

**ROMA EDUCATION FUND**

**ZUG**

**ANNUAL REPORT**

**2019**

**STATEMENTS OF INCOME AND EXPENDITURE 2019 AND 2018**

	Note	2019 EUR	2018 EUR
Donations received ( <i>partly restricted</i> )	4.1	7'323'249	7'421'498
Project support and other program refund	4.2	65'072	163'949
<b>Total operating income</b>		<b>7'388'321</b>	<b>7'585'447</b>
Project support program	4.3	-1'066'057	-1'763'230
Tertiary scholarships	4.4	-1'255'802	-1'615'934
Communications	4.5	-44'398	-23'460
Policy development and capacity building	4.6	-215'760	-134'978
KfW – Improved education and integration Serbia	4.7	0	-35'150
Building provisions for future projects and co-funding	4.8	-1'517'549	-1'508'065
Release of provisions for projects granted	4.9	370'518	0
<b>Total of program expenditure</b>		<b>-3'729'048</b>	<b>-5'080'817</b>
Grants to national Roma Education Fund	4.10	-2'380'909	-2'256'526
<b>Grants according to objectives of the foundation</b>		<b>-6'109'957</b>	<b>-7'337'343</b>
Accounting, financial and legal services		-115'567	-153'526
Other administrative, travel and representation expenses		-65'601	0
Provision to cover risks in loans and receivables	4.11	0	-76'914
<b>Administrative costs</b>		<b>-181'168</b>	<b>-230'440</b>
<b>Total operating expenses</b>		<b>-6'291'125</b>	<b>-7'567'783</b>
<b>OPERATING RESULT</b>		<b>1'097'196</b>	<b>17'664</b>
Interest income		5'201	72
<b>Financial income</b>		<b>5'201</b>	<b>72</b>
Bank charges and interest		-20'922	-20'625
Loss from foreign exchange		-2'864	-71'336
<b>Financial costs</b>		<b>-23'786</b>	<b>-91'961</b>
<b>Financial result</b>		<b>-18'585</b>	<b>-91'889</b>
<b>PROFIT / LOSS OF THE YEAR</b>		<b>1'078'611</b>	<b>-74'225</b>

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**BALANCE SHEETS AS AT DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	<b>Note</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
		<b>EUR</b>	<b>EUR</b>
Cash and cash equivalents	5.1	6'166'773	3'912'435
Other current assets		0	56
<b>Total current assets</b>		<b>6'166'773</b>	<b>3'912'491</b>
Short term loan to Roma Education Fund Romania		0	607'991
<b>Total non-current assets</b>		<b>0</b>	<b>607'991</b>
<b>TOTAL ASSETS</b>		<b>6'166'773</b>	<b>4'520'482</b>
 <b>LIABILITIES</b>			
Short-term liabilities		7'708	0
Accrued expenses		44'662	37'450
<b>Total short-term liabilities</b>		<b>52'370</b>	<b>37'450</b>
Provisions for projects granted	5.2	1'607'393	1'964'191
Provision for future projects and co-funding	5.3	3'025'614	1'508'065
Other provisions	5.4	0	607'991
<b>Total non-current Liabilities</b>		<b>4'633'007</b>	<b>4'080'247</b>
Foundation Capital at January 1		402'785	477'010
Profit / loss of the year		1'078'611	-74'225
<b>Foundation Capital at December 31</b>		<b>1'481'396</b>	<b>402'785</b>
<b>TOTAL LIABILITIES</b>		<b>6'166'773</b>	<b>4'520'482</b>

Zug, March 19, 2020

**ROMA EDUCATION FUND**

## NOTES OF THE FINANCIAL STATEMENTS 2019 AND 2018

### 1 GENERAL INFORMATION

<b>Name of the foundation</b>	ROMA EDUCATION FUND, Zug
<b>Legal form</b>	Foundation according to art. 80 ff. Swiss Civil Code
<b>Legal basis</b>	Public Deed dated January 05, 2005
<b>Domicile</b>	Baarerstrasse 12, 6300 Zug
<b>Foundation board</b>	Andrzej Mirga (chairman) Kinga Göncz (vice chairman) Yvana Enzler (member) Pierre Mirel (member) Timea Junghaus (member) Sybille Suter Tejada (member) Catalin Ciprian Necula (chairman as from January 2020)
<b>Auditor</b>	PricewaterhouseCoopers AG, Zurich
<b>Supervisory authority</b>	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
- Roma Education Fund Macedonia, established December 10th, 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>31.12.2019</u>	<u>31.12.2018</u>
Swiss Franc	1.0853	1.1261
British Pound	0.8505	0.8985
Hungarian Forint	330.7107	320.8750
US Dollar	1.1215	1.1444

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 recognized 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 belong 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 channeled 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 recognized 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 - 2015 - 2019**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Bill Cook Foundation	0	0	4'673	0	0	4'673
DFID United Kingdom (through World Bank Trust Fund)	0	0	0	0	50'000	50'000
EPTISA Regional Office for Southeast Europe	0	2'880	4'275	0	0	7'155
EVZ Stiftung "Erinnerung, Verantwortung und Zukunft"	336'700	260'000	260'000	262'000	234'000	1'352'700
Foundation Open Society Institute	5'345'709	5'813'501	4'506'490	4'916'294	4'492'342	25'074'336
CEU University	8'663	0	0	0	0	8'663
HH Management Ltd.	0	0	0	0	181'159	181'159
Mirabaud Pierre Foundations	0	0	0	0	1'000	1'000
Norwegian Family Donation	0	0	0	0	119'600	119'600
Porticus Vienna	0	0	0	0	0	0
Statutory Town of Ostrava	0	0	0	90'000	100'000	190'000
Swedish International Deve- lopment Cooperation Agency	0	0	0	7'200	6'200	13'400
ment and Cooperation	764'705	488'020	1'018'256	503'894	542'160	3'317'035
UNICEF	850'000	850'000	850'000	850'000	832'618	4'232'618
US Embassy Slovakia	0	0	0	0	0	0
Velux and Villium Fond	0	0	0	0	1'677	1'677
World Bank Community Connection Fund	0	0	0	0	1'034	1'034
World Vision International	13'451	6'762	-14'725	11'544	11'838	28'870
Individuals	4'021	335	752	197	4'565	4'565
	5					5'310
<b>Total</b>	<b>7'323'249</b>	<b>7'421'498</b>	<b>6'629'721</b>	<b>6'641'129</b>	<b>6'578'198</b>	<b>34'593'795</b>

#### **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.)** **2019** **2018**  
**EUR** **EUR**

**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 for projects granted**

Released provisions for projects granted	370'518	0
<b>Total</b>	<b>370'518</b>	<b>0</b>

Administrative closure of previous years grant commitments

**4.10 Grants to national Roma Education Fund**

Grants to Roma Education Fund, Hungary	1'650'544	1'648'179
Grants to Roma Education Fund, Romania	505'000	461'480
Grants to Roma Education Fund, Slovakia	115'734	146'867
Grants to Roma Education Fund, Serbia	99'631	0
Grants to Roma Education Fund, Macedonia	10'000	0
<b>Total</b>	<b>2'380'909</b>	<b>2'256'526</b>

**4.11 Provision to for projects granted**

Provision to cover risks in loans and receivables	0	76'914
<b>Total</b>	<b>0</b>	<b>76'914</b>

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** **31.12.2019** **31.12.2018**  
**EUR** **EUR**

**5.1 Cash and Cash Equivalentents**

Petty Cash	0	2'400
Bank Julius Bär, Zürich, current account	545'563	3'372'792
Bank Julius Bär, call deposit	401'259	0
Erste Bank, Wien	5'219'951	537'243
<b>Total</b>	<b>6'166'773</b>	<b>3'912'435</b>

**5.2 Provision for Projects Granted**

Project Support Program	913'844	1'296'408
Tertiary Scholarship	547'034	519'451
Communications	31'512	8'450
Policy development and capacity building	32'779	0
Operational grants to REF entities	82'224	139'882
<b>Total</b>	<b>1'607'393</b>	<b>1'964'191</b>

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### 5.3 Provisions for future projects

Provision for future projects not yet designated	859'210	980'360
Provision for co-funding liabilities within REF-entities	1'467'164	527'705
Movement budget provision	499'240	0
IT investment and accounting software	200'000	0
<b>Total</b>	<b>3'025'614</b>	<b>1'508'065</b>

### 5.4 Other Provisions

Provision to cover risks on short-term loans to REF Roman	0	607'991
<b>Total</b>	<b>0</b>	<b>607'991</b>

The board decided to waive the rights and claims.

<b>6</b>	<b>OTHER LEGALLY REQUIRED INFORMATION</b>	<b>2019</b>	<b>2018</b>
		<b>EUR</b>	<b>EUR</b>

### 6.1 Administrative expenses

Administrative cost incurred in Hungary	541'543	839'819
corresponding to	10.3%	23.0%
of the total of expenditure in Hungary	5'279'964	3'649'526
Grants to Roma Education Fund, Hungary	1'650'544	1'648'179
Percentage shares of 10.3% resp. 23.0%	169'289	379'275
The cost of administration paid for	350'457	553'425
corresponding to	5.7%	7.5%
of the total of expenditure on programs and grants	6'109'957	7'337'343

### 6.2 Audit fees

Total annual audit costs (inclusive VAT)	34'572	26'273
Total annual audit related costs (inclusive VAT)	6'139	7'919
Total annual non-audit costs (inclusive VAT)	13'355	6'689

### 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.

**6 OTHER LEGALLY REQUIRED INFORMATION****6.4 Financial Statements in Swiss Francs****6.4.1 Statement of Income and Expenditure 2019 and 2018**

	<b>2019</b>	<b>2018</b>
	<b>CHF</b>	<b>CHF</b>
Donations received ( <i>partly restricted</i> )	7'947'629	8'568'862
Project support and other program refund	70'620	189'296
<b>Total operating income</b>	<b>8'018'249</b>	<b>8'758'158</b>
Project support program	-1'156'949	-2'035'825
Tertiary scholarships	-1'362'872	-1'865'757
Communications	-48'183	-27'087
Policy development and capacity building	-234'156	-155'846
KfW – Improved education and integration Serbia	0	-40'584
Building provisions for future projects and co-funding	-1'646'935	-1'741'212
Release of provisions for projects granted	402'108	0
<b>Total of program expenditure</b>	<b>-4'046'987</b>	<b>-5'866'311</b>
Grants to national Roma Education Fund	-2'583'905	-2'605'385
<b>Grants according to objectives of the foundation</b>	<b>-6'630'892</b>	<b>-8'471'696</b>
Accounting, financial and legal services	-125'420	-177'261
Other administrative, travel and representation expenses	-71'194	0
Provision to cover risks in loans and receivables	0	-88'805
<b>Administrative costs</b>	<b>-71'194</b>	<b>-88'805</b>
<b>Total operating expenses</b>	<b>-6'827'506</b>	<b>-8'737'762</b>
<b>OPERATING RESULT</b>	<b>1'190'743</b>	<b>20'396</b>
Interest income	5'644	83
<b>Financial income</b>	<b>5'644</b>	<b>83</b>
Bank charges and interest	-22'706	-23'814
Loss from foreign exchange	-3'108	-82'365
<b>Financial costs</b>	<b>-25'814</b>	<b>-106'179</b>
<b>Financial result</b>	<b>-20'170</b>	<b>-106'096</b>
<b>PROFIT / LOSS OF THE YEAR</b>	<b>1'170'573</b>	<b>-85'700</b>

**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**

	<b>12/31/2019</b>	<b>12/31/2018</b>
	<b>CHF</b>	<b>CHF</b>
<b>ASSETS</b>		
Cash and cash equivalents	6'692'799	4'405'793
Other current assets	0	63
<b>Total current assets</b>	<b>6'692'799</b>	<b>4'405'856</b>
Short term loan to related parties	0	684'659
<b>Total non-current assets</b>	<b>0</b>	<b>684'659</b>
<b>TOTAL ASSETS</b>	<b>6'692'799</b>	<b>5'090'515</b>
<b>LIABILITIES</b>		
Other short-term liabilities	8'365	0
Accrued expenses	48'472	42'172
<b>Total short-term liabilities</b>	<b>56'837</b>	<b>42'172</b>
Provisions for projects granted	1'744'504	2'211'876
Provision for future projects and co-funding	3'283'699	1'698'232
Other provisions	0	684'659
<b>Total non-current Liabilities</b>	<b>5'028'203</b>	<b>4'594'767</b>
Foundation Capital at January 1	472'058	557'758
Currency reserve (referred EUR against CHF)	-34'872	-18'482
Profit / Loss of the year	1'170'573	-85'700
<b>Foundation Capital at December 31</b>	<b>1'607'759</b>	<b>453'576</b>
<b>TOTAL LIABILITIES</b>	<b>6'692'799</b>	<b>5'090'515</b>

**6.5 Events after the balance sheet date**

Faced with a repressive political and legal environment in Hungary, Roma Education Fund are moving their Budapest-based international operations and staff to the Serbian capital, Belgrade.

Zug, March 19, 2020