

Group financial report

**ROMA EDUCATION FOUNDATION
Hungary (ROA)**

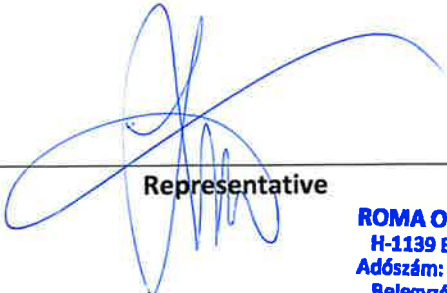
31 December 2021

May 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		REF Hungary	
		2020	2021
		EUR	EUR
Cash at banks	1	1 110 602	273 776
Time deposits			
Receivables	2	12 063	4 049
Loan to REF Romania	8		
Inventories			
Securities			
Other current assets	3	34	75 374
Total current assets		1 122 699	353 199
Recoverable Grants			
Long term loan to Roma Education Fund, Romania			
Intangible assets	5	99	20
Tangible assets	4	10 703	3 157
Financial investments			
Total long term assets		10 802	3 177
Total assets		1 133 501	356 376
Liabilities	6	292 230	33 994
Accrued expenses and deferred income	7	57 772	13 577
Liability to REF Switzerland			
Loan from Council of Europe Development Bank			
Long term loan from Open Society Institute			
Provisions balance sheet			109 296
Total liabilities and provisions		350 002	156 867
Foundation capital as of January 1		54 195	783 499
Excess of income over expenditure		763 635	-655 353
FX correction		-34 331	71 363
Foundation Capital as of December 31, 2021		783 499	199 509
Total liabilities and foundation capital		1 133 501	356 376

May 25, 2022



 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 2021

		REF Hungary	REF Hungary
		2020	2021
		EUR	EUR
INCOME			
Donations received from third parties		1.821.000	1 006 929
	1		
Donations received from REF Switzerland		1.202.255	1 028 086
Project Support and other Program Refund	2		
Other income		10.238	57 819
Interest Income		64	37
Gain on Foreign Exchange		61.699	15 790
Total Income		3.095.256	2 108 661
EXPENDITURE			
Project Support Program	3		
Tertiary Scholarships	4	76.372	39 795
EU Roma pilot-A Good Start and complimentary projects	5		
Communications	6	59.294	34 671
Policy development and capacity building	7	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		
IPA Macedonia - Fostering Social Inclusion	12		
KfW 1 - Improved education and Integration Serbia	13	777.017	199 373
KfW 2 - Improved education and Integration Serbia			
Velux project 1	14	22.805	104 681
Velux project 2		167.122	212 212
CEI Fund project			
DG NEAR-Increased education opportunities for Roma students in Western balkan and Turkey		175.389	1 292 434
Toy Library project			
Grants to Roma Education Fund, Slovakia		97.296	
Grants to Roma Education Fund, Romania	15	79.642	
Total Pograms and Grants		1.599.812	1 883 166
Administrative expenses		703.566	848 902
Interest expense			
Losses on foreign exchange		28.243	31.946
Total Expenditure		2.331.621	2 764 014
Excess of income over expenditure		763.635	(655 353)

May 25, 2022

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1 Financial organization

1.1 Organization of Roma Education Fund („REF“)

The network of Roma Education Fund, 6 entities („REF Entities“) that are established as legally separate foundations in Switzerland, Hungary, Romania, Serbia, and Slovakia and Macedonia 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 Global Audit Services doo 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 prudency 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 asset 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 asset 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 recognized. 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 recognized until the balance sheet preparation and relates the activities of the year.

3 Details of the Statement of Financial Position

	2020 EUR	2021 EUR
1. Cash at banks		
Petty cash		
Cash at bank	1 110 602	273 776
Total Cash and Bank	1 110 602	273 776
2. Receivables		
Receivables from employees	614	3 924
Advances to suppliers	8 281	
Other receivables	3 168	125
Total Receivables	12 063	4 049
3. Other current assets		
Prepaid insurance	34	
Donations		
Other		75 374
Total Other current assets	34	75 374
4. Tangible assets		
Office remodelling		
Office equipments	58 864	50 820
Accumulated depreciation	-48 161	-47 663
Total Tangible assets	10 703	3 157
5. Intangible assets		
Softwares and rights	1 340	1 340
Accumulated depreciation	-1 241	-1 320
Total Intangible assets	99	20
6. Liabilities		
Suppliers	200 604	2 674
Payroll and related taxes	30 011	31 068
Provision		
Grant giving related liabilities	61 615	
Other Liabilities		252
Total Liabilities	292 230	33 994
7. Accrued expenses		
Audit fee	4 108	
Accrued donation expense		
Deferred income		
Other accrued expenses	53 664	13 577
Total Accrued expenses	57 772	13 577

4 Notes to the Statement of Income and Expenditures

Details of donations received, 2017-2021

Received by REF Hungary	2017	2018	2019	2020	2021	Total
European Commission		1 054 460		717 756	845 758	2 617 974
Ministry of Human and Minorities Montenegro	80 240	35 428				115 668
OSCE	46 463					46 463
Villum Fonden	397 662	685 429	145 089	140 234	143 060	1 511 474
KfW Bankengruppe	406 183	1 519 924	1 494 397	947 740		4 368 244
Ministry of Finance Macedonia	152 670	12 529				165 199
CEI Fund, EBRD	25 740	1 189	19 310			46 239
Help-Hilfe zur Selbst hilfe.V	312 558	84 083	27 356			423 997
Open Society Institute				2 274		2 274
Other donors individuals	1 484	6 402	3 723	12 996	18 111	42 716
Total donations from third parties	1 423 000	3 399 444	1 689 875	1 821 000	1 006 929	9 340 248
REF Switzerland	2 223 958	1 648 321	1 777 593	1 202 255	1 028 086	7 880 213
Total donation income	3 646 958	5 047 765	3 467 468	3 023 255	2 035 015	17 220 461

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.

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.

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

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.

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.

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

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 2023.

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).

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.

Grants to Roma Education Fund, Slovakia

In 2021 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 2023.

Grants to Roma Education Fund, Romania

In 2021 REF Romania received grant from ROA for Velux 1 project. Within the project, 13 mentors and 13 tutors provided mentoring and tutoring for a number of 25. Out of the 25 beneficiaries, a number of 19 managed to obtain MATURA certificate. In the next academic year (2021 – 2022), we started to develop educational coaching activities for alumni beneficiaries.

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.

Gains and losses on foreign exchange

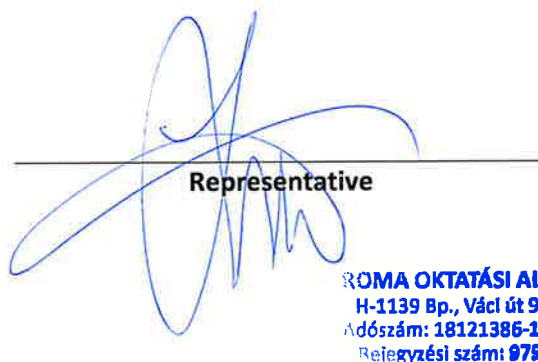
These rows represent the effects of the currency translation from paragraph 2.1.1. *Currency Translation.*

5 Other information

The spread of the coronavirus (COVID-19) reached global levels by March 2020. At the time of signing the annual report, the pandemic - and the social and economic measures taken in response - had no significant impact on the Foundation's financial position at the time of writing. The pandemic is treated by management as an event after the balance sheet date that has no effect on the financial statements. The financial statements have been prepared on a going concern basis and we do not have any information or estimates that would call into question the going concern basis of the Foundation. The Foundation continually monitors the evolution of the epidemic along its established pandemic procedures and, in consultation with the appropriate authorities and industry, takes measures to the best of its ability to ensure the safety, security and business continuity of its employees. Due to the nature of the Foundation's activities, the current knowledge and expectations of the management suggest that the epidemic will not have an immediate impact on the implementation of the projects. The Foundation shall have adequate financial reserves to maintain liquidity.

The conflict situation from Ukraine, started in 2022, does not have any direct impact on the Foundation's activity. Indirectly, it is influencing the donor market, the inflation, the transport of goods, and these general effects of it on the market can be felt in the Foundation's activity, too.

May 25, 2022



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