

# Activity Accounts (profit & loss)

(All figures in NOK 1 000)

	Notes	2010	2009
<b>Revenue</b>			
Contributions from Norwegian donors		533 110	561 045
Contributions from foreign donors		481 215	370 001
<b>Total contributions from donors</b>	5	<b>1 014 325</b>	<b>931 046</b>
Lotteries and games		8 646	10 254
Telethon funds	2	209 246	
Sponsors	2	31 015	26 670
Webshop / sale of products		2 166	3 500
Advertisements in NRC magazine		1 452	1 099
<b>Total fundraising</b>		<b>252 525</b>	<b>41 523</b>
Financial income		7 074	10 176
Financial costs		-1 784	-680
<b>Net financial income</b>		<b>5 290</b>	<b>9 496</b>
<b>Other income</b>		<b>0</b>	<b>0</b>
<b>TOTAL REVENUE</b>		<b>1 272 140</b>	<b>982 065</b>
<b>Operating costs</b>			
<u>Humanitarian activities:</u>			
Shelter (building of homes and schools)		319 604	278 711
Education		167 516	173 978
Information, Councelling and Legal Assistance		165 738	159 208
Camp Management		90 637	58 168
Emergency Food Security & Distribution		23 431	30 287
Other		14 547	18 852
<b>Total direct costs to Programme Activities</b>		<b>781 475</b>	<b>719 204</b>
<b>Emergency Standby Rosters</b>		149 979	131 943
<b>Advocacy and Information</b>		41 042	33 493
<b>Project Support at Head Office</b>	3	48 069	40 310
<b>Total costs to humanitarian activities</b>		<b>1 020 564</b>	<b>924 949</b>
<b>Administration costs</b>	3	<b>5 863</b>	<b>6 707</b>
<u>Fundraising</u>			
Lotteries and games		5 319	7 724
Telethon funds	2	30 730	
Sponsors		8 162	9 502
Webshop / sale of products		265	3 650
Other fundraising costs		4 632	6 657
Support costs at Head Office	3	1 605	1 364
<b>Total fundraising costs</b>		<b>50 713</b>	<b>28 897</b>
<b>TOTAL OPERATING COSTS</b>		<b>1 077 140</b>	<b>960 554</b>
<b>NET RESULT</b>		<b>195 000</b>	<b>21 511</b>
<b>Appropriation of net result:</b>			
Transfer to / (from) other equity		195 000	21 511
<b>Sum appropriation of net result</b>		<b>195 000</b>	<b>21 511</b>

# Balance sheet as per December 31


(All figures in NOK 1 000)

	Notes	2010	2009
<b>ASSETS</b>			
<b>Long term assets</b>			
Long term receivables	8	35	35
Fixed assets	6	1 966	492
<b>Total long term assets</b>		<b>2 001</b>	<b>527</b>
<b>Short term assets</b>			
Short term receivables, donors		64 311	52 834
Short term receivables		22 253	17 901
Shares and bonds	7	60 881	58 069
Bank deposits and cash	9	491 348	317 457
<b>Total short term assets</b>		<b>638 793</b>	<b>446 261</b>
<b>Total assets</b>		<b>640 794</b>	<b>446 788</b>

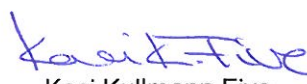
## EQUITY AND LIABILITIES


<b>Equity</b>			
Foundation capital		1 000	1 000
Contingency fund		49 000	49 000
Other equity	10	106 557	90 155
Equity with external restrictions	2,10	178 598	0
<b>Total equity</b>		<b>335 155</b>	<b>140 155</b>
<b>Short term liabilities</b>			
Trade accounts payable		6 240	4 385
Government fees		21 973	17 077
Project funds received as advancements		231 142	238 717
Other short term liabilities		46 284	46 455
<b>Total short term liabilities</b>		<b>305 639</b>	<b>306 633</b>
<b>Total equity and liabilities</b>		<b>640 794</b>	<b>446 788</b>

Oslo, May 9th 2011

  
Børnt Bull  
Chairman of the Board


  
Vidar Helgesen  
Deputy Chairman of the Board

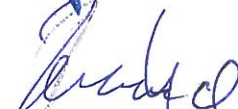
  
Kaci Kullmann Five  
Board member

  
Gisele Marchand  
Board member


  
Trygve G. Nordby  
Board member


  
Cecilie Hellestveit  
Board member

  
Turid Læg Reid  
Board member

  
Ahmed A. Madar  
Board member

  
Martin Suvatne  
Staff repr.

  
Merethe Nedrebø  
Staff repr.

  
Elisabeth K. Rasmussen  
Secretary General

# Cash flow analysis

(All figures in NOK 1 000)

	<u>2010</u>	<u>2009</u>
<b>Cash flow generated by operations:</b>		
Net result	195 000	21 511
Depreciation of fixed assets	935	935
Increase(+) / Decrease(-) of project advancements	-19 052	-14 824
Change in other short term receivables & liabilities	2 228	8 391
<b>(A) Net cash flow from operations</b>	<b>179 111</b>	<b>16 013</b>
<b>Cash flow spent on investments in fixed assets:</b>		
Investments in fixed assets	-2 409	- 472
Net investment in shares and bonds	-2 812	-3 549
<b>(B) Cash spent on investments in fixed assets</b>	<b>-5 221</b>	<b>-4 021</b>
<b>Cash flow from long term financing:</b>		
Increase(-) / Decrease(+) in long-term receivables	0	0
<b>(C) Net cash effect of long term financing</b>	<b>0</b>	<b>0</b>
A+B+C Net changes in cash flow during the year	173 891	12 141
Bank deposits and Cash Jan 1	317 457	305 315
<b>Bank deposits and Cash Dec 31</b>	<b>491 348</b>	<b>317 457</b>

## 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), Swedish SIDA, the UN system and EU, and also with own funds collected through fundraising.

In total 47% of project contributions from donors came from non-Norwegian actors.

In 2010, NRC-projects were conducted in 21 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. All NRC-employees in Norway and abroad are insured, removing all liability of the foundation in the event of war, other unrest or accidents. Similarly, all material is 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.

As of the accounting year 2008, Norwegian Refugee Council has implemented a new accounting standard for non-profit organisations; the Provisional Norwegian Accounting Standard on Good Accounting Principles for Idealistic Organisations as of November 2008.

The main change is that the profit and loss account is classified by activity rather than by type.

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

Humanitarian activities are split into our different operational 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.

Telethon funds are in line with the above mention accounting standard for non-profit organisations, recognized as revenue when received.

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

Costs are recognized as costs when incurred.

### 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.

Shares and bonds are measured at their actual 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. Long-term liabilities are included in the balance sheet at fair value on the balance sheet day.

### Fixed assets

Fixed assets with an expected economic useful life of more than three years and a cost of more than NOK 15 000, are capitalized in the balance sheet and depreciated over their economic useful life. Maintenance of fixed assets are charged directly to p&l, while additional investments and/or improvements are added to the purchase price of the fixed asset and depreciated accordingly with the same. Fixed assets procured for usage in the field are charged directly to Profit and Loss at the time of procurement. This because the purchase cost is covered in total by donor and the asset will 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 maintained at the rate of acquisition, because this is the rate used when the donors approve and compensate for costs paid 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)**

<i>(All figures in NOK 1 000)</i>	<u>2010</u>	<u>2009</u>
Non-earmarked contribution from private sponsors	21 580	21 512
Non-earmarked contribution from business and other partners	1 312	1 831
Earmarked contrib. from private sponsors, business and others	<u>8 123</u>	<u>3 327</u>
Total contributions	<b>31 015</b>	<b>26 670</b>

Non-earmarked contribution from private sponsors, is mainly from monthly support from our 9000 sponsors.

We received earmarked contributions at 3.8 mill NOK to be used for the victims after earthquake in Haiti and 1.75 mill NOK to be used for the victims of the flood in Pakistan.

### **Spesification of Telethon funds (NRK 2010)**

	<u>2010</u>
Fundraised amount	209 246
Fundraised costs	-30 730
Telethon-funds used in 2010 (-)	- 793
Interest on fundraised amount 2010 (+)	<u>875</u>
<b>Netto TV-aksjonsmidler til disposisjon pr 31/12</b>	<b>178 598</b>

Telethon funds should be placed in an separate bank account, where interest from this account will be used for program activities too.

These funds have to be used and spent in a period of 5 years and in compliance with activities specified in our application.

Use of Telethon funds will be audited yearly and reported to NRK (NRK's "Innsamlingsråd").

### **Note 3 Specification of operating costs**

(All figures in NOK 1 000)

Following Provisional Norwegian Accounting Standard on Good Accounting Principles for Idealistic Organisations, **costs to administration** are defined as the part of the costs for running of the organisation that are not directly linked to specific activities. Administration costs include costs incurred by the Board, salary to Secretary General and her assistant, Director of Administration, HR- director, Chief Accountant, Strategic Advisor and fees to auditors and lawyers

All employees of Norwegian Refugee Council are employed to work with one or more of the main activities of the organisation, and costs related to these persons are distributed among the different activities. **Indirect support functions** at the head office are distributed between the main activities based on the number of manyears linked to the different activities.

Support- and administration costs are mainly **financed** by donors as percentage add-ons to direct project costs. Also parts of the advocacy and information activities are not directly financed externally and must therefore be financed within the same percentage add-on or with equity.

<b><u>Support costs at Head Office</u></b>		<b><u>2010</u></b>		<b><u>2009</u></b>	
Project support to Humanitarian activities		41 252	3,8 %	35 075	3,7 %
Indirect support functions		<u>9 798</u>	<u>0,9 %</u>	<u>8 190</u>	<u>0,9 %</u>
Total support costs		<b>51 050</b>	<b>4,7 %</b>	<b>43 266</b>	<b>4,5 %</b>
distributed between	Humanitarian activities	<b>48 069</b>	<b>4,6 %</b>	<b>40 310</b>	<b>4,2 %</b>
	Administration	1 376	0,1 %	1 364	0,1 %
	Lotteries and games	229	0,0 %	227	0,0 %
	Other fundraising	1 376	0,1 %	1 364	0,1 %

#### **Specification of costs by activities**

Direct costs on Humanitarian activities	972 495	<b>90,3 %</b>	884 640	<b>92,1 %</b>
Indirect costs on Humanitarian activities	48 069	<b>4,5 %</b>	40 310	<b>4,2 %</b>
Administration costs	5 863	0,5 %	6 707	0,7 %
Fundraising	50 713	4,7 %	28 897	3,0 %
<b>Total operating costs</b>	<b>1 077 140</b>	<b>100 %</b>	<b>960 554</b>	<b>100 %</b>

#### **Specification of costs by type**

	<b><u>2010</u></b>	<b><u>2009</u></b>
Project materials etc	595 867	509 623
Salaries and social costs	444 525	407 659
Other operating costs	35 813	42 188
Depreciation of fixed assets	935	1 084
<b>Total operating costs</b>	<b>1 077 140</b>	<b>960 554</b>

### **Note 4 Salaries etc**

(All figures in NOK 1 000)

	<b><u>2010</u></b>	<b><u>2009</u></b>
Salaries	378 767	347 132
Social security allowance	16 546	13 246
Other benefits	49 212	47 281
<b>Gross salary costs</b>	<b>444 525</b>	<b>407 659</b>

The Secretary General was in 2010 paid NOK 927.659 in salaries and NOK 7.396 in other allowances, in total NOK 935.055.

No remunerations was paid to the Board members in 2010.

The fee to Ernst & Young AS for ordinary audit for 2010 is estimated to NOK 248.000 (ex VAT). In addition, NOK 4.241.065 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.

At the end of the year there were 142 employees at the head office in Oslo and 2.300 local employees in other countries.

In addition, 293 employees were employed by NRC in Oslo, for service abroad.

A total of 901 persons were employed by NRC in Oslo in 2010 for service abroad.

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

The secondees; who work for miscellenous UN-organizations abroad, were incorporated as members of the above mentioned pension scheme from January 1st 2010.

Note 5 Project revenue split on donors, countries and regions

Region	Land	MFA Norway	UNHCR UN	SWEDEN	ECHO EU	EC	EU	UNICEF UN	USDOS USA	NORAD Norway	DANIDA Denmark	USAID USA	UNDP UN	CIDA Canada	WFP UN	OCHA UN	DFID UK	DFAIT Canada	Other	Totals Institutional Donors	Own funds collected funds	Total	
ASIA	Afghanistan	39 664	9 394	11 626	12 947	9 505		7 658			5 876	6 223					1 299		2	104 194	541	104 735	
	Philippines				1 700														66	1 766	1 567	3 333	
	Georgia	20 871	10 737	4 247		2 306													94	38 256	141	38 397	
	Iraq		3 359	25																3 394	1 105	4 489	
	Kyrgyzstan											1 497								-8	1 489	284	1 773
	Lebanon	8 536		3 631	9 442	3 244															24 853		24 853
	Myanmar	21 498											90					545		25	22 068	1 000	23 068
	Nepal											2 742									90		90
	Pakistan	16 362	2 549	8 123	16 791																49 599	1 467	51 066
	Palestine Territories	10 198			9 374														1 578		21 151	1 266	22 416
Russia / Central Asia	6 098																			6 098		6 098	
Sri Lanka	8 746		5 156	3 224	5 223			1 692												24 041	524	24 565	
Timor Leste	12 083																			12 083		12 083	
Secondments	61 407						374												1 723	74 725		74 725	
<b>Total Asia</b>	<b>205 464</b>	<b>26 040</b>	<b>32 808</b>	<b>53 479</b>	<b>20 278</b>	<b>20 278</b>	<b>374</b>	<b>7 658</b>	<b>1 692</b>	<b>1 692</b>	<b>8 618</b>	<b>7 810</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14 242</b>	<b>1 844</b>	<b>0</b>	<b>3 480</b>	<b>383 788</b>	<b>7 894</b>	<b>391 683</b>	
AFRICA	Burundi	12 768	9 864	6 189	1 086			123		3 600										3 612	37 228	389	37 617
	Ivory Coast	6 867		4 223		11 829														6 862	29 780		29 780
	Congo D.R.	25 098	6 952	11 087	-42			25 662	5 392	0			7 985		4 557				106	86 796	866	87 662	
	Liberia	31 817		3 304																2 453	37 574		37 574
	Somalia/Kenya	69 896	40 826	10 921	31 908	10 860		4 041							508	358				2 581	173 813		173 813
	Sudan	21 443	1 427	8 655							7 373									2 299	41 204		41 204
	Uganda	27 769	5 644	5 570	2 858								1 807			2 435	1 362			1 083	48 529	32	48 561
	Zimbabwe	3 264																			3 264	6	3 270
	Other countries	29		46	1 845	296														473	2 689	298	2 988
	Secondments	44 704	470					114												1 723	68 232		68 232
<b>Total Africa</b>	<b>243 643</b>	<b>65 029</b>	<b>61 794</b>	<b>36 106</b>	<b>22 688</b>	<b>22 688</b>	<b>27 885</b>	<b>9 556</b>	<b>3 600</b>	<b>3 600</b>	<b>7 373</b>	<b>0</b>	<b>9 792</b>	<b>514</b>	<b>6 992</b>	<b>12 941</b>	<b>0</b>	<b>2 299</b>	<b>18 895</b>	<b>519 109</b>	<b>1 592</b>	<b>520 700</b>	
EUROPE	Switzerland (IDMC)	5 624	633	1 619	265		1 440					4 006								3 427	517		27 831
	Norway	5 929							2 004											490	8 422		8 422
	Secondments	15 456																		723	16 179		16 179
<b>Total Europe</b>	<b>27 009</b>	<b>633</b>	<b>1 619</b>	<b>265</b>	<b>0</b>	<b>1 440</b>	<b>1 440</b>	<b>0</b>	<b>2 004</b>	<b>2 004</b>	<b>0</b>	<b>4 006</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3 427</b>	<b>517</b>	<b>11 513</b>	<b>52 432</b>	<b>0</b>	<b>52 432</b>	
AMERICA	Colombia	17 744	584	3 767	0					9 417				8 046						3 449	43 007	1 548	44 555
	Secondments	15 178																			15 178	3 002	18 180
	<b>Total America</b>	<b>32 922</b>	<b>584</b>	<b>3 767</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9 417</b>	<b>9 417</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 046</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3 449</b>	<b>58 185</b>	<b>4 550</b>	<b>62 735</b>	
Other																			811	125		936	
<b>TOTAL PROJECT-REVENUE</b>	<b>509 037</b>	<b>92 285</b>	<b>89 989</b>	<b>89 850</b>	<b>42 966</b>	<b>42 966</b>	<b>29 699</b>	<b>17 215</b>	<b>16 713</b>	<b>15 992</b>	<b>15 992</b>	<b>11 815</b>	<b>9 792</b>	<b>8 560</b>	<b>6 992</b>	<b>27 182</b>	<b>5 272</b>	<b>2 816</b>	<b>38 149</b>	<b>1 014 325</b>	<b>14 162</b>	<b>1 028 486</b>	

Donor's share (ex secondments) 44 % 11 % 11 % 11 % 11 % 5 % 3 % 2 % 2 % 1,9 % 1,4 % 1,2 % 1,0 % 0,8 % 0,6 % 0,6 % 0,3 % 4 % 100 % 1 % 101 %

## Note 6 Fixed assets

(All figures in NOK 1 000)

	Furniture, IT, equipment
Acquisition cost as per Jan 1st 2010	4 444
Investments in 2010	2 409
Divestments in 2010	0
<b>Acquisition cost as per Dec 31st 2010</b>	<b>6 853</b>
Accumulated depreciation/write-downs as per Jan 1st 2010	-3 952
Depreciation in 2010	- 935
Divestments in 2010	0
<b>Accumulated depreciation/write-downs Dec 31st 2010</b>	<b>-4 887</b>
<b>Net book value at Dec 31st 2010</b>	<b>1 966</b>

Depreciation rate (linear) 33 %

NRCs head office on four floors in Gresen 17 Oslo, is rented from Søylen Eiendom AS. The rental contract runs until 1.July 2013, the annual rental fee is approx NOK 5 million.

## Note 7 Shares and bonds

(All figures in NOK 1 000)

Surplus funds are invested in the market through professional investors.

NRC do not invest in shares.

Name	Acquisition cost	Value 31.12.2009	Inv./(sale) 2010	Yield 2010		Value 31.12.2010
				t NOK	% (annual)	
Dnb NOR Likviditet (IV)	17 246	17 408	0	526	3,0 %	17 934
Dnb NOR Obligasjon (III)	18 605	18 961	0	1 180	6,2 %	20 141
DnB NOR Obligasjon 20 (III)	21 455	21 700	0	1 106	5,1 %	22 806
<b>Total bonds</b>	<b>57 306</b>	<b>58 069</b>	<b>0</b>	<b>2 812</b>	<b>4,8 %</b>	<b>60 881</b>

Booked value equals market value both in 2009 and 2010.

## 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 in 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 not yet paid back.

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 6,0 mill is tied up on a separate account for tax deducted from employees, NOK 7,0 mill is deposited as guarantee for lotteries and NOK 1,8 mill as deposit for the rental contract for the head office in Oslo.

The increase in bank deposits from 2009 is mainly due to Telethon funds with restrictions, in total 179 mill NOK.

## Note 10 Earned equity

(All figures in NOK 1 000)

	2010	2009
Other equity as per Jan 1st	90 155	68 644
Transfer (from) / to Other equity	16 402	21 511
<b>Other equity as per Dec 31</b>	<b>106 557</b>	<b>90 155</b>

Other equity is not within restrictions to what it can be used for.

In addition there is paid-in capital at 50 MNOK. If total equity gets lower than 50 mnok, the Board has committed itself to implement extraordinary measures.

Unused Telethon funds (179 mill NOK) is within strict regulations for use, and are therefore placed separate in the balance sheet, as 'Equity with external restrictions'. These funds have to be used in 5 years, 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 many cases the donors accept to carry the currency risks. In addition, the risk is reduced through usage of forward contracts.

As per December 31 2010, NRC has no active forward contracts.