

ROMA EDUCATION FUND

ZUG

ANNUAL REPORT

2018

STATEMENTS OF INCOME AND EXPENDITURE 2018 AND 2017

	Note	2018 EUR	2017 EUR
Donations received <i>(partly restricted)</i>	4.1	7'421'498	6'629'721
Project support and other program refund	4.2	163'949	75'163
Total operating income		7'585'447	6'704'884
Project support program	4.3	-1'763'230	-1'603'775
Tertiary scholarships	4.4	-1'615'934	-1'831'880
Communications	4.5	-23'460	-59'493
Policy development and capacity building	4.6	-134'978	-186'050
KfW – Improved education and integration Serbia	4.7	-35'150	-59'187
Provision for future projects and co-funding	4.8	-1'508'065	0
Grants to:			
Roma Education Fund, Hungary		-1'648'179	-1'738'010
Roma Education Fund, Romania		-461'480	-615'485
Grants to Roma Education Fund, Slovakia		-146'867	-74'232
Grants according to objectives of the foundation		-7'337'343	-6'168'112
Accounting, financial and legal services		-153'526	-178'379
Provision to cover risks in loans and receivables	4.9	-76'914	-100'000
Administrative costs		-230'440	-278'379
Total operating expenses		-7'567'783	-6'446'491
OPERATING RESULT		17'664	258'393
Interest income		72	207
Gain from foreign exchange		0	23'594
Financial income		72	23'801
Bank charges and interest		-20'625	-22'881
Loss from foreign exchange		-71'336	-223'199
Financial costs		-91'961	-246'080
Financial result		-91'889	-222'279
LOSS / PROFIT OF THE YEAR		-74'225	36'114

Zug, March 26, 2019

ROMA EDUCATION FUND

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BALANCE SHEETS AS AT DECEMBER 31, 2018 AND 2017

ASSETS	Note	12/31/2018 EUR	12/31/2017 EUR
Cash and cash equivalents	5.1	3'912'435	2'485'938
Other current assets		56	6'731
Total current assets		3'912'491	2'492'669
Short term loan to Roma Education Fund Hungary		0	54'485
Short term loan to Roma Education Fund Romania		607'991	607'991
Total non-current assets		607'991	662'476
TOTAL ASSETS		4'520'482	3'155'145
LIABILITIES			
Other short-term liabilities to related parties (OSF)		0	205'650
Accrued expenses		37'450	47'936
Total short-term liabilities		37'450	253'586
Provisions for projects granted	5.2	1'964'191	1'893'472
Provision for future projects and co-funding	5.3	1'508'065	0
Other provisions	5.4	607'991	531'077
Total non-current Liabilities		4'080'247	2'424'549
Foundation Capital at January 1		477'010	440'896
Loss / profit of the year		-74'225	36'114
Foundation Capital at December 31		402'785	477'010
TOTAL LIABILITIES		4'520'482	3'155'145

Zug, March 26, 2019

ROMA EDUCATION FUND

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NOTES OF THE FINANCIAL STATEMENTS 2018 AND 2017

1 GENERAL INFORMATION

Name of the foundation	ROMA EDUCATION FUND, Zug
Legal form	Foundation according to art. 80 ff. Swiss Civil Code
Legal basis	Public Deed dated January 05, 2005
Domicile	Baarerstrasse 12, 6300 Zug
Foundation board	Andrzej Mirga (chairman) Kinga Göncz (vice chairman) Yvana Enzler (member) Pierre Mirel (member) Nicoleta Bitu (member) Sybille Suter Tejada (member) William Lazarus Bila (member) Miriam Sherman (member)
Auditor	PricewaterhouseCoopers AG, Zurich
Supervisory authority	Swiss Federal Supervisory Authority for Foundations

2 ORGANIZATION AND OBJECTIVES OF THE FOUNDATION

2.1 Objectives of the Foundation

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.

2.2 Organization of 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 consultations in their financial operations.

- Roma Education Fund in Switzerland, established in 2005
- Roma Education Fund in Hungary, established in 2006
- Roma Education Fund in Romania, established in 2009
- Roma Education Fund in Slovakia, established in 2014
- Roma Education Fund Serbia, established January 30th, 2019

3 SIGNIFICANT ACCOUNTING POLICIES AND VALUATION PRINCIPLES

3.1 Financial Reporting

The present financial statements are set out in accordance with the 32nd Part of the Swiss Code of Obligations.

The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described here after.

3.2 Estimates and Assumptions made by the Board / Management

Financial reporting requires the foundation board to decide on valuations and assessments which could influence the foundation's assets and liabilities, including contingent liabilities, on the date of the balance sheet as well as to evaluate the expenses and revenues during the period under review. Within the legal parameters the board decides at its discretion on valuation and accounting criteria. To protect the foundation depreciations, value adjustments and provisions may be made in line with applicable principles of prudence, beyond the scope of what is economically required.

3.3 Currency Translations

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.

The following exchange rates were used for currency translation at year end:

	<u>31.12.2018</u>	<u>31.12.2017</u>
Swiss Franc	1.1261	1.1693
British Pound	0.8985	0.8877
Hungarian Forint	320.8750	310.1846
US Dollar	1.1444	1.1978

Monetary assets and liabilities in foreign currencies are converted into the currency in which the company operates at the exchange rate on the balance sheet day. Any profits or losses resulting from the exchange are recorded in the statement of income and expenses.

Non-monetary assets and liabilities at historical costs are converted at the foreign exchange rate at the time of the transaction. Foreign exchange losses are recorded as expense.

3.4 Reporting Period

The annual financial reporting period starts on January 1 and ends on December 31.

3.5 Basic Principles

The financial statements are prepared assuming a going concern basis and are expressed in Euro (EUR). Generally zero values and negative confirmations are not contained in these financial statements.

3.6 Principles of Accounting

The main accounting principles laid out below:

INCOME

Donations Received

The donation income is recognized at nominal value when received. Promised donations are not recorded for prudence reasons, donation income is presented on a cash basis.

Interest Income

Interest income is recorded and timely appointed by using the effective rates by banks.

EXPENSES

Programs and grants

The program and grant expenses paid out are recognized at nominal value. Costs already known are accrued. The grants are presented at the actual year on total contractual value while other program related expenses are recognised at the value paid.

Administrative expenses

This item 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 are recognized at nominal value. Costs already known are accrued.

Partner expenses

Where REF is a main project leader (direct contract with the donor) and funds are channelled to partners, all expenses relating to partners are 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

Cash and cash equivalents

These items include cash on hand and bank account balances. All items are recorded at nominal value.

Receivables and other current assets

Receivables are recorded at nominal value, except the receivables in foreign currency. Receivables maintained in foreign currency are recorded at the exchange rate of the transaction day and revaluated on the exchange rates published by OANDA at year end.

Receivables not expected to be recovered on the basis of individual rating (enduring and significant) are value adjusted. In case of small amounts receivables considered per debtor are applied in accordance with the accounting principles in per cent impairment.

Rules of 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

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Receivables and other current assets (cont.)

Revolving loans provided by the foundations are monitored every 6 months with evaluation sheet including action proposal as well.

Any creation of provision or value adjustment are defined based on the Swiss Accounting Principles.

Costs paid for during but not relating to the financial year are activated as deferred cost.

Accrued costs

Expenses already incurred but not invoiced in the financial year are recognised as accrued cost.

Recoverable grants

Recoverable grants are shown at nominal value.

4 NOTES TO THE STATEMENT OF INCOME

4.1 Details on Donations received - 2014 - 2018

	2018 EUR	2017 EUR	2016 EUR	2015 EUR	2014 EUR	Total EUR
Bill Cook Foundation	0	4'673	0	0	0	4'673
DFID United Kingdom (through World Bank Trust Fund)	0	0	0	50'000	50'000	100'000
EPTISA Regional Office for Southeast Europe	2'880	4'275	0	0	0	7'155
ERSTE Group AG	0	0	0	0	500'000	500'000
EVZ Stiftung "Erinnerung, Verantwortung und Zukunft" Foundation Open Society Institute	260'000	260'000	262'000	234'000	221'000	1'237'000
Fundacion Secretariado Gitano	5'813'501	4'506'490	4'916'294	4'492'342	2'094'538	21'823'165
HH Management Ltd.	0	0	0	181'159	0	181'159
International Bank for Recon- struction and Development	0	0	0	0	291'925	291'925
Mirabaud Pierre	0	0	0	1'000	0	1'000
Mirabaud wedding donations	0	0	0	0	35'466	35'466
Morgan Stanley	0	0	0	0	197	197
Network of European Foundations	0	0	0	119'600	0	119'600
Norwegian Family Donation	0	0	0	0	21'342	21'342
Porticus Vienna	0	0	90'000	100'000	0	190'000
Soros-Bolton Wedding Donati	0	0	0	0	13'345	13'345
Statutory Town of Ostrava	0	0	7'200	6'200	6'200	19'600
Swedish International Deve- lopment Cooperation Agency	488'020	1'018'256	503'894	542'160	0	2'552'330
Swiss Agency for Development and Cooperation	850'000	850'000	850'000	832'618	350'000	3'732'618
UNICEF	0	0	0	0	57'458	57'458
US Embassy Slovakia	0	0	0	1'677	0	1'677
Velux and Villium Fond	0	0	0	1'034	0	1'034
World Bank Community Connection Fund	6'762	-14'725	11'544	11'838	5'776	21'195
World Vision International	0	0	0	4'565	0	4'565
Individuals	335	752	197	5	0	1'289
Total	7'421'498	6'629'721	6'641'129	6'578'198	3'647'247	30'917'793

4 NOTES TO THE STATEMENT OF INCOME (cont.)

4.2 Project support and other program refund

Concluded projects are reviewed, mostly by external parties with documentation in a compulsory report. If not all the funds were used they are refunded to the Roma Education Fund.

The refund means accrual reversal of that amount of the grant that was contracted but not paid and/or actual refund of the grant, which was already transferred to the grantee.

4.3 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.

4.4 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

- Roma Memorial University Scholarship Program (RMUSP),
- Law and Humanities Program (LHP),
- Roma Health Scholarship Program (RHSP),
- Interregional Scholarship Scheme (RISP),
- Professional Development Fund (PDF).

4.5 Communication

REF's Communications promote the exchange of knowledge and experiences, and communicating information on policies and programs that support Roma inclusion in education information on policies and programs that support Roma inclusion in education systems and represent one of the major pillars of REF's activities through conferences, workshops and publications.

4.6 Policy Development and Capacity Building

The target of this project is to support studies, technical assistance, strategy development, and learning activities to strengthen dialogue with governments and civil society on education reform and Roma inclusion.

4.7 KfW – Improved education and integration Serbia

In the framework of the project of "Improved Education and Integration Opportunities for Roma in Serbia (Phase 1)" KfW supports REF to improve access to education and employment opportunities for Roma in the Republic of Serbia. This project is composed of three components: (i) the promotion of secondary school education for Roma youth, (ii) the promotion of employability of graduates of the REF secondary school program and (iii) the promotion of the re-integration of migrants returning to Serbia from Germany.

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4 NOTES TO THE STATEMENT OF INCOME (cont.)

4.8 Provision for future projects and co-funding

Provision built for co-funding liabilities and donations received for project fulfilment.

4.9 Provision to cover risks in loans and receivables	31.12.2018	31.12.2017
	EUR	EUR
Provision to cover risks on loan to REF Romania	-76'914	100'000
Total	-76'914	100'000

REF Romania will not be able to repay its current outstanding obligations. In order to fully reflect this risk, an additional provision of EUR 76'914 was created in 2018.

5 NOTES TO THE BALANCE SHEET

5.1 Cash and Cash Equivalents

Petty Cash	2'400	1'627
Bank Julius Bär, Zürich, current account	3'372'792	2'251'649
Raiffeisenbank, Wien	0	0
Erste Bank, Wien	537'243	232'662
Total	3'912'435	2'485'938

5.2 Provision for Projects Granted

Project Support Program	1'296'408	164'134
Tertiary Scholarship	519'451	847'949
Communications	8'450	2'000
Operational grants to REF entities	139'882	879'389
Total	1'964'191	1'893'472

5.3 Provisions for future projects

Provision for future projects not yet designated	980'360	531'077
Provision for co-funding liabilities within REF-entities	527'705	0
Total	1'508'065	531'077

5.4 Other Provisions

Provision to cover risks on short-term loans	607'991	531'077
Total	607'991	531'077

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6 OTHER LEGALLY REQUIRED INFORMATION	2018	2017
	EUR	EUR
6.1 Administrative expenses		
Administrative cost incurred in Hungary	839'819	976'160
corresponding to	23.0%	29.6%
of the total of expenditure in Hungary	3'649'526	3'293'719
Grants to Roma Education Fund, Hungary	1'648'179	1'738'010
Percentage shares of 23.0% resp. 29.6%	379'275	515'094
The cost of administration paid for	553'425	716'354
corresponding to	7.5%	11.6%
of the total of expenditure on programs and grants	7'337'343	6'168'112
6.2 Audit fees		
Total annual audit costs (inclusive VAT)	26'273	27'000
Total annual audit related costs (inclusive VAT)	7'919	3'000
Total annual non-audit costs (inclusive VAT)	6'689	4'000

6.3 Number of employees

The Roma Education Fund is professionally managed by a team of qualified lawyers and other professionals and did not engage any staff.

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6 OTHER LEGALLY REQUIRED INFORMATION

6.4 Financial Statements in Swiss Francs

6.4.1 Statement of Income and Expenditure 2018 and 2017

	2018	2017
	CHF	CHF
Donations received (<i>partly restricted</i>)	8'568'862	7'343'145
Project support and other program refund	189'296	83'252
Total operating income	8'758'158	7'426'397
Project support program	-2'035'825	-1'776'357
Tertiary scholarships	-1'865'757	-2'029'009
Communications	-27'087	-65'895
Policy development and capacity building	-155'846	-206'071
KfW – Improved education and integration Serbia	-40'584	-65'556
Provision for future projects and co-funding	-1'741'212	0
Grants to:		
Roma Education Fund, Hungary	-1'902'988	-1'925'037
Roma Education Fund, Romania	-532'825	-681'717
Grants to Roma Education Fund, Slovakia	-169'573	-82'220
Grants according to objectives of the foundation	-8'471'697	-6'831'862
Accounting, financial and legal services	-177'261	-197'574
Provision to cover risks in loans and receivables	-88'805	-110'761
Administrative costs	-266'066	-308'335
Total operating expenses	-8'737'763	-7'140'197
OPERATING RESULT	20'395	286'200
Interest income	83	229
Gain from foreign exchange	0	26'133
Financial income	83	26'362
Bank charges and interest	-23'814	-25'343
Loss from foreign exchange	-82'365	-247'217
Financial costs	-106'179	-272'560
Financial result	-106'096	-246'198
LOSS / PROFIT OF THE YEAR	-85'701	40'002

6 OTHER LEGALLY REQUIRED INFORMATION (cont.)**6.4 Financial Statements in Swiss Francs (cont.)****6.4.2 Balance Sheet as at December 31, 2018 and 2017**

ASSETS	12/31/2018	12/31/2017
	CHF	CHF
Cash and cash equivalents	4'405'793	2'906'758
Other current assets	63	7'870
Total current assets	4'405'856	2'914'628
Recoverable grants	0	63'708
Short term loan to related parties	684'659	710'912
Total non-current assets	684'659	774'620
TOTAL ASSETS	5'090'515	3'689'248
 LIABILITIES		
Other short-term liabilities	0	240'462
Accrued expenses	42'172	56'051
Total short-term liabilities	42'172	296'513
Provisions for projects granted	2'211'876	2'213'999
Provision for future projects and co-funding	1'698'232	0
Other provisions	684'659	620'978
Total non-current Liabilities	4'594'767	2'834'977
Foundation Capital at January 1	557'758	472'411
Currency reserve (referred EUR against CHF)	-85'701	45'345
Loss / Profit of the year	-18'481	40'002
Foundation Capital at December 31	453'576	557'758
TOTAL LIABILITIES	5'090'515	3'689'248

6.5 Events after the balance sheet date

After the closing of the financial statements until approval by the board, no material events occurred which could affect the relevance of the financial reporting as presented or which should be have been disclosed at this point in time.

Zug, March 26, 2019

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