

Group financial report

ROMA EDUCATION FOUNDATION  
Hungary (ROA)

31 December 2022

May 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		REF Hungary	REF Hungary
		2021	2022
		EUR	EUR
Cash at banks	1	273 776	101 752
Time deposits		-	-
Receivables	2	4 049	2 179
Loan to REF Romania	8	-	-
Inventories		-	-
Securities		-	-
Other current assets	3	75 374	5 375
<b>Total current assets</b>		<b>353 199</b>	<b>109 305</b>
Recoverable Grants		-	-
Long term loan to Roma Education Fund, Romania		-	-
Intangible assets	5	20	-
Tangible assets	4	3 157	-
Financial investments		-	-
<b>Total long term assets</b>		<b>3 177</b>	<b>-</b>
<b>Total assets</b>		<b>356 376</b>	<b>109 305</b>
Liabilities	6	33 994	8 844
Accrued expenses and deferred income	7	13 577	10 091
Liability to REF Switzerland		-	-
Loan from Council of Europe Development Bank		-	-
Long term loan from Open Society Institute		-	-
Provisions balance sheet		109 296	(0,00)
<b>Total liabilities and provisions</b>		<b>156 867</b>	<b>18 935</b>
Foundation capital as of January 1		783 499	199 509
Excess of income over expenditure		-655 353	-95 695
FX correction		71 363	-13 444
<b>Foundation Capital as of December 31, 2021</b>		<b>199 509</b>	<b>90 370</b>
<b>Total liabilities and foundation capital</b>		<b>356 376</b>	<b>109 305</b>

May 25, 2023

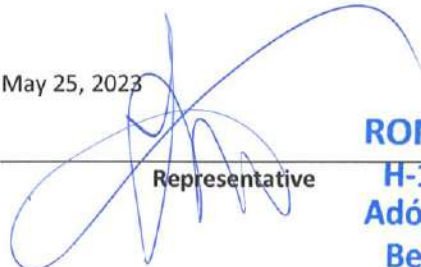
Representative

**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 2022

	REF Hungary	
	2021	2022
	EUR	EUR
<b>INCOME</b>		
Donations received from third parties	1 006 929	90 139
Donations received from REF Switzerland	1 028 086	433 634
Project Support and other Program Refund	2 -	-
Other income	57 819	106 971
Interest Income	37	4
Gain on Foreign Exchange	15 790	20 645
	-	-
<b>Total Income</b>	<b>2 108 661</b>	<b>651 394</b>
<b>EXPENDITURE</b>		
Project Support Program	3 -	-
Tertiary Scholarships	4 39 795	-
EU Roma pilot-A Good Start and complimentary projects	5 -	-
Communications	6 34 671	-
Policy development and capacity building	7 -	-
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 -	-
KfW 2 - Improved education and Integration Serbia	199 373	30
Velux project 1	14 104 681	9
Velux project 2	212 212	2 814
CEI Fund project	-	-
DG NEAR-Increased education opportunities for Roma students in Western balkan and Turkey	1 292 434	2 387
Toy Library project	-	-
Grants to Roma Education Fund, Slovakia	-	-
Grants to Roma Education Fund, Romania	15 -	-
<b>Total Pograms and Grants</b>	<b>1 883 166</b>	<b>5 241</b>
Administrative expenses	848 902	736 034
Interest expense	-	-
Losses on foreign exchange	31 946	5 814
<b>Total Expenditure</b>	<b>2 764 014</b>	<b>747 089</b>
<b>Excess of income over expenditure</b>	<b>(655 353)</b>	<b>(95 695)</b>

May 25, 2023

  
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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 MS Hezicom 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 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 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

	2021 EUR	2022 EUR
<b>1. Cash at banks</b>		
Petty cash		
Cash at bank	273 776	101 752
<b>Total Cash and Bank</b>	<b>273 776</b>	<b>101 752</b>
<b>2. Receivables</b>		
Receivables from employees	3 924	
Advances to suppliers		
Other receivables	125	2 179
<b>Total Receivables</b>	<b>4 049</b>	<b>2 179</b>
<b>3. Other current assets</b>		
Prepaid insurance		
Donations		
Other	75 374	5 375
<b>Total Other current assets</b>	<b>75 374</b>	<b>5 375</b>
<b>4. Tangible assets</b>		
Office remodelling		
Office equipments	50 820	
Accumulated depreciation	-47 663	
<b>Total Tangible assets</b>	<b>3 157</b>	<b>0</b>
<b>5. Intangible assets</b>		
Softwares and rights	1 340	
Accumulated depreciation	-1 320	
<b>Total Intangible assets</b>	<b>20</b>	<b>0</b>
<b>6. Liabilities</b>		
Suppliers	2 674	1 592
Payroll and related taxes	31 068	
Provision		
Grant giving related liabilities		
Other Liabilities	252	7 252
<b>Total Liabilities</b>	<b>33 994</b>	<b>8 844</b>
<b>7. Accrued expenses</b>		
Audit fee		
Accrued donation expense		
Deferred income		
Other accrued expenses	13 577	10 091
<b>Total Accrued expenses</b>	<b>13 577</b>	<b>10 091</b>



## 4 Notes to the Statement of Income and Expenditures

Details of donations received, 2018-2022

Received by REF Hungary	2018	2019	2020	2021	2022
European Commission	1 054 460,00	0,00	717 756,00	845 758,00	88 752,00 *
Ministry of Human and Minorities Montenegro	35 428,00	0,00	0,00	0,00	0,00
OSCE	0,00	0,00	0,00	0,00	0,00
Villum Fonden	685 429,00	145 089,00	140 234,00	143 060,00	0,00
FER (REF Romania)	0,00	0,00	0,00	0,00	0,00
Bureau of Education Montenegro	0,00	0,00	0,00	0,00	0,00
KfW Bankengruppe	1 519 924,00	1 494 397,00	947 740,00	0,00	0,00
Ministry of Finance Macedonia	12 529,00	0,00	0,00	0,00	0,00
CEI Fund, EBRD	1 189,00	19 310,00	0,00	0,00	0,00
Help-Hilfe zur Selbst hilf ee.V	84 083,00	27 356,00	0,00	0,00	0,00
Open Society Institute	0,00	0,00	2 274,00	0,00	0,00
Erinnerung, Verantwortung und Zukunft	0,00	0,00	0,00	0,00	0,00
Other donors individuals	6 402,00	3 723,00	12 996,00	18 111,00	1 387,00
<b>Total donations from third parties</b>	<b>3 399 444,00</b>	<b>1 689 875,00</b>	<b>1 821 000,00</b>	<b>1 006 929,00</b>	<b>90 139,00</b>
REF Switzerland	1 648 321,00	1 777 593,00	1 202 255,00	1 027 879,00	433 634,00 **
<b>Total donation Income</b>	<b>5 047 765,00</b>	<b>3 467 468,00</b>	<b>3 023 255,00</b>	<b>2 034 808,00</b>	<b>523 773,00</b>

\* The original transfer was EUR 84,168,18 in 2022. The difference is due to exchange rate difference.

\*\* The original transfer was EUR 453,239,86 in 2022. The difference is due to exchange rate difference.

### 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

ROA terminated the employment relationship of its employees with effect from 30.06.2022, with the exception of one employee. In addition, in 2022, all of ROA's grant projects were either suspended or transferred to another foundation.

In view of the above, ROA is currently not carrying out activities according to its purpose.

May 25, 2023

  
Representative

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