

**Roma Education Fund
Zug**

**Report of the statutory auditors
to the Board
on the financial statements 2010**

31 May 2011/55404600/3/UHU/hbs

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, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2010.


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

Basle, 31 May 2011

Enclosure

- Financial statements (balance sheet, income statement and notes)

ROMA EDUCATION FUND, ZUG

BALANCE SHEETS AS AT DECEMBER 31, 2010 AND 2009

	Dec. 31, 2010	Dec. 31, 2009
	<u>CHF</u>	<u>CHF</u>
ASSETS		
Cash at banks	610'327	493'043
Time deposits	2'368'930	2'975'305
Other current assets	8'535	15'092
Total current assets	2'987'792	3'483'440
Recoverable grants	409'345	430'400
Total non-current assets	409'345	430'400
	<u>3'397'137</u>	<u>3'913'840</u>
	<u>3'397'137</u>	<u>3'913'840</u>
 LIABILITIES AND FOUNDATION CAPITAL		
Liabilities	11'530	63'268
Accrued expenses	23'006	49'812
Provisions for projects granted	2'013'856	3'012'781
Total liabilities and provisions	2'048'392	3'125'861
Foundation capital at January 1	787'979	263'167
Difference on conversion into CHF	12'234	3'726
Excess of income over expenditure	548'532	521'086
Total Foundation Capital	1'348'745	787'979
	<u>3'397'137</u>	<u>3'913'840</u>
	<u>3'397'137</u>	<u>3'913'840</u>

Zug, May 30, 2011

ROMA EDUCATION FUND

ROMA EDUCATION FUND, ZUG

STATEMENT OF INCOME AND EXPENDITURE 2010 AND 2009

	<u>2010</u>	<u>2009</u>
INCOME	CHF	CHF
Donations and fees received	9'524'670	8'790'489
Interest income	3'573	4'692
Gains on foreign exchange (net)	3'956	170'149
	<u>9'532'199</u>	<u>8'965'330</u>
	<u><u>9'532'199</u></u>	<u><u>8'965'330</u></u>
 EXPENDITURE		
Program expenses and grants	8'547'294	8'221'373
Administrative expenses	349'421	162'500
Travel and representation expenses	47'785	28'200
Bank charges and interest	39'167	32'171
Excess of income over expenditure	548'532	521'086
	<u>9'532'199</u>	<u>8'965'330</u>
	<u><u>9'532'199</u></u>	<u><u>8'965'330</u></u>

Zug, May 30, 2011

ROMA EDUCATION FUND

ROMA EDUCATION FUND, ZUG

NOTES TO THE FINANCIAL STATEMENTS 2010 AND 2009

OBJECTS

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

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 accountants. 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.

ROMA EDUCATION FUND, ZUG

NOTES TO THE FINANCIAL STATEMENTS 2010 AND 2009

DETAILS ON FINANCIAL STATEMENTS PRESENTED IN FUNCTIONAL CURRENCY

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.

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

FINANCIAL STATEMENTS IN EURO

Balance Sheets as at December 31 in EURO

	2010	2009
	EUR	EUR
Cash at banks	489'513	331'424
Time deposits	1'900'000	2'000'000
Other current assets	6'845	10'144
Loans	328'315	289'315
Total assets	2'724'673	2'630'883
Liabilities	9'247	42'529
Accrued expenses	18'452	33'483
Provisions for projects granted	1'615'213	2'025'191
Foundation capital at January 1	529'680	186'680
Excess of income over expenditure	552'081	343'000
Total liabilities and foundation capital	2'724'673	2'630'883

ROMA EDUCATION FUND, ZUG

NOTES TO THE FINANCIAL STATEMENTS 2010 AND 2009

Statement of income and expenditure in EURO	2010	2009
	EUR	EUR
Donations	7'137'107	5'827'306
Project support program refund	176'368	207'423
Interest income	2'591	3'144
Gain on foreign exchange	4'468	112'648
	7'320'534	6'150'521
Total Income		
Administrative expenses	360'253	278'856
Project support program	1'945'612	2'325'033
EU Roma Pilot-A 'Good Start'	36'132	0
Communications	123'923	167'300
Policy development and capacity building	602'399	407'375
Tertiary scholarships	2'160'015	1'550'394
Loss on recoverable grants	0	7'870
	5'228'334	4'736'827
Subtotal		
Grants to:		
Roma Education Fund, Hungary	1'200'000	1'055'693
Roma Education Fund, Romania	340'119	15'000
	6'768'453	5'807'521
Total Expenditure		
Excess of income over expenditure	552'081	343'000

ROMA EDUCATION FUND, ZUG

NOTES TO THE FINANCIAL STATEMENTS 2010 AND 2009

DETAILS ON DONATIONS RECEIVED	2010	2009
	EUR	EUR
Government of Spain	11'670	0
Government of Germany	0	1'550'000
Government of Austria	1'000'000	0
International Bank for Reconstruction and Development	365'049	0
Network of European Foundations	200'000	400'000
Open Society Institute	3'929'197	2'760'840
Alliance for Open Society International AOSI	20'083	0
Swedish International Development Cooperation Agency	0	572'658
Swiss Agency for Development and Cooperation	247'382	368'353
DFID Department for International Development	1'233'907	0
Foundation Remembrance, Responsibility and Future	95'000	153'580
World Bank Community Connection Fund	31'069	14'577
Others	3'750	7'298
	7'137'107	5'827'306

Above figures represent actual donations received by the Foundation in Switzerland, only, and hence occasionally differ from the total annual commitments made by the respective donors.

ROMA EDUCATION FUND, HUNGARY

In 2010 the European Commission (DG Regio) had donated Euro 956'000 to support the activities of the Roma Education Fund, Hungary, which works closely together with Roma Education Fund, Zug, and is a legally separate foundation in Hungary.

ROMA EDUCATION FUND, ROMANIA

In 2010 the Romanian Structural Fund decided to donate over 3 years up to Euro 11'187'000 to support the activities of the Roma Education Fund, Romania, which works closely together with Roma Education Fund, Zug, but is a legally separate foundation in Romania.

ROMA EDUCATION FUND, ZUG

NOTES TO THE FINANCIAL STATEMENTS 2010 AND 2009

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.

OTHER INFORMATION

Cost of administration*

The cost of administration amounts to	769'180	829'868
corresponding to	11%	14%
of the total of expenditure		

- * REF assigned expenses for staff working on "project support program" and "policy development and capacity building" to the respective lines.

Zug, May 30, 2011

ROMA EDUCATION FUND