



***Roma Education Fund  
Zug***

***Report of the statutory auditors  
to the Board  
on the financial statements 2013***



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 balance sheet, income statement and notes, for the year ended 31 December 2013.

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, 27 March 2014

**Enclosure**

Financial statements (balance sheet, income statement and notes)

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# ROMA EDUCATION FUND, ZUG

## STATEMENT OF INCOME AND EXPENDITURE 2013

	Jan to Dec. 2013	Jan to Dec. 2012
	CHF	CHF
<b>INCOME</b>		
Donations and fees received	8'286'230	10'220'530
Project support program refund	293'855	219'256
Interest income	529	948
<b>Total income net</b>	<b>8'580'614</b>	<b>10'440'734</b>
Project support program	2'296'848	3'261'097
Tertiary scholarships	3'372'865	3'130'332
EU Roma pilot 'A Good Start' and it's complementary projects	119'212	77'338
Konic camp project in Montenegro	2'357	0
Communications	317'915	137'400
Policy development and capacity building	377'186	544'755
International family project - FSG	8'797	5'423
Hungarian micro-region program	0	640
REF Romania capacity building	138'558	15'765
Grants to Roma Education Fund, Hungary	1'117'735	1'255'673
Grants to Roma Education Fund, Romania for communications, administration and own contribution in European Social Fund projects	247'707	623'568
<b>Total programs and grants</b>	<b>7'999'180</b>	<b>9'051'991</b>
Administrative expenses	204'887	203'037
<b>Total expenditure</b>	<b>8'204'067</b>	<b>9'255'028</b>
<b>Other expenses</b>		
Value adjustment on long term loan to Roma Education Fund, Romania	-1'228'280	1'212'040
Loss on foreign exchange (net)	170'074	115'245
<b>Excess of income / expenditure</b>	<b>1'434'753</b>	<b>-141'579</b>

	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
<b>ASSETS</b>	<b>CHF</b>	<b>CHF</b>
Cash at banks	4'495'778	1'888'774
Other current assets	49'395	15'965
<b>Total current assets</b>	<b>4'545'173</b>	<b>1'904'739</b>
Recoverable grants	482'135	548'974
Long term loan to Roma Education Fund, Romania	702'038	2'679'066
less value adjustment	0	-1'207'330
<b>Total non-current assets</b>	<b>1'184'173</b>	<b>2'020'710</b>
	<b>5'729'346</b>	<b>3'925'449</b>
 <b>LIABILITIES AND FOUNDATION CAPITAL</b>		
Liabilities	774	7'367
Accrued expenses	35'000	25'000
Provisions for projects granted	3'228'827	2'858'589
Funds not used	0	16'811
<b>Total liabilities and provisions</b>	<b>3'264'601</b>	<b>2'907'767</b>
Foundation capital at January 1	1'033'098	1'242'850
Difference on conversion into CHF	-3'106	-83'589
Excess of income / expenditure	1'434'753	-141'579
<b>Total foundation capital</b>	<b>2'464'745</b>	<b>1'017'682</b>
<b>TOTAL LIABILITIES AND FOUNDATION CAPITAL</b>	<b>5'729'346</b>	<b>3'925'449</b>


# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2013

### Objectives

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.

### 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 several consultations in their financial operations.

### Establishment of Roma Education Fund

- 2005: Roma Education Fund Switzerland was established
- 2006: Roma Education Fund Hungary was established
- 2009: Roma Education Fund Romania was established
- 2013: Roma Education Fund Hungary, branch office in Serbia opened
- 2013: Roma Education Fund Hungary, branch office in Montenegro opened

The figures of the new branch offices in Serbia and Montenegro are fully presented in Roma Education Fund Hungary's books.


# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2013

### *Statement of Income and Expenditure 2013 (in Euro)*

	Note	2013	2012
INCOME		EUR	EUR
Donations and fees received	1	6'746'205	8'432'502
Project support program refund	2	239'241	180'898
Interest income		431	782
<b>Total income net</b>		<b>6'985'877</b>	<b>8'614'182</b>
Project support program	3	1'869'971	2'690'585
Tertiary scholarships	4	2'746'007	2'582'697
EU Roma pilot 'A Good Start' and it's complementary projects	5	97'056	63'808
Konic camp project in Montenegro	6	1'920	0
Communications	7	258'829	113'362
Policy development and capacity building	8	307'085	449'453
International family project - FSG	9	7'162	4'474
Hungarian micro-region program		0	528
REF Romania capacity building	10	112'806	13'007
Grants to Roma Education Fund, Hungary		910'000	1'036'000
Grants to Roma Education Fund, Romania for communications, administration and own contribution in European Social Fund projects		201'670	514'478
<b>Total programs and grants</b>		<b>6'512'506</b>	<b>7'468'392</b>
Administrative expenses		166'808	167'517
<b>Total expenditure</b>		<b>6'679'314</b>	<b>7'635'909</b>
<b>Other expenses</b>			
Value adjustment on long term loan to Roma Education Fund, Romania		-1'000'000	1'000'000
Loss on foreign exchange (net)		138'465	95'083
<b>Excess of income / expenditure</b>		<b>1'168'098</b>	<b>-116'810</b>

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2013

### *Balance Sheet as at December 31, 2013 (in Euro)*

	<u>Note</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
ASSETS		EUR	EUR
Cash at banks		3'668'166	1'564'422
Other current assets		40'302	13'223
<b>Total current assets</b>		<b>3'708'468</b>	<b>1'577'645</b>
Recoverable grants		393'380	454'701
Long term loan to Roma Education Fund, Romania		572'802	2'219'001
less value adjustment		0	-1'000'000
<b>Total non-current assets</b>		<b>966'182</b>	<b>1'673'702</b>
<b>TOTAL ASSETS</b>		<b>4'674'650</b>	<b>3'251'347</b>
<b>LIABILITIES AND FOUNDATION CAPITAL</b>			
Liabilities		632	6'102
Accrued expenses		28'557	20'707
Provisions for projects granted		2'634'444	2'367'695
Funds not used		0	13'924
<b>Total liabilities and provisions</b>		<b>2'663'633</b>	<b>2'408'428</b>
Foundation capital at January 1		842'919	959'729
Excess of income / expenditure		1'168'098	-116'810
<b>Total foundation capital</b>		<b>2'011'017</b>	<b>842'919</b>
<b>TOTAL LIABILITITES AND FOUNDATION CAPITAL</b>		<b>4'674'650</b>	<b>3'251'347</b>

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2013

### **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.

#### **Reporting Period**

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

#### **Comparability with prior year**

Financial statements are presenting the prior year and the actual reporting period from January 1, to December 31. Major errors from previous years are restated and presented.

Errors shall be construed as major in our cases, if in the year when discovered the aggregate amounts of all error (either negative or positive) for the same year and after effect thereof "increasing or decreasing the equity" exceed 2% of the balance sheet total of the financial year audited.

### **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.

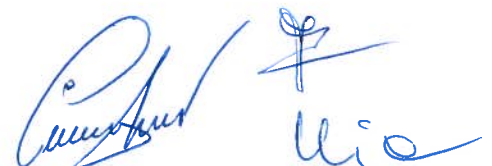
##### **Interest Income**

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 recognized at the value paid.

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# ROMA EDUCATION FUND, ZUG

## DETAILED NOTES TO THE FINANCIAL STATEMENTS 2013

### **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 belong 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 channeled 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 precipitate project termination by MA

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 is defined based on the Swiss Accounting Principles.

#### **Deferred costs**

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 recognized as accrued cost.



# ROMA EDUCATION FUND, ZUG

## DETAILED NOTES TO THE FINANCIAL STATEMENTS 2013

### 1. Donation Table

	<u>2013</u>	<u>2012</u>
	EUR	EUR
International Bank for Reconstruction and Development	290'366	703'915
Network of European Foundations	155'072	120'000
Foundation Open Society Institute, Budapest	4'363'123	6'584'344
Foundation Open Society Institute, Zug		
Open Society Institute, New York		
Foundation to Promote Open Society Institute		
Swedish International Development Cooperation Agency	1'042'250	0
Swiss Agency for Development and Cooperation	700'000	800'000
EVZ Stiftung "Erinnerung, Verantwortung und Zukunft"	0	179'400
World Bank Community Connection Fund	8'375	9'717
Fundacion Secretariado Gitano	7'936	5'965
Salzburg Global Seminar Inc. USA	0	1'026
Soros-Bolton Event	33'469	0
Norwegian Family Donation	24'882	28'135
European Commission	1'808	0
European Council	7'788	0
Statutory Town of Ostrava	6'200	0
Karl Popper Foundation	87'928	0
European Commission DG Regio	16'558	0
Individuals	450	0
	<u>6'746'205</u>	<u>8'432'502</u>

### 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 2013

### 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. Konik Camp project in Montenegro

This is an Assistance Program for integration and return of I/DPs and residents of Konik Camp in which REF implements the educational component through early childhood development programs.

### 7. Communication

REF's Communications promote the exchange of knowledge and experiences, and communicating 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.

### 8. Policy Development and Capacity Building

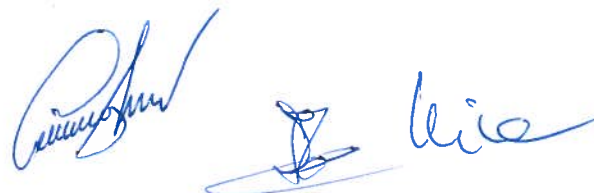
The target of this project is to support studies, technical assistance, strategy development, and learning activities to strengthen dialogue with governments and civil society on education reform and Roma inclusion. This position contains the accumulated costs of this year.

### 9. International Family Project

The target of this project is to support networking and knowledge sharing on education issues that arise in family environments in Roma Decade and other European countries and was closed by the end of 2013. This position contains the accumulated costs of this year.

### 14. REF Romania and its partner's 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 2014. This position contains the accumulated costs of this year.

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# ROMA EDUCATION FUND, ZUG

## DETAILED NOTES TO THE FINANCIAL STATEMENTS 2013

### OTHER INFORMATION

<b>Administrative expenses</b>	<b>2013</b>	<b>2012</b>
<u>Cost of administration</u>	<b>EUR</b>	<b>EUR</b>
Administration cost incurred in Hungary	592'751	626'703
Total expenses REF Hungary	1'357'077	1'735'971
Percentage share	43.7%	36.1%
Grants to Roma Education Fund, Hungary	910'000	1'036'000
Percentage share of 43.7% resp. 36.1%	397'474	374'006
The cost of administration paid for corresponding to	564'282	575'113
of the total of expenditure on programs and grants	8.7%	7.7%

### 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.

*Bereus Costel*  
*[Signature]*

*[Signature]*  
*Siva Mihai*