HARVARD CLUB
OF
NEW YORK
FOUNDATION

Financial Statements
for the year ended
June 30, 2012

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Independent Auditors' Report

Board of Directors
Harvard Club of New York Foundation

We have audited the accompanying statement of financial position of the Harvard Club of New York Foundation as of June 30, 2012 and June 30, 2011 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Harvard Club of New York Foundation at June 30, 2012 and June 30, 2011 and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

November 19, 2012

HARVARD CLUB OF NEW YORK FOUNDATION

Statement of Financial Position

Assets

	June 30	
	2012	2011
Cash and cash equivalents	$ 268,533	$ 71,346
Investment, at fair value	4,149,083	4,176,207
Due from Harvard Club of New York City	10,263	178,260
Total assets	**$4,427,879**	**$4,425,813**

Liabilities and Net Assets

	2012	2011
Liabilities		
Scholarship awards payable	$ 150,000	$ 150,000
Net assets		
Unrestricted	3,003,499	3,124,525
Temporarily restricted	783,325	790,739
Permanently restricted	491,055	360,549
Total net assets	4,277,879	4,275,813
Total liabilities and net assets	**$4,427,879**	**$4,425,813**

See notes to financial statements.

HARVARD CLUB OF NEW YORK FOUNDATION

Statement of Activities

	Year Ended June 30							
	2012				2011			
	Unrestricted General Scholarship Fund	Temporarily Restricted	Permanently Restricted	Total	Unrestricted General Scholarship Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue								
Contributions and gifts	$ 184,630	$ -	$ 130,506	$ 315,136	$ 435,521	$ -	$ 157,324	$ 592,845
Harvard Club of New York City – contribution	43,766	-	-	43,766	46,368	-	-	46,368
Investment income	107,259	32,487	-	139,746	93,678	35,959	-	129,637
Changes in unrealized appreciation of investment	(121,763)	(44,866)	-	(166,629)	452,487	43,949	-	496,436
Net assets released from restrictions	175	(175)	-	-	7,952	(7,952)	-	-
Total revenue	208,927	(7,414)	130,506	332,019	1,036,006	71,956	157,324	1,265,286
Expenses								
Harvard University scholarships	253,000	-	-	253,000	232,000	-	-	232,000
Trophy awards	175	-	-	175	170	-	-	170
Administrative expenses	76,778	-	-	76,778	81,057	-	-	81,057
Total expenses	329,953	-	-	329,953	313,227	-	-	313,227
Increase (decrease) in net assets	**(121,026)**	**(7,414)**	**130,506**	**2,066**	**722,779**	**71,956**	**157,324**	**952,059**
Net assets, beginning of year	**3,124,525**	**790,739**	**360,549**	**4,275,813**	**2,401,746**	**718,783**	**203,225**	**3,323,754**
Net assets, end of year	**$3,003,499**	**$ 783,325**	**$ 491,055**	**$4,277,879**	**$3,124,525**	**$ 790,739**	**$ 360,549**	**$4,275,813**

See notes to financial statements.

HARVARD CLUB OF NEW YORK FOUNDATION

Statement of Cash Flows

	Year Ended June 30 2012	Year Ended June 30 2011
Cash flows from operating activities		
Increase in net assets	$ 2,066	$ 952,059
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in unrealized appreciation of investment	166,629	(496,436)
Permanently restricted contributions	(130,506)	(157,324)
(Increase) decrease in assets		
Due from Harvard Club of New York City	167,997	(56,417)
Scholarship awards payable	-	(30,000)
Net cash provided by operating activities	206,186	211,882
Cash flows (used in) investing activities		
Purchase of investments	(139,505)	(467,164)
Permanently restricted contributions	130,506	157,324
Net cash (used in) investing activities	(8,999)	(309,840)
Net increase (decrease) in cash and money market funds	**197,187**	**(97,958)**
Cash and money market funds, beginning of year	**71,346**	**169,304**
Cash and money market funds, end of year	**$ 268,533**	**$ 71,346**

See notes to financial statements.

HARVARD CLUB OF NEW YORK FOUNDATION

Notes to Financial Statements
June 30, 2012

Note 1 – Nature of organization and purpose

The Harvard Club of New York Foundation (the "Foundation") was incorporated in March 1953 under the Membership Corporations Law of the State of New York as a non-profit corporation organized to foster scientific, literary and educational interests among members of the Harvard Club of New York City, to provide scholarships for students at Harvard University and otherwise to advance the interests and promote the welfare of Harvard University.

Note 2 – Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America.

Net asset classifications

To ensure compliance with restrictions placed on the resources available, the Foundation has reflected amounts that have similar characteristics into three categories of net assets as follows:

> Unrestricted net assets - represents funds that are fully available, at the discretion of management and the Board of Directors, for the Foundation to utilize in any of its programs or supporting services. The funds are not restricted by donors or the donor-imposed restrictions have expired.
>
> Temporarily restricted net assets - comprised of funds that are restricted by donors for specific purposes or time periods. The restrictions are satisfied either by the passage of time or by actions of the Foundation.
>
> Permanently restricted net assets - includes contributions that donors have specified must be maintained in perpetuity. The related income may be expended for such purpose as specified by the donor, or, if none, then for any purpose of the Foundation.

Net assets released from restrictions

Contributions received and investment income earned on permanently restricted net assets with donor stipulations that limit the use of the contributions or income are reported as temporarily restricted. When a donor restriction expires (i.e., when a time restriction ends or purpose restriction is fulfilled), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

HARVARD CLUB OF NEW YORK FOUNDATION

Notes to Financial Statements (continued)
June 30, 2012

Note 2 – Summary of significant accounting policies (continued)

Contributions and gifts

The Foundation records unconditional contributions as revenue at their fair value when they are received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

In-kind contributions

The Foundation receives a variety of donated goods and services from the Harvard Club of New York City (the "Club"), an affiliated organization, including donated staff time and administrative costs that the Club pays on the Foundation's behalf.

The Foundation records contributed services that meet the criteria for recognition as revenue and expense in the accompanying financial statements. Approximately $44,000 and $46,000 of revenue and expense has been recognized for administrative services contributed by the Club for the year ended June 30, 2012 and 2011, respectively.

Contributed services

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Foundation's policymaking, programs, and support functions. The value of this contributed time does not meet criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash balances and highly liquid investments that have maturities of three months or less at the time of purchase. Cash and cash equivalents are held at one financial institution and amounts may, from time to time, exceed federally insured limits.

Investment

The Foundation has an agreement with Harvard Management Company for Harvard University to manage certain assets, which were turned over to Harvard University. Under the agreement, the Foundation owns units in the Harvard University Endowment Fund (the "Endowment Fund"). The Foundation's continued involvement in this arrangement is at the Foundation's discretion and it reserves the right to withdraw any or all of the units upon two weeks' notice.

HARVARD CLUB OF NEW YORK FOUNDATION

Notes to Financial Statements (continued)
June 30, 2012

Note 2 – Summary of significant accounting policies (continued)

Investment (continued)

The Foundation's investment in the Endowment Fund is stated at fair value as estimated in an unquoted market. Fair value is determined by the Foundation's management based upon the net asset value of the Foundation's units reported to the Foundation and with consideration given to other factors that might affect fair value determination in accordance with accounting standards. Financial information used by the Foundation to evaluate its investment is provided by Harvard Management Company for Harvard University. Such fair value is based on the fair values of the underlying securities in the Endowment Fund, which include both market-traded and non-marketable assets, including alternative investments such as hedge funds, private equity funds, and other hard-to-value securities. Generally, fair value reflects net contributions to the Endowment Fund and an ownership share of realized and unrealized investment income and expenses. The value may be based on estimates that require varying degrees of determining the fair value of the investment arising from factors such as lack of active markets (primary and secondary) and lack of transparency into underlying holdings. As a result, the estimated fair value reported in the accompanying statement of financial position might differ from the value that would have been used had a ready market for the investment existed and there is at least a reasonable possibility that such estimates may change in the near term and such changes may be material. The financial statements of Harvard University are audited annually by independent auditors.

Harvard University Scholarships

The Foundation recognizes expenses for scholarships when the scholarships are approved by the Board of Directors and are unconditionally promised to the recipients. Scholarship awards are conditioned on the recipients remaining enrolled as students at Harvard University and the awards are recorded as expenses annually as this condition is met. At June 30, 2012, the Foundation had outstanding scholarship commitments of approximately $225,000, payable as follows: $112,500 in fiscal 2013; $75,000 in fiscal 2014 and $37,500 in fiscal 2015. These commitments are not recognized as scholarship expenses or scholarship awards in the accompanying financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

HARVARD CLUB OF NEW YORK FOUNDATION

Notes to Financial Statements (continued)
June 30, 2012

Note 2 – Summary of significant accounting policies (continued)

Concentration of credit risk

The Foundation's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, money market funds and investments. The Foundation places its cash and money market funds with what it believes to be a quality financial institution. The Foundation invests in the Harvard University Endowment Fund represented by partial ownership in all investments held by the Endowment. The Foundation believes no significant concentration of credit risk exists with respect to its cash, money market funds and investments.

Subsequent events

The Foundation has evaluated events and transactions for potential recognition or disclosure through November 19, 2012, which is the date the financial statements were available to be issued.

Note 3 – Investment

The following is a summary of the Foundation's investment:

	June 30			
	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Harvard University Endowment Fund – General investment account	$3,349,955	$4,149,083	$3,210,450	$4,176,207

Through its investment in the Endowment Fund, the Foundation is involved indirectly in investment activities, such as securities lending, short sales of securities, options, trading in futures and forwards contracts, swap contracts, exchange agreements, interest rate cap, and floor agreements and other derivative products. Derivatives are tools used to maintain asset mix or adjust portfolio risk exposure. While these financial instruments may contain varying degrees of risk, the Foundation's risk with respect to such transactions is limited to its capital balance in the investment.

HARVARD CLUB OF NEW YORK FOUNDATION

Notes to Financial Statements (continued)
June 30, 2012

Note 4 – Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to measurements involving significant unobservable inputs (Level 3 inputs). The three levels are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3 - Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers nonperformance risk in its assessment of fair value.

Financial assets carried at fair value as of June 30, 2012 and June 30, 2011 are classified in the table below in one of the three categories described above:

	2012	2011	Level
Cash equivalents (money market funds)	$ 89,860	$ 68,477	1
Investment	$4,149,083	$4,176,207	3

The following is a description of the Foundation's valuation methodologies for assets measured at fair value. Fair value for Level 1 is based upon quoted market prices. Level 3 assets consist of the Foundation's investment in the Endowment Fund, the valuation for which is described in note 2. The methods described above may produce a fair value that may not indicate net realizable value or reflect future fair values.

HARVARD CLUB OF NEW YORK FOUNDATION

Notes to Financial Statements (continued)
June 30, 2012

Note 4 – Fair value measurements (continued)

Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The changes in the Foundation's investment measured at fair value for which the Foundation has used Level 3 inputs to determine fair value for the years ended June 30, 2012 and June 30, 2011 are as follows:

	2012	2011
Balance, beginning of year	$ 4,176,207	$ 3,212,607
Purchases of investments	139,505	467,164
Change in unrealized appreciation of investment	(166,629)	496,436
Balance, end of year	$ 4,149,083	$ 4,176,207

Note 5 – Temporarily restricted net assets

The transactions in temporarily restricted net assets for the year ended June 30, 2012 are as follows:

	Balance June 30, 2011	Investment Income	Change in Unrealized Appreciation of Investment	Less Scholarships and Awards Paid	Balance June 30, 2012
Scholarship programs and other	$ 790,739	$ 32,487	$ 44,866	$ 175	$ 783,325

HARVARD CLUB OF NEW YORK FOUNDATION

Notes to Financial Statements (continued)
June 30, 2012

Note 6 – Permanently restricted funds

Permanently restricted net assets are required by donors to be invested in perpetuity. Income on permanently restricted net assets held at June 30, 2012 is expendable for scholarships to Harvard University students. Certain donors have restricted the income to be expended on scholarships for specific programs of study.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the endowment funds while seeking to maintain the purchasing power of the funds. To satisfy long-term return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's endowment assets are invested in the Endowment Fund, which employs multiple investment strategies to achieve returns. Endowment assets are expended based on program needs. Long-term expected returns on endowment assets and the duration and preservation of the endowments are considered in determining expenditures of endowment assets.

Note 7 – Related-party transactions

During the normal course of business, the Foundation occasionally engages in transactions with entities with which members of the Board of Directors may be affiliated. The Foundation's Board of Directors' policy requires Board members to disclose such affiliations and to review and authorize such transactions as appropriate.

Note 8 – Tax status

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation has been determined, by the Internal Revenue Service, to be a publicly supported organization, and not a private foundation, under the meaning of Section 509(a) of the Internal Revenue Code. As of June 30, 2012, no amounts have been recognized for uncertain tax positions. The Foundation' tax returns for the year 2009 and forward are subject to the usual review by the appropriate taxing authorities.