

ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA

Notes to the Financial Statements 2019

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. Each REF entity has its separate board with independent members for their decisions. These boards engaged in Switzerland and Hungary AdminGroup to act as their independent bookkeepers. Furthermore AdminGroup Ltd. in Hungary established an expense coding system to ensure cost analysis among the several programs implemented by the REF Entities and supports the entities with consultations in their financial operations.

1.2 List of REF Entities

- Roma Education Fund 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 Hungary opened a branch office in 2013 in Serbia and in Montenegro, whose figures are presented in the books of Roma Education Fund Hungary.

2 Book-keeping 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 by middle of February of the following year in accordance with this policy.

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

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).

The annual and audit reports of REF Entities according to this REF Accounting Policy will be published on the REF website.

3 Accounting principles

3.1 General terms

The books of the REF Entities are basically maintained in local currency as of legal requirement with the exception of REF Switzerland where the books are maintained in EUR since its functional currency is 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.

3.1.1 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.

3.1.2 Reporting Period

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

3.1.3 Comparability with prior year

Financial statements have to present the prior year and the actual reporting period from January 1, to December 31. Material errors from previous years have to be restated and presented. Errors shall be construed as material in our cases if in the year when discovered by the audit the aggregate amount of all errors (either negative or positive) for the same year and their impact on the Foundation capital exceed 2% of the balance sheet total of the financial year audited.

3.2 Income

3.2.1 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.

3.2.2 Interest Income

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

3.3 Expenses

3.3.1 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.

3.3.2 Administrative expenses

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

3.3.3 Partner expenses

If REF is a main project leader (direct contract with the donor) and channels funds to Partners all expenses related 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.

3.4 Balance sheet

3.4.1 Intangible and tangible asset valuation, depreciation accounting principles

Tangible and intangible assets have to be carried at their costs less depreciation and any accumulated impairment loss.

The useful life of property rights has to be determined by each REF entity.

The useful life of an intellectual product has to be determined by each REF entity.

The qualification and classification of fixed assets have to be determined according to the applicable national rule of each REF entity.

The depreciable amount of a depreciable asset has to be 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 - defined by the applicable national rule of each REF entity - have to be accounted as depreciation in lump sum when it started to use.

REF Entities have to apply extraordinary depreciation by devaluation when the asset is permanently reduced, because it has become redundant and/or damaged. The foundations shouldn't use the revaluation model of assets.

3.4.2 Receivables valuation

Receivables must be 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 respective sources of foreign currency rates as include in section 3.1.1.
- If the receivables are not expected to be recovered on basis of individual rating and this is enduring and significant in this case 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.

Rules of provisioning

The following risks must be 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 the MA

Revolving loans provided by the foundations must be monitored by every 6 months with evaluation sheet which must include action proposal as well.

If these risks are evaluated and indicate the creation of provision, its amount need to be defined based on the national rule.

3.4.3 Deferred costs

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

3.4.4 Accrued costs

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

4 Notes to the Statement of Income and Expenditure

1 Details on Donations received from third parties 2019

Donors 2019 Total

Donations received from REF Hungary - 221 824 EUR

Donations received from REF Swiss - 126 899 EUR

Ministries of SR - 72 617 EUR

Total donations - 421 339 EUR

2 Project Support Program Refund

N/A

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. This position contains the accumulated expenditures of this year.

4 Tertiary Scholarships

The target of this project is to provide scholarship for tertiary level Roma students. This position contains the accumulated expenditures 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)

5 EU Roma Pilot – A Good Start and complimentary projects

N/A

6 Konik Camp project in Montenegro

N/A

7 Communication

N/A

8 Policy Development and Capacity Building

- N/A
- 9 International Family Project
- N/A
- 10 REF Romania-- Equal Opportunities
- N/A
- 11 REF Romania-- School After School
- N/A
- 12 REF Romania – Health Program
- N/A
- 13 REF Romania – Youth on the Labor Market
- N/A
- 14 REF Romania – Children and parents going to school
- N/A
- 15 REF Romania – Integrated educational services for Roma communities
- N/A
- 16 REF Romania – Increasing access of the Roma youth to university education

- N/A
- 17 REF Romania and its partners capacity building

- N/A
- 18 Progress project in Slovakia

- N/A
- 19 UNICEF project

- N/A
- 20 Medjimure Project

- N/A
- 21 Velux Project

The project aims to support the increase 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. This position contains the accumulated costs of this year. The program will run until approximately the end of 2022.

- 22 OSCE TARI Project
- N/A

- 23 Value Adjustments on long-term loans
- N/A

5 Notes to the Balance Sheet

24 Cash at banks in EUR	31.12.2019	31.12.2018
Total Cash at banks	118 971	91 647
including cash at cash register		

25 Receivables in EUR	31.12.2019	31.12.2018
Employee Advances	0	0
Accounts Receivable	15 000	15 500
Pre-finance advanced to Partner		
Recoverable VAT		
Subsidies Receivable from MA	567 034	673 657
Long Term Receivable		
Total Receivables	582 034	689 157

26 Inventory in EUR - N/A	31.12.2019	31.12.2018
Inventory A		
Inventory B		
Accumulated depreciations (under national rules)		
Total Inventory		

27 Securities in EUR N/A	31.12.2019	31.12.2018
Securities Typ A		
Securities Typ B		
Total securities		

All securities are valued at market price.

	31.12.2019	31.12.2018
28 Long-term accrued income in EUR		
Ministry of Interior of SR - Subsidy receivable	275 204	337 515
Typ B		
Total long-term accrued income	275 204	337 515
29 Tangible assets in EUR N/A		
Typ A		
Typ B		
Accumulated depreciations		
Total tangible assets		

30 Intangible assets in EUR N/A	31.12.2019	31.12.2018
Typ A		
Typ B		
Accumulated depreciations		
Total intangible assets		
31 Financial investments in EUR N/A	31.12.2019	31.12.2018
Investment A		
Investment B		
Accumulated depreciations/ impairment loss		
Total financial investments		
32 Liabilities in EUR	31.12.2019	31.12.2018
Suppliers	14 286	9 565
Salary Payable	21 006	15 685
Operational leasing costs		
Total liabilities	35 293	25 250
33 Provisions for projects granted in EUR	31.12.2019	31.12.2018
Project - SSP 78	0	0
Project - VELUX	46 776	0
Other	0	0
Total provisions for projects granted	46 776	0
34 Accounts payables to Partners in EUR N/A	31.12.2019	31.12.2018
Partner A		
Partner B		
Total accounts payables to Partners		
If helpful describe Partners or reasons shortly.		
35 Refinancing from Management Authority in EUR N/A	31.12.2019	31.12.2018
Prefinancing from A		
Prefinancing from B		
Total Prefinancing from Management Authority		
Short description of each prefinancing source with reference to its projects and subsidiaries.		
36 Funds unused in EUR N/A	31.12.2019	31.12.2018
Fund unused A		
Fund unused B		
Total funds unused		
Short description of each fund unused and reasons why.		
6 Other information	31.12.2019	31.12.2018
37 Guaranties in EUR N/A		
Guaranty A		
Guaranty B		
Total guaranties		
38 Financial lease ending date in EUR N/A	31.12.2019	31.12.2018
Financial leasing A		
Financial leasing B		
Total financial lease		

All securities are valued at market price.

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Typ A		
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Guaranty B		
Total guaranties		
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Financial leasing A		
Financial leasing B		
Total financial lease		



Signature

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Date

ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA

Balance Sheet as of December 31, 2019 and 2018

	Notes	31.12.2019	prior year
		EUR	EUR
Cash at banks	24	118 971	91 647
Time deposits			
Receivables	25	582 034	689 158
Current accounts with			
Inventories	26		
Securities	27		
Other current assets		1 254	1 750
Total current assets		702 259	782 554
		2018	prior year
	Notes	EUR	EUR
Recoverable Grants			
Accrued income	28	275 204	337 515
Intangible assets	29		
Tangible assets	30		
Financial investements	31		
Total long term assets		275 204	337 515
Total assets		977 463	1 120 069
Liabilities	32	35 293	25 250
Accrued expenses and deferred income		949 799	1 162 303
Provisions for projects granted	33	46 776	0
Accounts payable to Partners	34		
Prefinancing from Management Authority	35		
Long term loan from			
Funds unused	36	0	0
Total liabilities and provisions		1 031 867	1 187 553
Foundation capital as of January 1		6 638	6 638
Excess of expenditure over income		13 079	67 836
Year-end Translation Difference		-74 122	-141 958
Foundation capital as of December 31		-54 405	-67 484
Total liabilities and foundation capital		977 463	1 120 069

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Date



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ROMA EDUCATION FUND (REF), ROMA EDUCATION FUND BRANCH SLOVAKIA

Statement of Income and Expenditure for 2019 and 2018

		2019	prior year
	Notes	EUR	EUR
INCOME			
Donations received from third parties	1	72 617	96 388
Donations received from REF Hungary		221 824	60 500
Donations received from REF Swiss		126 899	180 200
Project Support Program Refund	2		
Other income		1 684	438
Interest Income		-	-
Gain on Foreign Exchange			
Total Income		423 023	337 525
EXPENDITURE			
Project Support Program	3	110 583	157 811
Tertiary Scholarships	4	9 845	9 637
Velux project	21	168 646	64 432
Ministries of SR		120 870	24 065
Total Programs and Grants		409 944	255 944
Administrative expenses		-	13 744
Value Adjustment on long term loan	23		
Losses on foreign exchange			
Total Expenditure		409 944	269 688
			-
Excess of expenditure over income		13 079	67 836

28 FEBRUARY 2020

Date



Signature