



## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Trustees of the company**

**Nadácia Rómsky vzdelávací fond – organizačná zložka  
zahraničnej nadácie Roma Education Fund – Roma Oktatási  
Alap**

**Year 2015**



## INDEPENDENT AUDITOR'S REPORT

### **On the special purpose financial information of Roma Education Fond Slovakia**

We have audited the accompanying special purpose financial information of Roma Education Fund Slovakia (hereinafter: "Foundation"), including a balance sheet as of 31 December 2015 – in which the total assets and total liabilities are EUR 50,069; the loss for the year is EUR 110,835 and the related statement of income and expenditure and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Special Purpose Financial Information**

Management is responsible for the preparation and presentation of this special purpose financial information in accordance with policies and instructions contained in the REF's Accountancy Policy. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the special purpose financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the accompanying special purpose financial information for Roma Education Fund Slovakia as of December 31, 2015 and for the year then ended has been prepared, in all material respects, in accordance with the policies and instructions contained in the REF's Accountancy Policy.

### **Restriction on Use and Distribution**

This special purpose financial information has been prepared for purposes of providing information to the Board of Trustees with a yearly financial report in EUR financial data of the Foundation. As a result, the special purpose financial information is not a complete set of financial statements of Roma Education Fund Slovakia and may, therefore, not be suitable for another purpose.

This audit report issued on the attached special purpose financial information has been prepared solely for the Foundation and its donors for the above mentioned purpose, and shall not be used for any other purpose, and shall not be published or shall not be referred to in full or in part without our prior written consent.

**Other facts**

This audit report has been issued based on the voluntarily performed audit, because the conditions set out in § 19 Article 2 of Slovak Accounting Law were not fulfilled.

Banská Bystrica, 29 March 2016

BDR, spol. s r.o. Banská Bystrica  
M.M.Hodžu 3, 974 01 Banská Bystrica  
Chamber's registry no.: 6  
*Independent Member of Moore Stephens International Limited*

Ing. Ľudmila Svätová, MBA  
Responsible auditor  
Chamber's membership no. 936

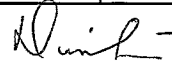



Nadácia Rómsky vzdelávací fond - organizačná zložka zahraničnej nadácie  
Roma Education Fund - Roma Oktatási Alap

Balance Sheet as of December 31, 2015 and 2014

	Notes	31.12.2015	prior year
		EUR	EUR
Cash at banks	24	8 791	65 166,00
Time deposits			
Receivables	25	41 027	202 657,00
Current accounts with ....			
Inventories	26		
Securities	27		
Other current assets		250	7 489,00
<b>Total current assets</b>		<b>50 069</b>	<b>275 312,00</b>
		<b>2015</b>	<b>prior year</b>
	Notes	EUR	EUR
Recoverable Grants	28		
Long term loan to ....			
Intangible assets	29		
Tangible assets	30		
Financial investements	31		
<b>Total long term assets</b>		<b>0</b>	<b>0</b>
<b>Total assets</b>		<b>50 069</b>	<b>275 312</b>
Liabilities	32	9 024	4 676
Accrued expenses and deferred income		117 735	205 829
Provisions for projects granted	33	73 866	104 528
Accounts payable to Partners	34		
Prefinancing from Management Authority	35		
Long term loan from .....			
Funds unused	36		
<b>Total liabilities and provisions</b>		<b>200 625</b>	<b>315 033</b>
Foundation capital as of January 1		6 638	6 638
Excess of expenditure over income		-110 835	-46 359
Year-end Translation Difference		-46 359	
<b>Foundation capital as of December 31</b>		<b>-150 556</b>	<b>-39 721</b>
<b>Total liabilities and foundation capital</b>		<b>50 069</b>	<b>275 312</b>

MARCH 29<sup>th</sup>, 2016  
Date

  
Signature

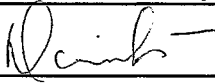
  
Nadácia Rómsky  
vzdelávací fond  
organizačná zložka zahraničnej nadácie  
Roma Education Fund  
Liská 4, 080 01 Prešov, IČO:42380588

Nadácia Rómsky vzdelávací fond - organizačná zložka zahraničnej nadácie  
Roma Education Fund - Roma Oktatási Alap

Statement of Income and Expenditure 2015 and 2014

	Notes	2015 EUR	prior year EUR
<b>INCOME</b>			
Donations received from third parties	1		
Donations received from REF Hungary		12 859	16 000
Donations received from REF Swiss		179 095	242 950
Project Support Program Refund	2		
Other income			
Interest Income		5	3
Gain on Foreign Exchange			
<b>Total Income</b>		<b>191 959</b>	<b>258 953</b>
<b>EXPENDITURE</b>			
Project Support Program	3	253 270	293 372
Tertiary Scholarships	4	2 701	4 135
Velux project	21	45 687	7 805
<b>Total Programs and Grants</b>		<b>301 657</b>	<b>305 312</b>
Administrative expenses		1 137	
Value Adjustment on long term loan	23		
Losses on foreign exchange			
<b>Total Expenditure</b>		<b>302 794</b>	<b>305 312</b>
Donation from REF Switzerland to REF Hungary			
Donation from REF Switzerland to REF Romania			
donation fer->ROA			
<b>Total Internal Transfers</b>			-
<b>Excess of expenditure over income</b>		<b>(110 835)</b>	<b>(46 359)</b>

MARCH 29<sup>th</sup> 2016  
Date

  
Signature



Nadácia Rómsky  
vzdelávací fond  
organizačná zložka zahraničnej nadácie  
Roma Education Fund  
Mestská 4, 080 01 Prešov, IČO:42380588

## Notes to the Financial Statements 2015

### 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 prudency 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 belongs 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 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.

### 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 foreien currdency 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 2010 - 2015

Donors	2015 Total
Donations received from REF Hungary	- 12 859 EUR
Donations received from REF Swiss	- 179 095 EUR
Total donations	191 954 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 costs 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 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)

#### 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, Húngary, 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

**Total Cash at banks**

including cash at cash register

31.12.2015

8 791,43

31.12.2014

65 166,00

25 Receivables in EUR

Employee Advances

Accounts Receivable

Pre-finance advanced to Partner

Recoverable VAT

Subsidies Receivable from MA (as Lead)

Subsidies Receivable from MA (via Partner)

Long Term Receivable

31.12.2015

12,60

31.12.2014

41 014,61

202 657,00

41 027,21

202 657,00

**Total Receivables**

26 Inventory in EUR - N/A

Inventory A

Inventory B

Accumulated depreciations (under national rules)

**Total Inventory**

31.12.2015

31.12.2014

27 Securities in EUR N/A

Securities Typ A

Securities Typ B

**Total securities**

31.12.2015

31.12.2014

All securities are valued at market price.

28 Recoverable Grants in EUR N/A

Typ A

Typ B

**Total recoverable grant**

31.12.2015

31.12.2014

29 Tangible assets in EUR N/A

Typ A

Typ B

Accumulated depreciations

**Total tangible assets**

31.12.2015

31.12.2014

30 Intangible assets in EUR N/A

Typ A

Typ B

Accumulated depreciations

**Total intangible assets**

31.12.2015

31.12.2014

31 Financial investments in EUR N/A

Investment A

Investment B

Accumulated depreciations/ impairment loss

**Total financial investments**

31.12.2015

31.12.2014

32 Liabilities in EUR

Suppliers

Salary Payable

Operational leasing costs

**Total liabilities**

31.12.2015

5001,05

1 136,00

4022,8

3 540,00

9023,85

4 676,00

33 Provisions for projects granted in EUR

Project - EDUP

Project - VELUX

Project - RMUSP

**Total provisions for projects granted**

31.12.2015

38148,00

31.12.2014

35718,00

97 090,00

73 866

7 438,00

0,00

104 528,00

Short description on each project

34 Accounts payables to Partners in EUR N/A

**Partner A**

31.12.2015

31.12.2014

**Partner B**

**Total accounts payables to Partners**

If helpful describe Partners or reasons shortly.

35 Refinancing from Management Authority in EUR N/A	31.12.2015	31.12.2014
Prefinancing from A		
Prefinancing from B		
<b>Total Prefinancing from Management Authority</b>		

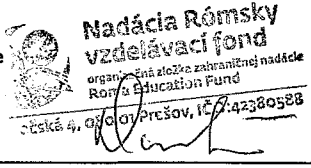
Short description of each prefinancing source with reference to its projects and subsidiaries.

36 Funds unused in EUR N/A	31.12.2015	31.12.2014
Fund unused A		
Fund unused B		
<b>Total funds unused</b>		

Short description of each fund unused and reasons why.

6 Other information	31.12.2015	31.12.2014
37 Guaranties in EUR N/A		
Guaranty A		
Guaranty B		
<b>Total guaranties</b>		

38 Financial lease ending date in EUR N/A	31.12.2015	31.12.2014
Financial leasing A		
Financial leasing B		
<b>Total financial lease</b>		



MARCH 29<sup>th</sup>, 2016

Signature

Date