

Company Registered number: 09578830
Charity Registration number: 1165054

TELLES FOUNDATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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TELLES FOUNDATION
(A Company Limited by Guarantee)

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TELLES FOUNDATION

(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Trustees	Jonathan Brinsden Marina Medley De Sa Claudio Garcia Christian Telles Fabrizia Telles Marcel Herrmann Telles Max Telles
Company registered number	09578830
Charity registered number	1165054
Registered office	50 Broadway London SW1H 0BL
Company secretary	Broadway Secretaries Limited
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditor 6th Floor 2 London Wall Place London EC2Y 5AU
Solicitors	BDB Pitmans LLP 50 Broadway Westminster London SW1H 0BL

TELLES FOUNDATION

(A Company Limited by Guarantee)

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees submit their annual report and the audited financial statements for the year ended 31 December 2019.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

The Telles Foundation (the 'Charity') was established on 7 May 2015, as a charitable company limited by guarantee, and is governed by its Articles and Memorandum of Association dated 7 May 2015 as amended by special resolutions the last of which was dated 22 June 2019.

The names of all those who were the Charity's Trustees on the date the report was approved are listed on page 1.

The Trustees of the Charity are directors for company law purposes and are appointed in accordance with the Articles of Association of the Charity by the members. When new Trustees are appointed they undergo an orientation to brief them on: their legal obligations under Charity and company law, the Charity Commission guidance on public benefit; the content of the Memorandum and Articles of Association, the committee and decision-making processes; and the Charity's grant making plans and recent financial performance of the Charity.

The Trustees of the Charity have delegated aspects of the day to day management and administration to the Management and Operations Committee (the Committee), which is governed by its Terms of Reference. Administration services are provided to the Charity by BDB Pitmans LLP. As a result, the Charity did not employ any personnel. The Key Management Personnel of the Charity are therefore deemed to be the Trustees. None of the Trustees received remuneration or other benefit from their work with the Charity in their capacity as Trustees.

Risk management

The Trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Charity maintains a Risk Register which identifies the key issues faced by the Charity and steps to mitigate those risks. The Charity also has in place an Anti-Money Laundering Policy, a Conflicts of Interests Policy and a Safeguarding Policy.

COVID19 has had no significant impact on the Charity's operations or finances. It is, however, affecting the educational organisations supported by Charity, some of whom are unable to facilitate face to face teaching in the same way as they did before the pandemic, which in turn is requiring them to alter their staffing and on-line provision, as well as their funding requirements, which means the purpose, size and timings of the Charity's grants to those organisations is having to be re-considered.

Related parties

As explained below, the Charity has provided grant funding to the Sonho Grande Institute (ISG); Marina Medley De Sá was - during the relevant financial year - one of the four Board members of ISG and, as a result, this grant relationship meets the definition of a related party transaction.

TELLES FOUNDATION

(A Company Limited by Guarantee)

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

As explained below, the Charity has provided grant funding to the Instituto Social para Motivar, Apoiar e Reconhecer Talentos (Ismart); Marcel Herrmann Telles was - during the relevant financial year - one of the four Board members of Ismart and, as a result, this grant relationship meets the definition of a related party transaction.

Objectives and activities

The Charity's objects are restricted specifically to the advancement and promotion for the public benefit of education, particularly but not exclusively in Brazil and in areas of social and economic deprivation, by such means as the Trustees may in their discretion think fit.

The focus of the Trustees during the reporting period was to increase the Charity's grant making activities in terms of the number of grants made and the size of the grants in line with the Charity's grant making strategy and policy.

Achievements and performance

The Charity strengthened its grant making activities during the year ended 31 December 2019, including by making grants to ISG and the Ismart, the two 'strategic grant recipients' identified by the Board, in relation to which the Charity intends to build a long-term grant relationships.

During the year the Charity made \$13,108,536 of grants to the following educational institutions:

\$704,874 was granted to Wake Forest University, to provide scholarships to undergraduate students, who would not otherwise have access to that university education as it would have been beyond their means.

\$263,872 was granted to Babson College, to fund the Babson Brazilian Scholars Program, which supports Brazilian students from financially disadvantaged backgrounds.

\$400,000 was granted to Generation: You, Inc., an education not-for-profit, the grant is being used by the recipient to help fund the costs of designing, preparing, and conducting the first cohort of 30 students for a youth education-to-employment initiative in Brazil.

\$2,765,508 was granted to ISG, a not-for-profit organisation that works to improve the quality of Brazilian public education. The grant has been used to support ISG's work to implement and raise awareness of their secondary education programme, focused on the cognitive, emotional and social development of students.

\$8,974,282 was granted to Ismart, to support and improve distant learning courses and on site aid, materials and development programs.

In 2019 the Charity paid its first grant instalment of \$822,229 to Ismart and committed to pay the 2nd and 3rd instalments (totalling \$8,152,053) in 2020. However, in April 2020 it became apparent that it would be appropriate materially to reduce the amount of the 3rd instalment to reflect the impact the COVID19 pandemic was having on the grant recipient's activities. Accordingly and in consultation with ISMART the payment of the 3rd instalment was reduced from \$2,717,351 to \$614,984.49.

In making these grants the Trustees have had due regard to the Charity Commission's guidance on public benefit. The monitoring of the success of these grants will be carried out in future accounting periods in accordance with the monitoring and reporting obligations included in the Charity's Grant Terms and Conditions and in the Charity's template Grant Reporting Form.

TELLES FOUNDATION

(A Company Limited by Guarantee)

TRUSTEES' REPORT (INCLUDING THE STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial review

The financial statements have been prepared for the year ended 31 December 2019, in doing so the Trustees have given consideration to the presentational currency of the Charity. In conclusion the Trustees have decided to align the presentational currency with its functional currency which is USD (\$). In line with FRS102 the current year figures have been presented in the new presentational currency and the comparative figures have been restated from the sterling amounts.

During the year the Charity raised \$30,000,000 (2018: \$NIL) in donations and received investment income of \$25,026 (2018: \$11). The Charity expended funds of \$13,241,006 (2018: \$581,090) primarily on grants, legal, administration and governance costs.

As a result, the Charity achieved a surplus of \$16,879,772 (2018: deficit of \$627,747) in the year. Funds carried forward at the year end were \$17,566,226 (2018: \$686,454).

The Trustees have examined the future anticipated cash flows of the Charity and are satisfied that the Charity has sufficient resources to meet its continuing obligations.

The Charity has been monitoring carefully the impact of the COVID19 pandemic on its grant making activities. The main impact is that some grant recipients have had to reduce, delay and/or significantly alter their educational offering in light of the 'lockdown' restrictions. As a result, the Charity has been in correspondence with some grant recipients about amending (for example delaying) the Charity's grant payments.

Reserves policy & going concern

At the year end the Charity held unrestricted reserves of \$17,566,226 which represents the Charity's free resources. The Charity does not hold a set level of reserves. All operational expenses are met under an arrangement with the Charity's funding partner. Therefore, the trustees do not consider there is a need for a formal reserves policy. However, the Charity's aim is to hold at least 6 months' worth of cash reserves to cover operational expenses at any one time. The Board considers that it has adequate financial reserves to continue to deliver on its plans and has a reasonable expectation that the Charity will have adequate resources to continue in operational existence for the foreseeable future.

Plans for future periods

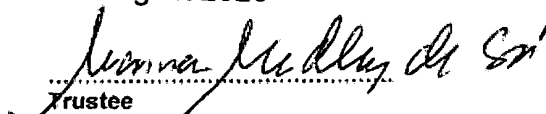
The Charity significantly increased both the number and size of the grants during the financial period that ended December 2019, following which the Charity has continued to build on its grant making activities, including by making grants to Ensina Brazil and the OECD.

Auditors

MHA Macintyre Hudson were appointed as auditors by the Trustees in the year.

Approved by order of the members of the board of Trustees and signed on its behalf by:

21 August 2020


Trustee

Date: August 21st, 2020

TELLES FOUNDATION
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

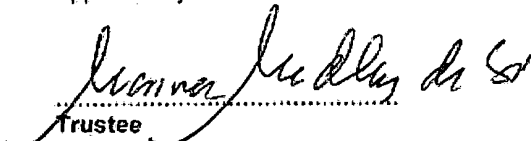
The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Approved by order of the members of the board of Trustees and signed on its behalf by:


Trustee

Date: August 2nd, 2020

Marina Medley De Sa

TELLES FOUNDATION
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELLES FOUNDATION

Opinion

We have audited the financial statements of Telles Foundation (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

TELLES FOUNDATION
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELLES FOUNDATION (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which 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.

TELLES FOUNDATION
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELLES FOUNDATION (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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.

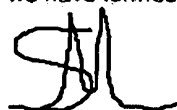
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Other matter

The financial statements of Telles Foundation for the year ended 31 December 2018 were unaudited.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Stuart McKay BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditor
6th Floor
2 London Wall Place
London
EC2Y 5AU

Date: 09 September 2020

TELLES FOUNDATION
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Unrestricted funds 2019 \$	Total funds 2019 \$	As restated Total funds 2018 Unaudited \$
Income from:				
Donations	4	30,000,000	30,000,000	-
Investments	5	25,026	25,026	11
Total income		30,025,026	30,025,026	11
Expenditure on:				
Charitable activities	6	13,241,006	13,241,006	581,090
Total expenditure		13,241,006	13,241,006	581,090
Net gains on investments	9	80,567	80,567	-
Net movement in funds before other recognised gains/(losses)		16,864,587	16,864,587	(581,079)
Other recognised gains/(losses):				
Gain on foreign exchange		15,185	15,185	(46,668)
Net movement in funds		16,879,772	16,879,772	(627,747)
Reconciliation of funds:				
Total funds brought forward		686,454	686,454	1,314,201
Net movement in funds		16,879,772	16,879,772	(627,747)
Total funds carried forward		17,566,226	17,566,226	686,454

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the year.

In 2018, all income and expenditure was to/from unrestricted funds.

The notes on pages 12 to 20 form part of these financial statements.

TELLES FOUNDATION
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09578830

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 \$	2019 \$	As restated Unaudited 2018 \$	As restated Unaudited 2018 \$
Fixed assets					
Investments	9		23,044,948		-
			<u>23,044,948</u>		<u>-</u>
Current assets					
Investments	10	1,534			
Cash at bank and in hand	13	2,688,005		897,501	
		<u>2,689,539</u>		<u>897,501</u>	
Creditors: amounts falling due within one year	11	(8,168,261)		(211,047)	
Net current liabilities / assets			<u>(5,478,722)</u>		<u>686,454</u>
Total net assets			<u>17,566,226</u>		<u>686,454</u>
Charity funds					
Unrestricted funds			17,566,226		686,454
Total funds			<u>17,566,226</u>		<u>686,454</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:
21 August 2020


 Trustee Marina Medley De Sa

Date: August 21st, 2020

The notes on pages 12 to 20 form part of these financial statements.

TELLES FOUNDATION
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	As restated Unaudited 2018 \$
Cash flows from operating activities			
Net cash used in operating activities	12	24,731,393	(454,771)
Cash flows from investing activities			
Investment income	5	25,026	11
Proceeds from sale of fixed asset investments	9	21,573,700	-
Purchase of fixed asset investments	9	(44,538,081)	-
Purchase of current asset investments	10	(1,534)	-
Net cash (used in)/provided by investing activities		(22,940,889)	11
Change in cash and cash equivalents in the year		1,790,504	(454,760)
Cash and cash equivalents at the beginning of the year		897,501	1,352,261
Cash and cash equivalents at the end of the year	13	2,688,005	897,501

The notes on pages 12 to 20 form part of these financial statements

TELLES FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Telles Foundation is an incorporated Charity and is registered with the Charity Commission (Charity Registered Number 1165054) and Registrar of Companies (Company Registration Number 09578830) in England and Wales.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

The address of the registered office is given in the Administrative information on page 1 of these financial statements.

The nature of the Charity's operations and principal activities are detailed in the Trustees Report.

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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Telles Foundation 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 are presented in US dollars which is the functional currency of the Charity and rounded to the nearest dollar.

In the comparative year the financial statements were in the presentational currency of sterling but the functional currency remained US dollars. The comparative figures have been restated in accordance with FRS102. Comparative amounts presented have been converted into US dollars at the opening, average and closing rate of conversion.

2.2 Going concern

The Trustees have reviewed the financial position of the Charity and are content that the accounts should be prepared using the going concern assumption. They have considered a period of at least 12 months from the date of this report, and consider that there are no material uncertainties over going concern for the foreseeable future, including considering the impact of Covid-19.

2.3 Income

All income is 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 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.

Charitable activities and Governance costs are costs incurred on the Charity's operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

2.7 Investments

Fixed asset investments, both long term and short term, are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

2.8 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.

TELLES FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

2.10 Financial instruments

The Charity only holds basic Financial Instruments. The financial assets and financial liabilities of the Charity are as follows:

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 11.

2.11 Fund accounting

General funds are unrestricted 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.

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

TELLES FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Income from donations

	Unrestricted funds 2019 \$	Total funds 2019 \$	Total funds 2018 Unaudited \$
Donations	30,000,000	30,000,000	-

5. Income from investments

	Unrestricted funds 2019 \$	Total funds 2019 \$
Bank and investment interest receivable	25,026	25,026

	As restated Unaudited Unrestricted funds 2018 \$	As restated Unaudited Total funds 2018 \$
Bank interest receivable	11	11

TELLES FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Analysis of expenditure on charitable activities

	Grant funding of activities 2019 \$	Support costs 2019 \$	Total funds 2019 \$
Charitable activities	13,108,536	132,470	13,241,006

The grants committed during the year have been detailed within the Trustees Report.

There were no staff in either the current or previous accounting periods.

	<i>As restated Unaudited Grant funding of activities 2018 \$</i>	<i>As restated Unaudited Support costs 2018 \$</i>	<i>As restated Unaudited Total funds 2018 \$</i>
Charitable activities	490,064	91,026	581,090

Analysis of support costs

	<i>Total funds 2019 \$</i>	<i>As restated Unaudited Total funds 2018 \$</i>
Governance costs	127,418	90,959
Other costs	5,052	67
Total 2019	132,470	91,026

TELLES FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Governance costs

	2019	As restated Unaudited 2018
	\$	\$
Auditor's remuneration - Audit of the Financial Statements	11,096	-
Auditor's remuneration - Independent Examination	-	2,697
Auditor's remuneration - Accounts Preparation	3,963	1,869
Auditor's remuneration - Tax Services	1,149	1,202
Professional fees	111,210	85,191
Total	127,418	90,959

8. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - \$NIL).

During the year ended 31 December 2019, no Trustee expenses have been incurred (2018 - \$NIL).

9. Fixed asset investments

	Listed investments \$
Cost or valuation	
Additions	44,538,081
Disposals	(21,573,700)
Revaluations	80,567
At 31 December 2019	23,044,948
Net book value	
At 31 December 2019	23,044,948

Fixed asset investments are all held within US government bonds and have a historical cost of \$23,023,767.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Current asset investments

	2019	Unaudited 2018
	\$	\$
Liquid investments	1,534	-

11. Creditors: Amounts falling due within one year

	2019	As restated Unaudited 2018
	\$	\$
Accruals and deferred income	16,208	12,429
Grants payable	8,152,053	198,618
	<u>8,168,261</u>	<u>211,047</u>

12. Reconciliation of net movement in funds to net cash flow from operating activities

	2019	As restated Unaudited 2018
	\$	\$
Net income for the year (as per Statement of Financial Activities)	<u>16,864,587</u>	<u>(581,079)</u>
Adjustments for:		
(Gains)/losses on investments	(80,567)	-
Investment income	(25,026)	(11)
Increase in creditors	7,957,214	172,987
Gains/(losses) on foreign exchange	15,185	(46,668)
Net cash provided by/(used in) operating activities	<u>24,731,393</u>	<u>(454,771)</u>

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13. Analysis of cash and cash equivalents

	2019	As restated Unaudited 2018
	\$	\$
Cash in hand	2,688,005	897,501
Total cash and cash equivalents	2,688,005	897,501

14. Analysis of Net Debt

	As restated Unaudited At 1 January 2019	Cash flows	At 31 December 2019
	\$	\$	\$
Cash at bank and in hand	897,501	1,790,504	2,688,005
Liquid investments	-	1,534	1,534
	897,501	1,792,038	2,689,539

15. Related party transactions

During the year the Telles Foundation received donations from a related party of the Trustees which were without conditions or restricted in nature amounting to \$30m (2018: \$NIL).

During the year the Telles Foundation paid grants to two organisations which have one of the Trustees on their board.

	2019
	\$
Marina Medley De Sá - Sonho Grande Institute	2,765,508
Marcel Herrmann Telles - Ismart	8,974,282

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Post balance sheet events

After the accounting year end the Trustees have kept in close dialogue with the grant recipients whose funding was committed at the year end but had not been paid. In April 2020 it became apparent that it would be appropriate materially to reduce the amount of the 3rd instalment of the grant to ISMART to reflect the impact the COVID19 pandemic was having on the grant recipient's activities. Accordingly and in consultation with ISMART the payment of the 3rd instalment was reduced from \$2,717,351 to \$614,984.49. The cancellation of this grant will be reflected in the next accounting period.