

**Business for Social Responsibility
and Subsidiaries**

Consolidated Financial Statements

December 31, 2018
(With Comparative Totals for 2017)



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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, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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; 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 United States of America. 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, 2018, 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 United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, Business for Social Responsibility and subsidiaries adopted ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited Business for Social Responsibility and Subsidiaries's 2017 consolidated financial statements, and our report dated April 10, 2018 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, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Armanino^{LLP}
San Francisco, California

April 5, 2019

Business for Social Responsibility and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,271,161	\$ 4,584,615
Accounts and grants receivable, net	7,412,154	9,073,251
Prepaid expenses and other	<u>270,617</u>	<u>525,463</u>
Total current assets	11,953,932	14,183,329
Accounts and grants receivable, net of current portion	839,279	288,666
Lease deposits	730,387	618,957
Fixed assets, net	<u>519,745</u>	<u>702,882</u>
Total assets	<u>\$ 14,043,343</u>	<u>\$ 15,793,834</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 769,233	\$ 1,047,791
Accrued salaries and related benefits	1,610,342	1,096,508
Accrued liabilities	979,704	637,916
Deferred revenue	6,040,770	7,927,953
Deferred rent, current	115,889	36,591
Capital lease obligations, current	<u>-</u>	<u>1,149</u>
Total current liabilities	<u>9,515,938</u>	<u>10,747,908</u>
Long-term liabilities		
Deferred rent, non-current	<u>367,460</u>	<u>492,402</u>
Total long-term liabilities	<u>367,460</u>	<u>492,402</u>
Total liabilities	<u>9,883,398</u>	<u>11,240,310</u>
Net assets		
Without donor restrictions	(148,859)	(959,198)
With donor restrictions	<u>4,308,804</u>	<u>5,512,722</u>
Total net assets	<u>4,159,945</u>	<u>4,553,524</u>
Total liabilities and net assets	<u>\$ 14,043,343</u>	<u>\$ 15,793,834</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, 2018
(With Comparative Totals for 2017)

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
Support and revenues				
Consulting revenues	\$ 14,915,245	\$ -	\$ 14,915,245	\$ 11,881,251
Conferences and seminars	1,419,329	-	1,419,329	1,049,564
Membership dues	5,434,454	-	5,434,454	4,869,143
Government funded contracts	1,440,359	-	1,440,359	1,385,247
Foundation grants	39,784	3,036,428	3,076,212	2,843,340
Contributions	-	249,418	249,418	120,840
Interest income	1,125	-	1,125	3,420
Other income	137,915	-	137,915	177,830
In-kind revenue	111,467	-	111,467	205,000
Net assets released from restriction	<u>4,489,764</u>	<u>(4,489,764)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>27,989,442</u>	<u>(1,203,918)</u>	<u>26,785,524</u>	<u>22,535,635</u>
Functional expenses				
Program services	21,828,260	-	21,828,260	18,746,847
Support services	<u>5,261,121</u>	<u>-</u>	<u>5,261,121</u>	<u>6,512,317</u>
Total functional expenses	<u>27,089,381</u>	<u>-</u>	<u>27,089,381</u>	<u>25,259,164</u>
Change in net assets from operations	<u>900,061</u>	<u>(1,203,918)</u>	<u>(303,857)</u>	<u>(2,723,529)</u>
Other nonoperating changes in net assets				
Cumulative translation adjustment	<u>(89,722)</u>	<u>-</u>	<u>(89,722)</u>	<u>(107,389)</u>
Total other nonoperating changes in net assets	<u>(89,722)</u>	<u>-</u>	<u>(89,722)</u>	<u>(107,389)</u>
Change in net assets	810,339	(1,203,918)	(393,579)	(2,616,140)
Net assets (deficit), beginning of year	<u>(959,198)</u>	<u>5,512,722</u>	<u>4,553,524</u>	<u>7,169,664</u>
Net assets (deficit), end of year	<u>\$ (148,859)</u>	<u>\$ 4,308,804</u>	<u>\$ 4,159,945</u>	<u>\$ 4,553,524</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, 2018
(With Comparative Totals for 2017)

	Program Services										Support	2018 Total	2017 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	\$ 730,541	\$ 657,994	\$ 284,459	\$ 520,415	\$ 1,243,570	\$ 894,680	\$ 362,403	\$ 425,643	\$ 6,116,294	\$ 11,235,999	\$ 2,036,253	\$ 13,272,252	\$ 12,348,180	
Payroll taxes and benefits	209,333	212,087	92,058	179,831	316,317	371,920	135,906	162,853	1,134,459	2,814,764	623,640	3,438,404	3,506,550	
Personnel recruiting/development	-	461	-	-	480	359	206	-	84,825	86,331	130,469	216,800	309,387	
Contractors/professional services	734,625	106,782	122,270	512,315	352,888	1,176,763	35,051	11,361	372,437	3,424,492	423,309	3,847,801	2,861,914	
Travel	185,826	101,184	70,455	67,683	160,523	237,042	88,751	15,853	463,868	1,391,185	22,214	1,413,399	1,480,399	
Marketing	-	-	200	31,443	29,734	-	3,935	552	28,119	93,983	-	93,983	102,068	
Production	4,556	2,103	2,388	7,206	3,993	29,822	307,812	416	1,864	360,160	-	360,160	440,353	
Conferences and workshops	8,496	20,777	12,178	3,515	91,517	11,356	782,920	13,867	66,870	1,011,496	11,471	1,022,967	947,008	
Rent and occupancy	-	-	-	-	-	-	-	-	784,161	784,161	738,578	1,522,739	1,422,550	
Office expense	1,759	13,652	129	23,287	4,858	9,326	1,913	49	127,843	182,816	92,276	275,092	187,591	
Information systems	914	386	297	70	14,520	44,058	18,270	12	129,554	208,081	431,778	639,859	566,759	
Postage and delivery	528	862	409	2,907	4,284	2,616	2,695	447	16,049	30,797	7,148	37,945	42,931	
Taxes and fees	1,193	1,085	356	1,900	4,804	3,425	-	1,381	33,094	47,238	258,039	305,277	290,949	
General insurance	-	-	-	-	-	-	-	-	2,477	2,477	144,188	146,665	135,400	
Miscellaneous	3,732	5,876	2,240	17,033	884	5,074	688	303	6,983	42,813	32,979	75,792	116,683	
Donated services	-	-	-	-	-	-	111,467	-	-	111,467	-	111,467	205,000	
Total expenses	<u>1,881,503</u>	<u>1,123,249</u>	<u>587,439</u>	<u>1,367,605</u>	<u>2,228,372</u>	<u>2,786,441</u>	<u>1,852,017</u>	<u>632,737</u>	<u>9,368,897</u>	<u>21,828,260</u>	<u>4,952,342</u>	<u>26,780,602</u>	<u>24,963,722</u>	
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	308,779	308,779	295,442	
	<u>\$ 1,881,503</u>	<u>\$ 1,123,249</u>	<u>\$ 587,439</u>	<u>\$ 1,367,605</u>	<u>\$ 2,228,372</u>	<u>\$ 2,786,441</u>	<u>\$ 1,852,017</u>	<u>\$ 632,737</u>	<u>\$ 9,368,897</u>	<u>\$ 21,828,260</u>	<u>\$ 5,261,121</u>	<u>\$ 27,089,381</u>	<u>\$ 25,259,164</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, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (393,579)	\$ (2,616,140)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	308,779	295,442
Loss on fixed asset disposals	4,350	39,941
Changes in operating assets and liabilities		
Accounts and grants receivable, net	1,110,484	(47,053)
Prepaid expenses and other	254,846	(78,138)
Lease deposits	(111,430)	(174,414)
Accounts payable	(278,558)	(1,940)
Accrued salaries and related benefits	513,834	145,017
Accrued liabilities	341,788	109,004
Deferred revenue	(1,887,183)	(168,286)
Deferred rent	(45,644)	22,371
Net cash used in operating activities	(182,313)	(2,474,196)
Cash flows from investing activities		
Purchases of fixed assets	(129,992)	(419,834)
Net cash used in investing activities	(129,992)	(419,834)
Cash flows from financing activities		
Proceeds (principal repayments) on capital leases	(1,149)	(24,884)
Net cash used in financing activities	(1,149)	(24,884)
Net decrease in cash and cash equivalents	(313,454)	(2,918,914)
Cash and cash equivalents, beginning of year	4,584,615	7,503,529
Cash and cash equivalents, end of year	\$ 4,271,161	\$ 4,584,615

Supplemental disclosures of cash flow information

Cash paid during the year for		
Interest	\$ 1,427	\$ 3,798
Taxes	\$ 181,086	\$ 202,089

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, 2018

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 two classes of net assets based on the existence or absence of donor imposed restrictions.

- *Net assets without donor restrictions* - represent the portion of net assets that are not subject to donor-imposed stipulations. These net assets are intended for use by management and the Board of Directors for general operations.
- *Net assets with donor restrictions* - 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. Contributions to be held in perpetuity as directed by the donors are also included if applicable. The income from these contributions and support is available to support activities of the Organization as designated by the donor.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents consist of funds in bank accounts.

Accounts and grants 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, 2018, the allowance for doubtful accounts was \$4,880.

Grants receivable consist of amounts due from foundations and government entities. At December 31, 2018, grants receivable amounted to \$2,504,500 and is included as part of accounts and grants receivable. Management believes this amount is fully collectible; therefore, no allowance for doubtful accounts has been provided.

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 the date the event is held. Amounts received prior to the events are recorded as deferred revenue.

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.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition and deferred revenue (continued)

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 net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2018 amounted to \$111,467 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 2018.

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 2018 was \$50,640.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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.

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, 2017 from which the summarized information was derived.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

BSR evaluated subsequent events for recognition and disclosure through April 5, 2019, 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.

New Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. BSR adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and funds available.

3. FIXED ASSETS

Fixed assets consist of the following:

Software development	\$ 184,903
IT equipment	510,714
Furniture and fixtures	679,864
Leasehold improvements	<u>896,491</u>
	2,271,972
Accumulated depreciation	<u>(1,752,227)</u>
	<u>\$ 519,745</u>

Depreciation and amortization expense for the year ended December 31, 2018 was \$308,779.

4. 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 lease terms run from September 2009 to February 2022. In 2018, BSR signed a new lease agreement for an office space in San Francisco, California. The lease term is from April 1, 2019 to March 31, 2026. The rental amounts range from \$791 to \$37,759 per month for these office spaces, with annual increases built over the lease terms.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2018

4. OPERATING LEASES (continued)

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

<u>Year ending December 31,</u>	
2019	\$ 1,481,874
2020	1,356,761
2021	1,380,394
2022	1,420,165
2023	804,279
Thereafter	<u>1,162,458</u>
	<u><u>\$ 7,605,931</u></u>

Rental expense under all operating leases for the year ended December 31, 2018 was \$1,387,874.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Climate Change	\$ 237,523
Women's Empowerment	476,445
Human Rights	74,977
HER Project	2,457,511
Inclusive Economy	1,050,774
Supply Chain Sustainability	<u>11,574</u>
	<u><u>\$ 4,308,804</u></u>

6. LINE OF CREDIT

In previous fiscal years, BSR entered into a line of credit arrangement with a financial institution that includes a maximum borrowing limit of \$500,000. The line of credit bears interest at a rate equal to bank's base rate plus 0.50% (6.00% at December 31, 2018). There was no borrowings outstanding under the line at December 31, 2018. BSR is required to maintain compliance with certain financial and reporting covenants under the terms of the agreement; BSR was in compliance with the covenants at December 31, 2018.

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 2018, there were no employer matching contributions to this plan, and employer annual discretionary contributions to this plan totaled \$217,021.

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2018

7. RETIREMENT PLANS (continued)

On August 1, 2004, BSR established a voluntary salary deferral plan for the Chief Executive Officer ("Participant") under IRC Section 457(b). During 2018, there were no employer contributions to the plan. 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, 2018, BSR recognized revenues that totaled \$210,117 in membership fees, \$436,893 in consulting fees and \$1,467 in conference sponsorship from such companies. Total amounts receivable from these companies was \$419,191 at December 31, 2018.

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.

10. LIQUIDITY AND FUNDS AVAILABLE

The following reflects BSR's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

BSR's financial assets are made available to meet its general expenditures, liabilities, and other obligations as they come due. BSR has cash and cash equivalents available to meet liquidity needs. Contributions and accounts receivable that are considered current will be collected from donors within one year. Monthly, the Executive Committee reviews BSR's financial position and ensures that a reasonable cash position is being maintained. BSR maintains 45 days in cash as a minimum.

The following is a quantitative disclosure which describes assets that are available within one year of December 31, 2018 to fund general expenditures and other obligations when they become due:

Cash and cash equivalents	\$ 4,271,161
Grants receivable	2,504,500
Accounts receivable	<u>4,907,654</u>
	11,683,315
Less: Donor restricted funds	<u>(4,308,804)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 7,374,511</u></u>
Funds available - line of credit	<u>\$ 500,000</u>

Business for Social Responsibility and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2018

10. LIQUIDITY AND FUNDS AVAILABLE (continued)

BSR has financial assets available at December 31, 2018 to cover approximately 91 days of operating expenses based on the fiscal year 2019 budget.