

THE MCLAIN FOUNDATION LIMITED
(Registered Charity No. 1139841 and Company No. 07463093)
ANNUAL REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

THE MCLAIN FOUNDATION LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2020

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THE MCLAIN FOUNDATION LIMITED
ANNUAL REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their report and the independently audited financial statements of The McLain Foundation Limited ("the Foundation" or "the charitable company"), for the year ended 31 December 2020. These have been prepared in accordance with the accounting policies set out on pages 12 and 13 and comply with applicable charity law.

1. REFERENCE AND ADMINISTRATIVE DETAILS

The McLain Foundation Limited (registered charity number 1139841 and company number 07463093) is based and administered in the United Kingdom. The registered address is Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ.

Directors and Trustees:

The Directors and Trustees of the Foundation who held office during the year and continue to serve at the date of this report are:

- Bruce Hardy McLain
- Helle McLain
- Ian Terry
- Carina McLain
- Cameron McLain
- Chelsea McLain
- Chloe McLain

The Trustees did not hold any beneficial interest in the Foundation at 31 December 2020 or at any time during or since that period.

Bankers:

Barclays Wealth, 1 Churchill Place, London, E14 5HP

Solicitors:

Withers LLP, 16 Old Bailey, London, EC4M 7EG

Investment Custodians:

Pershing Advisor Solutions LLC, One Pershing Plaza, Jersey City, NJ 07399
Banque Pictet & Cie SA, Route des Acacias 60, 1211 Geneve 73, Switzerland

Accountants:

Rawlinson & Hunter LLP, Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ

Independent Auditor:

Rawlinson & Hunter Audit LLP,
Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ

THE MCLAIN FOUNDATION LIMITED
ANNUAL REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation is a private limited company governed by its Memorandum and Articles of Association and is registered as a charity with the Charity Commission for England and Wales.

The Trustees are resident in the United Kingdom and meet regularly to discuss and develop the Foundation's goals and strategy and to review grant proposals and general grant requests.

The number of Trustees shall be a minimum of two at any one time and new Trustees shall be appointed by ordinary resolution by the existing Trustees. The range of skills represented on the Trustee Board will be kept under review as the Foundation develops over time.

Induction and Training

As part of their training, Trustees are given an information pack which includes the Foundation's Memorandum and Articles of Association and the Charity Commission guidance on Trustees' Responsibilities. All Trustees are aware of their legal duties and obligations in respect of the management of the Foundation, including in relation to the protection of its assets.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors for the purposes of company law) are responsible for preparing the Annual Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

THE MCLAIN FOUNDATION LIMITED
ANNUAL REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2. STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Internal Controls

The Trustees have overall responsibility for ensuring that the Foundation has appropriate systems of internal controls. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements follow best practice and all applicable law regulation and guidance. The Trustees are also responsible for the Foundation safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The system of internal controls is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

3. OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of the Foundation are such exclusively charitable purposes as the Trustees may in their absolute discretion determine. The Foundation operates as a grant-making charity, supporting charitable projects and organisations with grants of varying sizes and durations.

The Trustees have developed a solid framework for future grant-making activities and have refined their grant-making focus areas. The Trustees have pursued a broad strategy of ensuring proper due diligence in the assessment of potential grants and ensuring that grants are made subject to appropriate terms and conditions.

Statement of Public Benefit

As a grant-funder, the Foundation's activities will provide public benefit to the individuals and communities who are beneficiaries of the Foundation's funded projects. The Foundation's public benefit is not limited with reference to geography or otherwise. The Trustees are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to it. They consider the information which follows in this annual report, about the Foundation's aims, activities and achievements in the areas of interest that the Foundation supports demonstrates the benefit to its beneficiaries and through them to the public, that arise from those activities.

Grant Making Policies

The Trustees' grant making policy has been to generally consider making donations by way of direct funding and also by way of grants to charitable organisations recognised as such in their respective jurisdictions for projects that are exclusively charitable under English law. The Foundation has begun to put in place sound grant arrangements so that it can continue to properly select appropriate grantees and impose prudent terms on grants, including, as appropriate, monitoring and evaluation of the way in which funds are applied by grantees.

Fundraising

The Trustees have referred to the Charities (Protection and Social Investment) Act 2016 ("the Act") and the Guidance on Charities and Fundraising issued by the Charity Commission ("CC20"). They confirm that the Act and CC20 have no impact on the Foundation as it does not engage in any public fundraising activities.

THE MCLAIN FOUNDATION LIMITED
ANNUAL REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

4. ACHIEVEMENT AND PERFORMANCE

Investments

The assets of the Foundation consist principally of quoted investments, unquoted investments, and cash. Listed investments are recorded on the Balance Sheet at their market value on that date. Any increase or decrease over the previous years' market value on the restatement of these values is recorded in the Statement of Financial Activities. As at 31 December 2020, the value of the Foundation's listed investments was £10,606,266 (2019 - £6,732,680). Investment performance is monitored by Clarfeld Financial Advisors LLC who report their findings to the Trustees quarterly. In addition to these investments, the Foundation has also made subscriptions to HILP-C Investco LLC, Riverhawk Funding II LLC and Pacific Hotel Florida LLC.

Charitable Activities

Direct charitable expenditure for 2020 totalled £715,840 (2019 - £158,788) which includes donations totalling £664,531 (2019 - £126,344) to a variety of organisations, based both in the UK and overseas, and charity governance costs. All grants were paid in line with the policies set out in Section 3 of this report, Objectives and Activities.

A full list of grants made during the year is shown on page 14.

The accounting treatment in respect of grants is in line with that set out in the applicable statement of recommended practice.

5. FINANCIAL REVIEW

The Statement of Financial Activities on page 9 shows total incoming resources for the year of £3,655,917 (2019 - £4,182,924). Governance costs amounted to £51,309 (2019 - £32,444) and are included within charitable activities.

The balance of reserves at 31 December 2020 is £12,805,408 (2019 - £9,217,031).

Reserves Policy

The Trustees have examined the Foundation's requirement for resources in light of the main risks to the organisation and have no outstanding commitments or cash demands which are not adequately covered by existing resources. The net assets of the Foundation are regarded as unrestricted reserves and the funds at 31 December 2020 will be retained to make grants in accordance with the Foundation's charitable objects and any policies. The Trustees consider that the freely expendable funds are appropriate and adequate taking into account plans for grants to be awarded in future and have at present therefore not designated any specific reserves. However, the Trustees will keep this under constant review. In future years, a specific reserves policy may be required.

The Covid-19 pandemic has created significant operational pressures on the global economy. Having considered the contingency plans in place, the support to businesses announced by the UK Government and having reviewed updated cashflow forecasts, the Trustees consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

THE MCLAIN FOUNDATION LIMITED
ANNUAL REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL REVIEW (continued)

Risk Management

A risk assessment has been undertaken which comprises:

- An annual review of the risks the Foundation may face;
- The establishment of systems and procedures to mitigate those risks; and
- The implementation of procedures designed to minimise any potential impact on the Foundation should those risks materialise.

This continuing process will identify risk areas to which the Foundation is vulnerable and highlight any necessary safeguards that will need to be put in place. No major risks were identified at the date of these financial statements.

The Trustees have signed fit and proper declarations in line with HMRC guidance.

6. PLANS FOR THE FUTURE

The Trustees do not propose to deviate from the current objectives and activities of the Foundation as detailed in Section 3 of this report but will further develop and refine their strategies, policies and procedures in future.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

7. AUDITOR

A resolution will be proposed at the Trustees' Meeting that Rawlinson & Hunter Audit LLP be appointed as auditor of the Foundation for the ensuing year.

Approved by the Trustees and signed on their behalf by:

Chelsea McLain

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Chelsea McLain
Trustee

Date: 26 October 2021

THE MCLAIN FOUNDATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

OF THE MCLAIN FOUNDATION LIMITED

Opinion

We have audited the financial statements of The McLain Foundation ('the charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities (including Income & Expenditure Account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report of the Trustees and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE MCLAIN FOUNDATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

OF THE MCLAIN FOUNDATION LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report of the Trustees (incorporating the Strategic Report and Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 2, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Our assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, is considered to be low. This conclusion was reached after the consideration of the following:

THE MCLAIN FOUNDATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

OF THE MCLAIN FOUNDATION LIMITED

Auditor's responsibilities for the audit of the financial statements

- due to the relatively simple business model and a low number of transactions within the charitable company there are comparatively few unexpected fluctuations in the reported results and balances and any such unexpected items would be specifically enquired into by us; and
- there are a number of individuals which comprise "management" and therefore there is no single individual who is likely to be able to override controls to effect a fraud.

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

- the review of control accounts and journal entries for large, unusual or unauthorised entries;
- the analytical review of the detailed statement of financial activities for variances that are either unexpected or felt not to be in accordance with our understanding of the charitable activities during the year;
- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by Financial Reporting Standard 102) and reviewing the ledgers of the Foundation for previously unreported related party transactions;
- review of transactions and journals for any indication of fraud or management override;
- review of Trustees' meeting minutes for unrecorded transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Yueling Wei (Senior Statutory Auditor)

For and on behalf of
Rawlinson & Hunter Audit LLP

Statutory Auditor and Chartered Accountants
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

THE MCLAIN FOUNDATION LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Page	Unrestricted Funds 2020 £	Unrestricted Funds 2019 £
Income from:			
Donations (note 15)	17	3,437,500	3,943,432
Investments (note 2)	14	215,179	235,605
Deposit interest		1,652	3,887
Gift aid supplementary interest		1,586	-
Total income		<u>3,655,917</u>	<u>4,182,924</u>
Expenditure on:			
Charitable activities (note 3)	14	715,840	158,788
Raising funds (note 4)	14	31,719	32,256
Total expenditure		<u>747,559</u>	<u>191,044</u>
Net gain on investment assets (note 6)	15	698,117	579,132
Net gain/(loss) on private equity investments (note 10)	16	1,125	(134,019)
Net gain on investments		<u>699,242</u>	<u>445,113</u>
Net income		3,607,600	4,436,993
Other losses			
Realised (loss) on foreign currency transactions		(19,223)	(13,487)
Net movement in funds		<u>3,588,377</u>	<u>4,423,506</u>
Reconciliation of funds:			
Total funds brought forward at 1 January		9,217,031	4,793,525
Total funds carried forward at 31 December		<u><u>£ 12,805,408</u></u>	<u><u>£ 9,217,031</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for years ended 31 December 2019 and 2020 other than those included in the Income and Expenditure Account.

THE MCLAIN FOUNDATION LIMITED

(Registered Charity No. 1139841 and Company No. 07463093)

BALANCE SHEET

AT 31 DECEMBER 2020

	Page	2020 £	2019 £
Fixed assets			
Investments and cash under management (note 6)	15	10,606,266	6,732,680
Investment in Riverhawk Funding II LLC (note 7)	15	549,410	567,194
Investment in Pacific Hotel Florida LLC (note 8)	16	252,858	442,411
Investment in HILP-C Investco LLC (note 9)	16	554,543	346,081
Total fixed assets		<u>11,963,077</u>	<u>8,088,366</u>
Current assets			
Cash at bank (note 11)	16	895,290	374,769
Debtors (note 12)	17	1	789,125
Total current assets		<u>895,291</u>	<u>1,163,894</u>
Current liabilities:			
Creditors - amounts falling due within one year (note 13)	17	(52,959)	(35,228)
Total assets less current liabilities		<u>£12,805,409</u>	<u>£ 9,217,032</u>
The funds of the charity:			
Share capital		1	1
Unrestricted funds		<u>12,805,408</u>	<u>9,217,031</u>
		<u>£12,805,409</u>	<u>£ 9,217,032</u>

The financial statements were approved and authorised for issue by the Trustees and were signed on their behalf by:

Chelsea McLain – 26 October 2021

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Chelsea McLain
Trustee

THE MCLAIN FOUNDATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Page	2020 £	2019 £
Cash flows from operating activities			
Net movement in funds for the year	9	3,588,377	4,423,506
Adjustments for:			
Income from investments and deposits		(218,417)	(239,492)
Net (loss) on investment assets		(699,242)	(445,113)
Decrease/(increase) in debtors		789,124	(786,049)
Increase/(decrease) in creditors		17,731	(15,045)
Loss on foreign currency		19,223	13,487
<i>Net cash provided by operating activities</i>		3,496,796	2,951,294
Cash flows from investing activities			
Income from investments		215,179	235,605
Deposit interest		1,652	3,887
Gift aid supplementary interest		1,586	-
Payments to acquire investments (note 6 & 8)	15/16	(1,908,429)	(6,217,497)
Receipts from sales of investments (note 6)	15	229,259	3,213,026
<i>Net cash (used in) by investing activities</i>		(1,460,753)	(2,764,979)
Net increase in cash and cash equivalents for the year		2,036,047	186,315
Cash and cash equivalents at 1 January 2020		391,293	218,465
Loss on foreign currency		(19,223)	(13,487)
Cash and cash equivalents at 31 December 2020		£ 2,408,113	£ 391,293
Cash and cash equivalents consist of:			
Cash held with investment managers (note 6)	15	1,512,823	16,524
Cash held at bank (note 11)	16	895,290	374,769
		£ 2,408,113	£ 391,293

THE MCLAIN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The McLain Foundation Limited (registered charity number 1139841 and company number 07463093) is based and administered in the United Kingdom, whose principal object is to support charitable purposes in whatever manner the Trustees, at their discretion, deem appropriate. The registered address is Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("Charities SORP FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice. The Foundation constitutes a public benefit entity as defined by Charities SORP FRS 102.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

The financial statements are presented in GBP which is the functional currency of the Foundation.

Fixed Asset Investments

Quoted investments are included at closing mid-market value at the Balance Sheet date. Realised gains and losses on investments are recognised on disposal on investments and any gain or loss on revaluation is taken to the Statement of Financial Activities (SOFA). The determination of any gains and losses is calculated by reference to the value of such assets at the beginning of the accounting period.

Cash held for investment is included within the Fixed Assets Investments in accordance with the applicable statement of Recommended Practice.

Private equity investments are held at fair market value based on Partner's Capital account analysis as returned in Schedule K-1 (Form 1065) to the Department of Treasury Internal Revenue Services, USA, with any revaluation accounted through the SOFA.

Incoming Resources

Investment income is derived from dividend and interest receivable from investments and is accounted for in the period in which the Foundation is entitled to receipt. Interest from deposit accounts are included as and when received only. All incoming resources including donation income are included in the SOFA when the Foundation is entitled to the income and the amount can be quantified with reasonable accuracy.

Gift Aid Tax Relief is claimed on donations when a donor presents a Gift Aid declaration.

THE MCLAIN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation committing the Trustees to the expenditure.

Charitable activities comprise grants and donations made during the period and are expended through the SOFA when the offer is conveyed to the recipient.

Governance costs relating to the general running of the Foundation, as opposed to the management functions inherent in generating funds.

Cost of raising funds relate to the costs incurred by the Charity in managing its investments.

Status of Funds

The entire resources of the fund are unrestricted and the Trustees have complete discretion for their use in pursuance of its objectives.

Financial instruments

The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at transaction value, except where settlement is delayed, in which case the transaction is recognised at the present value of the settlement amount.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure.

Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the entity's cash management. Also included is cash held under management by the investment broker.

Provisions

Provisions are recognised when the Foundation has an obligation at the Balance Sheet date as a result of a past event, it is probable that an outflow of economic benefit will be required in settlement and the amount can be reliably estimated.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the Statement of Financial Activities as they arise.

Taxation

The Foundation is not subject to any taxes on its charitable activities. Irrecoverable VAT is charged to the SOFA against the category of resources expended for which it was incurred.

Going Concern

The Covid-19 pandemic has created significant operational and financial pressures on the global economy. Having considered the contingency plans in place, the support to businesses announced by the UK Government and having reviewed updated cashflow forecasts, the Trustees consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

THE MCLAIN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Page	2020 £	2019 £
2. INVESTMENT INCOME			
UK and overseas securities income	9	215,179	£ 235,605
		<hr/>	<hr/>
3. CHARITABLE ACTIVITIES			
UK Grants Awarded:			
Women for Women/Challenge Match (Reg. Charity No. 1115109)		100,000	100,000
Barnardo's (Reg. Charity No. 216250)		100,000	10,000
Donmar Warehouse (Reg. Charity No. 284262)		60,000	-
West London Zone (Reg. Charity No. 1160947)		20,000	-
Institute of imagination (Reg. Charity No. 1109276)		3,800	-
TaxPayers' Alliance (not registered)		-	5,000
		<hr/>	<hr/>
		283,800	115,000
		<hr/>	<hr/>
US Grants Awarded:			
Duke University Fund (\$375,000)		280,716	-
Liger Charitable Foundation (\$100,000)		77,718	-
Princeton University (\$20,000)		14,813	-
Middle East Children's Institute (\$10,000)		7,484	7,563
New Story Inc. (2019: \$5,000)		-	3,781
		<hr/>	<hr/>
		380,731	11,344
		<hr/>	<hr/>
Total Grants Made		£ 664,531	£ 126,344
		<hr/>	<hr/>
Governance Costs			
Accountancy fees		18,395	11,746
Administration fees		15,317	4,800
Financial advisors' fees		11,897	11,344
Audit fees		4,800	4,800
Trustee expenses		900	-
Tax filing fees		-	354
Independent examiner's fees		-	(600)
		<hr/>	<hr/>
		51,309	32,444
		<hr/>	<hr/>
Total Charitable Activities	9	£ 715,840	£ 158,788
		<hr/>	<hr/>
4. COST OF RAISING FUNDS			
Investment management fees		31,525	28,187
Bank charges		194	76
Internal Revenue Service (note 5)	15	-	3,993
		<hr/>	<hr/>
	9	£ 31,719	£ 32,256
		<hr/>	<hr/>

THE MCLAIN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Page	2020 £	2019 £
5. TAXATION			
Internal Revenue Service (note 4)		£ -	£ 3,993
		<u> </u>	<u> </u>
6. FIXED ASSETS			
Investments and Cash under management			
Investments at market value at 1 January 2020		6,716,156	3,579,118
Additions at cost		1,908,429	5,770,932
Disposals at carrying value		(229,259)	(3,213,026)
		<u>8,395,326</u>	<u>6,137,024</u>
Realised (loss)/gain on disposals		(664)	69,658
Unrealised gain on revaluation		698,781	509,474
		<u> </u>	<u> </u>
Net Gain on Investment Assets	9	698,117	579,132
		<u> </u>	<u> </u>
Market value at 31 December 2020		9,093,443	6,716,156
Cash		1,512,823	16,524
		<u> </u>	<u> </u>
Total Value at 31 December 2020	10	£ 10,606,266	£ 6,732,680
		<u> </u>	<u> </u>
Historic Cost at 31 December 2020		£ 7,259,787	£ 5,571,261
		<u> </u>	<u> </u>
7. RIVERHAWK FUNDING II LLC			
Investment value at 1 January 2020		567,194	586,717
Unrealised loss on currency translation (note 10)	16	(17,784)	(19,523)
		<u> </u>	<u> </u>
Net asset value at 31 December 2020	10	£ 549,410	£ 567,194
		<u> </u>	<u> </u>

The Foundation has committed a total of \$750,000 and this has been fully drawn down.

Two of the Trustees, Cameron McLain and Chelsea McLain, are also participants in the LLC.

THE MCLAIN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	Page	2020 £	2019 £
8. PACIFIC HOTEL FLORIDA LLC			
Investment value at 1 January 2020		442,411	-
Additions at cost		-	446,565
Unrealised loss on revaluation (note 10)	16	(189,553)	(4,154)
		<u>£ 252,858</u>	<u>£ 442,411</u>
Net asset value at 31 December 2020	10		
The Foundation has committed a total of \$585,000, all of which has been drawn down.			
Three of the Trustees, Cameron McLain, Chelsea McLain and Carina McLain, are also shareholders in the LLC.			
9. HILP-C INVESTCO LLC			
Investment value at 1 January 2020		346,081	456,423
Unrealised gain/(loss) on revaluation (note 10)	16	208,462	(110,342)
		<u>£ 554,543</u>	<u>£ 346,081</u>
Net asset value at 31 December 2020	10		
The Foundation has committed a total of \$750,000, of which \$652,500 has been drawn down. The outstanding commitment is \$97,500.			
Two of the Trustees, Cameron McLain and Chelsea McLain, are also limited partners in the LLC.			
10. NET GAIN/(LOSS) ON PRIVATE EQUITY INVESTMENTS			
Unrealised (loss) on Pacific Hotel Florida LLC (note 8)	16	(189,553)	(4,154)
Unrealised (loss) on Riverhawk Funding II LLC (note 7)	15	(17,784)	(19,523)
Unrealised gain/(loss) on HILP-L Investco LLC (note 9)	16	208,462	(110,342)
	9	<u>£ 1,125</u>	<u>£ (134,019)</u>
11. CASH AT BANK			
Barclays International Business Reserve Account GBP		683,851	-
Barclays International Business Reserve Account USD (\$269,615)		197,506	
Barclays International Reserve Account (\$14,825)		10,860	
Barclays Jersey Income Account (\$4,150)		3,040	3,139
Barclays MFL Account		33	-
Barclays Jersey Capital Account		-	152,720
Coutts USD Account		-	125,500
Barclays Jersey Income Account		-	53,718
Barclays Jersey Capital Account (2019: \$52,551)		-	39,659
Coutts GBP Account		-	33
	10	<u>£ 895,290</u>	<u>£ 374,769</u>

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	Page	2020 £	2019 £
12. DEBTORS			
Amount owed by parent undertaking		1	1
Gift aid receivable		-	787,500
Income in course of collection		-	1,582
Interest receivable		-	42
	10	<u>£ 1</u>	<u>£ 789,125</u>
13. CREDITORS - amounts falling due within one year			
Accountancy fees		12,630	6,000
Administration fees		11,717	4,800
Financial advisors' fees		10,988	11,344
Audit fees		9,600	4,800
Investment management fees		8,024	8,284
	10	<u>£ 52,959</u>	<u>£ 35,228</u>
14. FINANCIAL INSTRUMENTS			
Financial assets measured at fair value (a)		12,858,367	8,463,135
Financial assets measured at amortised cost (b)		1	789,125
Financial liabilities measured at amortised cost (c)		52,959	35,228
a) Financial assets measured at fair value through SOFA consist of the fixed asset quoted investments, private equity investments at fair value and cash under management and in hand.			
b) Financial assets measured at amortised cost consist of debtors at year end.			
c) Financial liabilities measured at amortised cost consist of the creditors at year end.			
15. RELATED PARTY TRANSACTIONS			
One of the trustees made donations to the Foundation during the year which totalled £2,750,000 on which Gift Aid Tax relief of £687,500 has been claimed (2019: £3,155,932 and £787,500).			
£15,317 was paid to 8 Strands Ltd in respect of administration costs incurred on behalf of the Foundation (2019: £4,800). 8 Strands Ltd is owned and controlled by one Trustee.			
No Trustee received any remuneration during the year to 31 December 2020.			
16. ULTIMATE CONTROLLING PARTY			
The immediate parent undertaking is The McLain Foundation (US), formerly The McLain 8 Strands Foundation (US), a Delaware Corporation not for profit and without capital stock.			
The Trustees consider that the Foundation is jointly controlled by the Trustees and that there is no ultimate controlling party.			