

FINANCIAL STATEMENTS

BANK INFORMATION CENTER

**FOR THE YEAR ENDED DECEMBER 31, 2006
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2005**

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, 2006, 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 2005 financial statements and, in our report dated May 25, 2006, 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, 2006, 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 16, 2007

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BANK INFORMATION CENTER

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2006
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2005

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 853,203	\$ 413,674
Accounts receivable	139	1,140
Grants receivable (Note 3)	502,726	940,910
Prepaid expenses	17,158	7,085
Advances	<u>1,312</u>	<u>15,076</u>
Total current assets	<u>1,374,538</u>	<u>1,377,885</u>
FURNITURE AND EQUIPMENT		
Equipment (Note 6)	150,747	145,439
Less: Accumulated depreciation	<u>(118,605)</u>	<u>(103,864)</u>
Net furniture and equipment	<u>32,142</u>	<u>41,575</u>
NONCURRENT ASSETS		
Deposits	10,447	10,447
Grants receivable, net of current maturities (Note 3)	<u>-</u>	<u>396,653</u>
Total noncurrent assets	<u>10,447</u>	<u>407,100</u>
TOTAL ASSETS	\$ <u>1,417,127</u>	\$ <u>1,826,560</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of capital lease payable (Note 6)	\$ 6,876	\$ 6,224
Grants payable	34,632	-
Accounts payable	42,656	13,184
Accrued expenses	<u>19,735</u>	<u>18,588</u>
Total current liabilities	<u>103,899</u>	<u>37,996</u>
LONG-TERM LIABILITIES		
Capital lease payable, net of current portion (Note 6)	4,979	11,855
Security deposit	<u>2,570</u>	<u>2,570</u>
Total long-term liabilities	<u>7,549</u>	<u>14,425</u>
Total liabilities	<u>111,448</u>	<u>52,421</u>
NET ASSETS		
Unrestricted	365,695	287,298
Temporarily restricted (Note 2)	<u>939,984</u>	<u>1,486,841</u>
Total net assets	<u>1,305,679</u>	<u>1,774,139</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,417,127</u>	\$ <u>1,826,560</u>

See accompanying notes to financial statements.

BANK INFORMATION CENTER

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2005**

	2006			2005
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants	\$ 36,195	\$ 840,047	\$ 876,242	\$ 2,505,680
Interest income	33,032	-	33,032	15,786
Contributions and other income	13,737	-	13,737	26
Rental income (Note 5)	30,564	-	30,564	23,365
Net assets released from donor restrictions (Note 2)	<u>1,386,904</u>	<u>(1,386,904)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,500,432</u>	<u>(546,857)</u>	<u>953,575</u>	<u>2,544,857</u>
EXPENSES				
Program services:				
Information Services	146,840	-	146,840	105,319
Latin American/Caribbean	280,611	-	280,611	173,312
Asia	270,182	-	270,182	260,953
Africa	117,480	-	117,480	89,561
Europe	124,698	-	124,698	122,678
Middle East	50	-	50	-
Policy	<u>238,239</u>	<u>-</u>	<u>238,239</u>	<u>263,846</u>
Total program services	<u>1,178,100</u>	<u>-</u>	<u>1,178,100</u>	<u>1,015,669</u>
Supporting services:				
Administration/Management	124,441	-	124,441	165,492
Fundraising	49,874	-	49,874	33,555
Strategic Planning	<u>69,620</u>	<u>-</u>	<u>69,620</u>	<u>39,555</u>
Total supporting services	<u>243,935</u>	<u>-</u>	<u>243,935</u>	<u>238,602</u>
Total expenses	<u>1,422,035</u>	<u>-</u>	<u>1,422,035</u>	<u>1,254,271</u>
Change in net assets	78,397	(546,857)	(468,460)	1,290,586
Net assets at beginning of year	<u>287,298</u>	<u>1,486,841</u>	<u>1,774,139</u>	<u>483,553</u>
NET ASSETS AT END OF YEAR	<u>\$ 365,695</u>	<u>\$ 939,984</u>	<u>\$ 1,305,679</u>	<u>\$ 1,774,139</u>

See accompanying notes to financial statements.

BANK INFORMATION CENTER

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2005**

	Program Services					
	Information Services	Latin America/ Caribbean	Asia	Africa	Europe	Middle East
Salaries	\$ 73,588	\$ 78,064	\$ 69,652	\$ 62,826	\$ 54,609	\$ -
Benefits (Note 3)	13,420	14,813	18,642	16,101	11,939	-
Printing and reproduction	4,400	241	7,547	251	140	-
Legal Fees	1,690	-	-	164	-	-
Translation services	461	2,392	4,957	-	1,036	-
Rent (Note 4)	12,108	31,565	19,677	10,259	10,983	-
Accounting	1,367	3,560	2,219	1,157	1,239	-
Business insurance	241	628	391	204	218	-
Depreciation	1,379	3,597	2,242	1,169	1,252	-
Professional and website development	13,044	21,876	-	-	-	-
Technology and computer support	713	1,858	1,158	604	646	-
Travel and entertainment	4,083	38,478	29,764	15,666	22,741	-
Consulting	13,250	50,993	29,495	1,890	17,278	-
Postage and delivery	92	152	231	4	44	-
Office expenses	2,901	11,232	4,104	4,122	2,019	-
Dues, subscriptions and publications	1,306	1,540	100	70	-	-
Conferences and meetings	2,117	14,271	31,977	2,626	152	-
Advertising	250	250	75	-	-	50
Licenses and permits	-	-	-	-	-	-
Bank service charges	10	76	56	10	20	-
Interest expense	-	-	-	-	-	-
Equipment rental and maintenance	420	1,089	681	357	382	-
Small grants	-	-	-	-	-	-
Pass on grants	-	-	36,195	-	-	-
Miscellaneous	-	-	62	-	-	-
Field offices	-	3,936	10,957	-	-	-
Contributions	-	-	-	-	-	-
TOTAL	\$ 146,840	\$ 280,611	\$ 270,182	\$ 117,480	\$ 124,698	\$ 50

See accompanying notes to financial statements.

2006						2005	
Supporting Services							
Policy	Total Program Services	Administration/ Management	Fundraising	Strategic Planning	Total Supporting Services	Total	Total
\$ 117,500	\$ 456,239	\$ 79,638	\$ 35,024	\$ 24,941	\$ 139,603	\$ 595,842	\$ 559,269
21,173	96,088	15,688	6,713	4,939	27,340	123,428	102,114
17,653	30,232	65	-	-	65	30,297	8,458
-	1,854	690	-	-	690	2,544	685
-	8,846	-	-	-	-	8,846	5,238
23,545	108,137	9,767	4,062	7,400	21,229	129,366	106,659
2,656	12,198	1,102	458	835	2,395	14,593	11,342
468	2,150	194	81	147	422	2,572	2,486
2,683	12,322	1,113	463	843	2,419	14,741	16,234
1,686	36,606	55	-	-	55	36,661	26,930
1,386	6,365	575	239	436	1,250	7,615	6,076
14,790	125,522	4,597	1,751	13,415	19,763	145,285	114,573
26,575	139,481	2,280	-	9,384	11,664	151,145	78,266
94	617	187	129	93	409	1,026	6,123
5,339	29,717	2,472	728	1,644	4,844	34,561	36,059
318	3,334	178	-	-	178	3,512	4,840
1,534	52,677	1,313	82	5,282	6,677	59,354	50,088
-	625	-	-	-	-	625	585
-	-	275	-	-	275	275	-
26	198	2,195	-	2	2,197	2,395	1,313
-	-	1,528	-	-	1,528	1,528	2,453
813	3,742	400	144	259	803	4,545	12,777
-	-	-	-	-	-	-	3,000
-	36,195	-	-	-	-	36,195	57,121
-	62	129	-	-	129	191	22,785
-	14,893	-	-	-	-	14,893	17,837
-	-	-	-	-	-	-	960
\$ 238,239	\$ 1,178,100	\$ 124,441	\$ 49,874	\$ 69,620	\$ 243,935	\$ 1,422,035	\$ 1,254,271

See accompanying notes to financial statements.

BANK INFORMATION CENTER

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (468,460)	\$ 1,290,586
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,741	16,234
(Increase) decrease in:		
Accounts receivable	1,001	(1,140)
Grants receivable	834,837	(1,187,563)
Prepaid expenses	(10,073)	(967)
Advances	13,764	(15,026)
Deposits	-	(6,174)
Increase (decrease) in:		
Grants payable	34,632	-
Accounts payable	29,472	(1,818)
Accrued expenses	1,147	2,000
Security deposit	-	2,570
Net cash provided by operating activities	<u>451,061</u>	<u>98,702</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(5,308)</u>	<u>(17,359)</u>
Net cash used by investing activities	<u>(5,308)</u>	<u>(17,359)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease	<u>(6,224)</u>	<u>(5,634)</u>
Net cash used by financing activities	<u>(6,224)</u>	<u>(5,634)</u>
Net increase in cash and cash equivalents	439,529	75,709
Cash and cash equivalents at beginning of year	<u>413,674</u>	<u>337,965</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 853,203</u>	<u>\$ 413,674</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 1,528</u>	<u>\$ 2,453</u>

See accompanying notes to financial statements.

BANK INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

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".

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

Furniture and equipment -

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.

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.

BANK INFORMATION CENTER

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

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

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.

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, 2006:

Program Restricted:	
Middle East	\$ 143,170
Latin American/Caribbean	436,359
Asia	39,975
Africa	37,000
Europe	10,000
Time Restricted:	
General support	<u>273,480</u>
	<u>\$ 939,984</u>

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

2. TEMPORARILY RESTRICTED NET ASSETS (Continued)

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, 2006:

Program Service:		
Middle East	\$	50
Latin American/Caribbean		278,785
Asia		128,230
Africa		80,126
Europe		111,469
Policy		88,270
Strategic Planning		17,709
Passage of Time		
General Support:		<u>682,265</u>
		<u>\$1,386,904</u>

3. GRANTS RECEIVABLE

All grants receivable are considered to be collectible within one year unless otherwise stated by the donor.

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 the year ended December 31, 2006, BIC contributed \$14,547.

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>
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>\$ 449,568</u>	<u>\$ (39,411)</u>	<u>\$ 410,157</u>

BANK INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

5. LEASE COMMITMENT

Total occupancy expense and rental income for the year ended December 31, 2006 was \$129,366 and \$30,564, respectively.

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 \$20,269 at December 31, 2006

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, 2006:

Year Ended December 31,

2007		\$ 7,752
2008		<u>5,168</u>
		12,920
Less: Amount representing interest		<u>(1,065)</u>
		11,855
Future minimum principal payments		11,855
Less: Current portion		<u>(6,876)</u>
LONG-TERM PORTION OF CAPITAL LEASE OBLIGATION		\$ <u>4,979</u>