

Group financial report

ROMA EDUCATION FOUNDATION
Hungary (ROA)

31 December 2020

April 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		REF Hungary	REF Hungary
		2019	2020
		EUR	EUR
Cash at banks	1	677 331	1 110 602
Time deposits		-	0
Receivables	2	481	12 063
Loan to REF Romania	8	-	0
Inventories		-	0
Securities		-	0
Other current assets	3	35 466	34
Total current assets		713 278	1 122 699
Recoverable Grants		-	-
Long term loan to Roma Education Fund, Romania		-	-
Intangible assets	5	277	99
Tangible assets	4	20 391	10 703
Financial investments		-	-
Total long term assets		20 668	10 802
Total assets		733 946	1 133 501
Liabilities	6	671 388	292 230
Accrued expenses and deferred income	7	8 363	57 772
Liability to REF Switzerland		-	0
Loan from Council of Europe Development Bank		-	0
Long term loan from Open Society Institute		-	0
Provisions balance sheet		-	0
Total liabilities and provisions		679 751	350 002
Foundation capital as of January 1		1 830 140	54 195
Excess of income over expenditure		-1 753 491	763 635
FX correction		-22 454	-34 331
Foundation Capital as of December 31, 2020		54 195	783 499
Total liabilities and foundation capital		733 946	1 133 501

April 19, 2021

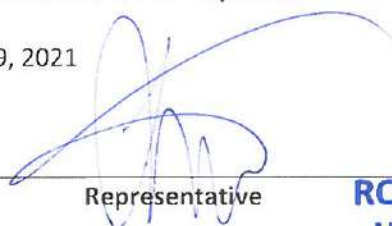
Representative

ROMA OKTATÁSI ALAP
H-1139 Bp., Váci út 99.
Adószám: 18121386-1-41
Bejegyzési szám: 9793

STATEMENT OF INCOME AND EXPENDITURES FOR THE YEAR ENDED
31 DECEMBER 2020

		REF Hungary 2019 EUR	REF Hungary 2020 EUR
INCOME			
Donations received from third parties	1	1 689 875	1 821 000
Donations received from REF Switzerland	1	1 777 593	1 202 255
Project Support and other Program Refund	2	-	-
Other income		19 912	10 238
Interest Income		95	64
Gain on Foreign Exchange		38 997	61 699
Total Income		3 526 473	3 095 256
EXPENDITURE			
Project Support Program	3	-	-
Tertiary Scholarships	4	167 004	76 372
EU Roma pilot-A Good Start and complimentary projects	5	-	-
Communications	6	87 171	59 294
Policy development and capacity building	7	324 895	144 875
REF Romania - Ready, Set, Go	8	-	-
REF Romania and its partners capacity building	9	-	-
HEIM project	10	-	-
Konik Camp project in Montenegro	11	15 902	-
IPA Macedonia - Fostering Social Inclusion	12	-	-
KfW 1 - Improved education and Integration Serbia	13	1 788 074	-
KfW 2 - Improved education and Integration Serbia			777 017
Velux project 1	14	218 393	22 805
Velux project 2			167 122
CEI Fund project		-	-
DG NEAR-Increased education opportunities for Roma students in Western balkan and Turkey		1 556 924	175 389
Toy Library project		6 097	-
Grants to Roma Education Fund, Slovakia		220 917	97 296
Grants to Roma Education Fund, Romania	15	316 778	79 642
Total Programs and Grants		4 702 154	1 599 812
Administrative expenses		541 543	703 566
Interest expense		1	-
Losses on foreign exchange		36 266	28 243
Total Expenditure		5 279 964	2 331 621
Excess of income over expenditure		(1 753 491)	763 635

April 19, 2021



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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. REF established and maintains an expense coding system to ensure cost analysis according to the various programs and activities performed by REF Entities.

1.2 List of REF Entities

- 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 Slovakia was established in 2014
- Roma Education Fund Macedonia was established in 2019
- Roma Education Fund Serbia was established on 30th January, 2019

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.

1.3 Bookkeeping 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 in 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: Bpion Services Kft.
- REF Romania: REF Romania staff (national standards);
- REF Slovakia: Tatiana Hannelova, s.r.o
- REF Serbia: Valero, Jelena Škobalj

The audit is made by PWC Switzerland for REF Switzerland, by Moore Stephens Hezicomp Ltd. for REF Hungary, Finans Audit Services Srl for REF Romania, D.P.F., spol. s r.o. for REF Slovakia and MLN Audit for REF Serbia.

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).

2 Accounting principles

2.1 General terms

The books are basically maintained in local currency as of legal requirement and translated into 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.

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

2.1.2 Reporting Period

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

2.2 INCOME

2.2.1 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.

2.2.2 Interest Income

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

2.3 EXPENSES

2.3.1 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.

2.3.2 Administrative Expenses

Administrative expenses includes administrative expenses of the operation, capital and equipment, contractors, HR related expenses of the administrative staff and their travel expenditures which do

not directly belong to any individual projects. The administrative expenses have to be recognized at nominal value. Already known costs have to be accrued.

2.3.3 Partner expenses

If REF is a main project leader (in 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.

2.4 BALANCE SHEET

2.4.1 Intangible and tangible asset valuation, depreciation accounting principles

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

The useful life of of tangible assests is determined by a life cycle of 3 years.

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. The revaluation model of assets is not used.

2.4.2 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 National Bank as 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, 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.

In *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 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 MA

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

Necessary provisions (if any) are done under national rules.

2.4.3 Deferred costs

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

2.4.4 Accrued costs

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

3 Details of the Statement of Financial Position

1 Cash at banks

	2019	2020
	EUR	EUR
Petty cash	428	
Cash at bank	676 903	1 110 602
Total Cash and Bank	677 331	1 110 602

2 Receivables

	2019	2020
	EUR	EUR
Receivables from employees	481	614
Advances to suppliers		8 281
Other receivables		3 168
Total Receivables	481	12 063

3 Other current assets

	2019	2020
	EUR	EUR
Prepaid insurance	35 466	34
Donations		
Other		
Total Other current assets	35 466	34

4 Tangible assets

	2019	2020
	EUR	EUR
Office remodelling		
Office equipments	143 258	58 864
Accumulated depreciation	(122 867)	(48 161)
Total Tangible assets	20 391	10 703

5 Intangible assets

	2019	2020
	EUR	EUR
Softwares and rights	10 564	1 340
Accumulated depreciation	(10 287)	(1 241)
Total Intangible assets	277	99

6 Liabilities

	2019	2020
	EUR	EUR
Suppliers	37 017	200 604
Payroll and related taxes	82 796	30 011
Provision		
Grant giving related liabilities	551 575	61 615
Other Liabilities		
Total Liabilities	671 388	292 230

7 Accrued expenses

	2019	2020
	EUR	EUR
Audit fee	1 815	4 108
Accrued donation expense		
Deferred income		
Other accrued expenses	6 548	53 664
Total Accrued expenses	8 363	57 772

4 Notes to the Statement of Income and Expenditures

1 Details of donations received, 2016-2020

Received by REF Hungary	2016	2017	2018	2019	2020	Total
European Commission	-	-	1 054 460	-	-	1 054 460
Ministry of Human and Minorities Montenegro	79 657	80 240	35 428	-	-	195 325
OSCE	59 581	46 463	-	-	-	106 044
Villum Fonden	-	397 662	685 429	145 089	140 234	1 368 414
FER (REF Romania)	3 727	-	-	-	-	3 727
Bureau of Education Montenegro	8 418	-	-	-	-	8 418
KfW Bankengruppe	799 461	406 183	1 519 924	1 494 397	947 740	5 167 705
Ministry of Finance Macedonia	81 821	152 670	12 529	-	-	247 020
CEI Fund, EBRD	-	25 740	1 189	19 310	-	46 239
Help-Hilfe zur Selbst hilf ee.V	75 721	312 558	84 083	27 356	-	499 718
Open Society Institute	-	-	-	-	2 274	2 274
Erinnerung, Verantwortung und Zukunft	-	-	-	-	717 756	717 756
Other donors individuals	9 632	1 484	6 402	3 723	12 996	34 237
Total donations from third parties	1 118 018	1 423 000	3 399 444	1 689 875	1 821 000	9 451 337
REF Switzerland	1 191 179	2 223 958	1 648 321	1 777 593	1 202 255	8 043 306
Total donation Income	2 309 197	3 646 958	5 047 765	3 467 468	3 023 255	17 494 643

2 Grants to Roma Education Fund, Hungary from REF Switzerland

Roma Education Fund Switzerland as the founder of REF entities is providing funds to Roma Education Fund Hungary to cover core activities and operation costs. The funds are provided by the following donors:

- Swedish International Development Agency funds which are covering core activities performed in the ODA countries.
- Swiss Agency for Development and Cooperation which covers core activities performed in the Western Balkan region.
- Open Society Foundation which covers core activities in Central Eastern Europe and the Western Balkans.

Under core activities REF is including costs related to Grant Program, Tertiary Scholarship Program, Own Educational Projects, Capacity building, Policy Development and Communications, Administrative expenses and Other expenses related to REF public benefit activity. The costs covered by different donors are separated in the REF books in line with the generally accepted accounting rules. The base of the separation of the expenditures is determined by the requirement of the donor contracts. The salary costs covered by the core donors are separated through regular allocation on different donor codes. Foreign exchange gains/losses are disclosed as a separate item in the financial statement and they are disclosed in accordance with what is stipulated in generally accepted accounting principles.

3 Project Support and other Program Refund

Refunding of unused funds by grantees related to project support granted by REF in the framework of the Project Support Program. The refund represents either an accrual reversal of that part of the grant amount, which was contracted but not paid to the grantee by REF and/or actual refund of the unspent part of the grant, which was already transferred to the grantee.

4 Tertiary Scholarships

The target of this project is to provide scholarship for tertiary level Roma students. The Program consists of five components:

Tertiary Scholarship Program (5 schemes)

- Roma Memorial University Scholarship Program (RMUSP)
- Law and Humanities Program (LHP)
- Roma Health Scholarship Program (RHSP)
- Roma International Scholar Program
- Oxford university Blavatnik School scholarship program

5 Communication

REF's Communications promotes the exchange of knowledge and experiences, and communicating information on policies and programs that support Roma inclusion in education systems and represents one of the major pillars of REF's activities through conferences, workshops, and publications. This position contains the accumulated costs of this year.

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. This position contains the accumulated costs of this year.

7 KfW - Improved education and Integration Serbia

The overall objective of the project "Employment Empowerment of Young Roma - Phase 2" is to support the social inclusion of Roma in Serbian society through increased graduation rates of Roma secondary school students and facilitation of their access into the labor market.

The main beneficiaries of the project are young Roma (both domicile and returnees) throughout Serbia, including:

- Roma youth aged 15-20 who have completed or are in the last grades of secondary education.
- Roma returnee families who need to reintegrate in Serbian society, including educational system.
- Roma youth aged 15-35 (women in particular) who express interest in joining the REF employment program but are ineligible because they have not finished primary school

This project is composed of three components:

1. Support to secondary school REF scholars through scholarship and mentorship support
2. Strengthening professional and life skills of REF secondary school scholars and other program beneficiaries
3. Young Roma returnees from Germany to Serbia and their families

8 Velux project

The project supports the increase of 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. The program will run until approximately the end of 2022.

In April 2018 REF started the project SHAPYR supported also by Velux, which aims to increase the number of Roma graduating from at least vocational secondary education and successfully transitioning into the labor market by supporting the project beneficiaries' enrollment into targeted vocational schools, help them improve confidence and skills, graduate and be competitive at the labor market. The target groups of the project are young Roma (age 14-18) willing to enroll to VET professions for scarce jobs and young Roma adults with incomplete primary and vocational education (18-28).

9 RARE (DG-Near)-Increased education opportunities for Roma students in Western Balkans and Turkey

The project "Increased Education Opportunities for Roma Students and Roma Youth in Western Balkans and Turkey" aims to reduce the Roma/non-Roma gap in participation to and completion of quality education, to improve Roma students' transition between education and employment, and promote durable systemic change and de-segregation within education systems in the Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia and Turkey. The project is funded by European Union and co-funded by OSI.

10 Grants to Roma Education Fund, Slovakia

In 2020 REF Slovakia received from ROA grants for 2 projects: SHAPYR and Pedagogy Scholarship Program.

Shaping Academic Employment Skill of Young Roma (SHAPYR)

The project SHAPYR started in 2018 and aims to increase the number of Roma, who, with the support of REF, will graduate from, at least, vocational secondary education and will successfully transit to the labor market. REF supports the project beneficiaries' enrollment into targeted vocational schools, helps them to improve their confidence and skills, successfully graduate and be competitive at the labor market. The target groups of the project are young Roma (age 14-18) and young Roma adults with incomplete primary or vocational education (18-30). The support of REF consists of financial support, mentoring and tutoring support and soft-skills training.

Pedagogy Scholarship Program in Czech Republic, Hungary, Romania and Slovakia

The aim of the project is to increase the number of Roma kindergarten teachers. REF Slovakia implements the project in the Czech Republic and Slovakia. The project facilitates the access to pedagogical vocational education for Roma girls coming from poor social-economic background, supports students throughout their studies by provision of financial support, mentoring and tutoring and furthermore, provides assistance to beneficiaries in finding employment in kindergartens. The first beneficiaries started their studies in the academic year 2014-2015 and the project will be closed in 2021.

11 Grants to Roma Education Fund, Romania

In 2020 REF Romania received grant from ROA for Velux 1 project. Within the project, 24 mentors and 24 tutors provided mentoring and tutoring for a number of 50 beneficiaries (25 beneficiaries

from 11th grade and 25 beneficiaries from 12th grade). Out of the 50 beneficiaries, a number of 49 benefited from semester scholarships related to the 2019-2020 school year. As a result of the mentioned support, out of the 25 beneficiaries from 12th grade, 24 beneficiaries registered for the baccalaureate and out of the 25 beneficiaries from 11th grade, 24 beneficiaries graduated 11th grade.

12 Administrative expenses

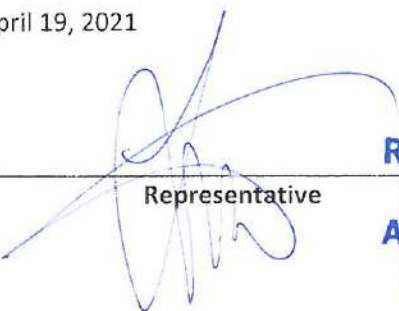
This includes administrative expenses of the operation, capital & equipment, contractors, HR and relocation related expenses of the administrative staff and their travel expenditures which do not directly belongs to the projects. The administrative expenses have to be recognized at nominal value. Already known costs have to be accrued.

13 Gains and losses on foreign exchange

These rows represent the effects of the currency translation from paragraph 2.1.1. *Currency Translation*.

5 Other information

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