

**Business for Social Responsibility
and Subsidiaries**

Consolidated Financial Statements

December 31, 2017
(With Comparative Totals for 2016)



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 13



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Business for Social Responsibility and Subsidiaries
San Francisco, California

We have audited the accompanying consolidated financial statements of Business for Social Responsibility and Subsidiaries (a Washington, DC Corporation), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (the "U.S."); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the U.S. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Business for Social Responsibility and Subsidiaries as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the U.S.

Report on Summarized Comparative Information

We have previously audited Business for Social Responsibility and Subsidiaries 2016 consolidated financial statements, and our report dated March 29, 2017 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Francisco, California

April 10, 2018

Business for Social Responsibility and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2017
(With Comparative Totals for 2016)

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,584,615	\$ 7,503,529
Accounts and grants receivable, net	9,073,251	8,418,197
Prepaid expenses and other	<u>525,463</u>	<u>447,325</u>
Total current assets	<u>14,183,329</u>	<u>16,369,051</u>
Other assets		
Grants receivable, net of current portion	288,666	896,667
Lease deposits	618,957	444,543
Fixed assets, net	<u>702,882</u>	<u>618,431</u>
Total other assets	<u>1,610,505</u>	<u>1,959,641</u>
Total assets	<u>\$ 15,793,834</u>	<u>\$ 18,328,692</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 1,047,791	\$ 1,049,731
Accrued salaries and related benefits	1,096,508	951,491
Accrued liabilities	637,916	528,912
Deferred revenue	7,927,953	8,096,239
Deferred rent, current	36,591	103,866
Capital lease obligations, current	<u>1,149</u>	<u>17,065</u>
Total current liabilities	<u>10,747,908</u>	<u>10,747,304</u>
Long-term liabilities		
Deferred rent, non-current	492,402	402,756
Capital lease obligations, non-current	<u>-</u>	<u>8,968</u>
Total long-term liabilities	<u>492,402</u>	<u>411,724</u>
Total liabilities	<u>11,240,310</u>	<u>11,159,028</u>
Net assets		
Unrestricted	(959,198)	(286,632)
Temporarily restricted	<u>5,512,722</u>	<u>7,456,296</u>
Total net assets	<u>4,553,524</u>	<u>7,169,664</u>
Total liabilities and net assets	<u>\$ 15,793,834</u>	<u>\$ 18,328,692</u>

The accompanying notes are an integral part of these consolidated financial statements.

Business for Social Responsibility and Subsidiaries
Consolidated Statement of Activities
For the Year Ended December 31, 2017
(With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Support and revenues				
Consulting revenues	\$ 11,881,251	\$ -	\$ 11,881,251	\$ 9,550,223
Conferences and seminars	1,049,564	-	1,049,564	1,392,311
Membership dues	4,869,143	-	4,869,143	4,906,264
Government funded contracts	1,385,247	-	1,385,247	1,005,506
Foundation grants	-	2,843,340	2,843,340	4,005,362
Contributions	-	120,840	120,840	135,953
Interest income	3,420	-	3,420	3,078
Other income	177,830	-	177,830	193,385
In-kind revenue	205,000	-	205,000	35,000
Net assets released from restriction	<u>4,907,754</u>	<u>(4,907,754)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>24,479,209</u>	<u>(1,943,574)</u>	<u>22,535,635</u>	<u>21,227,082</u>
Functional expenses				
Program services	18,746,847	-	18,746,847	17,522,805
Management and general	<u>6,512,317</u>	<u>-</u>	<u>6,512,317</u>	<u>5,631,252</u>
Total functional expenses	<u>25,259,164</u>	<u>-</u>	<u>25,259,164</u>	<u>23,154,057</u>
Change in net assets from operations	<u>(779,955)</u>	<u>(1,943,574)</u>	<u>(2,723,529)</u>	<u>(1,926,975)</u>
Other nonoperating changes in net assets				
Cumulative translation adjustment	<u>(107,389)</u>	<u>-</u>	<u>(107,389)</u>	<u>213,904</u>
Total other nonoperating changes in net assets	<u>(107,389)</u>	<u>-</u>	<u>(107,389)</u>	<u>213,904</u>
Change in net assets	(672,566)	(1,943,574)	(2,616,140)	(2,140,879)
Net assets (deficit), beginning of year	<u>(286,632)</u>	<u>7,456,296</u>	<u>7,169,664</u>	<u>9,310,543</u>
Net assets (deficit), end of year	<u>\$ (959,198)</u>	<u>\$ 5,512,722</u>	<u>\$ 4,553,524</u>	<u>\$ 7,169,664</u>

The accompanying notes are an integral part of these consolidated financial statements.

Business for Social Responsibility and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals for 2016)

	Program Services									Support	2017 Total	2016 Total	
	Climate Change	Human Rights	Inclusive Economy	Supply Chain Sustainability	Sustainability Management	Women's Empowerment	Conference	Membership	General Program	Total Program Services			Management and General
Expenses													
Salaries	\$ 685,417	\$ 642,770	\$ 640,580	\$ 485,262	\$ 1,117,480	\$ 726,196	\$ 340,878	\$ 340,648	\$ 5,031,066	\$ 10,010,297	\$ 2,337,883	\$ 12,348,180	\$ 10,966,827
Payroll taxes and benefits	188,554	177,464	127,939	110,623	256,490	222,292	125,847	139,874	1,451,842	2,800,925	705,625	3,506,550	2,804,831
Personnel recruiting/development	1,328	-	541	8,247	1,233	746	98	-	168,505	180,698	128,689	309,387	230,023
Contractors/professional services	241,037	95,199	284,689	187,067	224,011	1,235,684	6,624	7,024	169,046	2,450,381	411,533	2,861,914	3,095,131
Travel	200,864	167,126	120,701	130,630	172,751	233,089	84,997	17,884	294,802	1,422,844	57,555	1,480,399	1,624,851
Marketing	311	13,848	139	-	2,089	169	17,118	-	52,640	86,314	15,754	102,068	77,409
Production	1,918	3,300	1,774	20,057	9,447	19,622	374,188	384	5,022	435,712	4,641	440,353	544,492
Conferences and workshops	34,715	16,889	18,212	6,933	93,749	10,614	656,527	36,252	9,969	883,860	63,148	947,008	897,478
Rent and occupancy	-	-	-	-	-	-	-	-	6,025	6,025	1,416,525	1,422,550	1,353,215
Office expense	146	67	529	46	946	1,276	1,946	766	12,688	18,410	169,181	187,591	172,653
Information systems	125	262	5,991	464	2,459	3,497	184	15	42,651	55,648	511,111	566,759	563,973
Postage and delivery	838	1,764	1,320	3,611	2,754	4,387	9,046	428	4,562	28,710	14,221	42,931	31,871
Taxes and fees	732	1,230	377	334	9,482	2,160	-	-	40,224	54,539	236,410	290,949	287,062
General insurance	-	-	-	-	-	-	-	-	-	-	135,400	135,400	128,318
Bad debt expense	-	-	-	-	-	-	-	-	107,484	107,484	7,830	115,314	46,058
Miscellaneous	-	-	-	-	-	-	-	-	-	-	1,369	1,369	-
Donated services	-	-	-	-	-	-	205,000	-	-	205,000	-	205,000	35,000
Total expenses	<u>1,355,985</u>	<u>1,119,919</u>	<u>1,202,792</u>	<u>953,274</u>	<u>1,892,891</u>	<u>2,459,732</u>	<u>1,822,453</u>	<u>543,275</u>	<u>7,396,526</u>	<u>18,746,847</u>	<u>6,216,875</u>	<u>24,963,722</u>	<u>22,859,192</u>
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	295,442	295,442	294,865
	<u>\$ 1,355,985</u>	<u>\$ 1,119,919</u>	<u>\$ 1,202,792</u>	<u>\$ 953,274</u>	<u>\$ 1,892,891</u>	<u>\$ 2,459,732</u>	<u>\$ 1,822,453</u>	<u>\$ 543,275</u>	<u>\$ 7,396,526</u>	<u>\$ 18,746,847</u>	<u>\$ 6,512,317</u>	<u>\$ 25,259,164</u>	<u>\$ 23,154,057</u>

The accompanying notes are an integral part of these consolidated financial statements.

Business for Social Responsibility and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (2,616,140)	\$ (2,140,879)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	295,442	294,865
Loss on fixed asset disposals	39,941	13,812
Changes in operating assets and liabilities		
Accounts and grants receivable, net	(47,053)	1,025,244
Prepaid expenses and other	(78,138)	249,895
Lease deposits	(174,414)	17,195
Accounts payable	(1,940)	(87,495)
Accrued liabilities	109,004	378,456
Accrued salaries and related benefits	145,017	4,101
Deferred revenues	(168,286)	2,343,783
Deferred rent	22,371	(487,223)
Net cash (used in) provided by operating activities	(2,474,196)	1,611,754
Cash flows from investing activities		
Purchase of fixed assets	(419,834)	(167,420)
Net cash used in investing activities	(419,834)	(167,420)
Cash flows from financing activities		
Proceeds (principal repayments) on capital leases	(24,884)	19,230
Net cash (used in) provided by financing activities	(24,884)	19,230
Net (decrease) increase in cash and cash equivalents	(2,918,914)	1,463,564
Cash and cash equivalents, beginning of year	7,503,529	6,039,965
Cash and cash equivalents, end of year	\$ 4,584,615	\$ 7,503,529

Supplemental disclosures of cash flow information

Cash paid during the year for		
Interest	\$ 3,798	\$ 23
Tax	\$ 202,089	\$ 166,359

The accompanying notes are an integral part of these consolidated financial statements.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2017

1. NATURE OF OPERATIONS

Business for Social Responsibility and Subsidiaries (BSR) is a global nonprofit organization that works with its network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research and cross sector collaboration. With seven offices in Asia, Europe and North America, BSR uses its expertise in environment, climate, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information about BSR's more than 20 years of leadership in corporate responsibility.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the Organization and its wholly-owned subsidiaries in China, France, Denmark, Japan and its branch in Hong Kong (together, BSR). All significant intercompany transactions have been eliminated in consolidation.

The financial statements of the foreign subsidiaries are translated into U.S. dollars using the current rate method. Balance sheet accounts are translated into U.S. dollars at the rate of exchange in effect at period end, and revenue and expenses are translated at average rates of exchange in effect during the period. The effects of the foreign currency translation are included in other nonoperating changes in net assets.

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

Financial accounting standards require nonprofit organizations to classify net assets in the accompanying consolidated statement of financial position and consolidated statement of activities in three classes of net assets based on the existence or absence of donor imposed restrictions.

- *Unrestricted net assets* - represent the portion of net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations. These net assets are intended for use by management and the Board of Directors for general operations.
- *Temporarily restricted net assets* - represent the portion of net assets for which use is limited by donor-imposed stipulations that either expire by passage of time and/or can be fulfilled and removed by actions of BSR. BSR reports temporarily restricted revenue or support received in the same period in which the restrictions have been met as temporarily restricted revenue and a release from restriction.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Permanently restricted net assets* - represent the portion of net assets for which use is permanently restricted by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of BSR. There are no permanently restricted net assets at December 31, 2017.

Cash and cash equivalents

Cash and cash equivalents consist of funds in bank accounts.

Accounts receivable

Accounts receivable consist of amounts due from consulting contracts, conferences and membership. Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is maintained, based on past experiences and other known circumstances. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. At December 31, 2017, the allowance for doubtful accounts amounts to \$72,528.

Grants receivable

Grants receivable consist of amounts due from foundations and government entities. At December 31, 2017, grants receivable amounted to \$4,577,135 and is included as part of accounts and grants receivables. Management believes this amount is collectible; therefore, no allowance for doubtful accounts has been provided on grants receivable.

Fixed assets

BSR capitalizes additions of fixed assets on the date of acquisition with a cost in excess of \$1,000 or at fair value, if donated. Depreciation is computed on the straight-line method over estimated useful lives of two to three years for IT equipment and software, and seven years for furniture. Leasehold improvements are amortized over the lesser of the estimated useful life of the respective assets or the related lease term.

Revenue recognition and deferred revenue

Consulting revenue is recognized when services are provided. On fixed fee contracts, if billings are submitted prior to the revenue being earned, the amount is recorded as deferred revenue and recognized when earned.

Conference and seminar revenue is recognized on when the event is held. Amounts received prior to the events are recorded as deferred revenue.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition and deferred revenue (continued)

Revenue from membership dues is deferred and recognized on a straight-line basis over the periods to which the dues relate.

Government funded contracts are recognized as revenue as related expenses are incurred. Cash received in advance of expenditures is classified as deferred revenue.

Contributions are recognized as revenue when the donor makes an unconditional promise to give. Unconditional promises to give are recognized as revenue and receivables in the period in which notification of the promise is received. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Donated services

Non-cash donations are recorded as contributions at the fair value of the gift at the date of the donation.

Contribution revenue and a related expense is recorded for donated services at the fair value of those services if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise need to be purchased if not donated. Noncash contributions received during the year ended December 31, 2017 amounted to \$205,000 and consisted primarily of donated professional services.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on management's estimates. The remaining costs are charged directly to the appropriate functional category.

Income taxes

The Organization has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, under Section 1(d) of Title II of the District of Columbia Department of Finance and Revenue Code, and under Section 23701(d) of the California Revenue and Taxation Code and generally is not subject to state or federal income taxes. Taxes are paid on unrelated business income which arises from certain consulting services. The Organization had no engagements that qualified as unrelated business in 2017.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

The subsidiaries and Hong Kong branch of the Organization are all subject to income taxes in foreign jurisdictions. The Chinese subsidiary is a wholly-foreign-owned enterprise and the French subsidiary is a 1901 Association. Income tax expense is provided for based on management's estimates of tax liability in those jurisdictions. Tax expense recorded for foreign jurisdictions during 2017 was \$71,785.

BSR reviews and assesses tax positions taken or expected to be taken against the more-likely-than-not recognition threshold and measurement attributes for recognition in the consolidated financial statements. BSR's policy for evaluating uncertain tax positions is a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more-likely-than-not that the position will be sustained upon audit, including resolution of related appeals or litigations processes, if any. The second step is to measure the tax benefit or liability as the largest amount that is more than 50% likely to be realized or incurred upon settlement. As the Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal or state income taxes, the tax positions taken or expected to be taken by the Organization have not had a material impact on the consolidated financial statements.

Concentration of credit risk

BSR maintains the majority of its cash deposits with one financial institution. Such amounts may at times exceed Federal Deposit Insurance Corporation limits. To date, BSR has not experienced any losses in these accounts.

Receivables consist primarily of unsecured amounts due from companies and foundations. Credit risk is mitigated by the number of companies and foundations comprising the receivable balance. An allowance for doubtful accounts is also maintained.

Use of estimates

The preparation of the consolidated 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 amount of assets and liabilities, and revenue and expenses, as well as contingent assets and liabilities during the reporting period. Actual results could differ from those estimates. The key estimates that require significant judgment by management include the allocation of functional expenses, allowance for doubtful accounts, useful lives of long-lived assets, and the short term and long term nature of assets and liabilities.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior year information

The consolidated 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BSR's consolidated financial statements for December 31, 2016 from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2016 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent events

BSR evaluated subsequent events for recognition and disclosure through April 10, 2018, the date the consolidated financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of BSR's financial statements.

Foreign currency exchange rate risk

In the normal course of business, BSR is subject to risk from adverse fluctuations in foreign currency exchange rates with the US dollar. BSR does not use derivative financial instruments to manage its risks associated with foreign currency exchange fluctuations.

3. FIXED ASSETS

Fixed assets consist of the following:

Software development	\$ 154,903
IT equipment	572,079
Furniture and fixtures	679,843
Leasehold improvements	<u>889,814</u>
	2,296,639
Accumulated depreciation	<u>(1,593,757)</u>
	<u>\$ 702,882</u>

Depreciation and amortization expense for the year ended December 31, 2017 was \$295,442.

Included in IT equipment are assets under capital leases amounting to \$33,384 and the related accumulated amortization of \$31,830 as of December 31, 2017.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2017

4. CAPITAL LEASES

In previous fiscal years, BSR entered into long term capital lease agreements to finance the acquisition of capital equipment valued at \$60,606 based upon the present value of future minimum lease payments. The capital lease agreements require monthly payments ranging from \$53 to \$901, and expire at various dates through July 2018. The related assets secure these capital lease agreements. As of December 31, 2017, the Company had outstanding borrowings of \$1,149 relating to these capital lease agreements.

5. OPERATING LEASES

BSR recognizes all rent expense on a straight-line basis. BSR maintains offices and leases in the United States, China, Denmark, France, and Hong Kong. The operating leases range from September 2009 through February 2022. The monthly payments range from \$960 to \$37,759 per month.

Future minimum lease payments under operating leases, having remaining non-cancellable lease terms are as follows:

Year ending December 31,

2018	\$ 1,345,097
2019	1,127,779
2020	890,939
2021	916,026
2022	440,930
Thereafter	<u>202,677</u>
	<u>\$ 4,923,448</u>

Rental expense under all operating leases for the year ended December 31, 2017 was \$1,320,748.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2017

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	Beginning Balance	Revenue	Released from Restriction	Ending Balance
Climate Change	\$ 825,193	\$ 1,361,956	\$(1,335,774)	\$ 851,375
Human Rights	-	170,000	(11,205)	158,795
HER Project	5,170,376	110,940	(2,027,388)	3,253,928
Inclusive Economy	1,029,635	1,048,958	(977,494)	1,101,099
Sustainability Management	-	50,000	(35,850)	14,150
Supply Chain Sustainability	431,092	222,326	(520,043)	133,375
	<u>\$ 7,456,296</u>	<u>\$ 2,964,180</u>	<u>\$(4,907,754)</u>	<u>\$ 5,512,722</u>

7. RETIREMENT PLANS

The Organization sponsors a 401(k) salary deferral plan for eligible U.S. employees. Participants may make contributions to the plan. During 2017, employer matching contributions to this plan totaled \$5,480, and employer annual discretionary contributions to this plan totaled \$205,865.

On August 1, 2004, BSR established a voluntary salary deferral plan for the Chief Executive Officer ("Participant") under IRC Section 457(b). During 2017, employer contributions to the plan totaled \$21,147. The Participant is immediately vested in employer contributions.

8. RELATED PARTY TRANSACTIONS

BSR receives revenues from companies that employ members of the Board of Directors. For the year ended December 31, 2017, BSR recognized revenues that totaled \$171,321 in membership fees, \$147,212 in consulting fees and \$10,000 in conference sponsorship from such companies. Total amounts receivable from these companies was \$60,250 at December 31, 2017.

9. COMMITMENTS AND CONTINGENCIES

Certain grants and contracts require compliance with various requirements. Failure to comply with these requirements could result in disallowance of costs and potential repayment to the sponsor(s). However, management considers the likelihood of a need to return funds to sponsors to be remote.