

Registered number: 11742522

Charity number: 1188616

Cleveland Clinic Philanthropy (UK) Ltd

**Trustees' report and financial statements
for the year ended 31 December 2022**

Cleveland Clinic Philanthropy (UK) Ltd

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Cleveland Clinic Philanthropy (UK) Ltd

Reference and administrative information for the year ended 31 December 2022

Company registered number	11742522
Charity registered number	1188616
Registered office	Suite 1, 7th Floor 50 Broadway London, United Kingdom SW1H 0BL
Principal operating office	40 Grosvenor Place London, United Kingdom SW1X 7AW
Company secretary	Vistra Cosec Limited
Trustees (Directors)	J Botts B Donley (resigned 17 October 2022) T Falcone (appointed 17 October 2022, resigned 1 June 2023) S Glass (resigned 13 June 2022) R Gordon A Helton (appointed 13 June 2022, resigned 14 April 2023) D Laraway (appointed 14 April 2023) R Lorenz (appointed 1 June 2023) W Peacock D Pritchard D Rowan
Independent auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

Cleveland Clinic Philanthropy (UK) Ltd

Trustees and Directors' report for the year ended 31 December 2022

The Trustees present their annual report and financial statements of Cleveland Clinic Philanthropy (UK) Ltd (the "charity") for the year ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out in note 2 to the financial statements and comply with the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities effective 1 January 2019.

Trustees

The Trustees are also the directors of the charity. The Trustees who held office during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

J Botts
B Donley (resigned 17 October 2022)
T Falcone (appointed 17 October 2022, resigned 1 June 2023)
S Glass (resigned 13 June 2022)
R Gordon
A Helton (appointed 13 June 2022, resigned 14 April 2023)
D Laraway (appointed 14 April 2023)
R Lorenz (appointed 1 June 2023) (M.D., Chair of Trustees)
W Peacock
D Pritchard
D Rowan

Structure, governance and management

The charity is a registered charity in England and Wales, number 1188616, and is constituted under a certificate of incorporation dated 27 December 2018. The Articles of Association of the charity were approved on 20 February 2020 and the Charities Commission approved it as a charity in February 2020. The charity was established by a contribution by The Cleveland Clinic Foundation, a non-profit health care system in Ohio, United States ("Cleveland Clinic"), which provides continual operating support so that all monies raised by the charity may be used for its mission. The charity began fundraising in 2021 and seeks to perform its charitable work through active fundraising.

The sole member of the charity, Cleveland Clinic, has the authority to appoint new Trustees provided that at all times at least a sufficient number of Trustees to be able to form a quorum are independent. The Trustees serve for an initial term of office for three years and may be reappointed for a further term or terms of three years each. The charity's Articles of Association provide for a minimum of five Trustees but is not subject to a maximum.

At the Trustees' meetings, the Trustees agree on the broad strategy and areas of activity for the charity, including consideration of grant making, investment, reserves and risk management policies and performance. The day-to-day administration of grants and the processing and handling of applications prior to consideration by the relevant subcommittee is delegated to the Administrator, B Mikhail. In 2022, the charity utilised the services of a professional fundraiser. The Administrator monitors the fundraising activity by providing training and maintaining frequent communication with the fundraiser. Fundraising is also performed internally by the charity and monitored by Cleveland Clinic. Fundraising activities to date have been limited in scope and primarily from certain individuals.

All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 6 and 13 to the financial statements. Trustees are required to disclose all relevant interests and register them with the Chair and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises.

On appointment new Trustees meet with the Chair and the Trustees. The welcome packet includes a copy of the Articles of Association, and a copy of the Charity Commission's guidance entitled "Guidance for Charities with a Connection to a Non-Charity", "The Essential Trustee: What You Need to Know" and "Charitable Purposes and Public Benefit".

The Trustees approved the formation of a Grant-Making Committee in November 2020, which held its first meeting in March 2021. The committee has established a formal governance structure for grant decision making and review of grant applications. The charity began making grant distributions in 2022.

Cleveland Clinic Philanthropy (UK) Ltd

Trustees and Directors' report (continued) for the year ended 31 December 2022

Objectives and activities for the public benefit

The objects of the charity are as follows:

- The advancement of health, including without limitation by the relief and prevention of poor health and physical and / or mental illness of any description
- The advancement of medical education and research, for the benefit of the public and in supporting Cleveland Clinic

In furtherance of these objectives, the charity supports and promotes the following programmes and activities:

- Clinical fellowships and education
- Nurse and allied health training and education
- Executive healthcare leadership for clinicians
- Clinical outcomes research
- Research collaborations with UK and Cleveland Clinic partners
- Charitable and community care

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting the grant-making policy for the year.

Financial review

For the year ended 31 December 2022, the charity received contributions of £7,117,240, consisting of £1,000,000 received from the Cleveland Clinic and £6,117,240 raised through fundraising, comprised of £47,196 of unrestricted contributions and £6,070,044 of restricted contributions. Contributions from the Cleveland Clinic are used to pay unrestricted support costs, which totalled £963,621 in 2022. Cleveland Clinic will make additional contributions to the charity in 2023 to enable the charity to cover support expenses incurred in 2023. Therefore, the charity will be able to utilise all contributions raised through active fundraising for its mission. Grant distributions from restricted funds totalled £101,717 in 2022. These distributions were comprised of £94,112 provided to Cleveland Clinic London Ltd to support the provision of health care and £7,605 provided to various individuals to support educational scholarships. There were no grant distributions from unrestricted funds during 2022.

At 31 December 2022 the charity had cash at bank and in hand of £7,263,527, an increase of £6,154,276 from cash at bank and in hand at 31 December 2021 primarily resulting from philanthropic fundraising efforts during 2022. The charity has £6,706,710 of restricted funds available at 31 December 2022 to support the charity's objectives in accordance with donor restrictions.

The charity has received pledge commitments from certain donors for future contributions. Total pledge commitments at 31 December 2022 were £16,900,000 and are expected to be collected over the next five years. Pledge commitments are not recorded in the financial statements until entitlement of the pledged assets has passed to the charity, which is generally when the donation is received.

The Cleveland Clinic Foundation has confirmed that it will continue to support the charity's obligations, to enable it to meet its liabilities as they fall due for the period to 30 June 2024. The Trustees have a reasonable expectation that the charity and the group have adequate resources to continue in operational existence for the period to 30 June 2024. Accordingly, the charity continues to adopt the going concern basis in preparing its financial statements.

The invasion of Ukraine by Russia on 24 February 2022 has led to significant sanctions against Russia. The charity has no ongoing exposures to, or investments in, Russian- related interests, and the conflict is not expected to have any impact on the charity at this time.

Cleveland Clinic Philanthropy (UK) Ltd

Trustees and Directors' report (continued) for the year ended 31 December 2022

Risk management

Effective risk management is fundamental in enabling the charity to deliver its strategy and ensure it remains strong and sustainable in the long term. The Trustees are responsible for the overall management of the administration of the charity and for ensuring that there are appropriate systems of controls in place. The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. Decisions by the Trustees concerning the charity are taken by the Trustees, acting collectively.

The Trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks. A major risk is attracting donors to help the charity satisfy its mission of advancing health and medical education and research. As the charity works to establish a good reputation, reputational risks may arise from its fundraising and grant-making activities. However, plans are being developed to mitigate these risks as far as reasonably possible. To avoid inappropriate or unethical use of charitable funds, processes are being developed to scrutinize grant applications for ethical issues and to ensure that, so far as practicable, charitable funds are disseminated in accordance with any specific wishes of each donor, or the stated aims of a particular campaign or fund.

Reserves policy

The Trustees aim to maintain unrestricted reserves that are sufficient to cover support costs. Support costs are funded by contributions received from the Cleveland Clinic that are contributed to the charity throughout the year as support costs are incurred. Cleveland Clinic has provided contributions to the charity in 2022 and will continue to support the operating and governance costs as necessary to enable the charity to meet its obligations and liabilities as they fall due.

Plans for the future

The charity is committed to the advancement of healthcare and medical education and research. As a public charity, it appreciates and relies upon philanthropy contributions from grateful patients, friends of the charity, alumni, corporations, charities and foundations in order to support its mission: caring for life, researching for health, and education those who serve. The plans for the future are to develop these philanthropic networks to raise funds in order to support its mission for the long term.

Qualifying third party indemnity provisions

The charity has granted indemnity to one or more of its Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the financial year and remains in force as at the date of approving the Trustees' report.

Cleveland Clinic Philanthropy (UK) Ltd

Trustees and Directors' report (continued) for the year ended 31 December 2022

Responsibilities of the Trustees

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charity as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) issued in 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 not appropriate to assume that the charity will continue on that basis.

The Trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Companies Act 2006.

Disclosure of information to the auditor

In accordance with company law, the Trustees confirm that:

- so far as they are aware, there is no relevant audit information of which the charity's auditors are unaware; and
- as the Trustees of the charity they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditor, Ernst & Young LLP will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and reporting by Charities (effective 1 January 2019) and in accordance with the small companies regime.

Approved by the Trustees on 7 June 2023 and signed on their behalf by:



D Laraway
Trustee

Cleveland Clinic Philanthropy (UK) Ltd

Independent auditor's report to the members of Cleveland Clinic Philanthropy (UK) Ltd

Opinion

We have audited the financial statements of Cleveland Clinic Philanthropy (UK) Ltd for the year ended 31 December 2022 which comprise the Statement of financial activities (incorporating income and expenditure account), the Balance Sheet and the related notes 1 to 14, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

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 2022 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 below. 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 the provisions available for small entities, in circumstances set out in note 2 to the financial statements, 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 to 30 June 2024.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Cleveland Clinic Philanthropy (UK) Ltd

Independent auditor's report to the members of Cleveland Clinic Philanthropy (UK) Ltd (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained in the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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' report, which includes the directors' report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees and directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the trustees and directors' report included within the trustees' report

We have nothing to report in respect of the following matters where 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.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Trustees' Annual Report.

Cleveland Clinic Philanthropy (UK) Ltd

Independent auditor's report to the members of Cleveland Clinic Philanthropy (UK) Ltd (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, 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 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 management either intends to liquidate the charitable company or to cease operations, or has 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 and the Charities Act 2011). In addition, the Company must comply with laws and regulations relating to its operations, including the UK Bribery Act and GDPR.
- We understood how Cleveland Clinic Philanthropy (UK) Ltd is complying with those frameworks by making enquiries of management to understand how the charitable company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing of board minutes as well as consideration of the results of all our audit procedures across the charitable company's transactions and balances. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur by making enquiries of those charged with governance and by considering the risk of management override. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

Cleveland Clinic Philanthropy (UK) Ltd

Independent auditor's report to the members of Cleveland Clinic Philanthropy (UK) Ltd (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

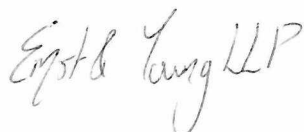
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involve:
 - Enquiry of members of senior management, and when appropriate those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements.
 - Reading board minutes of those charged with governance.
 - Obtaining and reading correspondence from legal and regulatory bodies where applicable; and
 - Testing journals identified by specific risk criteria and journals indicating large or unusual transactions based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Lovegrove (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 8 June 2023

Cleveland Clinic Philanthropy (UK) Ltd

Statement of financial activities (incorporating income and expenditure account) for the year ended 31 December 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Incoming resources from generated funds:					
Donations	3	1,047,196	6,070,044	7,117,240	1,802,082
Total income		1,047,196	6,070,044	7,117,240	1,802,082
Expenditures on:					
Charitable activities	4	(963,621)	(101,717)	(1,065,338)	(781,365)
Total expenditures		(963,621)	(101,717)	(1,065,338)	(781,365)
Net income for the year		83,575	5,968,327	6,051,902	1,020,717
Reconciliation of capital and funds:					
Balances at beginning of year		144,300	738,383	882,683	(138,034)
Balances at end of year		227,875	6,706,710	6,934,585	882,683

The statement of financial activities includes all gains and losses in the year. All income and expenditure derive from continuing activities.

The notes on pages 12 to 17 form part of these financial statements.

**Balance sheet
as at 31 December 2022**

	Note	2022 £	2022 £	2021 £	2021 £
Current assets					
Debtors: Amounts falling due within one year	8	11,858	-		
Cash at bank and in hand		7,263,527	1,109,251		
		<u>7,275,385</u>	<u>1,109,251</u>		
Creditors: Amounts falling due within one year	9	(340,800)	(226,568)		
Total net assets		<u><u>6,934,585</u></u>	<u><u>882,683</u></u>		
Capital and funds					
Share capital	10	1	1		
Unrestricted funds	11	227,874	144,299		
Restricted funds	11	6,706,710	738,383		
Total capital and funds		<u><u>6,934,585</u></u>	<u><u>882,683</u></u>		

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 7 June 2023 and signed on their behalf by:



**D Laraway
Trustee**

The notes on pages 12 to 17 form part of these financial statements.

Cleveland Clinic Philanthropy (UK) Ltd

Notes to the financial statements for the year ended 31 December 2022

1. General information

The charity is a registered charity limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Suite 1, 7th Floor, 50 Broadway, London, SW1Y 0BL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Cleveland Clinic Philanthropy (UK) Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

2.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

- from preparing a statement of cashflows;
- from preparing certain financial instrument disclosures; and
- from disclosing key management personnel compensation.

The charity has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent company, The Cleveland Clinic Foundation, includes the necessary disclosures in its consolidated financial statements.

Other than the exemptions taken above, the charity has applied the recognition, measurement and disclosure requirements of FRS 102.

2.3 Going concern

The Trustees have assessed the ability of the charity to continue to operate as a going concern through to the end of June 2024, including a horizon scan of potential events requiring a cash outflow to the end of 2024. Having prepared a detailed budget for 2023 and 2024 the Trustees have concluded that they will continue to require the support of and investment from their ultimate parent company The Cleveland Clinic Foundation, to meet their liabilities as they fall due. Grant distributions are paid from cash balances in unrestricted and restricted funds and do not exceed the available cash within each fund.

The ultimate controlling party The Cleveland Clinic Foundation, a non-profit corporation in Ohio, United States of America, has confirmed it will continue to support the charity's obligations, to enable it to meet its liabilities as they fall due, for the period to the end of June 2024. The Trustees have assessed the ability and intent of CCF to provide the required financial support and concluded that it will be able to do so.

As such, the Trustees have a reasonable expectation that the charity and the group have adequate resources to continue in operational existence for the period to 30 June 2024. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Cleveland Clinic Philanthropy (UK) Ltd

Notes to the financial statements for the year ended 31 December 2022

2. Accounting policies (continued)

2.4 Functional and presentational currency

The charity's functional and presentational currency is the pound sterling.

2.5 Income

Donations are recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

Expenditure on raising funds includes all expenditure incurred by the charitable company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

All expenditure is inclusive of irrecoverable VAT.

2.7 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.8 Financial instruments

(i) Financial assets

The charity's financial assets comprise cash at bank and in hand. Management determines the classification of its financial assets at initial recognition.

The charity's financial assets are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(ii) Financial liabilities

The charity's financial liabilities comprise amounts owed to group undertakings and other creditors. Management determines the classification of its financial liabilities at initial recognition.

The charity's financial liabilities are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2.9 Share capital

Ordinary shares are classified as equity.

Cleveland Clinic Philanthropy (UK) Ltd

Notes to the financial statements for the year ended 31 December 2022

2. Accounting policies (continued)

2.10 Fund accounting

Unrestricted funds are general funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Fundraising and administrative costs are charged against unrestricted funds.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. Restricted funds are held by the charity for purposes that are consistent with its mission of advancing healthcare, medical education and research.

3. Income from donations

	Unrestricted Funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	47,196	6,070,044	6,117,240	802,082
Contributions from parent undertaking	1,000,000	-	1,000,000	1,000,000
	1,047,196	6,070,044	7,117,240	1,802,082

The contribution from the parent undertaking relates to providing funds to cover the support costs of the charity.

Cleveland Clinic Philanthropy (UK) Ltd

Notes to the financial statements for the year ended 31 December 2022

4. Expenditures on charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Grant distributions	-	101,717	101,717	-
Operational support costs	905,672	-	905,672	741,621
Governance support costs	57,949	-	57,949	39,744
	<u>963,621</u>	<u>101,717</u>	<u>1,065,338</u>	<u>781,365</u>

Grant distributions from restricted funds totaled £101,717 in 2022. These distributions were comprised of £94,112 provided to Cleveland Clinic London Ltd to support the provision of health care and £7,605 provided to various individuals to support educational scholarships. There were no grant distributions from unrestricted funds during 2022.

The charity had no employees during the current year or the prior year. Operational support costs include employee expenses relating to a seconded employee from The Cleveland Clinic Foundation and other administrative costs of the charity. In 2022, operational support costs also include services provided by a professional fundraiser.

5. Auditor's remuneration

	2022 £	2021 £
Fees payable to the charity's auditor for the audit of the charity's financial statements	<u>32,062</u>	<u>28,227</u>

6. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021: £nil).

During the year, no Trustee expenses have been incurred (2021: £nil).

7. Taxation

The charity is not liable for corporation tax on income derived from charitable activities, as it falls within the various exemptions available to registered charities.

8. Debtors: Amounts due within one year

	2022 £	2021 £
Prepayments	<u>11,858</u>	<u>-</u>

Cleveland Clinic Philanthropy (UK) Ltd

Notes to the financial statements for the year ended 31 December 2022

9. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	139,467	63,251
Other taxation and social security	154,886	138,819
Accruals and deferred income	46,447	24,498
	340,800	226,568

The amounts owed to group undertakings are unsecured, interest-free and are repayable on demand.

10. Share capital

	2022 £	2021 £
Allotted, called up and not paid		
1 Ordinary share of £1	1	1

11. Statement of funds

	Balance at 1 January 2022 £	Income £	Expenditure £	Balance at 31 December 2022 £
Unrestricted funds	144,299	1,047,196	(963,621)	227,874
Restricted funds	738,383	6,070,044	(101,717)	6,706,710
	882,682	7,117,240	(1,065,338)	6,934,584

Statement of funds - prior year

	Balance at 1 January 2021 £	Income £	Expenditure £	Balance at 31 December 2021 £
Unrestricted funds	(138,035)	1,063,699	(781,365)	144,299
Restricted funds	-	738,383	-	738,383
	(138,035)	1,802,082	(781,365)	882,682

Cleveland Clinic Philanthropy (UK) Ltd

Notes to the financial statements for the year ended 31 December 2022

12. Analysis of net assets between funds

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Debtors due within one year	11,858	-	11,858	-
Cash at bank and in hand	556,817	6,706,710	7,263,527	1,109,251
Creditors due within one year	(340,800)	-	(340,800)	(226,568)
	<u>227,875</u>	<u>6,706,710</u>	<u>6,934,585</u>	<u>882,683</u>

13. Related party transactions

The charity is exempt from disclosing related party transactions with other companies which are wholly owned by The Cleveland Clinic Foundation.

During the current year and prior year, no related party transactions took place outside of that group.

14. Immediate and ultimate parent undertaking and controlling party

The charity's immediate and ultimate parent undertaking and controlling party is The Cleveland Clinic Foundation, a non-profit corporation at 9500 Euclid Ave, Cleveland, OH 44195, Cleveland, United States of America. The Cleveland Clinic Foundation is organised and operated to provide medical and hospital care, research and education. The sole member of the charity is The Cleveland Clinic Foundation.

The State of Ohio corporation registration number for The Cleveland Clinic Foundation is #95560.

The financial statements of the charity are included in the consolidated financial statements of The Cleveland Clinic Foundation. These consolidated financial statements are publicly available from The Cleveland Clinic Foundation website www.clevelandclinic.org.