

Roma Education Fund

Zug (Switzerland)

Report of the statutory auditors
to the Board
on the financial statements 2020

Report of the statutory auditors

on the limited statutory examination to the Board of
Roma Education Fund

Zug (Switzerland)

As statutory auditors, we have examined the financial statements of Roma Education Fund, Zug (Switzerland), which comprise the statements of income and expenditure, balance sheet and notes, for the year ended 31 December 2020.

These financial statements are the responsibility of the Board. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of foundation personnel and analytical procedures as well as detailed tests of foundation documents as considered appropriate in the circumstances. However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the foundation's deed.

Additionally, we point out that contrary to the requirements of article 958 para. 3 CO, the financial statements 2020 were not finalized within six months of the end of the financial year.

PricewaterhouseCoopers AG

Enrico Strozzi
Audit expert
Auditor in charge

Urs W. Hunziker
Audit expert

Zurich, 5 November 2021

Enclosure

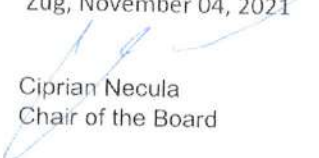
Financial statements 2020 (statements of income and expenditure, balance sheet and notes)

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STATEMENTS OF INCOME AND EXPENDITURE 2020 AND 2019

	Note	2020 EUR	2019 EUR
Donations received (<i>partly restricted</i>)	4,1	3.399.016	7.323.249
Project support and other program refund	4,2	184.199	65.072
Total operating income		3.583.215	7.388.321
Project support program	4,3	-452.028	-1.066.057
Tertiary scholarships	4,4	-3.613.037	-1.255.802
Communications	4,5	-23.546	-44.398
Policy development and capacity building	4,6	-4.725	-215.760
Building provisions for future projects and co-funding	4,7	0	-1.517.549
Release of provisions for future projects and co-funding	4,7	3.025.614	0
Release of provisions for projects granted	4,8	0	370.518
Total of program expenditure		-1.067.722	-3.729.048
Grants to national Roma Education Fund	4,9	-3.232.727	-2.380.909
Grants according to objectives of the foundation		-4.300.449	-6.109.957
Accounting, financial and legal services		-131.365	-115.567
Other administrative, travel and representation expenses		-10.303	-65.601
Administrative costs		-141.668	-181.168
Total operating expenses		-4.442.117	-6.291.125
OPERATING RESULT		-858.902	1.097.196
Interest income		1.288	5.201
Gain from foreign exchange		1.336	0
Financial income		2.624	5.201
Bank charges and interest		-12.673	-20.922
Loss from foreign exchange		-68.282	-2.864
Financial costs		-80.956	-23.786
Financial result		-78.332	-18.585
PROFIT / LOSS OF THE YEAR		-937.234	1.078.611

Zug, November 04, 2021



Ciprian Necula
Chair of the Board



Redjepali Chupi
Co Director

ROMA EDUCATION FUND



Claudia Lixandru
Co Director


ROMA EDUCATION FUND, ZUG

BALANCE SHEETS AS AT DECEMBER 31, 2020 AND 2019

ASSETS	Note	31.12.2020 EUR	31.12.2019 EUR
Cash and cash equivalents	5,1	5.657.316	6.166.773
Total current assets		5.657.316	6.166.773
TOTAL ASSETS		5.657.316	6.166.773
LIABILITIES			
Short-term liabilities		6.601	7.708
Accrued expenses		48.153	44.662
Total short-term liabilities		54.754	52.370
Provisions for projects granted	5,2	5.058.400	1.607.393
Provision for future projects and co-funding	5,3		3.025.614
Total non-current Liabilities		5.058.400	4.633.007
Foundation Capital at January 1		1.481.396	402.785
Profit / loss of the year		-937.234	1.078.611
Foundation Capital at December 31		544.162	1.481.396
TOTAL LIABILITIES		5.657.316	6.166.773

Zug, November 04, 2021

ROMA EDUCATION FUND


Ciprian Necula
Chair of the Board


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NOTES OF THE FINANCIAL STATEMENTS 2020 AND 2019

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	Ciprian Catalin Necula (Chairman) - elected on November 21-22, 2019, Yvana Enzler (Member) Timea Junghaus (Member) Sonja Licht (Member) – registered on May 5, 2020 Pierre Mirel (Member) Iamele Paolo Rigolini (Member) – registered on May 5, 2020 Sybille Suter Tejada (Member) Andrzej Mirga (Chairman) – resigned on November 21-22, 2019 Board Mariam Sherman (Member) – resigned on April 15, 2020, registered or Kinga Goncz (vice-Chairman) – resigned on June 29, 2020
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 Hungary, established in 2006
- Roma Education Fund Romania, established in 2009
- Roma Education Fund Slovakia, established in 2014
- Roma Education Fund Serbia, established in 2019
- Roma Education Fund Macedonia, established in 2019 (no business activities yet)

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:

	31.12.2020	31.12.2019
Swiss Franc	1,0822	1,0853
British Pound	0,8984	0,8505
Hungarian Forint	363,7766	330,7107
US Dollar	1,2264	1,1215

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.

ROMA EDUCATION FUND, ZUG

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 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 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

ROMA EDUCATION FUND, ZUG

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 - 2016 - 2020

	2020 EUR	2019 EUR	2018 EUR	2017 EUR	2016 EUR	Total EUR
Bill Cook Foundation				4.673		4.673
EPPIA Regional Office for Southeast Europe			2.880	4.275		7.155
EVZ Stiftung "Lernen: ung, Verantwortung und Zukunft"	151.700	146.700	260.000	260.000	262.000	1.080.400
Open Society Foundations	2.155.221	5.345.709	5.833.501	4.505.490	4.916.294	22.732.215
LEU University		8.663				8.663
Pórticus Vienna					90.000	90.000
Statutory Town of Ostrava					7.200	7.200
Swedish International Deve- lopment Cooperation Agency	492.095	764.705	488.020	1.018.256	503.894	3.266.970
Swiss Agency for Develop- ment and Cooperation	600.000	850.000	850.000	850.000	850.000	4.000.000
World Bank Community Connection Fund		14.451	6.752	14.725	13.544	47.032
Individuals		4.021	335	752	192	5.300
Total	3.399.016	7.373.249	7.421.498	6.629.221	6.641.129	31.414.613

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 components:

- Roma Memorial University Scholarship Program (RMUSP),
 - Law and Humanities Program (LHP),
- Roma Health Scholarship Program (RHSP),
- Roma Interregional Scholarship Program (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.

ROMA EDUCATION FUND, ZUG

4	NOTES TO THE STATEMENT OF INCOME (cont.)	2020	2019
		EUR	EUR
4.7	Provision for future projects and co-funding		
	Building provisions for future projects and co-funding	0	-1.517.549
	Release of provisions for future projects and co-funding	3.025.614	0
	Total	3.025.614	-1.517.549
4.8	Provision to for projects granted		
	Released provisions for projects granted	0	370.518
	Total	0	370.518
Administrative closure of previous years grant commitments			
4.9	Grants to national Roma Education Fund		
	Grants to Roma Education Fund, Hungary	1.200.000	1.650.544
	Grants to Roma Education Fund, Romania	637.294	505.000
	Grants to Roma Education Fund, Slovakia	131.351	115.734
	Grants to Roma Education Fund, Serbia	1.264.082	99.631
	Grants to Roma Education Fund, Macedonia	0	10.000
	Total	-3.232.727	-2.380.909
5	NOTES TO THE BALANCE SHEET	31.12.2020	31.12.2019
		EUR	EUR
5.1	Cash and Cash Equivalents		
	Petty Cash	0	0
	Bank Julius Bär, Zürich, current account	711.250	545.563
	Bank Julius Bär, call deposit	370.751	401.759
	Erste Bank, Wien	4.575.315	5.219.951
	Total	5.657.316	6.166.773
5.2	Provision for Projects Granted		
	Project Support Program	1.000.474	913.844
	Tertiary Scholarship	1.161.496	547.034
	Communications	0	31.512
	Policy development and capacity building	0	32.779
	Operational grants to REF entities	2.896.430	82.224
	Total	5.058.400	1.607.393

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

The provisions are made upon the historical reviews of existing signed grant letters. The amounts refers to: own-contribution necessary for signed or future grants (DG Near, EU funds, ADA, Velux Foundation), the movement budget covers all the costs involved in the re-design of the management structures of REF entities, including closing of the multi-annual donor contracts ending in 2021, IT investment is necessary to develop a reliable financial and technical data collection system, in order to consolidate and make consequent all the internal reportings first of all from management point of view and then to report to the donors

ROMA EDUCATION FUND, ZUG

5.3	Provisions for future projects	2020 EUR	2019 EUR
	Provision for future projects not yet designated	0	859.210
	Provision for co-funding liabilities within REF entities	0	1.467.164
	Movement budget provision	0	499.240
	IT investment and accounting software	0	200.000
	Total	0	3.025.614

6 OTHER LEGALLY REQUIRED INFORMATION

6,1	Administrative expenses		
	Administrative cost incurred in Hungary	289.839	541.543
	corresponding to	10,37%	10,26%
	of the total of expenditure in Hungary	2.794.528	5.279.964
	Administrative cost incurred in Romania	186.470	241.778
	corresponding to	10,63%	14,86%
	of the total of expenditure in Romania	1.755.232	1.626.915
	Administrative cost incurred in Serbia	364.960	57.928
	corresponding to	65,65%	100,00%
	of the total of expenditure in Serbia	555.955	57.928
	Administrative cost incurred in Slovakia	78.953	90.401
	corresponding to	22,71%	22,05%
	of the total of expenditure in Slovakia	347.657	409.982
	Administrative costs incurred in Switzerland	153.316	196.614
	corresponding to	13,27%	4,86%
	of the total of expenditure in Switzerland	1.155.513	4.046.987

Due to the various activities implemented in the REF entities, the level of administrative costs are significantly different from one country to another.

REF Hungary – considering that during the last two years the level of project implementation from different sources remained almost the same, and that the internal procedures were significantly improved in the second half of the year, even if the yearly budget decreased significantly, the level of administrative percentage remained almost the same.

REF Romania – considering that during the last two years the level of project implementation from different source increased significantly, and that the internal procedures are in continuous improvement, the level of administrative percentage decreased significantly from 14,86% to 10,63%.

REF Serbia – considering that REF Serbia is a new entity, initially implementing mostly the HQ functions, the administrative costs are very high. However, in this country too, during the next years a significant decrease is planned, due to the on-going and planned projects implementation from other sources.

REF Slovakia – considering that during the last two years the level of project implementation from different sources remained almost the same, and the annual budget, too, the administrative costs maintained their level.

6,2	Audit fees	2020	2019
		EUR	EUR
	Total annual audit costs (inclusive VAT)	40.498	34.572
	Total annual audit related costs (inclusive VAT)	0	6.139
	Total annual non-audit costs (inclusive VAT)	0	13.355

6,3 **Number of employees**

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

6 OTHER LEGALLY REQUIRED INFORMATION

		FX	FX
6,4	Financial Statements in Swiss Francs	1,08	1,09
6.4.1	Statement of Income and Expenditure 2020 and 2019		
		2020	2019
		CHF	CHF
	Donations received (<i>partly restricted</i>)	3.678.493,29	7.947.629,21
	Project support and other program refund	199.344,39	70.670,04
	Total operating income	3.877.837,69	8.018.249,25
	Project support program	-489.195,10	1.156.949,02
	Tertiary scholarships	-3.910.111,74	-1.362.871,68
	Communications	-25.482,02	-48.183,37
	Policy development and capacity building	5.113,50	234.155,70
	Building provisions for future projects and co-funding		1.646.935,23
	Release of provisions for future projects and co-funding	3.274.389,06	
	Release of provisions for projects granted		402.108,36
	Total of program expenditure	-1.155.513,31	-4.046.986,63
	Grants to national Roma Education Fund	-3.498.531,51	-2.583.905,30
	Grants according to objectives of the foundation	-4.654.044,82	-6.630.891,93
	Accounting, financial and legal services	142.166,22	125.420,24
	Other administrative, travel and representation expenses	-11.150,14	71.194,14
	Provision to cover risks in loans and receivables	-	-
	Administrative costs	-153.316,37	-196.614,38
	Total operating expenses	-4.807.361,19	-6.827.506,32
	OPERATING RESULT	-929.523,50	1.190.742,93
	Interest income	1.394,01	5.644,44
	Gain from foreign exchange	1.445,40	-
	Financial income	2.839,41	5.644,44
	Bank charges and interest	13.715,37	-22.705,81
	Loss from foreign exchange	-73.896,78	-3.108,18
	Financial costs	-87.612,15	-25.813,99
	Financial result	-84.772,75	-20.169,56
	LOSS / PROFIT OF THE YEAR	-1.014.296,25	1.170.573,37

6 OTHER LEGALLY REQUIRED INFORMATION (cont.)

6,4 Financial Statements in Swiss Francs (cont.)

6.4.2 Balance Sheet as at December 31, 2020 and 2019

	31.12.2020 CHF	31.12.2019 CHF
ASSETS		
Cash and cash equivalents	6.122.477,26	6.692.552,07
Other current assets	-	-
Total current assets	6.122.477,26 #	6.692.552,07
Recoverable grants	-	-
Short term loan to related parties	-	-
Total non-current assets	- #	-
TOTAL ASSETS	6.122.477,26	6.692.552,07
LIABILITIES		
Other short-term liabilities	7.144,27	8.365,18
Accrued expenses	52.112,28	48.469,88
Total short-term liabilities	59.256,56	56.835,07
Provisions for projects granted	5.474.316,82	1.744.439,33
Provision for future projects and co-funding	-	3.283.577,85
Other provisions	-	-
Total non-current Liabilities	5.474.316,82	5.028.017,18
Foundation Capital at January 1	1.603.200,12	437.126,45
Loss / Profit of the year	1.014.296,25	1.170.573,37
Foundation Capital at December 31	588.903,88	1.607.699,82
TOTAL LIABILITIES	6.122.477,26	6.692.552,07

6,5

Influence of Covid-19 epidemic

By March 2020, the spread of the coronavirus (COVID-19) had reached global levels, the pandemic at the time of signing the annual report - and the social and economic steps taken in response - it is not significant to the financial position of the Foundation until the preparation of the financial statements, however, no further effects can be predicted. The pandemic is treated by management as an event after the balance sheet date that has no effect on the financial statements. The annual report has been prepared on a going concern basis, we have no information or estimate, which calls into question the principle of business continuity for the Foundation.


The Foundation continuously monitors the development of the epidemic along its established pandemic procedures, take measures to the best of its knowledge in consultation with the relevant authorities and industry, which also ensure the safety of employees, operational safety, and business continuity. Due to the nature of the Foundation's activities, according to the current knowledge and expectations of the management, the immediate impact of the epidemic on the implementation of the projects is not expected. The Foundation has adequate financial reserves to maintain liquidity

6,6

Events after the balance sheet date

After the balance sheet date there were no significant events influencing the balance sheet of the foundation.

Zug, November 04, 2021


Ciprian Necula
Chair of the Board


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Co. Director


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