



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 2016



INDEPENDENT AUDITOR'S REPORT

On the special purpose financial information of Roma Education Fond Slovakia

Opinion

We have audited the accompanying Special Purpose Financial Information of Roma Education Fund Slovakia (hereinafter as "Foundation"), including a balance sheet as of 31 December 2016 – in which the total assets and total liabilities are EUR 58 384; the profit for the year is EUR 30,830 and the related statement of income and expenditure and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying Special Purpose Financial Information for Roma Education Fund Slovakia as of December 31, 2016 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.

Basis of the opinion

We performed the audit according to International Standards on Auditing - ISA. Our responsibility according to the standards is referred in the paragraph "Responsibility of Auditor for the Audit of Financial Statements. We are independent from the Company in accordance with the provisions of Act No. 423/2015 on Statutory Audit, as amended, and Act No. 431/2002 Coll. on Accounting, as amended (hereinafter referred to as the "Act on Statutory Audit") related to ethics, including the Code of Auditor's Ethics, relevant for our audit of special purpose financial information, and we also fulfilled the other requirements of these provisions related to ethics. We are convinced that the auditor evidence as acquired provide the sufficient and appropriate basis for our opinion.

Responsibility of the Statutory Body for the Special Purpose Financial Information

The statutory body is responsible for the compilation of these Special Purpose Financial Information so that it could provide true and fair view according to the policies and instructions contained in the REF's Accountancy Policy and for implementing and maintaining internal controls which the statutory body considers necessary for the compilation of Special Purpose Financial Information that is free from material misstatement, whether due to fraud or error.

When preparing these Special Purpose Financial Information, the statutory body is responsible for the assessment of the REF'S ability to continue as a going concern, for the description of facts related to the REF's ability to continue as a going concern, if necessary, and for the use of the going concern assumption in accounting, unless the statutory body intends to wind-up the REF or to cease the REF's activities, or it would have no other option than to do so.

Responsibility of the Auditor for the Audit of Special Purpose Financial Information

It is our responsibility to obtain reasonable assurance that the Special Purpose Financial Information as a whole are free of material misstatements whether due to fraud or error and to issue the Auditor's Report including an opinion. The reasonable assurance is the assurance of high level, but it does not guarantee that the audit performed in accordance with International Standards on Auditing will always reveal material misstatements, if any. The misstatements may occur due to fraud or error, and they are considered to be material if it might be reasonably expected that individually or together they could influence the economic decisions of users taken based on this Financial Statements.

Within the framework of audit performed according to International Standards on Auditing, during the period of audit we use professional judgement and maintain an attitude of professional scepticism. Furthermore:

- We identify and assess risks of the material misstatement of Special Purpose Financial Information whether due to fraud or error, we propose and carry out auditing procedures responding to these risks, and we acquire audit evidence that are sufficient and appropriate for providing the basis of our opinion. The risk of not revealed material misstatement due to fraud is higher than this risk due to error, because fraud can include a secret agreement, counterfeiting, intentional omission, false declaration or circumvention of internal control.
- We familiarise ourselves with internal controls relevant for our audit to propose auditing procedures appropriate in the given circumstances, but not for the purpose to express an opinion for the effectiveness of the REF's internal controls as a whole.
- We evaluate the appropriateness of used accounting principles and accounting methods and the reasonableness of accounting estimates and the relevant information referred, carried out by the statutory body.
- We provide conclusions whether the statutory body appropriately uses the assumption of going concern in its accounting, and based on acquired audit evidence also the conclusion whether there is a material uncertainty related to events or circumstances which might significantly doubt the REF's ability to continue as a going concern. If we conclude that there is a material uncertainty we are obliged to draw your attention in our Auditor's Report to the relevant information stated in Special Purpose Financial Information or if the information is not sufficient, to modify our opinion. Our conclusions are based on audit evidence acquired as of the date of the issue of our Auditor's Report. However, future events or circumstances may cause that the REF will not continue as a going concern.

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, 22.03.2017

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. Ludmila Svätová, MBA
Key audit partner
Chamber's membership no. 936



A handwritten signature in blue ink, appearing to be "Ludmila Svätová", written over the stamp.

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


Balance Sheet as of December 31, 2016 and 2015

	Notes	31.12.2016	prior year
		EUR	EUR
Cash at banks	24	39 403	8 791
Time deposits			
Receivables	25	18 731	41 027
Current accounts with			
Inventories	26		
Securities	27		
Other current assets		250	250
Total current assets		58 384	50 069
		2016	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		58 384	50 069
Liabilities	32	16 078	9 024
Accrued expenses and deferred income		140 644	117 735
Provisions for projects granted	33	21 388	73 866
Accounts payable to Partners	34		
Prefinancing from Management Authority	35		
Long term loan from			
Funds unused	36		
Total liabilities and provisions		178 110	200 625
Foundation capital as of January 1		6 638	6 638
Excess of expenditure over income		30 830	-110 835
Year-end Translation Difference		-157 194	-46 359
Foundation capital as of December 31		-119 726	-150 556
Total liabilities and foundation capital		58 384	50 069

22. 3. 2017

Date

Signature

 **Národný Rómsky
vzdelávací fond**
organizácia služieb zahraničnej pomoci
Roma Education Fund
Kollárova 4, 080 01 Prešov, IČO:42380588

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

Statement of Income and Expenditure 2016 and 2015

		2016	prior year
	Notes	EUR	EUR
INCOME			
Donations received from third parties	1	12 000	
Donations received from REF Hungary		65 776	12 859
Donations received from REF Swiss		285 025	179 095
Project Support Program Refund	2		
Other income		1 980	
Interest Income		1	5
Gain on Foreign Exchange			
Total Income		364 781	191 959
EXPENDITURE			
Project Support Program	3	273 314	253 270
Tertiary Scholarships	4	8 285	2 701
Velux project	21	52 352	45 687
Ministry of interior		0	
Total Programs and Grants		333 951	301 657
Administrative expenses			1 137
Value Adjustment on long term loan	23		
Losses on foreign exchange			
Total Expenditure		333 951	302 794
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		30 830	-110 835

22. 3. 2014

Date


Národný Romský vzdelávací fond
 orgánizačný štátna zmluvnícky nákladník
 Roma Education Fund
 ul. Ľ. S. 680 01 Prešov, IČO:42380588

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

Notes to the Financial Statements 2016

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 Hezicomp 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 belongs 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 relates 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 percent 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

1 Details on Donations received from third parties 2010 - 2016

Donors	2016 Total
Donations received from REF Hungary	- 65 776 EUR
Donations received from REF Swiss	- 285 025 EUR
Ministry of Interior of SR	- 12 000 EUR
Total donations	- 362 801 EUR

2 Project Support Program Refund
N/A

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 expenditures of this year.

4 Tertiary Scholarships
The target of this project is to provide scholarship for tertiary level Roma students. This position contains the accumulated expenditures of this year. The Program consists of five components:
– Roma Memorial University Scholarship Program (RMUSP).

5 EU Roma Pilot – A Good Start and complimentary projects
N/A

6 Konik Camp project in Montenegro
N/A

7 Communication
N/A

8 Policy Development and Capacity Building
N/A

9 International Family Project
N/A

10 REF Romania – Equal Opportunities
N/A

11 REF Romania – School After School
N/A

12 REF Romania – Health Program
N/A

13 REF Romania – Youth on the Labor Market
N/A

14 REF Romania – Children and parents going to school
N/A

15 REF Romania – Integrated educational services for Roma communities
N/A

16 REF Romania – Increasing access of the Roma youth to university education
N/A

17 REF Romania and its partners capacity building
N/A

18 Progress project in Slovakia
N/A

19 UNICEF project
N/A

20 Medjimure Project
N/A

21 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.

22 OSCE TARI Project

N/A

23 Value Adjustments on long-term loans

N/A

5 Notes to the Balance Sheet

24 Cash at banks in EUR

31.12.2016

31.12.2015

Total Cash at banks

39 402,92

8 791,43

including cash at cash register

25 Receivables in EUR

31.12.2016

31.12.2015

Employee Advances

9,45

12,60

Accounts Receivable

1 720,00

1 720,00

Pre-finance advanced to Partner

Recoverable VAT

Subsidies Receivable from MA (as Lead)

Subsidies Receivable from MA (via Partner)

17 001,71

39 294,61

Long Term Receivable

Total Receivables

18 731,16

41 027,21

26 Inventory in EUR - N/A

31.12.2016

31.12.2015

Inventory A

Inventory B

Accumulated depreciations (under national rules)

Total Inventory

27 Securities in EUR N/A

31.12.2016

31.12.2015

Securities Typ A

Securities Typ B

Total securities

All securities are valued at market price.

28 Recoverable Grants in EUR N/A

31.12.2016

31.12.2015

Typ A

Typ B

Total recoverable grant

29 Tangible assets in EUR N/A

31.12.2016

31.12.2015

Typ A

Typ B

Accumulated depreciations

Total tangible assets

30 Intangible assets in EUR N/A

31.12.2016

31.12.2015

Typ A

Typ B

Accumulated depreciations

Total intangible assets

31 Financial investments in EUR N/A

31.12.2016

31.12.2015

Investment A

Investment B

Accumulated depreciations/ impairment loss

Total financial investments

32 Liabilities in EUR

31.12.2016

31.12.2015

Suppliers

6419,5

5 001,05

Salary Payable

9658,53

4 022,80

Operational leasing costs

Total liabilities

16078,03

9023,85

33 Provisions for projects granted in EUR

31.12.2016

31.12.2015

Project - EDUP

0,00

38 148,00

Project - VELUX

21302,54

35 717,50

Other

85

Total provisions for projects granted

21 388

73 866

34 Accounts payables to Partners in EUR N/A 31.12.2016 31.12.2015
Partner A
Partner B
Total accounts payables to Partners

If helpful describe Partners or reasons shortly.

35 Refinancing from Management Authority in EUR N/A 31.12.2016 31.12.2015
Prefinancing from A
Prefinancing from B
Total Prefinancing from Management Authority

Short description of each prefinancing source with reference to its projects and subsidiaries.

36 Funds unused in EUR N/A 31.12.2016 31.12.2015
Fund unused A
Fund unused B
Total funds unused

Short description of each fund unused and reasons why.

6 Other information 31.12.2016 31.12.2015
37 Guaranties in EUR N/A
Guaranty A
Guaranty B
Total guaranties

38 Financial lease ending date in EUR N/A 31.12.2016 31.12.2015
Financial leasing A
Financial leasing B
Total financial lease



Signature

22.3.2014

Date

