

Activity Accounts (profit & loss)

(All figures in NOK 1 000)

	Notes	2019	2018
Revenue			
Contributions from foreign donors	5	3 415 789	3 011 319
Contributions from Norwegian donors	5	1 042 308	1 022 592
Other contributions		<u>23 200</u>	<u>32 619</u>
Total contributions from donors		4 481 297	4 066 531
Lotteries and games		8 245	8 795
Sponsors (Norway)	2	157 065	115 998
Sponsors (abroad)	2	<u>13 047</u>	<u>7 589</u>
Total fundraising		178 357	132 382
Interest in bank and yield on bonds		10 837	5 847
Net agio		<u>- 17 557</u>	<u>8 484</u>
Net financial income		- 6 721	14 331
TOTAL REVENUE		4 652 934	4 213 244
Costs			
<u>Humanitarian activities:</u>			
Shelter (building of homes and schools)		957 471	803 645
Education		755 080	667 688
Food Security		622 102	573 357
ICLA (Information, Counselling & Legal Assistance)		512 089	455 259
WASH (Emergency Water and Sanitation)		339 418	397 041
Camp Management		111 090	83 541
Other		<u>393 525</u>	<u>395 449</u>
Total direct costs to Programme Activities		3 690 774	3 375 981
Emergency Standby Rosters (Deployments)		372 464	338 321
Advocacy and Information		172 885	127 042
Project Support	3	257 683	248 555
Total costs to Humanitarian activities		4 493 806	4 089 898
Administration costs	3	34 410	37 650
<u>Fundraising</u>			
Lotteries and games		5 538	7 119
Sponsors (Norway)		60 341	53 005
Sponsors (abroad)		46 710	21 800
Total fundraising costs		112 589	81 924
TOTAL COSTS		4 640 805	4 209 472
NET ACTIVITY RESULT		12 129	3 772
Appropriation of net activity result:			
Net usage of Equity with external restrictions	2,10	0	- 7 543
Transfer from/to Equity with internal restrictions	10	- 16 370	8 455
Transfer to Other equity	10	28 498	2 861
Sum appropriation of net result		12 129	3 772

Balance sheet as per December 31


(All figures in NOK 1 000)

	Notes	2019	2018
ASSETS			
Long term assets			
Long term receivables	8	35	35
Fixed assets	6	5 265	7 138
Total long term assets		5 300	7 173
Short term assets			
Short term receivables, donors		587 406	521 675
Short term receivables		74 422	80 109
Emergency articles in stock		0	2 476
Money market & Bond Funds	7	320 168	211 780
Bank deposits and cash	9	1,072,998	837 935
Total short term assets		2 054 993	1 653 975
Total assets		2 060 293	1 661 148
EQUITY AND LIABILITIES			
Equity			
Foundation capital		1 000	1 000
Equity with internal restrictions	10	79 235	95 605
Other equity	10	352 305	323 806
Equity with external restrictions	2,10	0	0
Total equity		432 540	420 411
Short term liabilities			
Trade accounts payable		17 974	12 847
Government fees		124 965	115 642
Project funds received as advances		1 290 447	902 260
Other short term liabilities		194 367	209 988
Total short term liabilities		1 627 753	1 240 737
Total equity and liabilities		2 060 293	1 661 148

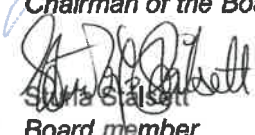
Oslo, May 12th 2020


Harald Norvik
Chairman of the Board



Hege Norheim
Deputy Chair



Lisa Cooper
Board member

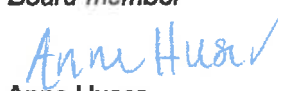

Claus Sørensen
Board member


Solveig Stålslett
Board member


Kiran Aziz
Board member


Walter Kälin
Board member


Josephine Goube
Board member


Anne Huser
Board member elected by staff


Muktar Abdi
Board member elected by staff


William Carter
Board member elected by staff


Jan Egeland
Secretary General

Cash flow analysis

(All figures in NOK 1 000)

	2019	2018
Cash flow generated by operations:		
Net result	12 129	3 772
Depreciation of fixed assets	2 475	1 941
Increase(+) / Decrease(-) of project receivables and advancements	322 457	54 727
Change in other short term receivables & liabilities	6 993	- 15 346
(A) Net cash flow from operations	344 053	45 094
Cash flow spent on investments:		
Investments in fixed assets	- 602	- 6 104
(B) Net cash flow from investments	- 602	- 6 104
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	343 451	38 991
Cash, Bank deposits and Money market & Bond Funds Jan 1	1 032 503	993 512
Cash, Bank deposits and Money market & Bond Funds Dec 31	1 375 954	1 032 503

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, own funds collected through fundraising.

In total 76% of project contributions from donors came from non-Norwegian donors.

In 2019, 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 require 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. NRC does not prepare consolidated financial statement 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 13 March 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 fundraising activities from private donors is considered earned when received and will 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, 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.

Foreign exchange gains and losses are included as financial items in the Profit and Loss. This does not include foreign exchange gains and losses that are booked locally in our program countries, which are presented under Humanitarian Activities.

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

(All figures in NOK 1 000)

	<u>2019</u>	<u>2018</u>
Non-earmarked contribution from private sponsors, Norway	99 547	91 878
Non-earmarked contribution from private sponsors, abroad	13 047	7 589
Non-earmarked contribution from corporations, networks and organisations	19 488	10 686
Earmarked contributions from private sponsors, corporations, networks and organisations	<u>38 030</u>	13 434
Total contributions from private sponsors, corporations, networks and organisations	170 112	123 587

Non-earmarked contribution from private sponsors is mainly monthly payments from our approx. 28 000 and 11.000 sponsors, respectively in Norway and in Sweden. Earmarked and in-kind contributions in 2019 consists of mainly 27,4 mill NOK from Pluralsight, 3,1 mill NOK from SAP, 2,7 mill NOK from BCG and 1,3 mill NOK from Kluge law firm.

Note 3 Specification of operating costs

(All figures in NOK 1 000)

Specification of costs by type

	2019		2018
Project materials etc	2 563 215		2 318 542
Salaries and social costs	1 904 364		1 730 157
Other operating costs	170 750		158 832
Depreciation of fixed assets	2 475		1 941
Total operating costs	4 640 805		4 209 472

Specification of costs by activities

	2019		2018	
Direct costs on Humanitarian activities	4 236 123	91,3 %	3 841 343	91,3 %
Indirect costs on Humanitarian activities	257 683	5,6 %	248 555	5,9 %
Administration costs	34 410	0,7 %	37 650	0,9 %
Fundraising	112 589	2,4 %	81 924	1,9 %
Total operating costs	4 640 805	100%	4 209 472	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 2015-2019 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/Compliance/Risk Advisers and fees to auditors and lawyers. In 2019, 10,6 mill NOK is included as pro bono from different companies, where SAP, Boston Consulting Group and Kluge are the biggest contributors (see note 2). 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.

Fundraising includes salary and share of office-related costs for those employees working with collecting funds from sponsors; private, corporate and organisations. The Fundraising percentage (as referred to in Innsamlingskontrollens instructions) was 69, 54, 67, 77 and 84, respectively, for the years 2019-2015.

Note 4 Salaries etc

(All figures in NOK 1 000)

	2019	2018
Salaries	1 662 366	1 290 725
Social security allowance	108 557	94 576
Pension	21 638	21 557
Other benefits	111 804	323 299
Gross salary costs	1 904 364	1 730 157

In 2019 NRC paid NOK 1.391.268 in salaries and NOK 39.175 in other allowances, in total NOK 1.430.443 to the Secretary General. No remunerations was paid to the Board members in 2019.

The fee to our auditor in Norway is booked with NOK 423.331. In addition, NOK 10.738.509 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 2019 was 7.481, calculated as an average of Jan 1st and Dec 31st. At the end of the year there were in total 7.360 employees working for NRC, of which 240 at the head office in Oslo. 6.242 were local employees in our program countries and constituted 85% of the workforce. 792 employees worked abroad but were paid from Oslo; 478 in NRCs own programmes and 314 as deployed to the UN etc. In addition we had 31 working as roving/emergency response. 55 were employed at NRCs representation offices, included 29 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 2019	40 520
Investments in 2019	602
Divestments in 2019	0
Acquisition cost as per Dec 31st 2019	41 123
Accumulated depreciation/write-downs as per Jan 1st 2019	- 33 382
Depreciation in 2019	- 2 475
Divestments in 2019	0
Accumulated depreciation/write-downs Dec 31st 2019	- 35 857
Net book value at Dec 31st 2019	5 265

Depreciation rate (linear) 33%

The rental agreement with Prinsensgt 2 Oslo DA expires Dec 31st 2027.
The annual rent is just above NOK 9,9 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 31/12/2018	Inv./(sale) 2019	Yield 2019		Value 31/12/2019
			€ NOK	% (annual)	
DNB Obligasjon (III) E	65 708	30 413	3 397	2,91%	99 518
DNB Obligasjon 20 (IV) E	72 213	33 972	2 862	2,91%	109 046
DNB Likviditet D	38 212	18 043	1 196	1,54%	57 451
DNB Likviditet 20 (IV) E	35 647	17 572	933	1,54%	54 152
Total Money market & Bond funds	211 780	100 000	8 388	2,43%	320 168

Booked value equals market value both in 2018 and 2019.

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 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 12 mill is tied up on a separate account for tax deducted from employees and NOK 2,5 mill is deposited as guarantee for lotteries.

Note 10 Equity

Equity with internal restrictions is totally NOK 79.235 mill at the end of 2019. 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.

-8,2 MNOK in collected/campaign funds internally allocated to concrete emergency actions, but not fully spent at yearend.

-2 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 2020.

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 specific claims when it comes to reporting.

The risk is reduced through usage of forward contracts.

As per December 31 2019, 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 2019.

Note 13 Covid-19 events after the reporting period as of April 2020

There are no effects of the Covid-19 crisis on the Annual Activity Accounts for 2019, nor on the asset values.

NRC has currently not seen reductions in the expected level of institutional donor funding for 2020, however NRC is facing challenges to implement our planned activities and expect a reduction. The challenges are related to reduced access, lock-downs, curfews, travel restrictions and return of key personnel to their home countries. NRC is shifting program activities to respond to the Covid-19 crisis and will monitor the implementation closely going forward.

NRC has been affected with volatility and drop in the currency exchange rates of NOK vs USD, EUR and other currencies. Projects funded in NOK and SEK need to reduce the planned activity as major costs are tied to USD in the countries we operate in.

NRC receives only about 25 % of its income in NOK and the rest in other major currencies like USD, EUR, GBP and CHF. Accordingly, the drop in the value of NOK are therefore increasing our total income in NOK and this outweighs some of the implementation challenges. NRC has major parts of its administration costs tied to NOK.

Note 14 Payments received from DFID (UK)

(All figures in GBP)

DFID (Department for International Development) claims 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	£
Afghanistan	AFFM1714	203904	1 263 616
Jordan	JOFM1802	300357	1 109 252
Somalia	SOFM1838	205128	17 002 741
Somalia	SOFM1849	205128	1 357 762
Somalia	SOFM1946	205128	4 000 000
Syria	SYFM1818	300488	669 000
Tanzania	TZFM1713	204805	675 307
Sub-total Field Operations			£26 077 678
ACAPS Humanitarian Intelligence - DFID	NOSI1813	205255	326 905
DR Congo	CDSH1923		17 731
Djibouti	DJSH1802	300417	10 749
Iraq	IQSH1729	205094	37 040
Tunisia	TNSH1710	300456	14 738
Yemen	YESI1801	300680	437 073
Yemen	YESH1901	300417	28 892
Yemen	YESH1706	300417	1 761
Sub-total NORCAP			£874 889
Payments received directly from DFID in 2019			£26 952 567
Payments DFID from Consortium partners (NRC is not LEAD):			
From DFID LBFM1813 - Lebanon Camealeon	LBFM1813	300231	869 373
From Mercy Corps Europe IQFM1736	IQFM1736		615 412
From IRC LBFM1805	LBFM1805		311 689
From Crown Agents Oltid - MMFM1909	MMFM1909		120 000
From DRC MZSI1901	MZSI1901		7 622
From IRC NGFM1611	NGFM1611		384 173
From IOM SOFM1841	SOFM1841		622 654
From The Met office/DFID - X9SM1702	X9SM1702		148 740
From Care International UK (Restr funds) - YE	YEFM1820		2 503 625
From Care International UK (Restr Funds) PF	YEFM1821		1 500 000
Payments DFID from Consortium partners (NRC is not LEAD)			£7 083 289
Payments received directly from DFID and partners in 2019			£34 035 856
Payments distributed to Consortium partners (NRC is LEAD):			
Afghanistan	AFFM1714		-945 467
Lebanon	LBFM1813		-151 142
Somalia	SOFM1838		-12 803 303
Somalia	SOFM1849		-1 904 060
Somalia	SOFM1946		-1 553 571
Payments distributed to Consortium partners (NRC is LEAD)			-£17 357 543
Net payments received from DFID in 2019			£16 678 312