	<b>(9,285,379)</b>	<b>1,407,587</b>	<b>2,252,138</b>	<b>365,803</b>	<b>28,310,620</b>	<b>28,050,769</b>
Excess of expenses over income for the year	-	-	-	-	-	(723,478)	<b>(723,478)</b>
Fair value loss on available-for-sale investments	-	-	-	-	(46,371)	-	<b>(46,371)</b>
Exchange movement	-	(607,804)	(36,737)	(58,778)	-	-	<b>(703,319)</b>
Total comprehensive loss for the year							<b>(1,473,168)</b>
<b>Balance as at 31 December 2012</b>	<b>5,000,000</b>	<b>(9,893,183)</b>	<b>1,370,850</b>	<b>2,193,360</b>	<b>319,432</b>	<b>27,587,142</b>	<b>26,577,601</b>

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



**Notes to Financial Statements**  
**31 December 2012**

**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 12 May 2013 and cannot be amended after issuance. The financial statements of WADA for the year ended 31 December 2012 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 2012**

**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 instruments**

The Agency classifies its financial assets in the following categories: held-to-maturity investments, 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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that WADA's management has the positive intention and ability to hold to maturity. Financial assets in this category are classified as current assets, except for investments with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Held-to-maturity investments are originally recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 initially recognized at fair value plus transaction costs and subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in equity in Cumulative fair value gain on available-for-sale investments.

**Notes to Financial Statements**  
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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).

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) 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

**f) 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.

**Notes to Financial Statements**  
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**g) 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.

**h) 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.

**i) Income taxes**

WADA is exempt from paying income taxes.

**j) 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**  
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**k) Standards, amendments and interpretations to published standards not yet effective**

The standards, amendments or interpretations becoming effective in 2012 had no impact on the financial statements as at 31 December 2012. 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 2013 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.

- Amendment to International Accounting Standard ("IAS") 1, Presentation of Financial Statements, regarding other comprehensive income. The main change resulting from this amendment is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. This amendment is effective for annual periods beginning on or after 1 January 2013.
- 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 existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after 1 January 2013.
- 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. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent that they do not clearly represent a return on investment, are recognized in profit or loss; 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.

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.

*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 2012, WADA used price collars and bank deposits in US Dollars, Canadian Dollars, Swiss Francs and Euros to partly cover its currency exposure.

Notes to Financial Statements  
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As at 31 December 2012, 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 CHF350,935 (USD383,997) higher (2011 – excess of expenses over income would have been CHF406,805 (USD433,514) 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 2011 than 2012 because of the higher amount of cash and cash equivalents denominated in Canadian Dollars.

As at 31 December 2012, 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 CHF27,092 (USD29,645) higher (2011 – excess of expenses over income would have been CHF26,452 (USD28,188) 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 2012, WADA's interest-bearing assets were cash and cash equivalents and available-for-sale investments.

As at 31 December 2012, if interest rates had been 0.25% lower, with all other variables held constant, equity would have been CHF44,014 (USD48,161) higher (2011 – CHF59,358 (USD63,255) 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.

Banks	Rating	2012		Rating	2011	
		Balance			Balance	
		USD	CHF		USD	CHF
UBS	A	6,404,620	5,853,182	A	8,299,784	7,788,443
Lombard Odier						
Darier Hentsch	AA-	5,283,463	4,828,557	AA-	5,604,336	5,259,059
The Bank of						
Nova Scotia	AA-	4,539,570	4,148,713	AA-	2,130,093	1,998,860
		<u>16,227,653</u>	<u>14,830,452</u>		<u>16,034,213</u>	<u>15,046,362</u>

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

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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 2012, 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 2012, no financial assets were impaired or past due.

4 Cash and cash equivalents

	2012 USD	2011 USD	2012 CHF	2011 CHF
Cash	9,174,483	6,837,060	8,384,560	6,415,836
Term deposits				
in US Dollars	3,460,000	2,494,522	3,162,094	2,340,837
in Canadian Dollars	2,433,274	5,622,495	2,223,769	5,276,098
in Swiss Francs	547,465	479,544	500,328	450,000
in Euros	660,939	636,968	604,032	597,725
	<u>16,276,161</u>	<u>16,070,589</u>	<u>14,874,783</u>	<u>15,080,496</u>

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

5 Financial instruments

a) Financial instruments by category

As at 31 December 2012	Loans and receivables		Available for sale		Total	
	USD	CHF	USD	CHF	USD	CHF
<b>Current assets</b>						
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
<b>Non-current assets</b>						
Available-for-sale investments (note 5b)	-	-	7,833,447	7,158,987	7,833,447	7,158,987
<b>Total</b>	<u>16,658,461</u>	<u>15,224,167</u>	<u>11,396,350</u>	<u>10,415,125</u>	<u>28,054,811</u>	<u>25,639,292</u>

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As at 31 December 2011	Loans and receivables		Available for sale		Total	
	USD	CHF	USD	CHF	USD	CHF
<b>Current assets</b>						
Cash and cash equivalents (note 4)	16,070,589	15,080,496	-	-	16,070,589	15,080,496
Available-for-sale investments (note 5b)	-	-	2,688,395	2,522,766	2,688,395	2,522,766
Receivables (note 6)	452,718	424,827	-	-	452,718	424,827
<b>Non-current assets</b>						
Available-for-sale investments (note 5b)	-	-	9,008,613	8,453,601	9,008,613	8,453,601
<b>Total</b>	<b>16,523,307</b>	<b>15,505,323</b>	<b>11,697,008</b>	<b>10,976,367</b>	<b>28,220,315</b>	<b>26,481,690</b>

b) Available-for-sale investments

	2012 USD	2011 USD	2012 CHF	2011 CHF
Bonds in US Dollars	7,820,507	9,301,343	7,147,161	8,728,297
Structured products in US Dollars	500,000	258,930	456,950	242,977
Bonds in Euros	1,491,896	1,845,778	1,363,445	1,732,061
Structured products in Euros	264,375	-	241,612	-
Bonds in Canadian Dollars	1,319,572	290,957	1,205,957	273,032
	<b>11,396,350</b>	<b>11,697,008</b>	<b>10,415,125</b>	<b>10,976,367</b>

Bonds bear interest at rates ranging from 1.25% to 5.37% and mature from January 2013 to April 2017. The structured products in US Dollars and Euros are capital guaranteed and will mature on 2 July 2015 and 9 September 2013 respectively.

6 Receivables

	2012 USD	2011 USD	2012 CHF	2011 CHF
Quebec sales tax receivable	282,235	270,940	257,935	254,248
Other receivables	75,074	154,392	68,610	144,880
Recoverable withholding taxes	2,391	4,840	2,185	4,542
Rental deposits and guarantees	22,600	22,546	20,654	21,157
	<b>382,300</b>	<b>452,718</b>	<b>349,384</b>	<b>424,827</b>

The rental deposit is for the Uruguay office amounting to CHF20,654 (USD22,600) (2011 – CHF21,157 (USD22,546)).



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7 Other current assets

	2012 USD	2011 USD	2012 CHF	2011 CHF
Prepaid expenses	1,327,187	1,071,820	1,212,917	1,005,787
Accrued interest	137,483	188,642	125,646	177,020
Prepaid scientific research grants 2005	4,993	3,677	4,563	3,450
Prepaid scientific research grants 2007	-	3,600	-	3,378
Prepaid scientific research grants 2008	111,141	133,475	101,573	125,252
Prepaid scientific research grants 2009	75,768	715,719	69,244	671,624
Prepaid scientific research grants 2010	254,946	686,736	232,995	644,426
Prepaid scientific research grants 2011	1,007,237	-	920,514	-
Prepaid scientific research grants 2012	283,387	-	258,987	-
Prepaid social science research grants 2008	-	759	-	712
Prepaid social science research grants 2009	16,928	-	15,470	-
Prepaid social science research grants 2010	-	15,414	-	14,464
Prepaid social science research grants 2011	12,927	62,854	11,814	58,982
Prepaid social science research grants 2012	111,507	-	101,906	-
	<u>3,343,504</u>	<u>2,882,696</u>	<u>3,055,629</u>	<u>2,705,095</u>

8 Fixed assets

	Computer equipment		Office equipment		Leasehold improvements		Total	
	USD	CHF	USD	CHF	USD	CHF	USD	CHF
<b>Year ended 31 December 2011</b>								
Opening net book amount	292,411	273,142	81,528	76,155	368,152	343,891	742,091	693,188
Additions	169,156	177,298	29,813	31,248	51,416	53,891	250,385	262,437
Depreciation charge	(270,635)	(240,962)	(19,925)	(17,741)	(72,163)	(64,251)	(362,723)	(322,954)
Exchange effect	-	(30,308)	-	(3,878)	-	(7,531)	-	(41,717)
<b>Closing net book amount</b>	<u>190,932</u>	<u>179,170</u>	<u>91,416</u>	<u>85,784</u>	<u>347,405</u>	<u>326,000</u>	<u>629,753</u>	<u>590,954</u>
<b>As at 31 December 2011</b>								
Cost	1,148,305	1,507,898	1,231,873	1,645,728	487,040	518,964	2,867,218	3,672,590
Accumulated depreciation	(957,373)	(1,256,251)	(1,140,457)	(1,461,690)	(139,635)	(138,504)	(2,237,465)	(2,856,445)
Exchange effect	-	(72,477)	-	(98,254)	-	(54,460)	-	(225,191)
<b>Net book amount</b>	<u>190,932</u>	<u>179,170</u>	<u>91,416</u>	<u>85,784</u>	<u>347,405</u>	<u>326,000</u>	<u>629,753</u>	<u>590,954</u>
<b>Year ended 31 December 2012</b>								
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)
<b>Closing net book amount</b>	<u>239,327</u>	<u>218,722</u>	<u>88,086</u>	<u>80,501</u>	<u>347,079</u>	<u>317,195</u>	<u>674,492</u>	<u>616,418</u>
<b>As at 31 December 2012</b>								
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)
<b>Net book amount</b>	<u>239,327</u>	<u>218,722</u>	<u>88,086</u>	<u>80,501</u>	<u>347,079</u>	<u>317,195</u>	<u>674,492</u>	<u>616,418</u>

As at 31 December 2012, the amount of leasehold improvements included in accounts payable was nil (2011 – USD11,681).

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9 Intangible assets

	<u>Software</u>	
	USD	CHF
<b>Year ended 31 December 2011</b>		
Opening net book amount	2,927,913	2,734,967
Additions	1,421,640	1,334,053
Depreciation charge	(1,216,415)	(1,083,047)
Exchange effect	-	(45,864)
<b>Closing net book amount</b>	<u>3,133,138</u>	<u>2,940,109</u>
<b>As at 31 December 2011</b>		
Cost	8,194,384	9,244,328
Accumulated depreciation	(5,061,246)	(5,940,940)
Exchange effect	-	(363,279)
<b>Net book amount</b>	<u>3,133,138</u>	<u>2,940,109</u>
<b>Year ended 31 December 2012</b>		
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)
<b>Closing net book amount</b>	<u>3,197,823</u>	<u>2,922,490</u>
<b>As at 31 December 2012</b>		
Cost	9,580,595	10,545,775
Accumulated depreciation	(6,382,772)	(7,181,658)
Exchange effect	-	(441,627)
<b>Net book amount</b>	<u>3,197,823</u>	<u>2,922,490</u>

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 2012, the amount of intangible assets included in accounts payable was USD95,054 (2011 – USD20,693).

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**10 Accrued expenses**

	<b>2012 USD</b>	<b>2011 USD</b>	<b>2012 CHF</b>	<b>2011 CHF</b>
Accruals	1,182,356	997,289	1,080,555	935,849
Accrued scientific research grants 2005	-	39,999	-	37,534
Accrued scientific research grants 2006	47,232	119,464	43,165	112,104
Accrued scientific research grants 2007	173,236	362,191	158,320	339,876
Accrued scientific research grants 2008	221,101	482,145	202,064	452,441
Accrued scientific research grants 2009	375,813	253,621	343,455	237,996
Accrued scientific research grants 2010	488,852	187,177	446,762	175,645
Accrued scientific research grants 2011	53,420	-	48,820	-
Accrued social science grants 2009	5,243	7,550	4,791	7,085
Accrued social science grants 2010	9,286	5,837	8,487	5,478
Accrued social science grants 2011	20,271	-	18,527	-
Accrued social science grants 2012	217	-	199	-
	<u>2,577,027</u>	<u>2,455,273</u>	<u>2,355,145</u>	<u>2,304,008</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.

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13 Annual contributions

	2012 USD	2011 USD	2012 CHF	2011 CHF
2002 Public Authorities and governments	746	3,944	700	3,512
2002 International Olympic Committee	746	3,944	700	3,512
2003 Public Authorities and governments	2,682	2,347	2,518	2,090
2003 International Olympic Committee	2,682	2,347	2,518	2,090
2004 Public Authorities and governments	24	-	23	-
2004 International Olympic Committee	24	-	23	-
2005 Public Authorities and governments	369	5,000	346	4,452
2005 International Olympic Committee	5,370	-	5,042	-
2006 Public Authorities and governments	403	7,082	378	6,306
2006 International Olympic Committee	7,485	-	7,027	-
2007 Public Authorities and governments	391	281	367	250
2007 International Olympic Committee	391	281	367	250
2008 Public Authorities and governments	3,530	9,285	3,314	8,267
2009 Public Authorities and governments	11,537	16,624	10,831	14,801
2010 Public Authorities and governments	21,341	132,793	20,036	118,234
2011 Public Authorities and governments	91,018	13,098,712	85,452	11,662,566
2011 International Olympic Committee	-	13,210,049	-	11,761,697
2012 Public Authorities and governments	13,152,533	-	12,348,280	-
2012 International Olympic Committee	13,210,049	-	12,402,280	-
	<u>26,511,321</u>	<u>26,492,689</u>	<u>24,890,202</u>	<u>23,588,027</u>

14 Grants

	2012 USD	2011 USD	2012 CHF	2011 CHF
Cash amount granted by Montréal International	1,665,308	1,703,227	1,563,477	1,516,484
Government of Australia	124,975	125,000	117,333	111,295
Government of Kazakhstan	9,211	-	8,648	-
Government of Japan	204,999	223,360	192,464	198,871
Government of South Africa	-	25,614	-	22,806
Canton de Vaud/City of Lausanne	22,077	-	20,727	-
C.O.N.F.E.J.E.S.	15,681	-	14,722	-
	<u>2,042,251</u>	<u>2,077,201</u>	<u>1,917,371</u>	<u>1,849,456</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.

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

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15 Other income

	2012 USD	2011 USD	2012 CHF	2011 CHF
Laboratory accreditation and re-accreditation fees	219,938	162,080	206,489	144,309
Code monitoring	28,933	26,899	27,164	23,950
Tenant inducements	41,888	-	39,327	-
	<u>290,759</u>	<u>188,979</u>	<u>272,980</u>	<u>168,259</u>

16 Salaries and other personnel costs

	2012 USD	2011 USD	2012 CHF	2011 CHF
Salaries	5,586,547	5,480,906	5,244,940	4,879,974
Social charges and other benefits	4,008,922	3,922,919	3,763,784	3,492,809
Defined benefit pension plan contributions	93,600	28,681	87,876	25,536
Temporary staff	36,278	4,354	34,060	3,877
	<u>9,725,347</u>	<u>9,436,860</u>	<u>9,130,660</u>	<u>8,402,196</u>

The number of people employed was 64 as at 31 December 2012 (2011 – 63).

**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.

17 Research grants

	2012 USD	2011 USD	2012 CHF	2011 CHF
Scientific research grants expensed	5,645,355	4,615,851	5,300,152	4,109,769
Social science research grants expensed	294,793	320,240	276,766	285,129
Refunds received on cancellation of project	(221,721)	(48,623)	(208,163)	(43,292)
<b>Total research grants expensed</b>	<u>5,718,427</u>	<u>4,887,468</u>	<u>5,368,755</u>	<u>4,351,606</u>
<b>Research grants paid out</b>				
Research grants expensed	5,718,427	4,887,468	5,368,755	4,351,606
Prepaid expenses (movement)	256,601	(90,033)	240,910	(80,162)
Accruals (movement)	63,316	(220,851)	59,444	(196,637)
<b>Research grants paid out</b>	<u>6,038,344</u>	<u>4,576,584</u>	<u>5,669,109</u>	<u>4,074,807</u>

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**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.

<b>Compensation of key management</b>	<b>2012 USD</b>	<b>2011 USD</b>	<b>2012 CHF</b>	<b>2011 CHF</b>
Salaries	2,198,425	2,207,704	2,063,995	1,965,651
Benefits and social charges	969,828	1,040,128	910,525	926,088
Defined benefit pension plan contributions	12,850	15,070	12,064	13,418
	<u>3,181,103</u>	<u>3,262,902</u>	<u>2,986,584</u>	<u>2,905,157</u>

Key management of WADA is defined as all the directors of the Agency. There are 10 directors as at 31 December 2012 (11 directors through 2011 ending with 10 directors as at 31 December 2011).

**19 Commitments**

**a) Operating lease commitments**

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

	<b>2012 USD</b>	<b>2011 USD</b>	<b>2012 CHF</b>	<b>2011 CHF</b>
Less than one year	483,824	490,666	442,167	460,437
More than one year and less than five years	1,847,828	1,662,240	1,688,731	1,559,831
More than five years	1,743,720	2,084,511	1,593,586	1,956,086
	<u>4,075,372</u>	<u>4,237,417</u>	<u>3,724,484</u>	<u>3,976,354</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 2014  
Montevideo, Uruguay office lease to June 2017

**b) Commitments for non-lease elements**

	<b>2012 USD</b>	<b>2011 USD</b>	<b>2012 CHF</b>	<b>2011 CHF</b>
Less than one year	1,516,250	1,473,744	1,385,701	1,382,948
More than one year and less than five years	1,591,690	1,190,510	1,454,646	1,117,164
	<u>3,107,940</u>	<u>2,664,254</u>	<u>2,840,347</u>	<u>2,500,112</u>

The commitments for non-lease elements are related mainly to the FX Innovation management service contract from 2013–2015 and various other contracts.

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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:

	<b>2012 USD</b>	<b>2011 USD</b>	<b>2012 CHF</b>	<b>2011 CHF</b>
Less than one year	4,726,262	4,760,505	4,437,260	4,238,562
More than one year and less than five years	586,416	856,305	550,558	762,420
	<u>5,312,678</u>	<u>5,616,810</u>	<u>4,987,818</u>	<u>5,000,982</u>

**20 Contingent liabilities**

At the end of 2012, WADA has contingent commitments of CHF2,527,052 (USD2,765,130) (2011 – CHF4,216,116 (USD4,492,921)). 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 2013.