

# **INDEPENDENT AUDITOR'S REPORT**

**on the Audit of the Special Purpose Financial Statements**

**for the year 2020**

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

**Levočská 4  
080 01 Prešov  
Slovak Republic**

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## **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**

### **REPORT 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), which comprise the balance sheet as at 31 December 2020 – in which the total assets and liabilities are at the amount of EUR 1,013,912; the statement of income and expenditure – in which the profit for the year ended 31 December 2020 is at the amount of EUR 32,554, and notes to the Special Purpose Financial Statements, including 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, 2020 and for the year then ended have been prepared, in all material respects, in accordance with the Roma Education Fund Accounting Policy.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements. We are independent of the Foundation in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the “Act on Statutory Audit”) related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the Special Purpose Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe 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 preparation of the Special Purpose Financial Statements so that it could provide a true and fair view in accordance with the policies and instructions contained in the REF's Accounting Policy and for such internal control as statutory body determines is necessary to enable the preparation of the Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, the statutory body is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by statutory body;
- Conclude on the appropriateness of statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **Restriction on Use and Distribution**

This Special Purpose Financial Statements has been prepared for purposed 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 are 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.

Bratislava, 19 March 2020

**D. P. F., spol. s r. o.**  
Černicová 6, 831 01 Bratislava  
SKAU licence No. 140



**Jana Paulenová**  
Statutory auditor  
SKAU licence No. 442

Commercial Register of the District Court  
Bratislava I, Section Sro, Insert No. 23006/B

## ROMA EDUCATION FUND (REF), BRANCH SLOVAKIA

### Balance Sheet as of December 31, 2019 and 2020

Total current assets	Notes	2020	prior year
		EUR	EUR
Cash and banks	24	145 305	118 971
Time deposits			
Receivables	25	768 602	582 034
Current accounts with...			
Inventories	26		
Securities	27		
Other current assets		3 300	1 254
<b>Total current assets</b>		<b>917 207</b>	<b>702 259</b>
Recoverable Grants			
Accrued income	28	96 705	275 204
Long term loan to ....			
Intangible assets	29		
Tangible assets	30		
Financial investements	31		
<b>Total long term assets</b>		<b>96 705</b>	<b>275 204</b>
<b>Total assets</b>		<b>1 013 912</b>	<b>977 463</b>
Liabilities	32	27 681	35 293
Accrued expenses and deferred income		943 640	949 799
Provisions for projects granted	33	35 945	46 776
Accounts payable to Partners	34		
Prefinancing from Management Authority	35		
Long term loan from .....			
Funds unused	36		
<b>Total liabilities and provisions</b>		<b>1 007 266</b>	<b>1 031 868</b>
Foundation capital as of January 1		6 638	6 638
Excess of expenditure over income		32 554	13 079
Year-end Translation Difference		-32 546	-74 122
<b>Foundation capital as of December 31</b>		<b>6 646</b>	<b>-54 405</b>
<b>Total liabilities and foundation capital</b>		<b>1 013 912</b>	<b>977 463</b>

19 MARCH 2021

Date



Signature

## ROMA EDUCATION FUND (REF), BRANCH SLOVAKIA

### Statement of Income and Expenditure 2020 and 2019

	Notes	2020	prior year
		EUR	EUR
<b>INCOME</b>			
Donations received from third parties - Ministry	1	143 217	72 617
Donations received from REF Hungary		101 396	221 824
Donations received from REF Swiss		134 822	126 899
Project Support Program Refund	2		
Other income		800	1 683
Interest Income			
Gain on Foreign Exchange			
<b>Total Income</b>		<b>380 235</b>	<b>423 023</b>
<b>EXPENDITURE</b>			
Project Support Program	3	106 225	110 583
Tertiary Scholarships	4	9 676	9 845
EU Roma pilot-A Good Start and complimentary projects	5		
Konik Camp project in Montenegro	6		
Communications	7		
Policy development and capacity building	8		
International family project - FSG	9		
REF Romania- Equal opportunities	10		
REF Romania- School after School	11		
REF Romania- Health Program	12		
REF Romania- Youth on Labor Market	13		
REF Romania- Children and parents going to school	14		
REF Romania-Integrated educational services for Roma comunitie	15		
REF Romania - Increasing access of the Roma youth to university ed	16		
REF Romania and its partners capacity building	17		
Progress project in Slovakia	18		
UNICEF	19		
Medjimure project	20		
Velux project	21	113 367	168 646
OSCE-TARI project	22		
Ministry of Slovak republic		118 413	120 870
Grants to Roma Education Fund, Hungary			
Grants to Roma Education Fund, Romania			
<b>Total Programs and Grants</b>		<b>347 681</b>	<b>409 944</b>
Administrative expenses			
Value Adjustment on long term loan	23		
Losses on foreign exchange			
<b>Total Expenditure</b>		<b>347 681</b>	<b>409 944</b>
<b>Excess of expenditure over income</b>		<b>32 554</b>	<b>13 079</b>

19 MARCH 2021

Date



Signature

# Roma Education Fund (REF), BRANCH SLOVAKIA

## Notes to the Financial Statements 2020

### 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.

REF Entities maintain double-entry bookkeeping. The bookkeeping is maintained in local currency. The reports are compiled by the commissioned accounting firm as follows:

- REF Switzerland: Admingroup Services AG, Zug;
- REF Hungary: Admingroup Ltd., Budapest;
- REF Romania: REF Romania staff (national standards) and AdminGroup Ltd., Budapest (REF Accounting Policy);
- REF Slovakia: Ing Tatiana Hannelová.

# Roma Education Fund (REF), BRANCH SLOVAKIA

## Notes to the Financial Statements 2020

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 D.P.F., 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. Specific rules for the REF Entities are summarized below:

Transactions in currencies other than EUR are translated at the daily rate. All balance sheet positions at the year-end are translated at the relevant year-end rate (USD/EUR, CHF/EUR, etc.). All exchange rates are based on a publication of the European Central Bank.

##### 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.



# Roma Education Fund (REF), BRANCH SLOVAKIA

## Notes to the Financial Statements 2020

### 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.

# Roma Education Fund (REF), BRANCH SLOVAKIA

## Notes to the Financial Statements 2020

### 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“)

# Roma Education Fund (REF), BRANCH SLOVAKIA

## Notes to the Financial Statements 2020

- 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 – 2020:

	2020	2019	2018
Ministry of Labour, Social Affairs and Family	98 586	72 617	96 388
Ministry of Education, Science, Research and Sport of SR	44 631		
IUVENTA - Slovak Youth Institute	800		
<b>Total donations received by third parties</b>	<b>144 017</b>	<b>72 617</b>	<b>96 388</b>

### 2 Project Support Program Refund

When projects conclude, they are reviewed, mostly by external parties with documentation in a compulsory report. If not all the funds were used they will be 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 already transferred to the grantee.

## Roma Education Fund (REF), BRANCH SLOVAKIA Notes to the Financial Statements 2020

### 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 costs 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 costs 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

## Roma Education Fund (REF), BRANCH SLOVAKIA

### Notes to the Financial Statements 2020

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	31.12.2020	31.12.2019
	<b>EUR</b>	<b>EUR</b>
<b>Total Cash at banks</b>	<b>145 305</b>	<b>118 971</b>

25 Receivables	31.12.2020	31.12.2019
	<b>EUR</b>	<b>EUR</b>

Employee Advances		
Accounts Receivable	3 300	1 254
Pre-finance advanced to Partner		
Recoverable VAT		
Subsidies Receivable from MA	771 902	582 034
Long Term Receivable		
<b>Total Receivables</b>	<b>775 202</b>	<b>583 288</b>

Roma Education Fund (REF), BRANCH SLOVAKIA

## Notes to the Financial Statements 2020

26 Inventory	31.12.2020	31.12.2019
	<b>EUR</b>	<b>EUR</b>
Inventory A		
Inventory B		
Accumulated depreciation (under national rules)		
<b>Total Inventory</b>	<b>0</b>	<b>0</b>
27 Securities	31.12.2020	31.12.2019
	<b>EUR</b>	<b>EUR</b>
Securities type A		
Securities type B		
<b>Total Securities</b>	<b>0</b>	<b>0</b>
28 Recoverable grants	31.12.2020	31.12.2019
	<b>EUR</b>	<b>EUR</b>
Long-term accrued income Ministry of Scholarship	20 638	84 454
Long-term accrued income ROA	76 067	190 750
<b>Total Recoverable grants</b>	<b>96 705</b>	<b>275 204</b>
29 Tangible assets	31.12.2020	31.12.2019
	<b>EUR</b>	<b>EUR</b>
Type A		
Type B		
Accumulated depreciations		
<b>Total tangible assets</b>	<b>0</b>	<b>0</b>
30 Intangible assets	31.12.2020	31.12.2019
	<b>EUR</b>	<b>EUR</b>
Type A		
Type B		
Accumulated depreciations		
<b>Total intangible assets</b>	<b>0</b>	<b>0</b>
31 Financial investments	31.12.2020	31.12.2019
	<b>EUR</b>	<b>EUR</b>
Investment A		
Investment B		
Accumulated depreciations/impairment loss		
<b>Total Financial investments</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements 2020

32 Liabilities	31.12.2020	31.12.2019
	EUR	EUR
Suppliers	7 326	14 507
Salary Payable	20 355	20 786
Operational leasing costs		
<b>Total liabilities</b>	<b>27 681</b>	<b>35 293</b>

33 Provisions for projects granted	31.12.2020	31.12.2019
	EUR	EUR
Project VELUX 1		26 620
Project VELUX 2	16 200	14 175
Project VELUX CZ	19 745	5 981
<b>Total provisions for projects granted</b>	<b>35 945</b>	<b>46 776</b>

34 Accounts payable to partners	31.12.2020	31.12.2019
	EUR	EUR
Partner A		
Partner A		
<b>Total accounts payable to partners</b>	<b>0</b>	<b>0</b>

35 Refinancing from management authority	31.12.2020	31.12.2019
	EUR	EUR
Prefinancing from B		
Prefinancing from A		
<b>Total prefinancing from management authority</b>	<b>0</b>	<b>0</b>

36 Funds used	31.12.2020	31.12.2019
	EUR	EUR
Fund used A		
Fund used B		
<b>Total funds used</b>	<b>0</b>	<b>0</b>

Roma Education Fund (REF), BRANCH SLOVAKIA  
Notes to the Financial Statements 2020

6 Other information

37 Guaranties	31.12.2020	31.12.2019
	EUR	EUR
Guaranty A		
Guaranty A		
<b>Total guaranties</b>	<b>0</b>	<b>0</b>

  

38 Financial lease	31.12.2020	31.12.2019
	EUR	EUR
Financial leasing B		
Financial leasing A		
<b>Total financial leasing</b>	<b>0</b>	<b>0</b>



Signature



Date