
Roma Education Fund

Zug (Switzerland)

Report of the statutory auditors to the Board on the financial statements 2017






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


As statutory auditors, we have examined the financial statements of Roma Education Fund, Zug (Switzerland), which comprise the statements of income and expenditure, balance sheet and notes, for the year ended 31 December 2017.

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 



Enrico Strozzi
Audit expert
Auditor in charge



Urs W. Hunziker
Audit expert

Zurich, 29 March 2019

Enclosure

Financial statements (statements of income and expenditure, balance sheet and notes)

ROMA EDUCATION FUND, ZUG

STATEMENTS OF INCOME AND EXPENDITURE 2017 AND 2016

	Note	2017 EUR	2016 EUR
Donations received (<i>no restrictions</i>)	4.1	6'629'721	6'641'129
Project support and other program refund	4.2	75'163	63'229
Total operating income		6'704'884	6'704'358
Project support program	4.3	-1'603'775	-1'556'429
Tertiary scholarships	4.4	-1'831'880	-1'890'497
Communications	4.5	-59'493	-40'687
Policy development and capacity building	4.6	-186'050	-236'902
KfW – Improved education and integration Serbia	4.7	-59'187	0
VELUX Project	4.8	0	-933
Grants to:			
Roma Education Fund, Hungary		-1'738'010	-1'524'811
Roma Education Fund, Romania		-615'485	-479'668
Grants to Roma Education Fund, Slovakia		-74'232	-285'025
Grants according to objectives of the foundation		-6'168'112	-6'014'952
Accounting, financial and legal services		-178'379	-173'941
Provision to cover risks in loans	4.9	-100'000	-350'000
Administrative costs		-278'379	-523'941
Total operating expenses		-6'446'491	-6'538'893
OPERATING RESULT		258'393	165'465
Interest income		207	46
Gain from foreign exchange		23'594	0
Financial income		23'801	46
Bank charges and interest		-22'881	-20'849
Loss from foreign exchange		-223'199	-33'592
Financial costs		-246'080	-54'441
Financial result		-222'279	-54'395
PROFIT OF THE YEAR		36'114	111'070

Zug, 12 March, 2018



ROMA EDUCATION FUND

Hayr Fernn
Alucy' Muzca

ROMA EDUCATION FUND, ZUG

BALANCE SHEETS AS AT DECEMBER 31, 2017 AND 2016

ASSETS	Note	12/31/2017 EUR	12/31/2016 EUR
Cash and cash equivalents	5.1	2'485'938	3'278'445
Other current assets		6'731	440
Accrued income		0	56'589
Total current assets		2'492'669	3'335'474
Short term loan to Roma Education Fund Hungary		54'485	0
Short term loan to Roma Education Fund Romania		607'991	575'000
Total non-current assets		662'476	575'000
TOTAL ASSETS		3'155'145	3'910'474
LIABILITIES			
Other short-term liabilities to related parties (OSF)		205'650	0
Accrued expenses		47'936	24'000
Total short-term liabilities		253'586	24'000
Provisions for projects granted	5.2	1'893'472	3'014'501
Other provisions	5.3	531'077	431'077
Total non-current Liabilities		2'424'549	3'445'578
Foundation Capital at January 1		440'896	329'826
Profit of the year		36'114	111'070
Foundation Capital at December 31		477'010	440'896
TOTAL LIABILITIES		3'155'145	3'910'474

Zug, 12 March, 2018

ROMA EDUCATION FUND



Haggi Puzos
Andreas Meyer

ROMA EDUCATION FUND, ZUG

NOTES OF THE FINANCIAL STATEMENTS 2017 AND 2016

1 GENERAL INFORMATION

Name of the foundation	ROMA EDUCATION FUND, Zug
Legal form	Foundation according to art. 80 ff. Swiss Civil Code
Legal basis	Public Deed dated January 05, 2005
Domicile	Baarerstrasse 12, 6300 Zug
Foundation board	Andrzej Mirga (chairman) Kinga Göncz (vice chairman) Lisa Jordan (member; retired 2017) Yvana Enzler (member) Pierre Mirel (member) Nicoleta Bitu (member) Sybille Suter Tejada (member) William Lazarus Bila (member) Miriam Sherman (member)
Auditor	PricewaterhouseCoopers AG, Zurich
Supervisory authority	Swiss Federal Supervisory Authority for Foundations

2 ORGANIZATION AND OBJECTIVES OF THE FOUNDATION

2.1 Objectives of the Foundation

The objectives of the foundation are to contribute to closing the gap in educational outcomes between Roma and 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.

ROMA EDUCATION FUND, ZUG

2.2 Organization of 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.

- Roma Education Fund in Switzerland, established in 2005
- Roma Education Fund in Hungary, established in 2006
- Roma Education Fund in Romania, established in 2009
- Roma Education Fund in Slovakia, established in 2014

3 SIGNIFICANT ACCOUNTING POLICIES AND VALUATION PRINCIPLES

3.1 Financial Reporting

The present financial statements are set out in accordance with the 32nd Part of the Swiss Code of Obligations.

The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described here after.

3.2 Estimates and Assumptions made by the Board / Management

Financial reporting requires the foundation board to decide on valuations and assessments which could influence the foundation's assets and liabilities, including contingent liabilities, on the date of the balance sheet as well as to evaluate the expenses and revenues during the period under review. Within the legal parameters the board decides at its discretion on valuation and accounting criteria. To protect the foundation depreciations, value adjustments and provisions may be made in line with applicable principles of prudence, beyond the scope of what is economically required.

ROMA EDUCATION FUND, ZUG

3.3 Currency Translations

The books of the foundation are maintained in Euro (EUR) since the majority of its transactions are denominated in this currency. Transactions in currencies other than EUR are translated at the daily rate.

The following exchange rates were used for currency translation at year end:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Swiss Franc	1.1693	1.0715
British Pound	0.8877	0.85211
Hungarian Forint	310.1846	308.643
US Dollar	1.1978	1.0515

Monetary assets and liabilities in foreign currencies are converted into the currency in which the company operates at the exchange rate on the balance sheet day. Any profits or losses resulting from the exchange are recorded in the statement of income and expenses.

Non-monetary assets and liabilities at historical costs are converted at the foreign exchange rate at the time of the transaction. Foreign exchange losses are recorded as expense.

3.4 Reporting Period

The annual financial reporting period starts on January 1 and ends on December 31.

3.5 Basic Principles

The financial statements are prepared assuming a going concern basis and are expressed in Euro (EUR). Generally zero values and negative confirmations are not contained in these financial statements.

3.6 Principles of Accounting

The main accounting principles laid out below:

INCOME

Donations Received

The donation income is recognized at nominal value when received. Promised donations are not recorded for prudence reasons, donation income is presented on a cash basis.

Interest Income

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

ROMA EDUCATION FUND, ZUG

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.

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

Cash and cash equivalents

These items include cash on hand and bank account balances. All items are recorded at nominal value.

Receivables and other current assets

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 precipitate project termination by MA

ROMA EDUCATION FUND, ZUG

Receivables and other current assets (cont.)

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.

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

Recoverable grants are shown at nominal value.

ROMA EDUCATION FUND, ZUG

4 NOTES TO THE STATEMENT OF INCOME

4.1 Details on Donations received - 2013 - 2017

	2017 EUR	2016 EUR	2015 EUR	2014 EUR	2013 EUR	Total EUR
Bill Cook Foundation	4'673	-	-	-	-	4'673
DFID United Kingdom (through World Bank Trust Fund)	-	-	50'000	50'000	-	100'000
EPTISA Regional Office for Southeast Europe	4'275	-	-	-	-	4'275
ERSTE Group AG	-	-	-	500'000	-	500'000
European Commission	-	-	-	-	1'808	1'808
European Commission DG Regio	-	-	-	-	16'558	16'558
European Council	-	-	-	-	7'788	7'788
EVZ Stiftung "Erinnerung, Verantwortung und Zukunft"	260'000	262'000	234'000	221'000	-	977'000
Foundation Open Society Institute	4'506'490	4'916'294	4'492'342	2'094'538	4'363'123	20'372'787
Fundacion Secretariado Gitano	-	-	-	-	7936	7'936
HH Management Ltd.	-	-	181'159	-	-	181'159
Karl Popper Foundation	-	-	-	-	87'928	87'928
Mirabaud Pierre	-	-	1'000	-	-	1'000
Mirabaud wedding donations	-	-	-	35'466	-	35'466
Morgan Stanley	-	-	-	197	-	197
Network of European Foundations	-	-	119'600	-	155'072	274'672
Norwegian Family Donation	-	-	-	21'342	24'882	46'224
Porticus Vienna	-	90'000	100'000	-	-	190'000
Salzburg Global Seminar Inc. USA	-	-	-	-	-	-
Soros-Bolton Event	-	-	-	-	33'469	33'469
Soros-Bolton Wedding Donation	-	-	-	13'345	-	13'345
Statutory Town of Ostrava	-	7'200	6'200	6'200	6'200	25'800
Swedish International Deve- lopment Cooperation Agency	1'018'256	503'894	542'160	-	1'042'250	3'106'560
Swiss Agency for Development and Cooperation	850'000	850'000	832'618	350'000	700'000	3'582'618
UNICEF	-	-	-	57'458	-	57'458
US Embassy Slovakia	-	-	1'677	-	-	1'677
Velux and Villium Fond	-	-	1'034	-	-	1'034
World Bank Community Connection Fund	7'115	11'544	11'838	5'776	8'375	44'648
International Bank for Recon- struction and Development	-21'840	-	-	291'925	290'366	560'451
World Vision International	-	-	4'565	-	-	4'565
Individuals	752	197	5	-	450	1'404
Total	6'629'721	6'641'129	6'578'198	3'647'247	6'746'205	30'238'225

ROMA EDUCATION FUND, ZUG

4 NOTES TO THE STATEMENT OF INCOME (cont.)

4.2 Project support and other program refund

Concluded projects are reviewed, mostly by external parties with documentation in a compulsory report. If not all the funds were used they are 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.

4.3 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.

4.4 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).

4.5 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.

4.6 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.

4.7 KfW – Improved education and integration Serbia

In the framework of the project of “Improved Education and Integration Opportunities for Roma in Serbia (Phase 1)” KfW supports REF to improve access to education and employment opportunities for Roma in the Republic of Serbia. This project is composed of three components: (i) the promotion of secondary school education for Roma youth, (ii) the promotion of employability of graduates of the REF secondary school program and (iii) the

ROMA EDUCATION FUND, ZUG

4 NOTES TO THE STATEMENT OF INCOME (cont.)

4.8 VELUX Project

The project supports the increase of the number of female kindergarten teachers and nurseries of Roma origin in the regions of Czech Republic, Hungary and Slovakia with high numbers of Roma residents. The program will run until approximately the end of 2022.

4.9 Provision to cover risks in loans	31.12.2017 EUR	31.12.2016 EUR
Provision to cover risks on loan to REF Romania	100'000	350'000
Total	100'000	350'000

REF Romania will potentially not be able to fully repay its current outstanding obligations. In order to fully reflect this risk, an additional provision of EUR 100'000 was created in 2017.

5 NOTES TO THE BALANCE SHEET

5.1 Cash and Cash Equivalents

Petty Cash	1'627	2'488
Bank Julius Bär, Zürich, current account	2'251'649	3'158'431
Raiffeisenbank, Wien	0	3'019
Erste Bank, Wien	232'662	114'507
Total	2'485'938	3'278'445

5.2 Provision for Projects Granted

Project Support Program	164'134	770'968
Tertiary Scholarship	847'949	522'234
Communications	2'000	0
Operational grants to REF entities	879'389	1'721'299
Total	1'893'472	3'014'501

5.3 Other Provisions

Provision to cover risks on short-term loans	531'077	431'077
Total	531'077	431'077

ROMA EDUCATION FUND, ZUG

6	OTHER LEGALLY REQUIRED INFORMATION	2017	2016
		EUR	EUR
6.1	Administrative expenses		
	Administrative cost incurred in Hungary	976'160	872'181
	corresponding to	29.6%	40.7%
	of the total of expenditure in Hungary	3'293'719	2'142'882
	Grants to Roma Education Fund, Hungary	1'738'010	1'524'811
	Percentage shares of 29.6 % resp. 40.7% (Hungary)	515'094	620'618
	The cost of administration paid (incl. Hungary) of	716'354	815'408
	corresponding to	11.6%	13.6%
	of the total of expenditure on programs and grants of	6'168'112	6'014'952
6.2	Audit fees		
	Total annual audit costs (inclusive VAT)	27'000	27'000
	Total annual audit related costs (inclusive VAT)	3'000	3'000
	Total annual non-audit costs (inclusive VAT)	4'000	0

6.3 Number of employees

The number of full time employees (FTE) in the current and the prior year was below ten on an annual average.

ROMA EDUCATION FUND, ZUG

6 OTHER LEGALLY REQUIRED INFORMATION

6.4 Financial Statements in Swiss Francs

6.4.1 Statement of Income and Expenditure	2017 CHF	2016 CHF
Donations received (<i>no restrictions</i>)	7'343'145	7'237'502
Project support and other program refund	83'252	68'906
Total operating income	7'426'397	7'306'408
Project support program	-1'776'357	-1'696'196
Tertiary scholarships	-2'029'009	-2'060'263
Communications	-65'895	-44'340
Policy development and capacity building	-206'071	-258'176
KfW – Improved education and integration Serbia	-65'556	0
VELUX Project	0	-1'017
Grants to:		
Roma Education Fund, Hungary	-1'925'037	-1'661'739
Roma Education Fund, Romania	-681'717	-522'742
Grants to Roma Education Fund, Slovakia	-82'220	-310'620
Grants according to objectives of the foundation	-6'831'862	-6'555'093
Accounting, financial and legal services	-197'574	-189'562
Provision to cover risks in loans and receivables	-110'761	-395'822
Administrative costs	-308'335	-585'384
Total operating expenses	-7'140'197	-7'140'477
OPERATING RESULT	286'200	165'931
Interest income	229	50
Gain from foreign exchange	26'133	0
Financial income	26'362	50
Bank charges and interest	-25'343	-22'721
Loss from foreign exchange	-247'217	-22'216
Unrealised loss from foreign exchange	0	-6'444
Financial costs	-272'560	-51'381
Financial result	-246'198	-51'331
PROFIT OF THE YEAR	40'002	114'600

ROMA EDUCATION FUND, ZUG

6 OTHER LEGALLY REQUIRED INFORMATION (cont.)

6.4 Financial Statements in Swiss Francs (cont.)

6.4.2 Balance Sheet	31.12.2017	31.12.2016
	CHF	CHF
ASSETS		
Cash and cash equivalents	2'906'758	3'512'788
Other current assets	7'870	471
Accrued income	0	60'634
Total current assets	2'914'628	3'573'893
Short term loan to Roma Education Fund Hungary	63'708	0
Short term loan to Roma Education Fund Romania	710'912	616'101
Total non-current assets	774'620	616'101
TOTAL ASSETS	3'689'248	4'189'994
LIABILITIES		
Other short-term liabilities to related parties (OSF)	240'462	0
Accrued expenses	56'051	25'716
Total short-term liabilities	296'513	25'716
Provisions for projects granted	2'213'999	3'229'977
Other provisions	620'978	461'890
Total non-current Liabilities	2'834'977	3'691'867
Foundation Capital at January 1	472'411	357'811
Currency reserve (referred EUR against CHF)	45'345	0
Profit of the year	40'002	114'600
Foundation Capital at December 31	557'758	472'411
TOTAL LIABILITIES	3'689'248	4'189'994

6.5 Events after the balance sheet date

After the closing of the financial statements until approval by the board, no material events occurred which could affect the relevance of the financial reporting as presented or which should have been disclosed at this point in time.

Zug, 12 March, 2018

