

Company number: 09796120

Charity Number: 1164463

The Haddad Foundation

Report and financial statements

For the period ended 31 December 2020

The Haddad Foundation

Contents

For the period ended 31 December 2020

Reference and administrative information	1
Trustees' annual report	2
Independent auditor's report	9
Statement of financial activities (incorporating an income and expenditure account)	13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16

The Haddad Foundation

Reference and administrative information

For the period ended 31 December 2020

Company number	09796120
Charity number	1164463
Registered office and operational address	Haddad Foundation 20 Old Bailey LONDON EC4M 7AN
Country of registration	England & Wales
Country of incorporation	United Kingdom
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Claudio Luiz da Silva Haddad Chair Rosalie Rahal Haddad Daniela Barone Soares Dulce Maria de Barros Marchi Packard Tania Haddad Arthur Mizne
Bankers	J P Morgan 25 Bank Street Canary Wharf London E14 5JP
Solicitors	Withers LLP 20 Old Bailey London EC4M 7AN
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

The trustees present their report and the audited financial statements for the year ended 31 December 2020.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

The Foundation is a charitable company limited by guarantee governed by its articles of association. It was incorporated on 25 September 2015 and registered with the Charity Commission on 18 November 2015.

The Foundation's objects are set out at article 3.1 of its governing articles as:

- (a) the advancement of education for the benefit of the public, in particular (but without limitation to) the education of young persons and children in Brazil; and
- (b) such charitable purposes as the Trustees may in their absolute discretion determine.

The Foundation acts exclusively as a grant maker in order to fulfil its charitable objects.

The Foundation was established by Claudio and Rosalie Haddad in furtherance of their family's philanthropic activities. Claudio and Rosalie Haddad are joined on the board by their daughter, Tania Haddad, and Dulce Packard and Daniela Barone Soares, both of whom have experience in the English charity sector, as well as Arthur Mizne, an experienced advisor and investor.

The Foundation supports a range of charitable causes in accordance with its adopted grant-making policy, particularly those relating to education. Grants are made to reputable organisations, often well-established and with a long-standing track record of public benefit, with a focus on higher educational institutions.

Without limitation, and as set out in the Foundation's charitable objects, the trustees have a particular interest in projects which benefit young persons and children in Brazil. Claudio, Tania and Rosalie Haddad are resident in Brazil and, whilst the Foundation's business is conducted in English, the trustees speak fluent Portuguese. The beneficiaries of the Foundation's grants also include Brazilian students studying abroad in institutes of excellence such as the University of Chicago.

The Foundation's trustees currently hold an annual meeting once a year in the autumn, at which they review the Foundation's accounts and investments and its policies and procedures. They also formally review the progress of and decide on new grant proposals. Throughout the year they are in contact in relation to potential grants and other matters as and when they arise.

The Haddad Foundation

Trustees' annual report

For the period ended 31 December 2020

In the course of such dialogue, the trustees have reviewed the aims, objectives and activities of the Foundation. They have considered what the Foundation has achieved and the outcomes of its work in the reporting period, including the success of each key activity and the benefits brought to its beneficiaries. They ensure the Foundation remains focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Achievements and performance

As noted above, the Foundation furthers its charitable purposes for the public benefit particularly by making grants which focus on the advancement of education and which benefit young people or children from Brazil. Predominantly such grants are to large, reputable and long-standing educational institutions. Its ultimate beneficiaries in those instances are the students and pupils of the grantees. The trustees hope that there will be wider benefits to their educational grants, namely to society more generally.

The Foundation paid the following grants during the reporting period:

Grantee	Grant amount (\$)
Ensina Brasil	300,000
University of Chicago	650,000
Insper Instituto de Ensino	1,400,000
Nova de Lisboa	43,308
Trinity College Dublin	36,691
Harvard University	315,000
Think Forward	46,030
Sou Da Paz	58,235
Vetor Brasil	103,000
London School of Economics	13,068
Total	2,965,332

In addition, the Foundation also committed to make the following grants (payable during 2020):

Grantee	Grant amount (\$)
Ensina Brasil	300,000
Insper Instituto de Ensino	826,411
Nova de Lisboa	3,668,434
Trinity College Dublin	893,936
Harvard University	15,000
Vetor Brasil	240,834

The Haddad Foundation

Trustees' annual report

For the period ended 31 December 2020

MASP	1,347,827
London School of Economics	13,633
Total	7,306,075

Grantees are required to report back to the Foundation on the use of their grants so that the trustees can satisfy themselves on the success of the projects which have been funded, and that public benefit has been achieved. Throughout the year the trustees have received updates on projects the Foundation has funded.

The trustees are satisfied from the terms of its grants and the reporting received that the charitable activities supported by the Foundation have effectively achieved its purposes and objectives in the period.

In future years the Foundation plans to continue to make grants in accordance with its aims, objectives and commitments described above. The trustees shall continue to review the results of grants already made and consider whether to support existing beneficiaries, as well as consider any new opportunities.

Investment aims and financial review

The Foundation depends on its investment return, plus any supplementary donations which may be received, to fund its grant making. The Foundation is intended to exist in perpetuity, and the Foundation has an investment policy and a risk policy which guide its approach. It has delegated the management of its investments to investment managers.

The Foundation seeks to achieve the best financial return to support its grant making activities within an acceptable level of risk. Its assets are invested widely with a view to diversification. Its investment objective is long-term capital growth above inflation, with moderate volatility. The Foundation adopts a total return to investment; whilst the Foundation can draw down therefore on capital to meet expenditure needs, this is done with the needs of future beneficiaries in mind. If in any one year the total return is insufficient to meet the grant making expenditure, the aim is that the real value of the Foundation will be maintained overall.

During this financial period, the Foundation received \$444,861 (2019: \$958,504) in income on investments and made gains on investments of \$4.5m (2019: \$3.9m).

Principal risks and uncertainties

The trustees have identified the following principal risks in the running of the Foundation as a grant maker: poor investment return, including currency exchange losses; mis-use of funds by grantees; conflicts of interest; and regulatory non-compliance. They shall review and continue to mitigate those risks and, with such mitigating measures in place, they do not currently consider that any risks identified are likely to occur with any serious impact. Risk controls include a diversified investment portfolio with the Foundation's managers; robust grant making practices and template grant terms; and seeking professional advice and support.

Reserves policy

The Foundation seeks to maintain sufficient reserves so that future expected funding requirements for a number of years, along with the associated governance and support costs, can be met. The Foundation does not hold any restricted funds and does not currently employ staff or pay rent.

As at the year end the Foundation's reserves were \$33,452,588 (2019: \$35,814,237).

Structure, governance and management

As referred to above, the Foundation is a charitable company limited by guarantee governed by its articles of association. It was incorporated on 25 September 2015 and registered with the Charity Commission on 18 November 2015.

The Foundation operates as a pure grant maker with grant making decisions being made collectively by the trustees. The Foundation does not employ any staff; however, it has engaged Withers LLP for company secretarial services as well as legal advice.

All trustees give their time voluntarily and receive no benefits from the Foundation. No expenses were paid during the year.

Appointment of trustees

New trustees can be appointed either by the Foundation's members (Claudio and Rosalie Haddad) or, subject to the written consent of the members, by the trustees currently in office. The board is required to consist of at least three and not more than eight persons.

Trustee induction and training

New trustees are required to review, complete and sign a consent to act; the Charity Commission declaration of eligibility and responsibility; HMRC's model fit and proper person declaration; and a declaration of interests. They are introduced to the Foundation's articles of association, conflicts

of interest, grant making and investment policies, and directed to the Charity Commission website and guidance.

Fundraising disclosures

The Foundation does not solicit donations or seek to raise funds from the public. It has not engaged professional fundraisers or commercial participators to fundraise on its behalf. Since the Foundation was established for the philanthropy of the Haddad family it has received donations only from members of the family (or organisations related to them).

As such, the Foundation has not (with reference to section 162A of the Charities Act 2011): subscribed to any scheme or standard relating to fundraising; monitored any activities carried out on its behalf for the purpose of fundraising; received any complaints in relation to fundraising; nor needed to take steps to protect vulnerable people and other members of the public from the behaviour connected to fundraising and referred to in section 162(a)(2) of the Charities Act 2011.

Related parties and relationships with other organisations

Claudio Haddad has unpaid roles within some of the Foundation's grantees. He is Founder and President of the Board of Insper; Chairman of the advisory council of the Brazil office of the David Rockefeller Center for Latin American Studies of Harvard University; a member of the Global Council of Harvard University; a member of the advisory council of the Becker–Friedman Institute of the University of Chicago; and a board member of Ensina Brasil. These roles have been declared to his fellow trustees, who consider that they provide useful insight into the governance and operation of the grantees concerned. They were also explained to the Charity Commission on applying to register the Foundation. None of the roles is remunerated.

Rosalie Haddad is a director of the Associação Brasileira de Estudos Irlandeses, or the Brazilian Association of Irish Studies (ABEI), and a member of the Board of the Trinity Centre for Literary and Cultural Translation at Trinity College Dublin. Students supported by the Foundation's grant to Trinity College Dublin are selected together by ABEI and Trinity College Dublin. Rosalie Haddad does not receive any remuneration for her role.

Daniela Barone Soares is a member of Insper's Visiting Committee, a consulting body to the president of Insper, which meets once a year. Daniela Barone Soares does not receive any remuneration for her role.

Tania Haddad is a Board Member of Insper, a Member of the Social Sciences Council at the University of Chicago and a Member of the Advisory Board at MASP (Museum of Art of São Paulo). None of the roles is remunerated.

Claudio and Rosalie Haddad are married to each other, and Tania Haddad is their daughter.

Statement of responsibilities of the trustees

The trustees (who are also directors of The Haddad Foundation for the purposes of company law) are responsible for preparing the trustees' annual report 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 that 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
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation 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.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- 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 trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Foundation guarantee to contribute an amount not exceeding £1 to the assets of the Foundation in the event of winding up. The total number of such guarantees at 31 December 2020 was 2 (2019: 2). The trustees have no beneficial interest in the Foundation.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Haddad Foundation

Trustees' annual report

For the period ended 31 December 2020

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on the date below and signed on their behalf by

Claudio Luiz da Silva Haddad
Trustee

Date: 27 September 2021

Independent auditor's report

To the members of

The Haddad Foundation

Opinion

We have audited the financial statements of The Haddad Foundation (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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
- 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 Haddad Foundation'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.

Independent auditor's report

To the members of

The Haddad Foundation

Other Information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 trustees' annual 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of trustees, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

Independent auditor's report

To the members of

The Haddad Foundation

- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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 is available 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.

Noelia Serrano (Senior statutory auditor)

28 September 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

The Haddad Foundation

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2020

	Note	2020 Total \$	2019 Total \$
Income from:			
Donations and legacies	2	–	10,000,000
Investments	3	444,861	958,504
Total income		444,861	10,958,504
Expenditure on:			
Raising funds	4	374,837	376,240
Charitable activities			
Public education	4	7,431,661	4,058,968
Total expenditure		7,806,498	4,435,208
Net (expenditure) / income before net gains on investments		(7,361,637)	6,523,296
Net gains on investments		4,465,517	3,937,942
Net (expenditure) / income for the period	6	(2,896,120)	10,461,238
Gains on foreign exchange		534,471	3,919
Net movement in funds		(2,361,649)	10,465,157
Reconciliation of funds:			
Total funds brought forward		35,814,237	25,349,080
Total funds carried forward		33,452,588	35,814,237

All of the above results are derived from continuing unrestricted activities. There were no other recognised gains or losses other than those stated above.

The Haddad Foundation

Balance sheet

Company no. 09796120

For the year ended 31 December 2020

	Note	\$	2020 \$	\$	2019 \$
Fixed assets:					
Investments	10		43,808,733		42,240,099
Liabilities:					
Creditors: amounts falling due within one year	11a	(3,741,488)		(3,247,878)	
Net current liabilities			(3,741,488)		(3,247,878)
Total assets less current liabilities			40,067,245		38,992,221
Creditors: amounts falling due after one year	11b		(6,614,657)		(3,177,984)
Total net assets			33,452,588		35,814,237
The funds of the charity:					
Unrestricted general funds			33,452,588		35,814,237

Approved by the trustees on 27 September 2021 and signed on their behalf by:

Claudio Luiz da Silva Haddad
Trustee

Statement of cash flows

For the year ended 31 December 2020

Reconciliation of net income to net cash flow from operating activities

	2020 \$	2019 \$
Net (expenditure) / income for the period (as per the statement of financial activities)	(2,361,649)	10,465,157
Gains on investments	(4,465,517)	(3,937,942)
Dividends, interest and rent from investments	(444,861)	(958,504)
Increase in creditors	3,930,283	548,540
Net cash (used in) / provided by operating activities	<u>(3,341,744)</u>	<u>6,117,251</u>

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Net cash (used in) / provided by operating activities	13	(3,341,744)	6,117,251
Cash flows from investing activities:			
Dividends and interests from investments		444,861	958,504
Proceeds from sale of investments		19,628,263	13,289,498
Increase / (decrease) in cash held by investment manager		2,626,479	(2,411,645)
Purchase of investments		<u>(19,357,859)</u>	<u>(17,953,608)</u>
Net cash provided by / (used in) investing activities		<u>3,341,744</u>	<u>(6,117,251)</u>
Change in cash and cash equivalents in the period		-	-
Cash and cash equivalents at the beginning of the period		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the period		<u>-</u>	<u>-</u>

1 Accounting policies

a) Statutory information

The Haddad Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address is 20 Old Bailey, London, EC4M 7AN.

b) Basis of preparation

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 UK and Republic of Ireland (FRS 102) and the Companies Act 2006/Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

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.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Presentational currency and foreign exchange

The presentational and functional currency of the charitable foundation is United States Dollars (USD). At the year end the exchange rates adopted were GBP 1: USD 1.37 (2019: 1.31), EUR 1: USD 1.22 (2019: 1.12) and BRL 1: USD 0.19 (2019: 0.25).

Assets and liabilities in foreign currencies are translated into USD at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated in USD at the rate of exchange at the time of the transaction. Exchange differences are shown on the statement of financial activities.

f) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

h) Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs of investment management
- Expenditure on charitable activities includes the costs of educational activities undertaken to further the purposes of the charity and their associated support costs

j) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet.

Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

m) Cash at bank and in hand

The Foundation holds no cash at bank as all short term highly liquid cash amounts are held as part of the listed investment portfolio. All income and expenditure transactions are made via the investment portfolios.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting policies (continued)

o) Financial instruments

With the exception of the listed investments described above the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2 Income from donations and legacies

	2020 Total \$	2019 Total \$
Donations	–	10,000,000
	–	10,000,000

3 Income from investments

	2020 Total \$	2019 Total \$
Investment income	444,861	958,504
	444,861	958,504

4a Analysis of expenditure (current year)

		Charitable activities			
	Raising funds \$	Public education \$	Governance costs \$	2020 Total \$	2019 Total \$
Grants paid (note 5)	-	7,389,646	-	7,389,646	4,026,491
Audit and accountancy fees	-	-	16,548	16,548	13,200
Legal fees	-	-	29,361	29,361	22,287
Tax on investments	21,631	-	-	21,631	76,156
Other investment costs	40,591	-	-	40,591	36,206
Commission fees	308,721	-	-	308,721	260,868
	370,943	7,389,646	45,909	7,806,498	4,435,208
Governance costs	3,894	42,015	(45,909)	-	-
Total expenditure 2020	374,837	7,431,661	-	7,806,498	
Total expenditure 2019	376,240	4,058,968	-	4,435,208	

4b Analysis of expenditure (prior year)

		Charitable activities			
	Raising funds \$	Public education \$	Governance costs \$	2019 Total \$	2018 Total \$
Grants paid (note 5)	-	4,026,491	-	4,026,491	4,608,824
Audit and accountancy fees	-	-	13,200	13,200	17,979
Legal fees	-	-	22,287	22,287	44,008
Tax on investments	76,156	-	-	76,156	70,338
Other investment costs	36,206	-	-	36,206	44,948
Commission fees	260,868	-	-	260,868	214,907
	373,230	4,026,491	35,487	4,435,208	5,001,004
Governance costs	3,010	32,477	(35,487)	-	-
Total expenditure 2019	376,240	4,058,968	-	4,435,208	
Total expenditure 2018	334,337	4,666,667	-	5,001,004	

Notes to the financial statements

For the year ended 31 December 2020

5a Grant making (current year)

	Amounts paid out during the year \$	Approved & accounted for 2019 \$	Approved & accounted for 2020, paid 2021 or later \$	2020 \$	2019 \$
Ensina Brasil	300,000	(300,000)	300,000	300,000	319,964
University of Chicago	650,000	(650,000)	-	-	-
Inspere Instituto de Ensino	1,400,000	(1,400,000)	826,411	826,411	2,009,755
Nova de Lisboa	43,308	(43,308)	3,668,434	3,668,434	(2,402)
Trinity College Dublin	36,691	-	893,936	930,627	74,731
Harvard University	315,000	(315,000)	15,000	15,000	1,515,000
Think Forward	46,030	(46,030)	-	-	21,039
Sou Da Paz	58,235	(58,235)	-	-	-
Vetor Brasil	103,000	(56,000)	240,834	287,834	62,061
MASP	-	-	1,347,827	1,347,827	-
London School of Economics	13,068	(13,188)	13,633	13,513	26,343
	<u>2,965,332</u>	<u>(2,881,761)</u>	<u>7,306,075</u>	<u>7,389,646</u>	<u>4,026,491</u>

The above grants were all paid to institutions in furtherance of public education.

5b Grant making (prior year)

	Amounts paid out during the year \$	Approved & accounted for 2018 \$	Approved & accounted for 2019, paid 2020 or later \$	2019 \$	2018 \$
Ensina Brasil	200,000	(200,000)	319,964	319,964	737,076
University of Chicago	650,000	(650,000)	-	-	1,250,040
Inspere Instituto de Ensino	1,520,000	(1,329,586)	1,819,341	2,009,755	1,926,559
Nova de Lisboa	44,752	(47,154)	-	(2,402)	-
Trinity College Dublin	74,731	-	-	74,731	81,282
Harvard University	425,000	(425,000)	1,515,000	1,515,000	25,000
Think Forward	84,562	(63,523)	-	21,039	-
Fundação Bienal de São Paulo	-	-	96,815	-	33,040
Vetor Brasil	67,000	(67,000)	62,061	62,061	144,488
Cultura Artística	400,000	(400,000)	-	-	400,000
London School of Economics	13,225	-	13,118	26,343	11,339
	<u>3,479,270</u>	<u>(3,182,263)</u>	<u>3,826,299</u>	<u>4,026,491</u>	<u>4,608,824</u>

6 Net (expenditure) / income for the period

This is stated after charging / (crediting):

	2020 \$	2019 \$
Auditor's remuneration (excluding VAT):		
Audit	5,612	5,247
Other services	5,502	6,559
Foreign exchange (gains)	<u>(534,471)</u>	<u>(3,919)</u>

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

The charity trustees were neither paid nor received any other benefits from employment with the charity in the period or prior period. No charity trustee received payment for professional or other services supplied to the charity (2019: none). No trustee expenses were incurred in the period or prior period.

8 Related party transactions

The charity received unrestricted donations of nil from Claudio Haddad (2019: \$3,500,000), nil from Rosalie Haddad (2019: \$6,500,000), both members of the Board.

The charity made grant payments to Ensina Brasil, an organisation of which one of the Trustees, Claudio Haddad, is a Board member, of \$300,000 (2019: \$319,964). The year end creditor balance was \$900,000 (2019: \$900,000).

The charity made grant payments to Insper Instituto de Ensino of \$1,400,000 (2019: \$2,009,755). Claudio Haddad and Tania Haddad are both Trustees of the charity and also on the Board of Insper Instituto de Ensino. The year end creditor was \$1,057,467 (2018: \$2,139,305).

The charity made grant payments to Harvard University, including grants to support the Brazil programs of the David Rockefeller Center for Latin American Studies and Harvard regional activity in Brazil of \$315,000 (2019: \$1,515,000). Claudio Haddad is chair of the advisory council of the Brazil office of the David Rockefeller Center for Latin American Studies of Harvard University. He is also a member of the Global Council of Harvard University. The creditor at year-end was \$1,215,000 (2019: \$1,515,000).

The charity made grant payments of \$650,000 (2019: \$nil) were made to the University of Chicago. Claudio Haddad is a member of the advisory council of the Becker-Friedman Institute of the University of Chicago. The creditor at year end was \$900,000 (2019: \$1,550,000).

Rosalie Haddad, a trustee, is also a director of the Associação Brasileira de Estudos Irlandeses, or the Brazilian Association of Irish Studies (ABEI). Students supported by the Foundation's grant to Trinity College Dublin are selected together by ABEI and Trinity College Dublin. Rosalie Haddad is also a board member of the Trinity Centre for Literary Translation at Trinity College Dublin. Grants of \$36,691 (2019: \$74,731) were made to Trinity College Dublin in the year. There was no balance outstanding at year-end (2019: nil).

9 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Notes to the financial statements

For the year ended 31 December 2020

10 Listed investments

	2020 \$	2019 \$
Fair value at the start of the period	39,417,758	30,815,706
Additions at cost	19,357,859	17,953,608
Disposal proceeds	(19,628,263)	(13,289,498)
Net gain on change in fair value	4,465,517	3,937,942
	<u>43,612,871</u>	<u>39,417,758</u>
Cash held by investment broker pending reinvestment	195,862	2,822,341
Fair value at the end of the year	<u>43,808,733</u>	<u>42,240,099</u>
Investments comprise:		
	2020 \$	2019 \$
Fixed income	8,904,168	11,320,844
Equities	23,337,745	16,892,689
Alternative assets	11,370,958	11,204,225
Cash	195,862	2,822,341
	<u>43,808,733</u>	<u>42,240,099</u>

11a Creditors: amounts falling due within one year

	2020 \$	2019 \$
Accruals	42,812	14,050
Grants payable	3,698,676	3,233,828
	<u>3,741,488</u>	<u>3,247,878</u>

11b Creditors: amounts falling due after one year

	2020 \$	2019 \$
Grants payable within 1–5 years	<u>6,614,657</u>	<u>3,177,984</u>

12 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1 (\$1.37).