



***Roma Education Fund  
Zug***

***Report of the statutory auditors  
to the Board  
on the financial statements 2014***



Report of the statutory auditors  
on the limited statutory examination  
to the Board of  
Roma Education Fund  
Zug

As statutory auditors, we have examined the financial statements of Roma Education Fund, Zug, which comprise the income statement, balance sheet and notes, for the year ended 31 December 2014.

These financial statements are the responsibility of the Board. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of foundation personnel and analytical procedures as well as detailed tests of foundation documents as considered appropriate in the circumstances. However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the foundation's deed.

PricewaterhouseCoopers AG

Philippe Bingert  
Audit expert  
Auditor in charge

Urs W. Hunziker  
Audit expert

Zurich, 31 March 2015

**Enclosure**

Financial statements (income statement, balance sheet and notes)

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# ROMA EDUCATION FUND, ZUG

## STATEMENT OF INCOME AND EXPENDITURE 2014 AND 2013

	Jan to Dec. 2014	Jan to Dec. 2013
	CHF	CHF
<b>INCOME</b>		
Donations and fees received	4'429'216	8'286'230
Project support program refund	262'775	293'855
Interest income	747	529
<b>Total income net</b>	<b>4'692'738</b>	<b>8'580'614</b>
Project support program	2'116'761	2'296'848
Tertiary scholarships	2'329'816	3'372'865
EU Roma pilot 'A Good Start' and it's complementary projects	14'894	119'212
Konic camp project in Montenegro	0	2'357
Communications	119'770	317'915
Policy development and capacity building	247'015	377'186
International family project - FSG	0	8'797
UNICEF	39'401	0
REF Romania and its partners capacity building	14'337	138'558
Grants to:		
Roma Education Fund, Hungary not yet transferred grants to REF Hungary	1'353'502 554'111	1'117'735 0
Roma Education Fund, Romania for communications, administration and own contribution in European Social Fund projects	0	247'707
Grants to Roma Education Fund, Slovakia for project support program	295'038	0
<b>Total programs and grants</b>	<b>7'084'645</b>	<b>7'999'180</b>
Administrative expenses	161'770	204'887
<b>Total expenditure</b>	<b>7'246'415</b>	<b>8'204'067</b>
<b>Other expenses</b>		
Value adjustment on long term loan to Roma Education Fund, Romania	0	-1'228'280
Building provisions on receivables	46'655	0
Profit / loss on foreign exchange (net)	-195'999	170'074
<b>Excess of income / expenditure</b>	<b>-2'404'333</b>	<b>1'434'753</b>

ROMA EDUCATION FUND

Budapest, this 24th March 2015





# ROMA EDUCATION FUND, ZUG

## BALANCE SHEET 2014 AND 2013

	Dec. 31, 2014	Dec. 31, 2013
	CHF	CHF
<b>ASSETS</b>		
Cash at banks	3'211'753	4'495'778
Other current assets	3'363	49'395
<b>Total current assets</b>	<b>3'215'116</b>	<b>4'545'173</b>
Accrued income	24'707	0
Recoverable grants	462'061	482'135
Long term loan to Roma Education Fund, Romania	0	702'038
<b>Total non-current assets</b>	<b>486'768</b>	<b>1'184'173</b>
<b>TOTAL ASSETS</b>	<b>3'701'884</b>	<b>5'729'346</b>
<b>LIABILITIES AND FOUNDATION CAPITAL</b>		
Liabilities	1'361	774
Accrued expenses	35'000	35'000
Provisions for projects granted	3'542'191	3'228'827
Other provisions	46'206	0
<b>Total liabilities and provisions</b>	<b>3'624'758</b>	<b>3'264'601</b>
Foundation capital at January 1	2'464'745	1'033'098
Difference on conversion into CHF	16'714	-3'106
Excess of expenditure / income	-2'404'333	1'434'753
<b>Total foundation capital</b>	<b>77'126</b>	<b>2'464'745</b>
<b>TOTAL LIABILITIES AND FOUNDATION CAPITAL</b>	<b>3'701'884</b>	<b>5'729'346</b>

ROMA EDUCATION FUND

Budapest, this 24th March 2015



Handwritten signature in blue ink, appearing to be 'Suzanne Jucker' with a large 'R' below it.

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2014

### Objectives

The objectives of the foundation are to contribute to closing the gap in educational outcomes between Roma non-Roma, including through the desegregation of educational systems primarily (but not exclusively) in Central and Eastern Europe and the countries that have formally joined the Decade of Roma Inclusion; in particular

- a) through support of projects and programs that improve educational outcomes for Roma in the context of the Decade of Roma Inclusion 2005-2015 with a particular emphasis on scaling up interventions that have been successfully piloted;
- b) through support of activities that are respectful and inclusive of Roma and the wishes of the Roma community;
- c) through providing a forum for advocacy and discussion of Roma education issues;
- d) through becoming a centralized source of information on Roma education issues.

The Foundation may participate in projects of other organizations with similar objectives or support Swiss or foreign organizations with similar objectives. It may engage in all actions arising from, and related to, its activities. It may acquire real estate and related rights and title in Switzerland and abroad.

### Organization Roma Education Fund (REF)

The Roma Education Fund entities are established as legally separate foundations in Switzerland, Hungary and Romania respectively. The three Roma Education Fund entities work together based on a memorandum of understanding signed by each entity. Each country foundation has its separate board with independent members for their decisions. These boards engaged in Switzerland and Hungary a company called AdminGroup as their independent bookkeepers. Furthermore AdminGroup Ltd. in Hungary established an expense coding system to ensure cost analysis among the several programs of the Roma Education Funds and supports the foundations with consultations in their financial operations.

### Establishment of Roma Education Fund

In 2014 Roma Education Fund Slovakia was established.

Roma Education Fund Hungary opened in 2013 branch offices in Serbia and Montenegro and those figures are fully presented in the books of Roma Education Fund Hungary.

ROMA EDUCATION FUND

Budapest, this 24th March 2015

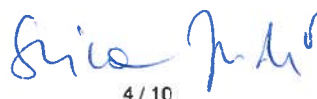
# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2014

### *Statement of income and expenditure (in Euro)*

	Note	2014	2013
		EUR	EUR
<b>INCOME</b>			
Donations received	1	3'647'247	6'746'205
Project support program refund	2	216'382	239'241
Interest income		615	431
<b>Total income net</b>		<b>3'864'244</b>	<b>6'985'877</b>
Project support program	3	1'743'051	1'869'971
Tertiary scholarships	4	1'918'491	2'746'007
EU Roma pilot 'A Good Start' and it's complementary projects	5	12'264	97'056
Konic Camp project Montenegro		0	1'920
Communications	6	98'625	258'829
Policy development and capacity building	7	203'405	307'085
International family project - FSG		0	7'162
UNICEF	8	32'444	0
REF Romania and its partners capacity building	9	11'806	112'806
Grants to:			
Roma Education Fund, Hungary not yet transferred grants to REF Hungary		1'114'544 456'284	910'000 0
Roma Education Fund, Romania for communications, administration and own contribution in European Social Fund projects		0	201'670
Grants to Roma Education Fund, Slovakia for project support program		242'950	0
<b>Total programs and grants</b>		<b>5'833'864</b>	<b>6'512'506</b>
Administrative expenses		133'210	166'808
<b>Total expenditure</b>		<b>5'967'074</b>	<b>6'679'314</b>
<b>Other expenses</b>			
Value adjustment on long term loan to Roma Education Fund, Romania		0	-1'000'000
Building provision on receivables	10	38'418	0
Profit / loss on foreign exchange (net)		-161'395	138'465
<b>Excess of income / expenditure</b>		<b>-1'979'853</b>	<b>1'168'098</b>

Budapest, this 24th March 2015

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ROMA EDUCATION FUND



# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2014

### *Balance Sheet as at December 31, 2014 ( in Euro)*

	2014	2013
	EUR	EUR
<b>ASSETS</b>		
Cash at banks	2'637'563	3'668'166
Other current assets	2'796	40'302
<b>Total current assets</b>	<b>2'640'359</b>	<b>3'708'468</b>
Accrued income	20'543	0
Recoverable grants	384'180	393'380
Long term loan to Roma Education Fund, Romania	0	572'802
<b>Total non-current assets</b>	<b>404'723</b>	<b>966'182</b>
<b>TOTAL ASSETS</b>	<b>3'045'082</b>	<b>4'674'650</b>
<b>LIABILITIES AND FOUNDATION CAPITAL</b>		
Liabilities	1'132	632
Accrued expenses	29'101	28'557
Provisions for projects granted	2'945'267	2'634'444
Other provisions	38'418	0
<b>Total liabilities and provisions</b>	<b>3'013'918</b>	<b>2'663'633</b>
Foundation capital at January 1	2'011'017	842'919
Excess of income / expenditure	-1'979'853	1'168'098
<b>Total foundation capital</b>	<b>31'164</b>	<b>2'011'017</b>
<b>TOTAL LIABILITIES AND FOUNDATION CAPITAL</b>	<b>3'045'082</b>	<b>4'674'650</b>

ROMA EDUCATION FUND



Since audit  
T. G.

Budapest, this 24th March 2015

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2014

### **GENERAL TERMS**

The books of the foundation are maintained in Euro (EUR) since the majority of its transactions are denominated in this currency.

#### **Currency translation**

Transactions in currencies other than EUR are translated at the daily rate.

Balance sheet positions at the year end, are translated at the year-end-rate published by OANDA. The resulting unrealized and realized gains and losses are recorded in the statement of income and expenditure.

REF was not significantly influenced by the decision of the Swiss National Bank on abandoning peg of CHF against EUR, but the future development of the CHF:EUR exchange rate might influence the Foundation capital.

#### **Reporting period**

The business and reporting period is defined on a yearly basis, starting at January 1 and ending at December 31.

### **ACCOUNTING PRINCIPLES**

#### **INCOME**

##### **Donations received**

The donation income is recognized at nominal value when received. The promised donation income is not allowed to be recorded for prudency reasons, which means, that the donation income is presented on a cash basis.

##### **Interest income**

The interest income is recorded and timely appointed by using the effective rates by banks.

#### **EXPENSES**

##### **Programs and grants**

The program and grant expenses paid out are recognized at nominal value. Costs already known are accrued. The grants are presented at the actual year on total contractual value while other program related expenses are recognised at the value paid.

##### **Administrative expenses**

This item includes administrative expenses of the operation, capital & equipment, contractors, HR related expenses of the administrative staff and their travel expenditures which do not directly belongs to the projects. The administrative expenses are recognized at nominal value. Costs already known are accrued.



# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2014

### **Partner expenses**

Where REF is a main project leader (direct contract with the donor) and funds are channelled to partners, all expenses relating to partners are presented as REF expenditure in the financial statement due to the fact that REF is in charge of reporting the entire project cost.

### ***BALANCE SHEET***

#### **Receivables valuation**

Receivables are recorded at nominal value, except the receivables in foreign currency. Receivables maintained in foreign currency are recorded at the exchange rate of the transaction day and revaluated on the exchange rates published by OANDA at year end.

Receivables not expected to be recovered on the basis of individual rating (enduring and significant) are value adjusted. In case of small amounts receivables considered per debtor are applied in accordance with the accounting principles in per cent impairment.

#### ***Rules of provisioning***

The following risks are evaluated in case of receivables:

- Risk of the country where the loan was provided (including political risk)
- Risk of the partner
- Risk of the transaction such as:
  - In case of ESF related loans, the capacity of the Management Authority (MA)
  - Probability of reimbursement request rejection based on MA evaluation
  - How cash flow problems can jeopardize to reach minimal indicators which can

Revolving loans provided by the foundations are monitored every 6 months with evaluation sheet including action proposal as well.

Any creation of provision or value adjustment are defined based on the Swiss Accounting Principles.

#### **Receivables valuation**

Costs paid for during but not relating to the financial year are activated as deferred cost.

#### **Accrued costs**

Expenses already incurred but not invoiced in the financial year are recognised as accrued cost.

#### **Recoverable grants**

A provision of 10% is applied on the amount of outstanding reimbursable grant portfolio based on the year end balance.

Budapest, this24th March 2015

# ROMA EDUCATION FUND, ZUG

## DETAILED NOTES TO THE FINANCIAL STATEMENTS 2014

1. Donation Table	2014	2013
	EUR	EUR
International Bank for Reconstruction and Development	291'925	290'366
Network of European Foundations	0	155'072
Foundation Open Society Institute, Budapest	2'094'538	4'363'123
Foundation Open Society Institute, Zug		1'042'250
Cooperation Agency		700'000
Swiss Agency for Development and Cooperation	350'000	
EVZ Stiftung "Erinnerung, Verantwortung und Zukunft"	221'000	0
World Bank Community Connection Fund	5'776	8'375
DFID United Kingdom (through World Bank Trust Fund)	50'000	0
Fundacion Secretariado Gitano	0	7'936
Soros-Bolton wedding donation	13'345	33'469
Norwegian Family Donation	21'342	24'882
European Commission	0	1'808
Mirabaud wedding donations	35'466	0
European Council	0	7'788
Statutory Town of Ostrava	6'200	6'200
Karl Popper Foundation	0	87'928
European Commission DG Regio	0	16'558
ERSTE Group AG	500'000	0
Morgan Stanley	197	0
UNICEF	57'458	0
Individuals	0	450
	<b>3'647'247</b>	<b>6'746'205</b>

### 2. Project support program refund

When projects conclude, they are reviewed, mostly by external parties with documentation in a compulsory report. If not all the funds were used they will be refunded to the Roma Education Fund. The refund means accrual reversal of that amount of the grant that was contracted but not paid and/or actual refund of the grant, which was already transferred to the grantee.

### 3. Project Support Program

The target of this project is to provide grants for initiatives by governmental and non-governmental agencies in the Decade of Roma Inclusion countries at all education levels. This position contains the accumulated costs of this year.



# ROMA EDUCATION FUND, ZUG

## DETAILED NOTES TO THE FINANCIAL STATEMENTS 2014

### 4. Tertiary Scholarships

The target of this project is to provide scholarship for tertiary level Roma students. This position contains the accumulated costs of this year. The Program consists of five components:

- Roma Memorial University Scholarship Program (RMUSP),
- Law and Humanities Program (LHP),
- Roma Health Scholarship Program (RHSP),
- Interregional Scholarship Scheme (RISP),
- Professional Development Fund (PDF).

### 5. EU Roma Pilot – A Good Start and complementary projects

The target of this project is to ensure that all Romani and other poor and excluded children have access to quality ECEC services in 16 localities in rural and urban localities of the most deprived settlements in FYR Macedonia, Hungary, Romania, and Slovakia will run until approximately the end of 2014. This position contains the accumulated costs of this year.

### 6. Communication

REF's Communications promote the exchange of knowledge and experiences, and communicating information on policies and programs that support Roma inclusion in education information on policies and programs that support Roma inclusion in education systems and represent one of the major pillars of REF's activities through conferences, workshops and publications. This position contains the accumulated costs of this year.

### 7. Policy Development and Capacity Building

The target of this project is to support studies, technical assistance, strategy development, and learning activities to strengthen dialogue with governments and civil society on education reform and Roma inclusion. This position contains the accumulated costs of this year.

### 8. UNICEF projects

The project aims to support desegregation of Roma Children Education and Improved Data Collection on Roma Children in Moldova in collaboration with Bulgaria and Serbia. This position contains the accumulated costs of this year.

### 9. REF Romania and its partners capacity building

The target of this project is to provide capacity building and financial support for REF Romania and its partners for those activities, which are necessary for project implementation but not covered by ESF. The program will run until approximately the end of 2016. This position contains the accumulated costs of this year.

### 10. Recoverable grants

This year as a general principle a provision of 10% on outstanding recoverable grants was built based on year-end balance of reimbursable grants.

# ROMA EDUCATION FUND, ZUG

## DETAILED NOTES TO THE FINANCIAL STATEMENTS 2014

### OTHER INFORMATION

<b>Administrative expenses</b>	<b>2014</b>	<b>2013</b>
	<u>EUR</u>	<u>EUR</u>
<u>Cost of administration</u>		
Administration cost incurred in Hungary	554'275	592'751
Total expenses REF Hungary	1'832'926	1'357'077
Percentage share	30.2%	43.7%
Grants to Roma Education Fund, Hungary	1'570'828	910'000
Percentage share of 30.2% resp. 43.7%	475'017	397'474
The cost of administration paid for	608'227	564'282
corresponding to	10.2%	8.7%
of the total of expenditure on programs and grants		

### **Risk assessment**

Our internal risk management covers operational and financial risks. Operational risks comprise in particular strategic risks as well as compliance risks. We define a risk as the possibility that an incident might occur which has a material impact on the achievement of the foundation's targets. The yearly identified risks are monitored and judged by management and foundation board committees. As a result of the risk management process, management defines preventive risk-minimizing measures which are part of the integrated management duties.