



FINANCIAL REPORT

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BANK INFORMATION CENTER

YEARS ENDED DECEMBER 31, 2017 AND 2016

BANK INFORMATION CENTER
FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bank Information Center
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Bank Information Center (BIC) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank Information Center as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements for Bank Information Center as of December 31, 2016, were audited by other auditors whose report dated August 4, 2017 expressed an unmodified opinion on those financial statements. The statement of functional expenses summarized financial information for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Thompson Sheenspon

Fairfax, Virginia
September 20, 2018

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STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,120,749	\$ 726,493
Investments	76,431	61,607
Grants receivable, current portion	752,000	723,091
Prepaid expenses	1,500	24,092
Employee advances	6	5,500
Total Current Assets	1,950,686	1,540,783
Property and Equipment		
Furniture and equipment	30,428	30,428
Website	5,250	-
Less: accumulated depreciation and amortization	(30,428)	(30,003)
Net Property and Equipment	5,250	425
Other Assets		
Deposits	28,913	28,913
Grants receivable, net of current portion	237,864	-
Total Other Assets	266,777	28,913
Total Assets	\$ 2,222,713	\$ 1,570,121
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 21,886	\$ 64,208
Accrued expenses	18,302	27,605
Total Current Liabilities	40,188	91,813
Long-term Liabilities		
Deferred rent	136,261	123,345
Total Liabilities	176,449	215,158
Net Assets		
Unrestricted	497,824	195,352
Temporarily restricted	1,548,440	1,159,611
Total Net Assets	2,046,264	1,354,963
Total Liabilities and Net Assets	\$ 2,222,713	\$ 1,570,121

The Notes to Financial Statements are an integral part of these statements.

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Grants	\$ 429,248	\$ 2,106,533	\$ 2,535,781	\$ -	\$ 1,392,213	\$ 1,392,213
Investment income	15,597	-	15,597	6,896	-	6,896
Contributions and other income	5,070	-	5,070	3,569	-	3,569
Net assets released from restrictions	1,717,704	(1,717,704)	-	2,085,615	(2,085,615)	-
Total Support and Revenue	<u>2,167,619</u>	<u>388,829</u>	<u>2,556,448</u>	<u>2,096,080</u>	<u>(693,402)</u>	<u>1,402,678</u>
Expenses						
Program services						
Social Inclusion & Accountability	569,155	-	569,155	686,748	-	686,748
Rights & Environmental Sustainability	463,504	-	463,504	722,240	-	722,240
Communities in Development	259,266	-	259,266	579,422	-	579,422
Special projects	136,998	-	136,998	24,802	-	24,802
Information services	-	-	-	44,995	-	44,995
Total Program Services	<u>1,428,923</u>	<u>-</u>	<u>1,428,923</u>	<u>2,058,207</u>	<u>-</u>	<u>2,058,207</u>
Supporting services						
Management and general	389,027	-	389,027	337,789	-	337,789
Fundraising	47,197	-	47,197	15,107	-	15,107
Total Supporting Services	<u>436,224</u>	<u>-</u>	<u>436,224</u>	<u>352,896</u>	<u>-</u>	<u>352,896</u>
Total Expenses	<u>1,865,147</u>	<u>-</u>	<u>1,865,147</u>	<u>2,411,103</u>	<u>-</u>	<u>2,411,103</u>
Change in Net Assets	302,472	388,829	691,301	(315,023)	(693,402)	(1,008,425)
Net Assets, beginning of year	<u>195,352</u>	<u>1,159,611</u>	<u>1,354,963</u>	<u>510,375</u>	<u>1,853,013</u>	<u>2,363,388</u>
Net Assets, end of year	<u>\$ 497,824</u>	<u>\$ 1,548,440</u>	<u>\$ 2,046,264</u>	<u>\$ 195,352</u>	<u>\$ 1,159,611</u>	<u>\$ 1,354,963</u>

The Notes to Financial Statements are an integral part of these statements.

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**STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
AND SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	2017					2016				
	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
	Social Inclusion & Accountability	Rights & Environmental Sustainability	Communities in Development	Special Projects		Management & General	Fundraising			
Salaries and fringe benefits	\$ 342,288	\$ 228,586	\$ 188,623	\$ 13,408	\$ 772,905	\$ 174,616	\$ 30,815	\$ 205,431	\$ 978,336	\$ 1,286,214
Bad debt	-	-	-	-	-	-	-	-	-	10,962
Bank charges and service fees	-	252	49	-	301	34,220	-	34,220	34,521	9,177
Communications	490	800	799	4,388	6,477	23,177	-	23,177	29,654	56,656
Consultants	40,635	71,734	2,667	86,524	201,560	8,600	-	8,600	210,160	177,715
Depreciation	-	-	-	-	-	425	-	425	425	3,471
Direct support to partners	71,360	-	-	5,000	76,360	22,887	-	22,887	99,247	136,250
Dues and subscriptions	-	-	-	-	-	1,770	-	1,770	1,770	8,498
Equipment rental and maintenance	-	-	-	-	-	4,895	-	4,895	4,895	10,766
Insurance	-	-	-	-	-	4,771	-	4,771	4,771	5,044
Miscellaneous	-	-	40	-	40	2,527	-	2,527	2,567	986
Occupancy	-	-	-	5,020	5,020	193,339	-	193,339	198,359	202,265
Printing and publications	-	11,705	-	-	11,705	-	-	-	11,705	-
Professional fees	-	-	-	4,004	4,004	66,981	-	66,981	70,985	31,508
Supplies and materials	4,797	2,329	3,228	975	11,329	7,195	33	7,228	18,557	19,876
Travel and transportation	37,976	69,913	25,345	4,737	137,971	11,362	-	11,362	149,333	366,923
Workshops, seminars and meetings	11,260	14,063	6,583	1,942	33,848	16,014	-	16,014	49,862	84,792
Total Expenses, before Indirect Costs	508,806	399,382	227,334	125,998	1,261,520	572,779	30,848	603,627	1,865,147	2,411,103
Indirect costs	60,349	64,122	31,932	11,000	167,403	(183,752)	16,349	(167,403)	-	-
Total Expenses	\$ 569,155	\$ 463,504	\$ 259,266	\$ 136,998	\$ 1,428,923	\$ 389,027	\$ 47,197	\$ 436,224	\$ 1,865,147	\$ 2,411,103

The Notes to Financial Statements are an integral part of these statements.

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STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 691,301	\$ (1,008,425)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	425	3,471
Unrealized and realized gain in investments	(13,293)	(3,528)
Reinvested interest and dividends	(1,531)	-
(Increase) Decrease in		
Grants receivable	(266,773)	150,614
Prepaid expenses	22,592	(9,136)
Advance to trust	-	10,000
Increase (Decrease) in		
Accounts payable	(42,322)	36,648
Accrued expenses	(9,303)	(4,542)
Deferred rent	12,916	40,744
	<u>394,012</u>	<u>(784,154)</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Investing Activities		
Purchase of investments	-	(1,388)
Collections on employee advances	5,494	7,177
Payments for website	(5,250)	-
	<u>244</u>	<u>5,789</u>
Net Cash Provided by Investing Activities		
Cash Flows from Financing Activities		
Payments on capital lease	-	(3,539)
	<u>-</u>	<u>(3,539)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	394,256	(781,904)
Cash and Cash Equivalents, beginning of year	<u>726,493</u>	<u>1,508,397</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,120,749</u>	<u>\$ 726,493</u>
Supplemental Information		
Interest paid	<u>\$ -</u>	<u>\$ 43</u>

The Notes to Financial Statements are an integral part of these statements.

BANK INFORMATION CENTER

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Bank Information Center (BIC or the Organization) is an independent, nonprofit, non-governmental organization (NGO), incorporated in the District of Columbia, that provides information and strategic support to NGOs and social movements throughout the world on the projects, policies and practices of the World Bank and other Multilateral Development Banks (MDBs). BIC advocates for greater transparency, accountability and citizen participation at the MDBs.

Basis of Accounting

The financial statements of BIC have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include demand deposits and all highly liquid debt instruments with original maturities of three months or less.

BIC maintains cash balances with several financial institutions which, at times, may exceed federally insured limits of \$250,000. BIC has not experienced any losses from such accounts.

Investments

Investments consist of mutual funds and are recorded at fair value. Gains and losses are reported in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Fair Value

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – inputs to the valuation methodology are based upon unadjusted quoted prices for identical assets or liabilities in active markets that BIC has the ability to access.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value (continued)

Level 2 – inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques (market, cost, or income approach). The market approach evaluates prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach evaluates the amount that would be required to replace the service capacity of an asset (i.e., replacement cost). The income approach uses techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while BIC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Grants Receivable

Grants receivable represents amounts which have been promised but not yet received. Various grants received by the Organization periodically require progress reports on the activities of the Organization.

Grants receivable are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the monies are received. Amortization of the discounts is included in grants revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and Equipment

The Organization has a capitalization policy for qualifying assets in excess of \$1,000. Property and equipment are reported at cost. Assets are depreciated using the straight-line method over the estimated useful lives of the related assets, generally five years. Depreciation and amortization expense for the years ended December 31, 2017 and 2016 was \$425 and \$3,471, respectively.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

During the year ended December 31, 2017, the Organization incurred \$5,250 in costs related to website design and implementation. As of December 31, 2017, the website was still in the development stages. The website has not been placed in service as of September 20, 2018, it will be amortized over the estimated useful life.

Expenditures for maintenance and repairs that do not materially extend the useful lives of property and equipment are charged to expense when incurred. Leases which meet certain specified criteria are recorded as capital assets and liabilities, and those not meeting the criteria are accounted for as operating leases. When property or equipment is sold or otherwise disposed of, the cost and accumulated depreciation are removed from the respective accounts with the resulting gain or loss reflected in earnings.

Net Assets

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of BIC and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of BIC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Contributions and Grants

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements. Temporarily restricted contributions and grants whose restrictions are met in the same reporting period as the contribution and grant are received are reported as unrestricted support.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services directly based on the functions they directly benefit or upon management's estimates of the proportion of these costs applicable to each function.

Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia, BIC is exempt from taxes on income related to its exempt purpose.

BIC has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

BIC files Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service. BIC is not currently under audit by any income tax jurisdiction.

BIC is subject to unrelated business income tax for activities conducted outside its tax-exempt purpose. BIC did not conduct unrelated business activities during the years ended December 31, 2017 and 2016.

Recent Accounting Pronouncements

ASU 2014-09

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. ASU 2014-09 is effective for non-public entities for fiscal years beginning after December 15, 2018, with early adoption permitted for fiscal years beginning after December 15, 2016. BIC is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

ASU 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in ASU 2016-02 supersedes the lease recognition requirements in ASC Topic 840, *Leases (FAS 13)*. ASU 2016-02 requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2019, with early adoption permitted. BIC is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

ASU 2016-14

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of not-for-profit financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). ASU 2016-14 also requires enhanced disclosures regarding board designations, the method(s) used to allocate costs among program and support functions, underwater endowment funds, and qualitative and quantitative information that communicates how the organization will meet cash needs for general expenditures within one year of the balance sheet date. ASU 2016-14 is effective for not-for-profit entities for fiscal periods beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018, with retrospective application to all periods presented. Early application of the amendments is permitted. The amendments should be initially adopted only for an annual fiscal period or for the first interim period within the fiscal year of adoption. BIC is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain items in the December 31, 2016 financial statements have been reclassified to conform to the December 31, 2017 financial statement presentation.

Subsequent Events

The date to which events occurring after December 31, 2017, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is September 20, 2018, which is the date on which the financial statements were available to be issued.

2. GRANTS RECEIVABLE

Grants are discounted at a rate of 3 percent. A schedule of the present value of anticipated collections of grants receivable at December 31, 2017, by year, is as follows:

<u>Year ending December 31:</u>		
2018		\$ 752,000
2019		<u>245,000</u>
Gross grants receivable		997,000
Less: discount		<u>(7,136)</u>
Total		989,864
Current portion		<u>752,000</u>
Noncurrent portion, net		<u><u>\$ 237,864</u></u>

3. INVESTMENTS

The tables below summarize, by level within the fair value hierarchy, BIC's investments as of December 31:

<u>2017</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds - Index Equity Fund	<u>\$ 76,431</u>	<u>\$ 76,431</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2016</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds - Index Equity Fund	<u>\$ 61,607</u>	<u>\$ 61,607</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

3. INVESTMENTS (continued)

We evaluated the significance of transfers between the levels based upon the nature of the financial instrument and size of the transfer relative to the total investments. For the year ended December 31, 2017, there were no significant transfers in or out of Levels 1, 2 or 3.

Investment returns from investments, as well as cash and cash equivalents, consisted of the following for the years ended December 31:

	2017	2016
Interest and dividends	\$ 2,304	\$ 3,368
Unrealized and realized gains	13,293	3,528
Total Investment Income	\$ 15,597	\$ 6,896

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31:

	2017	2016
Program restricted		
Social Inclusion & Accountability	\$ 843,851	\$ 293,142
Rights & Environmental Sustainability	112,797	227,032
Communities in Development	201,635	410,709
Special projects	140,157	228,728
Time restricted	250,000	-
Total Temporarily Restricted Net Assets	\$ 1,548,440	\$ 1,159,611

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by satisfying donor-imposed restrictions (program expenditures or passage of time). The following is a summary of net assets released from restrictions for the years ended December 31:

	2017	2016
Program services		
Social Inclusion & Accountability	\$ 619,155	\$ 669,579
Rights & Environmental Sustainability	465,904	687,638
Communities in Development	264,075	499,156
Special projects	118,570	21,669
Passage of time	250,000	207,573
Total Net Assets Released from Restrictions	\$ 1,717,704	\$ 2,085,615

6. CONCENTRATION OF RISK

At December 31, 2017 and 2016, five and four entities accounted for 93 and 87 percent of revenue, respectively. At December 31, 2017 and 2016, three and five entities accounted for 96 and 95 percent of the grants receivable, respectively.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

7. LEASE COMMITMENT

During 2014, BIC entered into a ten-year lease agreement for new office space, commencing April 1, 2015. Base rent is \$172,941 per year, increasing by a factor of 3.5 percent per year. The lease includes 50 percent abated rent in the first year of the lease, which is being amortized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability.

Following are the future minimum payments under the lease:

<u>Year ending December 31:</u>	
2018	\$ 190,125
2019	196,779
2020	203,667
2021	210,795
2022	218,173
Thereafter	640,421
Total	<u>\$ 1,659,960</u>

For the years ended December 31, 2017 and 2016, total rent expense, included in the accompanying statements of functional expenses, was \$198,359 and \$196,875, respectively. The deferred rent liability was \$136,261 and \$123,345 at December 31, 2017 and 2016, respectively.

8. RETIREMENT PLAN

In July 2000, BIC adopted a defined contribution retirement plan. For all full-time employees who have completed one year of service, BIC will match 30 percent of the employee's contribution. The match increases to 40 percent after the completion of two years of service and 50 percent after three years. BIC's match will not exceed 10 percent of compensation. For the years ended December 31, 2017 and 2016, BIC contributed \$28,462 and \$41,079, respectively, to the retirement plan.

9. CONTINGENCIES

BIC invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Organization's investments and the amounts reported in the statements of financial position and the statements of activities and changes in net assets.