

# 2016

## Financial Statements

### Annual Report from NCA Board of Directors



Children in Kabarto camp learn about good hygiene. They bring this new knowledge home with them and spread good practices that contribute to fewer people becoming vulnerable to infection and disease. **Photo: Håvard Bjelland/Norwegian Church Aid.**



**NORWEGIAN CHURCH AID**  
actalliance

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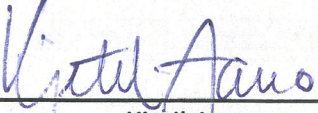
# STATEMENT OF FINANCIAL ACTIVITIES 2016

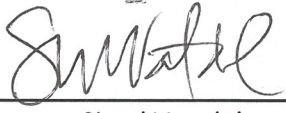
<i>(NOK '000)</i>	Notes	2016	2015
<b>INCOMING RESOURCES</b>			
<b>Institutional grants</b>			
Norad - The Norwegian Agency for Development Cooperation		279,934	311,515
MFA - The Norwegian Ministry of Foreign Affairs		211,695	246,728
Other government agencies		6,180	2,881
Administrative support from government agencies		36,938	34,633
<b>Subtotal Norwegian government agencies</b>	<b>2</b>	<b>534,748</b>	<b>595,758</b>
UN - United Nation Agencies		33,736	32,803
ACT Alliance and other ACT sister organisations		53,640	36,868
Other organisations		65,664	65,671
Administrative support from UN, ACT and other organisations		1,672	6,768
<b>Subtotal UN, ACT and other organisations</b>	<b>3</b>	<b>154,712</b>	<b>142,110</b>
<b>Total institutional grants</b>		<b>689,460</b>	<b>737,869</b>
<b>Donations</b>			
Unrestricted donations		145,864	142,661
Restricted donations		10,824	54,883
Donations from Telethon 2014		0	1,117
Testamentary donations and legacies		5,197	15,029
<b>Total donations</b>	<b>4</b>	<b>161,885</b>	<b>213,691</b>
<b>Investment income</b>		<b>12,357</b>	<b>5,207</b>
<b>Other incoming resources</b>		<b>7,412</b>	<b>959</b>
<b>TOTAL INCOMING RESOURCES</b>		<b>871,113</b>	<b>957,725</b>
<b>RESOURCES EXPENDED</b>			
<b>Costs of generating other donations</b>		<b>42,815</b>	<b>44,333</b>
Long-term development cooperation		496,577	538,046
Humanitarian assistance		300,363	271,732
Advocacy for global justice		56,392	74,031
<b>Total international cooperation</b>	<b>5</b>	<b>853,333</b>	<b>883,809</b>
<b>Governance costs</b>	<b>6</b>	<b>66,440</b>	<b>43,472</b>
<b>TOTAL RESOURCES EXPENDED</b>		<b>962,587</b>	<b>971,614</b>
<b>NET INCOME (EXPENDITURE) FOR THE YEAR</b>		<b>(91,474)</b>	<b>(13,889)</b>
<b>Net movement in funds</b>			
Transfer to (from) unrestricted funds		(14,133)	19,838
Transfer to (from) funds with internally imposed restrictions		0	(10,998)
Transfer to (from) funds with externally imposed restrictions		(77,341)	(22,729)
<b>Total net movement in funds</b>	<b>13</b>	<b>(91,474)</b>	<b>(13,889)</b>

# BALANCE SHEET AS PER 31 DECEMBER 2016

(NOK '000)	Notes	31.12.2016	31.12.2015
<b>ASSETS</b>			
Tangible fixed assets	9	51,377	52,076
<b>Subtotal fixed assets</b>		<b>51,377</b>	<b>52,076</b>
Stocks	10	1,914	3,460
Debtors	11	98,371	100,660
Investments	12	226,213	320,063
Cash at bank and in hand		295,221	187,695
<b>Subtotal current assets</b>		<b>621,720</b>	<b>611,878</b>
<b>TOTAL ASSETS</b>		<b>673,097</b>	<b>663,954</b>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
Unrestricted funds		141,470	155,603
Funds with externally imposed restrictions		143,790	221,131
<b>TOTAL FUNDS</b>	13	<b>285,260</b>	<b>376,734</b>
<b>LIABILITIES</b>			
Accruals for pension liabilities	14	52,916	30,398
Bank loan	15	20,045	22,050
<b>Total long-term liabilities</b>		<b>72,961</b>	<b>52,448</b>
Project balances, advances from donor		254,026	170,190
Other short-term liabilities	16	60,850	64,581
<b>Total short-term liabilities</b>		<b>314,876</b>	<b>234,771</b>
<b>TOTAL LIABILITIES</b>		<b>387,837</b>	<b>287,219</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>673,097</b>	<b>663,954</b>

Oslo, April 27<sup>th</sup> 2017

  
Kjetil Aano  
Chairman of the Board

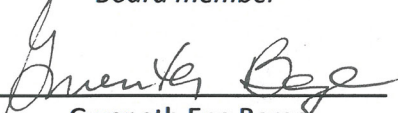
  
Sissel Vartdal  
Board member


  
Brita Bye  
Board member

  
David Hansen  
Board member

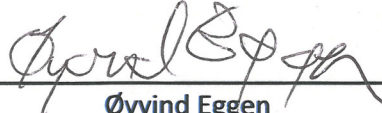
  
Tuva Krøgh Wid skjold  
Board member

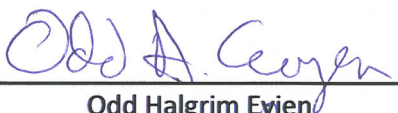
  
Ottar Mæstad  
Board member

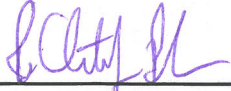
  
Gweneth Eng Berge  
Board member

  
Ingeborg S. Midttømme  
Board member

  
Kjersti Toen  
Board member

  
Øyvind Eggen  
Board member

  
Odd Halgrim Evjen  
Board member

  
Bo Christoffer Iwar Brekke  
Board member

  
Anne-Marie Helland  
General Secretary

# CASH FLOW STATEMENT 2016

<i>(NOK '000)</i>	<b>2016</b>	<b>2015</b>
<b>Cash flow from operating activities</b>		
Net incoming (outgoing) resources	(91,474)	(13,889)
Depreciation of fixed assets	(1,797)	6,683
Difference between pension contribution and current service costs	22,518	4,218
Changes in current balance sheet items related to the Telethon 2014	0	213,766
Changes in other current balance sheet items	83,939	(21,996)
<b>Net cash inflow from operating activities</b>	<b>13,186</b>	<b>188,782</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(8,280)	(11,503)
Disposal of tangible fixed assets	10,775	7,574
Change in net investment in financial assets	93,850	(249,023)
<b>Net cash flow from investing activities</b>	<b>96,346</b>	<b>(252,952)</b>
<b>Cash flow from financing activities</b>		
Repayment of long-term and short-term loans	(2,005)	(1,050)
<b>Net cash flow from financing activities</b>	<b>(2,005)</b>	<b>(1,050)</b>
<b>Net cash flow during the year</b>	<b>107,527</b>	<b>(65,219)</b>
Cash at bank and in hand at Jan 1.	187,695	252,914
<b>Cash at bank and in hand at Dec 31.</b>	<b>295,221</b>	<b>187,695</b>
This consists of:		
<b>Cash at bank and in hand</b>	<b>295,221</b>	<b>187,695</b>

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## NOTE 1 **ACCOUNTING PRINCIPLES**

The annual accounts have been prepared in compliance with the Norwegian Accounting Act and Norwegian accounting standards for NGOs.

The main principles are:

### **Representations abroad**

At NCA Representations abroad there are assets as capital, inventory and other assets. All Representations' transactions are reflected in the NCA's consolidated financial statements.

### **Receivables and liabilities**

Long-term receivables and liabilities are valued at nominal value at the time of establishment. Current liabilities are valued at nominal value at the time of establishment.

### **Fixed and current assets**

Investments in tangible fixed assets at Head Office are capitalized upon acquisition. Fixed assets are valued at historical cost less depreciation. Direct maintenance costs are expensed when incurred, while improvements are capitalized and depreciated accordingly. Booked value of assets are written down if the fair value is estimated to be lower than the booked value and the impairment is not expected to be temporary.

Representations abroad follow other principles for accounting of their assets. The fixed assets are expensed upon purchase; reference is made to impairments in note 9. The reason for this is that the projects are short-term in nature and that there are certain risks involved in the implementation of projects, and it would therefore not be appropriate to depreciate the fixed assets in accordance with ordinary principles.

### **Financial investments**

NCA's investments are subject to active management and are regarded as current assets carried at fair value as of 31.12.

### **Tax**

In accordance to Norwegian Tax Law Norwegian Church Aid is not considered taxable.

### **Incoming resources**

Incoming resources consist of institutional grants, donations, investment income and other incoming resources. Donations, both restricted and unrestricted, are recognized as income in the same period that they are earned. Restricted funds that are not spent in the accounting period are accounted as funds with externally imposed restrictions. Restricted funds from previous years used this accounting period are booked from funds with externally imposed restrictions; see note 13.

Funding with repayment requirements (i.e. public funding) is not recognized as income when received. Received funding is booked as a liability in the balance sheet until the funds are used for the activity the grant was intended for. The funding is recognized as income when the recipient has the legal right to the grant which will be when the funds are actually used for the activity for which the funding was granted. The grant income is recognized gross when the conditions are met.

## **Resources expended**

Expenses are to the greatest possible extent directly attributed to the activities to which they belong. Resources expended on international cooperation are fulfilling the organisation's purpose, and include distributions and allocations to partner organisations, costs associated with the Department for International Programmes and Development Policy at Head Office, as well as operational costs in the countries where programmes are implemented. Costs are expensed in the period in which the activity took place.

Governance costs cover the activities necessary to run the organisation; including planning, management and evaluation of the organisation's activities. Governance costs include depreciation, fees paid to external auditors, lawyers and consultants, personnel costs of the HR department, finance department and the General Secretariat, travel, IT costs and financial costs.

Costs of generating donations include personnel costs related to fundraising, advertising and media campaigns and distribution of materials.

All personnel costs related to the Department for Fundraising, the Department for Communications, the Department for International Programmes and the Department for Development Policy are classified as respectively costs of generating donations and expenses related to international cooperation. This is in accordance with the guidelines from the Norwegian Control Committee for Fundraising.

Unused project funds as of 31.12 are recognized in the balance sheet under "Project balances, advances from donor".

## **Foreign currencies**

Accounts at the Representations are kept in local currency. When consolidating, NCA Representations' statements of financial activities are converted to NOK at the average rate for the year. Balance sheets - including assets and liabilities in foreign currencies - are converted at the exchange rate at the balance sheet date. Exchange differences relating to income and balance sheet are booked directly against funds.

Agio/disagio is reported as an integral part of the total resources expended, classified according to the class of the project they relate to. During 2016, a total net currency gain of 11,8 MNOK has been charged to the accounts.

## **Pensions**

Norwegian Church Aid has pension schemes that meet the requirements of the law on compulsory occupational pension and are covered through KLP and Gjensidige. All employees above the age of 55 as of 1st May 2016 at Head Office have a defined future benefit plan insured through KLP. All other employees with NAV coverage have a defined contribution plan insured through Gjensidige, and expatriate personnel without NAV have private pension insurances. A contractual pension scheme is included for the different groups.

For the defined future benefit plan, pension costs and pension liabilities are calculated using linear method based on assumptions about discount rates, future salary increases, pensions and social security benefits, the expected return on plan assets and actuarial assumptions on mortality, attrition, etc. Pension assets are valued at fair value and deducted from net pension liabilities balance. For more information about pensions, please refer to note 14.

Pension schemes for employees at Representations are based on pension schemes in the countries where Norwegian Church Aid operates. If favourable, a provident fund scheme is applied.



## NOTE 2 FUNDING FROM NORWEGIAN GOVERNMENT AGENCIES

	International cooperation		Activities in Norway		Administrative support		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Norad Cooperation Agreement	167,434	146,107	737	1,869	13,323	12,292	181,494	160,268
Norad Special Programmes	6,440	13,517			499	382	6,939	13,899
Norad Embassies and Strategic Partnerships	102,198	146,399			8,149	8,948	110,347	155,347
Norad Information Support			3,125	3,623	179	95	3,304	3,718
<b>Subtotal Norad</b>	<b>276,073</b>	<b>306,024</b>	<b>3,862</b>	<b>5,492</b>	<b>22,149</b>	<b>21,716</b>	<b>302,084</b>	<b>333,231</b>
MFA Norway	189,621	191,576			14,190	10,017	203,811	201,592
MFA Embassies	22,075	55,152			402	2,465	22,477	57,617
<b>Subtotal MFA</b>	<b>211,695</b>	<b>246,728</b>	<b>0</b>	<b>0</b>	<b>14,593</b>	<b>12,482</b>	<b>226,288</b>	<b>259,210</b>
FK - The Norwegian Peace Corps	1,336	402					1,336	402
BLD - The Ministry of Children, Equality and Social Inclusion			686	710			686	710
HOD - The Ministry of Health and Care Services	-	(1)					-	(1)
IN - Innovation Norway	4,158	1,771			196	420	4,354	2,191
LNU - The Norwegian Children and Youth Council						16	-	16
<b>Subtotal other Government Agencies</b>	<b>5,494</b>	<b>2,172</b>	<b>686</b>	<b>710</b>	<b>196</b>	<b>436</b>	<b>6,376</b>	<b>3,317</b>
<b>Total funding from Norwegian Government Agencies</b>	<b>493,262</b>	<b>554,924</b>	<b>4,548</b>	<b>6,201</b>	<b>36,938</b>	<b>34,633</b>	<b>534,748</b>	<b>595,758</b>

NCA has a Cooperation Agreement with Norad covering the years 2016 -2019. The new four year agreement gives NCA NOK 188 mill per year. In addition to the Cooperation Agreement, NCA has special agreements supported by some local Embassies. These agreements are from 2016 one year agreements, and the reduction from 2015 to 2016 is mainly because Afghanistan and Sudan did not receive funds from this source. NCA has two cooperation agreements with MFA, one on WASH and one on GBV, both three year agreements, for GBV 2017 is the last year.

## NOTE 3 FUNDING FROM UN, ACT AND OTHER ORGANISATIONS

	<u>2016</u>	<u>2015</u>
OCHA - United Nations Office for the Coordination of Humanitarian Affairs	8,848	9,590
UNICEF - United Nations Children's Fund	8,510	4,357
UNDP - United Nations Development Programme	5,355	10,700
UNHCR - United Nations High Commissioner for Refugees	4,461	1,242
WFP - World Food Programme	2,883	3,207
UNFPA - United Nations Population Fund	1,360	3,096
FAO - Food and Agriculture Organization of the United Nations	1,233	229
UN Women	1,087	96
WHO - World Health Organisation	0	300
UNEP - United Nations Environment Programme	0	(13)
<b>Subtotal UN - United Nation agencies</b>	<b>33,736</b>	<b>32,803</b>
DCA - DanChurchAid	28,153	17,010
CoS - Church of Sweden	8,139	3,042
Diakonia Sweden	6,398	5,985
ACT Alliance - Action by Churches Together	6,061	5,407
CA - Christian Aid	3,296	4,379
Diaconia ECCB - Czech	908	0
BftW - Bread for the World	322	0
ICCO - Interchurch Organisation for Development Cooperation	208	0
LWR - Lutheran World Relief	156	0
PWRDF - Primate's World Relief and Development Fund	0	406
United Church of Canada	0	387
FCA - Finn Church Aid	(0)	252
<b>Subtotal ACT Alliance and other ACT sister organisations</b>	<b>53,640</b>	<b>36,868</b>
HEKS - Hilfswerk der Evangelischen Kirchen Schweiz	12,800	7,084
CAFOD - Catholic Agency for Overseas Development	9,141	10,757
DFID - Department for International Development UK	7,367	6,475
Aids Fonds Netherlands	6,991	297
EU - EuropeAid	5,670	1,578
ECHO - European Commission's Humanitarian Aid and Civil Protection department	5,393	4,274
British Embassy Kabul	3,330	1,758
Allan Family of Australia	2,985	2,698
GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit	2,290	5,816
Tilitonse	1,912	1,412
IFRC - International Federation of Red Cross and Red Crescent Societies	1,631	255
NRGI - Natural Resource Governance Institute (RWI - Revenue Watch Institute)	1,332	1,205
HEI - Human Education International	705	447
Embassy of The Netherlands in Bamako, Mali	688	5,208
DVV - Institute for International Cooperation of the German Adult Education Association	567	0
PCF - The Pestalozzi Children's Foundation	533	635
FORUT Campaign for development and solidarity	442	270
ERD - Episcopal Relief & Development	385	153
Statoil	377	18
FOKUS - Forum for Women and Development	283	232
LNU - The Norwegian Children and Youth Council	273	291
Act - Accountability in Tanzania Programme	266	3,987

	<u>2016</u>	<u>2015</u>
ASI - Agribusiness Systems International	262	0
Ministry of Foreign Affairs of the Netherlands	180	0
CA - Crown Agents South Sudan	39	2,017
Sok Sabay Association	35	53
NAD/NHF - Norwegian Association of Disabled	21	157
SIDA - Swedish International Development Cooperation Agency	9	(225)
Strømme Foundation	(98)	120
SDC - Swiss Agency for Development and Cooperation	(145)	1,893
The Global Fund to Fight AIDS, Tuberculosis and Malaria	0	2,584
Royal Danish Embassy Dar es Salaam	0	1,856
J/P Haitian Relief Organization	0	1,766
ACT! - Act Change Transform	0	472
Charities Aid Foundation	0	172
DM Thomas Foundation for Young People	0	125
NFF - Football Association of Norway	0	28
Christian Study Association	0	2
Royal Danish Embassy Bamako	0	(21)
KCF - The Kadoorie Charitable Foundation	0	(67)
DRC - Danish Refugee Council	0	(111)
<b>Subtotal other organisations</b>	<b>65,664</b>	<b>65,671</b>
<b>Administrative support from other organisations</b>	<b>1,672</b>	<b>6,768</b>
<b>Total funding from other organisations</b>	<b>154,712</b>	<b>142,110</b>

## NOTE 4 DONATIONS

Unrestricted donations	2016	2015
Regular donors	58,390	53,037
Donor letters	14,963	15,248
Changemaker donations and subscriptions	437	353
Web shop / alternative gifts	5,318	4,542
Other donations	8,473	8,490
Seasonal and remembrance gifts	1,222	1,044
<b>Individual donors</b>	<b>88,802</b>	<b>82,714</b>
Lenten campaign	34,079	36,824
Church offerings	13,793	13,114
<b>Congregations and communities</b>	<b>47,872</b>	<b>49,939</b>
Advertisements and corporate donations	5,454	7,465
Sponsor revenue	2,114	838
Project support	1,621	1,705
<b>Private sector</b>	<b>9,189</b>	<b>10,009</b>
<b>Subtotal unrestricted donations</b>	<b>145,864</b>	<b>142,661</b>
<b>Restricted donations</b>		
Operation Day's work 2010	1,945	0
Ethiopia Drought 2016	1,620	0
Haiti Hurricane Matthew 2016	953	0
Refugees Europe 2015	451	35,812
Syria Emergency Response 2013	50	1,355
Nepal Earthquake 2015	13	12,755
South Sudan Crisis 2014	0	70
Typhoon Philippines 2013	0	5
Horn of Africa 2011	0	3
North Iraq Emergency Response 2014	0	2
Gaza Crisis 2014	(20)	5
<b>Fundraising campaigns</b>	<b>5,012</b>	<b>50,007</b>
Somalia, Job creation, Anti-Piracy Project	2,489	294
Afghanistan, Promoting youth leadership and a culture of peace through spor	988	373
Ethiopia, Strengthened Climate Resilience for rural Ethiopian Communities (Food security, Samre)	550	129
Haiti, Education/Youth (WASH), Green Schools	526	522
Zambia, Community Schools in Livingstone	435	0
Tanzania, Support to Haydom Lutheran hospital	322	0
Brazil, Football and citizenship	108	104
Global, Emergency response partner	90	95
Changemaker various activities (earmarked)	67	0
DR Congo, Support to Transit Centre Dorcas House	59	188
Romania, Dignified living conditions, equal access to economic opportunities :	55	0
Ethiopia, Accelerating change towards total abandonment of FGM	54	0
Zambia, Climate, Mumbeji Climate Resilience Project	53	94
Malawi, Saving lives through quality health care - Christmas Campaign	17	128
Ethiopia, Water Development Project	14	78
Afghanistan, Football for Peace and Stability in Faryab	0	700
Ethiopia, WASH, Trond Mohn Water Project	0	1,172
Guatemala, Clean Energy in Zona Reyna	0	474
Haiti, Water harvesting and biodigestors	0	289
Innsikt stipend Changemaker	0	156
Brazil, Co-existence with the semi-arid	(119)	0
Other project donations (less than 50.000 NOK per project)	103	82
<b>Project donations</b>	<b>5,812</b>	<b>4,877</b>
<b>Subtotal restricted donations</b>	<b>10,824</b>	<b>54,883</b>
<b>Donations from Norwegian Broadcasting Cooperation Telethon 2014</b>	<b>0</b>	<b>1,117</b>
<b>Testamentary donations and legacies</b>	<b>5,197</b>	<b>15,029</b>
<b>Total donations</b>	<b>161,885</b>	<b>213,691</b>

## NOTE 5 INTERNATIONAL COOPERATION

Norwegian Church Aid provides emergency assistance in disasters, works for long-term development in local communities and advocates for just decisions by public authorities, business and religious leaders.

These activities can be directly implemented by NCA or in cooperation with our local partners.

Region/Country	2016	2015
<b>Eastern Africa</b>		
Burundi	15,846	14,422
Democratic Republic of the Congo	34,317	32,556
Eritrea	372	418
Ethiopia	66,151	27,376
Kenya	1,218	12,092
Somalia	53,863	50,650
South Sudan	48,016	76,372
Sudan (excl. Darfur)	15,320	17,017
Sudan (Darfur region)	48,693	50,149
Tanzania	45,728	46,586
Regional Eastern Africa	3,688	1,643
<b>Total Eastern Africa</b>	<b>333,213</b>	<b>329,281</b>
<b>Southern Africa</b>		
Angola	32,412	30,614
Malawi	30,222	54,758
Zambia	24,692	21,761
Regional Southern Africa	13,618	24,854
<b>Total Southern Africa</b>	<b>100,944</b>	<b>131,986</b>
<b>West and Central Africa</b>		
Mali	41,203	34,536
Western Sahara	3,480	2,749
Regional West and Central Africa	0	64
<b>Total West And Central Africa</b>	<b>44,684</b>	<b>37,348</b>
<b>Total Africa</b>	<b>478,840</b>	<b>498,616</b>
<b>Middle East</b>		
Afghanistan	55,731	58,609
Iraq	28,938	23,007
Lebanon	10,923	10,800
Pakistan	47,116	23,699
Palestine	15,840	20,149
Syria	51,767	21,835
Regional Middle East	0	7,135
<b>Total Middle East</b>	<b>210,316</b>	<b>165,234</b>

<b>South East Asia</b>		
Myanmar	14,135	16,008
India	2,605	4,075
Laos	7,455	11,736
Nepal	438	25,417
Thailand	0	2,026
Vietnam	6,892	9,694
Philippines	3,008	3,554
Regional South East Asia	0	795
<b>Total South East Asia</b>	<b>34,533</b>	<b>73,303</b>
<b>Total Middle East and South East Asia</b>	<b>244,849</b>	<b>238,538</b>
<b>Latin America</b>		
Brazil	3,507	9,767
Cuba	0	566
Dominican Republic	1,578	1,987
Guatemala	8,068	8,669
Haiti	14,682	16,943
Regional Latin America	0	4,192
<b>Total Latin America</b>	<b>27,836</b>	<b>42,124</b>
<b>Europe (excluding Norway)</b>		
Armenia	0	563
Greece	6,060	500
Macedonia	1,000	1,000
Romania	1,922	1,787
Serbia	1,888	4,983
Regional Europe	397	359
<b>Total Europe (excluding Norway)</b>	<b>11,267</b>	<b>9,193</b>
<b>Norway</b>	<b>27,265</b>	<b>28,272</b>
<b>Global</b>	<b>63,276</b>	<b>67,066</b>
<b>Total International Cooperation</b>	<b>853,333</b>	<b>883,809</b>

\* Activities in Norway include costs related to NCA's youth organisation Changemaker, the exchange programme Communication for Change, as well as the awareness raising work carried out by the regional coordinators in Norway.

## NOTE 6 GOVERNANCE COSTS

<b>Analysis of governance costs by type of expenditure</b>	<b>2016</b>	<b>2015</b>	<b>Note</b>
Personnel cost	50,911	26,774	a)
Depreciation of fixed assets	2,367	2,676	
Fees for auditors, legal advisors and consultants	1,832	3,276	
Travel expenses	1,579	1,779	
IT and communication expenses	5,568	6,422	
Office running cost and expenses related to premises	3,641	3,987	
Financial expenses	1,375	(1,548)	b)
Other expenses	(833)	105	c)
<b>Total governance cost</b>	<b>66,440</b>	<b>43,472</b>	

a) In addition to payroll costs this includes pension, insurance, trainings, recruitment costs and other personnel related costs. The increase from 2015 to 2016 is due to the recognition of actuarial losses on pensions for the group of employees experiencing a change of pension scheme in 2016.

b) This includes 0,5 MNOK currency loss recognised in the income and expense statement as governance cost (2015: 2,9 MNOK gain)

c) A previously recognised liability from 2008 was written off in 2016 after confirmation from the creditor of no claim from their side

### Key figures and ratios according to guidelines from the Norwegian Control Committee for Fundraising

	<b>2016</b>		<b>2015</b>		<b>2014</b>		<b>2013</b>		<b>2012</b>	
Share, governance costs	66,440	6.9 %	43,472	4.5 %	43,373	4.8 %	49,132	6.4 %	47,942	6.5 %
Share, international cooperation	853,333	88.6 %	883,809	91.0 %	782,283	87.3 %	690,671	89.6 %	668,888	90.2 %
Share, fundraising costs	42,815	4.4 %	44,333	4.6 %	70,557	7.9 %	30,701	4.0 %	24,499	3.3 %
<b>Total resources expensed</b>	<b>962,587</b>	<b>100.0 %</b>	<b>971,614</b>	<b>100.0 %</b>	<b>896,214</b>	<b>100.0 %</b>	<b>770,504</b>	<b>100.0 %</b>	<b>741,329</b>	<b>100.0 %</b>
Fundraising ratio	<u>73.6 %</u>		<u>79.3 %</u>		<u>82.6 %</u>		<u>79.7 %</u>		<u>82.5 %</u>	

The fundraising ratio shows the proportionality between donations received and the costs of generating voluntary income.

## NOTE 7 AUDITORS' REMUNERATION

<b>Auditors' remuneration 2016</b>	<b>2016</b>	<b>2015</b>
Ordinary auditor's remuneration, Head Office	848	565
Project audits, Head Office	604	470
Other services and support from auditor	8	68
Ordinary auditor's remuneration and project audits at Representatio	3,668	3,284
<b>Total costs to auditors</b>	<b>5,129</b>	<b>4,387</b>

Audit expenses at HO are in 2016 represented with their gross amount, including VAT, whereas they up to and including 2015 were represented net of VAT. This is due to a change of principle from net to gross concerning the compensation scheme for value-added tax for non-profit organisations.

## NOTE 8 EMPLOYEE AND STAFF COSTS

Analysis of personnel costs	Head Office staff		National and expatriate staff at Representations		Total payroll costs all employees	
	2016	2015	2016	2015	2016	2015
Wages and salaries	73,010	74,559	153,628	160,549	226,638	235,108
Social security costs	12,021	13,139	3,127	10,549	15,148	23,688
Pension costs	29,890	8,589	8,935	9,912	38,825	18,501
Other remuneration	1,259	1,702	8,558	1,036	9,816	2,738
<b>Payroll costs</b>	<b>116,179</b>	<b>97,988</b>	<b>174,248</b>	<b>182,046</b>	<b>290,427</b>	<b>280,035</b>
Consultants	1,112	2,732	5,120	6,396	6,232	9,128
Other personnel related costs	4,467	3,307	5,030	5,648	9,497	8,955
<b>Indirect personnel costs</b>	<b>5,579</b>	<b>6,039</b>	<b>10,150</b>	<b>12,044</b>	<b>15,729</b>	<b>18,083</b>
<b>Total personnel costs</b>	<b>121,757</b>	<b>104,027</b>	<b>184,398</b>	<b>194,091</b>	<b>306,156</b>	<b>298,118</b>

Other personnel related costs include trainings and seminars, invoices from hotels, costs related to advertisements for vacant positions, canteen running cost, etc.

The decrease in payroll cost at the Representations is mainly due to the phasing out of various NCA Representations, started or completed during 2016. This has reduced both the number of national staff and all personnel costs at the Representations.

Concerning personnel costs at Head Office, all categories except pension costs and other personnel related costs have seen a reduction in 2016. The increase in pension cost from 2015 to 2016 is due to the recognition of actuarial losses on pensions for the group of employees experiencing a change of pension scheme in 2016.

Staff numbers by location and type of employment	31.12.2016	31.12.2015
Permanent positions at Head Office	142.3	136.6
Temporary positions at Head Office	11.0	8.4
Expatriate positions at Representations	47.0	45.0
National staff at Representations	541.0	629.0
<b>Total number of employees</b>	<b>741.3</b>	<b>819.0</b>

Emoluments for executive managers (General Secretary)	2016	2015
Wages and salaries	973	935
Pension costs	19	18
Other remuneration including travel compensation	44	60
<b>Total emoluments for executive managers (General Secretary)</b>	<b>1,035</b>	<b>1,013</b>

No fees are paid to the Board of Directors or the Board of Delegates. The General Secretary has no agreements for severance pay, bonuses etc.



# NOTE 9 FIXED ASSETS

	Buildings			Motor Vehicles			Office and staff house furniture (incl. Art)			Permanent building fixtures			IT equipment (hardware/software)			Office machines			Other investments			Total		
	Head Office	Representations	Total	Head Office	Representations	Total	Head Office	Representations	Total	Head Office	Representations	Total	Head Office	Representations	Total	Head Office	Representations	Total	Head Office	Representations	Total	Head Office	Representations	Total
Cost price 01.01.16	49,042	15,525	64,566	30	36,274	36,304	4,960	5,545	10,505	18,986	18,986	10,683	9,166	19,850	302	9,570	9,872	11,623	11,623	84,002	87,704	171,706		
This year's additions	973	973	1,946	1,602	1,602	3,204	232	934	1,166	0	0	1,537	980	2,517	0	1,218	1,218	804	804	1,769	6,510	8,280		
This year's disposals	(1)	(1)	(2)	(7,937)	(7,937)	(15,874)	(697)	(697)	(1,394)	0	0	(1,063)	(1,063)	(2,127)	(794)	(794)	(282)	(282)	0	0	(10,775)	(10,775)		
Cost price 31.12.16	49,042	16,496	65,538	30	29,939	29,969	5,192	5,782	10,973	18,986	18,986	12,221	9,083	21,304	302	9,994	10,296	12,145	12,145	85,772	83,439	169,210		
Accumulated depreciation 01.01.16	(8,208)	(8,208)	(16,416)	(30)	(36,274)	(36,304)	(4,387)	(4,387)	(8,774)	(8,396)	(8,396)	(10,661)	(10,661)	(21,057)	(245)	(245)	(245)	(245)	(245)	(3,192)	0	(31,926)		
This year's depreciation	(1,029)	(1,029)	(2,058)	0	0	0	(206)	(206)	(412)	(1,056)	(1,056)	(137)	(137)	(274)	(40)	(40)	(40)	(40)	(40)	(2,468)	0	(2,468)		
Accumulated depreciation 31.12.16	(9,237)	(9,237)	(18,474)	(30)	(36,274)	(36,304)	(4,593)	(4,593)	(11,186)	(9,452)	(9,452)	(10,798)	(10,798)	(21,331)	(285)	(285)	(285)	(285)	(285)	(4,660)	0	(34,394)		
Accumulated impairment 01.01.16	(15,525)	(15,525)	(31,050)	(36,274)	(36,274)	(72,548)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
This year's impairment	(971)	(971)	(1,942)	6,335	6,335	12,670	84	84	168	(425)	(425)	(522)	(522)	(1,044)	(425)	(425)	(425)	(425)	(425)	0	4,265	4,265		
Accumulated impairment 31.12.16	(16,496)	(16,496)	(32,992)	(29,939)	(29,939)	(59,878)	(5,782)	(5,782)	(11,566)	(9,877)	(9,877)	(11,320)	(11,320)	(23,642)	(9,994)	(9,994)	(9,994)	(9,994)	(9,994)	0	(83,439)	(83,439)		
Booked value 31.12.16	39,805	0	39,805	0	0	0	599	0	599	9,534	9,534	1,423	0	1,423	17	0	17	0	0	51,377	0	51,377		
Economic lifetime	50 years			5 years			10 years/5 years			20 years			3 years			3 years			n/a					

Equipment and facilities with a cost price of more than NOK 15 000 per unit and estimated economic lifetime of more than one year are capitalised in the balance sheet. The assets are depreciated over their economic lifetime unless otherwise stated. Reference is also made to accounting principles for assets used by representations abroad included in note 1.

1) PROPERTY BERNHARD GETZ GATE 3 (BGS)  
 Norwegian Church Aid owns the office building situated in Bernhard Getz Gate 3 in Oslo. The building is divided into units and NCA's owns 63.97% of the total building stock, and the Norwegian Bible Society owns the remaining share.

## NOTE 10 STOCKS

Norwegian Church Aid's emergency stock contains various water and sanitation equipment ready to be dispatched on short-term notice to crisis areas. Examples of equipment are latrines, water purification, storage and distribution equipment and tents.

The main stock is located at Frogner, close to Gardermoen airport and contains values for 1,9 MNOK as of 31.12.2016. In addition, Norwegian Church Aid stores equivalent equipment at the World Food Programme's United Nation Humanitarian Response Depots (UNHRD) in the United Arab Emirates (Dubai; 4,2 MNOK); expensed at the time of purchase. The stock previously held in Malaysia has been phased out during 2016.

Stocks are also kept at several of Norwegian Church Aid's Representations. As stated in the accounting principles, these are expensed at the time of purchase. The total value as of 31.12.2016 was 8,7 MNOK.

## NOTE 11 DEBTORS

	<b>31.12.2016</b>	<b>31.12.2015</b>
Receivables from donors	72,241	66,355
Receivables from partners	6,469	5,386
Receivables from employees	678	1,301
Prepaid expenses	7,255	6,977
Deposits	593	619
Accrued income	7,029	12,022
Other short-term receivables	4,106	7,999
<b>Total short-term receivables</b>	<b>98,371</b>	<b>100,660</b>

## NOTE 12 INVESTMENTS

Financial investments 31.12.2016	Cost price	Market value	Unrealised gain (loss)
	31.12.2016	31.12.2016	31.12.2016
Money market funds and investment funds, national and international	182,589	182,204	(385)
Quoted shares, national and international	40,300	43,021	2,721
Other shares	273	273	0
Investment properties	659	715	55
<b>Total</b>	<b>223,821</b>	<b>226,213</b>	<b>2,392</b>

Financial investments 31.12.2015	Cost price	Market value	Unrealised gain (loss)
	31.12.2015	31.12.2015	31.12.2015
Money market funds and investment funds, national and international	278,643	274,796	(3,848)
Quoted shares, national and international	39,089	38,354	(735)
Other shares	282	282	0
Investment properties	7,174	6,631	(543)
<b>Total</b>	<b>325,188</b>	<b>320,063</b>	<b>(5,126)</b>

NCA will within the ethical guidelines and the framework for proper risk management, risk diversification and liquidity seek to achieve the best return on financial investments. Investments will be made in accordance with the Board's guidelines. The investments are considered as current assets and are valued at market value as of 31.12.

The reduction in total investment between 2015 and 2016 is mainly due to transfer of funds to the WASH projects related to TV Telethon collected funds. The decrease in the Investment Properties is due to our gradual disengagement in this area of investment.

## NOTE 13 FUNDS

		Opening balance 01.01.16	Incoming resources	Resources expended	Closing balance 31.12.16
<i>Unrestricted funds</i>					
Foundation capital	1)	80,036	2,776		82,812
Unrestricted income funds		75,568	201,215	(218,124)	58,658
<b>Subtotal unrestricted funds</b>		<b>155,603</b>			<b>141,470</b>
<i>Funds with externally imposed restrictions</i>					
Earmarked project funds	2)	34,515	10,824	(29,041)	16,298
Telethon funds		184,329	5,436	(62,273)	127,492
Legacy income funds		2,287	15	(2,302)	(0)
<b>Subtotal funds with externally imposed restrictions</b>		<b>221,131</b>			<b>143,790</b>
<b>Total funds</b>		<b>376,734</b>	<b>220,265</b>	<b>(311,740)</b>	<b>285,260</b>

1) NCA - being an organisation and not a trust - does not have a legally bound foundation capital; hence the classification as unrestricted funds. The Board of Directors has in a resolution adopted guidelines for the allocation of funds to and from the Foundation capital. The balance is each year increased according to the consumer price index.

2) NCA regularly organises fundraising campaigns when a humanitarian crisis occurs. These funds are accounted for as earmarked project funds with externally imposed restrictions. As these funds are collected from a large group of donors, a reimbursement to donors of funds not used in accordance with the restrictions would not be feasible. This situation has not been relevant in the past, and is thought unlikely to occur in the future.

Details of movements in earmarked project and campaign funds 2016:

		Opening balance 01.01.16	Incoming resources	Resources expended	Closing balance 31.12.16
Operation Day's Work 2010		(822)	1,945	(1,124)	(0)
Typhoon Philippines		1,703		(1,344)	359
Haiti Earthquake		680		(483)	197
Horn of Africa		2,015		(2,015)	0
Draught in Sahel		39		0	39
South Sudan Crisis		321		(321)	(0)
Gaza Crisis		20	(20)	0	0
North Iraq Emergency Response		229		(229)	0
Syria Emergency Response		507	50	(485)	72
Nepal Earthquake		11	13	(6)	18
Refugees Europe		26,283	451	(18,136)	8,598
Ethiopia Drought		0	1,620	(132)	1,488
Haiti Hurricane Matthew		0	953	(55)	898
<b>Earmarked donations to projects (see note 4)</b>		<b>3,527</b>	<b>5,812</b>	<b>(4,710)</b>	<b>4,629</b>
<b>Earmarked project funds</b>		<b>34,515</b>			<b>16,298</b>

## NOTE 14 ACCRUALS FOR PENSION LIABILITIES

### PENSION LIABILITIES FOR EMPLOYEES IN NORWAY

The pension schemes meet the requirements of the law on compulsory occupational pension and are covered through KLP and Gjensidige.

The pension scheme insured through KLP covers 60 active persons, 557 previously active with deferred rights and a total of 87 retired persons. The schemes give right to defined future benefits. These are mainly dependent on the number of qualifying employment years, salary level at pension age, and the amount of benefits from the National Insurance Scheme. A contractual pension scheme is included.

The Board decided on the 7th of March 2016 on a transition to a defined contribution pension scheme, effective as of 1st of May 2016. This pension scheme is applied for all employees in Norway and Expatriates with NAV-membership younger than 55 years of age as of May 1st, 2016, as well as all new employees. This pension scheme is insured by Gjensidige Pensjonsforsikring. The contribution savings amount paid by NCA every month are invested in a fund named «Alderstilpasset Profil», where the distribution between share funds and bond funds is customized according to the employee's age at all times. The contributions for the retirement savings is 7% of the pensionable salary up to 12 G - of which the employee contributes 2% - and an additional 18,1% for pensionable salary between 7,1 and 12G.

Expatriates without NAV have private pension arrangements, to which they contribute a minimum of 2% of their pensionable salary and NCA contributes an additional 8%.

	2016		Sum
	Insured	Uninsured	
<b>Net pension expenses, defined benefit scheme</b>			
Present value of pensions earned this year	3,425	793	4,219
Interest expense on the pension commitment	4,280	330	4,610
Return on pension funds	(4,629)	0	(4,629)
Estimate changes	32,475	(8,502)	23,974
Social security fees	483	112	595
<b>Net pension expenses, defined benefit scheme</b>	<b>36,035</b>	<b>-7,266</b>	<b>28,768</b>

	2016		2015	
	Insured	Uninsured	Insured	Uninsured
<b>Net pension liabilities</b>				
<b>Defined benefit obligation (excl. social security fees) 31.12.</b>	<b>160,166</b>	<b>6,300</b>	<b>158,314</b>	<b>15,893</b>
Pension funds valued at fair value 31.12.	(145,969)	0	(132,386)	0
Unrecognised actuarial gains (losses)	(3,164)	904	(47,883)	(1,389)
Social security fees	6,090	2,275	3,656	2,241
<b>Net pension liabilities</b>	<b>17,123</b>	<b>9,479</b>	<b>(18,299)</b>	<b>16,745</b>

<b>Financial assumptions</b>	<b>2016</b>	<b>2015</b>
Discount rate	2.51 %	2.62 %
Estimated salary increase/pension increase/social security base figure adjustment	3.00 %	3.10 %
Expected return on funds	3.60 %	3.30 %
Expected retirement according to AFP at 62 years old	25.00 %	25.00 %
Expected retirement according to AFP at 67 years old	75.00 %	75.00 %
Expected payment percentage early retirement scheme (less than 45 years old)	3.50 %	3.50 %
Expected payment percentage early retirement scheme (45 to 60 years old)	0.50 %	0.50 %
Expected payment percentage early retirement scheme (60 years old and older)	0.00 %	0.00 %

### PENSION LIABILITIES FOR NATIONAL STAFF AT REPRESENTATIONS

National staff has pension schemes in accordance with local laws and regulations or Norwegian Church Aid's guidelines for provident funds. The most favourable scheme will be applied. Norwegian Church Aid's pension schemes will normally imply that 17% of the monthly salary will be set aside on a suspended account of which the employee pays 5% and Norwegian Church Aid 12%. When the employee quits, this amount will be disbursed.

	<b>2016</b>	<b>2015</b>
Pension liabilities for employees at Head Office	26,602	(1,554)
Pension liabilities for national staff at Representations	26,314	31,952
<b>Total pension liabilities for Norwegian Church Aid</b>	<b>52,916</b>	<b>30,398</b>

## NOTE 15 **BANK LOAN**

Norwegian Church Aid has a long-term mortgage loan entered into in 2005 to finance the purchase of the Head Office building placed in Bernhard Getz' gate 3, Oslo. The original size of the loan was 42 MNOK, and as of 31.12.2016 the remaining principal amounts to 20,05 MNOK. The interests are NIBOR-regulated market-price. The loan has a 25-year repayment schedule. The mortgage placed as security amounts to 42 MNOK, and the balance sheet value of the property is 39,8 MNOK.

## NOTE 16 **SHORT-TERM LIABILITIES**

	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
Accrued, not due wages and salaries, other debt to employees	14,017	13,919
Public duties payable - Representations	1,527	1,365
Public duties payable - Norway *	7,537	7,663
Accounts payable	13,931	15,979
Accrued, not due expenses	12,185	14,553
Accounting provision project risk	1,902	2,735
Payable to donors	486	3,325
Payable to partners	2,684	4,686
Other short-term liabilities	6,583	356
<b>Total current liabilities</b>	<b>60,850</b>	<b>64,581</b>

\* Included in the public duties payable in Norway are retained payroll taxes amounting to 4 MNOK. The amount is placed in a restricted bank account reserved for this purpose. The balance of the bank account is as of 31.12.2016 4 MNOK

# REPORT FROM NCA BOARD OF DIRECTORS, 2016

## 1. THE NATURE OF ACTIVITIES AND OPERATIONS

**Norwegian Church Aid** is an ecumenical, diaconal organisation headquartered in Oslo with Representations in 20 countries. Norwegian Church Aid collaborates with civil society organisations, faith-based organisations and other institutions in Africa, Asia, Latin America and Europe.

**Norwegian Church Aid** works to save lives and seek justice. Our support is provided unconditionally with no intention of influencing anyone's religious beliefs and affiliation.

**Norwegian Church Aid** is a member of the ACT Alliance, one of the world's largest humanitarian coalitions. Together, we work throughout the world to create positive and sustainable change. To save lives and seek justice is, for us, faith in action.

**Norwegian Church Aid** provide emergency assistance in disasters and work with long-term development in local communities. In order to address the root causes of poverty, we advocate for just decisions by public authorities, businesses and religious leaders.

### 1.1 NEW STRATEGY

In 2016, the new global "Faith in Action" strategy was put into effect. The strategy states that the organisation's main focus is on humanitarian responses to crises and fighting for justice through its work with religious actors. Good, effective implementation was an important focus in the first year of the strategy.

Norwegian Church Aids long-term goal is to SAVE LIVES and to SEEK JUSTICE. Seven thematic programme areas were also adapted and implemented together with the strategy:

- Water, Sanitation and Hygiene (WASH)
- Peacebuilding
- Gender-Based Violence (GBV)
- Reproductive Health
- Climate Resilience
- Resource Governance
- Economic Empowerment

*Results will be presented in the Global Results Report 2016.*

Extensive and thorough studies were conducted in 2016 to define a baseline for all country programmes so that the organisation has a common point of reference for the work when the results are evaluated and reported in the years ahead. This has been an instructive process that has strengthened the focus on preliminary studies and context analyses before projects commence.

Commitment concerning a new four-year framework agreement with Norad was received in spring 2016. Norad used a new method for assessing applications for the first time: RAM Light. The system consists of 17 standards, divided into four main categories: strategy, capacity, programme and project plans, and results achieved. Norwegian Church Aid scored 82 points and thus the highest score of the organisations that applied to Norad in 2016. This is a result that we are incredibly proud of and that highlights the amount of excellent work that our staff and partners have done globally. Norad's feedback on the various main categories also provides Norwegian Church Aid with useful information we can use in our ongoing work on improving the quality of our work.

## 1.2 STRATEGIC GOALS

In 2016, the organisation strategically focused on four areas:

- Humanitarian response
- Diversified and robust income
- Implementation of the new strategy
- Increased cooperation and better coordination

### Humanitarian response

There have not been as many displaced people in the world as there are now since World War II. At the same time as displacement and migration are increasing due to armed conflicts, climate change, and social instability, steadily more funding is being moved from traditional aid projects to humanitarian efforts. It is therefore important that Norwegian Church Aid adapts its organisation and strengthens its ability and capacity to respond quickly to humanitarian disasters. Providing a scalable response that helps more people. In 2016, Norwegian Church Aid, together with its partners, worked on disaster response in places such as Syria/Iraq and South Sudan, drought and famine victims in Ethiopia, and the many who lost their houses and homes after the typhoon in Haiti.

Some key statistics from 2016:

- In Syria, Lebanon and Iraq, NCA reached **555,000** beneficiaries through WASH/Humanitarian assistance.
- In South Sudan, NCA reached **94,272** beneficiaries through WASH services and provision of food and Non-Food Items (NFIs)
- In Ethiopia, NCA has reached **65,520** people through drought and refugees responses.
- In Haiti, NCA reached **20,500** beneficiaries through WASH/Humanitarian assistance.

*More results will be presented in the Global Results Report 2016.*

In 2016, Norwegian Church Aid signed a letter of intent with other Scandinavian sister organisations (DanChurchAid, Swedish Church and Finn Church Aid), as well as the Lutheran World Federation (LWF), concerning cooperation on major, global, and acute disasters. The partnership has been called ACT Fast, and ensures that these organisations can plan cross-sector responses through pre-defined mandates and routines. The purpose of the ACT Fast partnership is to ensure bigger, faster and more effective responses.

In 2016, Norwegian Church Aid with other ACT Alliance members advocated actively for the localisation of humanitarian aid – in particular before, during and after the first-ever World Humanitarian Summit in Istanbul in May 2016. NCA is a signatory to the Charter for Change, an initiative, led by both National and International NGOs, to practically implement changes to the way the Humanitarian System operates to enable more locally-led response. The Charter sets out 8 points that NCA has committed to deliver on by May 2018. That means we aim to live by the same principles that we demand from our Government and other National authorities.

The international department's humanitarian section developed a special strategy for humanitarian responses, recruited staff with expertise in water, sanitation, and hygiene, and carried out exercises based on new routines intended to ensure fast, robust, and scalable disaster responses.

The Human Resource department produced a new contingency plan, handbook, and checklist for emergency aid operations, and trained personnel to strengthen our capacity to deploy emergency personnel.

The finance department followed up by creating new routines for the department's contributions in humanitarian operations, including working on routines for immediate access to funds in an operating country and secure cash transport. The routines for rapidly starting earmarked fundraising campaigns for disasters have been improved, in collaboration with the marketing department, which refined the contingency plan for this.

Good communication is an important element of fundraising work in such crises and the communications department worked diligently on improving media coverage, including by training emergency personnel as spokespeople, training its own personnel in the use of satellite equipment, and improving the department's visual communication capacity by recruiting new staff.

Norwegian Church Aid is an important voice against injustice in the world today. Good communication is what enables churches in Norway to have the tools and information they need to mobilize their congregations to stand together with Norwegian Church Aid as we work to see a more just world through advocacy, long-term development and emergency assistance. It is also imperative that we clearly communicate and present Norwegian Church Aid's work and results to the public and our donors so that we can continue securing their support.

It is important to Norwegian Church Aid that the funds it raises are spent on its mission. It therefore refined its purchasing routines in 2016 and country offices made training our partner organisations a priority.

### **Diversified and robust income**

It has been a delight to see the impressive mobilization that has happened during Norwegian Church Aid's Christmas and Lenten Campaigns, as well as the emergency and disaster support in 2016, with significant support from the churches, business and individuals alike. These funds give us both the ability and the flexibility we need to support those that truly need help the most.

Norwegian Church Aid raised NOK 871 million in 2016. Well over half of these funds came from agreements with the Norwegian Ministry of Foreign Affairs and Norad. A steadily growing proportion of the grants follow the political priorities at any given time and the agreements have shorter time horizons. This, combined with the fact that the need for assistance and emergency funds is greater than ever, makes securing more and stronger sources of funding for our work a priority for Norwegian Church Aid. Norwegian Church Aid work for a more robust and diversified income base with more funds raised and more international funding.

A new funding architecture has been adopted, with defined goals for increasing income. Both Norwegian Church Aid's country offices and the head office have worked systematically on attracting more and new international donors. Internal procedures were developed in 2016 with the aim of strengthening the systematic quality assurance of applications, budgets, contracts, and reports for both Norwegian and international donors. This is expected to result in greater predictability, better resource allocation, and improved communication in the work. There is a need to be more explicit as far as proactive networking with new donors is concerned. Investments in networking have helped to secure funding in a steadily more competitive market.

The merger of offices in places such as Palestine and Myanmar (with DanChurchAid) helps to make country offices more robust by increasing our capacity in the region, making us more cost effective and helping make funding for our programmes more resilient and secure by allowing access to other countries' funding bases.

The finance department also revised various routines and agreements, as well as principle-based guidelines for ethics and marketing with respect to legacy gifts, an income source that Norwegian Church Aid worked on with other humanitarian organisations throughout 2016 to ensure quality and raise awareness.

Collecting non-earmarked funds in the private market is an important focus for Norwegian Church Aid and the systematic use of digital channels and new payment solutions, as well as product development in the [gaversomforandrerwerden.no](http://gaversomforandrerwerden.no) webshop, have contributed to a 17% increase in income from digital surfaces.

The relationships and partnerships with congregations in Norway are vital anchors and important for our fundraising activities. Norwegian Church Aid contacts have therefore been nominated in more than a thousand congregations and special materials have been produced for congregations



to use in the Lent campaign, Christmas campaign, and religious education. This collaboration is more important than ever for maintaining a faith that is manifested through practical actions. It provides hope, both for those in the field and for everyone here at home who can feel the apathy when faced with global challenges today.

## **Implementation of the new strategy**

In the first part of 2016, it was important to ensure that the implementation of the new global strategy got off to a good start and that the seven global programme areas were well anchored throughout the organisation's work. A number of sub-strategies and plans were drawn up, adopted and implemented during the year. Among other things, Norwegian Church Aid now has a new marketing strategy, communications strategy, with specific country plans under preparation, and a strategy for public policy lobbying, all of which will apply up to 2020. Advocacy consultants have also been posted to the international department's five sections in order to strengthen advocacy work throughout the organisation.

Collaborating with religious actors is an important strategic focus for Norwegian Church Aid, which is why a dedicated religion and development position has been established, with close cooperation with the ACT Alliance, World Council of Churches, and the Lutheran World Federation as part of the job description. As a response to the challenges of our time it is vital to support and work closely with our global networks.

Norwegian Church Aids constituencies are unique for our organisation and define the value we work for both globally and nationally.

Throughout the organisation systems and plans have been reviewed and adapted to the work with the new Faith in Action strategy.

## **Increased cooperation and better coordination**

Norwegian Church Aid is a large, complex organisation with offices and work in many countries and numerous time zones. The organisation requires extensive administration and there are many quality assurance and reporting routines. Because we live off the money we fundraise and our goal is to spend as much of that money as possible in the field, it is important that both the human and financial resources in the organisation are used appropriately and efficiently.

That is why the reporting lines from country offices to the head office were changed in 2016 to ensure that country representatives are followed up more closely and continuously.

A general pay and personnel policy has been introduced for the entire organisation, adapted to the different countries' legislation. Recruitment and employment routines have been simplified and improved, and the entire organisation has focused on rational cooperation between departments and the joint utilisation of competence and knowledge across expert environments.

## **1.3 SUMMARY**

In summary, Norwegian Church Aid's board can look back on a year of change and a willingness to change, documented by a series of active measures and improvements in the work on strategic initiatives, and measures for ensuring that, among other things, the funding of a lot of activities in many countries.

The strategy points out the challenge of the greater need for work on, and funding of, humanitarian efforts in conflict and disaster zones, and the additional value Norwegian Church Aid brings as a faith-based actor in cooperation with partners around the world. Aid has been the strategic element in operations since 2016. This was in focus throughout 2016 and the organisation has come a long way with respect to deploying its resources in line with its main strategic focuses.

## 2. THE ACCOUNTS FOR THE YEAR

The total incoming resources in 2016 amounted to 871 MNOK, with an income structure similar to that of previous years. 61% of the funding came from Norwegian Government agencies, 18% from other organisations and institutions, and 19% were donations.

In 2016, 963 MNOK of expenses were incurred, of which ninety-three per cent were used to fulfil NCA's mandate or obtain new funding. The annual accounts have been prepared in compliance with the Norwegian Accounting Act and Norwegian accounting standards for NGOs.

The annual result totaled minus 91 MNOK. 77 MNOK of this is due to earmarked donations received in previous periods and spent during 2016, e.g. TV Telethon funding. The unrestricted funds were reduced by 14 MNOK, mainly to cover future pension commitments.

The liquidity is good; the net cash inflow from operating and investing activities differs from the annual result due to the liquidation of TV Telethon investments, in addition to a reduction of other accruals.

## 3. WORKING ENVIRONMENT

Norwegian Church Aid strives for diversity and promotes inclusiveness across the boundaries of religion, ethnic origin, culture, gender, age, disability, sexual orientation and political views.

Positions are established in the organisation in order to ensure the highest level of professionalism, and specialists at the Head Office work together with their counterparts at the Representations. This gives the staff an experience of working in a truly global organisation, while at the same time, reinforcing coordination across Norwegian Church Aid's operations. Norwegian Church Aid's technical infrastructure, such as the intranet, global ERP system, and document management system, ensures information sharing and supports our work around the world.

There was a rate of 4,34 % sick leave at the Head Office in 2016 compared to 3,42% in 2015.

As of December 31<sup>st</sup> 2016, Norwegian Church Aid had 142,3 permanent and 11 temporary employees at the Head Office, compared to 136,6 permanent and 8,4 temporary employees 31.12.15.

Member of staff in the period 2012-2015:

Year	2012	2013	2014	2015	2016
Permanent Positions Head Office	149,2	137,7	144,2	136,6	142,3
Temporary Project Positions Head Office	2,3	0,6	7,0	8,4	11
<b>Total Head Office</b>	<b>151,5</b>	<b>138,3</b>	<b>151,2</b>	<b>145</b>	<b>153,3</b>
NRK Telethon 2014			12	0	0
<b>Positions in Field Offices on contract from Head Office</b>	<b>45,7</b>	<b>47</b>	<b>53</b>	<b>45</b>	<b>47</b>
<b>Positions in Field Offices on local contract</b>	<b>820</b>	<b>768</b>	<b>669</b>	<b>629</b>	<b>541</b>

By the end of 2016 Norwegian Church Aid employed 142,3 permanent members of staff. They were distributed between the various departments as follows:

Department of International Programmes	50,9
Department of Communications	12,5
Marketing Department	27,9
Department for Human Resources	10
Department of Finance	29,5
Department for Development Policy *	9,5
Secretariat	2

\*4,5 members of staff position belongs to Changemaker

Our staff members around the world are localised as follows:

	2015		2016	
	Expats	Local	Expats	Local
Afghanistan	2	55	2	48
Angola	1	11	1	11
Brazil	0	2	0	0
Burundi	1	15	1	13
DR Congo	3	30	2	28
Ethiopia	2	30	2	41
Guatemala	1	8	0	8
Greece	0	0	3	0
Haiti	2	19	3	12
Jordan	2	0	4	4
Kenya	1	16	1	10
Laos	0	39	0	0
Malawi	1	18	1	18
Mali	1	36	1	36
Myanmar	1	6	1	4
Nepal	1	0	0	0
Northern Iraq	4	39	6	21
Pakistan	1	23	1	25
Palestine and Israel	1	7	0	0
Serbia	1	0	0	0
Somalia	0	23	0	15
South Africa	1	7	1	5
South Sudan	6	80	5	69
Sudan	3	118	3	127
Switzerland*	3	0	3	0
Syria/Tyrkey	2	0	0	0
Tanzania	2	17	4	21
Vietnam	1	9	1	5
Zambia	1	21	1	20
<b>Total</b>	<b>45</b>	<b>629</b>	<b>47</b>	<b>541</b>

\* 2013 two positions were established in Switzerland (Geneva). They work with the coordination of the global "water, sanitation and hygiene cluster".

## 4. EQUAL OPPORTUNITY

Norwegian Church Aid is committed to equal opportunity and equal rights for all employees, regardless of gender. We strive for gender balance at all levels, both at the Head Office and at the Representations. Women and men are provided the same opportunities for professional development and salary increases.

The gender breakdown of employees shows 61% women and 39% men at Head Office, and 43% women and 57% men at the Representations (including employees on contract from Head Office). The senior management team is made up of 50% women and 50% men and division leaders consist of 67% women and 33% men. The Board consists of 50% women and 50% men.

Total	Head Office		Field Offices	
	Female	Male	Female	Male
Managers	63 %	37 %	53 %	47 %
Staff	59 %	41%	33 %	67 %

## 5. PROSPECTS FOR THE NEXT YEAR

During 2017, the organisation will focus on three strategic areas:

### **Religion - part of the solution!**

NCA will work towards making the central role religious actors play in aid visible to key stakeholders.

### **More money in, more money out!**

NCA will continue to work towards increasing our financial volume and the percentage of it transferred to partners. We will work towards being more visible to key stakeholders where the money come from and how it is used.

### **Promote innovation!**

NCA will work toward becoming an organisation where employees propose innovative solutions. Innovation and fostering an innovative work culture is an important goal for NCA.

## 6. GOING CONCERN EXPECTATION

The annual accounts are based on the assumption that Norwegian Church Aid is a going concern. The organisation has neither the intention nor the need to liquidate or curtail materially the scale of operations. This expectation is based on the forecast for 2017 and long-term strategic plans. The organisation is in a sound financial position.

## 7. ENVIRONMENTAL CONSIDERATIONS

The organisation is not engaged in production or other activity that adversely affects the external environment. One of the organisation's goals, however, is to promote positive environmental practices at all levels of project intervention.

## 8. RISK MANAGEMENT

Norwegian Church Aid's income is based on fundraising, grants from Norwegian public authorities and international donors. This means that Norwegian Church Aid's financial risks are strongly correlated with the organisation's ability to remain a relevant and credible actor in the humanitarian sector, particularly in the eyes of the Norwegian authorities, partners, media and Norwegian public opinion. In this regard, the financial risks are closely connected to the reputational risks to which the organisation is exposed.

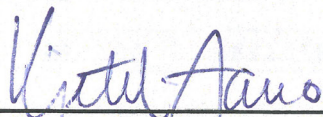
We strive for efficiency and quality starting from the planning phase through the implementation and reporting of all our projects. Moreover, we meet – and quickly resolve – challenges associated with corruption, fraud and mismanagement by putting in place strict procedures, carrying out external audits, as well as closely following up when these instances occur. Norwegian Church Aid annually presents a report of fraud and corruption cases that the organisation has faced each year. The report titled “Norwegian Church Aid’s Anti-Corruption Report” is distributed to Norwegian authorities as well as published on Norwegian Church Aid’s website. Transparency is an important part of Norwegian Church Aids work against corruption, and also contributes to reducing the risks that fraud and corruption presents.

Norwegian Church Aid is also exposed to financial risk through the financial investment and currency markets. The liquidity is good and the credit risk is negligible.

## 9. CONCLUSION

The Board of Directors considers that the annual financial statements and accompanying notes and cash flow statement give sufficient information about operations and position at year-end. No event has occurred after year-end that is of significance in the assessment of the financial statements.

Oslo, April 27<sup>th</sup> 2017



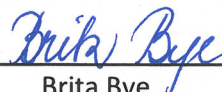
**Kjetil Aano**

*Chairman of the Board*



**Sissel Vartdal**

*Board member*



**Brita Bye**

*Board member*



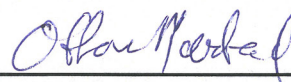
**David Hansen**

*Board member*



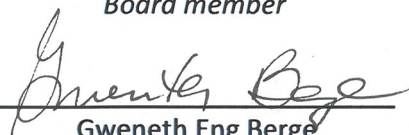
**Tuva Krogh Widenskjold**

*Board member*



**Ottar Mæstad**

*Board member*



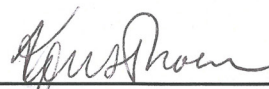
**Gweneth Eng Berge**

*Board member*



**Ingeborg S. Midttømme**

*Board member*



**Kjersti Toen**

*Board member*



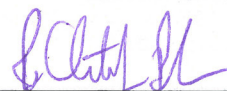
**Øyvind Eggen**

*Board member*



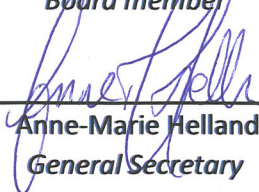
**Odd Halgrim Evjen**

*Board member*



**Bo Christoffer Iwar Brekke**

*Board member*



**Anne-Marie Helland**

*General Secretary*

To the Supervisory Board of Norwegian Church Aid

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

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#### *Opinion*

We have audited the financial statements of Norwegian Church Aid showing a net expenditure of NOK 91 474 000. The financial statements comprise the balance sheet as at 31 December 2016, the statement of financial activities and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the organisation as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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#### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). 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 independent of the organisation as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### *Other information*

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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### *Responsibilities of The Board of Directors and the General secretary for the Financial Statements*

The Board of Directors and the General secretary (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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### *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 a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the organisation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

(2)

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

## *Report on Other Legal and Regulatory Requirements*

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### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption is consistent with the financial statements and complies with the law and regulations.

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### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the organisation's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27 April 2017

**PricewaterhouseCoopers AS**

A handwritten signature in blue ink that reads 'Hans-Christian Berger'.

Hans-Christian Berger  
State Authorised Public Accountant (Norway)



# NORWEGIAN CHURCH AID'S ORGANISATION CHART AS OF 31.12.2016

