

**World Anti-Doping Agency
Lausanne**

**Report of the auditors
to the Foundation Board**

**Financial statements for the year
ended December 31, 2002**

25 March 2003/0.0110633.001/ROF/AJO

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

As auditors of the Foundation under Article 14 of the foundation deed, we have audited the accounting records and the financial statements of the World Anti-Doping Agency for the year ended December 31, 2002.

These financial statements are the responsibility of the Executive Committee of the Foundation Board. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with the requirements of Swiss law and the foundation deed.

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

PricewaterhouseCoopers SA



F Roth



J Audet

Lausanne, 25 March 2003

Enclosures:

- Financial statements (balance sheet, statement of activities, statement of cash flow and notes)

World Anti-Doping Agency, Lausanne

**Balance sheet at December 31,
(in Swiss Francs with convenience translation into US Dollars - Note 2a)**

	Notes	USD		CHF	
		2002	2001	2002	2001
Assets					
Current Assets					
Cash and bank	3	5 489 029	7 907 817	7 607 245	12 889 741
Other current assets		358 431	78 598	496 750	128 116
Prepayments		321 189	305 499	445 136	497 964
		<u>6 168 649</u>	<u>8 291 914</u>	<u>8 549 131</u>	<u>13 515 821</u>
Long-term assets					
Deposits	4	31 454	21 617	43 590	35 235
Computer hardware and software		170 837	41 027	236 762	66 874
Office equipment		725 553	32 853	1 005 544	53 551
Vehicles		0	13 482	0	21 975
		<u>927 844</u>	<u>108 979</u>	<u>1 285 896</u>	<u>177 635</u>
Total assets		<u><u>7 096 493</u></u>	<u><u>8 400 893</u></u>	<u><u>9 835 027</u></u>	<u><u>13 693 456</u></u>
Liabilities and equity					
Current liabilities					
Accounts payable		3 165	272 239	4 386	443 750
Accruals		1 854 054	684 358	2 569 532	1 115 503
		<u>1 857 219</u>	<u>956 597</u>	<u>2 573 918</u>	<u>1 559 253</u>
Long term liabilities					
Research fund	5	4 700 375	4 500 000	6 514 249	7 335 000
		<u>6 557 594</u>	<u>5 456 597</u>	<u>9 088 167</u>	<u>8 894 253</u>
Equity					
Foundation capital	6	3 607 764	3 067 485	5 000 000	5 000 000
Excess of expenses over Income brought forward		(144 886)	(990 569)	(200 797)	(1 614 627)
Excess of income over expenses (expenses over income) of the year		(2 923 978)	867 380	(4 052 343)	1 413 830
		<u>538 900</u>	<u>2 944 296</u>	<u>746 860</u>	<u>4 799 203</u>
Total liabilities and equity		<u><u>7 096 493</u></u>	<u><u>8 400 893</u></u>	<u><u>9 835 027</u></u>	<u><u>13 693 456</u></u>

World Anti-Doping Agency, Lausanne

**Statement of activities for the year ended December 31, 2002 and 2001
(in Swiss Francs with convenience translation into US Dollars - Note 2a)**

	Notes	USD		CHF	
		2002	2001	2002	2001
Income					
Annual contributions		12 511 140	14 734 961	17 339 189	24 017 986
Government grants		1 828 011	0	2 533 440	0
Project grants		539 991	791 411	748 374	1 290 000
Other incomes		64 061	0	88 782	0
Total operating income		14 943 203	15 526 372	20 709 785	25 307 986
Operating expenses					
Salaries and other personnel costs		(2 524 269)	(1 017 500)	(3 498 384)	(1 658 525)
Travel, accommodation and other meeting costs		(3 508 199)	(2 525 741)	(4 862 013)	(4 116 957)
Promotion and advertising		(657 005)	(740 635)	(910 541)	(1 207 235)
Contributions to other institutions		(290 459)	(267 330)	(402 548)	(435 747)
Testing fees		(3 914 594)	(3 729 026)	(5 425 235)	(6 078 313)
Consulting fees		(952 986)	(985 982)	(1 320 744)	(1 607 151)
Administration		(1 972 376)	(658 433)	(2 733 516)	(1 073 246)
Depreciation		(389 823)	(67 252)	(540 256)	(109 620)
Total operating expenses		(14 209 710)	(9 991 899)	(19 693 237)	(16 286 794)
Excess of operating income over expenses before financial items		733 492	5 534 473	1 016 547	9 021 192
Allocation to research fund	5	(2 494 109)	(4 500 000)	(3 456 586)	(7 335 000)
Financial income		115 168	136 859	159 612	223 079
Financial expenses		(10 390)	(5 435)	(14 400)	(8 859)
Net realised foreign exchange gains/(losses)		(1 268 141)	28 785	(1 757 517)	46 920
Net unrealised foreign exchange losses		0	(327 302)	0	(533 502)
Excess of income over expenses (expenses over income) of the year		(2 923 979)	867 380	(4 052 343)	1 413 830

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**Statement of cash flows for the year ended December 31, 2002 and 2001
(in Swiss Francs with convenience translation into US Dollars - Note 2a)**

	Notes	USD		CHF	
		2002	2001	2002	2001
Operating activities					
Excess of income over expenses (expenses over income) for the year		(2 923 979)	867 380	(4 052 343)	1 413 830
Depreciation on fixed assets		389 823	67 252	540 256	109 620
Allocation to research fund	5	2 494 109	4 500 000	3 456 586	7 335 000
Utilisation of research fund	5	(2 456 895)	0	(3 405 010)	0
Exchange gains on research fund		(629 430)	0	(872 327)	0
Changes in :					
- Other current assets		(265 989)	(44 236)	(368 634)	(72 104)
- Prepayments		38 119	(286 111)	52 828	(466 361)
- Accounts payable		(317 025)	82 906	(439 364)	135 136
- Accruals		1 049 159	587 258	1 454 029	957 231
Net source (use) of cash in operating activities		(2 622 108)	5 774 449	(3 633 979)	9 412 352
Investing activities					
Deposits		(6 029)	(4 626)	(8 355)	(7 540)
Purchase of computer, office equipment and vehicles		(1 196 472)	(6 432)	(1 658 190)	(10 485)
Sale of computer, office equipment and vehicles		13 010	0	18 028	0
Net cash used in investing activities		(1 189 491)	(11 058)	(1 648 517)	(18 025)
Increase/(decrease) in cash and bank		(3 811 599)	5 763 391	(5 282 496)	9 394 327
Cash and bank at the beginning of the year		9 300 628	2 144 426	12 889 741	3 495 414
Cash and bank at the end of the year		<u>5 489 029</u>	<u>7 907 817</u>	<u>7 607 245</u>	<u>12 889 741</u>

Notes to the financial statements 2002

1. Activity

World Anti-Doping Agency (WADA) is a not-for-profit Foundation within the meaning of the Swiss Civil Code and is devoted to promoting and coordinating at international level the fight against doping in sport in all its forms. The foundation was constituted in Lausanne on November 10, 1999.

2. Summary of significant accounting policies

The financial statements have been prepared under the accrual basis of accounting.

a) Foreign currencies

The accounting records of WADA are kept in Swiss Francs and, accordingly, the financial statements have been presented in Swiss Francs. US Dollars amounts presented in these financial statements are included solely for convenience. The 2002 and 2001 year-end exchange rates, respectively, have been used throughout for the purposes of presentation of the US Dollar amounts.

b) Revenue recognition

Annual contributions

The annual contributions due from the public authorities involved in the fight against doping in sport and the Olympic Movement are recognised as income on a cash basis.

Government grants

Grants received from the government of Canada and Quebec with the aim to encourage or long-term support the foundation's business activities are collected on behalf of WADA by Montreal International. Conditions have to be met by both WADA and Montreal International to award the grant to WADA. Therefore, the grants are recognised as income only when the underlying conditions are entirely respected.

Project grants

Grants awarded by the public authorities as part of a specific project are recognised as income only when the conditions underlying each project are entirely respected.

c) Research projects

Funds are allocated to the research fund based on the projects list approved by the Foundation Board. The fund represents the expected committed funds to the completion of all actual research projects approved.

The research funded represent the amount paid during 2002 for any research project.

d) Fixed assets

Computer hardware and software, office equipment and vehicles are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis over the estimated useful live of the assets. The rates of depreciation are as follows:

Computer hardware and software	40% per annum
Office equipment	25% per annum
Vehicles	25% per annum

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Notes to the financial statements 2002

3. Cash and bank equivalents

	USD		CHF	
	2002	2001	2002	2001
Cash at bank and in hand	1 184 046	610 578	1 640 968	995 241
Bank deposits				
- in Swiss francs	-	1 144 172	-	1 865 000
- in US dollars	2 950 000	5 750 000	4 088 405	9 372 500
- in Canadian dollars	253 919	-	351 907	-
- in Euros	1 101 064	403 067	1 525 965	657 000
	<u>5 489 029</u>	<u>7 907 817</u>	<u>7 607 245</u>	<u>12 889 741</u>

4. Deposits

Deposits are rental deposits given in the normal course of business.

5. Research fund

On 24 November, 2002, the Foundation Board approved the allocation of CHF 3.5 million (USD 2.4 million) for future research projects. Movements of the year were as follows:

	USD		CHF	
	2002	2001	2002	2001
Research fund at 1st January	5 292 590	-	7 335 000	-
Funded research of the year	(2 456 895)	-	(3 405 010)	-
Allocation to research fund	2 494 109	4 500 000	3 456 586	7 335 000
Realised exchange gains	(81 696)	-	(113 224)	-
Unrealised exchange gains	(547 733)	-	(759 103)	-
	<u>4 700 375</u>	<u>4 500 000</u>	<u>6 514 249</u>	<u>7 335 000</u>

6. Foundation capital

The Foundation capital of CHF 5'000'000 represents the initial capital of the Foundation.

7. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.