

***Harvard Global Research and Support
Services, Inc. - Tunisia***

“Harvard GRSS Inc. Tunisia”

***Statutory Audit Report
For the year ended December 31st, 2020***

Audit Report



BUSINESS ADVICE & ASSURANCE

Tunis, 15th of July, 2022

To the members of

Harvard Global Research and Support Services, Inc. – Tunisia

“Harvard GRSS Inc. Tunisia”

3^{ème} étage, Immeuble Slim, Block 1, Rue de l’Euro,

Les Berges du Lac II, Tunis, 1053

I. Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Harvard Global Research and Support Services, Inc. - Tunisia (“Harvard GRSS Inc. Tunisia”), which comprise the statement of financial position as at December 31, 2020, the revenues and expenses statement and the cash flow statement for the year then ended and notes to financial statements, including a summary of significant accounting policies. These financial statements show a total positive net asset of TND 115 625, which comprises a current year excess amounting to TND 21 054.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Harvard Global Research and Support Services, Inc. - Tunisia (“Harvard GRSS Inc. Tunisia”) as at December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in Tunisia.

Basis for our Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Entity within the meaning of applicable ethical requirements and have fulfilled our other responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Tunisia, and for such internal control as management determines 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, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the entity's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

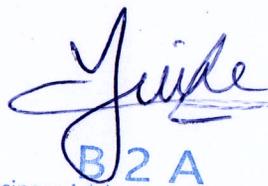
II. Report on the legal requirements and regulations

As part of our statutory audit assignment, we have also carried out the specific verifications required by the regulatory texts in force and particularly the decree law n°2011-88 of September 24, 2011, governing the organization of associations. We do not have any comment on that subject.

Tunis , on July 15th,2022

Business Advice & Assurance – B2A

**Cyrine Ben Romdhane Ep Ben Mlouka
Partner**



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Financial Statements

Harvard GRSS Inc. Tunisia
Statement of Financial Position as at December 31st
2020 (In Tunisian Dinar)

Assets	Notes	December 31, 2020	December 31, 2019
AC 1 - Cash and cash equivalents	3.1	126 780	98 660
AC 3 - Other current assets	3.2	8 140	7 984
AC 8 - Property, plant and equipment	3.3	10 824	23 191
Total assets		145 744	129 835
Liabilities and net assets			
PA 2 - Other current liabilities	3.4	29 999	26 216
PA 3 - Accounts payable	3.5	120	9 048
Total liabilities		30 119	35 264
AN 6 - Carried excess		94 571	63 109
AN 7 - Current year excess		21 054	31 463
Total net assets	3.6	115 625	94 571
Total liabilities and net assets		145 744	129 835

Harvard GRSS Inc. Tunisia
Revenues and Expenses Statement for the year ended
December 31st 2020
(In Tunisian Dinar)

Revenues	Notes	2020	2019
PR 5 – Other contribution		325 181	364 106
PR 8 – Other ordinary earnings		33	52
Total revenues	4.1	325 214	364 158
Expenses			
CH 1 - Consumed purchases and other supplies	4.2	(4 233)	(37 620)
CH 2 - Payroll costs	4.3	(84 243)	(75 610)
CH 3 - Depreciation and amortization expense	4.4	(12 367)	(12 434)
CH 4 - Other current expenses	4.5	(203 289)	(206 341)
CH5 – Others		(28)	(690)
Total expenses		(304 160)	(332 696)
Current year excess		21 054	31 463

Harvard GRSS Inc. Tunisia
Cash flow Statement for the year ended
December 31st 2020
(In Tunisian Dinar)

Current activities cash flows	2020	2019
F4 - Cashed other contributions	325 181	364 106
F5 - Disbursed payments to suppliers	(245 424)	(260 682)
F6 - Disbursed payroll cost	(46 128)	(59 362)
F7 - Other current activities disbursements	(5 509)	(9 618)
Net cash provided by current activities	28 120	34 844
Investing cash flows		
F8 - Payments for fixed assets acquisitions	-	-
Net cash used in investing activities	-	-
Net change in cash	28 120	34 844
Cash at the starting period	98 660	63 816
Cash at the end of the period	126 780	98 660

Notes to the Financial Statements

I. PRESENTATION OF THE ENTITY

Created in November 2016, Harvard Global Research and Support Services, Inc. - Tunisia ("Harvard GRSS Inc. Tunisia"), is a non profit organization governed by the decree law n°2011-88 of September 24, 2011.

Harvard GRSS Inc. Tunisia main objectives are:

- To host, facilitate, advance, encourage and provide research, training, and support to programs in, and for the public benefit of, Tunisia, for faculty and students from Harvard University and from Tunisian institutions and other US and international institutions.
- To support and collaborate in Tunisia with faculty, students, and scholars from Harvard University and other institutions in interdisciplinary research and programming on a variety of topics, including but not limited to all spheres of science, agriculture, economics, education, industrial, medicine, politics, social sciences, technology, culture, art, architecture, public policy, public health, history, humanities, management, business, law, commerce, and other subjects of academic or research interest relating to Tunisia and the region.
- To help deserving Tunisian students in pursuing their studies, including but not limited to supporting applicants with financial aid and admissions to various programs and activities of Harvard University.
- To host and organize meetings, seminars, workshops, conferences and other programs and exchanges for educational, training, scientific, and scholarly purposes.

This organization is exempted from income tax.

II. BASIS OF ACCOUNTING AND PRESENTATION

The financial statements are prepared, under the provisions of Law 96-112 of 30 December 1996 promulgating the accounting system of companies, and specifically according to the NC45 standard for associations, political parties and other non-profit organizations which was published in the Official Journal on February 26, 2018.

The most significant principles and accountant methods adopted for the development of the financial statements are as follows:

a. Revenue recognition

Revenues from membership dues, which are non-refundable, are recognized as income at initial subscription or at further board cash calls. Contributions from sponsors and donations are recorded in the period they occur, whether or not cash or service is received.

b. Property and equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over their respective estimated useful lives.

Office equipment are depreciated at 20% rate.

Computer and communication equipment are depreciated at 33,33% rate.

c. Foreign currency transactions**Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (“the functional currency”).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

d. Value Added Tax (VAT)

Harvard GRSS Inc. Tunisia is a partial taxable entity regarding the VAT.

In fact, the deduction of VAT is based on a rate calculated each fiscal year. This rate is obtained by dividing the branch revenues subject to VAT (all taxes included) on the total revenues of the branch, including the donations and aids, all taxes included.

For Harvard GRSS Inc. Tunisia, the FY 1 rate is 0%, since the branch did not realize any revenues subject to VAT.

Thus, all the VAT amounts supported by the Branch are non-deductible and they represent a part of the investments and expenses costs

III. NOTES TO STATEMENT OF FINANCIAL POSITON**3.1 Cash and cash equivalents**

The cash and cash equivalents increased from TND 98 660 as at December 31st, 2019 to TND 126 780 as at December 31st, 2020 and are presented as follows:

<u>In TND</u>	<u>2020</u>	<u>2019</u>
Bank accounts	123 823	93 763
Petty cash	2 957	4 897
Total	126 780	98 660

3.2 Other current assets

The other current assets decreased from TND 7 984 as at December 31st, 2019 to TND 8 140 as at December 31st, 2020 and are presented as follows:

<u>In TND</u>	<u>2020</u>	<u>2019</u>
Prepaid expenses	8 140	7 984
Provisions	-	-
Total	8 140	7 984

3.3 **Property, plant and equipment**

The Property, plant and equipment net amount decreased from TND 23 191 as at December 31st, 2019 to TND 10 824 as at December 31st, 2020 and is detailed as follows:

<u>In TND</u>	<u>2020</u>	<u>2019</u>
Office Equipment	53 789	53 789
Computer Equipment	5 287	5 287
Gross value	59 076	59 076
Accumulated depreciation	(48 252)	(35 886)
Net	10 824	23 191

3.4 **Other current liabilities**

The other current liabilities decreased from TND 26 216 as at December 31st, 2019 to TND 29 999 as at December 31st, 2020, and are presented as follows:

<u>In TND</u>	<u>2020</u>	<u>2019</u>
Withholdings and other tax debts	5 104	3 821
Social security debt	4 757	4 774
Provision for paid leaves	6 828	7 810
Accrued expenses	13 192	9 693
Other creditor balances	118	118
Total	29 999	26 216

3.5 Accounts payable

Accounts payable decreased from TND 9 048 as at December 31st, 2019 to TND 120 as at December 31st, 2020 and are presented as follows:

In TND	2020	2019
TUNISIE TELECOM	120	
KPMG		967
NAVICOM		126
10 VERSIONS		33
FERCHOU		311
COMAR		7 611
Total	120	9 048

3.6 Net assets

The accumulated change in net assets is presented in the Appendix 1.

IV. NOTES TO REVENUES AND EXPENSES STATEMENT

4.1 Revenues

The other incomes decreased from TND 364 106 as at December 31st, 2019 to TND 325 181 as at December 31st, 2020 and are provided exclusively from Harvard GRSS Inc. US.

4.2 Consumed purchases and other supplies

The consumed purchases and other supplies decreased from TND 37 620 as at December 31st, 2019 to TND 4 233 as at December 31st, 2020 and is detailed as follows:

<u>In TND</u>	<u>2020</u>	<u>2019</u>
Electricity fees	2 835	3 296
Events fees	443	30 433
Office furniture	195	3 646
Fuel	120	210
Other administrative expenses	640	35
Total	4 233	37 620

4.3 Payroll costs:

Payroll costs increased from TND 75 610 as at December 31st, 2019 to TND 84 243 as at December 31st, 2020 and are detailed as follows:

<u>In TND</u>	<u>2020</u>	<u>2019</u>
Salaries	72 759	64 585
Employer social costs	11 484	11 025
Total	84 243	75 610

4.4 Depreciation and amortization:

Amortizations decreased from TND 12 434 as at December 31st, 2019 to TND 12 367 as at December 31st, 2020 and are detailed as follows:

<u>In TND</u>	<u>2020</u>	<u>2019</u>
Fixed Assets depreciation	12 367	12 434
Total	12 367	12 434

4.5 **Other current expenses**

The other current expenses decreased from TND 206 341 as at December 31st, 2019 to TND 203 289 as at December 31st, 2020 and are detailed as follows:

<u>In TND</u>	<u>2020</u>	<u>2019</u>
Office rent	118 280	107 547
Consultants and auditors fees	38 982	42 439
Trustee fees	7 040	6 706
Travelling and accommodation expenses	12 936	25 169
Communication fees	2 815	1 520
FOPROLOS (tax)	719	646
Insurance expense	16 124	15 230
Other operating charges (net)	6 393	7 084
Total	203 289	206 341

Appendix 1
STATEMENT OF CHANGE IN NET ASSETS

Items	31.12.2019	Excess 2020	Excess 2020	31.12.2020
Opening net assets	63 109	-	31 463	94 572
Previous period excess	31 463	-	-31 463	-
Current year excess	-	21 054	-	21 054
Total	94 571	21 054	-	115 626