



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the company

**Nadácia Rómsky vzdelávací fond – organizačná zložka
zahraničnej nadácie Roma Education Fund – Roma Oktatási
Alap**

Year 2014



INDEPENDENT AUDITOR'S REPORT

On the special purpose financial information of Roma Education Fond Slovakia

We have audited the accompanying special purpose financial information of Roma Education Fung Slovakia (hereinafter: "Foundation"), including a balance sheet as of 31 December 2014 – in which the total assets and total liabilities are EUR 275,312 the loss for the year is EUR 46,359, and the related statement of income and expenditure and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Special Purpose Financial Information

Management is responsible for the preparation and presentation of this special purpose financial information in accordance with policies and instructions contained in the REF's Accountancy Policy. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying special purpose financial information for Roma Education Fund Slovakia as of December 31, 2014 and for the year then ended has been prepared, in all material respects, in accordance with the policies and instructions contained in the REF's Accountancy Policy.

Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to the Board of Trustees with a yearly financial report in EUR financial data of the Foundation. As a result, the special purpose financial information is not a complete set of financial statements of Roma Education Fund Slovakia and may, therefore, not be suitable for another purpose.

This audit report issued on the attached special purpose financial information has been prepared solely for the Foundation and its donors for the above mentioned purpose, and shall not be used for any other purpose, and shall not be published or shall not be referred to in full or in part without our prior written consent.

Banská Bystrica, 27 January 2015

BDR, spol. s r.o. Banská Bystrica
M.M.Hodžu 3, 974 01 Banská Bystrica
Chamber's registry no.: 6
Independent Member of Moore Stephens International Limited

Ing. Miroslava Šimková
Responsible auditor
Chamber's membership no. 1335



ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA

Balance Sheet as of December 31, 2014 and 2013

| | Notes | 31.12.2014 EUR | prior year EUR |
|---|-------|-------------------|-------------------|
| Cash at banks | 24 | 65 166 | |
| Time deposits | | | |
| Receivables | 25 | 202 657 | |
| Inventories | 26 | | |
| Securities | 27 | | |
| Other current assets | | 7 489 | |
| Total current assets | | 275 312 | |
| | | 2014 | prior year |
| | Notes | EUR | EUR |
| Recoverable Grants | 28 | | |
| Long term loan to | | | |
| Intangible assets | 29 | | |
| Tangible assets | 30 | | |
| Financial investements | 31 | | |
| Total long term assets | | 0 | 0 |
| Total assets | | 275 312 | 0 |
| Liabilities | 32 | 4 676 | |
| Accrued expenses and deferred income | | 205 829 | |
| Provisions for projects granted | 33 | 104 528 | |
| Accounts payable to Partners | 34 | | |
| Prefinancing from Management Authority | 35 | | |
| Long term loan from | | | |
| Funds unused | 36 | | |
| Total liabilities and provisions | | 315 033 | 0 |
| Foundation capital as of January 1 | | 6 638 | |
| Excess of expenditure over income | | -46 359 | |
| Year-end Translation Difference | | | |
| Foundation capital as of December 31 | | -39 721 | 0 |
| Total liabilities and foundation capital | | 275 312 | 0 |

FEBRUARY 26, 2015

Date

Signature



Nadácia Rómsky
vzdelávací fond
organizácia podľa zmluvy nadácie
Rómska edukácia v juhu
Levočská 6, 080 01 Levoča, SR IČO: 4380518

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ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA

Statement of Income and Expenditure 2014 and 2013

| | Notes | 2014 EUR | prior year EUR |
|--|-------|-----------------|-------------------|
| INCOME | | | |
| Donations received from third parties | 1 | | |
| Donations received from REF Hungary | | 16 000 | |
| Donations received from REF Swiss | | 242 950 | |
| Project Support Program Refund | 2 | | |
| Other income | | | |
| Interest Income | | 3 | |
| Gain on Foreign Exchange | | | |
| Total Income | | 258 953 | - |
| EXPENDITURE | | | |
| Project Support Program | 3 | 287 597 | |
| Tertiary Scholarships | 4 | 4 135 | |
| Velux project | 21 | 13 580 | |
| Total Programs and Grants | | 305 312 | 0 |
| Administrative expenses | | | |
| Value Adjustment on long term loan | 23 | | |
| Losses on foreign exchange | | | |
| Total Expenditure | | - | - |
| Donation from REF Switzerland to REF Hungary | | | |
| Donation from REF Switzerland to REF Romania | | | - |
| donation fer->ROA | | | |
| Total Internal Transfers | | - | - |
| Excess of expenditure over income | | (46 359) | - |

FEBRUARY 26, 2015

Date

Signature



Národná Rómsky
vzdelávací fond
Nacionala Roma Education Fund

Levinská 5, 000 01 Prvico, IČO: 42220555

ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA
Notes to the Financial Statements 2014

1 Financial organization

1.1 Organization of Roma Education Fund („REF“)

The network of Roma Education Fund, four entities („REF Entities“) that are established as legally separate foundations in Switzerland, Hungary, Romania and Slovakia, respectively. The REF Entities cooperate based on a memorandum of understanding to achieve their shared primary objective to close the gap in educational outcomes between Roma and non-Roma. Each REF entity has its separate board with independent members for their decisions. These boards engaged in Switzerland and Hungary AdminGroup to act as their independent bookkeepers. Furthermore AdminGroup Ltd. in Hungary established an expense coding system to ensure cost analysis among the several programs implemented by the REF Entities and supports the entities with consultations in their financial operations.

1.2 List of REF Entities

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

Roma Education Fund Hungary opened a branch office in 2013 in Serbia and in Montenegro, whose figures are presented in the books of Roma Education Fund Hungary.

2 Book-keeping and reporting requirements

The business and reporting period is defined on a yearly basis, starting at January 1 and ending at December 31. In general the financial statements of each legal entity should be prepared by middle of February of the following year in accordance with this policy.

The audit is made by PWC Switzerland for REF Switzerland, by Moore Stephens Hexicomp Ltd. for REF Hungary, Finans Audit Services Srl Srl for REF Romania and BDR, spol. s r.o for REF Slovakia.

All financial statements according to the REF Accounting Policy (including the statement of income and expenditure, the balance sheet and the notes) have to be presented in EUR (where necessary additionally in local currency) and have to be issued in English (including the audit reports).

The annual and audit reports of REF Entities according to this REF Accounting Policy will be published on the REF website.

3 Accounting principles

3.1 General terms

The books of the REF Entities are basically maintained in local currency as of legal requirement with the exception of REF Switzerland where the books are maintained in EUR since its functional currency is EUR.

Many of the financial transactions of REF Entities are denominated in Euro (EUR). To compare and for a better understanding these financial statements are presented in EUR.

3.1.1 Currency Translation

All resulting unrealized and realized gains and losses from currency translations are recorded in a separate position in the statement of income and expenditure.

3.1.2 Reporting Period

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

3.1.3 Comparability with prior year

Financial statements have to present the prior year and the actual reporting period from January 1, to December 31. Material errors from previous years have to be restated and presented. Errors shall be construed as material in our cases if in the year when discovered by the audit the aggregate amount of all errors (either negative or positive) for the same year and their impact on the Foundation capital exceed 2% of the balance sheet total of the financial year audited.

3.2 Income

3.2.1 Donations Received

The donation income has to be 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 has to be presented on a cash basis.

3.2.2 Interest Income

The interest income has to be recorded and timely appointed by using the effective received interest rates by banks.

3.3 Expenses

3.3.1 Programs and Grants

The program and grant expenses paid have to be recognized at nominal value. Already known costs have to be accrued. The grants at the Project Support Program and Tertiary Scholarships have to be presented at the actual year on total contractual value while other program related expenses on the value they are paid.

3.3.2 Administrative expenses

This 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 have to be recognized at nominal value. Already known costs have to be accrued.

3.3.3 Partner expenses

If REF is a main project leader (direct contract with the donor) and channels funds to Partners all expenses related to Partners have to be presented as REF expenditure in the financial statement due to the fact that REF is in charge of reporting the entire project cost.

3.4 Balance sheet

3.4.1 Intangible and tangible asset valuation, depreciation accounting principles

Tangible and intangible assets have to be carried at their costs less depreciation and any accumulated impairment loss.

The useful life of property rights has to be determined by each REF entity.

The useful life of an intellectual product has to be determined by each REF entity.

The qualification and classification of fixed assets have to be determined according to the applicable national rule of each REF entity.

The depreciable amount of a depreciable asset has to be allocated on a systematic basis using straight line method to each accounting period during the useful life of the asset.

The fixed assets above a certain value - defined by the applicable national rule of each REF entity - have to be accounted as depreciation in lump sum when it started to use.

REF Entities have to apply extraordinary depreciation by devaluation when the asset is permanently reduced, because it has become redundant and/or damaged. The foundations shouldn't use the revaluation model of assets.

3.4.2 Receivables valuation

Receivables must be valued on book value, except the receivables recorded in foreign currency.

Valuation rules of foreign currency receivables and liabilities:

- Receivables and liabilities maintained in foreign currency are recorded on the exchange rate of the transaction day and revalued on the exchange rates published by the respective sources of foreign currency rates as include in section 3.1.1.
- If the receivables are not expected to be recovered on basis of individual rating and this is enduring and significant in this case impairment loss is recognised. In the case of small amount receivables considered per debtor are applied in accordance with the accounting act in recent impairment

Rules of provisioning

The following risks must be 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 European Social Fund („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 the MA

Revolving loans provided by the foundations must be monitored by every 6 months with evaluation sheet which must include action proposal as well.

If these risks are evaluated and indicate the creation of provision, its amount need to be defined based on the national rule.

3.4.3 Deferred costs

Costs have to be accrued actively which has emerged until the balance sheet date but not relates the activities of the year.

3.4.4 Accrued costs

Costs have to be accrued which are recognised until the balance sheet preparation and relates the activities of the year.

4 Notes to the Statement of Income and Expenditure

Details on Donations received from third parties 2010 - 2014

Donors 2014 Total
 Donations received from REF Hungary - 16 000 EUR
 Donations received from REF Swiss - 242 950 EUR
 Total donations 258 950 EUR

Project Support Program Refund
 N/A

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.

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)

Velux Project

The project aims to support the increase 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. This position contains the accumulated costs of this year. The program will run until approximately the end of 2022.

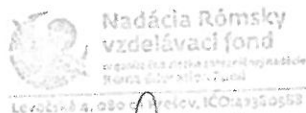
5 Notes to the Balance Sheet

| | 31.12.2014 | 31.12.2013 |
|--|-------------------|------------|
| Cash at banks in EUR | | |
| Total Cash at banks | 65 166,00 | |
| | | |
| Receivables in EUR | 31.12.2014 | 31.12.2013 |
| Employee Advances | | |
| Accounts Receivable | | |
| Pre-finance advanced to Partner | | |
| Recoverable VAT | | |
| Subsidies Receivable from MA (as Lead) | | |
| Subsidies Receivable from MA (via Partner) | 202 657,00 | |
| Long Term Receivable | | |
| Total Receivables | 202 657,00 | |
| | | |
| Other current assets in EUR | 31.12.2014 | 31.12.2013 |
| Meal vouchers | 293,00 | |
| Cash | 112,00 | |
| deffered assets - program Velux | 7 084,00 | |
| Total other current assets. | 7 489,00 | |
| | | |
| Liabilities in EUR | 31.12.2014 | 31.12.2013 |
| Suppliers | 1 136,00 | |
| Salary Payable | 3 540,00 | |
| Operational leasing costs | | |
| Total liabilities | 4 676,00 | |
| | | |
| Provisions for projects granted in EUR | 31.12.2014 | 31.12.2013 |
| Project - EDUP | 97 090,00 | |
| Project - VELUX | 7 438,00 | |
| Total provisions for projects granted | 104 528,00 | |

Signature

Date

FEBRUARY 26, 2015



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