



## FINANCIAL REPORT

**B*i*C**

BANK INFORMATION CENTER

YEARS ENDED DECEMBER 31, 2022 AND 2021

**BANK INFORMATION CENTER**  
**FINANCIAL REPORT**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3 - 4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 18

## 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, 2022 and 2021, 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, 2022 and 2021, 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 Audit 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.

### Emphasis of Matter

As discussed in Note 1, Bank Information Center changed its method of accounting for leases in 2022 due to the adoption of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, and the related amendments. Our opinion is noted modified with respect to this matter.

### 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 Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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  
September 12, 2023

## BANK INFORMATION CENTER

### STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,024,985	\$ 1,648,426
Investments	429,406	682,836
Contributions receivable	893,534	948,534
Prepaid expenses	71,150	20,036
Employee advances	701	2,581
	<u>2,419,776</u>	<u>3,302,413</u>
<b>Property and Equipment</b>		
Furniture and equipment	1,058	30,428
Website	19,800	19,800
Less: accumulated depreciation and amortization	<u>(19,906)</u>	<u>(50,228)</u>
	<u>952</u>	<u>-</u>
<b>Other Assets</b>		
Deposits	14,501	14,501
Contributions receivable, net of current portion	190,967	-
Operating lease right-of-use asset	<u>532,321</u>	<u>-</u>
	<u>737,789</u>	<u>14,501</u>
<b>Total Assets</b>	<u><u>\$ 3,158,517</u></u>	<u><u>\$ 3,316,914</u></u>

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

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 30,997	\$ 61,280
Accrued expenses	45,774	34,792
Conditional contribution	669,279	201,256
Deferred rent, current portion	-	21,566
Operating lease liability	<u>220,834</u>	<u>-</u>
Total Current Liabilities	<u>966,884</u>	<u>318,894</u>
<b>Long-term Liabilities</b>		
Deferred rent, net of current portion	-	99,754
Operating lease liability, net of current portion	<u>411,242</u>	<u>-</u>
Total Long-term Liabilities	<u>411,242</u>	<u>99,754</u>
Total Liabilities	<u>1,378,126</u>	<u>418,648</u>
<b>Net Assets</b>		
Without donor restrictions	271,900	934,706
With donor restrictions	<u>1,508,491</u>	<u>1,963,560</u>
Total Net Assets	<u>1,780,391</u>	<u>2,898,266</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,158,517</u></u>	<u><u>\$ 3,316,914</u></u>

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### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Contributions and grants	\$ -	\$ 1,489,708	\$ 1,489,708	\$ 907,000	\$ 1,184,841	\$ 2,091,841
Investment (loss) income, net	(99,161)	-	(99,161)	58,397	-	58,397
Other income	1,650	-	1,650	5,238	-	5,238
Net assets released from restrictions	1,944,777	(1,944,777)	-	1,648,804	(1,648,804)	-
Total Support and Revenue	<u>1,847,266</u>	<u>(455,069)</u>	<u>1,392,197</u>	<u>2,619,439</u>	<u>(463,963)</u>	<u>2,155,476</u>
<b>Expenses</b>						
Program services						
Social Inclusion	521,567	-	521,567	505,844	-	505,844
Environment	516,256	-	516,256	269,139	-	269,139
Policy	213,989	-	213,989	217,285	-	217,285
Special projects	342,100	-	342,100	311,404	-	311,404
General programs	568,603	-	568,603	457,981	-	457,981
Total Program Services	<u>2,162,515</u>	<u>-</u>	<u>2,162,515</u>	<u>1,761,653</u>	<u>-</u>	<u>1,761,653</u>
Supporting services						
Management and general	257,221	-	257,221	305,107	-	305,107
Fundraising	90,336	-	90,336	35,200	-	35,200
Total Supporting Services	<u>347,557</u>	<u>-</u>	<u>347,557</u>	<u>340,307</u>	<u>-</u>	<u>340,307</u>
Total Expenses	<u>2,510,072</u>	<u>-</u>	<u>2,510,072</u>	<u>2,101,960</u>	<u>-</u>	<u>2,101,960</u>
<b>Change in Net Assets</b>	(662,806)	(455,069)	(1,117,875)	517,479	(463,963)	53,516
<b>Net Assets, beginning of year</b>	<u>934,706</u>	<u>1,963,560</u>	<u>2,898,266</u>	<u>417,227</u>	<u>2,427,523</u>	<u>2,844,750</u>
<b>Net Assets, end of year</b>	<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>

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

**BANK INFORMATION CENTER**

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

	Program Services					Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Social Inclusion	Environment	Policy	Special Projects	General Programs		Management and General	Fundraising		
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
Consultants	8,519	25,455	19,910	162,173	13,395	229,452	20,027	3,429	23,456	252,908
Direct support to partners	103,573	75,827	14,069	1,493	6,410	201,372	11,189	1,916	13,105	214,477
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
Bank charges and service fees	1,309	1,318	336	470	1,675	5,108	3,523	603	4,126	9,234
Equipment rental and maintenance	2,682	1,036	265	369	1,317	5,669	2,770	474	3,244	8,913
Insurance	914	920	235	328	1,169	3,566	2,461	421	2,882	6,448
Miscellaneous	371	581	73	102	364	1,491	766	131	897	2,388
Depreciation	15	15	4	5	19	58	41	7	48	106
<b>Total Expenses</b>	<b>\$ 521,567</b>	<b>\$ 516,256</b>	<b>\$ 213,989</b>	<b>\$ 342,100</b>	<b>\$ 568,603</b>	<b>\$ 2,162,515</b>	<b>\$ 257,221</b>	<b>\$ 90,336</b>	<b>\$ 347,557</b>	<b>\$ 2,510,072</b>

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

**BANK INFORMATION CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Program Services					Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Social Inclusion	Environment	Policy	Special Projects	General Programs		Management and General	Fundraising		
Salaries and fringe benefits	\$ 344,713	\$ 137,240	\$ 162,112	\$ 124,812	\$ 369,943	\$ 1,138,820	\$ 57,250	\$ 23,753	\$ 81,003	\$ 1,219,823
Consultants	19,233	62,208	27,672	131,843	12,526	253,482	30,959	1,862	32,821	286,303
Direct support to partners	97,834	44,109	1,832	12,536	16,565	172,876	16,226	976	17,202	190,078
Occupancy	25,331	10,122	10,765	9,027	38,586	93,831	95,367	5,735	101,102	194,933
Travel and transportation	5,870	882	938	2,539	3,362	13,591	8,308	500	8,808	22,399
Professional fees	464	185	197	165	706	1,717	59,244	105	59,349	61,066
Communications	2,545	11,324	9,922	25,179	3,572	52,542	8,829	531	9,360	61,902
Workshops, seminars and meetings	1,644	657	897	586	2,505	6,289	6,190	372	6,562	12,851
Dues and subscriptions	1,899	724	770	808	2,761	6,962	6,825	410	7,235	14,197
Supplies and materials	3,347	588	625	684	3,260	8,504	5,542	333	5,875	14,379
Bank charges and service fees	1,507	602	640	1,437	2,296	6,482	5,674	341	6,015	12,497
Insurance	558	223	237	199	850	2,067	2,101	126	2,227	4,294
Miscellaneous	470	104	496	1,436	396	2,902	977	59	1,036	3,938
Depreciation and amortization	429	171	182	153	653	1,588	1,615	97	1,712	3,300
<b>Total Expenses</b>	<b>\$ 505,844</b>	<b>\$ 269,139</b>	<b>\$ 217,285</b>	<b>\$ 311,404</b>	<b>\$ 457,981</b>	<b>\$ 1,761,653</b>	<b>\$ 305,107</b>	<b>\$ 35,200</b>	<b>\$ 340,307</b>	<b>\$ 2,101,960</b>

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

## BANK INFORMATION CENTER

### STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (1,117,875)	\$ 53,516
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation and amortization	106	3,300
Unrealized and realized loss (gain) on investments	111,158	(48,575)
Reinvested interest and dividends	(7,728)	(9,809)
(Increase) Decrease in		
Contributions receivable	(135,967)	768,444
Rent receivable	-	6,100
Prepaid expenses	(51,114)	8,025
Increase (Decrease) in		
Accounts payable	(30,283)	39,034
Accrued expenses	10,982	6,577
Conditional contribution	468,023	23,129
Operating lease assets and liabilities	(21,565)	-
Deferred rent	-	(14,189)
	(774,263)	835,552
Net Cash (Used) Provided by Operating Activities		
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(1,058)	-
Sale of investment securities	150,000	498,449
Employee advances collections (payments)	1,880	(1,985)
	150,822	496,464
Net Cash Provided by Investing Activities		
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(623,441)	1,332,016
<b>Cash and Cash Equivalents, beginning of year</b>	1,648,426	316,410
<b>Cash and Cash Equivalents, end of year</b>	\$ 1,024,985	\$ 1,648,426
<b>Noncash Items</b>		
Derecognition of deferred rent	\$ 121,320	\$ -

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

# BANK INFORMATION CENTER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### 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, net.

## BANK INFORMATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 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, 2022 and 2021.

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

*Certificates of deposit:* Valued using a matrix or model pricing method.

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.

## BANK INFORMATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 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. At December 31, 2022 and 2021, 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.

As of January 1, 2021, 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 \$106 and \$3,300 for the years ended December 31, 2022 and 2021, 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**

###### *Adoption of New Accounting Standards – Leases*

On January 1, 2022, the Organization adopted the requirements of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standard from the previous guidance (ASC Topic 840) is the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

As part of the transition to the new standard, the Organization was required to measure and recognize leases that existed at January 1, 2022 using a modified retrospective approach. For leases existing at the effective date, the Organization elected the package of three transition practical expedients and therefore did not reassess whether an arrangement is or contains a lease, did not reassess lease classification, and did not reassess what qualifies as an initial direct cost.

The adoption of Topic 842 resulted in the recognition of an operating ROU asset and operating lease liability of \$721,855 and \$843,175 as of January 1, 2022, respectively.

## BANK INFORMATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

##### **Leases** (continued)

###### *Leases Accounting Policy*

At lease inception, the Organization determines whether an arrangement is or contains a lease. Operating leases are included in operating lease 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. 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.

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 a 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.

## **BANK INFORMATION CENTER**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021**

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

##### **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, 2022 and 2021, contributions approximating \$669,000 and \$201,000, 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, 2022 and 2021, conditional contributions approximating \$177,000 and \$76,000, 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.

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, 2022 and 2021.

## BANK INFORMATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

##### Subsequent Events

The date to which events occurring after December 31, 2022, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is September 12, 2023, 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:

	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
	2021		
	Gross Amount	Unavailable for General Expenditure	Available to Meet Cash Needs Within One Year
Cash and cash equivalents	\$ 1,648,426	\$ -	\$ 1,648,426
Investments	682,836	-	682,836
Contributions receivable	948,534	-	948,534
	\$ 3,279,796	\$ -	\$ 3,279,796

The Organization has certain donor-restricted net assets that are available for general expenditure within one year of December 31, 2022 and 2021, 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.

## BANK INFORMATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 3. CONTRIBUTIONS RECEIVABLE

Contributions were discounted at a rate of 4.73 percent during 2022. There were no contributions discounted at December 31, 2021. A schedule of the present value of anticipated collections of contributions receivable at December 31, by year, is as follows:

	2022	2021
2022	\$ N/A	\$ 948,534
2023	893,534	-
2024	200,000	-
Gross contributions receivable	1,093,534	948,534
Less: discount	(9,033)	-
Totals	1,084,501	948,534
Current portion	893,534	948,534
Noncurrent portion, net	\$ 190,967	\$ -

#### 4. INVESTMENTS

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

		Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2022</b>	<b>Fair Value</b>			
Mutual Funds - Large				
Blend Index Fund	\$ 429,406	\$ 429,406	\$ -	\$ -
		Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2021</b>	<b>Fair Value</b>			
Mutual Funds - Large				
Blend Index Fund	\$ 532,810	\$ 532,810	\$ -	\$ -
Certificates of Deposit	150,026	-	150,026	-
	\$ 682,836	\$ 532,810	\$ 150,026	\$ -

Certificates of deposit matured in January 2022 and carried an interest rate of 0.01 percent.

## BANK INFORMATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 4. INVESTMENTS (continued)

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 11,997	\$ 9,822
Unrealized and realized (losses) gains	(111,158)	48,575
Total Investment (Loss) Income, net	<u>\$ (99,161)</u>	<u>\$ 58,397</u>

#### 5. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Program restricted		
Social Inclusion	\$ 518,075	\$ 887,990
Special projects	305,327	312,974
Policy	167,302	54,403
Environment	126,819	350,693
Time restricted	390,968	357,500
Total Net Assets with Donor Restrictions	<u>\$ 1,508,491</u>	<u>\$ 1,963,560</u>

#### 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:

	<u>2022</u>	<u>2021</u>
Program services		
Social Inclusion	\$ 519,914	\$ 496,911
Environment	515,728	269,141
Special projects	337,647	311,404
Policy	213,988	213,848
Passage of time	357,500	357,500
Total Net Assets Released from Restrictions	<u>\$ 1,944,777</u>	<u>\$ 1,648,804</u>

#### 7. CONCENTRATION OF RISK

At December 31, 2022, four entities accounted for 87 percent of revenue. At December 31, 2021, two entities accounted for 66 percent of revenue. At December 31, 2022, two entities accounted for 94 percent of contributions receivable. At December 31, 2021, two entities accounted for 96 percent of contributions receivable.

## BANK INFORMATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 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 real estate taxes, which are included in the variable rent costs reported below.

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 term through March 30, 2020. Sublease payments were \$900 per month for the first month and \$1,150 through the remainder of the lease term. The sublease was extended for an additional term through March 30, 2022 with monthly payments starting at \$1,150 and reducing to \$450. The sublease was modified to end on May 31, 2021.

The components of lease expense were as follows for the year ended December 31, 2022:

Operating lease expense	\$ 196,606
Variable lease expense	1,273
Total lease costs	\$ 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, 2022:

Year ending December 31:	Operating Leases
2023	\$ 225,810
2024	233,712
2025	180,900
Total undiscounted cash flows	640,422
Less: present value discount	(8,346)
Total lease liabilities	\$ 632,076

The following summarizes the weighted average remaining lease term, discount rate and other supplemental cash flow information as of and for the year ended December 31, 2022:

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

As of December 31, 2022, BIC has no operating or finance leases that have not yet commenced.

## BANK INFORMATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 8. LEASE COMMITMENTS (continued)

Following are the future minimum payments under the lease at December 31, 2021:

<u>Year ending December 31:</u>	
2022	\$ 218,173
2023	225,810
2024	233,712
2025	180,900
Total minimum lease payments	<u>\$ 858,595</u>

Rent expense for the year ended December 31, 2021 amounted to \$197,183, net of sublease income of \$2,250 for net rent expense of \$194,933. The deferred rent liability was \$121,320 at December 31, 2021.

#### 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, 2022 and 2021, BIC contributed \$49,957 and \$45,450, 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.