

Activity Accounts (profit & loss)

(All figures in NOK 1 000)

	Notes	2011	2010
Revenue			
Contributions from Norwegian donors		558 123	533 110
Contributions from foreign donors		<u>603 443</u>	<u>481 215</u>
Total contributions from donors	5	1 161 566	1 014 325
Lotteries and games		6 493	8 646
Telethon funds	2	0	209 246
Sponsors	2	43 296	31 015
Webshop / sale of products		1 512	2 166
Advertisements in NRC magazine		<u>244</u>	<u>1 452</u>
Total fundraising		51 545	252 525
Financial income		13 730	7 074
Financial costs		<u>-6 224</u>	<u>-1 784</u>
Net financial income		7 506	5 290
Other income		0	0
TOTAL REVENUE		1 220 617	1 272 140
Operating costs			
<u>Humanitarian activities:</u>			
Shelter (building of homes and schools)		354 660	319 604
Information, Councelling and Legal Assistance		192 675	167 516
Education		172 047	165 738
Emergency Food Security & Distribution		139 625	90 637
Camp Management		49 168	23 431
Other		<u>15 404</u>	<u>14 547</u>
Total direct costs to Programme Activities		923 578	781 475
Emergency Standby Rosters		155 796	149 979
Advocacy and Information		50 988	41 042
Project Support at Head Office	3	57 123	48 069
Total costs to humanitarian activities		1 187 485	1 020 564
Administration costs	3	7 924	5 863
<u>Fundraising</u>			
Lotteries and games		3 674	5 319
Telethon funds	2	0	30 730
Sponsors		10 248	8 162
Webshop / sale of products		77	265
Other fundraising costs		4 831	4 632
Support costs at Head Office	3	<u>1 215</u>	<u>1 605</u>
Total fundraising costs		20 045	50 713
TOTAL OPERATING COSTS		1 215 454	1 077 140
NET RESULT		5 163	195 000
Appropriation of net result:			
Transfer to / (from) other equity		5 163	195 000
Sum appropriation of net result		5 163	195 000

Balance sheet as per December 31

(All figures in NOK 1 000)

	Notes	2011	2010
ASSETS			
Long term assets			
Long term receivables	8	35	35
Fixed assets	6	3 942	1 966
Total long term assets		3 977	2 001
Short term assets			
Short term receivables, donors		131 089	64 311
Short term receivables		22 835	22 253
Shares and bonds	7	63 560	60 881
Bank deposits and cash	9	547 261	491 348
Total short term assets		764 745	638 793
Total assets		768 722	640 794

EQUITY AND LIABILITIES

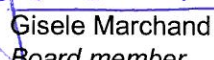
Equity			
Foundation capital		1 000	1 000
Equity with internal restrictions		49 000	49 000
Other equity	10	121 642	106 557
Equity with external restrictions	2,10	168 675	178 598
Total equity		340 317	335 155
Short term liabilities			
Trade accounts payable		12 588	6 240
Government fees		25 291	21 973
Project funds received as advancements		303 372	231 142
Other short term liabilities		87 154	46 284
Total short term liabilities		428 405	305 638
Total equity and liabilities		768 722	640 793

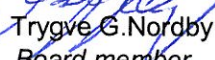
Oslo, May 7th 2012

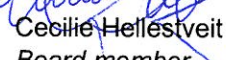

Idar Kreutzer
Chairman of the Board



Bernt Bull
Board member



Kaci Kullmann Five
Board member

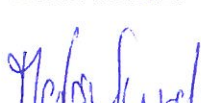

Gisele Marchand
Board member

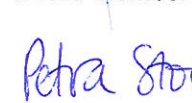

Trygve G. Nordby
Board member



Cecilie Hellestveit
Board member


Turid Lægred
Board member


Ahmed A. Madar
Board member


Martin Suvatne
Staff repr.


Petra Storstein
Staff repr.


Elisabeth K. Rasmusson
Secretary General

Cash flow analysis

(All figures in NOK 1 000)

	<u>2011</u>	<u>2010</u>
Cash flow generated by operations:		
Net result	5 163	195 000
Depreciation of fixed assets	2 429	936
Increase(+) / Decrease(-) of project advancements	5 452	-19 052
Change in other short term receivables & liabilities	49 954	2 228
(A) Net cash flow from operations	62 998	179 112
Cash flow spent on investments in fixed assets:		
Investments in fixed assets	-4 405	-2 409
Net investment in shares and bonds	-2 679	-2 812
(B) Cash spent on investments in fixed assets	-7 084	-5 221
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	55 914	173 891
Bank deposits and Cash Jan 1	491 348	317 457
Bank deposits and Cash Dec 31	547 261	491 348

NOTES TO THE ACCOUNTS

Note 1 Accounting principles

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 (MFA), Swedish SIDA, the UN system, EU and governmental funding from Great Britain, US, Denmark and Canada. In addition also with own funds collected through fundraising. In total 53% of project contributions from donors came from non-Norwegian actors.

In 2011, NRC-projects were conducted in 22 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 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 all liability of the foundation in the event of war, other unrest or accidents. Similarly, all material is 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.

As of the accounting year 2008, Norwegian Refugee Council has implemented a new accounting standard for non-profit organisations; the Provisional Norwegian Accounting Standard on Good Accounting Principles for Idealistic Organisations as of November 2008.

The main change is that the profit and loss account is classified by activity rather than by type.

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

Humanitarian activities are split into our different operational activities.

Principles of revenue-and cost recognition

Income from marketing activities (fundraising from individuals, organizations and companies, plus lotteries etc) are recognized as revenue when received, 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 expenditures used.

Costs are recognized as costs when incurred.

Telethon funds are in line with the above mention accounting standard for non-profit organisations, A104.

This means we have a significant surplus in 2010, while the years spending Telethon funds we will have equalent negative resulting effect.

Unused Telethon funds have been recognized in the balance sheet as 'equity with external restrictions'.

The line 'Transfer to/from other equity' in Activity Accounts reflects better the organisation's operating result.

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.

Shares and bonds are measured at their actual value on the balance sheet day.

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

The write-downs are reversed when the basis for write-downs no longer exists. Long-term liabilities are included in the balance sheet at fair value on the balance sheet day.

Fixed assets

Fixed assets with an expected economic useful life of more than three years and a cost of more than NOK 15 000, are capitalized in the balance sheet and depreciated over their economic useful life. Maintenance of fixed assets are charged directly to p&l, while additional investments and/or improvements are added to the purchase price of the fixed asset and depreciated accordingly with the same. Fixed assets procured for usage in the field are charged directly to Profit and Loss at the time of procurement. This because the purchase cost is covered in total by donor and the asset will 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 exchange

Balance sheet items in foreign currencies are converted at the exchange rate at the day of balance, except receivables and liabilities in projects, which are valued at acquisition cost. Bank deposits and cash holdings acquired for usage in donorfinanced projects, are also maintained at the rate of acquisition, because this is the rate used when the donors approve and compensate for costs paid 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>2011</u>	<u>2010</u>
Non-earmarked contribution from private sponsors	22 707	21 580
Non-earmarked contribution from business and other partners	1 387	1 312
Earmarked contrib. from private sponsors, business and others	<u>19 202</u>	<u>8 123</u>
Total contributions	43 296	31 015

Non-earmarked contribution from private sponsors, is mainly from monthly support from our 9000 sponsors.

We received earmarked contributions at 3.8 mill NOK to be used for the victims after earthquake in Haiti and 1.75 mill NOK to be used for the victims of the flood in Pakistan.

Spesification of Telethon funds (NRK 2010)

	<u>2011</u>	<u>2010</u>
Fundraised amount	179	209 246
Fundraised costs	0	-30 730
Telethon-funds used (-)	-24 957	- 793
Interest on fundraised amount (+)	<u>4 855</u>	<u>875</u>
Net Telethon funds available 31/12	158 675	178 598

Telethon funds should be placed in an separate bank account, where interest from this account will be used for program activities too.

These funds have to be used and spent in a period of 5 years and in compliance with activities specitied in our application.

Use of Telethon funds will be audited yearly and reported to NRK (NRK's "Innsamlingsråd").

Artistgala

In December 2011, NRC held the 'Artistgala' on Norwegian channel TV2 with the purpose to collect more private donors. Norwegian government also supported this event, with 10 MNOK. As there are strict regulations for usage of these funds, they have been recognized as revenue when received and as unused funds in balance sheet as 'equity with external restrictions'.

Net Telethon funds available 31/12	158 675	178 598
Unused funds from 'Artistgala' 2011	<u>10 000</u>	<u>0</u>
Total Equity with external restrictions	168 675	178 598

Note 3 Specification of operating costs

(All figures in NOK 1 000)

Following Provisional Norwegian Accounting Standard on Good Accounting Principles for Idealistic Organisations, **costs to administration** are defined as the part of the costs for running of the organisation that are not directly linked to specific activities. Administration costs include costs incurred by the Board, salary to Secretary General and her assistant, Director of Administration, HR- director, Chief Accountant, Strategic Advisor and fees to auditors and lawyers

All employees of Norwegian Refugee Council are employed to work with one or more of the main activities of the organisation, and costs related to these persons are distributed among the different activities. **Indirect support functions** at the head office are distributed between the main activities based on the number of manyears linked to the different activities.

Support- and administration costs are mainly **financed** by donors as percentage add-ons to direct project costs. Also parts of the advocacy and information activities are not directly financed externally and must therefore be financed within the same percentage add-on or with equity.

<u>Support costs at Head Office</u>		<u>2011</u>		<u>2010</u>	
Project support to Humanitarian activities		49 463	4,1 %	41 252	3,8 %
Indirect support functions		<u>10 818</u>	<u>0,9 %</u>	<u>9 798</u>	<u>0,9 %</u>
Total support costs		60 282	5,0 %	51 050	4,7 %
distributed between	Humanitarian activities	57 123	4,8 %	48 069	4,5 %
	Administration	1 944	0,2 %	1 376	0,1 %
	Lotteries and games	243	0,0 %	229	0,0 %
	Other fundraising	972	0,1 %	1 376	0,1 %

Specification of costs by activities

Direct costs on Humanitarian activities	1130 362	93,0 %	972 495	90,3 %
Indirect costs on Humanitarian activities	57 123	4,7 %	48 069	4,5 %
Administration costs	7 924	0,7 %	5 863	0,5 %
Fundraising	20 045	1,6 %	50 713	4,7 %
Total operating costs	1 215 454	100 %	1 077 140	100 %

Specification of costs by type

	<u>2011</u>	<u>2010</u>
Project materials etc	693 080	595 867
Salaries and social costs	481 556	444 525
Other operating costs	38 389	35 813
Depreciation of fixed assets	2 429	935
Total operating costs	1 215 454	1 077 140

Note 4 Salaries etc*(All figures in NOK 1 000)*

	2011	2010
Salaries	407 302	378 767
Social security allowance	15 247	16 546
Other benefits	59 007	49 212
Gross salary costs	481 556	444 525

The Secretary General was in 2011 paid NOK 928.919 in salaries and NOK 7.396 in other allowances, in total NOK 936.315.

No remunerations was paid to the Board members in 2011.

The fee to Ernst & Young AS is estimated to NOK 337.000 (incl audit of IDMC). In addition, **NOK 3.880.127** 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.

At the end of the year there were 2.928 employees in total working for NRC, of these 143 at the head office in Oslo.

In addition, 310 employees were employed by NRC in Oslo, for service abroad.

The rest of 2.475, which is 85% of all staff, are local employees in our program countries.

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

The secondees; who work for miscellenous UN-organizations abroad, were incorporated as members of the above mentioned pension scheme from January 1st 2010.

Note 5 Project revenue split on donors, countries and regions

Region	Land	MFA Norway	UNHCR UN	ECHO EU	Sida Sweden	Norad Norway	OCHA UN	UNICEF UN	DFID UK	DANIDA Denmark	BPRM USA	EC EU	WFP UN	CIDA Canada	USAID USA	UNDP UN	Other	Totals Institutional Donors	Own funds Telephone funds	Total	
A S I A	Afghanistan	34 147	4 278	7 605	6 754					12 387	2 689	5 048			2 188		210	75 287	3 893	79 180	
	Philippines			2 248														2 248	532	2 780	
	Georgia	21 975	8 123		3 678				891									30 206		30 206	
	Iraq		6 003															10 572	929	11 501	
	Kyrgyzstan																	1 153	160	1 312	
	Lebanon	10 504		5 552	137								516		452			890	18 162	18 162	
	Myanmar	18 439			2 373				438									21 249		21 249	
	Pakistan	31 253	37 912	16 281	5 727			2 679	674	1 209								69	95 805	99 080	
	Palestine Territories	10 872		10 815	791				9 843									202	32 523	4 283	36 806
	Russia / Central Asia	14 941																	14 941		14 941
	Sri Lanka	9 113		4 977	4 099	2 831							4 274					733	26 028	534	26 562
	Iran																		414		414
	Timor Leste	164																	164		164
	Secondments	58 610						13 932										4 732	77 273	396	77 669
Total Asia		210 432	56 316	47 479	23 560	2 831	16 611	111	11 846	13 877	2 689	9 945	0	452	3 341	0	6 836	406 026	14 011	420 037	
A F R I C A	Burundi	2 468	5 631	751	4 462	12 693											1 875	31 403	400	31 803	
	Ivory Coast	14 443		11	3 556							581						18 591	515	19 107	
	Congo D.R.	20 353		592	9 357	5 999		27 472	1 576		3 858		4 951			1 378		75 536	2 000	77 536	
	Liberia	23 999	12 873	3 820	4 982			1 671					1 166				2 247	50 759		50 759	
	Ethiopia	6 000		7 738	317			5 309			4 076							23 440	1 602	25 042	
	Kenya	14 725	27 554	9 888	891						3 551			1 408	768			14 411	73 175	75 173	
	Somalia	34 294	20 320	37 291	11 611	19 854	11 745	5 968	1 000		6	9 448		3				3 046	154 584	8 984	163 568
	South-Sudan	19 567	5 958		12 858	9 015		2 036	9 087	8 294					2 172	3 397		4 074	76 459	2 000	78 459
	Uganda	21 813	3 512	4 121	5 797									2 406			485	495	38 630		38 630
	Zimbabwe	7 787		2 542	38													631	10 998		10 998
	Other countries	53 891																902	902	498	1 400
	Secondments							13 932										5 128	72 951		72 951
	Total Africa		219 339	75 848	66 754	53 869	47 561	33 022	35 111	11 663	8 294	14 995	10 029	9 933	2 940	3 397	1 864	32 809	627 429	17 996	645 425
	EUROPE	Switzerland (IDMC)	4 860	885		2 092			943	3 094						3 218		12 961	28 054		28 054
Norway		6 914	3 280	2 161	1 851	4 732			1									18 937	4 770	23 708	
Secondments		7 445																7 445		7 445	
Total Europe		19 219	4 165	2 161	3 943	4 732	0	943	3 095	0	0	0	0	0	3 218	0	12 961	54 436	4 770	59 207	
AMERICA	Colombia	19 464	580	802	3 631	7 547			1 264					5 584			2 370	41 242	5 342	46 584	
	Secondments	17 134																17 134		17 134	
Total America		36 597	580	802	3 631	7 547	0	0	1 264	0	0	0	0	5 584	0	0	2 370	58 376	5 342	63 718	
Other																		15 299	109	15 408	
TOTAL PROJECT-REVENUE		485 589	136 909	117 196	85 003	62 671	49 634	36 164	27 868	21 870	17 684	19 974	9 933	8 976	9 957	1 864	70 275	1 161 566	42 229	1 203 795	

Donor's share (of total revenue)
Donor's share (ex secondments)

40,3 %
33,9 %

11,4 %
13,3 %

9,7 %
11,4 %

7,1 %
8,3 %

5,2 %
6,1 %

4,1 %
2,1 %

3,0 %
3,5 %

2,3 %
2,7 %

1,8 %
2,1 %

1,5 %
1,7 %

1,7 %
1,9 %

0,8 %
1,0 %

0,7 %
0,9 %

0,8 %
1,0 %

0,2 %
0,2 %

5,8 %
5,9 %

96,5 %
95,9 %

3,5 %
4,1 %

100 %
100 %

GBP 2 543

Received in cash in year 2011

Note 6 Fixed assets

(All figures in NOK 1 000)

	Furniture, IT, equipment
Acquisition cost as per Jan 1st 2011	6 853
Investments in 2011	4 405
Divestments in 2011	0
Acquisition cost as per Dec 31st 2011	11 258
Accumulated depreciation/write-downs as per Jan 1st 2011	-4 887
Depreciation in 2011	-2 429
Divestments in 2011	0
Accumulated depreciation/write-downs Dec 31st 2011	-7 316
Net book value at Dec 31st 2010	3 942

Depreciation rate (linear) 33 %

NRCs head office on four floors in Grensen 17 Oslo, is rented from Søylen Eiendom AS. The rental contract runs until 1.July 2013, the annual rental fee is approx NOK 5,5 million.

Note 7 Bonds

(All figures in NOK 1 000)

Surplus funds are invested in the market through professional investors.

NRC do not invest in shares.

Name	Value 31.12.2010	Inv./(sale) 2011	Yield 2011		Value 31.12.2011
			€ NOK	% (annual)	
Dnb NOR Obligasjon (III)	20 141	0	1 116	5,5 %	21 257
DnB NOR Obligasjon 20 (III)	22 806	0	1 059	4,6 %	23 865
Dnb NOR Likviditet 20 (II)	0	8 000	68	0,9 %	8 068
Dnb NOR Likviditet (IV)	17 934	-8 000	436	2,7 %	10 370
Total bonds	60 881	0	2 679	4,4 %	63 560

Booked value equals market value both in 2010 and 2011.

Note 8 Long-term receivables

In 2001, 10 of Norway's 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 in 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 not yet paid back.

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 6,0 mill is tied up on a separate account for tax deducted from employees, NOK 7,0 mill is deposited as guarantee for lotteries and NOK 1,8 mill as deposit for the rental contract for the head office in Oslo.

Bank deposits include Telethon funds with restrictions, in total 159 mill NOK, see Note 2.

Note 10 Earned equity

(All figures in NOK 1 000)

	2011	2010
Other equity as per Jan 1st	106 556	90 155
Transfer (from) / to Other equity	15 086	16 402
Other equity as per Dec 31	121 642	106 556

Other equity is not within restrictions to what it can be used for.

Anyway, the Board has committed itself to implement extraordinary measures if Other equity is all used.

Unused Telethon funds (159 mill NOK) is within strict regulations for use, and are therefore placed separate in the balance sheet, as 'Equity with external restrictions'. See also Note 2.

Note 11 Currency risk

All project funds used in the field are converted to USD or EURO.

During periods with significant currency fluctuations, the foundation runs a certain risk of currency loss, as most of the donor funds are granted in NOK. In many cases the donors accept to carry the currency risks. In addition, the risk is reduced through usage of forward contracts.

As per December 31 2011, NRC has no active forward contracts.