
Nordic International Support Foundation

Annual Report 2017





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The NIS Approach

NIS works with international donors and key national stakeholders to support the state-building and reconciliation processes necessary to help move conflict and post-conflict environments away from fragility and towards stability. First and foremost, NIS seeks to achieve stabilising effects, in addition to any humanitarian or development benefits. This is done by working closely with key stakeholders – primarily the national, regional and local authorities - to ensure the delivery of Political, Relevant, Opportune, Verified and Expedited (PROVE) projects:

- **Political** – projects must be implemented in close cooperation with the authorities in ways that boost their legitimacy and political reputation among the population.
- **Relevant** – projects must provide benefits that cater to the most immediate needs of the people, including security, basic amenities/ infrastructure, and livelihoods.
- **Opportune** – in terms of timing, partners and location, projects should be implemented in ways that provide maximum strategic stabilisation benefits that respond to – and counter – the loss of trust in the ability of the state to meet essential needs.

- **Verified** – projects must meet a genuine need of the local population, including security, basic amenities/infrastructure, and livelihoods, and thus must be verified with the local community and authorities.
- **Expedited** – once identified and verified, projects must be implemented quickly and with minimal time lag between initial discussions and actual project implementation.

NIS' projects are in line with the PROVE principles. The PROVE projects bring authorities and communities closer together by providing concrete benefits to conflict-affected societies in conjunction with the authorities. Please visit our website www.nis-foundation.org to read more about the NIS approach.

Importantly for NIS, the PROVE Principles help ensure our work is helping to fill the “Stabilisation Gap” that exists in many conflict-affected countries. There is often a heavy focus on humanitarian-style interventions in fragile environments, but these alone do not help to address the underlying causes of conflict or help build the institutions necessary to sustain a countries path towards long-term social and economic development and stability.

Letter from the Senior Partners

Nordic International Support Foundation (NIS) carries out peace and reconciliation activities in war and conflict zones, as well as institutional development, social measures and conflict resolution. The Foundation has its offices in Oslo. In 2017, the Foundation carried out projects in Somalia, Mali and Burma (Myanmar). Since 2011, NIS has carried out more than 80 projects in 4 countries.

NIS carries out peace and reconciliation activities in conflict and post-conflict environments. Most of the world's poor population live in fragile states, which are characterised by political instability, weak or non-existent social institutions, insecurity and corruption. The international community – UN and other international organizations – often have limited access in such countries, especially outside the major urban areas.

NIS works to improve community trust in a country's government institutions by helping them offer basic services that have a direct influence on the lives of the population. This is done through improving security, implementing light infrastructure projects, contributing to increased economic opportunities and by strengthening social cohesion. Trust is increased further by including all parties in all phases of our projects, including the authorities and representatives from different segments of the population. This increased trust bolsters confidence in the authorities' legitimacy and works as a social binding agent that supports increased stability. The Foundation's driving force lies in carrying out projects that meet immediate needs and produce highly visible results.

NIS navigates effectively through complex political and security landscapes, thanks to highly professional and talented employees in the field. First and foremost, our projects must be politically relevant and support larger processes underpinning stabilisation and reconciliation. Without this relevance, our projects would not

have any stabilising effect. Working closely with the authorities and downplaying the Foundation's own profile allows our projects to have a positive political effect on communities' perceptions of government. The Foundation seeks to assist the authorities to meet their society's expectations, reminding conflict-affected populations that peace can have positive, immediate and concrete effects on the quality of their lives. NIS believes the best place to begin is by assisting the authorities in meeting the basic needs of their populations. This helps strengthen trust and bolster the legitimacy of the authorities, which is necessary for the success of reconciliation and state building processes. Our involvement in the full or partial management of project funding mechanisms that support peace-building and social cohesion in Myanmar, on behalf of our donors, is based on similar principles and aims to provide flexible and tailored systems to give relevant organizations access to funding within a very dynamic context.

Development in Funding and Position

For NIS, 2017 was a year of growth and restructuring its offices in Oslo, which resulted in a significant reduction (approx. 50%) of administrative costs and a boost to in-field capacity. In line with our strategy, we continued our work to secure long-term funding during 2017, securing financing from three new donors: Germany (GIZ), IOM and the Energizing Development Fund – EndEv. In addition, our collaboration with the World Bank grew considerably in 2017. Overall, we see continuing positive developments in the coming year.

We continued our work to document and verify the results of our projects, and to further consolidate our monitoring and evaluation systems (M&E). In dynamic and potentially rapidly changing contexts such as Somalia, Myanmar and Mali, it is important to maintain flexible M&E systems that consistently identify relevant experiences and document the effects

Political crisis - conflict

Humanitarian Actions

Through INGOs

Food
Shelter
Medicine
Protection
Camps
Water
Women's Issues

Long-term development

Development Activities

Through Government

Policies
Security
Gov't Services
Regulation
Trade
Economic Growth
Environment

Security Services Econ Opps Trust

Stabilisation Gap

of our work as best as possible. A focus on systems and management will continue to be a strong management focus into the future.

Expanding access and reach in challenging environments




Since 2011, NIS has been working to generate meaningful benefits for populations affected by conflict and help the authorities build legitimacy with their constituents. Working in such environments requires talented, dedicated and professional personnel and partners to achieve results. Through NIS' work across Somalia, Mali and Myanmar, we have cooperated with hundreds of local and international

organisations and contractors, as well as dozens of government agencies at all levels. As a result, NIS' work has reached thousands of primary and secondary beneficiaries. It is only through developing strong relationships with local partners that the greatest risks can be effectively managed, and the benefits of a project successfully delivered. As NIS' network of partners continues to expand, our ability to access difficult locations and manage complex risk environments will continue to increase.

Sincerely,

Eric Sevrin & Christopher Eads
Senior Partners

Here are some of NIS' cooperation statistics:

 SOMALIA		ALL Regions and States Reached	98 Implementing Partners	8 Donors
 MYANMAR	Peace Support Fund/Paung Sie Facility	ALL Regions and States Reached	62 Partners Funded	3 Donors
	GPS Window (PSF)*	10 Regions and States Reached	18 Partners Funded	4 Donors
	Joint Peace Fund	ALL Regions and States Reached	25 Partners Funded	11 Donors
 MALI		2 Regions and 4 Very Remote Areas Reached	5 Implementing Partners	3 Donors

* Gender, Peace and Security Window of the PSF.

Highlights from our Programme in 2017

Somalia

In Somalia, our work to reach new areas continued in cooperation with our institutional donors and private sector partners in Somalia. We focused on project innovations, which resulted in two new pilot projects in 2017. One new and innovative component of our BLIS programme (Bilateral Labour-Intensive Stabilization Programme, financed by Norway) consisted of introducing cobblestone technology in Somalia. Road construction based on cobblestones has many advantages, such as creating jobs along the entire value chain, use of local labour and resources and sustainability compared to asphalt roads which require

expensive imported materials and heavy equipment. The pilot project aimed to build 1.5 km of road in the city of Baidoa and mobilising a work force of 437 workers for 5 months. The quarry from which the rocks are taken for this project is located beside IDP settlements to the southwest of the city of Baidoa. The local population are calling the quarry the "cobblestone farm". This quarry was chosen for the quality of the stone, and due to its proximity to the project. The IDP settlements consist of eight camps, and representatives from all the camps were involved in selecting the workers. At the start of 2018, 5 paving engineers (3 from

Cobble stone work in progress in Baidoa, Somalia





Electrification project in Luuq, Somalia

NIS and 2 from relevant ministries in the Somali government) participated in a workshop to learn how to lay the pavers at the Kenya Institute for Highway and Building Technology (KIHBT). These engineers are now teaching workers in Baidoa in anticipation of construction scheduled for the middle of 2018. The success of our project will promote job creation, reduce dependence on imported road construction materials and introduce a new means of improving transport infrastructure in the country.

Another innovative project which started in Somalia in 2017 aims to improve energy supply via a public-private partnership in the city of Luuq, in southwest Somalia near the border to Ethiopia and Kenya. The main goal of the pilot project is to improve universal access to energy throughout Somalia by demonstrating

the effectiveness of a public-private partnership model which makes electricity more affordable in Somalia. The model aims to reduce the cost per kWh in rural areas by hybridising existing diesel-powered grids with solar power. Increased access to modern energy services would significantly improve the quality of life for many people and stimulate economic opportunities in the target areas. The pilot project builds on the existing operations of the only power provider in Luuq by adding solar power to the grid. This will reduce diesel consumption and help lower the cost of electricity. This is the first time a project in Somalia aims to convert an existing diesel-powered electrical grid into a hybrid system using renewable energy. We believe that this is a very exciting model with potential for applications in other cities around the country.

Myanmar

During the first half of 2017, the Peace Support Fund (PSF) changed its focus away from supporting peace processes in Myanmar and over to social cohesion as an umbrella concept for the projects and initiatives that the fund supports. This change in focus required a name change – from Peace Support Fund to Paung Sie Facility – incorporating a local expression paung sie into the fund’s vision, which means “living and working together in harmony”. The projects being implemented with this new focus include work to strengthen capacities of local social organisations to better understand and attend to the needs of marginalised groups such as minorities, women and young people, and increase their engagement in conflict resolution at a local/regional level.

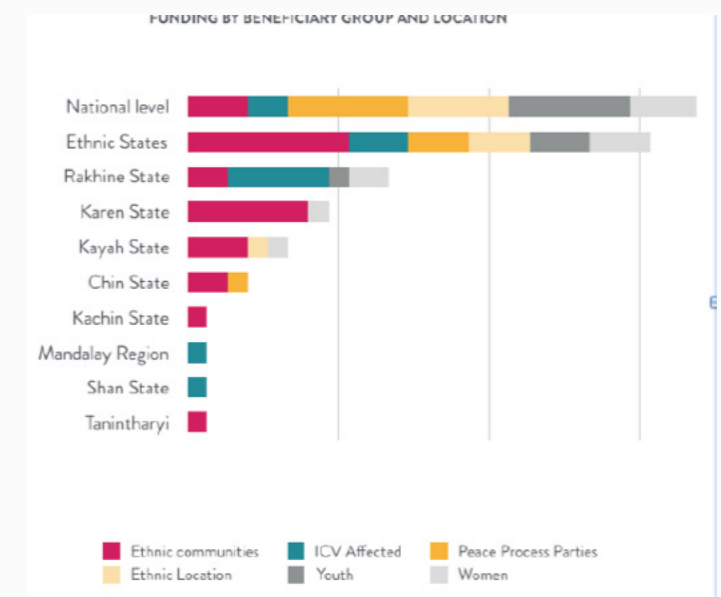
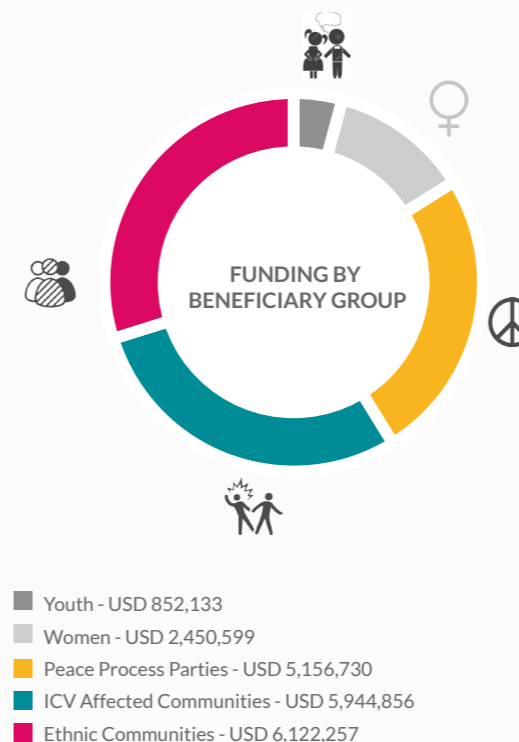
PSF allowed us to further development our focus on women, peace and security. Our focus in this area throughout 2017 involved a total of 18 ongoing projects that focus on organisational development and strengthening the participation

of women in the peace process and political negotiations (with direct economic support for all projects amounting to USD 247,028 coming from 5 different donors).

Following the recommendations of the 2016 PSF discussion paper, “The Women are Ready”, the PSF opened a dedicated Gender, Peace and Security (GPS) funding window which offers sub-national and grassroots organisations with a commitment to Gender, Peace and Security initiatives, the opportunity to receive core operations, strategy and organisational development support. The GPS window benefited from additional donor support from Canada and Norway, in addition to the three primary PSF donors.

The Joint Peace Fund (JPF), which is managed by NIS together with UNOPS (NIS is responsible for JPF’s Technical Secretariat), received a large number of applications for project grants in the course of 2017: 192 applications were submitted

Funding by Beneficiary Group



through an open call for applications, of which 160 were processed by the end of 2017. The projects that were selected to receive support fall within at least one of JPF's five focus areas: Ceasefire, negotiation, political dialogue, civil engagement and public awareness. In addition, JPF provided advice within areas including Federalism, security, and management of land and natural resources. Beyond this increase in project activity, we have been using the year to consolidate our criteria for project support and fund management processes and the provision of technical support to local and international organizations.

■ Mali

In Mali, NIS provided support for projects in four cities and densely populated urban areas: two in Gao Province (Bamba and Bourem) and two in Mopti Province (Youwarou and Tenankou). The latter sits in the middle of the country in a region that has been facing increased instability over time and attacks from groups associated with Al-Qaeda in the Islamic Magreb (AQIM). These projects posed significant challenges due to limited access and increasing insecurity. However, thanks to good planning, risk-mitigating measures and constant adaptation to the situation in the field

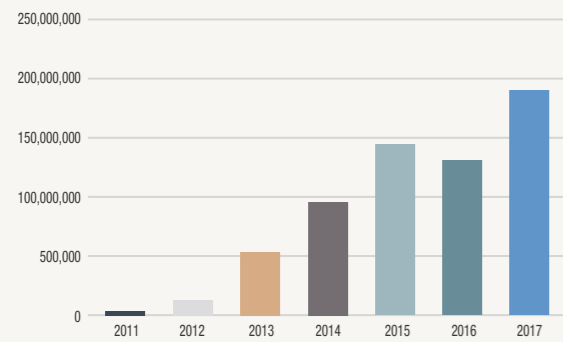
– NIS and its collaborative partners managed to complete these four projects on schedule, effectively delivering peace dividends in areas where no other organisations have delivered such interventions. We also expanded our streetlight programme in 2017 in Gao, thanks to funding provided by a new sponsor, Energizing Development (EndEv). Conversations with the authorities to expand our streetlight programme into Timbuktu and nine other cities continued in 2017, and we hope to secure the necessary funding for these interventions in 2018.



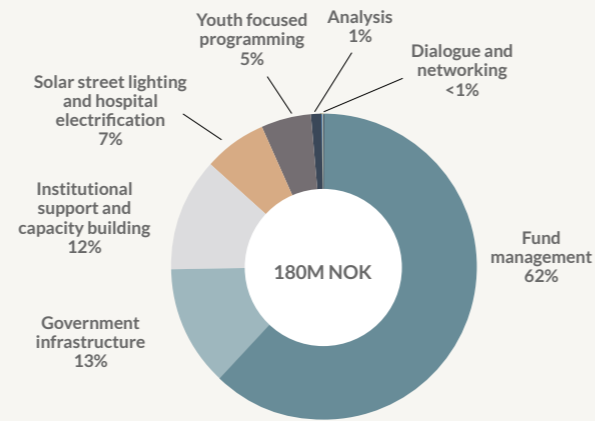
Solar street lights in Gao, Mali

Funding: Charts

Funds Acquired by Year (NOK)



Funds Acquired by Project Type in 2017



NIS Donors and Funding Partners by Year



Activity Account

	Notes	Results 2017	Results 2016
ACQUISITION OF FUNDS			
Subsidies	3	183,270,307	119,824,516
Subsidies administration	3	7,680,451	10,056,053
Consultancy earnings	3	0	140,461
Total acquired funds		190,950,758	130,021,030
Financial revenues	2	729,167	10,026,307
Total acquired funds		191,679,925	140,047,337
USED FUNDS			
Costs for organisational purposes			
Relief work	4, 6	176,914,744	132,878,501
Total costs organisational purposes		176,914,744	132,878,501
Administrative costs	4	6,501,422	10,966,258
Total used funds	2, 5	183,416,166	143,844,759
Results from activities for the year		8,263,758	-3,797,422
Supplement/reduction of organisational capital			
Transferred to/from Other organisational capital		8,263,758	-3,797,422
Total supplement/reduction of organisational capital	8	8,263,758	-3,797,422

Balance Sheet

	Notes	31 December 2017	31 December 2016
ASSETS			
Fixed assets			
Inventory	6	2,879,459	2,708,063
Total fixed assets		2,879,459	2,708,063
Current assets			
Receivables			
Accounts receivable		0	0
Subsidies	3	33,794,056	15,438,835
Other current receivables	7	1,603,398	3,209,515
Total receivables		35,397,453	18,648,350
Cash and bank deposits	7	63,346,950	39,783,181
Total current assets		98,744,404	58,431,530
Total assets		101,623,862	61,139,593
Organisational capital and liabilities			
Paid-in organisational capital			
Initial capital		100,000	100,000
Total paid-in capital		100,000	100,000
Earned project capital			
Other project capital/ uncovered losses		-1,629,143	1,908,789
Total earned organisational capital		-1,629,143	1,908,789
Total organisational capital	8	-1,629,143	1,808,789
Liabilities			
Long-term liabilities			
Subordinated loans	8	2,317,500	2,250,000
Total, Long-term liabilities		2,317,500	2,250,000
Current liabilities			
Accounts payable		96,309	96,309
Public charges payable		273,297	297,000
Subsidies	3	98,113,464	59,635,998
Other current liabilities		472,215	669,075
Total current liabilities		100,835,506	60,698,382
Total organisational capital and liabilities		101,623,862	60,139,593 61

Cash Flow Statement

	2017	2016
Items in the activity account with no direct liquidity effect:		
Results from activities for the year	8,263,759	-3,797,422
Ordinary depreciations	794,541	575,564
Total items in the activity account with no direct liquidity effect	9,058,300	-3,221,858
Investments, disposals and financing:		
Acquisition of other tangible fixed assets	965,937	-1,844,664
Acquisition/ increase in long-term and short-term liabilities	67,500	2,250,000
Total investments, disposals and financing	898,437	405,336
Other changes:		
Changes in accounts receivables	-	81,019
Changes to accounts payable	1,771,483	-14,400,569
Changes in other accrual accounting items	13,632,424	15,255,905
Total, other changes	15,403,907	936,355
Total, changes in liquidity throughout the year	23,563,769	-1,880,167
Liquid assets 1.1	39,783,181	41,663,347
Liquid assets 31.12	63,346,950	39,783,181

Notes to the Accounts at 31 December 2017

NOTE 1 ACCOUNTING PRINCIPLES:

The annual accounts are presented in accordance with regulations in the Norwegian Accounting Act and generally accepted accounting principles for idealistic organizations and consist of the following:

- Activity account
- Balance Sheet
- Notes

The annual accounts are presented in accordance with regulations in the Norwegian Accounting Act and generally accepted accounting principles for other types of enterprises.

Subsidies

Subsidies are recorded as income proportionate with use in the project for which they have been allocated. Unused subsidies which apply to future periods are recorded as a liability on the balance sheet. Not yet received/ not reported subsidies are recorded similarly as a receivable in the Balance Sheet.

Financial revenues

Interest income is recorded as income as it is earned.

Costs

Costs are distributed as project costs (relief work) and administrative costs based on direct use.

Taxes

The Foundation's activities are not taxable; cf. § 2-32 of the Taxation Act.

Current assets/Current liabilities

Current assets and current liabilities normally include items that are due for payment within one year of balance

sheet date, as well as items related to the circulation of goods. Current assets are assessed at the lowest of procurement cost and assumed fair value.

Fixed assets/Long-term liabilities

Fixed assets include assets specified for permanent ownership and use. Fixed assets are assessed at procurement cost. Tangible fixed assets are recorded in the Balance Sheet and written off over the economic life of the asset. Tangible fixed assets are depreciated at the recoverable amount when the reduction in value is not expected to be temporary. The recoverable amount is the higher of net sales value and value in use. Value in use is the present value of future cash flows associated with the asset. A depreciation is reversed when the basis for the depreciation no longer exists.

Receivables

Accounts receivables and other receivables are recorded at face value, less deductions for projected losses. Provisions for losses are made based on an individual assessment of each receivable, and a supplemental provision intended to cover other foreseeable losses.

Currency

Transactions in foreign currencies are converted to the rate of exchange on the date of the transaction. Monetary items in foreign currencies are converted to Norwegian kroner using the exchange rate on balance sheet date.

The exchange rate fluctuations are recorded as they occur during the accounting period as Other financial items.

Cash Flow Statement

The company's Cash Flow Statement is prepared according to the indirect method. Cash and cash equivalents include cash, bank deposit and other short-term liquid placements.

NOTE 2 COSTS BY TYPE

Operating costs are specified by type:

Operating costs	2017	2016
Goods & services from subcontractors	124,922,828	87,846,938
Cost of labour	42,673,000	38,891,526
Depreciation on fixed assets	794,541	575,564
Other operating costs	13,349,492	14,720,840
Total operating costs	181,739,862	142,034,869

Financial revenues and financial costs

Other interest income	188,467	38,010
Currency gains (agio)	651,323	9,837,840

Notes to the Accounts at 31 December 2017 (continued)

Total financial revenues	729,167	10,026,307
Other interest costs	68,223	53,001
Currency losses	1,608,081	1,756,889
Total financial costs	1,676,304	1,809,890
Net financial items	-947,138	8,216,417

The Activity Account shows earnings and costs to the extent that it is possible to distinguish the earnings by separate activities.

This also includes financial items. Used funds consist of the sum of operating costs and financial costs. Financial revenues are listed as Financial Revenues.

NOTE 3 SUBSIDIES

Subsidies

The Norwegian Ministry of Foreign Affairs, including the Royal Norwegian Embassies in Nairobi and Yangon	31,218,538
UK, EU, Somalia Stability Fund, World Bank, Sweden (SIDA), UNOPS, MINUSMA, Australia (DFAT), FAO	122,074,684
DFID including Adam Smith	51,196,000
Accrued additions/subsidies	-13,557,770
Consultancy services	0
Other earnings	19,305
Total	190,950,758

Unused funds at the end of the project shall be refunded in full.

Unused funds as of the date 31.12.17 amounted to NOK 98 113 464, and are recorded as a liability on the Balance Sheet. Not yet received/ not reported funds as of 31.12.17 amounted to NOK 33 917 576, and are recorded as a receivable on the Balance Sheet

NOTE 4 REMUNERATIONS/ALLOWANCES TO GENERAL MANAGER, BOARD OF DIRECTORS AND AUDITOR

Cost of labour	2017	2016
Salaries	33,432,529	28,813,330
Employer's contribution	585,964	909,928
Pension costs	188,423	118,004
Other pay-related benefits	8,466,084	9,050,264
Total	42,673,000	38,891,526

Average of FTEs in Norway	8	11
Average of FTEs outside of Norway	99	58
	Managing Director	The Board
Salaries	154,285	-
Other remunerations	847	-
Total	155,132	

Ordinary auditor fees for 2017 were charged as an expense, amounting to NOK 118 500. Other auditing fees amounted to NOK 183 200. These were mainly associated with the confirmation of projects. (these figures include VAT).

The Foundation is obliged to have in place an occupational pension scheme in accordance with the Norwegian Mandatory Occupational Pensions Act. The Foundation has a pension scheme that satisfied the requirements set by this Act

Notes to the Accounts at 31 December 2017 (continued)

NOTE 5 KEY FIGURES

The percent dedicated to projects and the percent dedicated to administration are considered funds used for the project, respective of administration costs in relation to the total of used funds.

	2017	2016	2015	2014
Project percentage	96.5 %	92.4 %	93.8 %	95.5 %
Administrative percentage	3.5 %	7.6 %	6.2 %	4.5 %

The percent of funds collected via fundraising is calculated using guidelines provided by the Norwegian Control Committee for Fundraising to calculate the percentage of funds raised for the project in question. The Foundation's only source of earnings is subsidies. According to the guidelines provided by The Norwegian Control Committee for Fundraising, subsidies do not form part of the calculation base for fundraising percentages. This is why no fundraising percentages are provided for the Foundation.

NOTE 6 TANGIBLE FIXED ASSETS

Tangible fixed assets	Cars	Machines and inventory	Total fixed assets
Purchase price as of 01.01.17	1,401,836	2,059,250	3,903,913
Addition of purchased fixed assets	-	965,937	965,937
Disposal of solid fixed assets	-	-	-
Purchase price as of 31.12.17	-668,887	1,321,505	-1,990,392
Accumulated depreciations as of 31.12.17	506,406	689,445	-1,195,851
Values recognised in the balance sheet as of 31.12.17	732,950	2,146,510	2,879,459
Depreciations for 2017	162,481	632,060	794,541
Depreciation period	10 years	3-5 years	

NOTE 7 TIED-UP BANK DEPOSITS

Tied-up bank deposits	2017	2016
Deposits in the tax withholding account	219,356	359,541
Initial capital	105,700	105,279
Subsidies accounts	63,021,894	39,318,361
Deposit for property rentals	195,600	275,055
Total:	40,058,236	40,058,236

NOTE 8 ORGANISATIONAL CAPITAL AND SUBORDINATED LOANS

	Initial capital	Other EQ	Subordinate loans	Total
Organisational capital as of 31.12.2015	100,000	-1,908,789		-1,808,789
Recognised incorrectly in previous years		-7,984,113		-7,984,113
Annual Result		8,263,758		8,263,758
Organizational capital as of 31.12.2017	100,000	-1,629,143	0	-1,529,143
Subordinated loans			2,317,500	2,317,500
Total, eligible capital	100,000	-1,629,143	2,317,500	788,357

Subordinate loans: Two of the Foundation's board members provided the Foundation with a subordinate loan as of 31.12.17 amounting to NOK 2 317 500, including interest. The loan amounts to all other debts and it is classified as a subordinate loan. This loan is irredeemable, with an interest cost of 3 % per annum. The loan is to be repaid before 31.12.2018.

Correcting errors from previous years applies to accrual accounting errors on subsidies from previous years.



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To the Board of Directors of Nordic International Support Foundation - NIS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nordic International Support Foundation - NIS showing a profit of NOK 8 263 758. The financial statements comprise the balance sheet as at 31 December 2017, the income statement 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 law and regulations and are prepared in accordance with law and regulations and give a true and fair view of the financial position of Nordic International Support Foundation – NIS as at 31 December 2016, and 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.

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 foundation 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.

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.

Responsibilities of The Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Medlem av Den Norske Revisorforening.

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



Auditor's Report 2017 for Nordic International Support Foundation - NIS

In preparing the financial statements, management is responsible for assessing the foundation'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.

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 foundation'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 foundation'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 audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the foundation 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

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, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.



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 foundation's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Opinion regarding the distributions and management

Based on our audit of the financial statements as described above, and control procedures we have found necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, we believe the foundation is managed in accordance with law, the Foundation's purpose and bylaws.

Oslo, 30 June 2018
RSM Norge AS

Trine Angell-Hansen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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Working in conflict and post-conflict environments, we lay the utmost importance in conducting our work to the highest ethical standards. If you wish to raise a concern, please see our whistleblowing form on our website at www.nis-foundation.org