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Str. B-dul Preciziei 11, Sector 6
Reg. Com. J40/14827/2008
Cod. Fiscal. 24404901
CAFR Member
Nr. 842/2008

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE FINANCIAL INFORMATION PREPARED FOR ROMA EDUCATION FUND (REF)

To the Board of Directors,
Fundatia Roma Education Fund Romania

Report on special purpose financial information prepared for REF

1. In accordance with your instructions dated February 3, 2014, we have audited the special purpose financial information of Fundatia Roma Education Fund Romania on December 31, 2013, for the year then ended on pages 1 to 10 of the accompanying financial reporting package of the Roma Education Fund. This special purpose financial information have been prepared only to enable Roma Education Fund to prepare its financial statements in a comparable view.

Management's Responsibility for the special purpose financial information

2. Management is responsible for the preparation and fair presentation of these special purpose financial information in accordance with accounting policies and instructions contained in the Roma Education Fund's accounting policies manual dated on February 3, 2014. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the special purpose financial information that is 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

3. 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. Those standards require that we comply with ethical requirements and plan and perform the audit to

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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 special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information for a special purpose, whether due to fraud or error. In making those risk assessments , the auditor considers internal control relevant to the entity's preparation and fair 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 made by management, as well as evaluating the overall presentation of the special purpose financial information.
- We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- In our opinion, the special purpose financial information for Fundatia Roma Education Fund on December 31, 2013, for the year then ended, have been prepared, in all material respects, in accordance with the instructions and the accounting policies presented in the Roma Education Fund accounting policies manual.

Other issues – Restriction of Use

- Attached special purpose financial information have been prepared in order to provide to Fundatia Roma Education Fund necessary information for the preparation of the REF financial statements. Therefore, special purpose financial information are not intended to present the financial position, results of operations and a full set of notes to the financial statements of the Fundatia Roma Education Fund Romania on December 31, 2013 in conformity with accounting principles and practices and laws of Romania, namely the Order of Minister of Public Finance no. 1969/2007 with subsequent amendments.
- This report is intended solely for use by PricewaterhouseCoopers AG and the REF community, in connection with its use of the REF financial statements of Roma Education Fund foundations.

Date 19.03.2014
Bucharest,

AUDITOR
Diaconu Audit SRL
Authorization nr. 842/2008
Official,
Diaconu Paul
Auditor's license nr. 2498/08





Roma Education Fund (REF), Romania

Notes to the Financial Statements 2013 and 2012

I. Financial organization

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 several consultations in their financial operations.

Establishment of Roma Education Fund

Roma Education Fund Switzerland was established in 2005

Roma Education Fund Hungary was established in 2006

Roma Education Fund Romania was established in 2009

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

II. REF Accounting principles

GENERAL TERMS

The books are basically maintained in local currency as of legal requirement and translated into EUR. To compare and for a better understanding these financial statements are presented in EUR.

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. . All local currency positions in the profit and loss statement of REF Romania shall be translated from RON into EUR at the yearly average exchange rate of RON/EUR. All balance sheet positions at year end are translated at the year-end rate of RON/EUR. All exchange rates are based on a publication of the Romanian National Bank.

Reporting Period

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

Dog - Pavel Doghi
Directo - Nat
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Comparability with prior year

Financial statements have to present the prior year and the actual reporting period from January 1, to December 31. Major errors from previous years have to be restated and presented. Errors shall be construed as major in our cases if, in the year when discovered by the audit the aggregate amounts of all error (either negative or positive) for the same year and after effect thereof "increasing or decreasing the equity" exceed 2% of the balance sheet total of the financial year audited.

INCOME

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.

Interest Income

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

EXPENSES

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 of project support program have to be presented at the actual year on total contractual value while other program related expenses on the value are paid.

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.

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.

BALANCE SHEET

Intangible and tangible asset valuation, depreciation accounting principles

Tangible and intangible assets are carried at their costs less depreciation and any accumulated impairment loss.

Dan-Pavel Dogh
Director National



The useful life of of tangible assests is determined by a life cycle of 3 years for equipments and 5 years for cars.

The useful life of property rights is determined by a life cycle of 6 years. .

The useful life of an intellectual product is determined by a life cycle of 3 years.

The depreciable amount of a depreciable asset is 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 is accounted as depreciation in lump sum when it started to use.

The foundation applies extraordinary depreciation by devaluation when the asset is permanently reduced because it has become redundant and/or damaged. (No use the revaluation model of assets.)

Receivables valuation

Receivables are 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 National Bank of the balance sheet date.

-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.

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 foundation is monitored by the management every 6 months with evaluation sheet including action proposal as well.

I Necessary provisions (if any) are done under natioanal rules.

Deferred costs

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

Accrued costs

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



Dan-Pavel Doghi
Director National
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Roma Education Fund ROMANIA
Statement of Income & Expenses 2013
FINAL

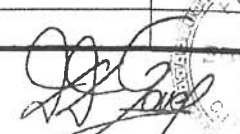
		2013	2012
	Notes	EUR	EUR
INCOME			
Donations received from third parties	5	3.641.515	723.026
Donations received from REF Switzerland		195.661	510.016
Other income		178	-
Interest Income		819	286
Gain on Foreign Exchange		9.270	8.368
Total Income		3.847.443	1.241.696
EXPENDITURE			
Tertiary Scholarships (RMUSP)	6	21.967	18.909
Educational Support Services for Roma Highschool Students (RO109)	7	179.652	-
Communications		-	125.680
International family project - FSG	8	4.297	924
REF Romania- Equal opportunities	9	1.262.594	801.317
REF Romania- School after School	10	1.371.653	1.048.423
REF Romania- Health Program	11	602.707	222.409
REF Romania- Youth on Labor Market		149	119.861
REF Romania and its partners capacity building	12	220.013	229.086
UNICEF		(36)	13.342
Total Programs and Grants		3.662.996	2.579.951
Losses on foreign exchange		46.083	24.808
Total Expenditure		3.709.079	2.604.759
Income over expenditure /(Excess of expenditure over income)		138.364	(1.363.063)
Medium exchange rate 2013:	4,4190		
Medium Exchange rate 2013 Nat'l:	4,4190		
Medium Exchange rate 2013 REF Donation:	4,2920		

Don - Pavel Doghi
 Director National



Roma Education Fund ROMANIA
Balance Sheet as of December 31, 2013
FINAL

	Notes	31.12.2013	31.12.2012
		EUR	EUR
Assets			
Cash at banks	13	235.083	151.754
Receivables	14	2.285.921	2.015.833
Inventories	15	39.493	84.595
Total current assets		2.560.497	2.252.182
Intangible assets	16	44	121
Tangible assets	17	28.654	70.891
Total long term assets		28.698	71.012
Total assets		2.589.195	2.323.194
Liabilities			
Accounts payable to Partners	18	54.546	107.750
Short term loans Agentia de Monitorizare a Presei	19	1.660.281	266.419
Short term loans REF Switzerland		184.866	0
Short term loans REF Hungary		572.802	0
		320.000	0
Long term loans REF Switzerland		0	2.149.144
Long term loans from REF Romania Partners		0	139.113
Total liabilities and provisions		2.792.495	2.662.426
Foundation capital as of January 1		(339.232)	1.004.214
Restatement of Foundation capital		4.236	24.807
Income over expenditure //(Excess of expenditure over income)		138.364	(1.363.063)
Year-end Translation Difference		(6668)	(5.190)
Foundation capital as of December 31		(203.300)	(-339.232)
Total liabilities and foundation capital		2.589.195	2.323.194
Year-end Nat'l Bank Rate 31.12.2013	4,4847		


 Dan-Pavel Dogh
 Director National

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Roma Education Fund (REF), Romania

Notes to the Financial Statements 2013 and 2012

Details to the Statement of Income and Expenditure

5. Details on Donations received from third parties 2009 - 2013

	2013 EUR
REF Romania- School after School	2,136,538
REF Romania- Equal opportunities	1,096,758
REF Romania- Health Program	309,648
REF Romania- Youth on Labor Market	97,148
International family project - FSG	1,400
2% tax on income	23
Total donations	3.641.515

6. Tertiary education Scholarships

The target of this project is to provide scholarship for tertiary level Roma students, within REF Scholarship Program's (REF SP) Roma Memorial University Scholarship Program (RMUSP) scheme. This position contains the accumulated costs of this year. The REF SP has four scholarship schemes:

- Roma Memorial University Scholarship Program (RMUSP).
- Law and Humanities Program (LHP)
- Roma Health Scholarship Program (RHSP)
- Roma International Scholar Program (RISP)

7. Educational support services for Roma Highschool Students (RO 109)

The main goal is to decrease the educational gap between Roma and non Roma students at high school level by supporting academic development and implicitly to enhance the graduation rate in upper secondary education.

Don-Pavel Doghi
Director National



8. International Family Project - FSG

The target of this project is to support networking and knowledge sharing on education issues that arise in family environments in Roma Decade and other European countries and will run until approximately the end of 2013. This position contains the accumulated costs of this year.

9. REF Romania— Equal Opportunities

The target of this project is to increase school success rates for 1,250 Romani children in urban and rural areas and, children and their families have benefitted from the complex intervention package aimed to support school retention and to improve learning outcomes. The project will run until approximately the end of 2013. This position contains the accumulated costs of this year.

10. REF Romania— School After School


The target of this project is to increase the enrollment and academic success in primary education for 2,000 children at risk from early school leaving. The project is implemented in three development regions in Romania and will service 50 schools over two school years and will run until approximately the end of 2013. This position contains the accumulated costs of this year.


11. REF Romania – Health Program

The target of this project is to enable access to education and young Roma's integration in the labor market, specifically in professions with high social prestige as well as those in the medical field and will run until approximately the end of 2013. This position contains the accumulated costs of this year.

12. 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 2012. This position contains the accumulated costs of this year.


Don-Pavel Doghe
Director Național



**Details to the Balance Sheet****13. Cash at banks**

	31.12.2013 (EUR)	31.12.2012 (EUR)
REF Romania	64,741	39,196
REF Romania- School after School	2,050	8,840
REF Romania- Equal opportunities	6,397	12,315
REF Romania- Youth on Labor Market	-	775
REF Romania- Health Program	136,160	4,003
Tertiary Scholarships (RMUSP)	25,735	709
Communication & Fundraising		17
International family project - FSG	-	2,906
Educational Support Services fro Roma Highschool Students (RO109)	-	82,993
Total Cash at banks	235,083	151,754

14. Receivables

	31.12.2013 (EUR)	31.12.2012 (EUR)
Employee Advances	69	122
Accounts Receivable	1,996,190	1,261,230
Pre-finance advanced to Partner	199,844	653,984
Recoverable VAT	88,565	93,501
Long Term Receivable	-	1,107
Prepaid expenses	1,253	5,889
Total Receivables	2,285,921	2,015,833

Dan-Pavel Dogh.
Director National
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**15. Inventory**

	31.12.2013 (EUR)	31.12.2012 (EUR)
Inventory REF	2,994	3,031
REF Romania- School after School	115,507	116,967
REF Romania- Equal opportunities	13,229	13,397
REF Romania- Health Program	465	471
Accumulated depreciation (under national rules)	(92,702)	(49,271)
Total inventory	39,493	84,595

16. Intangible assets

	31.12.2013 (EUR)	31.12.2012 (EUR)
REF Romania	1,392	1,411
REF Romania- Equal opportunities	97	98
Accumulated depreciation	(1,445)	(1,388)
Total intangible assets	44	121

17. Tangible assets

	31.12.2013 (EUR)	31.12.2012 (EUR)
Tangible assets REF	3,304	3,345
REF Romania- School after School	110,170	111,561
REF Romania- Equal opportunities	62,028	62,813
REF Romania- Health Program	1,834	1,858
Accumulated depreciations	(148,682)	(108,686)
Total tangible assets	28,654	70,891

Dan-Pavel Doghi
Director National

**18. Liabilities**

	31.12.2013 (EUR)	31.12.2012 (EUR)
Suppliers	908	20,093
Salary Payable	53,638	77,766
Operational leasing costs	-	9,713
Other		178
Total liabilities	54,546	107,750

19. Accounts payables to Partners

	31.12.2013 (EUR)	31.12.2012 (EUR)
Centrul de Resurse pentru Comunitatile de Romi	496,857	90,576
Centrul Rromilor „Amare Rromentza”	519,374	78,499
Centrul Cultural al Romilor „O Del Amenca”	352,715	66,386
Centrul pentru Educatie si Dezvoltare Sociala	260,244	30,958
REF Hungary	31,091	
Total accounts payables to Partners	1,660,281	266,419

Dan-Pavel Doghi
Director National 10/10