

## STRØMME FOUNDATION - ACTIVITY ACCOUNT

	Note	Strømme Foundation 2021	Strømme Foundation 2020	Consolidated 2021	Consolidated 2020	Note
<b>Funds acquired</b>						
Public sector grants - Norway	3	132 146 764	98 134 844	132 146 764	98 134 844	
Public sector grants - Foreign	3	23 094 493	20 481 452	23 094 493	20 481 452	
Grants from other organisations	3	9 854 234	20 205 013	9 854 234	20 205 013	
Private donations	4	52 344 089	54 428 119	52 344 089	54 428 119	
Corporate sector		17 700 895	23 862 199	17 700 895	23 862 199	
Financial income	5	4 169 344	7 202 454	4 169 344	7 202 454	
Other income		988 615	1 136 151	988 615	1 136 151	
<b>Total funds acquired</b>		<b>240 298 434</b>	<b>225 450 232</b>	<b>240 298 434</b>	<b>225 450 232</b>	
<b>Funds spent</b>						
<b>Cost of fund acquisition</b>						
Fundraising cost	1	-14 038 391	-16 909 819	-14 038 391	-16 909 819	
Other acquisition cost	1	-2 145 413	-1 492 272	-2 145 413	-1 492 272	
<b>Total cost of fund acquisition</b>		<b>-16 183 805</b>	<b>-18 402 091</b>	<b>-16 183 805</b>	<b>-18 402 091</b>	
<b>Purpose cost</b>						
Support to development partners/projects	6	-161 912 312	-136 677 081	-161 912 312	-136 619 891	
Programme follow-up at regional offices		-34 007 517	-33 831 803	-34 007 517	-33 831 803	
Programme follow-up from Kristiansand		-11 837 069	-10 247 370	-11 837 069	-10 247 370	
Information activities in Norway		-6 207 292	-6 269 733	-6 207 292	-6 269 733	
<b>Total purpose cost</b>	1	<b>-213 964 191</b>	<b>-187 025 987</b>	<b>-213 964 191</b>	<b>-186 968 797</b>	
<b>Administration cost</b>	1	<b>-7 990 740</b>	<b>-7 822 435</b>	<b>-7 990 740</b>	<b>-7 822 435</b>	
<b>Total funds spent</b>	1, 14	<b>-238 138 735</b>	<b>-213 250 513</b>	<b>-238 138 735</b>	<b>-213 193 323</b>	
VAT compensation		2 686 272	1 924 261	2 686 272	1 924 261	
Result Microfinance (MF)				-10 704 434	-4 034 504	
Result from investments in other companies				-296 371	-69 424	
<b>The year's activity result</b>	7	<b>4 845 971</b>	<b>14 123 980</b>	<b>-6 154 834</b>	<b>10 077 243</b>	21
<b>Additions/reductions in purpose capital</b>						
Change in purpose capital with restrictions (SF)		131 498	-1 238 617	-164 873	-1 308 041	
Change in purpose capital with restrictions (MF)		-	-	-10 704 434	-3 977 314	
Transferred to / (from) other purpose capital		4 714 473	15 362 597	4 714 473	15 362 597	
<b>Total additions/reductions in purpose capital</b>	7	<b>4 845 971</b>	<b>14 123 980</b>	<b>-6 154 834</b>	<b>10 077 243</b>	21

## STRØMME FOUNDATION BALANCE SHEET AS OF 31.12

ASSETS	Note	Strømme Foundation 2021	Strømme Foundation 2020	Consolidated 2021	Consolidated 2020	Note
<b>Long-term assets</b>						
<b>Fixed assets</b>						
Property		-	6 090 700	-	6 090 700	
Office furniture and equipment		285 960	235 179	285 960	235 179	
<b>Total fixed assets</b>	8	<b>285 960</b>	<b>6 325 879</b>	<b>285 960</b>	<b>6 325 879</b>	
<b>Financial assets</b>						
Investments in subsidiaries	9	37 329 847	37 329 847	-	-	
Investments in other companies	9	200 000	200 000	732 573	1 028 944	
Investments in microfinance		-	-	84 797 428	112 194 777	20
Loan to subsidiaries	9	10 000 000	28 000 000	-	-	
Overfinanced pension schemes	13	2 784 890	2 383 038	-	-	
<b>Total financial assets</b>		<b>50 314 737</b>	<b>67 912 885</b>	<b>88 314 891</b>	<b>115 606 758</b>	
<b>Total long-term assets</b>		<b>50 600 697</b>	<b>74 238 764</b>	<b>88 600 851</b>	<b>121 932 637</b>	
<b>Inventory</b>		<b>65 577</b>	<b>52 509</b>	<b>65 577</b>	<b>52 509</b>	
<b>Receivables</b>						
Trade Debtors		1 180 202	1 762 816	1 180 202	1 762 816	
Inter-company receivables	9	328 375	219 195	-	-	
Other short-term receivables	12	13 041 439	9 170 856	13 041 439	9 170 856	
<b>Total receivables</b>		<b>14 550 017</b>	<b>11 152 867</b>	<b>14 221 642</b>	<b>10 933 672</b>	
<b>Investments in current financial assets</b>	10	<b>88 816 191</b>	<b>79 193 690</b>	<b>88 816 191</b>	<b>79 193 690</b>	
<b>Bank and cash</b>	11	<b>99 925 046</b>	<b>93 209 040</b>	<b>99 925 046</b>	<b>93 209 040</b>	
<b>Total current assets</b>		<b>203 356 832</b>	<b>183 608 106</b>	<b>203 028 456</b>	<b>183 388 911</b>	
<b>TOTAL ASSETS</b>		<b>253 957 529</b>	<b>257 846 870</b>	<b>291 629 308</b>	<b>305 321 548</b>	
<b>PURPOSE CAPITAL AND LIABILITY</b>	Note	Strømme Foundation 2021	Strømme Foundation 2020	Consolidated 2021	Consolidated 2020	Note
<b>Purpose capital (PC)</b>						
<b>Founding capital</b>		3 326 092	3 326 092	3 326 092	3 326 092	
<b>Acquired purpose capital</b>						
PC with restrictions (SF projects)	7	3 564 488	3 432 990	3 564 488	3 432 990	
PC with restrictions (Microfinance)	7	106 882 512	106 882 512	110 808 424	121 976 513	
Other purpose capital	7	93 318 886	88 604 413	128 923 976	124 505 874	
<b>Total acquired purpose capital</b>		<b>203 765 886</b>	<b>198 919 915</b>	<b>243 296 888</b>	<b>249 915 377</b>	
<b>Total purpose capital</b>	7	<b>207 091 978</b>	<b>202 246 007</b>	<b>246 622 980</b>	<b>253 241 469</b>	21
<b>Liability</b>						
<b>Long-term debt</b>						
Staff gratuities in regional offices		6 432 905	7 533 747	6 432 905	7 533 747	
Legacy obligations		150 000	150 000	150 000	150 000	
<b>Total long-term debt</b>		<b>6 582 905</b>	<b>7 683 747</b>	<b>6 582 905</b>	<b>7 683 747</b>	
<b>Short-term debt</b>						
Creditors		3 738 112	4 346 581	3 738 112	4 346 581	
Public duties and taxes		2 625 786	2 163 757	2 625 786	2 163 757	
Owed to employees		2 006 193	2 184 010	2 006 193	2 184 010	
Inter-company debt	9	1 859 222	3 520 783	-	-	
Deferred project income	12	29 165 529	35 299 391	29 165 529	35 299 391	
Other account payable		887 802	402 593	887 802	402 593	
<b>Total current liability</b>		<b>40 282 645</b>	<b>47 917 116</b>	<b>38 423 423</b>	<b>44 396 333</b>	
<b>Total liability</b>		<b>46 865 550</b>	<b>55 600 862</b>	<b>45 006 328</b>	<b>52 080 079</b>	
<b>TOTAL PURPOSE CAPITAL AND LIABILITY</b>		<b>253 957 529</b>	<b>257 846 870</b>	<b>291 629 308</b>	<b>305 321 548</b>	

**STRØMME FOUNDATION CASHFLOW**  
(The indirect method)

	Note	Strømme Foundation 2021	Strømme Foundation 2020	Consolidated 2021	Consolidated 2020
<b>The year's activity result</b>		<b>4 845 971</b>	<b>14 123 980</b>	<b>-6 154 834</b>	<b>10 077 243</b>
<b>Adjustment of microfinance group</b>		-	-	<b>26 933 689</b>	<b>39 930 506</b>
Share of result from other companies		-	-	296 371	69 424
Ordinary depreciation and write offs	8	58 086	842 892	58 086	842 892
Difference between pension cost and payments	13	-401 852	-198 480	-401 852	-198 480
<b>Posts in the activity account without liquidity effect</b>		<b>-343 766</b>	<b>644 412</b>	<b>-47 395</b>	<b>713 835</b>
Proceeds from sale of fixed assets	8	6 068 589	2 100	6 068 589	2 100
Acquisition of fixed assets	8	-86 756	-	-86 756	-
Change in loan to subsidiary	9	18 000 000	40 827 495	-	-
Change in long-term receivables		-	5 050 000	-	5 050 000
Change in long-term debt		-1 100 841	-93 191	-1 100 841	-93 191
<b>Investments, disposals and financing</b>		<b>22 880 991</b>	<b>45 786 403</b>	<b>4 880 991</b>	<b>4 958 909</b>
Change in inventory		-13 068	-52 509	-13 068	-52 509
Change in receivables/other current assets		-3 397 150	2 175 790	-3 287 971	2 089 758
Change in creditors/other short-term debt		-1 500 609	-5 017 705	160 952	-57 372
Change in deferred project income		-6 133 862	-9 439 134	-6 133 862	-9 439 134
<b>Other changes</b>		<b>-11 044 689</b>	<b>-12 333 557</b>	<b>-9 273 949</b>	<b>-7 459 257</b>
<b>Total changes in liquidity during the year</b>		<b>16 338 508</b>	<b>48 221 238</b>	<b>16 338 505</b>	<b>48 221 238</b>
Opening balance of cash and current financial assets 1.1.		172 402 730	124 181 491	172 402 730	124 181 491
<b>Closing balance of cash and current financial assets 31.12</b>		<b>188 741 237</b>	<b>172 402 730</b>	<b>188 741 235</b>	<b>172 402 730</b>
<b>Specification:</b>					
Investment in current financial assets	10	88 816 191	79 193 690	88 816 191	79 193 690
Bank and cash	11	99 925 046	93 209 040	99 925 046	93 209 040
<b>Closing balance of cash and current financial assets 31.12</b>		<b>188 741 237</b>	<b>172 402 730</b>	<b>188 741 237</b>	<b>172 402 730</b>

## ACCOUNTING PRINCIPLES APPLIED

The financial statements of the Strømme Foundation (SF) are prepared in accordance with the Norwegian Accounting Act and the "Accounting Standard for Not-for-Profit organisations", produced by The Norwegian Accounting Standards Board. This means that, in place of a traditional profit and loss account, there is an activity account which is meant to give the reader a better understanding of how Strømme Foundation has used the resources at its disposal. SF is not liable for direct taxation.

### Allocation of costs

The purpose of Strømme foundation is to lift people out of poverty by:

- Managing raised funds and public grants in a way that ensures that recipients gain real influence over their own situations through participation in the developmental process, to strengthen human dignity, and to stimulate the ability of recipients to help themselves.
- Active information work in Norway about development projects and about North-South perspectives in general.
- Providing aid and assistance through local partner organisations, and other regional organisations in co-operation with local authorities.

### The Regional Offices

SF has three regional offices; in West Africa (Mali); East Africa (Uganda) and Asia (Sri Lanka), plus six country offices in Burkina Faso, Niger, South Sudan, Bangladesh, Nepal and Myanmar.

The full cost of these offices is allocated as purpose cost.

### Support for development programmes from Kristiansand

Costs of the "International Department" are allocated to activity and thereby purpose costs. The department's function is to co-ordinate, support, evaluate and monitor all programme work, as well as liaising with public and institutional funding bodies such as NORAD, The Norwegian Research Council, The Atlas Alliance, Eriks Foundation and Operation Dayswork.

### Other support functions in Kristiansand

These consist of the 'Secretary General', the Administration-, Finance- and ICT- department. The basis of allocation starts with salaries, which are allocated according to an estimate of the amount of time spent on different activities. Costs that cannot be reasonably and consistently allocated to activity, are classified as administration costs. Thus, support costs relating to the Board of SF, general memberships, consultancy, and about 60 % of staff costs in the stated departments are classified as administration costs. Note 1 below shows in summary how the allocation has been made.

### Fundraising and information activities

All expenditure directly connected to personnel employed as fundraisers, and to solely fundraising activity, is classified 100 % as fundraising cost. This includes all direct marketing costs and other costs associated with our main fundraising products "Friend at Heart", "Bridge-builder", "Poverty-fighter" and "Job Creator". Efforts to raise funds from other organisations are also included here.

All expenditure on personnel and activity whose prime purpose is connected to information and public education is allocated to purpose activity.

### Transactions in foreign currency

The conversion of the regional accounts from local currency to Norwegian kroner follows the prevailing exchange rates that are monthly updated in the common financial system. Accounting summaries from the offices still on separate financial system is recorded in Kristiansand monthly at rates corresponding to the fund transfer rates from here or the rates of institutional grants received in the regions.

SF enters into forward exchange contracts in foreign currency to reduce the currency exposure connected to money transfers abroad. The currency hedging is classified as securing of cash flow according to the NRS 18 "Financial assets and obligations". Gain and loss related to forward exchange contracts are recorded directly under financial posts relative to the market rate at the settlement date. These exchange rates serve as basis for the transfers to the regions and therefore affect programme costs in the activity accounts.

Foreign currency income is in general recorded at the spot rate on the day of receipt.

### Income

Income is entered in the accounts according to the gross method. Costs are entered as they accrue, and income when it is realised. Bequests or donations are recorded as income when there is indisputable confirmation of receipt. Gifts and grants are registered at face value and sales net after deduction of VAT.

SF follows special guidelines concerning earmarked funds, which ensures that these funds cannot be used for activities other than those for which they were donated without specific approval. The Board has set regulations for the handling of earmarked funds when a project is closed. Unused earmarked funds are shown as purpose capital with restrictions on the balance sheet. Grants that are not spent by the end of the year are not shown as income, but as short-term debt in the accounts.

## Classification and valuation of balance sheet items

Current assets and short-term liabilities contain items due for payment within one year after acquisition. Other items are classified as fixed / financial assets or long-term liabilities.

Current assets are valued at the lowest of procurement cost and actual value. Other accounts receivable are included on the balance sheet at face value. Items in foreign currency are valued at year-end exchange rates. Short-term liabilities are recorded at the nominal amount at the time of accrual.

Fixed / financial assets are valued at procurement cost, but are depreciated to actual value if the fall in value is not expected to be temporary. Long-term debt is entered at the nominal amount at the time of establishment.

### Fixed assets

The fixed assets are entered in the balance sheet and depreciated over their life span if the life span is more than 3 years and the cost is higher than NOK 50 000. Maintenance of fixed assets is charged to operating costs, while renovation or upgrading is added to the cost value and is depreciated along with the asset.

At the regional offices all fixed assets are charged to result at the time of procurement.

All leasing contracts are classified as operational and accounted for as costs.

### Shares in subsidiaries and other companies

Shares in subsidiaries and other companies are recorded at historic cost.

### Short-term investments

Short-term investments (shares- and bonds units considered to be current assets) are valued at the lowest of procurement cost and actual value in the balance sheet. Received interest and dividend from the companies are entered as other financial income.

### Pensions

For the time being, the Foundation has both a defined benefit and a defined deposit pension scheme.

#### Defined benefit pension

Pension costs and the pension obligations are calculated according to the principle of linear earning, based on estimated factors for the discount rate; future regulation of salary, pensions and contributions from social security, future earnings on the pension fund as well as the actuarial conditions concerning death rate, voluntary resignations, etc. The pension fund is valued according to actual value and is deducted from the net pension obligations on the Balance Sheet. Changes in the obligation due to changes in the pension plans are allocated over the expected remaining contribution period. The same applies to estimate deviations to the extent they exceed 10% of the greater of the gross pension obligations and the pension funds. Arrangements with net obligation are shown as liability and arrangement with net over-financing shown as financial asset.

#### Defined deposit pension

The payments to the pension fund company are calculated as a fixed percentage of the members' salaries. The deposits are accounted for as personnel cost. The Foundation has no obligations beyond the annual payments.

#### Gratuity obligations at regional offices

At regional-/country offices SF as well as the employees make regular deposits into public gratuity funds. These funds are not on the SF balance sheet. In addition to that contributions are set aside for a final payment to employees when they leave, according to the local legislation. The obligations are valued at year end rates.

### Cash flow

The cash flow is calculated using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short term liquid investments which can immediately be converted to cash without material exchange risk.

### Consolidation principles

The consolidated accounts includes those companies where Strømme Foundation directly or indirectly has deciding influence. The consolidated accounts are prepared as if the group were one economic unit. Transactions and outstanding balances between the companies in the group are eliminated. The consolidated accounts are prepared according to uniform principles. Purchased subsidiaries are accounted for in the consolidated accounts based on SF's procurement costs. The costs of acquisition are linked to identifiable assets and debt in the subsidiary, which is stated at actual value in the consolidated accounts at the time of purchase.

Investments in microfinance are valued according to the equity method in the consolidated accounts. The equity method requires that a proportion of the relevant companies' result, reduced by depreciation on possible excess values, is charged to the activity account in the consolidated accounts. Both the purpose capital and the mother company's lending to the microfinance activity are incorporated in the account line 'Investments in microfinance'.

## NOTES FOR 2021

### Note 1 - Cost allocation

Department	Total	Administration	Fundraising	Other acquisition	Purpose cost
General Secretariat, Administration, Finance & ICT	14 217 606	5 772 841	2 146 223	415 961	5 882 582
Communication/Marketing	20 650 000	1 850 334	11 892 168	994 322	5 913 176
Programme/International	7 351 299	367 565	-	735 130	6 248 604
Development projects/partners	161 912 312	-	-	-	161 912 312
Regional-/country offices	34 007 517	-	-	-	34 007 517
<b>Total</b>	<b>238 138 735</b>	<b>7 990 740</b>	<b>14 038 391</b>	<b>2 145 413</b>	<b>213 964 191</b>

### Note 2 - Key indicators

	2021	2020	2019	2018	2017
Percentage spent on purpose	89,8 %	87,7 %	87,3 %	89,3 %	87,3 %
Percentage spent on administration	3,4 %	3,7 %	4,0 %	2,8 %	3,2 %
Fundraising percentage	80,0 %	78,4 %	80,0 %	77,8 %	73,7 %

Percentage spent on purpose = Total purpose cost : Total funds spent

Percentage spent on administration = Administration cost : Total funds spent

Fundraising percentage = Private donations and Corporate sector income minus Fundraising cost : Total private donations and Corporate sector income

The criteria for membership in the Norwegian Control Committee for Fundraising is that a minimum of 65 % of the funds raised is used on the organisation's purpose over time.

### Note 3 - Institutional grants

Public sector grants - Norway	Purpose	2021	2020
Norwegian Agency for Dvlpm. Coop. (NORAD)	Development Programmes	107 803 641	90 708 522
Norwegian Agency for Dvlpm. Coop./Atlas Alliance	Inclusion of disabled, Africa	8 874 366	3 930 306
Norwegian Agency for Dvlpm. Coop. (NORAD)	Information support, Norway	720 000	-
Norwegian Ministry of Foreign Affairs (MFA)	Development programme in Uganda	10 410 176	-
Norwegian Agency for Exchange Cooperation (Norec)	Exchange programmes Act Now & South-South, East Africa	2 839 218	1 540 379
The Norwegian Research Council (FR)	Research on Speed School programme, Niger	1 499 363	1 955 637
<b>Total</b>		<b>132 146 764</b>	<b>98 134 844</b>

The grants from NORAD and MFA requires a self contribution of minimum 10 %, and includes 7 % administration support.

Public sector grants - Foreign	Purpose	2021	2020
The European Union, EU	Speed School Programme, Mali	11 989 400	12 885 855
United Kingdom Aid	Education for girls, South Sudan	3 524 483	3 832 316
The Nordic Development Fund (NDF)	Climate mitigation/Food security, Uganda	-162 263	1 330 000
Global Affairs Canada (GAC)	Speed School Programme, Burkina Faso	6 309 794	881 952
Unicef	Speed School Programme, Mali	1 433 079	1 551 330
<b>Total</b>		<b>23 094 493</b>	<b>20 481 452</b>

Grants from other organisations	Purpose	2021	2020
Läkarmissionen, Sweden	Uganda/South Sudan	-153 056	1 250 000
Eriks Foundation, Sweden	DREAM programme, Myanmar	1 113 452	5 369 399
Education for All Foundation, Qatar	Speed Schools, Mali, Burkina Faso, Niger	7 657 202	12 570 408
Operation Dayswork, Norway	Master of ones own life, Uganda	721 637	-
Hei Verden, Norway	Inclusive Education, Bangladesh	465 000	643 030
Turing Foundation, The Netherlands	Green Jobs, Mali	50 000	372 176
<b>Total</b>		<b>9 854 234</b>	<b>20 205 013</b>

#### Note 4 - Private donations

Donor Category	2021	2020
Individual donations	6 814 594	7 755 239
Fixed-term donations (Friend at Heart, Bridge Builder, Job Creator)	38 992 034	39 357 574
Events, schools and artists	2 244 312	3 182 360
Testamentary donations	3 870 593	2 925 332
Disasters and rehabilitation	422 555	1 207 616
<b>Total</b>	<b>52 344 089</b>	<b>54 428 119</b>

#### Note 5 - Financial income / cost

Category	2021	2020
Other interest income	761 568	867 480
Other financial income	7 464 475	7 882 454
Other financial cost	-4 056 698	-1 547 480
<b>Total</b>	<b>4 169 344</b>	<b>7 202 454</b>

In 2021 'Other financial income' consists of realised yield from investments in current financial assets. Net exchange loss in the region and net loss on currency hedging (see Note 17) are included under 'Other financial cost' in 2021.

#### Note 6 - Support to development partners/projects

Country/Region	2021	2020
Nepal	16 320 171	15 798 398
Bangladesh	11 891 576	10 473 463
Sri Lanka	2 634 820	2 495 468
Myanmar	3 892 548	6 486 912
<b>Asia</b>	<b>34 739 116</b>	<b>35 254 240</b>
Uganda	18 344 009	9 521 996
Tanzania	6 394 519	6 183 030
South Sudan	10 248 399	8 808 994
Kenya	2 321 186	3 252 904
<b>East Africa</b>	<b>37 308 112</b>	<b>27 766 924</b>
Mali	37 719 398	32 354 868
Niger	26 674 442	20 935 312
Burkina Faso	20 199 804	14 759 189
<b>West Africa</b>	<b>84 593 644</b>	<b>68 049 370</b>
Act Now	2 839 190	1 977 123
Fafo - Vision 2030	1 609 828	1 926 957
Cross-cutting issues	161 052	723 938
Programme digitalisation	661 370	978 528
<b>Global</b>	<b>5 271 440</b>	<b>5 606 547</b>
<b>Total</b>	<b>161 912 312</b>	<b>136 677 081</b>

#### Note 7 - Changes in purpose capital (PC)

Category	31/12/20	Change in 2021	31/12/21
Founding Capital	3 326 092	-	3 326 092
PC with restrictions (SF projects)	3 432 991	131 498	3 564 488
PC with restrictions (Microfinance)	106 882 512	-	106 882 512
Other purpose capital	88 604 411	4 714 473	93 318 884
<b>Total Purpose Capital</b>	<b>202 246 005</b>	<b>4 845 971</b>	<b>207 091 976</b>

## Note 8 - Fixed assets

	Property	Business Premises	Furniture and equipment	Total
Cost price 01/01	290 000	15 475 131	1 196 938	16 962 069
Acquisitions 2020	-	-	86 756	86 756
Disposals 2020	290 000	15 475 131	796 673	16 561 804
Cost price 31/12	-	-	487 021	487 021
Accumulated depreciation 31/12	-	-	201 062	201 062
<b>Book value 31/12</b>	-	-	<b>285 959</b>	<b>285 959</b>
The year's ordinary depreciation	-	-	58 087	58 087
Depreciation rates	0 %	2-10 %	20-30%	

The property and business premises in Skippergaten 3-5, Kristiansand, was sold with takeover date 1. February 2021.

## Note 9 - Investments in subsidiaries and other companies, and inter-company receivable/payable

Subsidiaries	Number	Owner share	Book value in SF	Result 2021	Equity 31/12/21
Strømme Micro-finance AS	10 500	100	37 329 847	-9 970 851	74 856 162
<b>Total investments in subsidiaries</b>			<b>37 329 847</b>	<b>-9 970 851</b>	<b>74 856 162</b>

Strømme Micro Finance AS (SMF), with its main office in Kristiansand, is a wholly-owned subsidiary of SF.

The 'Loan to subsidiaries' consists 31/12/21 of an interest-free subordinated loan to Strømme Micro Finance AS of NOK 10.0 mill without defined repayment schedule. The company has paid down installments of NOK 18.0 mill during 2021. As we are gradually phased out of the microfinance business, the loan is anticipated to be cleared.

At end of 2021, SF had NOK 0.3 mill outstanding from and NOK 1.9 mill debt to SMF.

Other companies	Number	Owner share	Book value in SF	Result 2021	Equity 31/12/21
Hald International School AS	200	33	200 000	-889 112	2 197 719
<b>Total investments in other companies</b>			<b>200 000</b>	<b>-889 112</b>	<b>2 197 719</b>

## Note 10 - Investments in current financial assets

Category	Cost Price 01/01/21	Book value 01/01/21	Additions 2021	Disposals 2021	Book value 31/12/21	Market value 31/12/21
Market-based equity funds	38 458 646	37 984 536	36 881 974	-24 400 443	50 890 992	55 692 357
Primary Capital certificates	953 436	953 436	0	0	953 436	2 537 370
Market-based bonds	31 612 145	31 468 667	7 601 460	-10 600 000	28 406 562	29 334 517
Market-based interest funds	8 787 051	8 787 051	2 004 671	-2 226 521	8 565 201	8 696 182
<b>Total</b>	<b>79 811 278</b>	<b>79 193 690</b>	<b>46 488 105</b>	<b>-37 226 964</b>	<b>88 816 191</b>	<b>96 260 426</b>

## Note 11 - Liquidity and restricted funds

Category	2021	2020
Free funds	63 312 652	47 255 079
Project/Grant accounts with restrictions	25 446 669	34 982 716
Security for currency trading frame	10 109 037	10 031 924
Employees' tax deducted account	903 643	789 320
Other restricted funds	153 045	150 000
<b>Total</b>	<b>99 925 046</b>	<b>93 209 040</b>

## Note 12 - Deferred project income

This post consists of so far unspent funds received from public sector grants, Norway by NOK 16.9 mill, public sector grants, Foreign NOK 0.3 mill, grants from other organisations NOK 0.6 mill and from corporate sector NOK 11.3 mill.

Other short-term receivables includes outstanding amounts for implemented activities from public sector, Norway by NOK 0.5 mill, public sector, Foreign NOK 3.0 mill, and from other organisations NOK 0.6 mill.



## Note 13 - Pension obligations

Employees who were 57 years and younger were from March 2015 moved from the defined benefit pension scheme to a defined deposit-based solution. At the end of 2021 there were 3 employees and 14 pensioners in the old pension scheme. For the employees currently on the defined deposit pension scheme, there are no obligations beyond those paid during the year. Total cost related to the defined deposit-based pension scheme was NOK 1.1 mill in 2021 (1.1 mill in 2020). SF has signed an agreement for AFP-plan through the Common National scheme of AFP's.

Actuarial calculations have been applied for calculating the obligations and costs in connection with the defined benefit pension plans. The following assumptions have been used for the calculations:

	2021	2020
Discounting rate	1,90 %	1,70 %
Expected dividend	3,10 %	2,70 %
Salary adjustments / year	2,75 %	2,25 %
Yearly G-regulation / inflation	2,50 %	2,00 %

  

	Secured system 2021	Secured system 2020
Gross pension obligations at 31/12 calculated at	14 659 171	13 424 493
- Value of pension funds at 31/12 calculated at	-13 964 461	-13 692 407
+ Deferred obligation in case of (loss) / profit	-3 135 454	-1 820 637
<b>= Calculated net pension obligations as of 31/12</b>	<b>-2 440 744</b>	<b>-2 088 551</b>
+ Social Insurance contributions	-344 145	-294 486
<b>= Net pension obligation as of 31/12</b>	<b>-2 784 889</b>	<b>-2 383 037</b>
The year's pension accrual	66 825	58 895
+ interest cost	221 944	319 033
+ administration cost	129 622	130 572
- Return on capital	-366 161	-521 945
<b>= Net pension cost</b>	<b>52 230</b>	<b>-13 445</b>
+ Social Insurance contributions	7 364	-1 896
+ Actuarial loss (gain)	229 826	277 863
<b>= Total pension cost</b>	<b>289 420</b>	<b>262 522</b>

Actual yield on the pension funds was 4.0 % in 2021 (3.5 % in 2020).

## Note 14 - Operational costs presentation

The guidelines for charitable organisations require the disclosure of the expenditures by type in addition to the activity accounts. Notes 14, 15 and 16 contain such a breakdown.

Category	2021	2020	Note
Project transfers to local partners	128 410 455	92 816 382	
Project costs on behalf of local partners	14 337 370	20 168 997	
Salary and personnel costs, Norway	23 506 029	22 453 153	15, 13
Salary and personnel costs in regions/external programmes	35 471 679	38 116 884	15
Travel costs, Norway	762 385	1 393 514	
Travel costs inclusive of vehicles in regions/external programmes	4 630 228	3 902 151	
Office, ICT, consultant and other operating costs, Norway programmes	11 057 438	10 155 131	
Fundraising campaigns, Norway	7 071 081	8 609 947	
Depreciation and write offs, Norway	58 086	842 892	8
<b>Total operational cost</b>	<b>238 138 735</b>	<b>213 250 513</b>	

## Note 15 - Salaries and personnel expenses in Norway / other allowances

Category	2021	2020
Salaries	18 507 914	17 683 997
Social security payments	2 905 931	2 659 470
Pension costs	1 375 057	1 337 869
Other personnel costs	717 127	771 817
<b>Sum salaries and personnel expenses</b>	<b>23 506 029</b>	<b>22 453 153</b>
Salaries and allowances at Regional Offices/external programmes	35 471 679	38 116 884
<b>Total</b>	<b>58 977 708</b>	<b>60 570 036</b>

In Norway 29.5 man-labour years were performed in 2021, compared to 29.0 in 2020. In the regional offices 117.4 man-labour years were performed, compared to 120.3 in 2020.

SF had change of Secretary General (SG) in 2021, and the position was held by three different employees during the year. Total salary was NOK 969 080, other allowances NOK 11 578 and pension contributions NOK 91 638. The SG has no bonus scheme.

The Executive Board and Advisory Board members have received no remuneration other than actual travelling costs.

With the exception of salaries and travel claims, there are no financial transactions with employees or connected persons in SF in Norway. Outstanding loans to employees in the Regional Offices totalled NOK 10 773 at the year end, compared to NOK 54 115 at the end of 2020.

## Note 16 - Audit fees

Category	2021	2020
Statutory Audit Fees - Norway	274 000	378 125
Other certification fees - Norway	372 941	199 063
Technical support accounts - Norway	18 500	27 500
Other services - Norway	99 900	9 375
Audit fees for the regional offices	346 809	376 276

The fees are stated exclusive of VAT. Total fees in 2021 to the group auditor in Kristiansand were NOK 765 341.

## Note 17 - Currency Hedging

Currency contracts materialised in 2021 gave a net loss of NOK 3.6 mill. This is recognised under financial items.

At the end of the financial year, SF had forward currency contracts with a face value of USD 4.5 mill and EUR 0.6 mill which terminate in 2022 and 2023. The handling of these contracts is shown in the accounting principles. The real value of the contracts was NOK 0.4 mill at the end of the year, which is not accounted for.

## Note 18 - Events after balance date

After the end of the year, the Russia waged war against Ukraine. Neither Russia nor Ukraine are countries of operation for SF. Nevertheless, the war has from its beginning made impact on economic activities around the globe, in addition to changed security situations in many countries and continents. This can also affect our funding opportunities, both from the public sector and private markets. In our countries of operations, the following is worth noting:

- On January 24th, a military coup took place in Burkina Faso. This has not had a major impact on our projects.
- The political situation in Sri Lanka is volatile. The first part of 2022 has been marked by riots and political protests.

At the time of declaring the financial statements, the Board considers that the current situation has not affected the organisation's ability of continued operation.

## CONSOLIDATED ACCOUNTS (STRØMME FOUNDATION, SMF AS GROUP)

### Note 19 - Consolidated salaries and personnel expenses / other allowances

Category	2021	2020
Salaries in Norway	19 268 991	18 445 075
Social Security	3 020 730	2 774 269
Pension costs	1 434 281	1 397 093
Other Personnel costs	729 463	784 152
<b>Sum salaries and personnel costs in Norway</b>	<b>24 453 465</b>	<b>23 400 588</b>
Salaries and allowances in Regions / outside Norway	36 857 802	39 503 007
<b>Total</b>	<b>61 311 266</b>	<b>62 903 595</b>

#### Audit Fees (exclusive of VAT):

Statutory Audit Fees - Norway	341 000	475 625
Other certification fees - Norway	422 441	92 500
Technical support accounts - Norway	18 500	259 563
Other services (legal fees) - Norway	99 900	72 069
Audit fees in the regions	439 795	444 406

Beyond Strømme Foundation, the table above includes figures for the Microfinance Group. In addition to the employees stated in Note 15, there are 4 employees in the group, 2 of which are in Norway (1.5 manyear).

The Secretary General in SF is Chairperson of the Board of SMF AS, and the salary is disclosed in Note 15.

Audit fees paid to the group auditors in Norway in 2021 are NOK 881 841 exclusive of VAT. The audit fees in the regions totalled NOK 439 795.

### Note 20 - Investments in microfinance

SF has organised the microfinance activities through the subsidiary group SMF AS. In the consolidated accounts, SMF AS is included according to the equity method.

The year's changes in the Microfinance investments:	2021	2020
Book value 01/01	112 194 777	153 087 530
Share of result	-10 704 434	-3 977 314
Currency exchange differences	-463 650	-962 237
Change in loan	-16 229 255	-35 953 192
<b>Book value 31/12</b>	<b>84 797 438</b>	<b>112 194 787</b>

### Note 21 - Purpose capital (PC) - Group

Category	Purpose Capital 31/12/2020	The years result	Currency exchange differences	Purpose Capital 31/12/2021
Founding capital	3 326 092			3 326 092
PC with restrictions (SF projects)	3 432 990	131 498		3 564 488
PC with restrictions (Microfinance)	121 976 513	-10 704 434	-463 655	110 808 424
Other purpose capital	124 505 874	4 418 103		128 923 976
<b>Total purpose capital</b>	<b>253 241 469</b>	<b>-6 154 834</b>	<b>-463 655</b>	<b>246 622 980</b>



To the Board of Directors of Stromme Foundation

## *Independent Auditor's Report*

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

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#### *Opinion*

We have audited the financial statements of Stromme Foundation, which comprise:

- The financial statements of the parent company Stromme Foundation (the Foundation), which comprise the balance sheet as at 31 December 2021, statement for activities and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Stromme Foundation and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, statement for activities and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2021, and its financial performance 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 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 the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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*

The Board of Directors (management) is responsible for the information in the Board of Director's report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the



Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements

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### *Responsibilities of the Management for the Financial Statements*

The management is responsible for the preparation of financial statements that give a true and fair view 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 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.

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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 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>.

### *Report on Other Legal and Regulatory Requirements*

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#### *Opinion on Governance*

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 the Foundation is governed in accordance with the law, the Foundation's purpose and the articles of association.



Kristiansand, 16 June 2022  
**PricewaterhouseCoopers AS**

Kai Arne Halvorsen  
State Authorised Public Accountant  
(This document is signed electronically)