

Roma Education Fund

Zug (Switzerland)

Report of the statutory auditors
to the Board
on the financial statements 2021

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 2021.

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.

PricewaterhouseCoopers AG



Enrico Strozzi
Audit expert
Auditor in charge



Urs W. Hunziker
Audit expert

Zurich, 16 June 2022

Enclosure

Financial statements 2021 (statements of income and expenditure, balance sheet and notes)

STATEMENTS OF INCOME AND EXPENDITURE 2020 AND 2021

	Note	2020 EUR	2021 EUR
Donations received (<i>partly restricted</i>)	4.1	3.399.016	5.016.433
Project support and other program refund	4.2	184.199	150
Total operating income		3.583.215	5.016.583
Project support program	4.3	-452.028	-963.799
Tertiary scholarships	4.4	-3.613.037	-1.207.408
Communications	4.5	-23.546	0
Policy development and capacity building	4.6	-4.725	0
Building provisions for future projects and co-funding		0	0
Release of provisions for future projects and co-founding		3.025.614	3.770.092
Release of provisions for projects granted		0	
Total of program expenditure		-1.067.722	1.598.885
Grants to national Roma Education Fund	4.7	-3.232.727	-3.671.024
Grants according to objectives of the foundation		-4.300.449	-2.072.139
Accounting, financial and legal services		-131.365	-52.062
Other administrative, travel and representation expenses		-10.303	-149.015
Administrative costs		-141.668	-201.077
Total operating expenses		-4.442.117	-2.273.216
OPERATING RESULT		-858.902	2.743.367
Interest income		1.288	2.806
Gain from foreign exchange		1.336	31.248
Financial income		2.624	34.054
Bank charges and interest		-12.673	-9.340
Loss from foreign exchange		-68.282	-1.566
Previous year related expense		0	-14.194
Financial costs		-80.955	-25.100
Financial result		-78.332	8.954
PROFIT / LOSS OF THE YEAR		-937.234	2.752.321

Zug, June 15, 2022

ROMA EDUCATION FUND

Ciprian Necula
Chair of the BoardClaudia Lixandru
Co Director

ROMA EDUCATION FUND, ZUG

BALANCE SHEETS AS AT DECEMBER 31, 2020 AND 2021

ASSETS	Note	2020	2021
		EUR	EUR
Cash and cash equivalents	5.1	5.657.316	5.147.256
Total current assets		5.657.316	5.147.256
TOTAL ASSETS		5.657.316	5.147.256
LIABILITIES			
Short-term liabilities		6.601	-23.128
Accrued expenses		48.153	82.800
Total short-term liabilities		54.754	59.672
Provisions for projects granted	5.2	5.058.400	1.791.101
Provision for future projects and co-funding	5.3	0	0
Total non-current Liabilities		5.058.400	1.791.101
Foundation Capital at January 1		1.481.396	544.162
Profit / loss of the year		-937.234	2.752.321
Foundation Capital at December 31		544.162	3.296.483
TOTAL LIABILITIES		5.657.316	5.147.256
		0	0

Zug, June 15, 2022

ROMA EDUCATION FUND

Ciprian Necula
Chair of the Board

Claudia Lixandru
Co Director



NOTES OF THE FINANCIAL STATEMENTS 2020 AND 2021

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) Timea Junghaus (Member) Sonja Licht (Member) Pierre Mirel (Member) Iamele Paolo Rigolini (Member) Sybille Suter Tejada (Member) - resigned on June 9, 2021
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 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 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:

	<u>31.12.2020</u>	<u>31.12.2021</u>
Swiss Franc	1,0822	1,0353
British Pound	0,8984	0,8394
Hungarian Forint	363,7766	368,8965
US Dollar	1,2264	1,1342

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 - 2017 - 2021

	2021 EUR	2020 EUR	2019 EUR	2018 EUR	2017 EUR	Total EUR
Bill Cook Foundation	0	0	0	0	4.673	4.673
EPTISA Regional Office for Southeast Europe	0	0	0	2.880	4.275	7.155
EVZ Stiftung "Erinnerung, Verantwortung und Zukunft"	68.500	151.700	336.700	260.000	260.000	1.076.900
Open Society Foundations	4.697.933	2.155.221	5.345.709	5.813.501	4.506.490	22.518.854
CEU University	0	0	8.663	0	0	8.663
Swedish International Development Cooperation Agency	250.000	492.095	764.705	488.020	1.018.256	3.013.076
Swiss Agency for Development and Cooperation	0	600.000	850.000	850.000	850.000	3.150.000
World Bank Community Connection Fund	0	0	13.451	6.762	-14.725	5.488
Individuals	0	0	4.021	335	752	5.108
Total	5.016.433	3.399.016	7.323.249	7.421.498	6.629.721	29.789.917

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),
- 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.

ROMA EDUCATION FUND, ZUG

4 NOTES TO THE STATEMENT OF INCOME (cont.) **2020** **2021**
EUR **EUR**

4.7 Grants to national Roma Education Fund

Grants to Roma Education Fund, Hungary	-1.200.000	-1.028.086
Grants to Roma Education Fund, Romania	-637.294	-1.734.999
Grants to Roma Education Fund, Slovakia	-131.351	-129.751
Grants to Roma Education Fund, Serbia	-1.264.082	-778.188
Grants to Roma Education Fund, Macedonia	0	0
Total	-3.232.727	-3.671.024

5 NOTES TO THE BALANCE SHEET **31.12.2020** **31.12.2021**
EUR **EUR**

5.1 Cash and Cash Equivalents

Petty Cash	0	0
Bank Julius Bär, Zürich, current account	711.250	409.105
Bank Julius Bär, call deposit	370.751	370.072
Erste Bank, Wien	4.575.315	4.368.080
Total	5.657.316	5.147.256

5.2 Provision for Projects Granted

Project Support Program	1.636.747	1.296.461
Tertiary Scholarship	1.161.496	494.640
Communications	0	0
Policy development and capacity building	0	0
Operational grants to REF entities	2.260.157	0
Total	5.058.400	1.791.101

ROMA EDUCATION FUND, ZUG

6	OTHER LEGALLY REQUIRED INFORMATION	2020 EUR	2021 EUR
6.1	Administrative expenses		
	Administrative cost incurred in Hungary corresponding to of the total of expenditure in Hungary	289.839 10,37% 2.794.528	295.300 10,81% 2.732.068
	Administrative cost incurred in Romania corresponding to of the total of expenditure in Romania	186.470 10,63% 1.755.232	313.763 15,25% 2.057.466
	Administrative cost incurred in Serbia corresponding to of the total of expenditure in Serbia	364.960 65,65% 555.955	385.994 27,72% 1.392.703
	Administrative cost incurred in Slovakia corresponding to of the total of expenditure in Slovakia	78.953 22,71% 347.657	82.289 22,71% 362.349
	Administrative cost incurred in Switzerland corresponding to of the total of expenditure in Switzerland	156.316 13,27% 1.155.513	179.315 8,26% 2.171.207

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, the level of administrative percentage remained almost the same.

REF Romania – considering that this country has started to implement the HQ functions, the administrative costs have increased compared to last year.

REF Serbia – considering that REF Serbia was a new entity in 2020, initially implementing mostly the HQ functions, the administrative costs were very high. In this country during the current and 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.

6.3 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.

OTHER LEGALLY REQUIRED INFORMATION

	FX	FX
6.4 Financial Statements in Swiss Francs	1,0822	1,0353
6.4.1 Statement of Income and Expenditure 2020 and 2021		
	2020	2021
	CHF	CHF
Donations received (partly restricted)	3.678.493	5.193.614
Project support and other program refund	199.344	155
Total operating income	3.877.837	5.193.769
Project support program	-489.195	-997.840
Tertiary scholarships	-3.910.111	-1.250.054
Communications	-25.482	0
Policy development and capacity building	-5.114	0
Release of provisions for future projects and co-founding	3.274.389	3.871.051
Building provisions for future projects and co-funding	0	0
Release of provisions for projects granted	0	0
Total of program expenditure	-1.155.513	1.623.157
Grants to national Roma Education Fund		
Roma Education Fund, Hungary	-1.298.668	-1.064.398
Roma Education Fund, Romania	-689.694	-1.796.279
Roma Education Fund, Slovakia	-142.151	-134.334
Roma Education Fund, Serbia	-1.368.019	-805.674
Roma Education Fund, Macedonia	0	0
Grants according to objectives of the foundation	-4.654.045	-3.800.685
Accounting, financial and legal services	-142.166	-53.901
Other administrative, travel and representation expenses	-11.150	-122.078
Provision to cover risks in loans and receivables	0	0
Administrative costs	-153.317	-175.979
Total operating expenses	-4.807.360	-2.352.006
OPERATING RESULT	-929.524	2.841.763
Interest income	1.394	2.905
Gain from foreign exchange	1.445	32.352
Financial income	2.839	35.257
Bank charges and interest	-13.715	-9.669
Loss from foreign exchange	-73.896	-1.621
Previous year related expense	0	-14.695
Financial costs	-87.612	-25.986
Financial result	-84.772	7.772
PROFIT / LOSS OF THE YEAR	-1.014.296	2.849.534

BALANCE SHEETS AS AT DECEMBER 31, 2020 AND 2021

ASSETS	Note	12/31/2020 CHF	12/31/2021 CHF
Cash and cash equivalents	5.1	6.122.477	5.329.057
Other current assets		0	0
Accrued income		0	0
Total current assets		6.122.477	5.329.057
Short term loan to Roma Education Fund Hungary		0	0
Short term loan to Roma Education Fund Romania		0	0
Other receivables		0	0
Total non-current assets		0	0
TOTAL ASSETS		6.122.477	5.329.057
LIABILITIES			
Short-term liabilities		7.144	-24.086
Accrued expenses		52.112	53.630
Total short-term liabilities		59.257	29.544
Provisions for projects granted	5.2	5.474.317	1.886.458
Provision for future projects and co-funding	5.3	0	0
Other provisions	5.4	0	0
Total non-current Liabilities		5.474.317	1.886.458
Foundation Capital at January 1		1.603.201	563.381
Profit / loss of the year		-1.014.296	2.849.675
Profit / loss brought forward		0	0
Foundation Capital		588.905	3.413.056
TOTAL LIABILITIES		6.122.477	5.329.057

6.5 Influence of Covid-19 epidemic

The pandemic had no significant influence to the financial position of the Foundation because the Foundation was prepared and home office was organized. 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 and 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, June 15, 2022

ROMA EDUCATION FUND

Ciprian Negula,
Chair of the Board

Claudia Lixandru
Co Director