



FINANCIAL REPORT



BANK INFORMATION CENTER

YEARS ENDED DECEMBER 31, 2019 AND 2018

BANK INFORMATION CENTER
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YEARS ENDED DECEMBER 31, 2019 AND 2018

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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 statements of financial position as of December 31, 2019 and 2018, 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.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2019 and 2018, 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.

Thompson Greenspon

Fairfax, Virginia
October 14, 2020

BANK INFORMATION CENTER

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 411,247	\$ 1,008,281
Investments	412,570	68,995
Contributions receivable	653,000	621,900
Prepaid expenses	28,121	6,424
Employee advances	2,245	1,185
Total Current Assets	1,507,183	1,706,785
Property and Equipment		
Furniture and equipment	30,428	30,428
Website	19,800	19,800
Less: accumulated depreciation and amortization	(40,328)	(33,728)
Net Property and Equipment	9,900	16,500
Other Assets		
Deposits	14,501	14,501
Total Assets	\$ 1,531,584	\$ 1,737,786
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 30,197	\$ 16,285
Accrued expenses	18,494	11,908
Conditional contribution	90,885	-
Deferred rent, current portion	7,061	-
Total Current Liabilities	146,637	28,193
Long-term Liabilities		
Deferred rent, net of current portion	135,509	142,743
Total Liabilities	282,146	170,936
Net Assets		
Without donor restrictions	390,279	335,675
With donor restrictions	859,159	1,231,175
Total Net Assets	1,249,438	1,566,850
Total Liabilities and Net Assets	\$ 1,531,584	\$ 1,737,786

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, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions and grants	\$ 323,000	\$ 1,041,188	\$ 1,364,188	\$ 29,987	\$ 1,117,729	\$ 1,147,716
Investment income (loss), net	39,442	-	39,442	(9,965)	-	(9,965)
Contributions and other income	5,555	-	5,555	15,524	-	15,524
Net assets released from restrictions	1,413,204	(1,413,204)	-	1,434,994	(1,434,994)	-
Total Support and Revenue	<u>1,781,201</u>	<u>(372,016)</u>	<u>1,409,185</u>	<u>1,470,540</u>	<u>(317,265)</u>	<u>1,153,275</u>
Expenses						
Program services						
Social Inclusion	537,870	-	537,870	602,525	-	602,525
Environment	251,884	-	251,884	239,097	-	239,097
Policy	243,502	-	243,502	165,795	-	165,795
Special projects	155,975	-	155,975	176,965	-	176,965
Total Program Services	<u>1,189,231</u>	<u>-</u>	<u>1,189,231</u>	<u>1,184,382</u>	<u>-</u>	<u>1,184,382</u>
Supporting services						
Management and general	441,057	-	441,057	364,754	-	364,754
Fundraising	96,309	-	96,309	83,553	-	83,553
Total Supporting Services	<u>537,366</u>	<u>-</u>	<u>537,366</u>	<u>448,307</u>	<u>-</u>	<u>448,307</u>
Total Expenses	<u>1,726,597</u>	<u>-</u>	<u>1,726,597</u>	<u>1,632,689</u>	<u>-</u>	<u>1,632,689</u>
Change in Net Assets	54,604	(372,016)	(317,412)	(162,149)	(317,265)	(479,414)
Net Assets, beginning of year	<u>335,675</u>	<u>1,231,175</u>	<u>1,566,850</u>	<u>497,824</u>	<u>1,548,440</u>	<u>2,046,264</u>
Net Assets, end of year	<u>\$ 390,279</u>	<u>\$ 859,159</u>	<u>\$ 1,249,438</u>	<u>\$ 335,675</u>	<u>\$ 1,231,175</u>	<u>\$ 1,566,850</u>

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

BANK INFORMATION CENTER

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Social Inclusion	Environment	Policy	Special Projects		Management and General	Fundraising	Total Supporting Services	
Salaries and fringe benefits	\$ 343,897	\$ 153,549	\$ 143,325	\$ 110,533	\$ 751,304	\$ 164,263	\$ 72,484	\$ 236,747	\$ 988,051
Bank charges and service fees	516	203	331	50	1,100	2,386	223	2,609	3,709
Communications	6,000	3,182	3,646	4,406	17,234	13,659	1,276	14,935	32,169
Consultants	12,376	5,825	18,101	15,497	51,799	9,292	868	10,160	61,959
Depreciation and amortization	963	378	300	93	1,734	4,450	416	4,866	6,600
Direct support to partners	78,001	38,596	16,181	9,775	142,553	10,115	945	11,060	153,613
Dues and subscriptions	1,292	508	402	124	2,326	5,969	558	6,527	8,853
Equipment rental and maintenance	1	1	-	-	2	6	1	7	9
Insurance	661	260	206	64	1,191	3,054	285	3,339	4,530
Miscellaneous	144	57	45	14	260	665	62	727	987
Occupancy	27,439	10,783	8,542	2,638	49,402	126,811	11,846	138,657	188,059
Printing and publications	-	4,768	-	-	4,768	-	-	-	4,768
Professional fees	-	-	-	498	498	55,499	-	55,499	55,997
Supplies and materials	4,522	598	2,625	146	7,891	7,028	657	7,685	15,576
Travel and transportation	56,870	23,501	4,244	9,982	94,597	17,955	4,829	22,784	117,381
Workshops, seminars and meetings	5,188	9,675	45,554	2,155	62,572	19,905	1,859	21,764	84,336
Total Expenses	\$ 537,870	\$ 251,884	\$ 243,502	\$ 155,975	\$ 1,189,231	\$ 441,057	\$ 96,309	\$ 537,366	\$ 1,726,597

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

BANK INFORMATION CENTER

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Social Inclusion	Environment	Policy	Special Projects		Management and General	Fundraising	Total Supporting Services	
Salaries and fringe benefits	\$ 372,704	\$ 150,562	\$ 84,103	\$ 60,105	\$ 667,474	\$ 114,545	\$ 59,892	\$ 174,437	\$ 841,911
Bank charges and service fees	1,173	497	595	181	2,446	3,292	385	3,677	6,123
Communications	8,595	1,474	1,547	8,879	20,495	12,236	1,433	13,669	34,164
Consultants	4,520	26,073	26,047	55,296	111,936	2,829	331	3,160	115,096
Depreciation and amortization	646	230	184	105	1,165	1,911	224	2,135	3,300
Direct support to partners	111,035	13,317	1,293	4,137	129,782	13,429	1,572	15,001	144,783
Dues and subscriptions	1,126	401	321	183	2,031	3,330	390	3,720	5,751
Equipment rental and maintenance	677	241	193	4,351	5,462	2,002	234	2,236	7,698
Insurance	835	297	378	136	1,646	2,469	289	2,758	4,404
Miscellaneous	770	325	217	140	1,452	2,254	264	2,518	3,970
Occupancy	37,165	13,236	10,585	7,031	68,017	109,905	12,867	122,772	190,789
Printing and publications	-	6,620	-	-	6,620	-	-	-	6,620
Professional fees	-	-	-	-	-	57,120	-	57,120	57,120
Supplies and materials	1,321	470	3,870	994	6,655	3,908	457	4,365	11,020
Travel and transportation	55,862	23,723	34,853	30,182	144,620	21,980	3,629	25,609	170,229
Workshops, seminars and meetings	6,096	1,631	1,609	5,245	14,581	13,544	1,586	15,130	29,711
Total Expenses	\$ 602,525	\$ 239,097	\$ 165,795	\$ 176,965	\$ 1,184,382	\$ 364,754	\$ 83,553	\$ 448,307	\$ 1,632,689

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

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STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (317,412)	\$ (479,414)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	6,600	3,300
Unrealized and realized (gain) loss on investments	(19,732)	9,480
Reinvested interest and dividends	(7,776)	(2,044)
(Increase) Decrease in		
Contributions receivable	(31,100)	367,964
Prepaid expenses	(21,697)	(4,924)
Increase (Decrease) in		
Accounts payable	13,912	(5,601)
Accrued expenses	6,586	(6,394)
Conditional contribution	90,885	-
Deferred rent	(173)	6,482
	<u>(279,907)</u>	<u>(111,151)</u>
Net Cash Used by Operating Activities		
Cash Flows from Investing Activities		
Purchase of investments	(482,444)	-
Sale of investment securities	166,377	-
Employee advance payments	(1,060)	(1,179)
Payments for website	-	(14,550)
Collection of deposit	-	14,412
	<u>(317,127)</u>	<u>(1,317)</u>
Net Cash Used by Investing Activities		
Net Decrease in Cash and Cash Equivalents	(597,034)	(112,468)
Cash and Cash Equivalents, beginning of year	<u>1,008,281</u>	<u>1,120,749</u>
Cash and Cash Equivalents, end of year	<u>\$ 411,247</u>	<u>\$ 1,008,281</u>

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

BANK INFORMATION CENTER

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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.

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. 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.

BANK INFORMATION CENTER

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

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 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).

Fair Value

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, 2019 and 2018.

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.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

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.

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 grants and contribution 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. At December 31, 2019 and 2018, the allowance was \$-0-. 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 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. 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 for the years ended December 31, 2019 and 2018 was \$6,600 and \$3,300, respectively.

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

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.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

Contributions and Grants Prior to ASC Topic 606

Contributions and grants with and without donor restrictions are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions 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 net assets with donor restrictions in the accompanying financial statements.

Contributions, Grants and Contracts Under ASC Topic 606

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, 2019, contributions approximating \$90,000 have not been recognized in the accompanying statement of activities and changes in net assets and are included in the statement 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 December 31, 2019.

The Organization periodically receives funding under contracts, which is considered an exchange transaction; 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.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

Income Taxes (continued)

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, 2019 and 2018.

Recent Accounting Pronouncements

ASU 2016-02

In February 2016, the FASB issued Accounting Standards Update (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, 2021, with early adoption permitted. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Adoption of New Accounting Standards

In May 2014, the FASB issued ASC Topic 606, *Revenue from Contracts with Customers*. The new accounting standard is effective for non-public entities for annual reporting periods beginning after December 15, 2019. The Organization adopted ASC Topic 606 for the initial application on January 1, 2019. The new accounting standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance (ASC Topic 605, *Revenue Recognition*) in U.S. generally accepted accounting principles. The standard also requires expanded disclosures regarding the Organization's revenue recognition policies and significant judgments employed in the determination of revenue.

The Organization adopted ASC Topic 606 using the modified retrospective method, and accordingly the new guidance was applied retrospectively to contracts that were not completed as of January 1, 2019 (the date of initial application). Therefore, the comparative financial statements for the year ended December 31, 2018 have not been restated and continue to be reported under the prior revenue recognition guidance.

At January 1, 2019, there was not a material adjustment to revenue and no cumulative catch-up was required.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Organization's implementation of ASU 2018-08.

Reclassifications

Certain items in the December 31, 2018 financial statements have been reclassified to conform to the December 31, 2019 financial statement presentation. The reclassifications had no impact on previously reported net assets.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

Subsequent Events

The date to which events occurring after December 31, 2019, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October 14, 2020, which is the date on which the financial statements were available to be issued.

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, 2019:

	Gross Amount	Unavailable for General Expenditure	Available to Meet Cash Needs Within One Year
Cash and cash equivalents	\$ 411,247	\$ -	\$ 411,247
Contributions receivable	653,000	(69,920)	583,080
Investments	412,570	-	412,570
	\$ 1,476,817	\$ (69,920)	\$ 1,406,897

The Organization has certain donor-restricted net assets that are available for general expenditure within one year of December 31, 2019, 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. INVESTMENTS

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2019				
Mutual Funds - Large Blend Index Fund	\$ 412,570	\$ 412,570	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

3. INVESTMENTS (continued)

2018	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 - Index Equity Fund	\$ 68,995	\$ 68,995	\$ -	\$ -

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, 2019, 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:

	2019	2018
Interest and dividends	\$ 19,710	\$ 2,820
Unrealized and realized gains (losses)	19,732	(9,480)
Investment expenses	-	(3,305)
Total Investment Income (Loss)	\$ 39,442	\$ (9,965)

4. NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Program restricted		
Social Inclusion	\$ 173,610	\$ 518,472
Special projects	160,600	225,810
Policy	103,857	138,840
Environment	11,092	98,053
Time restricted	410,000	250,000
Total Net Assets with Donor Restrictions	\$ 859,159	\$ 1,231,175

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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:

	<u>2019</u>	<u>2018</u>
Program services		
Social Inclusion	\$ 514,869	\$ 602,525
Environment	251,076	239,744
Policy	241,781	165,794
Special projects	155,478	176,931
Passage of time	<u>250,000</u>	<u>250,000</u>
Total Net Assets Released from Restrictions	<u>\$ 1,413,204</u>	<u>\$ 1,434,994</u>

6. CONCENTRATION OF RISK

At December 31, 2019, three entities accounted for 67 percent of revenue. At December 31, 2018, five entities accounted for 88 percent of revenue. At December 31, 2019, two entities accounted for 95 percent of contributions receivable. At December 31, 2018, three entities accounted for 96 percent of contributions receivable.

7. LEASE COMMITMENT

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, 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 at December 31, 2019:

<u>Year ending December 31:</u>	
2020	\$ 203,667
2021	210,795
2022	218,173
2023	225,810
2024	233,712
Thereafter	<u>180,900</u>
Total	<u>\$ 1,273,057</u>

On April 1, 2018, BIC entered into a one-year sublease for a portion of the office space. Sublease payments were \$900 per month. The sublease was extended for an additional year with \$1,150 monthly rent commencing on May 1, 2019. The future minimum rental income under the non-cancelable sublease is \$3,450 for the year ending December 31, 2020.

Rent expense for the year ended December 31, 2019 amounted to \$200,859, net of sublease income of \$12,800 for net rent expense of \$188,059. Rent expense for the year ended December 31, 2018 amounted to \$197,889, net of sublease income of \$8,100 for net rent expense of \$189,789. The deferred rent liability was \$142,570 and \$142,743 at December 31, 2019 and 2018, respectively.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 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, 2019 and 2018, BIC contributed \$39,097 and \$19,140, 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.

10. SUBSEQUENT EVENTS

Sublease Agreement

Subsequent to December 31, 2019, the sublease agreement was extended for an additional term of two years, commencing on April 1, 2020.

COVID-19

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most organizations are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of October 14, 2020, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

Paycheck Protection Program Loan

On May 4, 2020, the Organization was granted a loan (the "Loan") from Kabbage, Inc. in the aggregate amount of \$138,255, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated May 4, 2020 issued by Kabbage, Inc., matures on May 4, 2022 and bears interest at a rate of 1.00 percent per annum, payable monthly commencing on December 4, 2020. The Note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.