

Balance at 31/12/2009

(Figures in thousands)

ASSETS	Notes	2009	2008
Fixed assets			
Operating plant & equipment	4	11 180	11 570
Total fixed assets		11 180	11 570
Current assets			
Stock		0	0
Receivables	5	219 382	301 860
Financial current assets	6	22 746	19 045
Bank deposits, cash, etc.	11	147 414	191 079
Total current assets		389 542	511 984
TOTAL ASSETS		400 722	523 554
EQUITY CAPITAL AND LIABILITIES			
Equity capital			
Other equity capital	10	#REF!	31 330
Equity capital with restrictions			
Equity capital with externally imposed restrictions	10	#REF!	2 248
Equity capital with self-imposed restrictions	10	#REF!	21 962
Total equity capital		#REF!	55 540
Liabilities			
Non-current liabilities			
Pension liabilities	12	1 323	1 497
Total non-current liabilities		1 323	1 497
Current liabilities			
Funds received for non-completed projects		213 150	347 740
Payables to project donors	7	6 708	8 636
Interest payable on funds received	7	747	1 312
Div. creditors		50 936	57 275
Payable public taxes, holiday allowances		25 119	23 046
Appropriations for liabilities	8	28 003	28 339
Other current liabilities	9	277	169
Total current liabilities		324 940	466 517
TOTAL EQUITY CAPITAL AND LIABILITIES		#REF!	523 554

Restricted funds	see note	11
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Finn Erik Thoresen
Chairman of the Board

Kjersti E. R. Jenssen
Deputy Chair

Atle Høie
Deputy Chair

Petter Eide
Secretary General

Oslo, 5 June 2010

Cash flow statement

	2009	2008
Operating result for the year	18 922	3 207
Depreciation and amortization	3 577	4 803
Profit/loss from sale of fixed assets	368	-4 612
Changes in stock	0	923
Changes in customer accounts receivable	0	-165 053
Changes in accounts payable and other temporary items	-3	172 870
Net cash flow from operating activities	22 864	12 138
Deposits from sales of fixed assets		6 613
Disbursements for purchases of fixed assets	-3 555	-6 376
Net cash flow from investment activities	-3 555	237
Allocation of funds	0	0
Net cash flow from investment activities	0	0
Net change in cash flow	19 309	12 375
Bank deposits, cash in hand 01/01	191 079	178 704
Liquid assets at 31/12	210 388	191 079

ACCOUNTING NOTES

(In all tables, figures are expressed in thousands; elsewhere, whole figures are expressed)

NOTE 1

Accounting principles:

Annual report for Norsk Folkehjelp consists of following:

- Operating accounts
- Balance sheet
- Cash flow statement
- Notes

The annual report, prepared by the organisation's board and management, should be read in the context of the directors' report and the auditor's report

Basic principles - assessment and classification - other conditions

The annual accounts have been prepared in accordance with the Norwegian Financial Statements Act and good accounting practice, including the Preliminary Norwegian Accounting Standard for non-profit organisations at **September 2006**. The annual report gives a true and fair view of the organisation's acquired resources and how they have been used over the course of the year, and the company's financial position at the end of the year. The annual report has been drawn up and the account itemisation summarised in form. The necessary specification is done in the notes. The notes are an integral part of the annual report.

The annual report is based on the basic principles of historic cost, comparability, continual operation, congruency and prudence. The basic principles concerning transactions, earnings and classification are departed from pursuant to the Norwegian Auditing Act §4-1, 3, where it is considered good accounting practice. The accounting principles are detailed below. When actual figures are unavailable/unconfirmed at the time of filing, good accounting practice calls for the management to calculate the best possible estimate for use in the annual report. The estimated figures may depart from the actual figures.

General principles

Assets for long-term ownership and use are classified as fixed assets. Other assets are classified as current assets. Valuation of current assets / current liabilities applies the lowest/highest value of acquisition cost and actual value. Actual value is defined as the expected future sales price, less expected sales costs. Stock is valued as the lowest acquisition price according to the "first in, first out" principle and expected sales price. Receivables are posted at nominal value, less expected loss. In principle, fixed assets are posted at acquisition cost. Fixed assets that have lost value are depreciated. If the normal market value falls below the recorded value in the balance sheet, the fixed asset is written down. Similar principles normally apply for liabilities.

In accordance with good accounting practice, there are some exceptions from the general valuation rules. These exceptions are commented below. When accounting principles and presentation of transactions and other factors are used, emphasis is placed on economic realities and not just legal form. Conditional losses that are likely and quantifiable are recorded as costs.

Accounting principles for major accounting items

Recording of income / earnings

Income is recognised when it is earned. Income that require no consideration, gifts for instance, are recorded as earnings when the following three criteria are met:

- 1 The organisation must have a legal right to the income
- 2 It must be reasonably certain that the income will be received
- 3 The income must be measurable with sufficient reliability

Reasonable certainty that the income will be received is based on a financial understanding of probability concepts, see NRS, 13, Uncertain assets and liabilities requiring a 90-100% probability.

Membership income

The organisation accepts voluntary membership fees from the members. This has no concession and is regularly recorded as income.

Operating contribution

Contributions to cover costs are recorded as a gross figure. If the criteria for recognising income are not met, the contribution is posted as a liability on a separate line in the balance sheet. The contribution is recognised at the value at the time of the transaction. Significant contributions where it is not possible to estimate a real market value are mentioned in the notes. Unused project funds are recognised as debt to a donor on project completion.

Sponsor funds

Sponsor income is accrued in tact with the agreed concessions. When it is not possible to reliably measure the concession, straight-line earnings are used as a practical approximation.

Lottery income / slot machine income

Lottery income is recognised as a gross figure. The costs tied to lotteries are posted under Costs of acquiring funds.

Recording of costs / grouping

Expenses are grouped with and recorded as costs at the same time as the activity producing the cost. This applies to both costs for acquiring funds and for fulfilling the corporate objective. Expenses that cannot be directly linked to activities are recognized as costs when they accrue.

Distribution of costs

Costs are to the degree possible linked directly to the activity they belong to. Costs linked to more than one activity are to the extent possible divided in a fair, dependable and consistent manner among the various activities.

When distributing costs, the following distribution standard is used:

Costs	Distribution standard
Pay	Time per activity
Other costs, e.g. rent and IT	Number man-labour years per project

Other costs and income

Costs and revenue considered extraordinary and which are important for the organisation are presented on a separate line in the operating accounts.

Taxes

The organisation has no activities that make it liable to pay tax.

Fixed assets

Fixed assets are recognised in the balance sheet as acquisition cost, less accumulated amortisation and depreciation. An asset is considered a fixed asset if it has an economic life of over three years and a cost of over NOK 15,000. Fixed assets acquired for conducting projects abroad are recognised as costs at the time of acquisition.

If the normal market value falls below the balance sheet value, the asset is written down to the real value. Where the sales price is difficult to establish, the replacement cost less write-downs is used as the real value. If the basis for depreciation is lacking, the write-down is reversed. Write-down and any reversal of write-downs are recorded on the same line in the operating accounts. The write-downs are classified as administrative costs when they cannot be linked directly to an activity.

Depreciation and amortization

Ordinary depreciation is calculated using a straight-line method over the calculated lifetime of the asset, based on the historic cost less the estimated scrap value. The write-offs are classified as administrative costs when they cannot be linked directly to an activity.

Leasing

For lease agreements that are not recorded in the balance sheet (operational leasing), the lease payments are handled as operating expenses. The lease expenses are classified as administrative costs when they cannot be linked directly to an activity.

Financial investments

Market-based shares, bonds and other financial instruments classified as current assets are valued at their real value if they are listed on the stock exchange or managed by a professional investment manager and if the real value of the investments can be measured reliably. The return (yield and change in value) of such investments are classified as financial and investment income.

Pension liabilities and pension costs

At 01/03/94, employees' pension agreement was moved from Sparebanken1 life insurance to Statens Pensjonkasse. Annual costs are recognised as pay and social costs. Norsk Folkehjelp has no liabilities beyond paying the premium to Statens Pensjonkasse. Fund in Sparebank! Life Insurance c.f. note 12, is used to cover remaining liabilities towards previous and current members of the old agreement and is not included in the accounts. 3 people receive money from this premium fund. The premium fund is considered adequate for covering future liabilities and is therefore not recognised in the balance sheet. Norsk Folkehjelp also has a pension liability with KLP for former employees of Kure Epilepsi Centre. The pension plan is performance-based and is dealt with in accordance with NRS for pension costs. The pension liability is recorded to the estimated value at 31/12/09, c.f., the task from life insurance company, and is corrected annually.

Assets in foreign currencies/agio

Assets in foreign currencies are related to specific projects and agio/diagio is, whenever possible, recognised as income/cost regularly for the respective projects. The sum at year-end is valued at the rate applicable on the balance sheet date and any agio/disagio is either recorded as income or an expense for the project or included in the income statement under financial income/costs.

Cash flow statement

The cash flow statement was prepared using the indirect method. The cash holdings include cash in hand, bank deposits and financial current assets valued at their actual value.

NOTE 2

The following public donors have contributed:

	2009	2008
The Ministry of Foreign Affairs	296 531	301 858
NORAD	126 016	124 389
Other public Norwegian donors	5 495	10 895
Sum Norwegian	428 043	437 142
USAID	55 684	60 447
US Department of state	23 373	10 027
FN/UNHCR	30 842	16 872
EU / ECHO	6 095	4 780
SIDA	3 225	3 083
Government of South Sudan	32 888	4 508
German DU	16 554	13 307
Dutch UD	13 672	13 847
Other public international donors	11 396	5 511
Sum international	193 730	132 383
Sum public donors	621 773	569 524

The following other donors have contributed:

Helse og Rehabilitering	3 869	4 283
Other	16 233	12 981
Sum	20 102	17 264

For operation of refugee receipt and other operating units, Norsk Folkehjelp has received NOK 87,823,774 from the Norwegian Directorate of Immigration.

NOTE 3

The following donors have contributed

	2009	2008
Private	21 760	17 859
Businesses	2 651	7 052
Trade unions	30 759	8 077
Total donors	55 170	32 988

NOTE 4**Specification of fixed assets**

	Land and buildings	Inventory	Computer equip	Software	Motor vehicles	Other fixed assets	Moving costs	Sudar	Total
Cost price	1 280	5 677	6 043	13 961	0	3 514	6 077		36 552
Supply	0	2 533	304	322	396				3 555
Disposal	0	2 178	2 022	415	124	1 240			5 979
UB cost price	1 280	6 031	4 325	13 868	272	2 274	6 077		34 128
IB accumulated depreciation	448	2 117	4 839	10 965	0	3 514	3 099		24 982
Depreciation for the year	0	1 217	441	1 115	60	0	744		3 577
Acc. Write-offs sold		-1 934	-2 022	-415		-1 240			-5 611
UB acc. write-offs	448	1 400	3 258	11 665	60	2 274	3 843		22 948
Recorded value 31/12/09	832	4 631	1 067	2 203	212	0	2 234		11 180

The assets have a depreciation period from 3-5 years Land and buildings are not written off.

Moving costs to Juba in Sudan are recognised as costs over a 5 year period, the remaining depreciation period is 3 years.

Norsk Folkehjelp has a lease agreement on the lease of computers/copiers. The agreements are classified as operational leasing and the total lease costs are recorded as costs directly under operating costs.

NOTE 5**Short-term receivables**

	2009	2008
Donors international project	183 646	257 194
Domestic activities/NF team/others	#REF!	44 666
Sum	#REF!	301 860

There are no receivables due later than one year after the close of the financial year.

Receivables from donors are primarily pledges received for projects under way. To the degree the funds are not used, they are also recorded as a liability on the balance sheet under the item "Received funds for non-completed projects"

NOTE 6**Shares/bonus units**

	2009	2008
Norwegian shares and bonus units	22 746	19 045
Sum	22 746	19 045

Norwegian shares and bonus units are primarily related to the Furumo/Løren fund, ref. note 10.

NOTE 7**Payables to project donors**

The projects have gone better than budgeted and remaining sums are returned to donors.

Interest payable on funds received

Accrued interest on funds granted by donors that are to be reimbursed as agreed.

NOTE 8**Appropriations for liabilities**

	2009	2008
Appropriations for final compensation arrangements re. field offices (see note 12)	16 586	18 466
Other appropriations for the international projects	8 938	4 807
Other appropriations	224	2 415
Appropriation to project revision	2 255	2 652
Sum of appropriations for liabilities	28 003	28 340

NOTE 9**Other current liabilities**

	2009	2008
Other current liabilities	277	169
Total other current liabilities	277	169

NOTE 10**Net change in equity capital**

	IB 01/01	Supply	Used	UB 31/12	Net change
Other equity capital 1)	31 328	2 199		33 527	2 199
Equity capital with externally imposed restrictions 1)	2 248	21 311	5 914	17 645	15 397
Equity capital with self-imposed restrictions	21 962	3 325	2 000	23 287	1 325
Sum	55 538	26 835	7 914	74 459	18 921

Specification for equity capital with self-imposed restrictions

Collected funds 3)	4 989	62	0	5 051	62
Furumo/Løren 4)	11 252	3 263	0	14 515	3 263
Gift Norsk Hydro	5 721	0	2 000	3 721	-2 000
	21 962	3 325	2 000	23 287	1 325

1) Includes gift from the Federation of Trade Unions in the amount of NOK 18,000,000 - These funds will be used over a 4-year period. The first year is 2010, where it has been decided to use NOK 4,500,000

2) These are earmarked funds collected through various campaigns.

3) These are gifts that are not earmarked for a special project. Includes gift from Norsk Hydro NOK 10,000,000 Norsk Folkehjelp has decided that the board is the granting body for the Norsk Hydro funds. For 2009 this was NOK 2,000,000, c.f. Board resolution 2008

In total, NOK 6,279,130 is granted and transferred to projects that mean that NOK 3,720,870 remain.

4) Return on the Furumo/Løren fund will be used for occupationally disabled and other vulnerable groups, with a view to improving their standard of living and ability to work. The yield can also be used for attitude-shaping work.

NOTE 11

Bank deposits, cash in hand, etc.	2009	2008
Security for lottery earnings	4 000	4 000
Tax deduction from employees	2 752	4 474
Other bank accounts/frozen	3 832	3 832
Total frozen bank deposits	10 584	12 306
Other restricted funds not in frozen accounts	53 405	66 523
Other restricted funds in foreign accounts	57 380	84 489
Total restricted funds	121 369	163 318
Free funds	26 045	27 761
Total bank deposits, cash in hand, etc.	147 414	191 079

NOTE 12

Pension and other liabilities towards employees	2009	2008
Premium fund	2 012	1 927
Total	2 012	1 927

Payroll costs	2009	2008
Payroll costs re. all expatriated employees	161 407	151 227
Payroll costs re. receipt and projects in Norway	48 117	26 326
Payroll costs re. main office	37 234	34 006
National insurance payment	14 928	11 464
Pension costs	2 350	1 492
Other contributions	52 213	44 597
Total	316 249	269 112

The total payroll costs include pay to Norwegian and foreign aid workers at field stations.

At 31/12 there were 103 employees at the headquarters in Norway, 83 at refugee camps, 2 at other operational units, 68 on contract at field offices and about 2,474 local employees at the field stations.

Pensions

The organisation has 332 employees covered by the rules on mandatory occupational pension. All employees are covered by a collective pension plan that satisfy the requirements of the said rules.

Norsk Folkehjelp has a pension plan for former employees of Kure Epilepsi Centre that covers 23 people. The plan entitles the beneficiary to future payments (performance based plan).

These payments are primarily dependent on the number of years of savings, pay level at retirement age and the size of payment from national insurance.

The obligation is covered via a collective pension agreement in KLP mutual insurance company - Gjensidige Forsikring.

Pension liabilities	31.12.2009	31.12.2008
Gross accrued pension obligation	22 806 919	21 474 108
Pension funds	17 841 979	16 248 622
Net obligation before employer contribution	4 964 940	5 225 486
Employer contribution	700 056	736 793
Gross accrued liability incl. aga	23 506 975	22 210 901
Net liability incl. aga	5 664 996	5 962 279
Non-posted estimate deviation excl. aga	-3 845 036	-3 942 004
Non-posted estimate deviation aga	-496 476	-523 252
Net liab./(funds) after emp. con. recognised in balance sheet	1 323 484	1 497 023

Financial conditions:

Discount interest	5,30 %	5,30 %
Expected pay adjustment	4,00 %	4,00 %
Expected G adjustment	3,75 %	3,75 %
Expected return on funds	5,80 %	5,80 %

Appropriation to final compensation for field offices

Included in the total payroll costs are appropriations for final compensation for field offices, where this is required by law. There are different practices at the various field offices, and it is the program country's decisions about final compensation, where they exist, that determine this.

Norsk Folkehjelp has estimated the future liability and, in collaboration with a donor, has a plan for appropriations for final compensation.

Fee/pay for board members and secretary general

In 2009, no compensation was paid to the board.

Pay to the secretary general was NOK 834,795, while other payments were NOK 10,975.

The secretary general participates in Norsk Folkehjelp's ordinary pension plan and receives no other form of compensation than ordinary pay.

Norsk Folkehjelp has no obligation to pay compensation to the secretary general in case of termination or change of employment terms.

Auditor

Cost-recorded auditor fees for general auditing at the headquarters in 2009 were NOK 731,309

Donors require special approval for all projects. Costs for auditing of the field offices and the project activities total NOK 5,174,143 and

costs for project activities in Norway were NOK 192,938. UDI requires that all reimbursement claims be revised and the revision cost was NOK 962,270

NOTE 13Financials

	<u>2009</u>	<u>2008</u>
Agio	-5 123	4 667
Financial income	4 703	2 607
Other financials	1	-7 536
Net financials	-419	-262

NOTE 14Administrative percentage and equity percentage

	2009	2009	2008	2007	2006
Administrative costs	20 303	2,5 %	2,6 %	2,2 %	2,6 %
Kostnader til formålet	753 085	93,7 %	94,7 %	92,5 %	93,8 %
Costs for acquisition of funds	30 358	3,8 %	2,8 %	5,3 %	3,6 %
Sum forbrukte midler	803 746	100 %	100 %	100 %	100 %

The purpose percentage is in line with previous years and is thus in accordance with the expectations for a low administrative cost.

NOTE 15Civil action/disputes

Norsk Folkehjelp has a few disputes in its foreign activities. In consultation with local legal advisors, the necessary appropriations have been made in the accounts.

Operating accounts at 31/12

(Figures in thousands)

ACQUIRED FUNDS	Notes	2009	2008
Membership income		1 185	1 417
Public		621 773	569 525
Other		20 102	17 264
Sum donors	2	641 874	586 788
Games and lotteries		30 553	22 215
Donors	3	55 170	32 988
Total collected funds		85 722	55 203
Activities fulfilling NF's purpose			
Receipt of refugees and other business units in Norway		90 222	55 332
Advertisement sales APPELL		840	1 051
Revenue-generating activities			
Product sales		3 502	1 651
Sum of earned funds from operating activities		94 564	58 035
Net financials	13	-419	-262
Other earnings		13	4 032
TOTAL ACQUIRED FUNDS		822 939	705 213
SPENT FUNDS			
Games and lotteries		11 590	8 303
Donors		11 813	6 159
Product sales		1 511	1 080
Other costs		5 444	4 081
Total costs for acquisition of funds		30 358	19 621
Mine clearance		237 309	194 833
Rebuilding, food and emergency aid		96 735	91 798
Long-term development		258 030	255 013
Hospital operation and other healthcare work		16 255	16 577
Attitude-shaping and antiracial work		8 799	4 060
Flyktningmottak og andre driftsenheter i Norge		88 573	57 052
Member organization		16 158	15 193
Information work in Norway		8 027	7 717
Project follow-up for main administration		25 164	24 021
Value added tax compensation		-1 692	-1 809
Total costs for purpose		753 357	664 454
Administration		20 303	17 931
SUM SPENT FUNDS		804 018	702 006
OPERATING PROFIT/LOSS		18 921	3 207
USE OF OPERATING PROFIT/LOSS			
Carried over to/from FK with externally imposed restrictions	10	15 397	1 249
Carried over to/from FK with internally imposed restrictions	10	1 325	-11 228
Carried over to/from other operating capital	10	2 199	13 186
TOTAL USE		18 921	3 207

Administrative percentage and purpose percentage	2009	2009	2008	2007
Administrative costs	20 303	2,5 %	2,6 %	2,2 %
Costs for purpose	753 357	93,7 %	94,7 %	92,5 %
Costs for acquisition of funds	30 358	3,8 %	2,8 %	5,3 %
Total spent funds	804 018	100 %	100 %	100 %