

**FINANCIAL STATEMENTS**

**NORWEGIAN REFUGEE COUNCIL USA**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**NORWEGIAN REFUGEE COUNCIL USA**

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# GELMAN, ROSENBERG

## & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



### 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, 2016, 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, 2016, 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.

June 6, 2017

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## NORWEGIAN REFUGEE COUNCIL USA

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016

## ASSETS

## CURRENT ASSETS

Cash and cash equivalents	\$ 85,122
Contributions receivable	2,500
Prepaid expenses	<u>6,416</u>
Total current assets	<u>94,038</u>

## OTHER ASSETS

Security deposits	<u>7,711</u>
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**TOTAL ASSETS** **\$ 101,749**

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ <u>15,216</u>
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## NET ASSETS

Unrestricted	<u>86,533</u>
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**TOTAL LIABILITIES AND NET ASSETS** **\$ 101,749**

## NORWEGIAN REFUGEE COUNCIL USA

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>
<b>REVENUE</b>	
Grants and contributions:	
Norwegian Refugee Council	\$ 484,850
Individuals	3,750
Contributed services	<u>64,615</u>
Total revenue	<u>553,215</u>
<b>EXPENSES</b>	
Program Services:	
Advocacy	201,482
Program Support and Compliance	<u>145,149</u>
Total program services	<u>346,631</u>
Supporting Services:	
Board and Committees	10,723
General and Administrative	<u>109,328</u>
Total supporting services	<u>120,051</u>
Total expenses	<u>466,682</u>
Change in net assets	86,533
Net assets at beginning of year	<u>-</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 86,533</u></b>

**NORWEGIAN REFUGEE COUNCIL USA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services			Supporting Services			Total Expenses
	Advocacy	Program Support and Compliance	Total Program Services	Boards and Committees	General and Administrative	Total Supporting Services	
Salaries, payroll taxes and benefits	\$ 122,275	\$ 84,500	\$ 206,775	\$ 6,749	\$ 73,582	\$ 80,331	\$ 287,106
Printing and production	128	681	809	-	342	342	1,151
Professional fees	985	9,354	10,339	-	75,815	75,815	86,154
Occupancy	-	1,850	1,850	-	35,260	35,260	37,110
Insurance	-	-	-	-	3,163	3,163	3,163
Telephone and internet	1,327	-	1,327	-	4,243	4,243	5,570
Travel	13,785	1,099	14,884	-	117	117	15,001
Postage and delivery	-	-	-	-	32	32	32
Supplies	-	668	668	-	3,102	3,102	3,770
Subscriptions and membership fees	525	-	525	-	2,250	2,250	2,775
Entertainment costs	4,648	9	4,657	-	189	189	4,846
Advertising and promotion	-	399	399	-	190	190	589
Events and meetings	50	6,720	6,770	796	242	1,038	7,808
Furniture and equipment	-	63	63	-	11,140	11,140	11,203
Bank fees and other	154	-	154	-	250	250	404
Sub-total	143,877	105,343	249,220	7,545	209,917	217,462	466,682
Allocation of general and administrative expenses	57,605	39,806	97,411	3,178	(100,589)	(97,411)	-
<b>TOTAL</b>	<b>\$ 201,482</b>	<b>\$ 145,149</b>	<b>\$ 346,631</b>	<b>\$ 10,723</b>	<b>\$ 109,328</b>	<b>\$ 120,051</b>	<b>\$ 466,682</b>

See accompanying notes to financial statements.

**NORWEGIAN REFUGEE COUNCIL USA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 86,533
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) in:	
Contributions receivable	(2,500)
Prepaid expenses	(6,416)
Security deposits	(7,711)
Increase in:	
Accounts payable and accrued liabilities	<u>15,216</u>
Net cash provided by operating activities	<u>85,122</u>
Net increase in cash and cash equivalents	85,122
Cash and cash equivalents at beginning of year	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 85,122</u></b>

## NORWEGIAN REFUGEE COUNCIL USA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

#### 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 FASB ASC 958, *Not-for-Profit Entities*.

##### 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.

##### Contributions receivable

Contributions receivable approximates fair value. Management considers all amounts to be fully collectible. 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, 2016, 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.

##### Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of NRC USA.

**NORWEGIAN REFUGEE COUNCIL USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

Net asset classification (continued) -

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of NRC USA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions. As of December 31, 2016, NRC USA had no temporarily restricted net assets.

Grants and contributions -

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contributed services -

Contributed services consist of donated legal services which allowed NRC USA to provide greater resources toward its supporting services. 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, 2016.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

New accounting pronouncements -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets.

**NORWEGIAN REFUGEE COUNCIL USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

New accounting pronouncements (continued) -

The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of NRC USA's financial statements, it is not expected to alter NRC USA's reported financial position.

**2. AFFILIATION WITH THE 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 2016, NRC provided NRC USA with funding in the amount of \$484,850, which represented approximately 99% of NRC USA's total revenue for the year ended December 31, 2016.

**3. LEASE COMMITMENTS**

NRC USA leases office space under a two-year agreement, which originated in April 2016. NRC USA is responsible for the base rent, plus a proportionate share of the building's operating expenses.

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

**Year Ending December 31,**

2017	\$	41,616
2018		<u>14,008</u>
	\$	<u><b>55,624</b></u>

Rent expense for the year ended December 31, 2016 was \$37,110.

**4. RETIREMENT PLAN**

NRC USA provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with at least 1,000 hours of service. 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, 2016 totaled \$8,368.

**NORWEGIAN REFUGEE COUNCIL USA**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**5. SUBSEQUENT EVENTS**

In preparing these financial statements, NRC USA has evaluated events and transactions for potential recognition or disclosure through June 6, 2017, the date the financial statements were issued.