

FINANCIAL STATEMENTS

BANK INFORMATION CENTER

**FOR THE YEAR ENDED DECEMBER 31, 2005
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2004**

BANK INFORMATION CENTER

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bank Information Center
Washington, D.C.

We have audited the accompanying statement of financial position of the Bank Information Center as of December 31, 2005, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Bank Information Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2004 financial statements and, in our report dated May 26, 2005, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bank Information Center as of December 31, 2005, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

May 25, 2006

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BANK INFORMATION CENTER
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2005
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004

ASSETS	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 413,674	\$ 337,965
Accounts receivable	1,140	-
Grants receivable (Note 3)	940,910	150,000
Prepaid expenses	7,085	6,118
Advances	<u>15,076</u>	<u>50</u>
Total current assets	<u>1,377,885</u>	<u>494,133</u>
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Equipment (Note 6)	145,439	128,080
Leasehold improvements	<u>-</u>	<u>3,319</u>
	145,439	131,399
Less: Accumulated depreciation and amortization	<u>(103,864)</u>	<u>(90,949)</u>
Net furniture, equipment and leasehold improvements	<u>41,575</u>	<u>40,450</u>
NONCURRENT ASSETS		
Deposits	10,447	4,273
Grants receivable, net of current maturities (Note 3)	<u>396,653</u>	<u>-</u>
Total noncurrent assets	<u>407,100</u>	<u>4,273</u>
TOTAL ASSETS	<u>\$ 1,826,560</u>	<u>\$ 538,856</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of capital lease payable (Note 6)	\$ 6,224	\$ 5,634
Accounts payable	13,184	15,002
Accrued expenses	<u>18,588</u>	<u>16,588</u>
Total current liabilities	<u>37,996</u>	<u>37,224</u>
LONG-TERM LIABILITIES		
Capital lease payable, net of current portion (Note 6)	11,855	18,079
Security deposit	<u>2,570</u>	<u>-</u>
Total long-term liabilities	<u>14,425</u>	<u>18,079</u>
Total liabilities	<u>52,421</u>	<u>55,303</u>
NET ASSETS		
Unrestricted	287,298	288,994
Temporarily restricted (Note 2)	<u>1,486,841</u>	<u>194,559</u>
Total net assets	<u>1,774,139</u>	<u>483,553</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,826,560</u>	<u>\$ 538,856</u>

See accompanying notes to financial statements.

BANK INFORMATION CENTER

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004**

	2005			2004
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants	\$ 117,121	\$ 2,388,559	\$ 2,505,680	\$ 1,027,309
Interest income	15,786	-	15,786	3,726
Contributions and other income	26	-	26	4,539
Rental income (Note 5)	23,365	-	23,365	-
Net assets released from donor restrictions (Note 2)	<u>1,096,277</u>	<u>(1,096,277)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,252,575</u>	<u>1,292,282</u>	<u>2,544,857</u>	<u>1,035,574</u>
EXPENSES				
Program services:				
Information Services	105,319	-	105,319	77,751
Latin American/Caribbean	173,312	-	173,312	117,717
Asia	260,953	-	260,953	276,374
Africa	89,561	-	89,561	85,661
Europe	122,678	-	122,678	152,258
Policy	263,846	-	263,846	216,962
Ford - Post 9/11	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,221</u>
Total program services	<u>1,015,669</u>	<u>-</u>	<u>1,015,669</u>	<u>1,038,944</u>
Supporting services:				
Administration/Management	165,492	-	165,492	166,307
Fundraising	33,555	-	33,555	33,307
Strategic Planning	<u>39,555</u>	<u>-</u>	<u>39,555</u>	<u>44,484</u>
Total supporting services	<u>238,602</u>	<u>-</u>	<u>238,602</u>	<u>244,098</u>
Total expenses	<u>1,254,271</u>	<u>-</u>	<u>1,254,271</u>	<u>1,283,042</u>
Change in net assets	(1,696)	1,292,282	1,290,586	(247,468)
Net assets at beginning of year	<u>288,994</u>	<u>194,559</u>	<u>483,553</u>	<u>731,021</u>
NET ASSETS AT END OF YEAR	<u>\$ 287,298</u>	<u>\$ 1,486,841</u>	<u>\$ 1,774,139</u>	<u>\$ 483,553</u>

See accompanying notes to financial statements.

BANK INFORMATION CENTER

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004**

	2005					
	Program Services					
	Information Services	Latin American/ Caribbean	Asia	Africa	Europe	Policy
Salaries	\$ 57,885	\$ 73,884	\$ 77,141	\$ 47,509	\$ 69,127	\$ 110,383
Benefits (Note 4)	9,554	10,490	16,538	8,243	11,098	19,021
Printing and reproduction	227	1,188	515	-	1,696	4,256
Legal Fees	-	-	685	-	-	-
Translation services	50	588	90	-	-	4,510
Rent (Note 5)	11,509	18,636	16,969	9,203	11,484	23,683
Accounting	2,432	1,831	1,667	904	1,128	2,326
Business insurance	257	416	378	205	256	528
Depreciation and amortization	-	-	-	-	-	-
Professional and website developn	13,437	11,138	-	-	-	375
Technology and computer support	628	1,016	925	502	626	1,292
Travel and entertainment	520	20,998	25,529	13,064	19,127	17,606
Consulting	1,140	3,140	42,601	-	2,200	25,173
Postage and delivery	495	811	1,790	360	421	1,059
Office expenses	2,707	6,522	5,357	3,822	2,706	6,701
Dues, subscriptions and publicatio	842	1,852	491	158	197	562
Conferences and meetings	1,033	1,148	3,869	776	-	40,074
Advertising	225	100	60	-	100	-
Licenses and permits	-	-	-	-	-	-
Bank service charges	-	35	10	10	4	-
Interest expense	-	79	-	-	53	82
Equipment rental and maintenance	586	951	864	468	585	1,198
Small grants	-	-	3,000	-	-	-
Pass on grants	-	-	57,121	-	-	-
Miscellaneous	1,792	3,363	2,642	4,337	1,870	5,017
Field offices	-	15,126	2,711	-	-	-
Contributions	-	-	-	-	-	-
TOTAL	\$ 105,319	\$ 173,312	\$ 260,953	\$ 89,561	\$ 122,678	\$ 263,846

See accompanying notes to financial statements.

						2004	
Supporting Services							
Total Program Services	Administration/ Management	Fundraising	Strategic Planning	Total Supporting Services	TOTAL	TOTAL	
\$ 435,929	\$ 82,090	\$ 20,625	\$ 20,625	\$ 123,340	\$ 559,269	\$ 533,271	
74,944	18,510	4,362	4,298	27,170	102,114	113,476	
7,882	445	59	72	576	8,458	8,539	
685	-	-	-	-	685	1,293	
5,238	-	-	-	-	5,238	6,664	
91,484	8,513	3,008	3,654	15,175	106,659	70,936	
10,288	400	295	359	1,054	11,342	10,461	
2,040	297	67	82	446	2,486	2,173	
-	16,234	-	-	16,234	16,234	18,082	
24,950	-	-	1,980	1,980	26,930	19,388	
4,989	724	164	199	1,087	6,076	8,636	
96,844	8,130	3,462	6,137	17,729	114,573	175,933	
74,254	4,012	-	-	4,012	78,266	141,588	
4,936	891	148	148	1,187	6,123	2,367	
27,815	6,641	719	884	8,244	36,059	30,465	
4,102	623	52	63	738	4,840	2,551	
46,900	2,880	6	302	3,188	50,088	13,683	
485	100	-	-	100	585	882	
-	-	-	-	-	-	75	
59	1,239	-	15	1,254	1,313	1,493	
214	2,239	-	-	2,239	2,453	2,652	
4,652	7,786	153	186	8,125	12,777	9,162	
3,000	-	-	-	-	3,000	13,900	
57,121	-	-	-	-	57,121	81,715	
19,021	2,778	435	551	3,764	22,785	13,657	
17,837	-	-	-	-	17,837	-	
-	960	-	-	960	960	-	
\$ 1,015,669	\$ 165,492	\$ 33,555	\$ 39,555	\$ 238,602	\$ 1,254,271	\$ 1,283,042	

See accompanying notes to financial statements.

BANK INFORMATION CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,290,586	\$ (247,468)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,234	18,082
(Increase) decrease in:		
Accounts receivable	(1,140)	-
Grants receivable	(1,187,563)	269,811
Prepaid expenses	(967)	(987)
Travel advance	(15,026)	(50)
Deposits	(6,174)	-
Increase (decrease) in:		
Accounts payable	(1,818)	(21,193)
Accrued expenses	2,000	(5,208)
Security deposit	2,570	-
Net cash provided by operating activities	<u>98,702</u>	<u>12,987</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(17,359)</u>	<u>(4,334)</u>
Net cash used by investing activities	<u>(17,359)</u>	<u>(4,334)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease	<u>(5,634)</u>	<u>(5,101)</u>
Net cash used by financing activities	<u>(5,634)</u>	<u>(5,101)</u>
Net increase in cash and cash equivalents	75,709	3,552
Cash and cash equivalents at beginning of year	<u>337,965</u>	<u>334,413</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 413,674</u>	<u>\$ 337,965</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 2,453</u>	<u>\$ 2,652</u>

See accompanying notes to financial statements.

BANK INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Bank Information Center is an independent, non-profit, non-governmental organization 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). The Bank Information Center advocates for greater transparency, accountability and citizen participation at the MDBs.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

Furniture, equipment and leasehold improvements -

Furniture and equipment in excess of \$500 are recorded at historical cost. Depreciation is recorded on the straight-line method over the useful lives of the related assets, generally five years. Leasehold improvements are amortized over the life of the lease.

Income taxes -

The Bank Information Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Bank Information Center is not a private foundation.

Net asset classification -

The net assets are reported as follows:

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

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donor. The revenue is recognized as unrestricted revenue upon satisfaction or completion of the programs in compliance with donor imposed restrictions. Amounts received prior to the satisfaction or completion of the programs are presented as temporarily restricted net assets in the accompanying financial statements.

Cash and cash equivalents -

The Bank Information Center considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

BANK INFORMATION CENTER

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Cash and cash equivalents (continued)-

At times during the year, the Bank Information Center maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2005:

Program Restricted:	
Latin American/Caribbean	\$ 668,915
Asia	85,655
Policy	45,770
Strategic Planning	17,709
Time Restricted:	
General support	<u>668,792</u>
	<u>\$ 1,486,841</u>

Net assets were released from restrictions by satisfying donor imposed restrictions (program expenditures or passage of time). Following is a summary of net assets released from restrictions for the year ended December 31, 2005:

Program Service:	
Latin American/Caribbean	\$ 169,228
Asia	149,200
Africa	5,000
Europe	103,001
Policy	45,880
Strategic Planning	32,808
Passage of Time	
General Support:	<u>591,160</u>
	<u>\$ 1,096,277</u>

BANK INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

3. GRANTS RECEIVABLE

All grants receivable are considered to be collectible within one year unless otherwise stated by the donor. Grants which will not be paid within one year have been discounted using a current interest rate of 7.25%.

Following is a summary by years of grants receivable at December 31, 2005:

<u>Year Ended June 30,</u>	
2006	\$ 940,910
2007	<u>396,653</u>
	<u>\$ 1,337,563</u>

4. RETIREMENT PLAN

In July 2000, the Bank Information Center adopted a defined contribution retirement plan for all full-time employees who have completed one year of service. BIC modified the matching scheme in October 2005. For all full-time employees who have completed one year of service, the Bank Information Center will match 30% of the employee's contribution. Each year, the Bank Information Center will match 30% of the employee's contribution. The match increases to 40% after completion of two years of services and 50% after three years. BIC's match will not exceed 10% of compensation. For 2005, the Bank Information Center contributed \$8,092.

5. LEASE COMMITMENT

The Bank Information Center entered a new lease agreement on February 2, 2005 that commenced on April 1, 2005 and terminates March 31, 2010. The Bank Information Center also entered into a sublease agreement which commenced on April 1, 2005 and terminates March 31, 2008. Following are the future minimum lease and sublease payments to be received:

<u>Year Ended December 31,</u>	<u>Lease</u>	<u>Sublease</u>	<u>Net Future Commitments</u>
2006	\$ 128,649	\$ (30,411)	\$ 98,238
2007	133,155	(31,475)	101,680
2008	137,811	(7,936)	129,875
2009	142,638	-	142,638
2010	<u>35,964</u>	<u>-</u>	<u>35,964</u>
	<u>\$ 578,217</u>	<u>\$ (69,822)</u>	<u>\$ 508,395</u>

Total occupancy expense and rental income for the year ended December 31, 2005 was \$106,659 and \$23,365, respectively.

BANK INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

6. CAPITAL LEASE

In 2003, the Bank Information Center entered into a five-year lease for office equipment. The leased property under capital lease has a cost of \$30,404. The accumulated amortization on the leased equipment totaled \$14,189 at December 31, 2005

The following is a schedule by years of future minimum lease payments required under the capital lease together with the present value of the minimum lease payments as of December 31, 2005:

Year Ended December 31,

2006	\$ 7,752
2007	7,752
2008	<u>5,168</u>
	20,672
Less: Amount representing interest	<u>(2,593)</u>
Future minimum principal payments	18,079
Less: Current portion	<u>(6,224)</u>
LONG-TERM PORTION OF CAPITAL LEASE OBLIGATION	\$ <u>11,855</u>