



***Roma Education Fund  
Zug***

***Report of the statutory auditors  
to the Board  
on the financial statements 2015***



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 2015.

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, 30 March 2016

**Enclosure**

Financial statements (balance sheet, income statement and notes)

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# ROMA EDUCATION FUND, ZUG

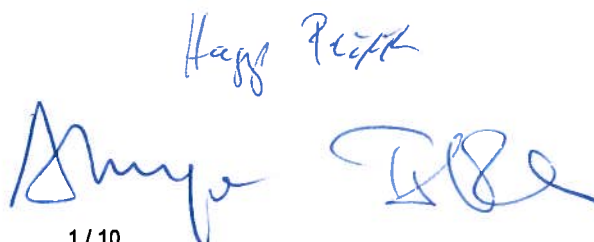
## BALANCE SHEETS AS PER DECEMBER 31, 2015 AND 2014

	2015	2014
	CHF	CHF
<b>ASSETS</b>		
Cash at banks	2,722,030	3,211,753
Other current assets	3,844	3,363
Accrued income	26,851	24,707
<b>TOTAL CURRENT ASSETS</b>	<b>2,752,725</b>	<b>3,239,823</b>
Recoverable grants	390,755	462,061
Short term loan to Roma Education Fund, Romania	330,285	0
Long term loan to Roma Education Fund, Romania	617,253	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,338,293</b>	<b>462,061</b>
<b>TOTAL ASSETS</b>	<b>4,091,018</b>	<b>3,701,884</b>
<b>LIABILITIES AND FOUNDATION CAPITAL</b>		
Other liabilities	0	1,361
Accrued expenses	31,404	35,000
Provisions for projects granted	3,227,680	3,542,191
Other provisions	474,123	46,206
<b>TOTAL LIABILITES</b>	<b>3,733,207</b>	<b>3,624,758</b>
Foundation capital at January 1	77,126	2,464,745
Profit / loss of the year	280,685	-2,387,619
<b>TOTAL FOUNDATION CAPITAL DECEMBER 31</b>	<b>357,811</b>	<b>77,126</b>
<b>TOTAL LIABILITIES AND FOUNDATION CAPITAL</b>	<b>4,091,018</b>	<b>3,701,884</b>

ROMA EDUCATION FUND

Zug, this March 21, 2016 / SA

Hans Peter



# ROMA EDUCATION FUND, ZUG

## STATEMENT OF INCOME AND EXPENDITURE 2015 AND 2014

	2015	2014
	CHF	CHF
<b>INCOME</b>		
Donations received	7,113,005	4,429,216
Project support and other program refund	101,040	262,775
<b>TOTAL INCOME</b>	<b>7,214,045</b>	<b>4,691,991</b>
<b>EXPENDITURE</b>		
Project support program	1,979,061	2,116,761
Tertiary scholarships	2,304,912	2,329,816
EU Roma pilot 'A Good Start' and complementary projects	0	14,894
Communications	143,311	119,770
Policy development and capacity building	268,805	247,015
UNICEF funded projects	8,066	39,401
REF Romania and its partners capacity building	1,759	14,337
Grants to:		
Roma Education Fund, Hungary	1,455,755	1,353,502
not yet transferred grants to REF Hungary	0	554,111
Roma Education Fund, Romania	153,079	0
for communications, administration and own contributions in European Social Fund projects		
Grants to Roma Education Fund, Slovakia for project support	193,655	295,038
<b>TOTAL PROGRAMS AND GRANTS</b>	<b>6,508,403</b>	<b>7,084,645</b>
Administrative expenses	157,845	161,770
Provisions to cover risks in loans and receivables	432,520	46,655
<b>TOTAL EXPENDITURE</b>	<b>7,098,768</b>	<b>7,293,070</b>
<b>OPERATING RESULT</b>	<b>115,277</b>	<b>-2,601,079</b>
FINANCIAL INCOME		
Interest income	423	747
Gain on foreign exchange (net)	207,243	195,999
FINANCIAL EXPENSES		
Unrealised result from foreign exchange (translation)	-42,258	0
<b>PROFIT / LOSS OF THE YEAR</b>	<b>280,685</b>	<b>-2,404,333</b>

Zug, this March 21, 2016 / SA

ROMA EDUCATION FUND

*Haggi Kertész*  
*Amya DSR*

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2015 AND 2014

### Information on the Foundation

Name:	Roma Education fund
Legal form:	Foundation in accordance with art. 88 ff Swiss Civil Code
Legal basis:	Public Deed dated January 05, 2005
Legal domicile:	c/o Dr. Suzanne Wettenschwiler, Baarerstrasse 12, 6300 Zug
Chairman of the Board:	Andrzej Migra (PL)
Members of the Board:	Robert Kushen (USA), Vice Chair; Lisa Jordan (USA); Judit Toth (H) Alexander Wittwer (AL); Nicoleta Bitu (RO); Anna Bjerde (USA); William Lazarus Bila (FR); Livia Jaroka (BE)
Auditors:	PWC PricewaterhouseCoopers AG, Zurich
Supervisory Authority:	Swiss Federal Supervisory Authority for Foundations Inselgasse 1, 3003 Bern
Currency:	Swiss Francs
Closing date:	December 31
Number of employees:	zero

### 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 consultations in their financial operations

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2015 AND 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 prudence 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

#### 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 2015 AND 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

### **BALANCE SHEET**

#### **Receivables valuation**

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 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

## NOTES TO THE FINANCIAL STATEMENTS 2015 AND 2014

Balance Sheet as at December 31, 2015 ( in Euro)

	2015	2014
	EUR	EUR
<b>ASSETS</b>		
Cash at banks	2'513'648	2'637'563
Other current assets	3'549	2'796
Accrued income	24'795	20'543
<b>TOTAL CURRENT ASSETS</b>	<b>2'541'992</b>	<b>2'660'902</b>
Recoverable grants	360'841	384'180
Short term loan Roma Education Fund, Romania	305'000	0
Long term loan to Roma Education Fund, Romania	570'000	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1'235'841</b>	<b>384'180</b>
<b>TOTAL ASSETS</b>	<b>3'777'833</b>	<b>3'045'082</b>
<b>LIABILITIES AND FOUNDATION CAPITAL</b>		
Other liabilities	0	1'132
Accrued expenses	29'000	29'101
Provisions for projects granted	2'980'589	2'945'267
Other provisions	438'418	38'418
<b>TOTAL LIABILITITES</b>	<b>3'448'007</b>	<b>3'013'918</b>
Foundation capital at January 1	31'164	2'011'017
Profit / loss of the year	298'662	-1'979'853
<b>TOTAL FOUNDATION CAPITAL DECEMBER 31</b>	<b>329'826</b>	<b>31'164</b>
<b>TOTAL LIABILITIES AND FOUNDATION CAPITAL</b>	<b>3'777'833</b>	<b>3'045'082</b>

Zug, this March 21, 2016 / SA



# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2015 AND 2014

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

	Note	2015	2014
		EUR	EUR
<b>INCOME</b>			
Donations received	1	6'578'198	3'647'247
Project support and other program refund	2	93'443	216'382
<b>TOTAL INCOME</b>		<b>6'671'641</b>	<b>3'863'629</b>
<b>EXPENDITURE</b>			
Project support program	3	1'830'261	1'743'051
Tertiary scholarships	4	2'131'612	1'918'491
EU Roma pilot 'A Good Start' and complementary projects	5	0	12'264
Communications	6	132'536	98'625
Policy development and capacity building	7	248'595	203'405
UNICEF funded projects	8	7'459	32'444
REF Romania and its partners capacity building	9	1'627	11'806
Grants to:			
Roma Education Fund, Hungary		1'346'301	1'114'544
not yet transferred grants to REF Hungary		0	456'284
Roma Education Fund, Romania		141'569	0
for communications, administration and own contributions in European Social Fund projects			
Grants to Roma Education Fund, Slovakia for project support		179'095	242'950
<b>TOTAL PROGRAMS AND GRANTS</b>		<b>6'019'055</b>	<b>5'833'864</b>
Administrative expenses		145'977	133'210
Provisions to cover risks in loans and receivables		400'000	38'418
<b>TOTAL EXPENDITURE</b>		<b>6'565'032</b>	<b>6'005'492</b>
<b>OPERATING RESULT</b>		<b>106'609</b>	<b>-2'141'863</b>
<b>FINANCIAL INCOME</b>			
Interest income		392	615
Gain on foreign exchange		191'661	161'395
<b>PROFIT / LOSS OF THE YEAR</b>		<b>298'662</b>	<b>-1'979'853</b>

Zug, this March 21, 2016 / SA

**ROMA EDUCATION FUND, ZUG**

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2015 AND 2014

### 1. Donation Table

	2015	2014
	EUR	EUR
International Bank for Reconstruction and Development	0	291,925
Network of European Foundations	119,600	0
Foundation Open Society Institute	4,492,342	2,094,538
Swedish International Development Cooperation Agency	542,160	0
Swiss Agency for Development and Cooperation	832,618	350,000
EVZ Stiftung "Erinnerung, Verantwortung und Zukunft"	234,000	221,000
World Bank Community Connection Fund	11,838	5,776
DFID United Kingdom (through World Bank Trust Fund)	50,000	50,000
Soros-Bolton wedding donation	0	13,345
Norwegian Family Donation	0	21,342
Mirabaud wedding donations	0	35,466
Mirabaud Pierre	1,000	0
Statutory Town of Ostrava	6,200	6,200
ERSTE Group AG	0	500,000
Morgan Stanley	0	197
UNICEF	0	57,458
Porticus Vienna	100,000	0
HH Management Ltd.	181,159	0
World Vision International	4,565	0
US Embassy Slovakia	1,677	0
Velux and Villium Fond	1,034	0
Individuals	5	0
	<b>6,578,198</b>	<b>3,647,247</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.

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2015 AND 2014

### 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. Tertiary Scholarships

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 FYR Macedonia, Hungary, Romania, and Slovakia.

### 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.

### 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.

### 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.

### 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.

# ROMA EDUCATION FUND, ZUG

## NOTES TO THE FINANCIAL STATEMENTS 2015 AND 2014

### OTHER INFORMATION

#### Administrative expenses

	2015	2014
<u>Cost of administration</u>	<u>EUR</u>	<u>EUR</u>
Administration cost incurred in Hungary	722,288	554,275
Total expenses REF Hungary	1,848,683	1,832,926
Percentage share	39.1%	30.2%
Grants to Roma Education Fund, Hungary	1,346,301	1,570,828
Percentage share of 30.2% resp. 43.7%	526,005	475,017
The cost of administration paid for corresponding to	671,982	608,227
of the total of expenditure on programs and grants	10.2%	10.1%

#### 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.

Zug, this March 21, 2016 / SA

**ROMA EDUCATION FUND**

Handwritten signatures in blue ink:

Hayl P...  
Anija ...