

**FINANCIAL STATEMENTS**

**NORWEGIAN REFUGEE COUNCIL USA**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2017**

**NORWEGIAN REFUGEE COUNCIL USA**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2018, with Summarized Financial Information for 2017	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2018, with Summarized Financial Information for 2017	7
NOTES TO FINANCIAL STATEMENTS	8 - 12



### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Norwegian Refugee Council USA  
Washington, D.C.

We have audited the accompanying financial statements of the Norwegian Refugee Council USA (NRC USA), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of NRC USA as of December 31, 2018, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRFCPA.COM

### **Report on Summarized Comparative Information**

We have previously audited NRC USA's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

February 20, 2019

**NORWEGIAN REFUGEE COUNCIL USA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 235,419	\$ 100,648
Contributions receivable	15,680	53
Accounts receivable	-	14
Prepaid expenses	<u>2,769</u>	<u>10,687</u>
Total current assets	<u>253,868</u>	<u>111,402</u>
<b>OTHER ASSETS</b>		
Security deposits	<u>6,086</u>	<u>13,798</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 259,954</u></b>	<b><u>\$ 125,200</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ <u>2,216</u>	\$ <u>2,000</u>
<b>NET ASSETS</b>		
With donor restrictions	<u>257,738</u>	<u>123,200</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 259,954</u></b>	<b><u>\$ 125,200</u></b>

## NORWEGIAN REFUGEE COUNCIL USA

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>			<u>2017</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Contributions and grants:				
Norwegian Refugee Council	\$ 6,500	\$ 769,988	\$ 776,488	\$ 614,120
Individuals and foundations	82,933	19,838	102,771	38,263
Contributed services	277,908	-	277,908	174,627
Net assets released from donor restrictions	<u>655,288</u>	<u>(655,288)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,022,629</u>	<u>134,538</u>	<u>1,157,167</u>	<u>827,010</u>
<b>EXPENSES</b>				
Program Services:				
Advocacy	395,790	-	395,790	274,227
Program Support and Compliance	<u>224,986</u>	<u>-</u>	<u>224,986</u>	<u>253,851</u>
Total program services	<u>620,776</u>	<u>-</u>	<u>620,776</u>	<u>528,078</u>
Supporting Services:				
Board and Committees	11,514	-	11,514	25,628
Fundraising	93,939	-	93,939	55,874
General and Administrative	<u>296,400</u>	<u>-</u>	<u>296,400</u>	<u>180,763</u>
Total supporting services	<u>401,853</u>	<u>-</u>	<u>401,853</u>	<u>262,265</u>
Total expenses	<u>1,022,629</u>	<u>-</u>	<u>1,022,629</u>	<u>790,343</u>
Change in net assets	-	134,538	134,538	36,667
Net assets at beginning of year	<u>-</u>	<u>123,200</u>	<u>123,200</u>	<u>86,533</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ 257,738</u></u>	<u><u>\$ 257,738</u></u>	<u><u>\$ 123,200</u></u>

**NORWEGIAN REFUGEE COUNCIL USA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018						2017		
	Program Services			Supporting Services			Total Expenses	Total Expenses	
	Advocacy	Program Support and Compliance	Total Program Services	Board and Committees	Fundraising	General and Administrative			Total Supporting Services
Salaries, payroll taxes and benefits	\$ 214,465	\$ 106,278	\$ 320,743	\$ 5,000	\$ 46,631	\$ 168,230	\$ 219,861	\$ 540,604	\$ 456,929
Printing and production	-	-	-	-	-	-	-	-	97
Professional fees	-	4,008	4,008	-	8,877	299,326	308,203	312,211	201,671
Occupancy	-	-	-	-	-	66,965	66,965	66,965	43,868
Insurance	-	-	-	-	-	4,374	4,374	4,374	4,843
Telephone and internet	1,067	-	1,067	-	169	6,470	6,639	7,706	6,371
Travel	13,896	13,892	27,788	683	1,564	11,720	13,967	41,755	27,520
Postage and delivery	-	-	-	-	-	175	175	175	410
Supplies	-	-	-	-	-	-	-	-	4,562
Grants	-	19,838	19,838	-	-	-	-	19,838	6,970
Subscriptions and membership fees	-	-	-	-	-	-	-	-	7,541
Entertainment costs	-	-	-	-	-	-	-	-	373
Advertising and promotion	-	-	-	-	301	3,277	3,578	3,578	5,240
Events and meetings	867	-	867	1,867	-	1,836	3,703	4,570	8,147
Furniture and equipment	-	-	-	-	-	10,085	10,085	10,085	15,142
Bank and merchant fees	-	-	-	-	745	318	1,063	1,063	659
Other general and administrative expenses	2,100	-	2,100	154	124	7,327	7,605	9,705	-
Sub-total	232,395	144,016	376,411	7,704	58,411	580,103	646,218	1,022,629	790,343
Allocation of general and administrative expenses	163,395	80,970	244,365	3,810	35,528	(283,703)	(244,365)	-	-
<b>TOTAL</b>	<b>\$ 395,790</b>	<b>\$ 224,986</b>	<b>\$ 620,776</b>	<b>\$ 11,514</b>	<b>\$ 93,939</b>	<b>\$ 296,400</b>	<b>\$ 401,853</b>	<b>\$ 1,022,629</b>	<b>\$ 790,343</b>

See accompanying notes to financial statements.

## NORWEGIAN REFUGEE COUNCIL USA

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 134,538	\$ 36,667
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Contributions receivable	(15,627)	2,447
Accounts receivable	14	(14)
Prepaid expenses	7,918	(4,271)
Security deposits	7,712	(6,087)
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>216</u>	<u>(13,216)</u>
Net cash provided by operating activities	<u>134,771</u>	<u>15,526</u>
Net increase in cash and cash equivalents	134,771	15,526
Cash and cash equivalents at beginning of year	<u>100,648</u>	<u>85,122</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 235,419</u></b>	<b><u>\$ 100,648</u></b>



## NORWEGIAN REFUGEE COUNCIL USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The Norwegian Refugee Council USA (NRC USA) is a non-profit organization, incorporated under the laws of the District of Columbia during October, 2015 and commenced operations during 2016. NRC USA was established with two primary objectives; raising money for the Norwegian Refugee Council's (Note 2) overseas programs that meet the needs of conflict-affected refugees and internally displaced people, and providing humanitarian policy advice to the administration, congress and peer non-governmental organizations. NRC USA is also a resource to universities, think tanks, and the general public on refugee issues and seeks financial support and partnerships with U.S. based individuals, foundations and corporations.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018, and applied retrospectively.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NRC USA's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

##### Cash and cash equivalents -

NRC USA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, NRC USA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

##### Receivables -

Receivables approximate fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

##### Income taxes -

NRC USA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. NRC USA is not a private foundation.

##### Uncertain tax positions -

For the year ended December 31, 2018, NRC USA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

**NORWEGIAN REFUGEE COUNCIL USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - net assets without donor restrictions are available for the general operations of NRC USA and are not subject to donor restrictions.
- **Net Assets With Donor Restrictions** – net assets with donor restrictions include contributions and grants restricted by donors and are reported as increases in net assets with donor restrictions during the reporting period in which NRC USA was notified of such contributions or grants by the donors. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying Statement of Activities and Change in Net Assets.

Contributions and grants -

Contributions and grants, whether received with or without donor restrictions are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions or the satisfaction (passage) of a time restriction. Contributions and grants for which restrictions have not been met are shown as net assets with donor restrictions in the accompanying Statement of Activities.

Contributed services -

Contributed services consist of donated legal services which allowed NRC USA to provide additional resources in achieving its mission. Contributed services are recorded at their fair market value as of the date of the gift and have been included in revenue and expense for the year ended December 31, 2018.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Costs incurred which are not specifically identifiable to a specific function have been recorded as administrative expenses and then allocated to the functional areas based upon the percentage of total personnel costs attributable to each function.

## NORWEGIAN REFUGEE COUNCIL USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. NRC USA has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. NRC USA has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

NRC USA plans to adopt the new ASUs at the respective required implementation dates.

#### 2. AFFILIATION WITH NORWEGIAN REFUGEE COUNCIL (CONCENTRATION OF REVENUE)

As discussed in Note 1, NRC USA is affiliated with the Norwegian Refugee Council (NRC), an international non-governmental organization based in Oslo, Norway. NRC USA is affiliated with NRC through a shared programmatic vision and mission, as well as through common staff members and Board members.

During 2018, NRC provided NRC USA with funding in the amount of \$776,488, which represented approximately 88% of NRC USA's total revenue (excluding contributed services) for the year ended December 31, 2018.

**NORWEGIAN REFUGEE COUNCIL USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2018:

<b>NRC (Unexpended Funds - Time Restricted)</b>	<b>\$ <u>257,738</u></b>
---	--------------------------

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

NRC (Expended Funds - Passage of Time)	\$ 635,450
Individual Contributions (Various Country Programs - Purpose Restriction Met)	<u>19,838</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ <u>655,288</u></b>

**4. LEASE COMMITMENTS**

In April 2016, NRC USA entered into a two-year lease agreement for office space in Washington, D.C. NRC USA was responsible for the base rent, plus a proportionate share of the building's operating expenses.

On December 15, 2017, NRC USA entered a new lease agreement for furnished office space for three years commencing on May 1, 2018. Base rent is \$73,035 per year, increasing by a factor of 4% per year.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	
2019	\$ 74,864
2020	77,671
2021	<u>26,206</u>
	<b>\$ <u>178,741</u></b>

Occupancy expense for the year ended December 31, 2018 was \$66,965.

**5. RETIREMENT PLAN**

NRC USA provides retirement benefits to all employees through a defined contribution plan. Generally, all non-union employees are eligible to participate in the Plan as of their date of hire. NRC USA provides a 100% match of each eligible employee's contribution up to the first three percent (3%) of compensation and 50% of the next two percent (2%) of compensation. All contributions to the Plan are immediately vested. Contributions to the Plan during the year ended December 31, 2018 totaled \$14,581.

**NORWEGIAN REFUGEE COUNCIL USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**6. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)**

The following reflects NRC USA's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use within one year from the date of the Statement of Financial Position because of contractual or donor imposed restrictions or internal designations. Amounts not available will generally include amounts received with donor restrictions, grants receivable not expected to be collected within one year from the date of the Statement of Financial Position and amounts designated for reserves by the Board of Directors.

An analysis of NRC USA's financial assets available to meet cash needs for general expenditures within one year as of December 31, 2018 is as follows:

Financial assets as of December 31,	
Cash and cash equivalents	\$ 235,419
Contributions receivable	<u>15,680</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 251,099</u></b>

On occasion, there may be a deficiency of financial assets available to meet cash needs for general expenditures within one year due to the timing of when certain funds are received from donors. Pursuant to an agreement between NRC USA and Norwegian Refugee Council (NRC), NRC has agreed to fund the 2019 budgeted expenses of NRC USA.

**7. SUBSEQUENT EVENTS**

In preparing these financial statements, NRC USA has evaluated events and transactions for potential recognition or disclosure through February 20, 2019, the date the financial statements were issued.