

Activity Accounts (profit & loss)

(All figures in NOK 1 000)

	Notes	2015	2014
Revenue			
Contributions from Norwegian donors		752 979	674 512
Contributions from foreign donors		1 896 398	1 649 874
Total contributions from donors	5	2 649 377	2 324 386
Lotteries and games		6 314	7 612
Sponsors	2	112 146	67 258
Webshop / sale of products		1 252	577
Total fundraising		119 712	75 447
Financial income		15 976	19 944
Financial costs		- 1 564	- 4 252
Net financial income		14 412	15 692
Other income		22	28
TOTAL REVENUE		2 783 524	2 415 553
Operating costs			
<u>Humanitarian activities:</u>			
Shelter (building of homes and schools)		781 188	737 978
Education		485 056	399 269
ICLA (Information, Councelling & Legal Assistance)		260 460	234 590
WASH (Emergency Water and Sanitation)		258 628	210 551
Food Security		248 174	232 120
Camp Management		0	3 942
Other		217 804	121 010
Total direct costs to Programme Activities		2 251 309	1 939 459
Emergency Standby Rosters		256 404	199 041
Advocacy and Information		75 563	67 432
Project Support	3	138 113	125 104
Total costs to Humanitarian activities		2 721 389	2 331 035
Administration costs	3	21 242	16 260
<u>Fundraising</u>			
Lotteries and games		4 835	5 601
Sponsors		18 268	14 467
Webshop / sale of products		95	102
Total fundraising costs		23 198	20 170
TOTAL OPERATING COSTS		2 765 829	2 367 465
NET RESULT		17 694	48 087
Appropriation of net result:			
Net usage of Equity with external restrictions	2, 10	- 27 765	- 15 925
Transfer to Equity with internal restrictions	10	27 709	20 000
Transfer to Other equity	10	17 750	44 012
Sum appropriation of net result		17 694	48 087

Balance sheet as per December 31

(All figures in NOK 1 000)

	Notes	2015	2014
ASSETS			
Long term assets			
Long term receivables	8	35	35
Fixed assets	6	3 762	4 510
Total long term assets		3 797	4 545
Short term assets			
Short term receivables, donors		285 703	301 238
Short term receivables		35 632	30 982
Emergency articles in stock		4 663	6 819
Money market & Bond Funds	7	183 742	202 950
Bank deposits and cash	9	638 008	376 626
Total short term assets		1 147 748	918 615
Total assets		1 151 545	923 160
EQUITY AND LIABILITIES			
Equity			
Foundation capital		1 000	1 000
Equity with internal restrictions	10	96 709	69 000
Other equity	10	243 734	225 984
Equity with external restrictions	2,10	45 562	73 327
Total equity		387 005	369 311
Short term liabilities			
Trade accounts payable		18 221	7 105
Government fees		64 091	46 796
Project funds received as advances		530 344	384 999
Other short term liabilities		151 883	114 950
Total short term liabilities		764 539	553 849
Total equity and liabilities		1 151 545	923 160


Oslo, May 10th 2016


Idar Kreutzer
Board Chair


Cecilie Hellestveit
Vice Chair


David Sanderson
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Petr Kostohryz
Staff repr.


Simon Giverin
Staff repr.


Jan Egeland
Secretary General

Cash flow analysis

(All figures in NOK 1 000)

	<u>2015</u>	<u>2014</u>
Cash flow generated by operations:		
Net result	17 695	48 087
Depreciation of fixed assets	3 020	5 408
Increase(+) / Decrease(-) of project advancements	160 880	- 11 123
Change in other short term receivables & liabilities	62 854	- 21 793
(A) Net cash flow from operations	244 448	20 579
Cash flow spent on investments:		
Investments in fixed assets	- 2 273	- 6 233
(B) Net cash flow from investments	- 2 273	- 6 233
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	242 175	14 346
Cash, Bank deposits and Money market & Bond Funds Jan 1	579 576	565 230
Cash, Bank deposits and Money market & Bond Funds Dec 31	821 750	579 576

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), the UN system, EU and governmental funding from Sweden, Great Britain, USA, Denmark and Canada. In addition also with own funds collected through fundraising.

In total 72% of project contributions from donors came from non-Norwegian actors.

In 2015, NRC-projects were conducted in 25 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 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.

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

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

Humanitarian activities are split into our different 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.

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

Telethon funds are booked in line with the above mentioned accounting standard for non-profit organisations.

NRC therefore showed a significant profit in 2010, while the years when the Telethon funds are spent will show similar negative result-effects.

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

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.

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.

Fixed assets

Fixed assets with an expected financial life-span of more than three years and a cost of more than NOK 15 000 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 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 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>2015</u>	<u>2014</u>
Non-earmarked contribution from private sponsors	88 993	59 346
Non-earmarked contribution from corporations, networks and organisations	13 885	4 012
Earmarked contributions from private sponsors, corporations, networks and organisat	<u>9 268</u>	<u>3 900</u>
Total contributions from private sponsors, corporations, networks and organisations	112 146	67 258

Non-earmarked contribution from private sponsors is mainly monthly payments from our approx. 17 500 sponsors.

Earmarked (in-kind) contributions in 2015 consists of mainly 6,2 mill NOK from Boston Consulting Group and 1,7 mill NOK from Kluge law firm.

See also note 3. Kluge also gave a contribution of 0.4 mill NOK as non earmarked contribution to NRC.

Specification of Telethon funds (NRK 2010)

Remaining Telethon funds are placed in bond funds and all the interest and yield is added to the Telethon fund.

These funds must be used by our program countries within the end of 2017 and in compliance with activities specified in our application.

All usage of the fund is governed through separate project-accounts and is each year audited and reported upon to NRKs Collection Board.

	<u>2015</u>	<u>2014</u>
Net Telethon funds available 01/01	73 327	89 252
Telethon-funds used (-)	- 20 157	- 27 218
Interest / yield on the Telethon funds	<u>179</u>	<u>3 506</u>
Net Telethon funds available 31/12	53 349	65 540
Other funds with external restrictions available 31/12	<u>- 7 787</u>	<u>7 787</u>
Total equity with external restrictions	45 562	73 327

Note 3 Specification of operating costs

(All figures in NOK 1 000)

Specification of costs by type	2015	2014
Project materials etc	1 644 431	1 437 574
Salaries and social costs	1 058 719	876 607
Other operating costs	59 659	47 877
Depreciation of fixed assets	3 020	5 408
Total operating costs	2 765 829	2 367 466

Specification of costs by activities	2015		2014	
Direct costs on Humanitarian activities	2 583 276	93,4 %	2 205 931	93,2 %
Indirect costs on Humanitarian activities	138 113	5,0 %	125 104	5,3 %
Administration costs	21 242	0,8 %	16 260	0,7 %
Fundraising	23 198	0,8 %	20 170	0,9 %
Total operating costs	2 765 829	100 %	2 367 466	100 %

Indirect costs consist of Head office, Representational offices and Regional offices' indirect support functions to our humanitarian activities.

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. 98% of all costs were spent on Humanitarian

Activities for each of the years 2011-2015 and would only have been marginally lower if such a reallocation had been done.

Following Provisional Norwegian Accounting Standard on Good 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, the Finance Director, the HR Director, the Chief Accountant, Strategic Advisers and fees to auditors and lawyers. In 2015, 6,2 mill NOK is included for an organizational project carried out pro bono by Boston Consulting Group and 1,7 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 (11,2 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 84, 79, 79, 67 and 65 respectively, for the years 2015-2011.

Note 4 Salaries etc

(All figures in NOK 1 000)

	2015	2014
Salaries	920 434	749 143
Social security allowance	20 445	18 910
Other benefits	117 840	108 554
Gross salary costs	1 058 719	876 607

In 2015 NRC paid NOK 1 258 785 in salaries and NOK 15 337 in other allowances, totalling NOK 1 274 122 to the Secretary General.

No remunerations was paid to the Board members in 2015.

The fee to Ernst & Young AS is estimated to NOK 330 500 (ex VAT). In addition, NOK 9 040 551 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 2015 was 4 949, calculated as an average of Jan 1st and Dec 31st.

At the end of the year there were in total 4 648 employees working for NRC, of which 195 at the head office in Oslo.

3 877 were local employees in our program countries and constituted 83% of the workforce.

532 employees worked abroad but were paid from Oslo; 319 in NRCs own programmes and 213 as secondees to the UN etc.

44 were employed at NRCs representation offices, including 14 at IDMC in Geneva.

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

Note 5 Project revenue split on donors, countries and regions

Region	Country	NMFA (Norway)	UNHCR (UN)	ECHO (European Commission)	DFID (UK)	Sida (Sweden)	UNICEF (UN)	Norad (Norway)	OCHA (UN)	PRM (USA)	DEVCO (European Commission)	OFDA (USA)	SDC (Switzerland)	WFP (UN)	GAC (Canada)	DANIDA (Denmark)	UNDP (UN)	DEAT (Australia)	Other UN	Other	Tech Institutional Donors	Telethon funds	Own funds	Total	
ASIA	Afghanistan	25,000	7,313	34,960		10,650	1,648	15,941	5,445		5,678				305	11,951					118,892	2,300	121,192		
	Iraq	39,750	12,922	33,698	9,691	21,567	59,259		2,065	55,802		31,736	13,162	3,424	4,897					8,844	296,828	3,756	300,583		
	Iran	10,002		5,435							697									281	16,415			16,415	
	Yemen	17,000	10,531	10,382	10,382	10,749			16,020	3,800				3,195						-52	71,626		3,722	71,626	
	Jordan	19,588	138,200	8,316	18,698	16,937	25,454		2,570	18,125	157		8,813			3,197					280,010	1,037	3,722	284,769	
	Lebanon	35,348	11,976	41,040	56,252	19,784	9,348		3,109		458					6,073	879				182,046	1,037	744	183,827	
	Myanmar	20,708				5,456			2,374		22,542		2,790							49	55,026	631	284	58,921	
	Pakistan	8,293	772	3,037		1,853														-255	13,609		2,118	15,618	
	Palestine	10,000	42	24,367	26,833	3,768	2,483	1,986	6,080	1,986	5,216		3,462						936	3,177	88,330	1,953	621	90,904	
	Sri Lanka																							80	80
	Syria	69,979		15,402	40,513									6,312								132,207	2,861	135,068	
	Secondments	45,114	1,453	22	4,141		27		31					1,185			106		6,206	850	59,146		1,910	61,056	
	Total Asia		208,757	172,678	176,808	166,498	90,765	96,180	24,395	31,246	73,927	35,527	31,736	34,538	7,814	14,472	12,620	106	4,109	7,142	12,895	1,287,224	7,510	15,494	1,320,237
	AFRICA	Djibouti	2,000	2,800	2,629		9,236	213														16,879		16,879	
Ivory Coast			2,614	8,241		3,064	4,996			2,302										8,842	30,000	964	556	31,580	
Ethiopia		30,551	106,615	10,592	250	13,142	1,987		9,725	3,235	214		2,217	240						809	181,363	688	1,546	183,597	
Kenya		12,000	26,646	10,206		12,258	1,533			214	2,715		582	997	3,931					1,589	72,670	2,458		75,128	
Democratic Republic of Congo		23,099		32,973	4,806	16,189	39,033	6,239					301					4,242			126,883		5,201	132,083	
Liberia		4,549		1,707		2,020														779	9,055			9,055	
Mali		8,998	4,555	4,752	14,805	4,288				3,615										85	42,390	403	744	43,538	
Nigeria		1,596	3,266	1,033		1,150																7,075		5,544	12,619
Central African Republic		12,977	6,022	11,437		158	2,775	1,994			7,680		17,811	1,592				5,559		-16	67,930		379	68,309	
Somalia		37,006	16,300	19,894	55,544	10,290	19,527	32,190		23,605	5,954				2,650				72	30	223,124	3,500	182	226,806	
South Sudan		15,748	6,516	15,973	17,209	11,207	8,310	27,598			8,342		1,689		20,475			0	4,950	968	138,995			138,995	
Uganda		2,000		2,474		6,538															11,012	410		11,422	
Zimbabwe		-4																			170	284	132	416	
Secondments		65,142	3,007	876	6,822		673		2,355						1,566				5,078	532	86,052		448	86,500	
Total Africa		215,962	180,464	116,328	89,382	99,743	78,310	77,512	33,330	3,449	28,972	19,655	6,796	32,477			9,801		10,100	13,789	1,913,771	8,422	14,732	1,038,925	
EUROPE	Greece																			881		1,307	2,188		
	Norway	22,405	4,005	282	4,608	3,154		4,920												5,409	44,700	565	1,166	46,541	
	Serbia			2,583																	2,583		1,350	3,933	
	Switzerland	6,672	3,307	5,953	2,845	2,845				877		8,350	685	263						3,586	38,625		3,685	43,310	
	Ukraine	25,387	9,019	2,750	2,703	5,633															45,492			45,492	
	Secondments	30,625	4,231	8,913	10,403	4,739	448	1,248	44,628			2,200	1,270						8,456	5,300	122,015		3,215	126,130	
	Total Europe	88,088	20,562	14,528	23,688	16,371	446	6,173	44,628	877	877	10,550	1,954	263	20,475			0	4,950	968	138,995	565	10,724	267,995	
	Colombia	18,582	682	8,346	4,589	5,635	278	4,996		2,365	3,378		40					1,305		2,357	66,393	3,631	556	70,579	
	Secondments	10,577		43	374	46														221	11,296			11,296	
	Total America	28,199	682	8,389	4,983	5,635	325	4,996	2,365	3,378	3,378		40	40			1,340		221	2,357	77,689	3,631	556	81,975	
	OCEANIA	Secondments	1,393																		1,393			1,393	
		Total Oceania	1,393																		3,014			3,014	
	TOTAL PROJECT REVENUE		693,039	374,386	316,053	264,511	212,514	177,261	113,076	111,566	81,932	65,409	61,940	43,328	40,291	28,995	12,620	11,706	8,196	25,920	47,232	2,640,377	26,157	41,506	2,711,040

Note 6 Fixed assets

(All figures in NOK 1 000)

Acquisition cost as per Jan 1st 2015	25 737
Investments in 2015	2 273
Divestments in 2015	0
Acquisition cost as per Dec 31st 2015	28 010
Accumulated depreciation/write-downs as per Jan 1st 2015	- 21 228
Depreciation in 2015	- 3 020
Divestments in 2015	0
Accumulated depreciation/write-downs Dec 31st 2015	- 24 248
Net book value at Dec 31st 2015	3 762
Depreciation rate (linear)	33 %

NRC moved to new premises in Prinsensgate 2 (Oslo), in February 2014.
The rental agreement with Prinsensgt 2 Oslo DA expires Dec 31st 2023.
The annual rent is approx NOK 8 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 shares.

Name	Value 31.12.2014	Inv./(sale) 2015	Yield 2015		Value 31.12.2015
			€ NOK	% (annual)	
DNB Obligasjon (III)	46 310	1 662	120	0,5 %	48 092
DNB Obligasjon 20 (IV)	51 684	1 761	154	0,5 %	53 598
DNB Likviditet (IV)	21 969	855	162	0,9 %	22 986
DNB Likviditet 20 (III)	18 069	722	179	0,9 %	18 970
Total Money market & Bond funds	138 032	5 000	615	0,9 %	143 646

Booked value equals market value both in 2014 and 2015.

In addition, NRC has invested Telethon funds in Bond funds.

Name	Value 31.12.2014	Inv./(sale) 2015	Yield 2015		Value 31.12.2015
			€ NOK	% (annual)	
DNB FRN 20	34 784	- 13 001	43	0,25 %	21 826
DNB Obligasjon (III)	30 134	- 12 000	136	0,58 %	18 270
Total Bond funds	64 918	- 25 001	179	0,40 %	40 096

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 "Norskespill.no AS".

Note 9 Bank deposits and cash

Of the bank deposits, NOK 8,1 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 96,7 mill at the end of 2015. 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's crucial to be able to take immediate action.
- Collected earmarked funds at 27,7 MNOK. Rest share of collected/campaign funds allocated to concrete emergency actions.

(All figures in NOK 1 000)

	2015	2014
Other equity as per Jan 1st	225 984	181 972
Transfer to Other equity	17 750	44 012
Other equity as per Dec 31	243 734	225 984

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

Teleton funds have strict regulations for usage, and are therefore classified on a separate line 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 most cases the donors accept to carry the currency risks. In addition, the risk is reduced through usage of forward contracts. As per December 31 2015, 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, the Management team and other employees.

There have been no relevant transactions with these parties during 2014.

Note 13 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 Code	DFID Reference	£
PPA Grant	6XFM1505	40081180	2.543.144
Syria Regional Grant	3XFM1404	204519	8.231.911
DRC	CDFY1405	20909-112	873.005
Libanon	LBFM1304	204007-109	456.379
Pakistan	PSFM1510	202443	859.830
Palestina	ILFL1302	202443	1.270.735
Iraq	IQFM1408	204813	950.793
Somalia	SOFF1310	203462	5.823.060
Somalia	SOFM1507	203462	7.000.000
Sub-total Field Operations			£28.008.857
Global Emergency Deployment Program	NOBM1401	203419-103	936.491
Philippines Deployment	PHSI1304	204351-101	47.277
SNAP (ENAP)	X9SM1403	204838-114	159.667
Sub-total Expert Deployments			£1.143.435
Payments received directly from DFID in 2015			£29.152.292
DRC	CDFY1405	20909-112	-754.652
Somalia	SOFF1310	203462	-3.474.807
Somalia	SOFM1507	203462	-5.352.879
Payments distributed to Consortium partners (NRC is LEAD)			-£9.582.339
Yemen (CARE is LEAD)	YEFM1303	203847-101	304.934
South Sudan (Save the Children is LEAD)	SDFT1003	202315-101	1.544.979
Somalia, receivable from Save The Child	SOFM1411	40087051	77.919
Greece - Program (Save the Children/St	GRFY1502		387.287
Greece - Expert deployments (Save the	NOSP1521		209.187
Ukraina (Danish Refugee Council is LEAD)	UAFY1503	204973	261.213
Geneva (for project : 'Resilience North &	CHFY1456		25.209
Payments DFID from Consortium partners (NRC is not LEAD)			£2.810.728
Net payments received from DFID in 2015			£22.380.681