



FINANCIAL REPORT

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BANK INFORMATION CENTER

YEARS ENDED DECEMBER 31, 2023 AND 2022

BANK INFORMATION CENTER
FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bank Information Center
Washington, DC

Opinion

We have audited the accompanying financial statements of Bank Information Center (BIC) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Bank Information Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bank Information Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Bank Information Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bank Information Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Thompson Greenspon

Fairfax, Virginia
December 11, 2024

BANK INFORMATION CENTER

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,584,578 | \$ 1,024,985 |
| Investments | 525,389 | 429,406 |
| Contributions receivable | 654,525 | 893,534 |
| Prepaid expenses | 16,521 | 71,150 |
| Employee advances | 1,281 | 701 |
| | <u>2,782,294</u> | <u>2,419,776</u> |
| Property and Equipment | | |
| Furniture and equipment | 1,058 | 1,058 |
| Website | 19,800 | 19,800 |
| Less: accumulated depreciation and amortization | <u>(20,117)</u> | <u>(19,906)</u> |
| | <u>741</u> | <u>952</u> |
| Other Assets | | |
| Deposits | 14,501 | 14,501 |
| Contributions receivable, net of current portion | - | 190,967 |
| Operating lease right-of-use asset | <u>340,690</u> | <u>532,321</u> |
| | <u>355,191</u> | <u>737,789</u> |
| Total Assets | <u><u>\$ 3,138,226</u></u> | <u><u>\$ 3,158,517</u></u> |

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

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------------|--------------------------------|
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 17,987 | \$ 30,997 |
| Accrued expenses | 52,973 | 45,774 |
| Conditional contribution | 747,297 | 669,279 |
| Operating lease liability, current portion | <u>214,529</u> | <u>220,834</u> |
| Total Current Liabilities | 1,032,786 | 966,884 |
| Long-term Liabilities | | |
| Operating lease liability, net of current portion | <u>180,312</u> | <u>411,242</u> |
| Total Liabilities | <u>1,213,098</u> | <u>1,378,126</u> |
| Net Assets | | |
| Without donor restrictions | 144,420 | 271,900 |
| With donor restrictions | <u>1,780,708</u> | <u>1,508,491</u> |
| Total Net Assets | <u>1,925,128</u> | <u>1,780,391</u> |
| Total Liabilities and Net Assets | <u><u>\$ 3,138,226</u></u> | <u><u>\$ 3,158,517</u></u> |

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | | | 2022 | | |
|---------------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | | | | |
| Contributions and grants | \$ 250,000 | \$ 2,544,909 | \$ 2,794,909 | \$ - | \$ 1,489,708 | \$ 1,489,708 |
| Investment income (loss), net | 98,927 | - | 98,927 | (99,161) | - | (99,161) |
| Other income | 17,922 | - | 17,922 | 1,650 | - | 1,650 |
| Net assets released from restrictions | 2,272,692 | (2,272,692) | - | 1,944,777 | (1,944,777) | - |
| Total Support and Revenue | <u>2,639,541</u> | <u>272,217</u> | <u>2,911,758</u> | <u>1,847,266</u> | <u>(455,069)</u> | <u>1,392,197</u> |
| Expenses | | | | | | |
| Program services | | | | | | |
| Social Inclusion | 614,667 | - | 614,667 | 521,567 | - | 521,567 |
| Environment | 595,683 | - | 595,683 | 516,256 | - | 516,256 |
| Policy | 481,138 | - | 481,138 | 213,989 | - | 213,989 |
| Special projects | 491,510 | - | 491,510 | 342,100 | - | 342,100 |
| General programs | 315,972 | - | 315,972 | 568,603 | - | 568,603 |
| Total Program Services | <u>2,498,970</u> | <u>-</u> | <u>2,498,970</u> | <u>2,162,515</u> | <u>-</u> | <u>2,162,515</u> |
| Supporting services | | | | | | |
| Management and general | 213,304 | - | 213,304 | 257,221 | - | 257,221 |
| Fundraising | 54,747 | - | 54,747 | 90,336 | - | 90,336 |
| Total Supporting Services | <u>268,051</u> | <u>-</u> | <u>268,051</u> | <u>347,557</u> | <u>-</u> | <u>347,557</u> |
| Total Expenses | <u>2,767,021</u> | <u>-</u> | <u>2,767,021</u> | <u>2,510,072</u> | <u>-</u> | <u>2,510,072</u> |
| Change in Net Assets | (127,480) | 272,217 | 144,737 | (662,806) | (455,069) | (1,117,875) |
| Net Assets, beginning of year | <u>271,900</u> | <u>1,508,491</u> | <u>1,780,391</u> | <u>934,706</u> | <u>1,963,560</u> | <u>2,898,266</u> |
| Net Assets, end of year | <u>\$ 144,420</u> | <u>\$ 1,780,708</u> | <u>\$ 1,925,128</u> | <u>\$ 271,900</u> | <u>\$ 1,508,491</u> | <u>\$ 1,780,391</u> |

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

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**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

| | Program Services | | | | | Supporting Services | | | | Total Expenses |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|------------------------|------------------|---------------------------|---------------------|
| | Social Inclusion | Environment | Policy | Special Projects | General Programs | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Salaries and fringe benefits | \$ 375,362 | \$ 409,064 | \$ 339,122 | \$ 152,056 | \$ 177,848 | \$ 1,453,452 | \$ 80,442 | \$ 28,285 | \$ 108,727 | \$ 1,562,179 |
| Direct support to partners | 140,613 | 89,666 | 70,779 | 29,162 | 7,758 | 337,978 | 3,509 | 1,234 | 4,743 | 342,721 |
| Consultants | 10,050 | 7,503 | 3,667 | 218,216 | 38,588 | 278,024 | 17,454 | 6,137 | 23,591 | 301,615 |
| Occupancy | 47,241 | 51,482 | 42,680 | 19,137 | 22,383 | 182,923 | 10,123 | 3,560 | 13,683 | 196,606 |
| Travel and transportation | 39,503 | 34,296 | 14,879 | 49,336 | 30,678 | 168,692 | 13,876 | 8,765 | 22,641 | 191,333 |
| Professional fees | - | - | - | - | - | - | 67,394 | - | 67,394 | 67,394 |
| Communications | - | 1,999 | 117 | 11,204 | 12,820 | 26,140 | 5,798 | 2,039 | 7,837 | 33,977 |
| Workshops, seminars and meetings | 112 | - | 8,402 | 4,052 | 10,200 | 22,766 | 4,614 | 2,230 | 6,844 | 29,610 |
| Dues and subscriptions | - | - | - | 7,725 | 10,230 | 17,955 | 1,127 | 1,627 | 2,754 | 20,709 |
| Supplies and materials | 251 | - | - | - | 4,288 | 4,539 | 2,563 | 682 | 3,245 | 7,784 |
| Insurance | 1,484 | 1,617 | 1,341 | 601 | 703 | 5,746 | 318 | 112 | 430 | 6,176 |
| Bank charges and service fees | - | - | - | - | - | - | 3,791 | - | 3,791 | 3,791 |
| Miscellaneous | - | - | 105 | - | 452 | 557 | 1,437 | 72 | 1,509 | 2,066 |
| Equipment rental and maintenance | - | - | - | - | - | - | 849 | - | 849 | 849 |
| Depreciation | 51 | 56 | 46 | 21 | 24 | 198 | 9 | 4 | 13 | 211 |
| Total Expenses | \$ 614,667 | \$ 595,683 | \$ 481,138 | \$ 491,510 | \$ 315,972 | \$ 2,498,970 | \$ 213,304 | \$ 54,747 | \$ 268,051 | \$ 2,767,021 |

The Notes to Financial Statements are an integral part of this statement.

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**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

| | Program Services | | | | | Supporting Services | | | | Total Expenses |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|------------------------|------------------|---------------------------|---------------------|
| | Social Inclusion | Environment | Policy | Special Projects | General Programs | Total Program Services | Management and General | Fundraising | Total Supporting Services | |
| Salaries and fringe benefits | \$ 318,161 | \$ 345,608 | \$ 121,713 | \$ 122,160 | \$ 488,645 | \$ 1,396,287 | \$ 40,333 | \$ 63,840 | \$ 104,173 | \$ 1,500,460 |
| Direct support to partners | 103,573 | 75,827 | 14,069 | 1,493 | 6,410 | 201,372 | 11,189 | 1,916 | 13,105 | 214,477 |
| Consultants | 8,519 | 25,455 | 19,910 | 162,173 | 13,395 | 229,452 | 20,027 | 3,429 | 23,456 | 252,908 |
| Occupancy | 28,052 | 28,235 | 8,193 | 10,071 | 35,889 | 110,440 | 75,495 | 12,927 | 88,422 | 198,862 |
| Travel and transportation | 38,594 | 22,052 | 29,878 | 25,539 | 8,904 | 124,967 | 14,839 | 3,197 | 18,036 | 143,003 |
| Professional fees | - | - | - | - | - | - | 65,983 | - | 65,983 | 65,983 |
| Communications | 14,525 | 7,833 | 1,662 | 13,543 | 3,308 | 40,871 | 6,960 | 1,192 | 8,152 | 49,023 |
| Workshops, seminars and meetings | 1,490 | 4,075 | 11,687 | 535 | 3,312 | 21,099 | 4,008 | 687 | 4,695 | 25,794 |
| Dues and subscriptions | 2,452 | 2,468 | 2,505 | 880 | 3,137 | 11,442 | 6,599 | 1,130 | 7,729 | 19,171 |
| Supplies and materials | 910 | 833 | 3,459 | 4,432 | 1,059 | 10,693 | 2,227 | 382 | 2,609 | 13,302 |
| Insurance | 914 | 920 | 235 | 328 | 1,169 | 3,566 | 2,461 | 421 | 2,882 | 6,448 |
| Bank charges and service fees | 1,309 | 1,318 | 336 | 470 | 1,675 | 5,108 | 3,523 | 603 | 4,126 | 9,234 |
| Miscellaneous | 371 | 581 | 73 | 102 | 364 | 1,491 | 766 | 131 | 897 | 2,388 |
| Equipment rental and maintenance | 2,682 | 1,036 | 265 | 369 | 1,317 | 5,669 | 2,770 | 474 | 3,244 | 8,913 |
| Depreciation | 15 | 15 | 4 | 5 | 19 | 58 | 41 | 7 | 48 | 106 |
| Total Expenses | \$ 521,567 | \$ 516,256 | \$ 213,989 | \$ 342,100 | \$ 568,603 | \$ 2,162,515 | \$ 257,221 | \$ 90,336 | \$ 347,557 | \$ 2,510,072 |

The Notes to Financial Statements are an integral part of this statement.

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STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 144,737 | \$ (1,117,875) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | | |
| Depreciation and amortization | 211 | 106 |
| Unrealized and realized (gain) loss on investments | (76,805) | 111,158 |
| Reinvested interest and dividends | (19,178) | (7,728) |
| (Increase) Decrease in | | |
| Contributions receivable | 429,976 | (135,967) |
| Prepaid expenses | 54,629 | (51,114) |
| Increase (Decrease) in | | |
| Accounts payable | (13,010) | (30,283) |
| Accrued expenses | 7,199 | 10,982 |
| Conditional contribution | 78,018 | 468,023 |
| Operating lease assets and liabilities | (45,604) | (21,565) |
| | <u>560,173</u> | <u>(774,263)</u> |
| Net Cash Provided (Used) by Operating Activities | | |
| Cash Flows from Investing Activities | | |
| Purchase of property and equipment | - | (1,058) |
| Sale of investment securities | - | 150,000 |
| Employee advances (payments) collections | (580) | 1,880 |
| | <u>(580)</u> | <u>150,822</u> |
| Net Cash (Used) Provided by Investing Activities | | |
| Net Increase (Decrease) in Cash and Cash Equivalents | 559,593 | (623,441) |
| Cash and Cash Equivalents, beginning of year | <u>1,024,985</u> | <u>1,648,426</u> |
| Cash and Cash Equivalents, end of year | <u>\$ 1,584,578</u> | <u>\$ 1,024,985</u> |
| Noncash Items | | |
| Derecognition of deferred rent | <u>\$ -</u> | <u>\$ 121,320</u> |

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

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

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.

The underlying categories represent the major program areas of the Organization.

Social Inclusion – The program works specifically to improve IFI (International Financial Institution) governance and operations by prioritizing the inclusion of marginalized groups, the protection of their rights, and their equal access to project benefits. BIC’s advocacy currently focuses on three marginalized groups that have been historically overlooked by IFIs: children, women and persons with disabilities.

Environment – The program works to ensure that MDBs support positive action on climate and forests, incorporating environmental sustainability, and people’s rights to a livable environment, throughout their work.

Policy – The program works toward improved policies at the IFIs, primarily in the areas of stronger environmental and social standards, stronger accountability frameworks, and improved opportunities for stakeholder engagement. BIC’s strategic focus will remain on the World Bank Group, as the primary standard setter for IFIs, but will also respond to opportunities at regional development banks and key trust funds to strengthen policies across institutions in an effort to support upward harmonization of standards.

Basis of Accounting

The financial statements of BIC have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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 are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses are reported in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment expenses are included in investment income (loss), net.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

Fair Value Measurements

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.

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, 2023 and 2022.

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

Corporate securities: Valued at the closing price reported on the active market on which the individual securities are traded.

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.

Receivables

Contributions 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.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

Receivables (continued)

Contributions receivable due within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at 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 promises are received. Amortization of the discounts is included in contributions and grants revenue. In subsequent years, amortization of the discounts is included in contributions revenue in the statements of activities and changes in net assets. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. There was no allowance for doubtful contributions receivable for the years ended December 31, 2023 and 2022. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful contributions receivable has not been established.

As of January 1, 2022, there were no accounts receivable, contract assets and contract liabilities.

Property and Equipment

The Organization has a capitalization policy for qualifying assets in excess of \$1,000. Property and equipment are reported at cost. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets, generally five years. Website is amortized over the useful life of three years. Depreciation and amortization expense was \$211 and \$106 for the years ended December 31, 2023 and 2022, respectively.

Expenditures for maintenance and repairs that do not materially extend the useful lives of property and equipment are charged to expense when incurred. 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.

Leases

At lease inception, the Organization determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liability in the financial statements.

ROU assets represent the Organization's right to use leased assets over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term.

The Organization uses the rate implicit in the lease if it is readily determinable. Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, includes an accounting policy election for non-public business entities to use the risk-free rate for the measurement of lease liabilities when the rate implicit in the lease is not determinable. The Organization elected to utilize the risk-free rate for the measurement of lease liabilities for initial transition and going forward. This rate will be applied to all leases using a period comparable to the lease.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

Leases (continued)

Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Organization if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Organization has elected not to recognize an ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with short-term leases or variable lease payments is included in occupancy expense in the statements functional expenses, as applicable.

To the extent a lease arrangement includes both lease and non-lease components, the Organization has elected to account for the components as a single lease component.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions, Grants and Contracts

The activities of the Organization are primarily financed by grants. Revenue recognized but not received from the granting agency is reported as contributions receivable in the accompanying statements of financial position. Contributions and grants with and without donor restrictions are recorded as revenue in the year notification is received from the donor. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Consequently, at December 31, 2023 and 2022, contributions approximating \$747,000 and \$669,000, respectively, have not been recognized in the accompanying statements of activities and changes in net assets and are included in the statements of financial position as a conditional contribution liability because the conditions on which they depend have not yet been met but the funds were received prior to year end. Additionally, at December 31, 2023 and 2022, conditional contributions approximating \$1,412,000 and \$177,000, respectively, for which the conditions were not met, and funds were not received prior to year end, have not been recognized in the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

Contributions, Grants and Contracts (continued)

The Organization periodically receives funding under contracts, which are considered exchange transactions; for these contracts, the Organization recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. The revenue for the projects is recognized over time as the costs are incurred.

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.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include fundraising, depreciation, insurance, occupancy, salary and benefits and other expenses, which are allocated on the basis of estimates of time and effort. Expenses related to consultants, direct support to partners, meetings, and travel are charged to the appropriate program as they are incurred.

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.

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, 2023 and 2022.

Subsequent Events

The date to which events occurring after December 31, 2023, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is December 11, 2024, which is the date on which the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

2. LIQUIDITY AND AVAILABILITY

The financial assets and liquidity resources available within one year of the statement of financial position date for general expenditure are as follows at December 31:

| | 2023 | | |
|---------------------------|-----------------|---|---|
| | Gross Amount | Unavailable for General Expenditure | Available to Meet Cash Needs Within One Year |
| Cash and cash equivalents | \$ 1,584,578 | \$ - | \$ 1,584,578 |
| Investments | 525,389 | - | 525,389 |
| Contributions receivable | 654,525 | - | 654,525 |
| | \$ 2,764,492 | \$ - | \$ 2,764,492 |
| | 2022 | | |
| | Gross Amount | Unavailable for General Expenditure | Available to Meet Cash Needs Within One Year |
| Cash and cash equivalents | \$ 1,024,985 | \$ - | \$ 1,024,985 |
| Investments | 429,406 | - | 429,406 |
| Contributions receivable | 1,084,501 | (190,967) | 893,534 |
| | \$ 2,538,892 | \$ (190,967) | \$ 2,347,925 |

The Organization has certain donor-restricted net assets that are available for general expenditure within one year of December 31, 2023 and 2022, because the restrictions on the net assets are expected to be met by conducting normal activities of their programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet normal operating expenses for the current budget year.

3. CONTRIBUTIONS RECEIVABLE

There were no contributions discounted at December 31, 2023. Contributions were discounted at a rate of 4.73 percent during 2022. A schedule of the present value of anticipated collections of contributions receivable at December 31, by year, is as follows:

| | 2023 | 2022 |
|--------------------------------|---------|------------|
| 2023 | \$ N/A | \$ 893,534 |
| 2024 | 654,525 | 200,000 |
| Gross contributions receivable | 654,525 | 1,093,534 |
| Less: discount | - | (9,033) |
| Totals | 654,525 | 1,084,501 |
| Current portion | 654,525 | 893,534 |
| Noncurrent portion, net | \$ - | \$ 190,967 |

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

4. INVESTMENTS

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

| 2023 | Fair Value | Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|----------------------|------------|---|---|--|
| Mutual Funds | \$ 513,941 | \$ 513,941 | \$ - | \$ - |
| Corporate Securities | 11,448 | 11,448 | - | - |
| | \$ 525,389 | \$ 525,389 | \$ - | \$ - |

| 2022 | Fair Value | Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--------------|------------|---|---|--|
| Mutual Funds | \$ 429,406 | \$ 429,406 | \$ - | \$ - |

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

| | 2023 | 2022 |
|--|-----------|-------------|
| Interest and dividends | \$ 22,122 | \$ 11,997 |
| Unrealized and realized gains (losses) | 76,805 | (111,158) |
| Total Investment Income (Loss), net | \$ 98,927 | \$ (99,161) |

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

| | 2023 | 2022 |
|--|--------------|--------------|
| Program restricted | | |
| Environment | \$ 807,337 | \$ 126,819 |
| Special projects | 559,485 | 305,327 |
| Policy | 137,167 | 167,302 |
| Social Inclusion | 76,719 | 518,075 |
| Time restricted | 200,000 | 390,968 |
| Total Net Assets with Donor Restrictions | \$ 1,780,708 | \$ 1,508,491 |

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

6. 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:

| | 2023 | 2022 |
|---|--------------|--------------|
| Program services | | |
| Social Inclusion | \$ 599,514 | \$ 519,914 |
| Environment | 596,869 | 515,728 |
| Policy | 492,991 | 213,988 |
| Special projects | 383,318 | 337,647 |
| Passage of time | 200,000 | 357,500 |
| Total Net Assets Released from Restrictions | \$ 2,272,692 | \$ 1,944,777 |

7. CONCENTRATION OF RISK

At December 31, 2023, four entities accounted for 75 percent of revenue. At December 31, 2022, four entities accounted for 87 percent of revenue. At December 31, 2023, three entities accounted for 99 percent of contributions receivable. At December 31, 2022, two entities accounted for 94 percent of contributions receivable.

8. LEASE COMMITMENTS

During 2014, BIC entered into a ten-year lease agreement for 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. The Organization is responsible for its share of real estate taxes, which are included in the variable rent costs reported below.

The components of lease expense were as follows for the years ended December 31:

| | 2023 | 2022 |
|-------------------------|------------|------------|
| Operating lease expense | \$ 196,606 | \$ 196,606 |
| Variable lease expense | - | 1,273 |
| Total lease costs | \$ 196,606 | \$ 197,879 |

Minimum lease commitments represent the future amounts to be paid on various lease commitments. The minimum lease commitments, excluding renewal terms, by years, are as follows at December 31, 2023:

| | Operating Leases |
|---------------------------------|---------------------|
| <u>Year ending December 31:</u> | |
| 2024 | \$ 217,312 |
| 2025 | 180,900 |
| Total undiscounted cash flows | 398,212 |
| Less: present value discount | (3,371) |
| Total lease liabilities | \$ 394,841 |

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

8. LEASE COMMITMENTS (continued)

The following summarizes the weighted average remaining lease term, discount rate and other supplemental cash flow information as of and for the years ended December 31:

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | \$ 225,810 | \$ 218,172 |
| ROU assets obtained in exchange for new operating lease liabilities | \$ - | \$ 843,175 |
| Weighted-average remaining lease term in years for operating leases | 1.75 | 2.75 |
| Weighted-average discount rate for operating leases | 0.97% | 0.97% |

As of December 31, 2023, BIC has no operating or finance leases that have not yet commenced.

9. 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 contribute 2 percent of the employee's annual salary to the plan. The employer contribution increases to 5 percent of employee's annual salary after the completion of two years of service and 8 percent after three years. For the years ended December 31, 2023 and 2022, BIC contributed \$49,025 and \$49,957, respectively, to the retirement plan.

10. 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.

11. SUBSEQUENT EVENT

Subsequent to December 31, 2023, the Organization entered into a 12-year lease for office space with a term beginning November 1, 2024. The lease calls for monthly rental payments of \$14,810 with 2.50 percent annual increases. The lease includes a 24-month abatement period equating to rent abatement of approximately \$360,000.