

**World Anti-doping Agency
Lausanne**

**Report of the statutory auditor
to the Board
on the financial statements 2008**

10 May 2009/00110633001/ROF/HER

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

Report of the statutory auditor on the financial statements

As auditors of the Foundation as per article 14 of the statutes, we have audited the consolidated financial statements (balance sheet, statement of activities, statement of cash flows, statement of changes in equity and notes) of the World Anti-Doping Agency for the year ended 31 December 2008.

Foundation Board's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law 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 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law and the foundation's deed.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers SA



Felix Roth
Audit expert
Auditor in charge



Etienne Hamoir
Audit expert

Lausanne, 10 May 2009

Enclosure:

- Financial statements (balance sheet, statement of activities, statement of cash flows, statement of change in equity and notes)

World Anti-Doping Agency

Balance Sheet as at 31 December 2008

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

	Notes	2008 USD	2007 USD	2008 CHF	2007 CHF
Assets					
Current assets					
Cash and cash equivalents	4	12,801,717	14,258,325	13,651,762	16,159,836
Held-to-maturity investments	5a	-	5,150,000	-	5,836,812
Receivables	6	967,933	820,457	1,032,206	929,874
Other current assets	7	2,744,548	2,614,438	2,926,787	2,963,103
		<u>16,514,198</u>	<u>22,843,220</u>	<u>17,610,755</u>	<u>25,889,625</u>
Non-current assets					
Available-for-sale investments	5b	12,415,148	9,136,399	13,239,527	10,354,843
Fixed assets	8	637,477	141,741	679,807	160,644
Intangible assets	9	2,440,024	1,744,719	2,602,045	1,977,397
		<u>15,492,649</u>	<u>11,022,859</u>	<u>16,521,379</u>	<u>12,492,884</u>
Total Assets		<u>32,006,847</u>	<u>33,866,079</u>	<u>34,132,134</u>	<u>38,382,509</u>
Liabilities and Equity					
Current liabilities					
Accounts payable		266,997	260,650	284,729	295,411
Accrued expenses	10	2,022,624	2,182,976	2,156,928	2,474,101
Advance contributions		770,405	1,657,803	821,561	1,878,890
Total Liabilities		<u>3,060,026</u>	<u>4,101,429</u>	<u>3,263,218</u>	<u>4,648,402</u>
Equity					
Foundation capital	11	4,688,671	4,411,656	5,000,000	5,000,000
Exchange adjustment on USD foundation capital		(682,171)	(405,156)	-	-
Cumulative currency translation reserve		-	-	(5,788,568)	(3,916,795)
Litigation reserve	12	1,500,000	1,500,000	1,599,602	1,700,042
Cumulative fair value gain					
on available-for-sale investments		63,497	202,433	67,713	229,429
Excess of income over expenses brought forward					
Opening excess of income over expenses					
brought forward		24,055,717	23,656,672	30,721,431	30,153,672
Transfer to litigation reserve		-	(1,500,000)	-	(1,700,042)
Excess of income over expenses					
(expenses over income) for the year		(678,893)	1,899,045	(731,262)	2,267,801
Total Equity		<u>28,946,821</u>	<u>29,764,650</u>	<u>30,868,916</u>	<u>33,734,107</u>
Total Liabilities and Equity		<u>32,006,847</u>	<u>33,866,079</u>	<u>34,132,134</u>	<u>38,382,509</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 2008

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

	Notes	2008 USD	2007 USD	2008 CHF	2007 CHF
Income					
Annual contributions	13	24,878,905	22,696,853	26,798,002	27,104,095
Grants	14	1,628,390	1,451,390	1,754,000	1,733,219
Other	15	169,980	260,055	183,092	310,552
Total income		26,677,275	24,408,298	28,735,094	29,147,866
Operating expenses					
Salaries and other personnel costs	16	7,487,210	6,999,274	8,064,756	8,358,383
Travel and accommodation		3,275,024	3,258,148	3,527,651	3,890,810
Information and communications		129,415	103,706	139,397	123,843
Testing fees		1,649,136	1,677,543	1,776,347	2,003,286
Accreditation fees		265,558	229,726	286,042	274,334
Research grants	17	6,307,661	5,692,853	6,794,219	6,798,283
Education		6,947	11,332	7,483	13,532
Project consulting fees		3,055,342	1,452,494	3,291,024	1,734,537
Administration		2,962,394	2,728,408	3,190,905	3,258,206
IT costs		1,603,902	1,513,660	1,727,624	1,807,580
Depreciation		856,619	643,917	922,696	768,952
		27,599,208	24,311,061	29,728,144	29,031,746
Excess of operating income over expenses (operating expenses over income) before financial income		(921,933)	97,237	(993,050)	116,120
Financial income (expenses)					
Interest		968,401	1,311,514	1,043,103	1,566,182
Gains from disposal of available-for-sale investments		13,610	-	14,658	-
Bank fees		(100,699)	(77,024)	(108,466)	(91,980)
Net gains (losses) on exchange rates		(638,272)	567,318	(687,507)	677,479
		243,040	1,801,808	261,788	2,151,681
Excess of income over expenses (expenses over income) for the year		(678,893)	1,899,045	(731,262)	2,267,801

"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 2008

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

	2008 USD	2007 USD	2008 CHF	2007 CHF
Operating activities				
Excess of income over expenses				
(expenses over income) for the year	(678,893)	1,899,045	(731,262)	2,267,801
Depreciation	856,619	643,917	922,696	768,952
Interest	(968,401)	(1,311,514)	(1,043,103)	(1,566,182)
Gains from disposal of available-for-sale investments	(13,610)	-	(14,658)	-
Foreign exchange differences	-	(325)	-	(388)
Changes in				
Receivables	(152,799)	(129,048)	(164,586)	(154,106)
Other current assets	(168,410)	290,756	(181,401)	347,221
Accounts payable	(946)	48,098	(1,019)	57,439
Accrued expenses	(160,352)	664,439	(172,721)	793,458
Advance contributions	(887,398)	235,044	(955,850)	280,683
Net cash provided by (used in) operating activities	(2,174,190)	2,340,412	(2,341,904)	2,794,878
Investing activities				
Purchase of fixed assets	(536,009)	(120,293)	(577,355)	(143,654)
Purchase of intangible assets	(1,504,358)	(961,847)	(1,620,401)	(1,148,617)
Interest received	1,012,024	1,085,066	1,090,089	1,295,763
Purchase of investments	(6,400,000)	(17,083,966)	(6,893,680)	(20,401,306)
Proceeds from sale of investments	8,145,925	6,774,718	8,774,280	8,090,223
Net cash provided by (used in) investing activities	717,582	(10,306,322)	772,933	(12,307,591)
Decrease in cash and cash equivalents	(1,456,608)	(7,965,910)	(1,568,971)	(9,512,713)
Currency translation impact	-	-	(939,103)	(1,414,371)
Cash and cash equivalents at beginning of year	14,258,325	22,224,235	16,159,836	27,086,920
Cash and cash equivalents at end of year	12,801,717	14,258,325	13,651,762	16,159,836

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

World Anti-Doping Agency

Statement of Changes in Equity for the year ended 31 December 2008

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

	Foundation capital USD	Excess of income over expenses brought forward USD	Exchange adjustment on USD foundation capital USD	Litigation reserve USD	Other movements on equity USD	Total USD
Balance as at 1 January 2007	4,102,391	23,656,672	(95,891)	-	-	27,663,172
Excess of income over expenses for the year	-	1,899,045	-	-	-	1,899,045
Transfer to litigation reserve	-	(1,500,000)	-	1,500,000	-	-
Fair value gain on available-for-sale investments	-	-	-	-	202,433	202,433
Exchange movement	309,265	-	(309,265)	-	-	-
Total income (expenses) for the year	309,265	399,045	(309,265)	1,500,000	202,433	2,101,478
Balance as at 31 December 2007 and 1 January 2008	4,411,656	24,055,717	(405,156)	1,500,000	202,433	29,764,650
Excess of expenses over income for the year	-	(678,893)	-	-	-	(678,893)
Fair value loss on available-for-sale investments	-	-	-	-	(138,936)	(138,936)
Exchange movement	277,015	-	(277,015)	-	-	-
Total income (expenses) for the year	277,015	(678,893)	(277,015)	-	(138,936)	(817,829)
Balance as at 31 December 2008	4,688,671	23,376,824	(682,171)	1,500,000	63,497	28,946,821

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

World Anti-Doping Agency

Statement of Changes in Equity for the year ended 31 December 2008 (cont'd)

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

	Foundation capital CHF	Excess of income over expenses brought forward CHF	Currency translation reserve CHF	Litigation reserve CHF	Cumulative fair value gain on available- for-sale investments CHF	Total CHF
Balance as at 1 January 2007	5,000,000	30,153,672	(1,437,770)	-	-	33,715,902
Excess of income over expenses for the year	-	2,267,801	-	-	-	2,267,801
Transfer to litigation reserve	-	(1,700,042)	-	1,700,042	-	-
Fair value gain on available-for-sale investments	-	-	-	-	229,429	229,429
Exchange movement	-	-	(2,479,025)	-	-	(2,479,025)
Total income (expenses) for the year	-	567,759	(2,479,025)	1,700,042	229,429	18,205
Balance as at 31 December 2007 and 1 January 2008	5,000,000	30,721,431	(3,916,795)	1,700,042	229,429	33,734,107
Excess of expenses over income for the year	-	(731,262)	-	-	-	(731,262)
Fair value loss on available-for sale investments	-	-	-	-	(161,716)	(161,716)
Exchange movement	-	-	(1,871,773)	(100,440)	-	(1,972,213)
Total expenses for the year	-	(731,262)	(1,871,773)	(100,440)	(161,716)	(2,865,191)
Balance as at 31 December 2008	5,000,000	29,990,169	(5,788,568)	1,599,602	67,713	30,868,916

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

**Notes to Financial Statements
31 December 2008**

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, 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 (IOC), the International Sports Federations (IFs), the National Olympic Committees (NOCs) 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 and changes to accounting policies

These financial statements have been approved by the Foundation Board of WADA on 10 May 2009 and cannot be amended after issuance. The financial statements of WADA for the year ended 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS). WADA’s accounts are produced according to Swiss legal requirements.

The financial statements have been prepared under the historical cost principle. 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 (both funding and expenses) is US Dollar based. 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 current rates in US Dollars. The resulting exchange differences are recorded in the line Exchange adjustment on USD foundation capital in equity. The statement of activities is translated at the average exchange rate for the year. Any resulting exchange difference is recorded in the Cumulative currency translation reserve. The cash flow is converted 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 2008**

IFRS changes which became effective in 2008 relate to International Financial Reporting Interpretations Committee Interpretation 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", providing guidance on assessing the limit in IAS 19, "Employee Benefits", on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. These changes did not have any impact on WADA's financial statements since the defined benefit plan is not material.

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 with a maturity of up to three months held with banks.

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.

(a) 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 if they have maturities of less than 12 months from the balance sheet date and otherwise 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.

(b) 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 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.

**Notes to Financial Statements
31 December 2008**

(c) 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 or loss on available-for-sale investments.

When assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of activities as Gains or 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.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted investments), WADA establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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 at 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

**Notes to Financial Statements
31 December 2008**

F. Intangible assets

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

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

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 or 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, in which case 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. Payments received in advance relating to the next year’s budget are deferred to the following year. Annual contributions for the current year which have not been paid by year-end are only recognized when they are received.

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.

**Notes to Financial Statements
31 December 2008**

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 up-front 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.

K. Standards, interpretations and amendments to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory to WADA's accounting periods beginning on 1 January 2009. WADA currently believes that none of them will have an impact on its financial statements except for the following ones:

- i) International Accounting Standard (IAS) 1 (amendment), "Presentation of Financial Statements". This amendment primarily affects the presentation of owner changes in equity and of recognized profit or loss in the statement of activities. It does not change the recognition, measurement or disclosures of specific transactions and other events required by other IFRS. The Agency is currently reviewing the impact of the amended IAS 1 on its operations.
- ii) IAS 36 (amendment), "Impairment of Assets". The amendment is part of the International Accounting Standards Board's (IASB) annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculations should be made. The Agency will apply IAS 36 (amendment) and provide the required disclosure where applicable for impairment tests from 1 January, 2009.
- iii) IAS 38 (amendment), "Intangible Assets". The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Agency is currently reviewing the impact of the amended IAS 38 on its operations.
- iv) IAS 20 (amendment), "Accounting for Government Grants and Disclosure of Government Assistance". The benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", and the proceeds received with the benefit accounted for in accordance with IAS 20. The Agency is currently reviewing the impact of the amended IAS 20 on its operations.
- v) The minor amendments to IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", IAS 29, "Financial Reporting in Hyperinflationary Economies", IAS 40, "Investment Property", and IAS 41, "Agriculture". These amendments are part of the IASB's annual improvements project published in May 2008. The Agency is currently reviewing the impact of the amended IAS 20 on its operations. The other amended standards will not have an impact on the Agency's operations.

**Notes to Financial Statements
31 December 2008**

3 Financial risk management

1. Financial risk factors

Because of their international nature, WADA's activities expose it to the following financial risks: changes in foreign currency exchange rates, interest rates, liquidity risk and credit risk.

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

a) Foreign exchange risk

WADA is exposed to foreign exchange risk mainly because most of its revenues are generated in US Dollars, whereas its operating expenses are essentially US Dollar and Canadian Dollar based. As at 31 December 2008, WADA used bank deposits in US Dollars, Swiss Francs, Canadian Dollars and Euros to partly cover its currency exposure.

As at 31 December 2008, 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 CHF320,465 (USD300,444) higher (2007 – excess of income over expenses would have been CHF77,600 (USD68,500) lower), mainly as a result of foreign exchange loss on translation of cash and cash equivalents denominated in Canadian Dollars. Excess of expenses over income is more sensitive to movement in US Dollar exchange rates in 2008 than excess of income over expenses was in 2007 because of the higher amount of cash and cash equivalents denominated in Canadian Dollars.

As at 31 December 2008, 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 CHF32,677 (USD30,635) higher (2007 – excess of income over expenses would have been CHF22,191 (USD19,580) lower), 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 2008, WADA's only interest-bearing assets were cash and cash equivalents, and available-for-sale investments.

As at 31 December 2008, if interest rates had been 0.25% lower, with all other variables held constant, equity would have been CHF80,250 (USD75,281) higher (2007 – CHF42,700 (USD37,700)) 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.

**Notes to Financial Statements
31 December 2008**

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 major amounts are due from the Quebec government for value-added taxes (Quebec sales tax) and withholding taxes. Cash and cash equivalents, held-to-maturity investments and available-for-sale investments are placed with major banks.

The table below shows the balance of the three major banks at the balance sheet date.

Banks	Rating	2008		Rating	2007	
		Balance			Balance	
		USD	CHF		USD	CHF
UBS	Aa2	10,760,186	11,474,674	Aa1	15,785,788	17,890,981
Lombard Odier Darier Hentsch	AA-	12,905,051	13,761,960	AA-	10,425,573	11,815,927
The Bank of Nova Scotia	Aa1	1,520,490	1,621,452	Aa1	2,271,742	2,582,635
		25,185,727	26,858,086		28,483,103	32,289,543

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 and litigation reserve are considered for capital risk management.

2. Fair value estimation

As at 31 December 2008, the fair value of cash and cash equivalents, receivables, other current assets, accounts payable, accrued expenses and advance contributions were not significantly different from their book value because of their maturity being close to the balance sheet date. As at 31 December 2008, no financial assets were impaired or past due.

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4 Cash and cash equivalents

	2008 USD	2007 USD	2008 CHF	2007 CHF
Cash and cash equivalents	3,183,473	3,889,859	3,394,858	4,408,616
Term deposits of up to three months				
in US Dollars	2,005,903	8,650,000	2,139,097	9,803,577
in Canadian Dollars	4,952,821	781,788	5,281,693	886,048
in Swiss Francs	1,192,879	352,933	1,272,087	400,000
in Euros	1,466,641	583,745	1,564,027	661,595
	<u>12,801,717</u>	<u>14,258,325</u>	<u>13,651,762</u>	<u>16,159,836</u>

Term deposits and cash and cash equivalents are in major Swiss and Canadian banks. They are subject to current interest rates.

5 Investments

5a Held-to-maturity investments

	2008 USD	2007 USD	2008 CHF	2007 CHF
Bank deposits of more than three months				
in US Dollars	-	5,150,000	-	5,836,812

5b Available-for-sale investments

	2008 USD	2007 USD	2008 CHF	2007 CHF
Bonds in US Dollars	11,336,238	7,682,019	12,088,976	8,706,505
Structured products in US Dollars	1,078,910	1,454,380	1,150,551	1,648,338
	<u>12,415,148</u>	<u>9,136,399</u>	<u>13,239,527</u>	<u>10,354,843</u>

Bonds bear interest at rates ranging from 3.375% to 6.125% and mature from January 2009 to July 2013. Structured products are capital guaranteed and mature from June 2009 to March 2010.

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5c Financial instruments by category

As at 31 December 2008	Loans and receivables		Held to maturity		Available for sale		Total	
	USD	CHF	USD	CHF	USD	CHF	USD	CHF
Assets per balance sheet								
Current assets								
Cash and cash equivalents	12,801,717	13,651,762	-	-	-	-	12,801,717	13,651,762
Receivables	967,933	1,032,206	-	-	-	-	967,933	1,032,206
Non-current assets								
Available-for-sale investments	-	-	-	-	12,415,148	13,239,527	12,415,148	13,239,527
Total	13,769,650	14,683,968	-	-	12,415,148	13,239,527	26,184,798	27,923,495
As at 31 December 2007								
	Loans and receivables		Held to maturity		Available for sale		Total	
	USD	CHF	USD	CHF	USD	CHF	USD	CHF
Assets per balance sheet								
Current assets								
Cash and cash equivalents	14,258,325	16,159,836	-	-	-	-	14,258,325	16,159,836
Held-to-maturity investments	-	-	5,150,000	5,836,812	-	-	5,150,000	5,836,812
Receivables	820,457	929,874	-	-	-	-	820,457	929,874
Non-current assets								
Available-for-sale investments	-	-	-	-	9,136,399	10,354,843	9,136,399	10,354,843
Total	15,078,782	17,089,710	5,150,000	5,836,812	9,136,399	10,354,843	29,365,181	33,281,365

6 Receivables

	2008 USD	2007 USD	2008 CHF	2007 CHF
Quebec sales tax receivable	293,765	340,063	313,271	385,414
Recoverable withholding taxes	114,159	189,514	121,740	214,788
Other receivables	320,483	68,449	341,764	77,577
Rental deposits and guarantees	226,719	204,301	241,774	231,547
Interest receivable on long-term investments	12,807	18,130	13,657	20,548
	967,933	820,457	1,032,206	929,874

Rental deposits and guarantees include a cash balance of CHF213,280 (USD200,000) (2007 – CHF226,672 (USD200,000)) that is restricted in use as it is set aside as a guarantee for corporate credit card expenses. Rental deposits amount to CHF23,702 (USD22,226) (2007 – nil) for the Uruguay regional office and CHF4,792 (USD4,493) (2007 – CHF4,875 (USD4,301)) for the director's apartment.

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7 Other current assets

	2008 USD	2007 USD	2008 CHF	2007 CHF
Prepaid expenses	854,175	617,924	910,893	700,331
Prepaid expenses – Olympic games	-	88,662	-	100,486
Accrued interest	270,153	308,453	288,091	349,589
Prepaid scientific research grants 2002	-	18,667	-	21,156
Prepaid scientific research grants 2004	-	157,429	-	178,424
Prepaid scientific research grants 2005	157,078	171,027	167,508	193,835
Prepaid scientific research grants 2006	486,612	407,689	518,923	462,059
Prepaid scientific research grants 2007	562,747	805,429	600,114	912,843
Prepaid scientific research grants 2008	392,056	-	418,089	-
Prepaid monitoring program	8,334	38,360	8,887	43,476
Prepaid social science research grants 2007	3,299	798	3,518	904
Prepaid social science research grants 2008	10,094	-	10,764	-
	<u>2,744,548</u>	<u>2,614,438</u>	<u>2,926,787</u>	<u>2,963,103</u>

8 Fixed assets – Computer and office equipment and leasehold improvements

	Computer equipment		Office equipment		Leasehold improvements		Total	
	USD	CHF	USD	CHF	USD	CHF	USD	CHF
Year ended 31 December 2007								
Opening net book amount	19,544	23,820	48,909	59,611	12,875	15,692	81,328	99,123
Additions	-	-	40,506	45,908	73,296	83,071	113,802	128,979
Depreciation charge	(15,185)	(18,134)	(23,410)	(27,955)	(14,794)	(17,667)	(53,389)	(63,756)
Exchange effect	-	(746)	-	(2,756)	-	(200)	-	(3,702)
Closing net book amount	<u>4,359</u>	<u>4,940</u>	<u>66,005</u>	<u>74,808</u>	<u>71,377</u>	<u>80,896</u>	<u>141,741</u>	<u>160,644</u>
As at 31 December 2007								
Cost	439,015	587,302	1,122,265	1,530,809	86,389	99,029	1,647,669	2,217,140
Accumulated depreciation	(434,656)	(575,635)	(1,056,260)	(1,374,849)	(15,012)	(17,942)	(1,505,928)	(1,968,426)
Exchange effect	-	(6,727)	-	(81,152)	-	(191)	-	(88,070)
	<u>4,359</u>	<u>4,940</u>	<u>66,005</u>	<u>74,808</u>	<u>71,377</u>	<u>80,896</u>	<u>141,741</u>	<u>160,644</u>
Year ended 31 December 2008								
Opening net book amount	4,359	4,940	66,005	74,808	71,377	80,896	141,741	160,644
Additions	541,350	577,296	1,952	2,082	-	-	543,302	579,378
Depreciation charge	(5,224)	(5,627)	(24,438)	(26,322)	(17,904)	(19,286)	(47,566)	(51,235)
Exchange effect	-	(235)	-	(4,158)	-	(4,587)	-	(8,980)
Closing net book amount	<u>540,485</u>	<u>576,374</u>	<u>43,519</u>	<u>46,410</u>	<u>53,473</u>	<u>57,023</u>	<u>637,477</u>	<u>679,807</u>
As at 31 December 2008								
Cost	980,365	1,164,598	1,124,217	1,532,891	86,389	99,029	2,190,971	2,796,518
Accumulated depreciation	(439,880)	(581,262)	(1,080,698)	(1,401,171)	(32,916)	(37,228)	(1,553,494)	(2,019,661)
Exchange effect	-	(6,962)	-	(85,310)	-	(4,778)	-	(97,050)
Net book amount	<u>540,485</u>	<u>576,374</u>	<u>43,519</u>	<u>46,410</u>	<u>53,473</u>	<u>57,023</u>	<u>637,477</u>	<u>679,807</u>

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9 Intangible assets

	Software	
	USD	CHF
Year ended 31 December 2007		
Opening net book amount	1,494,482	1,821,476
Additions	840,765	952,891
Amortization charge	(590,528)	(705,196)
Exchange effect	-	(91,774)
Closing net book amount	1,744,719	1,977,397
As at 31 December 2007		
Cost	2,854,279	3,374,084
Accumulated amortization	(1,109,560)	(1,355,372)
Exchange effect	-	(41,315)
Net book amount	1,744,719	1,977,397
Year ended 31 December 2008		
Opening net book amount	1,744,719	1,977,397
Additions	1,504,358	1,604,249
Amortization charge	(809,053)	(871,461)
Exchange effect	-	(108,140)
Closing net book amount	2,440,024	2,602,045
As at 31 December 2008		
Cost	4,358,637	4,978,333
Accumulated amortization	(1,918,613)	(2,226,833)
Exchange effect	-	(149,455)
Net book amount	2,440,024	2,602,045

The total amount of intangible assets is linked to the ADAMS project and other software. The amount represents the core software necessary to fulfil the requirements of the World Anti-Doping Code regarding tracking and management of testing activity for ADAMS. This intangible asset enables a more efficient tracking and management of the testing results.

The additions in 2008 are linked to the purchase of new software and the transition fees for management services provided starting in 2009.

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10 Accrued expenses

	2008 USD	2007 USD	2008 CHF	2007 CHF
Accruals	1,377,325	1,435,318	1,468,780	1,626,734
Accrued scientific research grants 2002	8,000	-	8,531	-
Accrued scientific research grants 2003	2,000	8,083	2,133	9,161
Accrued scientific research grants 2004	107,447	193,721	114,581	219,556
Accrued scientific research grants 2005	101,749	244,429	108,506	277,026
Accrued scientific research grants 2006	217,702	285,986	232,157	324,126
Accrued scientific research grants 2007	188,540	-	201,060	-
Accrued social science grants 2005	-	500	-	567
Accrued social science grants 2006	7,280	7,280	7,763	8,251
Accrued social science grants 2007	6,901	7,659	7,360	8,680
Accrued social science grants 2008	5,680	-	6,057	-
	<u>2,022,624</u>	<u>2,182,976</u>	<u>2,156,928</u>	<u>2,474,101</u>

11 Foundation capital

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

12 Litigation reserve

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.

13 Annual contributions

	2008 USD	2007 USD	2008 CHF	2007 CHF
2002 Public Authorities and governments	5,027	922	5,415	1,101
2002 International Olympic Committee (IOC)	5,949	-	6,408	-
2003 Public Authorities and governments	5,892	1,070	6,346	1,278
2003 International Olympic Committee (IOC)	6,962	7,354	7,499	8,782
2004 Public Authorities and governments	4,822	42,731	5,194	51,028
2004 International Olympic Committee (IOC)	4,822	35,377	5,194	42,246
2005 Public Authorities and governments	147,030	25,091	158,372	29,963
2005 International Olympic Committee (IOC)	147,030	25,119	158,372	29,997
2006 Public Authorities and governments	152,971	370,169	164,770	442,048
2006 International Olympic Committee (IOC)	160,734	372,428	173,133	444,746
2007 Public Authorities and governments	225,122	11,036,183	242,487	13,179,173
2007 International Olympic Committee (IOC)	480,896	10,780,409	517,991	12,873,733
2008 Public Authorities and governments	11,735,824	-	12,641,097	-
2008 International Olympic Committee (IOC)	11,795,824	-	12,705,724	-
	<u>24,878,905</u>	<u>22,696,853</u>	<u>26,798,002</u>	<u>27,104,095</u>

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14 Grants

WADA benefits from two major government supports. On the one hand, the Government of Canada provides WADA with a cash contribution of a total of CAD10 million, indexed, over a ten-year period and exempts WADA from any income tax. On the other hand, the Government of Quebec also provides WADA with CAD5 million, indexed, over a ten-year period. The grants are paid as one combined amount from a corporation, Montreal 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, and supply quarterly unaudited and annual audited accounts, budgets and activity reports, as well as continue its original mission. The aim of these government supports is to encourage and support WADA's activities on a long-term basis.

In 2002, the total grant of CHF2,533,440 (USD1,828,011) represented the initial installment, whereas the remaining installments, in Canadian Dollars, are indexed and equally split over nine years.

In 2008, WADA received a grant from the Australian government, intended to support the new chairman's administrative office in Australia.

	2008 USD	2007 USD	2008 CHF	2007 CHF
Cash amount granted by Montreal International	1,568,390	1,451,390	1,689,372	1,733,219
Other government grants – Australia	60,000	-	64,628	-
	<u>1,628,390</u>	<u>1,451,390</u>	<u>1,754,000</u>	<u>1,733,219</u>

15 Other income

	2008 USD	2007 USD	2008 CHF	2007 CHF
Laboratory accreditation and re-accreditation fees	148,480	247,555	159,933	295,625
Code monitoring	20,000	10,000	21,543	11,942
Therapeutic use exemption appeal	1,500	2,500	1,616	2,985
	<u>169,980</u>	<u>260,055</u>	<u>183,092</u>	<u>310,552</u>

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16 Salaries and other personnel costs

	2008 USD	2007 USD	2008 CHF	2007 CHF
Salaries	4,370,086	4,068,732	4,707,184	4,858,792
Social charges and other benefits	2,937,364	2,804,199	3,163,945	3,348,715
Defined benefit pension plan contributions and expense	106,423	82,177	114,632	98,134
Temporary staff	18,104	15,408	19,501	18,400
Recruitment expenses	55,233	28,758	59,494	34,342
	<u>7,487,210</u>	<u>6,999,274</u>	<u>8,064,756</u>	<u>8,358,383</u>

The number of people employed was 55 as at 31 December 2008 (2007 – 59).

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

	2008 USD	2007 USD	2008 CHF	2007 CHF
Scientific research grants expensed	6,140,633	5,552,246	6,614,306	6,630,373
Social science research grants expensed	167,028	140,607	179,913	167,910
Total research grants expensed	<u>6,307,661</u>	<u>5,692,853</u>	<u>6,794,219</u>	<u>6,798,283</u>
Research grants paid out				
Research grants expensed	6,307,661	5,692,853	6,794,219	6,798,283
Prepaid expenses (movement)	20,819	(465,238)	22,425	(555,577)
Accruals (movement)	102,359	(215,649)	110,255	(257,523)
Research grants paid out	<u>6,430,839</u>	<u>5,011,966</u>	<u>6,926,899</u>	<u>5,985,183</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.

Compensation of key management	2008 USD	2007 USD	2008 CHF	2007 CHF
Salaries	1,903,458	1,877,449	2,050,286	2,242,009
Benefits and social charges	882,886	883,133	950,990	1,054,619
Defined benefit pension plan contributions	85,559	63,005	92,159	75,239
	<u>2,871,903</u>	<u>2,823,587</u>	<u>3,093,435</u>	<u>3,371,867</u>

Key management of WADA is defined as all the directors of the Agency. There are 11 directors as at 31 December 2008 (2007 – 11 directors).

19 Commitments

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

Operating lease commitments	2008 USD	2007 USD	2008 CHF	2007 CHF
Less than one year	563,271	638,122	600,673	723,223
More than one year and less than five years	1,209,541	1,970,467	1,289,856	2,233,251
More than five years	46,680	60,480	49,780	68,546
	<u>1,819,492</u>	<u>2,669,069</u>	<u>1,940,309</u>	<u>3,025,020</u>

The operating lease commitments are for the following:

Montréal office lease to February 2012
Lausanne office lease to April 2012
Tokyo office lease to February 2010
Montevideo office lease to December 2015

Commitments for non-lease elements	2008 USD	2007 USD	2008 CHF	2007 CHF
Less than one year	1,247,217	1,049,896	1,330,033	1,189,912
More than one year and less than five years	4,229,538	300,196	4,510,384	340,230
	<u>5,476,755</u>	<u>1,350,092</u>	<u>5,840,417</u>	<u>1,530,142</u>

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The commitments for non-lease elements are related to a CGI technology management service contract to March 2009, and OSI Technologies management service contract to 2013 and various other contracts.

Scientific and social science research commitments

Scientific research grants to laboratories 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:

	2008	2007	2008	2007
	USD	USD	CHF	CHF
Less than one year	4,700,437	6,044,138	5,012,551	6,850,194
More than one year and less than five years	891,508	590,067	950,705	668,759
	<u>5,591,945</u>	<u>6,634,205</u>	<u>5,963,256</u>	<u>7,518,953</u>

20 Contingent liabilities

At the end of 2008, WADA has CHF6,153,255 (USD5,770,114) (2007 – CHF5,227,697 (USD4,612,559)) of contingent commitments. 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 2009.