

FINANCIAL STATEMENTS

NORWEGIAN REFUGEE COUNCIL USA

**FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021**

NORWEGIAN REFUGEE COUNCIL USA

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2022, with Summarized Financial Information for 2021	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2022, with Summarized Financial Information for 2021	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2022, with Summarized Financial Information for 2021	6 - 7
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2022, with Summarized Financial Information for 2021	8
NOTES TO FINANCIAL STATEMENTS	9 - 14



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Norwegian Refugee Council USA
Washington, D.C.

Opinion

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, 2022, 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.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NRC USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NRC USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NRC USA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NRC USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited NRC USA's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



October 31, 2023

NORWEGIAN REFUGEE COUNCIL USA
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,103,968	\$ 830,033
Due from NRC Oslo	4,567,623	581,503
Prepaid expenses	<u>17,055</u>	<u>12,579</u>
Total current assets	<u>5,688,646</u>	<u>1,424,115</u>
OTHER ASSETS		
Security deposits	6,086	6,086
Right-of-use asset	<u>62,743</u>	<u>-</u>
Total other assets	<u>68,829</u>	<u>6,086</u>
TOTAL ASSETS	<u>\$ 5,757,475</u>	<u>\$ 1,430,201</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,288	\$ 11,807
Operating lease liability	<u>63,179</u>	<u>-</u>
Total liabilities	<u>64,467</u>	<u>11,807</u>
NET ASSETS		
With donor restrictions	<u>5,693,008</u>	<u>1,418,394</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,757,475</u>	<u>\$ 1,430,201</u>

NORWEGIAN REFUGEE COUNCIL USA

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Contributions and grants:				
Norwegian Refugee Council	\$ 856,203	\$ -	\$ 856,203	\$ 954,439
Individuals and foundations	413,463	7,010,346	7,423,809	900,314
U.S. Government	506,650	-	506,650	337,847
Contributed services	-	25,000	25,000	13,235
Net assets released from donor restrictions	<u>2,760,732</u>	<u>(2,760,732)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>4,537,048</u>	<u>4,274,614</u>	<u>8,811,662</u>	<u>2,205,835</u>
EXPENSES				
Program Services:				
Advocacy	110,801	-	110,801	181,199
Access Negotiation	450,071	-	450,071	318,508
Program Support and Compliance	270,255	-	270,255	218,383
Humanitarian Access in Hard to Reach Areas	27,180	-	27,180	-
COVID-19 Relief	44,358	-	44,358	299,890
Technology and Innovation	419,958	-	419,958	92,105
Brand Awareness	26,527	-	26,527	-
Secondment	5,999	-	5,999	-
Digital and Education Youth	25,000	-	25,000	-
Country Based Humanitarian	1,690,567	-	1,690,567	93,296
Youth Livelihood and Education	551,814	-	551,814	415,142
Other Projects	<u>187,567</u>	<u>-</u>	<u>187,567</u>	<u>176,916</u>
Total program services	<u>3,810,097</u>	<u>-</u>	<u>3,810,097</u>	<u>1,795,439</u>
Supporting Services:				
Board and Committees	17,660	-	17,660	19,084
Fundraising	29,261	-	29,261	2,746
General and Administrative	<u>680,030</u>	<u>-</u>	<u>680,030</u>	<u>504,045</u>
Total supporting services	<u>726,951</u>	<u>-</u>	<u>726,951</u>	<u>525,875</u>
Total expenses	<u>4,537,048</u>	<u>-</u>	<u>4,537,048</u>	<u>2,321,314</u>
Change in net assets	-	4,274,614	4,274,614	(115,479)
Net assets at beginning of year	<u>-</u>	<u>1,418,394</u>	<u>1,418,394</u>	<u>1,533,873</u>
NET ASSETS AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 5,693,008</u></u>	<u><u>\$ 5,693,008</u></u>	<u><u>\$ 1,418,394</u></u>

NORWEGIAN REFUGEE COUNCIL USA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

2022													
Program Services													
Advocacy	Access Negotiation	Program Support and Compliance	Humanitarian Access in Hard to Reach Areas	COVID-19 Relief	Technology and Innovation	Brand Awareness	Secondment	Digital and Education Youth	Country Based Humanitarian	Youth Livelihood and Education	Other Projects	Total Program Services	
Salaries, payroll taxes and benefits	\$ 110,801	\$ 363,540	\$ 267,777	\$ 26,414	-	-	-	\$ 5,999	-	-	-	\$ 163,681	\$ 938,212
Professional fees	-	39,818	-	-	-	-	-	25,000	-	-	1,438	66,256	
Occupancy	-	23,240	-	-	-	-	-	-	-	-	16,428	39,668	
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	
Telephone and internet	-	6,015	-	-	-	-	-	-	-	-	1,033	7,048	
Travel	-	11,366	2,478	766	-	-	-	-	-	-	3,588	18,198	
Postage and delivery	-	-	-	-	-	-	-	-	-	-	-	-	
Grants to NRC Oslo	-	-	-	44,358	419,958	10,000	-	-	1,690,567	551,814	-	2,716,697	
Advertising and promotion	-	220	-	-	-	16,500	-	-	-	-	399	17,119	
Events and meetings	-	214	-	-	-	-	-	-	-	-	-	214	
Furniture and equipment	-	5,557	-	-	-	-	-	-	-	-	-	5,557	
Other general and administrative expenses	-	-	-	-	-	-	-	-	-	-	1,000	1,000	
Bank and merchant fees	-	101	-	-	-	27	-	-	-	-	-	128	
Legal	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	\$ 110,801	\$ 450,071	\$ 270,255	\$ 27,180	\$ 44,358	\$ 419,958	\$ 26,527	\$ 5,999	\$ 25,000	\$ 1,690,567	\$ 551,814	\$ 187,567	\$ 3,810,097

See accompanying notes to financial statements.

NORWEGIAN REFUGEE COUNCIL USA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	2022 (Continued)				2021	
	Supporting Services					
	Board and Committees	Fundraising	General and Administrative	Total Supporting Services	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$ 15,153	\$ 13,997	\$ 450,212	\$ 479,362	\$ 1,417,574	\$ 1,084,248
Professional fees	-	10,772	114,261	125,033	191,289	145,163
Occupancy	-	-	54,874	54,874	94,542	81,856
Insurance	-	-	7,685	7,685	7,685	4,920
Telephone and internet	-	-	5,734	5,734	12,782	6,353
Travel	-	-	13,615	13,615	31,813	17,192
Postage and delivery	-	-	96	96	96	-
Grants to NRC Oslo	-	-	-	-	2,716,697	914,814
Advertising and promotion	-	-	3,596	3,596	20,715	2,098
Events and meetings	2,507	245	4,391	7,143	7,357	11,155
Furniture and equipment	-	144	12,272	12,416	17,973	35,527
Other general and administrative expenses	-	-	13,101	13,101	14,101	3,915
Bank and merchant fees	-	4,103	193	4,296	4,424	838
Legal	-	-	-	-	-	13,235
TOTAL	\$ 17,660	\$ 29,261	\$ 680,030	\$ 726,951	\$ 4,537,048	\$ 2,321,314

See accompanying notes to financial statements.

NORWEGIAN REFUGEE COUNCIL USA

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,274,614	\$ (115,479)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Amortization of right-of-use asset	82,656	-
(Increase) decrease in:		
Due from NRC Oslo	(3,986,120)	(581,503)
Contributions receivable	-	616
Grants receivable	-	250,000
Prepaid expenses	(4,476)	6,000
(Decrease) increase in:		
Accounts payable and accrued liabilities	(10,519)	9,427
Due to NRC Oslo	-	(42,335)
Operating lease liability	<u>(82,220)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>273,935</u>	<u>(473,274)</u>
Net increase (decrease) in cash and cash equivalents	273,935	(473,274)
Cash and cash equivalents at beginning of year	<u>830,033</u>	<u>1,303,307</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,103,968</u>	<u>\$ 830,033</u>
 SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Right-of-Use Asset	<u>\$ 145,399</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 145,399</u>	<u>\$ -</u>

NORWEGIAN REFUGEE COUNCIL USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Norwegian Refugee Council USA (NRC USA) is a non-profit organization, which was 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, 2021, from which the summarized information was derived.

New accounting pronouncements adopted -

During the year ended December 31, 2022, NRC USA adopted Accounting Standards Update (ASU) 2019-01, *Leases* (Topic 842), which changed 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. NRC USA applied the new standard to all existing leases in 2022. See Note 5 for further details.

NORWEGIAN REFUGEE COUNCIL USA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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

New accounting pronouncements adopted (continued) -

Also during the year ended December 31, 2022, NRC USA adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

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.

Receivables -

Receivables are recorded at their net realizable value, which approximates 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, 2022, 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 -

NRC USA receives contributions and grants from the U.S. Government, organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. NRC USA performs an analysis of the individual contributions and grants 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 nonreciprocal or reciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

NORWEGIAN REFUGEE COUNCIL USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Revenue recognition (continued) -

Contributions and grants (continued) -

Conditional promises to give are not recognized until the conditions 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.

Grants 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.

Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For grants treated as contributions, NRC USA had approximately \$7,100,000 in unrecognized conditional awards as of December 31, 2022.

Contributed services -

Contributed services consist of donated cloud services. Contributed services are recognized as contributions at their fair market value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

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. Expenses directly attributable to a specific functional area of NRC USA are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

New accounting pronouncement not yet adopted -

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for NRC USA for the year ending December 31, 2023.

NORWEGIAN REFUGEE COUNCIL USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

New accounting pronouncement not yet adopted (continued) -

The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

NRC USA plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

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.

During the fiscal year ended December 31, 2022, NRC USA granted NRC \$2,716,697, and made payments to NRC totaling \$5,350,000. Also during the fiscal year ended December 31, 2022, NRC made contributions to NRC USA totaling \$856,203. As of December 31, 2022, the net amount due from NRC to NRC USA totaled \$4,567,623. This balance represents an excess of payments made to NRC over program expenses incurred by NRC.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022:

COVID-19 Relief	\$	22,464
Technology and Innovation		822,285
Youth Livelihood and Education		2,759,788
Country Based Humanitarian		1,957,506
Program Support and Compliance		<u>130,965</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS **\$ 5,693,008**

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	\$	44,358
Technology and Innovation		419,958
Youth Livelihood and Education		551,814
Country Based Humanitarian		1,690,567
Program Support and Compliance		44,035
Brand Awareness		<u>10,000</u>

TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS **\$ 2,760,732**

NORWEGIAN REFUGEE COUNCIL USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

4. LIQUIDITY AND AVAILABILITY

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, 2022 is as follows:

Cash and cash equivalents	\$ 1,103,968
Due from NRC Oslo	<u>4,567,623</u>
Subtotal financial assets	5,671,591
Less: Donor restricted funds for specific purposes	<u>(5,693,008)</u>
DEFICIENCY OF FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ (21,417)</u>

On occasion, there may be a deficiency of financial assets available to meet cash needs for general expenditures within on year due to the timing of when certain funds are received from donors. Pursuant to an agreement between NRC USA and the Norwegian Refugee Council (NRC), NRC has agreed to help fund the 2023 budgeted expenses of NRC USA with the exception of the programs implemented by NRC USA.

5. LEASE COMMITMENTS

NRC USA leases office space in Washington, D.C. under an agreement that originated in 2017 and has since been amended through September 2023. Base rent is \$73,035 per year, plus a proportionate share of expenses, increasing by a factor of 4% per year.

ASU 2019-01, *Leases* (Topic 842), 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. NRC USA elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. NRC USA also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. NRC USA adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, NRC USA recorded a right-of-use asset in the amount of \$145,399. NRC USA recorded an operating lease liability in the amount of \$145,399 by calculating the present value using a discount rate of 1.37%.

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

Year Ending December 31, 2023	\$ 63,467
Less: Imputed interest	<u>(288)</u>
OPERATING LEASE LIABILITY	<u>\$ 63,179</u>

NORWEGIAN REFUGEE COUNCIL USA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

5. LEASE COMMITMENTS (Continued)

Rent expense incurred under the aforementioned lease was \$84,041 and is included in occupancy expense in the accompanying Statement of Functional Expenses.

6. CONTRIBUTED SERVICES

During the year ended December 31, 2022, NRC USA was the beneficiary of donated software services which allowed NRC USA to provide greater resources toward various programs. The donated software services did have donor-imposed restrictions associated with the contribution during the year ended December 31, 2022. Contributed services are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized. The fair value of these contributed services is based upon values provided by the service providers.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2022.

Donated Software Services	\$ <u>25,000</u>
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The following program has benefited from these donated services:

Technology and Innovation	\$ <u>25,000</u>
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7. 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, 2022 totaled \$35,843.

8. SUBSEQUENT EVENTS

In preparing these financial statements, NRC USA has evaluated events and transactions for potential recognition or disclosure through October 31, 2023, the date the financial statements were issued.