

**Minutes of the
WADA Finance and Administration Committee Meeting**

**Saturday 23 July 2011
St. Andrews, Scotland**

1. Attendance and Apologies

PRESENT : Craig Reddie, Chairman
Patrick Chamunda
Robert De Vries
Michael K. Gottlieb
Tomas Johansson
Austin Sealy
Barbara Spindler

**ALSO IN
ATTENDANCE:** David Howman
Olivier Niggli
Maria Pisani
Jon Kunzli (Observer)

APOLOGIES: Natalia Zhelanova

2. 2010 Audited Accounts and Internal Memorandum

The 2010 audited accounts and the auditors' detailed assurance report were presented to the Committee. The Committee noted with satisfaction the clean assurance report WADA received.

3. Government Contributions 2011

It was noted that the percentage of contribution received as of July 15th 2011 is lower than the percentage received at the same time last year (2010 - 89.58%; 2011 - 76.44%). Had the USA contribution been received by this date, it was noted that the percentage would then be 91.14%, and higher than last year at this date.

The main countries that have outstanding contributions to date are: USA, Brazil, Venezuela, Brunei, Czech Republic, Greece, Turkey, Costa Rica, Belarus and the Ukraine.

It was noted that Costa Rica has never contributed to WADA since its inception, and efforts will be made to engage the National Government in that respect.

The Ukraine and Belarus non payment posed some concern as WADA will be sending staff members to these countries shortly to provide anti-doping advice in order to assist them in achieving compliance with the World Anti Doping Code.

4. 2011 Accounts to June 30, 2011

The accounts as of June 30, 2011 were reviewed in detail by the Committee. The Committee had an opportunity to scrutinize the accounts and was satisfied that the internal financial statements are fully



transparent. Following the discussions on the 6 month accounts, the 2011 revised budget was prepared for the Executive Committee's approval.

5. 2011 Revised Budget

The Committee made the following remarks on the 2011 revised budget:

Income was increased by USD 368,000 due to contributions received from past years' dues and special grants received from a number of countries. The capital expenditure budget was increased due to the ongoing development of ADAMS and the time constraint of having development completed as early as possible prior to the London Games.

Regarding expenditures the Committee highlighted the following:

1. In general, salaries are 5% above the initial budgeted amount, due entirely to the exchange rate difference between salaries paid in CAD whilst budgeted in USD.

2. Legal and Finance

In the Legal and Finance budget, the Committee agreed that the litigation budget remain at USD 900,000 for 2011. However, if this amount is exceeded at year end, which is likely, then the difference will be taken from the overall WADA budget, if the budget has not been entirely spent. If, however, the budget has been spent, the difference will be taken from the litigation reserve.

3. Executive Office

In the Executive Office budget, the Sports Meeting expenses to date seemed low, however as there are a number of meetings that are to take place by year end, the budget was not reduced. The Independent Observers budget was reduced slightly, and a question of principle was raised by the Committee as to whether the Independent Observers budget should be reduced, going forward.

4. IT

The overall IT budget was left unchanged, however, some budget costs were redistributed within the department. In particular, the purchase of licences which is becoming more onerous due to a number of factors, including the necessity of having new hardware for ADAMS. Capital expenditure was increased significantly to meet the new cost of ADAMS development. The Committee agreed that ADAMS was a priority and is necessary. However, going forward, the Committee wishes to have more visibility on the forecast of expenses for the development of ADAMS. The IT department will be asked to produce a long term forecast as soon as possible.

5. Information and Communications

The Information and Communications budget was revised with a saving of USD 160,000 mainly due to the Athlete Committee meeting taking place at the same time as the IOC Athlete Committee. This represents significant savings from an operations point of view.



6. Science

The Science department budget is left unchanged, with the exception of salaries and some redistribution of budget allocation.

7. Medical

The Health and Medical budget also remains almost unchanged, with a small reduction as regards TUE and the Athlete Passport.

8. Education

The Education budget was increased for RADO Program Development. It is important to note that special contributions/grants are received to fund these specific programs.

9. Standard and Harmonization

The Standard and Harmonization budget was marginally increased due to an unbudgeted amount for a secondment person from the Japanese Government in the WADA Offices, and a significant exchange rate impact on the SportAccord Grant, all of which is balanced by a decrease in both Code Compliance and Code Development budgets.

10. Operational Costs

The Operational Costs were increased slightly due to the unexpected expense of recruitment and relocation costs for this year. It is however important to note the substantial savings in municipal taxes which have now been incorporated into the accounts and will remain for years to come, and the decrease in rent beginning in 2012. Overall, this represents millions of dollars of savings for WADA, due to a very fruitful renegotiation of its lease agreement.

11. Regional Offices

Budgets for the Regional Offices were adjusted for exchange rate impact and increase in some expenditure; however the overall adjustment to the budget was a decrease in expenditures stemming from the adjustment on Lausanne salaries. Lausanne salaries were reduced given that the office was not fully staffed during the first quarter of the year.

The overall deficit of the revised budget will be USD 2.3 million, which can be met by WADA's unallocated available cash. Notably the fall of the US dollar has a significant impact on the accounts, and is out of WADA's control.

6. 2012 Draft Budget & 2011-2015 Forecast

Two options were presented to the Finance Committee for the 2012 Draft Budget. One option with a 0% increase in contributions, and the other option was a 2% increase in contributions.

Both options, together with the Strategic and Operational plan explanations were discussed in detail by the committee members.



The Committee also looked at the 2011-2015 forecast and the rate of depletion of WADA's unallocated cash. Following a detailed analysis of the overall situation, the Committee has come back with the following recommendations:

- It will be for the Executive Committee to decide between a 0% or 2% increase in contributions. Therefore both options will be presented again.
- The deficit for the year 2012, in both options, should be at the same level and should not exceed USD 2 million: The impact is a reduction in expenditures of approximately 1.3 million on the 2% option or 1.5 million on the 0% option.
- The targets for reduction of the expenditures that should be considered are: Research (both science and social), Testing, IT, and USD 200,000 across all WADA departments.

The Committee acknowledges that Management has already implemented significant savings, particularly in operational costs, with a major reduction in municipal taxes and the Montreal Office rent. The Committee was also of the view that a reduction of expenditures should be done in conjunction with the active search of alternative sources of funding. These sources of funding, in particular for research, would allow WADA to gradually reduce its research budget.

The Committee firmly believes that there needs to be some measures of cost restraints taken now, but agrees with the general principal of a steady increase in contributions. Steady increases would be more effective than a zero increase in one year, followed by a higher rate of increase in years to come.

The Committee is aware of the global economic context and of the difficulty faced by many governments around the world. On this basis, two options will be presented to the WADA Executive Committee in September.

7. Investments Overview

The Committee reviewed WADA's Investments and had no particular comment. Investments are held in bonds and structured products, where WADA's capital is not exposed to risk.

8. Request for proposal for auditors' review

The Request for Proposals for audit services was reviewed by the Committee. WADA received proposals from the top four accounting firms; Ernst and Young, KPMG, Deloitte and PricewaterhouseCoopers. After having studied the various proposals, the Committee was of the view that PricewaterhouseCoopers should be recommended, provided that they can sharpen their offer. The Chairman of the Finance Committee undertook to discuss and negotiate with PricewaterhouseCoopers prior to the Executive Committee meeting in September.

9. Alternative Sources of Revenue

A general discussion took place on possible alternative sources of revenue. Management was asked to produce a paper explaining the potential of various options.

10. Other Business

No other business was brought forward.



11. Future Meeting

The date of the next meeting will be set shortly. It is acknowledged that given the date of the London Olympic Games in 2012, the Finance Committee meeting is likely to take place earlier than usual. A June 2012 date is foreseen.