

2007 ANNUAL REPORT



USADA MISSION AND FOCUS

USADA IS DEDICATED TO PRESERVING THE WELL-BEING OF OLYMPIC SPORT, THE INTEGRITY OF COMPETITION AND ENSURING THE HEALTH OF ATHLETES.

In the pursuit of its mission, USADA focuses on four primary areas:

EDUCATION

Consistent with the spirit of Olympic competition, USADA's education program focuses on the ethics involved with the use of performance-enhancing substances at all levels of sport, and makes concerted efforts to inform athletes of policies, procedures and athletes' rights and responsibilities with respect to doping control.

RESEARCH AND SCIENCE

Research and science are the cornerstones of an effective anti-doping program, and USADA has placed heavy emphasis on those areas of activity since its inception.

TESTING

USADA is responsible for managing both In-Competition and Out-of-Competition testing for athletes in the U.S. Olympic Movement, and seeks to achieve both quality and consistency in the collection process and prompt handling of results.

RESULTS MANAGEMENT

Agreed to by the relevant stakeholders in accordance with the Ted Stevens Olympic and Amateur Sports Act, USADA's adjudication process was designed to eliminate conflicts of interest and to simplify and reduce the time and financial burdens associated with appeals which were inherent in the system preceding USADA's creation.

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Credits:

Design: Cristina Guerra

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FOREWORD

On August 31, one month short of USADA's seventh birthday, Terry Madden, our first Chief Executive Officer, acted upon his decision that it was time to apply his considerable talents in other areas. Terry's contributions to this endeavor cannot be overstated. He took a paper concept and converted it into a reality which won worldwide acclaim as a leading organization in the anti-doping effort, and in the process built from scratch an outstanding staff from which, fortunately, his successor emerged in the person of Travis T. Tygart, who has served as Senior Managing Director and General Counsel. That circumstance has enabled USADA to undergo a smooth transition and remain in the mold from which it sprung.

The momentum which has marked our development from the outset has been maintained in every area of our activity. And as the problem of performance-enhancing drugs (PEDs) in sport has been more widely recognized as both an ethical and public health problem, we have been fortunate to find more allies in the anti-doping effort.

The release of the Mitchell Report, culminating a two-year investigation into the use of performance-enhancing drugs within Major League Baseball, the country's national pastime, has helped to broaden the public's awareness of the depth to which PEDs have invaded the culture of American sport. Similarly, we were pleased, but not surprised, that the report recommended the independent administration of the Major League Baseball anti-doping program, following the path taken by the United States Olympic Committee in the creation of USADA.

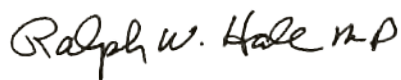
Last year, we commented on the increasing cooperation with law enforcement officials as a new dimension in curtailing the use of performance-enhancing drugs. This year brought several dramatic demonstrations of the value of that relationship, including the prosecution of several high profile athletes for lying about their use of PEDs to Federal officials, and the culmination of Operation Raw Deal. In that operation, Federal agents raided more than four dozen underground drug labs and arrested 124 people in 27 states during an 18-month pursuit of Chinese steroids, human growth hormone and other drugs. It was the largest anti-PED action ever undertaken by law enforcement, involving cooperation among 10 nations and resulting in raids and arrests in Mexico, Canada, Australia, Belgium, Denmark, Germany, Sweden and Thailand.

Also significant in expanding our allies is increased communication with various professional medical groups, particularly the American College of Sports Medicine. We established a formal relationship with ACSM in 2007, and established a Code of Ethics to combat doping by the medical community.

Another important step in the anti-doping battle was the approval of changes in WADA's Anti-Doping Code, the first amendments since its inception, which are designed to make it more effective. The amended Code goes into effect January 1, 2009.

USADA, through its Education Division, undertook for the second time a formal survey on its efforts from its key stakeholders, athletes and athlete support personnel. Our goal was to obtain information to assist our continuing efforts to be the most effective in fulfilling our mission to protect the rights of clean athletes and the integrity of Olympic sports.

Kate Borg, who had been a member of our Board since its inception, has been replaced by Carl Swenson, another Olympian, continuing the strong voice of athletes which has been so helpful to us. We continue to benefit from the dedicated efforts of all our Board members, and from an exceptional professional staff.



Ralph W. Hale, M.D.
Chair, USADA Board of Directors

Chaired by Dr. Ralph W. Hale, the USADA Board of Directors offers a well-rounded, professional and diverse group of talented individuals, backed by a strong and experienced staff.

RALPH W. HALE, M.D., CHAIR

The Executive Vice President of the American College of Obstetricians and Gynecologists, Hale became the USADA Board Chair in April 2003 after serving as Vice Chair since 2000. He was a member of the U.S. delegation staff at four Olympic Games (1988, 1992, 1994 and 1996) and served on the United States Olympic Committee Board of Directors for 16 years as a representative of U.S. Water Polo. Hale was also Chef de Mission for the United States at the 1996 Olympic Games in Atlanta. His extensive work in international sport includes serving as a member of the U.S./USSR Anti-Doping Commission (1989-92) and as a USOC Vice President (1993-96).

RICHARD W. COHEN, M.D., VICE CHAIR

Cohen became Vice Chair of the USADA Board in April 2003. He is a former member of the Doping Control Commission for both USA Weightlifting and the U.S. Bobsled and Skeleton Federation, and chaired the Atlanta Committee for the Olympic Games Doping Control Commission. Cohen also served as an advisor on doping control to the Nagano Olympic Organizing Committee during the 1998 Olympic Winter Games in Nagano, Japan. A noted orthopedic surgeon, Cohen is Chair of the Wellstar Health System Ethics Committee in Atlanta.

ANNETTE SALMEEN, PH.D.

Salmeen captured a gold medal in the 800m freestyle relay as a member of the 1996 U.S. Olympic Swimming Team. Earlier that year, as co-captain of the women's swim team at the University of California, Los Angeles (UCLA), she became the NCAA champion in the women's 200m butterfly and received UCLA's Outstanding Female Athlete award. Salmeen's accomplishments earned her an additional prestigious honor in 1996, the NCAA Top VIII Award, presented to only eight NCAA student-athletes annually for excellence in academics and athletics. Salmeen graduated with honors from UCLA in 1997 and completed her doctorate in biochemistry as a Rhodes Scholar at Oxford University in 2001. She is currently conducting post-doctoral research in the Department of Chemical and Systems Biology at Stanford University Medical School.

BARRY AXELROD, TREASURER

A graduate of UCLA Law School, Axelrod is an attorney specializing in sports, entertainment and business law. His client roster includes athletes Michelle Kwan, Rich Aurilia, Jeff Bagwell, Craig Biggio, Matt Clement, Jake Peavy, Matt Morris and Phil Nevin; broadcasters Rick Sutcliffe, Mark Grace and Wally Joyner; and entertainers Mark Harmon and Pam Dawber.

EVELYN ASHFORD

One of the greatest female sprinters in track and field history, Ashford was a member of the gold medal-winning 4x100m relay at the 1984, 1988 and 1992 Olympic Games, and earned a gold and a silver in the 100 meters. Also a member of the 1976 U.S. Olympic Team, Ashford was the top-ranked sprinter in the world on four occasions and number one-ranked American seven times. She was a two-time world record holder in the 100 meters, a member of 15 U.S. national teams and won 19 national titles, including six indoors. Ashford was inducted into the Track & Field Hall of Fame in 1997 and was among the Class of 2006 inductees to the U.S. Olympic Hall of Fame.

LAWRENCE BROWN JR., M.D., M.P.H.

A physician-researcher with training in internal medicine, neuroendocrinology and addiction medicine, Brown is Executive Senior Vice President at the Addiction Research and Treatment Corp. in Brooklyn, N.Y.

With over 50 peer-reviewed publications and presentations nationally and internationally, he has appointments as Visiting Physician at Rockefeller Hospital and Clinical Assistant Professor of Public Health of the Weill Medical College at Cornell University. Brown provides consultation to a host of local, state, and federal government and private agencies. He also serves as a medical advisor to the National Football League.

JEAN FOURCROY, M.D., PH.D., M.P.H.

A urologist and retired medical officer with the Food and Drug Administration in the Division of Clinical Laboratory Devices, Fourcroy is regarded as an expert on the subject of anabolic steroids, androgens and their alternatives. A noted clinician, researcher and scientist, Fourcroy has worked extensively with the U.S. Drug Enforcement Administration on the development of regulatory and educational formats, both domestically and abroad.

RSHP

DONALD L. GAMBRIL

Elected to the USADA Board in May 2006, Gambрил served as the head coach for the 1984 U.S. Olympic Swimming Team and was an assistant coach for the sport's 1968, 1972, 1976 and 1980 U.S. Olympians. A swimming coach for more than 35 years, he started his career at the high school level and compiled a 350-60 record as a collegiate coach during stints at Pasadena City College, Long Beach State, Harvard and Alabama (270-49). In 1990, Gambрил retired from collegiate coaching and became an assistant athletic director at the University of Alabama. He retired from that position in 1996, but has continued to teach at the university.

ANDREW MECCA, DR.PH, M.P.H.

Prior to assuming his current position as President of the California Mentor Foundation, Mecca held several posts with the state of California, including Drug Czar (1991-98), Chair of the Governor's Policy Council on Drug and Alcohol Abuse, and Chair of the California Commission on Improving Life Through Service. An accomplished triathlete and marathoner, he has assisted in the development of programs designed to curb substance abuse in more than 15 countries.

CARL SWENSON

An outstanding competitor in both cross country skiing and mountain biking, Swenson joined the USADA Board in October, 2007. A three-time Olympic team member (1994, 2002, and 2006) he was captain of the ski team in each of the latter two years. A national champion in mountain biking in 2000, he represented the U.S. in five World Championships and won a silver medal in the 1999 Pan-American Games. He is currently pursuing a law degree at the University of Utah.

TRAVIS T. TYGART, Chief Executive Officer

Travis T. Tygart joined USADA in October 2002 as Director of Legal Affairs. In October 2004, he became Senior Managing Director, General Counsel, overseeing all legal and communication matters for USADA, including adjudication of alleged doping offenses in arbitration before the American Arbitration Association and the Court of Arbitration for Sport.

Tygart was involved with drafting the USADA Protocol for Olympic Movement Testing and directed USADA's efforts in its BALCO investigation that led to the discovery of tetrahydrogestrinone (THG) and resulted, to date, in 16 cases. He has been an expert presenter in the United States and internationally at numerous conferences and symposiums.

Prior to joining USADA, Tygart was an attorney in the sports law practice group at Holme, Roberts and Owen, LLP in Colorado Springs, Colorado. While at HRO, Travis worked with individual athletes and several sport entities, including the United States Olympic Committee, USA Basketball and USA Swimming.

Tygart graduated from the University of North Carolina with a bachelor's degree in philosophy and earned his J.D. from Southern Methodist University, graduating Order of the Coif.

LARRY BOWERS, PH.D.

Senior Managing Director, Technical & Information Resources

Larry Bowers joined the U.S. Anti-Doping Agency in September 2000 as the Senior Managing Director, Technical & Information Resources. He is responsible for leading the research efforts into prohibited substances. Bowers is involved with technical and educational anti-doping information for Olympic and elite athletes in the United States as well as the development of an anti-doping educational program for America's youth in sport.

Bowers serves as a consultant with the U.S. Food and Drug Administration Medical Devices Advisory Committee and was deputy director of the Athletic Drug Testing Laboratory for the 1996 Olympic Games. He has published more than 100 papers on drug testing and chemistry and is frequently invited to present at conferences and scientific meetings.

Prior to his appointment with USADA, Bowers spent eight years as the Director of the Athletic Drug Testing and Toxicology Laboratory and was a professor of Pathology and Laboratory Medicine at Indiana University Medical School. He was also a professor in the Department of Chemistry at the Purdue University School of Science. Previously, Bowers was a professor at the University of Minnesota.

Bowers earned a bachelor's degree in chemistry from Franklin & Marshall College and completed his Ph.D. in chemistry at the University of Georgia.

EDUCATION

This year was marked by a continuing effort to expand the division's reach and effectiveness with respect to middle school, high school and elite athlete populations.

For the record:

- 👉 A two-day Anti-Doping Congress was conducted in October, at the Galt House in Louisville, Kentucky, hosted by the Association for Applied Sports Psychology and USADA. The primary goal was to engage various organizations representing sport and exercise sciences, coaching, education, health care, media and other involved professions to collectively look at the problem of performance-enhancing drug use and other doping issues, and to begin to work collaboratively on action items to curb future doping at all levels of sport and exercise. The Congress served to extend our breadth of constituents, including the media, and to generate additional momentum.
- 👉 Meetings were initiated with the USOC's Education arm and Community Olympic Development Program staffs to explore ways in which USADA and the USOC can work together to strengthen each other's education activities.
- 👉 A new website – www.ThatsDope.org – was launched targeting 14-20 year-old students and student-athletes with the most current information about doping, athletic performance, dietary supplements, nutrition, ethical decision making and other pertinent topics.
- 👉 In a very small pilot test, an Athlete Network was implemented utilizing retired athletes to assist with education sessions for developmental cycling regional camps. Going forward, the intent is to develop training, resources, and talking points for other athletes interested in this program in order to put athletes in front of athletes at various levels of competition.
- 👉 Education sessions targeting elite athletes and athlete support personnel were provided for 27 National Governing Bodies.
- 👉 The Division participated to a large degree in the development, implementation and follow-up for the 2007 survey of athletes and support personnel, a tool which provides valuable guidance to USADA in the planning and execution of its programs in all areas of activity.

Education Presentations/Outreach:

	1st Quarter (January – March)	2nd Quarter (April – June)	3rd Quarter (July – September)	4th Quarter (October – December)	Grand Totals
Elite					
Athletes	405	571	375	448	1799
Athlete Support	168	396	548	234	1346
Community					
Youth	389	136	420	35	980
Parents	50	391	443	0	884
Totals	1012	1494	1786	717	5009

RESEARCH

Working on both the National and International fronts, USADA has made continued progress in this vital area of the anti-doping effort.

For the record:

- 🐾 USADA and the American College of Sports Medicine continued the cooperative development of an organization titled Professionals Against Doping in Sports (PADS) which has significant potential to enhance the anti-doping effort within the medical community.*
- 🐾 USADA's sixth annual symposium on anti-doping science, titled "Oxygen Transport and Energy Production" was conducted in Dallas, Texas. Following last year's symposium on "Intra-Individual Reference Ranges," the two symposia served to advance the use of sequential test data on individual athletes as a means of more intelligently using test results by anti-doping agencies.*
- 🐾 USADA organized Working Groups of internationally renowned scientists to advance the science behind the subject-based reference ranges, test development for growth hormone, and gas chromatography/combustion/isotope ratio mass spectrometry.*
- 🐾 USADA funded \$1,738,000 in grant and instrument proposals submitted by scientists from five countries. Outcomes of the research included:
 - Continued development of the biomarkers test approach for human growth hormone.*
 - Establishing that norandrosterone concentrations in 1,200 normal females were below the 2 ng/ml threshold established by WADA. The study also confirmed that norethisterone, a component of some birth control pills, did not affect the norandrosterone concentration and added valuable information regarding its metabolism.*
 - Improvements in the gas chromatography/combustion/isotope ratio mass spectrometric technique which will eventually allow tests to be performed more rapidly and at lower cost.*
 - Development of an improved test for between-individual blood transfusions.*
 - Provided instrumentation for advanced testing in the WADA-accredited laboratories in the United States.**
- 🐾 The Drug Reference Online (DRO) data base was updated to reflect revisions to the WADA Prohibited List, and there were 38,500 documented searches on DRO. More than 2,200 calls were received and answered on the Drug Reference Line.*
- 🐾 A total of 55 standard Therapeutic Use Exemption (TUE) requests were processed, of which 43 were approved; 1,200 Abbreviated TUE's were processed or forwarded to the relevant granting authority.*
- 🐾 Updated USADA Guides and Wallet Cards reflecting revisions to the WADA Prohibited List were mailed to 3,400 athletes in December.*

TESTING

Testing will always be an important component of the anti-doping effort, and USADA is constantly attempting to improve its testing program and the professionalism of those who conduct it in the field, the Drug Control Officers (DCOs). Significant progress was made in both of those areas in 2007.

For the record:

- 👤 The Testing Division was restructured to provide a more sport-specific approach to Out-of-Competition (OOC) testing, with a goal of more intelligent and focused testing plans.*
- 👤 An Athlete/NGB Services team was formed with the objective of providing increased support both to the National Governing Bodies and their athletes.*
- 👤 Water bottle and keychain card initiatives were introduced to promote increased compliance with whereabouts requirements, which continued to improve.*
- 👤 As a convenience to athletes, the athlete whereabouts reporting system was expanded to include text messaging.*
- 👤 In the fourth quarter, the lowest number of No Form on File missed tests (eight athletes) was recorded – a direct result of increased communication with non-compliant athletes.*
- 👤 USADA participated in the World Anti-Doping Agency's first testing Working Group throughout the year and provided helpful feedback during each round of consultation.*
- 👤 The USOC's requirement that all athletes competing in either the Pan American or Para Pan Am Games be tested within 120 days prior to the events was successfully completed.*
- 👤 Five field based training programs were conducted for DCOs in conjunction with the Field Observation program, along with a total of 33 field observations of DCOs.*
- 👤 A survey for DCOs regarding the Performance Support and Development Program contributed to several improvements which were overseen by the newly created DCO PS&D Task Force made up of coaches, DCOs and outside consultants for statistics and data base development.*
- 👤 A coaches' workshop enhanced the skills of USADA staff involved in the DCO PS&D Program.*
- 👤 Major revisions and improvements were made to the content and format of the DCO Manual.*
- 👤 Three new lead DCOs and eight new DCOs were certified.*
- 👤 Two USADA representatives participated in WADA's DCO Seminar in Tromso, Norway.*
- 👤 USADA assisted WADA in the development of the Regional Anti-Doping Organization for Central America and Colombia by providing training and field supervision in El Salvador.*

TESTING NUMBERS

Quarterly Breakdown of Tests

User Pay Tests	Q1	Q2	Q3	Q4	Total	USADA Tests	Q1	Q2	Q3	Q4	Total
OOC	51	32	72	104	259	OOC	1208	1295	1141	642	4286
Camp	0	0	5	0	5	Camp	23	348	52	24	447
IC	89	38	45	110	282	IC	658	1382	631	397	3068
Total	140	70	122	214	546	Total	1889	3025	1824	1063	7801

Tests Conducted by Sport

Olympic, Paralympic and Pan Am Sports

Sport	OOC	IC	Camp	Total	Sport	OOC	IC	Camp	Total
Archery	15	8	0	23	Team Handball	33	12	0	45
Badminton	4	16	0	20	Tennis	18	0	0	18
Baseball	6	0	46	52	Track & Field	1075	808	0	1883
Basketball	24	28	28	80	Triathlon	154	194	0	348
Biathlon	37	22	0	59	Volleyball	78	22	33	133
Bobsled & Skeleton	116	33	0	149	Water Polo	46	30	10	86
Bowling	10	0	0	10	Water Skiing	25	17	0	42
Boxing	62	72	0	134	Weightlifting	181	151	0	332
Canoe & Kayak	92	39	0	131	Wrestling	119	82	0	201
Curling	9	12	0	21	Paralympic Alpine Skiing	27	12	0	39
Cycling	351	468	0	819	Paralympic Archery	8	0	0	8
Diving	24	33	0	57	Paralympic Basketball	27	0	11	38
Equestrian	23	22	5	50	Paralympic Boccia	0	0	0	0
Fencing	18	42	0	60	Paralympic Curling	5	0	0	5
Field Hockey	29	0	27	56	Paralympic Cycling	24	0	0	24
Figure Skating	45	56	0	101	Paralympic Equestrian	0	0	0	0
Gymnastics	66	37	12	115	Paralympic Fencing	3	0	0	3
Ice Hockey	32	0	23	55	Paralympic Goalball	8	0	0	8
Judo	110	35	0	145	Paralympic Judo	12	0	13	25
Karate	15	0	0	15	Paralympic Nordic Skiing	8	0	0	8
Luge	16	11	0	27	Paralympic Powerlifting	8	0	0	8
Modern Pentathlon	22	6	0	28	Paralympic Rowing	0	0	0	0
Racquetball	12	0	0	12	Paralympic Rugby	12	0	0	12
Roller Sports	22	32	7	61	Paralympic Sailing	9	0	0	9
Rowing	204	74	0	278	Paralympic Shooting	4	0	0	4
Sailing	56	16	0	72	Paralympic Sled Hockey	17	4	0	21
Shooting	47	74	0	121	Paralympic Soccer	9	0	14	23
Skiing & Snowboarding	183	227	0	410	Paralympic Swimming	27	25	15	67
Soccer	81	0	78	159	Paralympic Table Tennis	5	0	9	14
Softball	16	0	18	34	Paralympic Tennis	11	0	0	11
Speedskating	174	176	0	350	Paralympic Track & Field	53	79	0	132
Squash	15	4	0	19	Paralympic Volleyball	12	0	12	24
Swimming	498	300	82	880					
Synchronized Swimming	27	0	9	36	Other Sport Federations				
Table Tennis	12	8	0	20	Ballroom Dancing	0	4	0	4
Taekwondo	26	59	0	85	Rugby	28	0	0	28
					Testing Totals	4545	3350	452	8347

RESULTS MANAGEMENT

Our Results Management Team works hard to ensure that test results are reviewed rigorously and that athletes who test positive are notified promptly of their results. In 2007, this team ensured maximum effectiveness by continuing to partner closely with various law enforcement agencies.

For the record:

- 👉 In 2007 USADA's Results Management Team resolved the cases in an average time of 85 days per case, decreasing the case handling time over the prior two years by more than one half.
- 👉 USADA representatives actively participated in the 2nd WADA Investigative Symposium held in April 2007 in London, England. USADA co-hosted the 1st WADA Investigative Symposium in November 2002.
- 👉 We worked closely with the U.S. Attorney's Office to resolve a criminal case against a man distributing steroids illegally to his son. The father pled guilty and is serving time in prison.
- 👉 The Marion Jones case was resolved, and she returned her five medals from the 2000 Sydney Olympic Games to the International Olympic Committee. This followed her plea in federal court for lying to federal investigators.
- 👉 Other notable cases included those of Floyd Landis, the first USADA arbitration to be open to the public, Justin Gatlin, and Latasha Jenkins. Ms. Jenkins was found not to have committed an anti-doping rules violation since the foreign laboratories failed to follow the strict testing protocol.
- 👉 USADA participated closely in the Operation Raw Deal investigation with law enforcement mainly from the U.S., but also from around the world.

Adverse Findings & Other Doping Violations

	Number of Cases
Potential Doping Violations	54
Number Referred to IFs	6
Total U.S. Cases	40
Total Sanctions	15
Resulted in No Violations	25
Pending	8

Classification of Adverse Findings

Anabolic Agents	Number of Findings	Diuretics & Other Masking Agents	Number of Findings
6 alpha-Hydroxyandrostenedione	1	Canrenone	1
T/E ratio >4?1	1	Epitestosterone	1
Beta-2 Agonists		Hydrochlorothiazide	1
Formoterol	2	Chlorothiazide	1
Salbutamol	16	Hormones	
Beta Blockers		Clomiphene	2
Metoprolol	1	Non-Analytical Positive	9
Cannabinoids		Stimulants	
Tetrahydrocannabinol (THC)	7	Ritalinic acid (methylphenidate metabolite)	4
Corticosteroids		Phentermine	1
Methylprednisolone	1	Benzoyllecgonine, a metabolite of cocaine	2
Prednisone and Prednisolone	1	Amphetamine	2

SANCTIONS

Sanctions Issued by U.S. Anti-Doping Agency in 2007

Athlete	Sport	Sanction	Substance	Release Date
Jared Bunde	Cycling	2 year ineligibility – Loss of results	Clomiphene	11/20/2007
Jeffrey Chakouian	Track & Field	1 year ineligibility – Loss of results	Hydrochlorothiazide	11/16/2007
Jeffrey Alan Stark	Racquetball	2 year ineligibility – Loss of results	Refusal to Submit to Doping Control	11/7/2007
Lindsey Scherf ²	Track & Field	1 year ineligibility – Loss of results	Refusal to Submit to Doping Control	11/2/2007
Marion Jones	Track & Field	2 year ineligibility – Loss of results from 9/2000	Non-analytical Positive	10/8/2007
Jenny Sawyer	Weightlifting	1 year ineligibility – Loss of results	Methylphenidate	10/2/2007
Nathan Piasecki	Wrestling	2 year ineligibility	6a-hydroxyandrostendione	10/1/2007
Eric Larkin	Wrestling	3 month ineligibility, 3 month deferral	Metoprolol	9/27/2007
Floyd Landis ^{1,2}	Cycling	2 year ineligibility – Loss of results	Exogenous Testosterone	9/20/2007
Brandon Caswell	Paralympic Track & Field	2 year ineligibility – Loss of results	benzoyllecgonine, a metabolite of cocaine	9/11/2007
Kenta Bell	Track & Field	3 month ineligibility, 3 month deferral	Methylprednisolone	7/30/2007
Joe Papp ¹	Cycling	2 year ineligibility – Loss of results	6a-OH-androstenedione & 6b-OHAndrosterone	5/25/2007
Lance Frye	Weightlifting	9 month ineligibility, 3 month deferral – Loss of results	Carboxy-THC	5/18/2007
Jason Kristal	Weightlifting	2 Years suspension – Loss of Results	Refusal To Test	5/11/2007
Remi Korchemny ¹	Track & Field	Lifetime Ineligibility	Non-analytical Positive	3/12/2007
Stephen Alfred ¹	Cycling	8 year suspension – Loss of results	TE Ratio > 4:1 & hCG	2/2/2007
Josh Moreau ¹	Weightlifting	3 month suspension w/3 mo. deferred w/education	THC Metabolites	1/19/2007

¹ 2006 adverse finding/2007 sanction

² Appealed to the Court of Arbitration for Sport

AUDIT REPORT LETTER

Independent Accountants' Report on Financial Statements and Supplementary Information

*Board of Directors
United States Anti-Doping Agency
Colorado Springs, Colorado*

We have audited the accompanying statements of financial position of United States Anti-Doping Agency (the Agency) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Anti-Doping Agency as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

*March 17, 2008
Colorado Springs, Colorado*

FINANCIAL

Statements of Financial Position December 31, 2007 and 2006

Assets

Current Assets

	2007	2006
Cash and cash equivalents	\$ 2,831,745	\$ 3,455,144
Cash held for research grants	-	208,457
Investments held for research grants	1,251,945	1,189,386
Accounts receivable	324,374	337,970
Supplies	49,789	158,271
Prepaid expenses and other	140,040	112,159
<i>Total current assets</i>	<u>4,597,893</u>	<u>5,461,387</u>

Long-term Notes Receivable

	755,175	592,259
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Property and Equipment, Net of Accumulated Depreciation & Amortization; 2007-\$777,652 and 2006-\$805,593

	<u>871,176</u>	<u>447,094</u>
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<i>Total assets</i>	<u>\$ 6,224,244</u>	<u>\$ 6,500,740</u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable and other accrued liabilities	\$ 1,024,612	\$ 1,129,106
Research grant payable	189,957	64,200
<i>Total current liabilities</i>	<u>1,214,569</u>	<u>1,193,306</u>

Unrestricted Net Assets

Unrestricted	4,229,860	3,909,591
Board designated for research	779,815	1,397,843
<i>Total unrestricted net assets</i>	<u>5,009,675</u>	<u>5,307,434</u>
<i>Total liabilities and net assets</i>	<u>\$ 6,224,244</u>	<u>\$ 6,500,740</u>

FINANCIAL

Statements of Activities December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues, Grants and Other Support		
Federal grant	\$ 8,415,000	\$ 8,415,000
United States Olympic Committee (USOC) contractual agreement	3,450,000	4,104,967
Investment return	143,475	131,447
Testing income from third-parties	244,432	291,466
Total revenues, grants and other support	<u>12,252,907</u>	<u>12,942,880</u>
Expenses		
Drug testing	\$ 6,334,905	\$ 5,901,654
Legal	2,725,715	1,801,739
Research	1,276,810	1,821,411
Education	1,388,954	1,335,224
General and administrative	824,282	833,109
Total expenses	<u>12,550,666</u>	<u>11,693,137</u>
Change in Net Assets	(297,759)	1,249,743
Net Assets, Beginning of Year	<u>5,307,434</u>	<u>4,057,691</u>
Net Assets, End of Year	<u>\$ 5,009,675</u>	<u>\$ 5,307,434</u>

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Statements of Cash Flows December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Activities		
Change in net assets	\$ (297,759)	\$ 1,249,743
Items not requiring cash		
Depreciation and amortization	305,212	236,735
Loss on disposal of fixed assets	1,349	14,640
Gain on investments	(14,251)	(30,317)
Changes in		
Accounts receivable	43,596	(307,836)
Supplies	108,482	(100,841)
Prepaid expenses and other assets	(27,881)	16,181
Accounts payable and other accrued liabilities	(104,495)	(15,926)
Research grant payable	125,758	(1,153,807)
Net cash provided by (used in) operating activities	<u>140,011</u>	<u>(91,428)</u>
Investing Activities		
Purchases of equipment	(780,643)	(72,754)
Proceeds from sale of property and equipment	20,000	—
Advances made on note receivable	(162,916)	(70,000)
Purchases of investments	(48,308)	(56,034)
Net cash used in investing activities	<u>(971,867)</u>	<u>(198,788)</u>
Decrease in Cash and Cash Equivalents	<u>(831,856)</u>	<u>(290,216)</u>
Cash and Cash Equivalents, Beginning of Year	<u>3,663,601</u>	<u>3,953,817</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,831,745</u>	<u>\$ 3,663,601</u>
Summary of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 2,831,745	\$ 3,455,144
Cash held for research grants	—	208,457
Cash and Cash Equivalents, End of Year	<u>\$ 2,831,745</u>	<u>\$ 3,663,601</u>
Noncash Investing Activity		
Internally developed software sold for account receivable	<u>\$ 30,000</u>	<u>\$ —</u>

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Notes to Financial Statements December 31, 2007 and 2006

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

United States Anti-Doping Agency (the Agency) began operations October 1, 2000. The Agency is responsible for testing, education, research and adjudication for U.S. Olympic, Pan Am Games and Paralympic athletes. The Agency is also responsible for enhancing research efforts and promoting educational programs to inform athletes of the rules governing the use of performance-enhancing substances, the ethics of doping and its harmful health effects.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Agency considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Agency provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Supplies

Supplies consist of drug testing kits and other doping control supplies and are valued at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

Computer equipment and software	3 to 5 years
Furniture, fixtures and office equipment	5 to 7 years
Website development	3 years

Government Grants

Support funded by grants is recognized as the Agency performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Agency is a not-for-profit organization exempt from income tax under 501(c)(3) of the Internal Revenue Code. As such, there is no provision for taxes in the financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and management and general categories based on management's estimates.

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Notes to Financial Statements December 31, 2007 and 2006

Note 2: Investments

Investments at December 31, consist of:

	<u>2007</u>	<u>2006</u>
Mutual funds	\$ 1,251,945	\$ 1,189,386

Total investment return is comprised of the following:

	<u>2007</u>	<u>2006</u>
Interest and dividend income	\$ 129,224	\$ 101,130
Net realized and unrealized gains (losses) on investments reported at fair value	14,251	30,317
	<u>\$ 143,475</u>	<u>\$ 131,447</u>

Note 3: Property and Equipment

Property and equipment at December 31, consists of:

	<u>2007</u>	<u>2006</u>
Computer equipment and software	\$ 510,033	\$ 809,136
Furniture, fixtures and office equipment	184,348	187,799
Leasehold improvements	9,826	9,826
Web site development	245,926	245,926
Lab equipment	698,695	—
	<u>\$ 1,648,828</u>	<u>\$ 1,252,687</u>
Less accumulated depreciation and amortization	<u>(777,652)</u>	<u>(805,593)</u>
Total property and equipment, net	<u>\$ 871,176</u>	<u>\$ 447,094</u>

Note 4: Operating Leases

Noncancellable operating leases for office space and office equipment expire in various years through 2010.

Future minimum lease payments at December 31, 2007, were:

2008	\$ 155,681
2009	159,178
2010	112,424
	<u>\$ 427,283</u>

Rental expense for all operating leases consisted of \$142,926 and \$151,234 for 2007 and 2006, respectively.

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Notes to Financial Statements December 31, 2007 and 2006

Note 5: Employee Benefit Plan

The Agency maintains a 401(k) benefit plan, covering all employees who meet the eligibility requirements. The Agency makes contributions at its discretion. The Agency's contributions to the plan were \$153,339 and \$149,174 for the years ended December 31, 2007 and 2006, respectively.

Note 6: Commitments and Contingent Liabilities

In the normal course of business, the Agency has entered into grant agreements for research. These grants are contingent on progress reported by the recipients to the Agency and, as such, are not recorded in the Agency's financial statements. Future payments, if the contingencies are met, are as follows:

Year Ending December 31,

2008	\$	<u>189,957</u>
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Note 7: Significant Commitments, Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Revenue Concentration

The Agency received 97% of its support during 2007 from two organizations.

Cash Concentration

The Agency maintains a bank deposit account and a money market (classified as an investment) at a financial institution. The Federal Deposit Insurance Corporation (FDIC) insures up to \$100,000 of deposits at any one financial institution. The Agency's balance exceeded the FDIC insurance limit at December 31, 2007, by approximately \$3,017,000.

Long-term Notes Receivable

The Agency has agreed to loan the Sports Medicine Research and Testing Laboratory up to \$755,500, interest free. The unsecured advances will take place through 2008 and are payable in full in December 2013. The balance outstanding on the note was \$755,175 and \$592,259 as of December 31, 2007 and 2006, respectively.

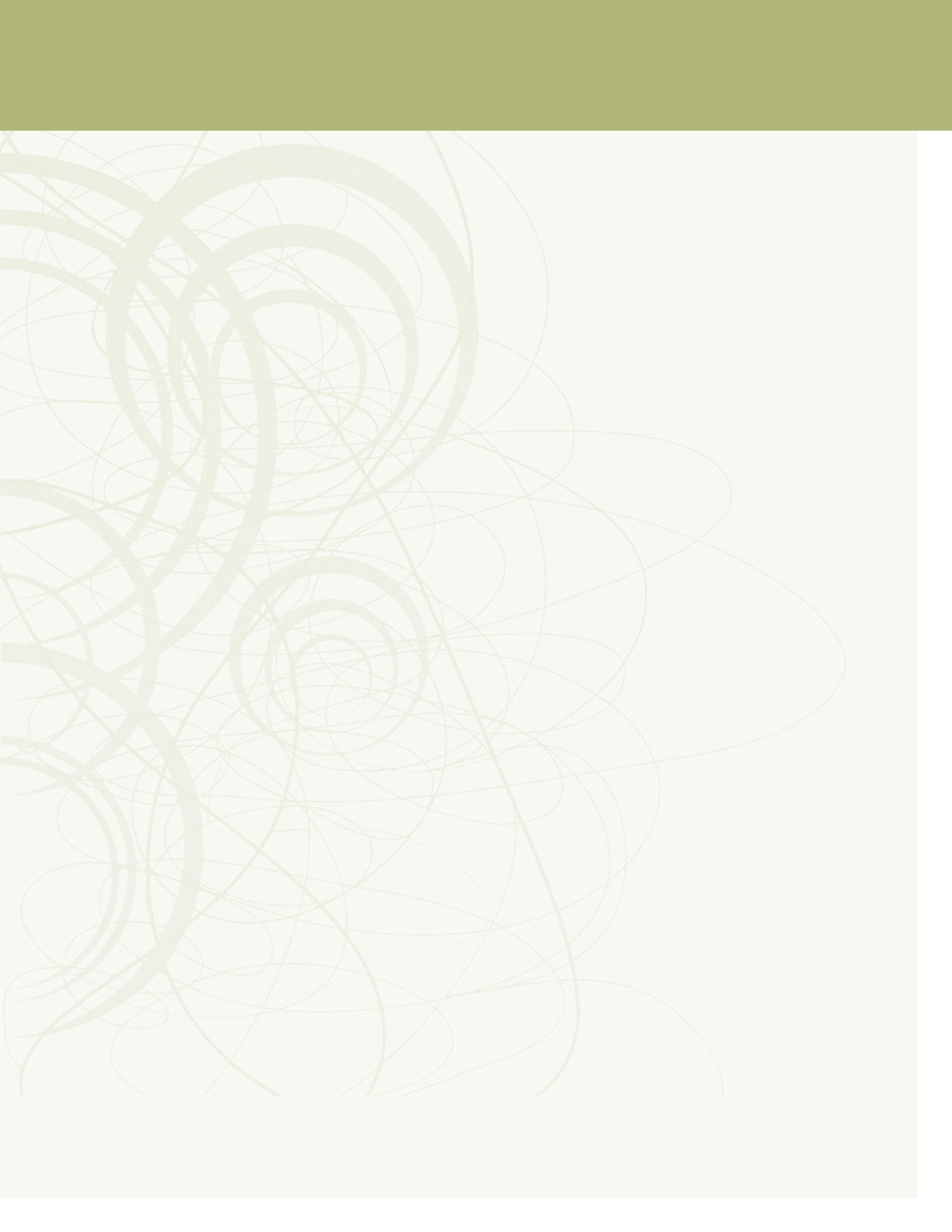
The repayment of these advances is dependent upon the profitability of the Sports Medicine Research and Testing Laboratory. Management has estimated that these advances will be fully collectible. No amount has been accrued for estimated losses that could result from the Sports Medicine Research and Testing Laboratory's failure to repay the loan advances; however, actual losses may be materially different from management's estimate.

Long-term Lease

The Agency entered into a long-term lease with Anti Doping Research Institute (ADRI). Under the terms of this lease, the Agency will lease a piece of equipment with a cost of \$698,695 and accumulated depreciation of \$93,159 as of December 31, 2007, to ADRI from January 15, 2007 through December 31, 2020 at an annual rent of \$0. Under the terms of the lease, ADRI must use the equipment only for purposes that fit within the Agency's mission and must report the detail of testing performed with the equipment to the Agency each year. The Agency would have the right to take back the equipment if either of these requirements were not met. As such, management considers the equipment to belong to the Agency.

Litigation

The Agency is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Agency. Events could occur that would change this estimate materially in the near term.





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