

# 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 2018**

# 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 2018 – in which the total assets and total liabilities are EUR 1,120,069; the related statement of income and expenditure – in which the profit for the year is EUR 67,836 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, 2018 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 25, 2019

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. Ľudmila Svätová, MBA  
Key audit partner  
License no. 936



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

Statement of Income and Expenditure 2018 and 2017

		2018	prior year
	Notes	EUR	EUR
<b>INCOME</b>			
Donations received from third parties	1	96 388	20 000
Donations received from REF Hungary		60 500	52 820
Donations received from REF Swiss		180 200	74 232
Project Support Program Refund	2		
Other income		437	1 427
Interest Income		-	-
Gain on Foreign Exchange			
<b>Total Income</b>		<b>337 525</b>	<b>148 479</b>
<b>EXPENDITURE</b>			
Project Support Program	3	157 812	68 340
Tertiary Scholarships	4	9 637	9 168
Velux project	21	64 432	68 079
Ministries of SR		24 064	18 486
<b>Total Programs and Grants</b>		<b>255 945</b>	<b>164 073</b>
Administrative expenses		13 744	
Value Adjustment on long term loan	23		
Losses on foreign exchange			
<b>Total Expenditure</b>		<b>269 689</b>	<b>164 073</b>
Donation from REF Switzerland to REF Hungary			
Donation from REF Switzerland to REF Romania			
donation fer->ROA			
<b>Total Internal Transfers</b>			-
<b>Excess of expenditure over income</b>		<b>67 836</b>	<b>(15 594)</b>

MARCH 25, 2019

Date



Signature

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

Balance Sheet as of December 31, 2018 and 2017

	Notes	31.12.2018	prior year
		EUR	EUR
Cash at banks	24	91 647	23 810
Time deposits			
Receivables	25	689 157	159 671
Current accounts with ....			
Inventories	26		
Securities	27		
Other current assets		1 750	4 750
<b>Total current assets</b>		<b>782 554</b>	<b>188 231</b>
		<b>2018</b>	<b>prior year</b>
	Notes	EUR	EUR
Recoverable Grants			
Accrued income	28	337 515	
Intangible assets	29		
Tangible assets	30		
Financial investements	31		
<b>Total long term assets</b>		<b>337 515</b>	<b>0</b>
<b>Total assets</b>		<b>1 120 069</b>	<b>188 231</b>
Liabilities	32	25 250	19 006
Accrued expenses and deferred income		1 162 303	180 755
Provisions for projects granted	33	0	114 440
Accounts payable to Partners	34		
Prefinancing from Management Authority	35		
Long term loan from .....			
Funds unused	36	0	9 350
<b>Total liabilities and provisions</b>		<b>1 187 553</b>	<b>323 551</b>
Foundation capital as of January 1		6 638	6 638
Excess of expenditure over income		67 836	-15 594
Year-end Translation Difference		-141 958	-126 364
<b>Foundation capital as of December 31</b>		<b>-67 484</b>	<b>-135 320</b>
<b>Total liabilities and foundation capital</b>		<b>1 120 069</b>	<b>188 231</b>

MARCH 25, 2019

Date



Signature

**ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA**  
**Notes to the Financial Statements 2018**

**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 2018**

##### **Donors 2018 Total**

Donations received from REF Hungary - 60 500 EUR

Donations received from REF Swiss - 180 200 EUR

Ministries of SR - 96 388 EUR

Total donations - 337 087 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**

31.12.2018 31.12.2017

**Total Cash at banks**

91 647 23 810

including cash at cash register

**25 Receivables in EUR**

31.12.2018 31.12.2017

Employee Advances

0 0

Accounts Receivable

15 500 1 720

Pre-finance advanced to Partner

Recoverable VAT

Subsidies Receivable from MA

673 657 157 951

Long Term Receivable

**Total Receivables**

689 157 159 671

**26 Inventory in EUR - N/A**

31.12.2018 31.12.2017

Inventory A

Inventory B

Accumulated depreciations (under national rules)

**Total Inventory****27 Securities in EUR N/A**

31.12.2018 31.12.2017

Securities Typ A

Securities Typ B

**Total securities**

All securities are valuated at market price.

**28 Long-term accrued Income in EUR**

31.12.2018 31.12.2017

Ministry of Interior of SR - Subsidy receivable

337 515

Typ B

**Total long-term accrued income**

337 515

**29 Tangible assets in EUR N/A**

31.12.2018 31.12.2017

Typ A

Typ B

Accumulated depreciations

**Total tangible assets****30 Intangible assets in EUR N/A**

31.12.2018 31.12.2017

Typ A

Typ B

Accumulated depreciations

**Total intangible assets****31 Financial investments in EUR N/A**

31.12.2018 31.12.2017

Investment A

Investment B

Accumulated depreciations/ impairment loss

**Total financial investments****32 Liabilities in EUR**

31.12.2018 31.12.2017

Suppliers

9 565 13 536

Salary Payable

15 685 5 470

Operational leasing costs

**Total liabilities**

25 250 19 005

**33 Provisions for projects granted in EUR**

31.12.2018 31.12.2017

Project - SSP 78

0 84 350

Project - VELUX

0 30 090

Other

0 9 350

**Total provisions for projects granted**

0 123 790

34 Accounts payables to Partners in EUR N/A 31.12.2018 31.12.2017  
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 31.12.2018 31.12.2017  
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 31.12.2018 31.12.2017  
Fund unused A  
Fund unused B  
Total funds unused

Short description of each fund unused and reasons why.

6 Other information 31.12.2018 31.12.2017  
37 Guaranties in EUR N/A  
Guaranty A  
Guaranty B  
Total guaranties

38 Financial lease ending date in EUR N/A 31.12.2018 31.12.2017  
Financial leasing A  
Financial leasing B  
Total financial lease

  
Signature

MARCH 25, 2019  
Date