

FINANCIAL STATEMENTS

NORWEGIAN REFUGEE COUNCIL USA

**FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

NORWEGIAN REFUGEE COUNCIL USA

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CPAs & ADVISORS

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, 2020, 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, 2020, 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.

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Report on Summarized Comparative Information

We have previously audited NRC USA's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

June 14, 2021

NORWEGIAN REFUGEE COUNCIL USA
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

ASSETS		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	1,303,307	\$ 837,312
Due from NRC Oslo		-	64,683
Contributions receivable		616	2,136
Grants receivable		250,000	570,026
Prepaid expenses		<u>18,579</u>	<u>8,923</u>
Total current assets		<u>1,572,502</u>	<u>1,483,080</u>
OTHER ASSETS			
Security deposits		<u>6,086</u>	<u>6,086</u>
TOTAL ASSETS	\$	<u>1,578,588</u>	\$ <u>1,489,166</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	2,380	\$ 7,714
Due to NRC Oslo		<u>42,335</u>	<u>-</u>
Total liabilities		<u>44,715</u>	<u>7,714</u>
NET ASSETS			
With donor restrictions		<u>1,533,873</u>	<u>1,481,452</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,578,588</u>	\$ <u>1,489,166</u>

NORWEGIAN REFUGEE COUNCIL USA

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Contributions and grants:				
Norwegian Refugee Council	\$ 809,584	\$ -	\$ 809,584	\$ 461,134
Individuals and foundations	86,002	1,278,621	1,364,623	1,706,523
U.S. Government	314,624	-	314,624	10,026
Contributed services	26,378	-	26,378	7,786
Net assets released from donor restrictions	<u>1,226,200</u>	<u>(1,226,200)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,462,788</u>	<u>52,421</u>	<u>2,515,209</u>	<u>2,185,469</u>
EXPENSES				
Program Services:				
Advocacy	279,611	-	279,611	255,477
Program Support and Compliance	181,062	-	181,062	226,984
Access Negotiation	292,020	-	292,020	-
Country Based Humanitarian	508,977	-	508,977	-
Youth Livelihood and Education	304,310	-	304,310	-
COVID-19 Relief	283,288	-	283,288	-
Technology and Innovation	126,004	-	126,004	-
Other Projects	<u>58,251</u>	<u>-</u>	<u>58,251</u>	<u>95,024</u>
Total program services	<u>2,033,523</u>	<u>-</u>	<u>2,033,523</u>	<u>577,485</u>
Supporting Services:				
Board and Committees	2,115	-	2,115	9,791
Fundraising	1,670	-	1,670	12,665
General and Administrative	<u>425,480</u>	<u>-</u>	<u>425,480</u>	<u>361,814</u>
Total supporting services	<u>429,265</u>	<u>-</u>	<u>429,265</u>	<u>384,270</u>
Total expenses	<u>2,462,788</u>	<u>-</u>	<u>2,462,788</u>	<u>961,755</u>
Change in net assets	-	52,421	52,421	1,223,714
Net assets at beginning of year	<u>-</u>	<u>1,481,452</u>	<u>1,481,452</u>	<u>257,738</u>
NET ASSETS AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 1,533,873</u></u>	<u><u>\$ 1,533,873</u></u>	<u><u>\$ 1,481,452</u></u>

NORWEGIAN REFUGEE COUNCIL USA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020								
	Program Services								
	Advocacy	Program Support and Compliance	Access Negotiation	Country Based Humanitarian	Youth Livelihood and Education	COVID-19 Relief	Technology and Innovation	Other Projects	Total Program Services
Salaries, payroll taxes and benefits	\$ 265,306	\$ 176,703	\$ 217,617	\$ -	\$ -	\$ -	\$ -	\$ 31,156	\$ 690,782
Professional fees	47	-	-	-	-	-	-	23,774	23,821
Occupancy	-	-	12,249	-	-	-	-	1,750	13,999
Insurance	-	-	-	-	-	-	-	-	-
Telephone and internet	-	150	1,287	-	-	-	-	-	1,437
Travel	8,885	588	1,031	-	-	-	-	1,571	12,075
Postage and delivery	-	-	400	-	-	-	-	-	400
Grants to NRC Oslo	-	3,621	-	508,977	304,310	283,288	126,004	-	1,226,200
Advertising and promotion	-	-	-	-	-	-	-	-	-
Events and meetings	790	-	-	-	-	-	-	-	790
Furniture and equipment	4,583	-	59,120	-	-	-	-	-	63,703
Bank and merchant fees	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-
Other general and administrative expenses	-	-	316	-	-	-	-	-	316
TOTAL	\$ 279,611	\$ 181,062	\$ 292,020	\$ 508,977	\$ 304,310	\$ 283,288	\$ 126,004	\$ 58,251	\$ 2,033,523

See accompanying notes to financial statements.

NORWEGIAN REFUGEE COUNCIL USA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020 (Continued)				2019	
	Supporting Services					
	Board and Committees	Fundraising	General and Administrative	Total Supporting Services	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$ 2,102	\$ 1,295	\$ 243,947	\$ 247,344	\$ 938,126	\$ 656,038
Professional fees	-	40	60,266	60,306	84,127	47,240
Occupancy	(24)	-	64,766	64,742	78,741	80,899
Insurance	-	-	2,953	2,953	2,953	4,688
Telephone and internet	-	-	4,493	4,493	5,930	6,813
Travel	12	-	1,860	1,872	13,947	44,866
Postage and delivery	-	-	111	111	511	330
Grants to NRC Oslo	-	-	-	-	1,226,200	74,173
Advertising and promotion	-	-	890	890	890	7,684
Events and meetings	5	-	6,412	6,417	7,207	13,013
Furniture and equipment	-	-	9,114	9,114	72,817	3,690
Bank and merchant fees	-	335	56	391	391	1,223
Legal	-	-	26,378	26,378	26,378	7,786
Other general and administrative expenses	20	-	4,234	4,254	4,570	13,312
TOTAL	\$ 2,115	\$ 1,670	\$ 425,480	\$ 429,265	\$ 2,462,788	\$ 961,755

NORWEGIAN REFUGEE COUNCIL USA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 52,421	\$ 1,223,714
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in:		
Due from NRC Oslo	64,683	(64,683)
Contributions receivable	1,520	13,544
Grants receivable	320,026	(570,026)
Prepaid expenses	(9,656)	(6,154)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(5,334)	5,498
Due to NRC Oslo	<u>42,335</u>	<u>-</u>
Net cash provided by operating activities	<u>465,995</u>	<u>601,893</u>
Net increase in cash and cash equivalents	465,995	601,893
Cash and cash equivalents at beginning of year	<u>837,312</u>	<u>235,419</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,303,307</u>	<u>\$ 837,312</u>

NORWEGIAN REFUGEE COUNCIL USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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 of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than NRC USA's mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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, 2019, 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.

NORWEGIAN REFUGEE COUNCIL USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

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, 2020, 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.

Revenue recognition -

Contributions and grants -

Contributions and grants are recognized in the appropriate category of net assets in the period received. NRC USA performs an analysis of the individual grant and other agreements to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" 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 net assets with donor restrictions in the accompanying financial statements.

Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent.

As such, NRC USA recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For grants treated as contributions, NRC USA had approximately \$1,700,000 in unrecognized conditional awards as of December 31, 2020.

NORWEGIAN REFUGEE COUNCIL USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

Revenue recognition (continued) -

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.

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.

New accounting pronouncement not yet adopted -

The FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

NRC USA plans to adopt the new ASU at the required implementation date.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact NRC USA's operations. The overall potential impact is unknown at this time.

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. Funding received by NRC USA for international humanitarian programs is granted to NRC by NRC USA as NRC is the implementing partner for such humanitarian programs.

NORWEGIAN REFUGEE COUNCIL USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

During the fiscal year ended December 31, 2020, NRC USA granted NRC \$1,226,200. Also during the fiscal year ended December 31, 2020, NRC made contributions to NRC USA totaling \$809,584. As of December 31, 2020, the net amount due to NRC from NRC USA totaled \$42,335.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

COVID-19 Relief	\$ 500,436
Technology and Innovation	437,997
Youth Livelihood and Education	304,417
Country Based Humanitarian	<u>291,023</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,533,873</u>

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:

COVID-19 Relief	\$ 283,288
Technology and Innovation	126,004
Youth Livelihood and Education	304,310
Country Based Humanitarian	508,977
Various country programs	<u>3,621</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,226,200</u>

4. 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, 2020 is as follows:

Cash and cash equivalents	\$ 1,303,307
Contributions receivable	616
Grants receivable	<u>250,000</u>
Subtotal financial assets	1,553,923
Less: Donor restricted funds for specific purposes	<u>(1,533,873)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 20,050</u>

NORWEGIAN REFUGEE COUNCIL USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

4. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY) (Continued)

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 help fund the 2020 budgeted expenses of NRC USA with the exception of the programs implemented by NRC USA.

5. LEASE COMMITMENTS

In December 2017, NRC USA entered a three year lease agreement for furnished office space in Washington, D.C. The lease commenced on May 1, 2018. Base rent is \$73,035 per year, increasing by a factor of 4% per year. In August 2020, NRC USA signed a lease extension for a one-year period, expiring April 30, 2022.

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

Year Ending December 31,

2021	\$ 80,587
2022	<u>27,191</u>
	<u>\$ 107,778</u>

Rent expense incurred under the aforementioned lease is included in occupancy expense in the accompanying Statement of Functional Expenses.

6. 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, 2020 totaled \$18,453.

7. SUBSEQUENT EVENTS

In preparing these financial statements, NRC USA has evaluated events and transactions for potential recognition or disclosure through June 14, 2021, the date the financial statements were issued.