

Activity Accounts (profit & loss)

(All figures in NOK 1 000)

	Notes	2014	2013
Revenue			
Contributions from Norwegian donors		674 512	664 368
Contributions from foreign donors		1 649 874	1 150 787
Total contributions from donors	5	2 324 386	1 815 155
Lotteries and games		7 612	6 234
Sponsors	2	67 258	44 135
Webshop / sale of products		577	1 212
Total fundraising		75 447	51 581
Financial income		19 944	18 577
Financial costs		- 4 252	- 3 767
Net financial income		15 692	14 810
Other income		28	154
TOTAL REVENUE		2 415 553	1 881 700
Operating costs			
<u>Humanitarian activities:</u>			
Shelter (building of homes and schools)		737 978	693 855
Education		399 269	316 041
ICLA (Information, Councelling & Legal Assistance)		234 590	209 376
WASH (Emergency Water and Sanitation)		232 120	81 068
Food Security		210 551	102 032
Camp Management		3 942	0
Other		121 010	73 489
Total direct costs to Programme Activities		1 939 459	1 475 862
Emergency Standby Rosters		199 041	205 989
Advocacy and Information		67 432	75 472
Project Support	3	125 104	82 584
Total costs to Humanitarian activities		2 331 035	1 839 906
Administration costs	3	16 260	16 445
<u>Fundraising</u>			
Lotteries and games		5 601	4 419
Sponsors		14 467	10 464
Webshop / sale of products		102	254
Total fundraising costs		20 170	15 137
TOTAL OPERATING COSTS		2 367 466	1 871 488
NET RESULT		48 087	10 212
Appropriation of net result:			
Net usage of Equity with external restrictions	2,10	- 15 925	- 32 974
Transfer to Equity with internal restrictions	10	20 000	0
Transfer to Other equity	10	44 012	43 186
Sum appropriation of net result		48 087	10 212

Balance sheet as per December 31


(All figures in NOK 1 000)


	Notes	2014	2013
ASSETS			
Long term assets			
Long term receivables	8	35	35
Fixed assets	6	4 510	3 685
Total long term assets		4 545	3 720
Short term assets			
Short term receivables, donors		301 238	258 180
Short term receivables		30 982	29 237
Emergency articles in stock		6 819	0
Money market & Bond Funds	7	202 950	218 103
Bank deposits and cash	9	376 626	347 127
Total short term assets		918 614	852 647
Total assets		923 159	856 367


EQUITY AND LIABILITIES


Equity			
Foundation capital		1 000	1 000
Equity with internal restrictions		69 000	49 000
Other equity	10	225 984	181 972
Equity with external restrictions	2,10	73 327	89 252
Total equity		369 311	321 224
Short term liabilities			
Trade accounts payable		7 105	11 639
Government fees		46 796	41 727
Project funds received as advances		384 999	353 064
Other short term liabilities		114 950	128 713
Total short term liabilities		553 849	535 143
Total equity and liabilities		923 159	856 367


Oslo, May 18th 2015

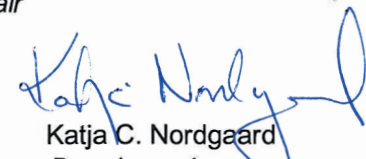

 Idar Kreutzer
 Board Chair

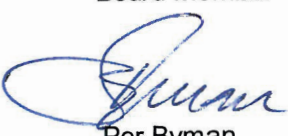

 Gisele Marchand
 Vice Chair



 David Sanderson
 Board member



 Cecilie Hellestveit
 Board member



 Ahmed A Madar
 Board member


 Katja C. Nordgaard
 Board member


 Per Byman
 Board member


 Lisa Ann Cooper
 Board member


 Ingvill Frederiksen
 Staff repr.


 Petr Kostohryz
 Staff repr.


 Jan Egeland
 Secretary General

Cash flow analysis

(All figures in NOK 1 000)

	<u>2014</u>	<u>2013</u>
Cash flow generated by operations:		
Net result	48 087	10 212
Depreciation of fixed assets	5 408	4 578
Increase(+) / Decrease(-) of project advancements	- 11 123	36 583
Change in other short term receivables & liabilities	- 21 793	64 782
(A) Net cash flow from operations	20 580	116 155
Cash flow spent on investments:		
Investments in fixed assets	- 6 233	- 3 538
(B) Net cash flow from investments	- 6 233	- 3 538
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	14 347	112 617
Cash, Bank deposits and Money market & Bond Funds Jan 1	565 229	452 613
Cash, Bank deposits and Money market & Bond Funds Dec 31	579 576	565 229

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 71% of project contributions from donors came from non-Norwegian actors.

In 2014, NRC-projects were conducted in 28 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>2014</u>	<u>2013</u>
Non-earmarked contribution from private sponsors	59 346	33 380
Non-earmarked contribution from corporations, networks and organisations	4 012	3 055
Earmarked contributions from private sponsors, corporations, networks and organisations	<u>3 900</u>	<u>7 700</u>
Total contributions from private sponsors, corporations, networks and organisations	67 258	44 135

Non-earmarked contribution from private sponsors is mainly monthly payments from our approx. 14 700 sponsors.

We received in-kind earmarked contributions at 3,5 mill NOK from Boston Consulting Group and 0.4 mill NOK from Kluge law firm.

See also note 3. Kluge also gave a contribution of 0.3 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>2014</u>	<u>2013</u>
Net Telethon funds available 01/01	89 252	115 621
Telethon-funds used (-)	- 27 218	- 31 151
Interest / yield on the Telethon funds	<u>3 506</u>	<u>4 782</u>
Net Telethon funds available 31/12	65 540	89 252
Other funds with external restrictions available 31/12	<u>7 787</u>	<u>0</u>
Total equity with external restrictions	73 327	89 252

Note 3 Specification of operating costs

(All figures in NOK 1 000)

<u>Specification of costs by type</u>	<u>2014</u>	<u>2013</u>
Project materials etc	1 437 574	1 100 612
Salaries and social costs	876 607	729 332
Other operating costs	47 877	36 966
Depreciation of fixed assets	5 408	4 578
Total operating costs	2 367 466	1 871 488

<u>Specification of costs by activities</u>	<u>2014</u>		<u>2013</u>	
Direct costs on Humanitarian activities	2 205 931	93,2 %	1 757 394	93,9 %
Indirect costs on Humanitarian activities	125 104	5,3 %	82 512	4,4 %
Administration costs	16 260	0,7 %	16 445	0,9 %
Fundraising	20 170	0,9 %	15 137	0,8 %
Total operating costs	2 367 466	100 %	1 871 488	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 2010-2014 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 2014 3,5 mill NOK is included for an organizational project carried out pro bono by Boston Consulting Group and 0,4 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 (7,5 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 79, 79, 67, 65 and 82 respectively, for the years 2014-2010.

Note 4 Salaries etc

(All figures in NOK 1 000)

	<u>2014</u>	<u>2013</u>
Salaries	749 143	630 200
Social security allowance	18 910	18 565
Other benefits	108 554	80 567
Gross salary costs	876 607	729 332

In 2014 NRC paid NOK 1 238 328 in salaries and NOK 11 497 in other allowances, totalling NOK 1 249 825 to the Secretary General. No remunerations was paid to the Board members in 2014.

The fee to Ernst & Young AS is estimated to NOK 369 000 (incl audit of IDMC). In addition, NOK 5 449 945 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 2014 was 4 565, calculated as an average of Jan 1st and Dec 31st. At the end of the year there were in total 5 250 employees working for NRC, of which 187 at the head office in Oslo. 4 499 were local employees in our program countries and constituted 86% of the workforce. 514 employees worked abroad but were paid from Oslo; 284 in NRCs own programmes and 230 as secondees to the UN etc. 50 were employed at NRCs representation offices in Europe, including 27 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	Land	MFA Norway	UNHCR UN	ECHO EU	DFID UK	Sida Sweden	UNICEF UN	Norad Norway	OCHA UN	Europe Aid EU	UNDP UN	DFATD Canada	BPRM USA	SDC Swiss	WFP UN	Other UN	OFDA USA	DANIDA Denmark	Other	Totals Institutional Donors	Own funds Telethon funds	Total	
ASIA	Afghanistan	30 306	11 038	32 059		13 784	715	14 858	1 455	15 127				2 905				11 038		133 285	121	133 406	
	Georgia	856																		856		856	
	Iraq	23 829	14 805	10 216	3 612	11 097	45 403		- 55				4 837	3 065		1 132	3 224		32	121 196	2 579	123 775	
	Jordan	36 661	101 235	58 522	11 845	4 528	15 688					7 533	9 663	4 912						250 586	300	250 887	
	Lebanon	37 256	52 032	25 594	49 366	9 055	6 470			3 165	5 032					290				194 636		194 636	
	Myanmar	17 320			2 195	3 825		2 500			6 669				2 090					2 064	36 665	1 273	37 937
	Pakistan	19 477	1 666	32 849	37 625	12 276				1 767										4 908	110 569	386	110 955
	Palestine	9 000		14 931	24 237	8 038			3 367	7	4 769				841		1 700				66 891	780	67 671
	Turkey	30 806		48 048	37 783										2 571						119 208	674	119 881
	Iran	8 042		6 964																	154	15 161	15 161
	Yemen	13 150	453	12 734	17 264	5 005	613	1 607	2 040	7 963											60 830	258	61 088
Secondments	46 989	836	1 559	3 165		1 411			5 178						1 100	2 751				233	63 221	63 221	
Total Asia	273 691	182 064	243 476	187 093	67 609	70 300	22 333	13 559	39 562	0	13 908	14 500	16 384	1 390	5 583	3 224	11 038	7 392	1 173 103	6 371	1 179 474		
AFRICA	Central African Republic	10 023	2 992	5 687		1 811	762			14	2 904						353		16	24 563	5 002	29 565	
	Djibouti	3 000		4 075		2 909														9 984	1 024	11 008	
	Ivory Coast		4 009	3 287		10 326		3 008		1 222										3 994	25 846	3 878	29 724
	Ethiopia	20 800	99 433	10 220		4 922	638		4 194				2 318							2 874	145 401	2 000	147 401
	Eritrea																				0	2 254	2 254
	Kenya	18 051	32 652	14 364		12 079	1 718	919		2 871				1 737	5 239					1 934	91 564	1 536	93 099
	Congo D.R.	24 952		23 575	7 778	14 056	33 903	11 522				29 294				3 605					148 685	877	149 562
	Liberia	4 500	1 974	2 046		5 735		5 048												1 346	20 650	2 775	23 425
	Mali	7 012	16 120		2 152	12 654	6 441						2 532		2 516						49 428	885	50 313
	Somalia	37 372	16 909	33 135	28 744	11 008	10 397	30 862	16 225	6 900	88					828					192 468	1 626	194 094
	South Sudan	33 304	10 960	7 688	14 507	12 228	448	4 366	3 251	3 179	13 886	607		777	2 695						107 896		107 896
	Uganda	20 092																			20 092		20 092
Zimbabwe	4 926				16		13 056													296	18 294	564	18 858
Secondments	31 510	2 529	3 453	4 300		1 951					875				1 309	5 459			199	51 584		51 584	
Total Africa	215 540	187 579	107 532	57 482	87 745	56 258	68 782	23 670	14 185	47 047	607	4 850	2 514	16 192	5 459	353	0	10 659	906 455	22 420	928 875		
EUROPE	Switzerland (IDMC)	7 686	5 980	639	7 296	2 622						297	283	132			6 475		7 062	38 472		38 472	
	Ukraine	1 330																		1 330		1 330	
	Norway	17 052	4 429		3 369	2 666		5 715												2 496	35 726	821	36 546
	Secondments	22 777	1 291	8 991	11 568		43		31 002		223						2 474	4 086		18 982	101 436		101 436
Total Europe	48 844	11 699	9 630	22 233	5 288	43	5 715	31 002	0	223	297	283	132	0	2 474	10 561	0	28 539	176 964	821	177 784		
AMERICA	Colombia	18 471		4 272	3 424	5 270	259	6 000	918			10 751	696			700			67	50 829	5 767	56 596	
	Secondments	5 572		1 599			287				956					127					8 541		8 541
Total America	24 044	0	5 871	3 424	5 270	546	6 000	918	0	956	10 751	696	0	0	828	0	0	67	59 370	5 767	65 137		
	Other																			8 494	8 494	8 494	
TOTAL PROJECT-REVENUE	562 119	381 342	366 509	270 231	165 912	127 147	102 829	69 149	53 746	48 225	25 563	20 329	19 030	17 582	14 343	14 139	11 038	55 152	2 324 386	35 378	2 359 764		

Note 6 Fixed assets

(All figures in NOK 1 000)

Acquisition cost as per Jan 1st 2014	19 495
Investments in 2014	6 233
Divestments in 2014	0
Acquisition cost as per Dec 31st 2014	25 728
Accumulated depreciation/write-downs as per Jan 1st 2014	- 15 810
Depreciation in 2014	- 5 408
Divestments in 2014	0
Accumulated depreciation/write-downs Dec 31st 2014	- 21 218
Net book value at Dec 31st 2014	4 510
Depreciation rate (linear)	33 %

In February 2014, NRC moved it's Head office premises to Prinsensgate 2, also in Oslo.

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 31.12.2013	Inv./(sale) 2014	Yield 2014		Value 31.12.2014
			t NOK	% (annual)	
DNB Obligasjon (III)	36 915	6 657	2 738	7,2 %	46 310
DNB Obligasjon 20 (IV)	41 408	7 441	2 835	6,6 %	51 684
DNB Likviditet (IV)	18 278	3 237	454	2,4 %	21 969
DNB Likviditet 20 (III)	15 089	2 665	315	2,0 %	18 069
Total Money market & Bond funds	111 690	22 014	6 342	5,5 %	138 032

Booked value equals market value both in 2013 and 2014.

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

Name	Value 31.12.2013	Inv./(sale) 2014	Yield 2014		Value 31.12.2014
			t NOK	% (annual)	
DNB FRN 20	57 996	- 24 500	1 288	3,8 %	34 784
DNB Obligasjon (III)	48 417	- 20 500	2 217	5,4 %	30 134
Total Bond funds	106 413	- 45 000	3 505	4,8 %	64 918

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 "Norskespill.no AS".

Note 9 Bank deposits and cash

Of the bank deposits, NOK 8,0 mill is tied up on a separate account for tax deducted from employees and NOK 4,0 mill is deposited as guarantee for lotteries.

Note 10 Equity

Equity with internal restrictions is totally NOK 69 mill at the end of 2014. It consist of NOK 49 mill in a reserve fund. The Board has committed itself to implement extraordinary measures if only this fund and the Foundation capital should remain as equity.

In addition NOK 20 mill of the net result in 2014 has been allocated to Equity with internal restrictions,

to be used when it is crucial for NRC to be able to take immediate action in emergency situations.

(All figures in NOK 1 000)

	2014	2013
Other equity as per Jan 1st	181 972	138 786
Transfer to Other equity	44 012	43 186
Other equity as per Dec 31	225 984	181 972

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

Telethon 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 2014, 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	6XFM1405	40081180	2 543 145
Syria Regional Grant	3XFM1404	204519	2 440 078
DRC	CDFY1405	20909-112	744 835
Lebanon	LBFM1303	203917	257 991
Lebanon	LBFM1304	204007-109	5 606 270
Pakistan	PKFM1301	203787-103	1 027 192
Pakistan	PKFM1308	203967-108	653 569
Palestine	ILFM1302	202443	1 761 634
Palestine	PSFW1404	40084826	294 000
Somalia	SOFM1307	40075770	2 513 440
Somalia	SOFM1411	40087051	4 987 705
Somalia	SOFW1410	400837730	2 509 778
Total to Field Operations			£ 25 339 637
SNAP (ACAPS)	NOBB1426	203216-118	457 785
ACAPS Bangladesh	NOBB1427	202660-109	19 241
Global Emergency Deployment Program	NOBM1401	203419-103	210 428
Philippines Deployment	PHSI1304	204351-101	117 657
SNAP (ENAP)	X9SM1403	204838-114	300 000
Total to Expert Deployments			£ 1 105 111
Sum Payments received directly from DFID in 2014			£ 26 444 748
DRC	CDFY1405	20909-112	- 193 899
Somalia	SOFM1307	40075770	-2 183 688
Somalia	SOFM1411	40087051	-3 887 706
Somalia	SOFW1410	400837730	-1 918 103
Payments forwarded to partners in NRC-led consortia			-£ 8 183 395
Yemen (CARE is LEAD)	YEFM1303	203847-101	2 073 418
South Sudan (Save the Children is LEAD)	SDFT1003	202315-101	3 051 587
Expert Deployments (DFID income via CARE)	NOBB1403		54 338
Payments from DFID, received through other consortium partners			£ 5 179 342
ACAPS Bangladesh	NOBB1427	202660-109	- 2 923
PPA Grant	6XFM1405	40081180	- 10
Refunds from NRC to DFID			-£ 2 933
Net payments received from DFID in 2014			£ 23 437 763