

BDR



An independent member firm of Moore Stephens International Limited

INDEPENDENT AUDITOR'S REPORT

On the Audit of the Special Purpose Financial Statements

of the foundation

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

for the year 2017

BDR



INDEPENDENT AUDITOR'S REPORT

to the Board of Trustees of the foundation

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

On the audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of Nadácia Rómsky vzdelávací fond – organizačná zložka zahraničnej nadácie Roma Education Fund – Roma Oktatási Alap (hereinafter as “Roma Education Fund Slovakia” or also as “Foundation”), including a balance sheet as of 31 December 2017 – in which the total assets and total liabilities are EUR 188,231; the related statement of income and expenditure – in which the loss for the year is EUR 15,594 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying Special Purpose Financial Statements of Roma Education Fund Slovakia as of December 31, 2017 and for the year then ended has been prepared, in all material respects, in accordance with the policies and instructions contained in the Roma Education Fund's (hereinafter as “REF”) Accountancy Policy.

Basis of the opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Responsibility of the Auditor for the Audit of Special Purpose Financial Statements. We are independent of the Foundation 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 Statements, and we have also fulfilled the other requirements of these provisions related to ethics. We are convinced that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Statutory Body for the Special Purpose Financial Statements

The statutory body is responsible for the compilation of this Special Purpose Financial Statements 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 Statements that is free from material misstatement either due to fraud or error.

When compiling this Special Purpose Financial Statements, the statutory body is responsible for the assessment of the Foundation's ability to continue as a going concern, for the description of facts related to the Foundation's ability to continue as a going concern, if necessary, and for the use of presumption of the entity's ability to continue as a going concern in accounting, unless the statutory body intends to wind-up the Foundation or to cease its activities, or they would have no realistic alternative than to do so.

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

It is our responsibility to obtain reasonable assurance that the Special Purpose Financial Statements 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 Special Purpose 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 skepticism. Furthermore:

- we identify and assess risks of the material misstatement of Special Purpose Financial Statements 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 acquaint ourselves with the 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 Foundation's internal controls as a whole;
- we assess 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 conclude as to whether the statutory body uses the assumption of going concern appropriately 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 Foundation'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 Statements 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 Foundation will not continue as a going concern;
- we assess an entire presentation, structure and the content of Special Purpose Financial Statements including the information referred in them as well as whether the Special Purpose Financial Statements addresses the underlying transactions and events in a manner which results in their fair presentation.

Restriction on Use and Distribution

This Special Purpose Financial Statements 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 Statements 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 Statements 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, March 28, 2018

BDR, spol. s r.o. Banská Bystrica
M. M. Hodžu 3, 974 01 Banská Bystrica
Chamber's registry no.: 6
Commercial Register of District Court, Banská Bystrica
Section: Sro, File No.: 98/S, Company registration number: 00614556
Independent Member of Moore Stephens International Limited

Ing. Ludmila Svätóčajnska Kiňová, MBA
Key audit partner
Chamber's membership no. 936

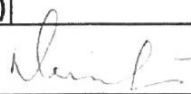


ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA

Statement of Income and Expenditure 2017 and 2016

	Notes	2017 EUR	prior year EUR
INCOME			
Donations received from third parties	1	20 000	12 000
Donations received from REF Hungary		52 820	65 776
Donations received from REF Swiss		74 232	285 025
Project Support Program Refund	2		
Other income		1 427	1 980
Interest Income		-	1
Gain on Foreign Exchange			
Total Income		148 479	364 781
EXPENDITURE			
Project Support Program	3	68 340	273 314
Tertiary Scholarships	4	9 168	8 285
Velux project	21	68 079	52 352
Ministry of interior of SR		18 486	
Total Programs and Grants		164 073	333 951
Administrative expenses			
Value Adjustment on long term loan	23		
Losses on foreign exchange			
Total Expenditure		164 073	333 951
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		(15 594)	30 830

MARCH 29, 2018
Date


Signature

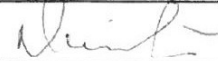
ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA

Balance Sheet as of December 31, 2017 and 2016

	Notes	31.12.2017	prior year
		EUR	EUR
Cash at banks	24	23 810	39 403
Time deposits			
Receivables	25	159 671	18 731
Current accounts with			
Inventories	26		
Securities	27		
Other current assets		4 750	250
Total current assets		188 231	58 384
		2017	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		188 231	58 384
Liabilities	32	19 006	16 078
Accrued expenses and deferred income		180 755	140 644
Provisions for projects granted	33	114 440	21 388
Accounts payable to Partners	34		
Prefinancing from Management Authority	35		
Long term loan from			
Funds unused	36	9 350	
Total liabilities and provisions		323 551	178 110
Foundation capital as of January 1		6 638	6 638
Excess of expenditure over income		-15 594	30 830
Year-end Translation Difference		-126 364	-157 194
Foundation capital as of December 31		-135 320	-119 726
Total liabilities and foundation capital		188 231	58 384

MARCH 28, 2018

Date



Signature

ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA
Notes to the Financial Statements 2017

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 prudency 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	2017 Total
Donations received from REF Hungary	- 52 820 EUR
Donations received from REF Swiss	- 74 232 EUR
Ministry of Interior of SR	- 20 000 EUR
Total donations	- 147 052 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)
- 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 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	31.12.2017	31.12.2016
	Total Cash at banks	23 809,79	39 402,92
	including cash at cash register		
25	Receivables in EUR	31.12.2017	31.12.2016
	Employee Advances	0,00	9,45
	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)	157 950,81	17 001,71
	Long Term Receivable		
	Total Receivables	159 670,81	18 731,16
26	Inventory in EUR - N/A	31.12.2017	31.12.2016
	Inventory A		
	Inventory B		
	Accumulated depreciations (under national rules)		
	Total Inventory		
27	Securities in EUR N/A	31.12.2017	31.12.2016
	Securities Typ A		
	Securities Typ B		
	Total securities		
	All securities are valuated at market price.		
28	Recoverable Grants in EUR N/A	31.12.2017	31.12.2016
	Typ A		
	Typ B		
	Total recoverable grant		

29 Tangible assets in EUR N/A	31.12.2017	31.12.2016
Typ A		
Typ B		
Accumulated depreciations		
Total tangible assets		
30 Intangible assets in EUR N/A	31.12.2017	31.12.2016
Typ A		
Typ B		
Accumulated depreciations		
Total intangible assets		
31 Financial investments in EUR N/A	31.12.2017	31.12.2016
Investment A		
Investment B		
Accumulated depreciations/ impairment loss		
Total financial investments		
32 Liabilities in EUR	31.12.2017	31.12.2016
Suppliers	13 535,67	6 419,50
Salary Payable	5 469,69	9 658,53
Operational leasing costs		
Total liabilities	19 005,36	16078,03
33 Provisions for projects granted in EUR	31.12.2017	31.12.2016
Project - SSP 78	84 350,00	
Project - VELUX	30 090,00	21 302,54
Other	9 350,00	85,00
Total provisions for projects granted	123 790,00	21 388
34 Accounts payables to Partners in EUR N/A	31.12.2017	31.12.2016
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	31.12.2017	31.12.2016
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	31.12.2017	31.12.2016
Fund unused A		
Fund unused B		
Total funds unused		
Short description of each fund unused and reasons why.		
6 Other information	31.12.2017	31.12.2016
37 Guaranties in EUR N/A		
Guaranty A		
Guaranty B		
Total guaranties		

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

31.12.2017

31.12.2016



Signature

MARCH 28, 2018

Date