

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

***“Harvard GRSS Inc. Tunisia”***

***Statutory Audit Report  
For the year ended December 31<sup>st</sup>, 2021***

# ***Audit Report***



Tunis, 11<sup>th</sup> of August, 2022

To the members of  
**Harvard Global Research and Support Services, Inc. – Tunisia**  
**“Harvard GRSS Inc. Tunisia”**  
3<sup>ème</sup> 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 111 336, which comprises an annual deficit amounting to TND 4 289.

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, 2021, 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.

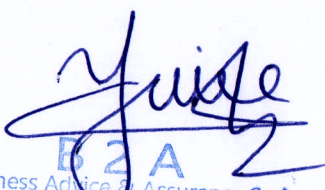
## **II. Report on the legal requirements and regulations**

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 August 11<sup>th</sup>,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 31<sup>st</sup>**  
**2021 (In Tunisian Dinar)**

<b>Assets</b>	<b>Notes</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
AC 1 - Cash and cash equivalents	<b>3.1</b>	131 354	126 780
AC 3 - Other current assets	<b>3.2</b>	7 811	8 140
AC 8 - Property, plant and equipment	<b>3.3</b>	931	10 824
<b>Total assets</b>		<b>140 096</b>	<b>145 744</b>
<b>Liabilities and net assets</b>			
PA 2 - Other current liabilities	<b>3.4</b>	27 590	29 999
PA 3 - Accounts payable	<b>3.5</b>	1 169	120
<b>Total liabilities</b>		<b>28 759</b>	<b>30 119</b>
AN 6 - Carried excess		115 625	94 571
AN 7 - Deficit year /Excess		-4 289	21 054
<b>Total net assets</b>	<b>3.6</b>	<b>113 336</b>	<b>115 625</b>
<b>Total liabilities and net assets</b>		<b>140 096</b>	<b>145 744</b>

**Harvard GRSS Inc. Tunisia**  
**Revenues and Expenses Statement for the year ended**  
**December 31st 2021**  
**(In Tunisian Dinar)**

<b>Revenues</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
PR 5 – Other contribution		289 277	325 181
PR 8 – Other ordinary earnings		1	33
<b>Total revenues</b>	<b>4.1</b>	<b>289 278</b>	<b>325 214</b>
<b>Expenses</b>			
CH 1 - Consumed purchases and other supplies	<b>4.2</b>	(2 023)	(4 233)
CH 2 - Payroll costs	<b>4.3</b>	(90 007)	(84 243)
CH 3 - Depreciation and amortization expense	<b>4.4</b>	(9 893)	(12 367)
CH 4 - Other current expenses	<b>4.5</b>	(191 644)	(203 289)
CH5 – Others		-	(28)
<b>Total expenses</b>		<b>(293 567)</b>	<b>(304 160)</b>
<b>Deficit year excess</b>		<b>-4 289</b>	<b>21 054</b>



**Harvard GRSS Inc. Tunisia**  
**Cash flow Statement for the year ended**  
**December 31<sup>st</sup> 2021**  
**(In Tunisian Dinar)**

<b>Current activities cash flows</b>	<b>2021</b>	<b>2020</b>
F4 - Cashed other contributions	289 278	325 181
F5 - Disbursed payments to suppliers	(234 975)	(245 424)
F6 - Disbursed payroll cost	(47 236)	(46 128)
F7 - Other current activities disbursements	(2 493)	(5 509)
<b>Net cash provided by current activities</b>	<b>4 574</b>	<b>28 120</b>
<b>Investing cash flows</b>		
F8 - Payments for fixed assets acquisitions	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Net change in cash</b>	<b>4 574</b>	<b>28 120</b>
<b>Cash at the starting period</b>	<b>126 780</b>	<b>98 660</b>
<b>Cash at the end of the period</b>	<b>131 354</b>	<b>126 780</b>

***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 126 780 as at December 31<sup>st</sup>, 2020 to TND 131 354 as at December 31<sup>st</sup>, 2021 and are presented as follows:

<b><u>In TND</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Bank accounts	127 875	123 823
Petty cash	3 479	2 957
<b>Total</b>	<b>131 354</b>	<b>126 780</b>

**3.2 Other current assets**

The other current assets decreased from TND 8 140 as at December 31<sup>st</sup>, 2020 to TND 7 811 as at December 31<sup>st</sup>, 2021 and are presented as follows:

<b><u>In TND</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Prepaid expenses	7 811	8 140
Provisions	-	-
<b>Total</b>	<b>7 811</b>	<b>8 140</b>

**3.3 Property, plant and equipment**

The Property, plant and equipment net amount decreased from TND 10 824 as at December 31<sup>st</sup>, 2020 to TND 930 as at December 31<sup>st</sup>, 2021 and is detailed as follows:

<b><u>In TND</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Office Equipment	53 789	53 789
Computer Equipment	5 287	5 287
<b>Gross value</b>	<b>59 076</b>	<b>59 076</b>
Accumulated depreciation	(58 146)	(48 252)
<b>Net</b>	<b>930</b>	<b>10 824</b>

**3.4 Other current liabilities**

The other current liabilities decreased from TND 29 999 as at December 31<sup>st</sup>, 2020 to TND 27 590 as at December 31<sup>st</sup>, 2021, and are presented as follows:

<b><u>In TND</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Withholdings and other tax debts	6 001	5 104
Social security debt	4 872	4 757
Provision for paid leaves	9 323	6 828
Accrued expenses	7 276	13 192
Other creditor balances	118	118
<b>Total</b>	<b>27 590</b>	<b>29 999</b>

### **3.5 Accounts payable**

Accounts payable increased from TND 120 as at December 31<sup>st</sup>, 2020 to TND 1 169 as at December 31<sup>st</sup>, 2021 and are presented as follows:

<b>In TND</b>	<b>2021</b>	<b>2020</b>
TUNISIE TELECOM	185	120
KPMG	984	0
<b>Total</b>	<b>1 169</b>	<b>120</b>

### **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 325 181 as at December 31<sup>st</sup>, 2020 to TND 289 277 as at December 31<sup>st</sup>, 2021 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 4 233 as at December 31<sup>st</sup>, 2020 to 2 023 TND as at December 31<sup>st</sup>, 2021 and is detailed as follows:

<u>In TND</u>	<u>2021</u>	<u>2020</u>
Electricity fees	1 508	2 835
Events fees	0	433
Water	23	0
Office furniture	88	195
Fuel	0	120
Other administrative expenses	404	640
<b>Total</b>	<b>2 023</b>	<b>4 233</b>

### 4.3 Payroll costs:

Payroll costs increased from TND 84 243 as at December 31<sup>st</sup>, 2020 to TND 90 007 as at December 31<sup>st</sup>, 2021 and are detailed as follows:

<u>In TND</u>	<u>2021</u>	<u>2020</u>
Salaries	74 360	72 759
Employer social costs	15 647	11 484
<b>Total</b>	<b>90 007</b>	<b>84 243</b>

### 4.4 Depreciation and amortization:

Amortizations decreased from TND 12 367 as at December 31<sup>st</sup>, 2020 to TND 9 893 as at December 31<sup>st</sup>, 2021 and are detailed as follows:

<u>In TND</u>	<u>2021</u>	<u>2020</u>
Fixed Assets depreciation	9 893	12 367
<b>Total</b>	<b>9 893</b>	<b>12 367</b>

**4.5 Other current expenses**

The other current expenses decreased from TND 203 289 as at December 31<sup>st</sup>, 2020 to TND 191 644 as at December 31<sup>st</sup>, 2021 and are detailed as follows:

<b><u>In TND</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Office rental	118 571	118 280
Consultants and auditors fees	37 719	38 982
Trustee fees	7 392	7 040
Travelling and accommodation expenses	487	12 936
Communication fees	5 245	2 815
FOPROLOS (tax)	765	719
Insurance expense	15 951	16 124
Other operating charges (net)	5 513	6 393
<b>Total</b>	<b>191 643</b>	<b>203 289</b>



**Appendix 1**  
**STATEMENT OF CHANGE IN NET ASSETS**

<b>Items</b>	<b>31.12.2020</b>	<b>Deficit 2021</b>	<b>Excess 2021</b>	<b>31.12.2021</b>
Opening net assets	94 572	-	21 054	115 625
Previous period excess	21 054	-	-21 054	-
Deficit year excess	-	-4 289	-	-4 289
<b>Total</b>	<b>115 626</b>	<b>21 054</b>	<b>-</b>	<b>111 336</b>