

Charity Registration No. 290609

FRIENDS OF HARVARD UNIVERSITY
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

FRIENDS OF HARVARD UNIVERSITY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	J.H. McFadden J.D. Fishburn C.D. Quillen III R.G. Howells C. Wright J.V. Baker J O'Regan
Charity number	290609
Principal address	1 Mulgrave Chambers 26-28 Mulgrave Road Sutton Surrey SM2 6LE
Independent examiner	Hannah Sibley FCA Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR
Bankers	National Westminster Bank Plc Kidderminster Branch 24 High Street Kidderminster Worcs DY10 2DL
Solicitors	Mc Fadden, Pilkington & Ward 1 Mulgrave Chambers 26-28 Mulgrave Road Sutton Surrey SM2 6LE

FRIENDS OF HARVARD UNIVERSITY

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FRIENDS OF HARVARD UNIVERSITY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Trust Deed, the Charities Act 2011 and "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).

Objectives and activities

The objectives of the trust are:

- to provide scholarships and fellowships to past and present students of Harvard University to enable or assist them to attend establishments of higher or further education anywhere in the world or to engage in research or study at any such establishment.
- the provision of special prizes, grants or rewards to scholars and in particular to past and present students at Harvard University.
- the provision, improvement, replacement or repair of buildings and other equipment and assets of Harvard University which are used exclusively for the educational purposes of the University either by making new additions thereto or otherwise.
- the furtherance of general charitable and educational objects for the benefit of Harvard University or its past or present members.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Trust's objectives are met in such proportion and manner as the Trustees shall in their absolute discretion from time to time determine.

Achievements, performance and financial review

Total income and expenditure for the year is shown on page 5.

Approaches for donations were made during the year, which resulted in income of £784,335 (2019: £1,051,557) generated by way of donations of £759,395, donated professional services of £15,000 by McFadden, Pilkington & Ward LLP and gifts in kind of £9,940 in relation to professional fees paid by a related party on behalf of the charity.

Expenditure in the year amounted to £898,150 (2019: £1,158,923) of which £872,116 (2019: £1,133,506) is represented by payments to Harvard University, £1,855 (2019: £1,654) relates to JustGiving fees and commissions and £24,179 (2019: £23,763) was incurred in connection with governance costs.

The Statement of Financial Position on page 6 of the financial statements shows the financial position of the Trust as at 31 December 2020.

Total assets less liabilities amounted to £210,883 (2019: £324,698) which is represented by the accumulated balance on the restricted income fund of £215,610 and a deficit on the unrestricted income fund of £4,727.

FRIENDS OF HARVARD UNIVERSITY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trust is committed to using its resources in pursuit of its charitable objects. It is also committed to maintaining a level of reserves that is prudent to meet on-going liabilities, sufficient to ensure that all commitments can be met and to protect the long-term future of its operations. It is the Trust's policy to retain sufficient reserves to cover administration costs and commitments for a period of one year.

The deficit on the unrestricted fund at the year end was £4,727. Notwithstanding this, the Trustees have considered the future cashflows and ability to call on trusted donors to cover operating expenses should this be required. The Trustees are satisfied that the current level of reserves are appropriate to its circumstances as grants to the University are only made out of donations received and there will be sufficient resources to cover the operating expenses of the charity.

Risk management

The Trustees have identified, monitored, and reviewed significant risks and have implemented systems and processes to manage and mitigate those risks. The main risks are associated with the continued donations from long term donors and ensuring that donations are generated from new Harvard Alumni and friends of Harvard in the business community. The Trustees review ongoing pledges and have a strong presence in the UK to continue to develop new relationships with donors. The Trustees are satisfied with the current risk management procedures in place which they believe satisfactorily mitigate the identified risks.

Fundraising Statement

The Charity's fundraising activities focus on existing relationships with a small number of individual donors and businesses. The Charity has not engaged with any professional fundraisers to raise funds. No complaints were received in relation to the Charity's fundraising activities.

Plans for the future

The trust's future plan is to work in the most efficient and effective way towards achieving its objectives.

Structure, governance and management

The Trust was established by a charitable deed on 25 October 1984 and is a registered charity No. 290609. It is governed by this deed and by the Charities Act 2011.

The Trustees who served during the year and up to the date of signature of the financial statements were:

J.H. McFadden
J.D. Fishburn
C.D. Quillen III
R.G. Howells
C. Wright
J.V. Baker
J O'Regan

The President of Harvard University has the right to nominate all new trustees with the existing trustees obliged to appoint such nominees. Additional trustees may be appointed at any time, but the total number shall not be less than three or more than nine.

The Trust has no employees. The day to day administration of the Trust is dependent on services provided without charge by McFadden, Pilkington & Ward LLP.

On behalf of the board of Trustees

J.H. McFadden

Trustee

Dated: 25 October 2021

FRIENDS OF HARVARD UNIVERSITY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity for that year.

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 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 charity will continue in operation.

The Trustees are responsible for keeping sufficient 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FRIENDS OF HARVARD UNIVERSITY

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF FRIENDS OF HARVARD UNIVERSITY

I report to the Trustees on my examination of the accounts of the charity for the year ended 31 December 2020 which are set out on pages 5 to 13.

Responsibilities and basis of report

As the charity's Trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 130 of the Act; or
- 2 the accounts do not accord with those records; or
- 3 the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a "true and fair view" which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Use of this report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My independent examination work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my independent examination work, for this report, or for the opinions I have formed.

Hannah Sibley FCA

Chartered Accountant (Institute of Chartered Accountants in England and Wales)

Independent Examiner

Citroen Wells

Devonshire House

1 Devonshire Street

London

W1W 5DR

Dated: 25 October 2021

FRIENDS OF HARVARD UNIVERSITY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
<u>Income from:</u>					
Voluntary income	2	24,940	759,395	784,335	1,051,557
<u>Expenditure on:</u>					
Raising funds	3	-	1,855	1,855	1,654
Charitable activities	4	30,950	865,345	896,295	1,157,269
Total expenditure		30,950	867,200	898,150	1,158,923
Net expenditure for the year/ Net movement in funds		(6,010)	(107,805)	(113,815)	(107,366)
Fund balances at 1 January 2020		1,283	323,415	324,698	432,064
Fund balances at 31 December 2020		(4,727)	215,610	210,883	324,698

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

FRIENDS OF HARVARD UNIVERSITY

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Current assets					
Debtors falling due after one year	9	107,805		215,610	
Debtors falling due within one year	9	126,658		309,158	
Cash at bank and in hand		251,954		39,422	
		<u>486,417</u>		<u>564,190</u>	
Creditors: amounts falling due within one year	10	(275,534)		(239,492)	
Net current assets			210,883		324,698
			<u><u>210,883</u></u>		<u><u>324,698</u></u>
Income funds					
Restricted funds	11		215,610		323,415
Unrestricted funds			(4,727)		1,283
			<u>210,883</u>		<u>324,698</u>
			<u><u>210,883</u></u>		<u><u>324,698</u></u>

The financial statements were approved by the Trustees on 25 October 2021

J.H. McFadden
Trustee

FRIENDS OF HARVARD UNIVERSITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	13	212,532		(26,085)	
Net cash used in investing activities		-		-	
Net cash used in financing activities		-		-	
Net increase/(decrease) in cash and cash equivalents		212,532		(26,085)	
Cash and cash equivalents at beginning of year		39,422		65,507	
Cash and cash equivalents at end of year		251,954		39,422	

FRIENDS OF HARVARD UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Charity information

Friends of Harvard University is a charity registered in England & Wales with registration number 290609. The principal address is 1 Mulgrave Chambers, 26-28 Mulgrave Road, Sutton, Surrey, SM2 6LE.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Trust Deed, the Charities Act 2011 and "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 charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

The unrestricted income fund consists of funds to be used to meet ongoing overheads and administrative expenses.

The restricted funds, which are wholly payable to Harvard University, are subject to specific conditions by donors as to how they may be used.

1.4 Incoming resources

Donations, legacies and other forms of voluntary income are recognised as income when receivable.

Donated services are recognised at their estimated open market value, with an equivalent amount recognised as expenditure.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

FRIENDS OF HARVARD UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Resources expended

All expenditure is accounted for on an accruals basis. All expenses, including governance costs, are allocated to the applicable expenditure headings in the statement of financial activities.

Grants payable are payments to Harvard University in the furtherance of the charitable objects of the Trust.

1.6 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.8 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in total charitable expenditure.

FRIENDS OF HARVARD UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Voluntary income

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Donations and gifts	-	759,395	759,395	1,036,557
Donated goods and services	24,940	-	24,940	15,000
	<u>24,940</u>	<u>759,395</u>	<u>784,335</u>	<u>1,051,557</u>
For the year ended 31 December 2019	<u>23,050</u>	<u>1,028,507</u>		<u>1,051,557</u>

3 Raising funds

	Restricted funds 2020 £	Restricted funds 2019 £
<u>Agents commissions</u>		
Other fundraising costs	1,855	1,654
	<u>1,855</u>	<u>1,654</u>

4 Charitable activities

	2020 £	2019 £
Grant funding of activities (see note 5)	872,116	1,133,506
Governance costs (see note 6)	24,179	23,763
	<u>896,295</u>	<u>1,157,269</u>
Analysis by fund		
Unrestricted funds	30,950	22,611
Restricted funds	865,345	1,134,658
	<u>896,295</u>	<u>1,157,269</u>

FRIENDS OF HARVARD UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Grants payable

	2020 £	2019 £
Grants to institutions: Harvard University	872,116	1,133,506
Analysis by fund		
Unrestricted funds	6,771	(1,152)
Restricted funds	865,345	1,134,658
	872,116	1,133,506

6 Governance costs

	2020 £	2019 £
Audit and accountancy fees	9,060	8,520
Legal and professional	15,000	15,000
Bank charges	119	193
Sundry	-	50
	24,179	23,763

Audit and accountancy fees include £5,400 (2019: £5,900) paid to the Trust's accountants for the Independent Examination (2019: Audit) of these financial statements, £1,840 for the balance of the 2019 audit fees and £1,820 (2019: £2,620) for other services.

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or reimbursed expenses from the charity during the year.

8 Employees

There were no employees during the year.

FRIENDS OF HARVARD UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Other debtors	126,658	309,158
	<u>126,658</u>	<u>309,158</u>
Amounts falling due after more than one year:		
Other debtors	107,805	215,610
	<u>107,805</u>	<u>215,610</u>
Total debtors	<u>234,463</u>	<u>524,768</u>

10 Creditors: amounts falling due within one year

	2020 £	2019 £
Other creditors	260,594	232,292
Accruals and deferred income	14,940	7,200
	<u>275,534</u>	<u>239,492</u>

FRIENDS OF HARVARD UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Restricted funds

The income funds of the charity include restricted funds, the movement for which is set out below:

	Balance at 1 January 2019	Incoming resources	Resources expended ¹	Balance at January 2020	Incoming resources	Resources expended	Balance at 31 December 2020
	£	£	£	£	£	£	£
Stephanie Hui and Harold Wong Goldman Sachs Gives Scholarship Fund	431,220	103,464	(211,269)	323,415	103,464	(211,269)	215,610
Dr. Martin Teicher's Data Mining Project	-	358,750	(358,750)	-	208,750	(208,750)	-
Other (restricted donations under £25,000)	-	166,688	(166,688)	-	125,519	(125,519)	-
Kennedy School of Government for the Josefowitz California Senior Executives in State and Local Fellowship Fund	-	230,000	(230,000)	-	-	-	-
Harvard Law School for the HLS Dean's Priorities Fund	-	65,690	(65,690)	-	-	-	-
Faculty of Arts & Sciences for the Joseph and Mari-Ann McConnon Scholarship Fund	-	53,125	(53,125)	-	-	-	-
Kennedy School of Government for the HKS Fund	-	25,395	(25,395)	-	31,250	(31,250)	-
Harvard Kennedy School	-	25,395	(25,395)	-	62,500	(62,500)	-
Empower Fund for Global Mental Health	-	-	-	-	227,912	(227,912)	-
	<u>431,220</u>	<u>1,028,507</u>	<u>(1,136,312)</u>	<u>323,415</u>	<u>759,395</u>	<u>(867,200)</u>	<u>215,610</u>

The charity's restricted funds comprise monies to be granted to Harvard University for the purposes specified by donors, as set out above.

FRIENDS OF HARVARD UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Related party transactions

Donations include £15,000 of donated services by McFadden, Pilkington & Ward LLP (2019: £15,000), a law firm in which Trustee, J McFadden is a partner, and £Nil (2019: £8,050) from a Trustee.

Donations include £14,940 (2019: £nil) of donations in kind in relation to the payment of professional fees received from Harvard Global, a related entity responsible for external payments of the charity.

During the year ended 31 December 2020, grants of £872,116 (2019: £1,133,506) were awarded to Harvard University, which has the right to nominate all new Trustees.

13 Cash generated from operations	2020 £	2019 £
Deficit for the year	(113,815)	(107,366)
Movements in working capital:		
Decrease/(increase) in debtors	290,305	(44,123)
Increase in creditors	36,042	125,404
Cash generated from/(absorbed by) operations	212,532	(26,085)