

Activity Accounts (profit & loss)

(All figures in NOK 1 000)

	Notes	2018	2017
Revenue			
Contributions from foreign donors	5	3 011 319	2 862 478
Contributions from Norwegian donors	5	1 022 592	1 036 854
Other contributions		<u>32 619</u>	<u>28 219</u>
Total contributions from donors		4 066 531	3 927 551
Lotteries and games		8 795	8 872
Sponsors (Norway)	2	115 998	90 887
Sponsors (abroad)	2	<u>7 589</u>	<u>0</u>
Total fundraising		132 382	99 759
Interest in bank and yield on bonds		5 847	10 130
Net agio		<u>8 484</u>	<u>4 454</u>
Net financial income		14 331	14 584
TOTAL REVENUE		4 213 244	4 041 893
Costs			
<u>Humanitarian activities:</u>			
Shelter (building of homes and schools)		803 645	926 840
Education		667 688	584 161
Food Security		573 357	566 073
ICLA (Information, Counselling & Legal Assistance)		455 259	390 140
WASH (Emergency Water and Sanitation)		397 041	458 072
Camp Management		83 541	107 107
Other		<u>395 449</u>	<u>342 695</u>
Total direct costs to Programme Activities		3 375 981	3 375 089
Emergency Standby Rosters (Deployments)		338 321	283 718
Advocacy and Information		127 042	109 349
Project Support	3	248 555	214 564
Total costs to Humanitarian activities		4 089 898	3 982 718
Administration costs	3	37 650	27 522
<u>Fundraising</u>			
Lotteries and games		7 119	5 932
Sponsors (Norway)		53 005	29 682
Sponsors (abroad)		21 800	4 670
Total fundraising costs		81 924	40 284
TOTAL COSTS		4 209 472	4 050 524
NET ACTIVITY RESULT		3 772	- 8 631
Appropriation of net activity result:			
Net usage of Equity with external restrictions	2,10	- 7 543	- 26 635
Transfer to Equity with internal restrictions	10	8 455	- 4 966
Transfer to Other equity	10	2 861	22 970
Sum appropriation of net result		3 772	- 8 631

Balance sheet as per December 31

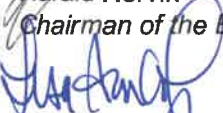
(All figures in NOK 1 000)


	Noter	2018	2017
ASSETS			
Long term assets			
Long term receivables	8	35	35
Fixed assets	6	7 138	2 975
Total long term assets		7 173	3 010
Short term assets			
Short term receivables, donors		521 675	443 334
Short term receivables		80 109	90 627
Emergency articles in stock		2 476	3 043
Money market & Bond Funds	7	211 780	307 900
Bank deposits and cash	9	837 935	702 824
Total short term assets		1 653 975	1 547 728
Total assets		1 661 148	1 550 739
EQUITY AND LIABILITIES			
Equity			
Foundation capital		1 000	1 000
Equity with internal restrictions	10	95 605	98 458
Other equity	10	323 806	309 638
Equity with external restrictions	2,10	0	7 543
Total equity		420 411	416 639
Short term liabilities			
Trade accounts payable		12 847	24 631
Government fees		115 642	116 836
Project funds received as advances		902 260	769 192
Other short term liabilities		209 988	223 441
Total short term liabilities		1 240 737	1 134 100
Total equity and liabilities		1 661 148	1 550 739


Oslo, May 9th 2019

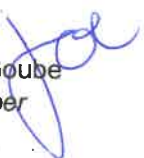

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Chairman of the Board


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Deputy Chair


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Board member


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Board member


Anne Huser
Employee repr.


Jeremy Francis
Employee repr.


Jan Egeland
Secretary General

Cash flow analysis

(All figures in NOK 1 000)

	2018	2017
Cash flow generated by operations:		
Net result	3 772	- 8 632
Depreciation of fixed assets	1 941	2 240
Increase(+) / Decrease(-) of project receivables and advancements	54 727	- 135 386
Change in other short term receivables & liabilities	- 15 346	31 628
(A) Net cash flow from operations	45 094	- 110 150
Cash flow spent on investments:		
Investments in fixed assets	- 6 104	- 2 594
(B) Net cash flow from investments	- 6 104	- 2 594
Cash flow from long term financing:		
Increase(-) / Decrease(+) in long-term receivables	0	0
(C) Net cash effect of long term financing	0	0
A+B+C Net changes in cash flow during the year	38 991	- 112 744
Cash, Bank deposits and Money market & Bond Funds Jan 1	993 512	1 106 256
Cash, Bank deposits and Money market & Bond Funds Dec 31	1 032 503	993 512

NOTES TO THE ACCOUNTS

Note 1 Accounting policies

The Norwegian Refugee Council (NRC) is a non-profit humanitarian foundation.

Its activities are financed through project contributions from donors such as the Norwegian Ministry of Foreign Affairs (NMFA), the UN system, EU and governmental funding from Sweden, United Kingdom, USA, Germany, Switzerland, France, Netherlands and Canada.

In addition also with own funds collected through fundraising.

In total 74% of project contributions from donors came from non-Norwegian donors.

In 2018, NRC-projects were conducted in 31 program countries, some of which experience considerable lack of stability. Consequently, a relatively high risk applies to human resources and to the foundation's assets. The financial risk, however, is rarely the responsibility of NRC.

The donors will normally carry the risk of financial loss caused by acts of war or robbery, provided appropriate security measures have been taken.

NRC has established representation and fundraising offices in Austria, Belgium, Germany, Sweden, Switzerland and in the USA. National regulations requires that they are registered as separate legal entities. These entities are controlled by NRC and revenues and costs are included in NRC's annual activity accounts.

Payments from NRC to the local entities are recorded as prepaid expenses in the activity accounts. NRC does not prepare consolidated financial statements as the differences between such financial statements and NRC's financial statements would be immaterial.

NRC has a very high focus on security in all matters to minimize the risk for damages and accidents. All NRC-employees in Norway and abroad are insured, removing the liability of the foundation in the event of war, other unrest or accidents. Similarly, all assets are insured.

On March 13th 1997, NRC was organized as a foundation, with a foundation capital of NOK 1 mill. Being a foundation,

NRC's financial statements must be submitted to Regnskapsregisteret in Brønnøysund, Norway.

The foundation is tax-exempt.

The Activity Accounts are presented in line with Norwegian Accounting Act as well as the Provisional Norwegian Accounting Standard on Generally Accepted Accounting Principles for Non-profit Organisations as of November 2008.

Costs are split into three main categories; humanitarian activities, fundraising and administration.

Humanitarian activities are split into our different activities.

Policies of revenue and cost recognition

Income from marketing activities (fundraising from individuals, organizations and companies, plus lotteries etc) is considered earned when received and will then be recognized as revenue, except funds with specific restrictions on usage.

There are always certain restrictions to income classified as 'Contributions from donors' in the Activity Accounts, also including an obligation to return unused funds to donors. Such contributions are recognized as revenue in line with funds used.

Expenditures are recognized as costs on the day of the transaction; when the goods or services have been delivered and the activity is performed.

Classification and evaluation of balance sheet items

Short term assets and liabilities include items which are due for payment within one year from the balance sheet day, and items connected to operation of the projects.

Other items are classified as fixed assets/long-term liabilities.

Money market and bond funds are valued at their actual market value on the balance sheet day.

Emergency articles in stock are valued at cost.

Long-term assets are valued at the lowest of acquisition cost and fair value. Write-downs to fair value are carried out when a decrease in value can not be considered temporary and must be considered necessary according to Norwegian generally accepted accounting principles.

The write-downs are reversed when the basis for write-downs no longer exists.

Fixed assets

Material fixed assets with an expected financial life-span of more than three years, are capitalized in the balance sheet and depreciated over their financial life-span. Maintenance of fixed assets are charged directly as costs, while additional investments and/or improvements are added to the purchase price of the fixed asset and depreciated accordingly.

Fixed assets procured for usage in the field are charged directly as costs at the time of procurement, except for a few vehicles. This is done mainly because the purchase cost is covered in total by a donor, and the asset will then normally be at the donor's disposal at the end of the project. In addition, there is a rapid wear and tear and high risk of loss of the assets.

Receivables

Receivables are included in the balance sheet at face value less deduction of provisions for expected loss.

Provisions for bad debts are based upon individual assessments of each receivable.

Foreign currency exchange

Balance sheet items in foreign currencies are converted at the exchange rate at the balance sheet date.

Bank deposits and cash holdings acquired for usage in donorfinanced projects are also valued at the

rate of acquisition, because this is the rate used when the donors approve and compensate for costs incurred in foreign currencies.

Foreign exchange gains and losses are included as financial items in the Profit and Loss.

Note 2 Sponsors and fundraising (earmarked and non-earmarked)

(All figures in NOK 1 000)

	<u>2018</u>	<u>2017</u>
Non-earmarked contribution from private sponsors, Norway	91 878	80 406
Non-earmarked contribution from private sponsors, abroad	7 589	
Non-earmarked contribution from corporations, networks and organisations	10 686	2 216
Earmarked contributions from private sponsors, corporations, networks and organisations	<u>13 434</u>	8 265
Total contributions from private sponsors, corporations, networks and organisations	<u>123 587</u>	<u>90 887</u>

Non-earmarked contribution from private sponsors is mainly monthly payments from our approx. 25 000 sponsors.

Earmarked and in-kind contributions in 2018 consists of mainly 6,6 mill NOK from Boston Consulting Group, 2,8 mill NOK from Google and 1,3 mill NOK from Kluge law firm.

Spesification of equity with external restrictions

The remaining "Artistgalla" funds were spent during 2018, in line with the agreement with Norad.

	<u>2018</u>	<u>2017</u>
Artist Gala funds (with external restrictions) available 1/1	7 543	10 000
Artist Gala funds used 31/12 (-)	<u>- 7 543</u>	<u>- 2 457</u>
Net Artist Gala funds available 31/12	<u>0</u>	<u>7 543</u>

Note 3 Specification of operating costs

(All figures in NOK 1 000)

Specification of costs by type	2018		2017	
Project materials etc	2 318 542		2 396 091	
Salaries and social costs	1 730 157		1 562 760	
Other operating costs	158 832		89 433	
Depreciation of fixed assets	1 941		2 240	
Total operating costs	4 209 472		4 050 525	

Specification of costs by activities	2018		2017	
Direct costs on Humanitarian activities	3 841 343	91,3 %	3 768 156	93,0 %
Indirect costs on Humanitarian activities	248 555	5,9 %	214 564	5,3 %
Administration costs	37 650	0,9 %	27 522	0,7 %
Fundraising	81 924	1,9 %	40 284	1,0 %
Total operating costs	4 209 472	100%	4 050 524	100%

Costs related to obtaining grants from donors are generally low and integrated in daily project support, both in the field and at the head office. It is therefore considered inappropriate to try to reallocate them from Humanitarian activities to Fundraising. Between 97% and 98% of all costs were spent on Humanitarian Activities for each of the years 2014-2018 and would only have been marginally lower if such a reallocation had been done.

Following Provisional Norwegian Accounting Standard on Generally Accepted Accounting Principles for Non-Profit Organisations, **costs for administration** are defined as the part of the costs for running the organisation that are not directly linked to specific activities. Administration costs include costs incurred by the Board, salary and shared costs for the Secretary General and his staff, for the Assisting Secretary General, Internal Audit staff, the Finance Director, the HR Director, the Chief Accountant, Strategic Advisers and fees to auditors and lawyers. In 2017, 7,5 mill NOK is included for an organizational project carried out pro bono by Boston Consulting Group and 0,6 mill NOK for pro bono services by Kluge law firm. Costs spent on Administration has been stable at 1% for the last five years.

Indirect costs and administration costs are mainly **financed** by donors as percentage add-ons to direct project costs. Information activities at the head office (10,5 mill NOK) are included as direct costs on Humanitarian activities, but are not directly financed externally and must therefore be financed within the same percentage add-on or with equity.

Fundraising includes salary and share of office-related costs for those employees working with collecting funds from sponsors; private, corporate and organisations. The so-called Fundraising percentage (as referred to in Innsamlingskontrollens instructions) was 54, 67, 77, 84 and 79 respectively, for the years 2018-2014.

Note 4 Salaries etc

(All figures in NOK 1 000)

	2018	2017
Salaries	1 290 725	1 106 452
Social security allowance	35 874	27 075
Pension	21 557	11 491
Other benefits	382 000	417 742
Gross salary costs	1 730 157	1 562 760

In 2018 NRC paid NOK 1.157.459 in salaries and NOK 9.300 in other allowances, totalling NOK 1.166.759 to the Secretary General. During 2018, our Secretary General has worked partly for the UN and also received salary from this organization. No remunerations was paid to the Board members in 2018.

The fee to our auditor in Norway is booked with NOK 481.970 (ex VAT). In addition, NOK 10.304.793 was paid for project audits performed in Norway and abroad. These audits were performed by a number of different auditors. The audit fees are included under 'Administration costs' and 'Direct costs on Humanitarian activities', respectively.

The number of man-years worked by employees in 2018 was 7.513, calculated as an average of Jan 1st and Dec 31st.

At the end of the year there were in total 7.601 employees working for NRC, of which 255 at the head office in Oslo.

6 466 were local employees in our program countries and constituted 85% of the workforce.

814 employees worked abroad but were paid from Oslo; 515 in NRC's own programmes and 273 as deployed to the UN etc. In addition we had 26 working as roving/emergency response. 66 were employed at NRC's representation offices, included 23 in IDMC.

All employees paying tax to Norway are members of The Norwegian Public Service Pension Fund; NRC's pension scheme.

From July 1st 2017, international staff were included in pension scheme via interben (Zurich International Life Limited).

Note 6 Fixed assets

(All figures in NOK 1 000)

Acquisition cost as per Jan 1st 2018	34 416
Investments in 2018	6 104
Divestments in 2018	0
Acquisition cost as per Dec 31st 2018	40 520
Accumulated depreciation/write-downs as per Jan 1st 2018	- 31 441
Depreciation in 2018	- 1 941
Divestments in 2018	0
Accumulated depreciation/write-downs Dec 31st 2018	- 33 382
Net book value at Dec 31st 2018	7 138

Depreciation rate (linear) 33%

The rental agreement with Prinsensgt 2 Oslo DA expires Dec 31st 2027.

The annual rent is just above NOK 9,5 million.

Note 7 Money market and Bond Funds

(All figures in NOK 1 000)

Surplus funds are invested in the market through professional investors.

NRC does not invest in the stock market.

Name	Value 31/12/2017	Inv./(sale) 2018	Yield 2018		Value 31/12/2018
			€ NOK	% (annual)	
DNB Obligasjon (III)	103 135	-31 031	-6 396	3,07%	65 708
DNB Obligasjon 20 (IV)	113 000	-34 076	-6 711	3,07%	72 213
DNB Likviditet (IV)	47 398	-18 061	8 875	1,46%	38 212
DNB Likviditet 20 (IV)	44 367	-16 832	8 112	1,46%	35 647
Total Money market & Bond funds	307 900	- 100 000	3 880	2,59%	211 780

Booked value equals market value both in 2017 and 2018.

Note 8 Long-term receivables

In 2001, 10 of Norways largest humanitarian organizations started a co-operation on games on the internet.

In this connection, two companies were established:

"De 10 Humanitaere AS" where each organization paid NOK 15 000 for 10% of the share capital.

In addition, each organization granted a loan of NOK 100 000 to "De 10 Humanitaere AS", of which NOK 20 000 is still outstanding.

The loan, totalling NOK 1 mill, was used to acquire 51 % of the company "Norskspill.no AS".

Note 9 Bank deposits and cash

Of the bank deposits, NOK 11 mill is tied up on a separate account for tax deducted from employees and NOK 5,0 mill is deposited as guarantee for lotteries.

Note 10 Equity

Equity with internal restrictions is totally NOK 95,6 mill at the end of 2018. It consist of three elements:

- Reserve fund at 49 MNOK. The Board has committed itself to implement extraordinary measures if only this fund and the Foundation capital should remain as equity.
- Emergency funds at NOK 20 mill. To be used in emergency situations where it is crucial to be able to take immediate action.
- 8,8 MNOK in collected/campaign funds internally allocated to concrete emergency actions, but not fully spent at yearend.
- 17,8 MNOK in exchange rate gain from the end of the year closing exchange rates revaluations in the country offices. This gain will be returned to the projects in 2019.

NRC has previously recognised currency gains/losses related to the Year End adjustments of NRC country offices balances between USD and NOK as an asset/liability, presented as cash in the balance sheet. As this policy may be questionable in relation to accounting practices generally accepted in Norway, NRC has changed its accounting policy from 2018, defining gains and losses from Year End currency effects from country offices' balances as agio allocated to 'Equity with internal restrictions'. The corresponding 2017 figures have been adjusted accordingly.

	Foundation capital	Equity with internal restrictions	Equity with external restrictions	Other Equity	Total
Equity as at 31.12.16	1 000	86 212	34 178	286 669	408 058
Effect and change of accounting policy, prior periods		17 212			17 212
Annual activity result (adjusted)	-	4 966	26 635	22 970	- 8 631
Equity as at 31.12.17	1 000	98 458	7 543	309 638	416 639
Annual activity result	-	2 853	7 543	14 168	3 772
Equity as at 31.12.18	1 000	95 605	0	323 806	420 411

There are no formal restrictions on the usage of Other equity.

Equity with external restrictions consist of unused funds from Norad for our Artist gala at TV2 in 2016. See also Note 2.

Note 11 Currency risk

All project funds used in the field are converted to USD or EURO. The costs is booked to rate that we actual exchange and therefore we minimize the currency risk. During periods with significant currency fluctuations, the foundation runs a certain risk of currency loss, as most of the donor funds are given in other currencies than NOK and in arrears. In addition donors have spesific claims when it comes to

reporting. The risk is reduced through usage of forward contracts.

As per December 31 2018, NRC has no active forward contracts.

Note 12 Related parties

The Norwegian Refugee Council (NRC) is a non-profit humanitarian foundation.

For NRC the term 'related parties' applies to the Board members and the Management team.

There have been no relevant transactions with these parties during 2018.

Note 13 Payments received from DFID (UK)

(All figures in GBP)

DFID (Department for International Development - United Kingdom) requires an overview of funds given to their partners, in a separate note.

See also note 5 where *usage* on DFID-funded projects is shown per country.

Payments received directly from DFID:	NRC Ref	DFID Ref	£ (GBP)
Jordan	JOFM1619	300314	835 806
Afghanistan	AFFM1714	203904	3 854 726
Jordan	JOFM1802	300357	392 499
Iraq	IQSH1729	205094	6 065
Kenya	KEFM1630	205116	762 218
Tanzania	TZFM1713	204805	460 529
Lebanon	LBFM1614	300290	745 269
Eritrea	ERFM1702		18 401
Tunisia	TNSH1710		7 763
Yemen	YESH1706	300417	11 378
Somalia	SOFM1849	205128	2 642 238
Somalia	SOFM1838	205128	1 914 601
Somalia	SOFM1734	203462	800 000
Somalia	SOFM1837	205128	8 800 000
Sub-total Field Operations			£21 251 493
Global Emergency Deployment Program	NOBM1401	203419	14 561
From DFID X9SM1811 ag.3009087 Heros Jan	X9SM1811	300987	19 491
H2H Irma Response	X9SM1709	300491	63 936
Sub-total Expert Deployments			£97 988
Payments received directly from DFID in 2018			£21 349 480
Payments DFID from Consortium partners (NRC is not LEAD):			
From Save The Children Fund General Alert 0	MMFM1831		120 000
From Save The chuildren Fund General	BDSH1821		2 058
From Save The Children Fund General	SOFM1734		10 000
From Save The Children Fund General alert 0	MMFM1832		64 000
From International Rescue Committee	NGFM1611		748 446
From The Met Office (DFID)	X9SM1702		159 794
From Mercy Corps Europe DIFD CCI - 3rd ins	IQFM1736		1 637 948
From IOM (DFID) pre-financing for Yr. 2 of the	YEFM1824		257 143
From IOM	YEFM1714		253 298
From Danish Flyktninghjelp IRF5	SOFM1734		29
Payments DFID from Consortium partners (NRC is not LEAD)			£3 252 715
Payments received directly from DFID and partners in 2018			£24 602 196
Payments distributed to Consortium partners (NRC is LEAD):			
Afghanistan	AFFM1714		-2 015 857
Kenya	KEFM1630		-1 185 035
Expert Deployment / NORCAP	NOSI1708		-63 936
Somalia	SOFM1734		-2 704 317
Somalia	SOFM1837		-6 991 415
Somalia	SOFM1838		-419 195
Somalia	SOFM1849		-1 142 436
Payments distributed to Consortium partners (NRC is LEAD)			-£14 522 190
Net payments received from DFID in 2018			£10 080 006