



# **GEORG- Rannsóknarklasi í jarðhita**

Financial Statements  
1.1.2019-31.12.2019

Audited

GEORG-Rannsóknarklasi í jarðhita  
kt: 430412-0350  
Grensásvegi 9  
108 Reykjavík



# Contents

---

	Page
Report of the Board of Directors and Operational Manager .....	2
Independent Auditor's Report .....	3
Statement of Activities .....	5
Statement of Financial Position .....	6-7
Statement of Cash Flows .....	8
Notes .....	9-10

## Report of the Board of Directors and Operational Manager

---

GEORG-Rannsóknarklasi í jarðhita was founded in the year 2012 as an International Geothermal Cluster Cooperation. GEORG is a non-for-profit organisation with the purpose of bringing together players in the geothermal field and creating a strong force for rapid progress and added value in geothermal research, engineering and design. GEORG achieves its purpose by: 1) Supporting and promoting projects among the Cluster members, in the field of geothermal research and development. 2) Service its members by organizing workshops and seminars addressing the most urgent issues and challenges of each time. The members will also maintain a strong contact network among the members. 3.) Systematically promote geothermal energy and geothermal research, both domestically and abroad.

These financial statements are compiled in accordance with Icelandic laws and regulations regarding preparing and presenting financial statements and in accordance with other applicable laws and regulations.

Total Income for the period 1 January 2019 - 31 December 2019 amounted to ISK 98.751.983. Total revenues over expenditures for the financial year amounted to ISK 0. Assets total were ISK 99.371.465 at year end.

We, the board of directors and operational manager, of GEORG-Rannsóknarklasi í jarðhita hereby confirm that we are responsible for the preparation and presentation of these financial statements and we hereby ratify these financial statements for the financial year of 1 January 2019 - 31 December 2019 with our signatures.

Reykjavík, 21. April 2020



# Independent Auditor's Report

---

To the board of directors of GEORG-Rannsóknarklasi í jarðhita.

## Opinion

We have audited the financial statements of GEORG-Rannsóknarklasi í jarðhita, which comprise the Statement of financial position as at 31 December 2019, and the Statement of activities, the Statement of cash flows for the fiscal year then ended, and notes to the financial statements which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with applicable Icelandic laws and regulations regarding preparing and presenting financial statements.

## Basis of 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 GEORG-Rannsóknarklasi í jarðhita in accordance with the ethical requirements that are relevant to our audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management and those charged with governance are responsible for the preparation of financial statements that give true and fair view in accordance with applicable Icelandic laws and regulations regarding preparing and presenting financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

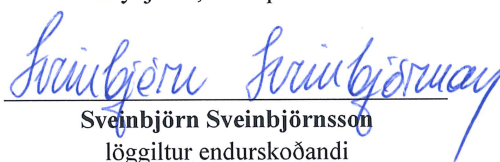
In preparing the financial statements, management is responsible for assessing the organisation's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organisation's financial reporting process.

## Auditor's Responsibility

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 ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users take on the basis of the financial statements.

Reykjavík, 21. April 2020

  
Sveinbjörn Sveinbjörnsson  
lögiltur endurskoðandi



Íslenskir endurskoðendur BÍLDSHÖFÐA slf  
BÍLDSHÖFÐA 14, 110 Reykjavík



# Statement of Activities 1 January 2019 - 31 December 2019

	Note	2019	2018
<b>Income</b>			
Grants .....		95.955.182	75.153.115
Conference .....		206.000	7.490.000
Other revenue .....		2.590.801	912.376
		<u>98.751.983</u>	<u>83.555.491</u>
<b>Expenses</b>			
Cost of conference .....		936.469	6.964.815
Salaries and related expenses .....		69.827.190	51.337.290
Grants awarded .....		11.618.911	12.172.099
Other expenses .....		16.846.638	13.257.951
		<u>99.229.208</u>	<u>83.732.155</u>
Profits (losses) from operation .....	(	477.225)	( 176.664)
<b>Financial income and (expenses)</b>			
Interest revenues .....		71.346	48.340
Interest expenses and bank related service fees .....	(	79.950)	( 187.615)
Exchange rate differences .....		485.829	315.939
		<u>477.225</u>	<u>176.664</u>
<b>Net income .....</b>		<u><u>0</u></u>	<u><u>0</u></u>

Assets			
	Note	31.12.2019	31.12.2018
<b>Fixed assets</b>			
Investments:			
Shares in companies .....	5	18.619.547	18.619.547
		<u>18.619.547</u>	<u>18.619.547</u>
Fixed assets		<u>18.619.547</u>	<u>18.619.547</u>
<b>Current assets</b>			
Receivables:			
Accounts receivable .....		33.447.803	1.671.587
Other receivables .....		0	0
Cash and cash equivalents .....		47.304.115	70.665.459
Current assets		<u>80.751.918</u>	<u>72.337.046</u>
<b>Total assets</b>		<u>99.371.465</u>	<u>90.956.593</u>





## Statement of cash flows

	Note	2019	2018
Short term receivables, change .....	( 31.776.216)	19.862.862	
Short term payables, change .....	5.292.066	( 2.309.338)	
Changes in operating assets and liabilities	( 26.484.150)	17.553.524	
Net cash from operating activities	( 26.484.150)	17.553.524	
<b>Financing activities</b>			
Deferred income and Grants payable, change .....	3.122.806	8.351.108	
Net cash flow from financing activities	3.122.806	8.351.108	
<b>Increase in cash .....</b>	<b>( 23.361.344)</b>	<b>25.904.632</b>	
<b>Cash at beginning of year .....</b>	<b>70.665.459</b>	<b>44.760.827</b>	
<b>Cash at year end .....</b>	<b>47.304.115</b>	<b>70.665.459</b>	

# Notes

## Accounting principles

1. These Financial Statements of GEORG-Rannsóknarklasi í jarðhita for the financial period 1 January 2019 - 31 December 2019 have been prepared in accordance with applicable Icelandic laws and regulations and in accordance with generally accepted accounting principles pertaining to non-for-profit organizations.
2. Revenues are recorded at the time of grant decisions made.
3. All grants received in another currency are registered in ISK using the exchange rate on the date of the grant payments received.
4. Assets and liabilities at the end of financial year 2019 which are subject to changes in price indexes are restated based on the price index in the beginning of year 2020. Assets and liabilities which are subject to changes in currency exchange rates are translated into ISK based on the most recent rates in January 2020.

## Investments in shares in other company

5. GEORG - Rannsóknarklasi í jarðhita supports innovation in the Geothermal field and encourages the startup of companies in that field. This has mainly been achieved by partnering up with companies and other organisations that are also willing to support innovation, research and development in the Geothermal field. Shares owned at year end have been acquired with these objectives in mind. The shares owned at year end are valued at cost.

	Nominal value	Value at cost
SER eignarhaldsfélag ehf. ....	18.643.938	18.619.547
Shares owned at 31.12.2019 .....	18.643.938	18.619.547

## Deferred income and Grants payable

6. GEORG-Rannsóknarklasi í jarðhita is a partner in 5 projects (called DEEPEGS, GECO, GEOENVI, Crowdthermal, SU-DG-IWG) which is sponsored by the Horizon 2020 Programme which is the EU Framework Programme for Research and Innovation. The grant is partly paid in advance but it will be treated as the projects will be funded 100% by the Horizon 2020 programme.  
Therefore, the grant is registered as income at the same rate as the cost that belongs to this project.

A number of parties have committed themselves to fund the operations of GEORG as well as funding grants that GEORG is to pay out to beneficiaries. All payments received are registered as deferred income until grant awarding decisions have been made and as the operational costs are registered.

At year end the deferred income was recognised as follows:

	Deferred Income 1.1.2019	Payments received 2019	Eligible cost 2019	Deferred Income 31.12.2019
DEEPEGS .....	9.640.118	32.734.738	( 53.687.795)	( 11.312.939)
GEOENVI .....	16.553.011	0	( 4.722.281)	11.830.730
CECO .....	45.563.613	0	( 12.115.572)	33.448.041
Crowdthermal .....	0	13.816.214	( 2.023.293)	11.792.921
SU-DG-IWG .....	0	14.685.508	( 5.322.717)	9.362.791
Total 2019 .....	71.756.742	61.236.460	( 77.871.658)	55.121.544

## Notes, continued:

---

7. GEORG-Rannsóknarklasi í jarðhita has commitments regarding grant payments to beneficiaries. The Grants payable at year end are not recorded in the statement of Financial Position due to the fact that they only become payable if and when the Beneficiary meets certain conditions. Grants payable at year end are recognised as follows:

	SPESIA, DRG and others	Total
Grant commitments total at 1.1.2019 .....	108.054.000	108.054.000
Grant payments paid at beginning of fiscal year .....	( 103.554.000)	( 103.554.000)
Grants payable at 1.1.2019 .....	4.500.000	4.500.000
Grant commitments total in year .....	0	0
Grant payments made .....	( 1.000.000)	( 1.000.000)
Grants payable at 31.12.2019 .....	3.500.000	3.500.000

# Itemizations

	2019	2018
<b>Operational Grants</b>		
DEEPEGS grant .....	53.687.795	19.433.278
GECO grant .....	12.115.572	2.244.869
GEOENVI grant .....	4.722.281	537.235
Crowdthermal grant .....	2.023.293	0
SU-DG-IWG grant .....	5.322.717	0
Total sale with VAT .....	36.740.088	18.814.754
Deferred income, change in year .....	( 18.656.564)	34.122.979
	<u>95.955.182</u>	<u>75.153.115</u>
<b>Grants awarded</b>		
Háskóli Íslands .....	11.618.911	11.847.000
Íslenski Sjävarklasinn ehf .....	0	163.489
Grants, Studends .....	0	161.610
	<u>11.618.911</u>	<u>12.172.099</u>
<b>Salaries and related expenditures</b>		
Salaries .....	56.957.465	42.249.919
Pension funds .....	7.131.458	5.094.243
Sickness- and vacation funds .....	790.211	564.837
Mandatory social security contribution .....	4.255.736	3.243.069
Other staff costs .....	692.320	185.222
	<u>69.827.190</u>	<u>51.337.290</u>
<b>Other expenses</b>		
Rent .....	2.141.543	1.914.821
Cleaning products and services .....	10.578	0
Safety security services .....	12.768	0
Renting of tools and equipment .....	18.528	239.186
Tools and equipment, charged .....	1.451.914	334.324
Accounting services .....	1.902.691	955.222
Other services purchased .....	1.561.705	1.768.008
Computerized IT systems .....	1.114.396	2.966.692
Paper, printing and other office supplies .....	266.995	593.198
Per diem payments .....	3.995.485	1.345.825
Phones and internet connection .....	278.972	169.459
Meetings and conferences .....	1.083.579	1.052.683
Travel expenses .....	2.930.905	2.143.301
Membership fees .....	0	34.801
Coffee and related reception expenses .....	709.218	595.405
Charged VAT .....	( 636.447)	( 889.436)
Other costs .....	3.808	34.462
	<u>16.846.638</u>	<u>13.257.951</u>