



**REPORT ON  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED  
FINANCIAL INFORMATION FOR 2015**

## ACCOUNTABILITY LAB, INC.

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SALT & ASSOCIATES, LLC  
*Certified Public Accountant*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Accountability Lab, Inc.  
1525 Newton Street, N.W.  
Washington, DC 20010

I have audited the accompanying financial statements of Accountability Lab, Inc. which comprise the statement of financial position as of December 31, 2016, and the related statements of activities 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 estimated made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Accountability Lab as of December 31, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

### Report on Summarized Comparative Information

The 2015 prior year summarized comparative information has been derived from Accountability Lab's 2015 financial statements audited by another auditor whose report dated November 4, 2016 expressed an unqualified opinion.

*No. 2017 S&A*

Washington, DC  
July 20, 2017

ACCOUNTABILITY LAB, INC.

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 171,835	\$ 48,436
Accounts Receivable	16,680	8,754
Contribution receivable	150,000	-
Prepaid expenses	2,749	12,986
Total Current Assets	<u>341,264</u>	<u>70,176</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 341,264</b></u>	<u><b>\$ 70,176</b></u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 7,626	\$ 2,861
Payroll Liabilities	535	15,880
Deferred revenue	1,340	-
Total Current Liabilities	<u>9,501</u>	<u>18,741</u>
Total Liabilities	<u>9,501</u>	<u>18,741</u>
<b>NET ASSETS</b>		
Unrestricted net assets	74,763	7,123
Temporarily restricted net assets	257,000	44,312
Total Net Assets	<u>331,763</u>	<u>51,435</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 341,264</b></u>	<u><b>\$ 70,176</b></u>

ACCOUNTABILITY LAB, INC.

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2016  
 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	Unrestricted	Temporarily Restricted	2016	2015
<b>REVENUE</b>				
Contributions and grants	\$ 427,832	\$ 450,038	\$ 877,870	\$ 1,050,809
Donated goods and services	111,287	-	111,287	-
Net assets released from restrictions	237,350	(237,350)	-	-
<b>TOTAL REVENUE</b>	<b>776,469</b>	<b>212,688</b>	<b>989,157</b>	<b>1,050,809</b>
<b>EXPENSES</b>				
Program Services				
Accountability Incubator	181,148	-	181,148	344,201
Integrity Idol	49,130	-	49,130	27,768
Citizen Helpdesk	190,017	-	190,017	191,680
Outreach and Partnerships	94,687	-	94,687	39,913
Total Program Expenses	514,982	-	514,982	603,562
Support Services				
Management and General	170,176	-	170,176	30,062
Fundraising	23,671	-	23,671	33,231
Total Support Expenses	193,847	-	193,847	63,293
<b>TOTAL EXPENSES</b>	<b>708,829</b>	<b>-</b>	<b>708,829</b>	<b>666,855</b>
<b>CHANGE IN NET ASSETS</b>	<b>67,640</b>	<b>212,688</b>	<b>280,328</b>	<b>383,954</b>
Net assets, beginning of year	7,123	44,312	51,435	(332,519)
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 74,763</b>	<b>\$ 257,000</b>	<b>\$ 331,763</b>	<b>\$ 51,435</b>

ACCOUNTABILITY LAB, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	Program Services				General Services			
	Accountability Incubator	Integrity Idol	Citizen Helpdesk	Outreach and Partnerships	General and Management	Fundraising	2016	2015
Salary	\$ 24,766	\$ 20,916	\$ 16,978	\$ 30,756	\$ 21,036	\$ 20,586	\$ 135,038	\$ 159,000
Payroll taxes	2,622	2,214	1,797	3,256	2,227	2,179	14,295	10,636
Employee benefits	-	-	-	-	1,574	-	1,574	3,490
Accounting	-	-	-	-	6,723	-	6,723	1,587
Business registration	-	-	-	-	200	-	200	776
Contract services	-	-	-	-	-	-	-	271,928
Event expense	1,012	-	624	329	1,556	624	4,145	1,630
Expenses & shipping	31	-	-	5,751	367	-	6,149	634
Fundraising	-	-	-	-	-	-	-	422
Information technology	17	-	-	-	1,195	26	1,238	1,323
Insurance	-	-	-	-	6,297	-	6,297	1,716
Intern stipend	-	-	604	-	6,575	-	7,179	6,506
Local country support	137,279	26,000	170,000	48,522	-	-	381,801	140,899
Marketing	449	-	14	20	871	-	1,354	14,716
Occupancy	-	-	-	-	7,470	-	7,470	10,340
Payroll expenses	-	-	-	-	-	-	-	240
Staff development	-	-	-	-	-	-	-	6,300
Supplies	1,156	-	-	3	1,379	4	2,542	6,725
Taxes	-	-	-	-	578	-	578	921
Telephone	203	-	-	31	-	-	234	173
Travel	13,613	-	-	6,019	841	252	20,725	26,893
<b>Total Expenses, before In-Kind</b>	<b>\$ 181,148</b>	<b>\$ 49,130</b>	<b>\$ 190,017</b>	<b>\$ 94,687</b>	<b>\$ 58,889</b>	<b>\$ 23,671</b>	<b>\$ 597,542</b>	<b>\$ 666,855</b>
In-Kind: Legal	-	-	-	-	111,287	-	111,287	-
<b>TOTAL EXPENSES</b>	<b>\$ 181,148</b>	<b>\$ 49,130</b>	<b>\$ 190,017</b>	<b>\$ 94,687</b>	<b>\$ 170,176</b>	<b>\$ 23,671</b>	<b>\$ 708,829</b>	<b>\$ 666,855</b>

ACCOUNTABILITY LAB, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>		
Cash received from contributions	\$ 832,571	\$ 869,065
Cash paid for operating activities	(709,172)	(667,217)
<b>Net cash provided by operating activities</b>	<b><u>123,399</u></b>	<b><u>201,848</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan payable	-	(352,500)
<b>Net Cash Flows (Used) by Investing Activities</b>	<b><u>-</u></b>	<b><u>(352,500)</u></b>
Net increase (decrease) increase in cash	123,399	(150,652)
Cash and cash equivalents at beginning of year	48,436	199,088
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 171,835</u></b>	<b><u>\$ 48,436</u></b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 280,328	\$ 383,954
Adjustment to reconcile change in net assets to net cash		
(Increase) decrease in assets:		
Accounts receivable	(7,926)	2,785
Pledges receivable	(150,000)	-
Prepaid expenses	10,237	(11,947)
Increase (decrease) in liabilities:		
Accounts payable	4,765	(2,627)
Payroll liabilities	(15,345)	14,212
Deferred revenue	1,340	(184,529)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 123,399</u></b>	<b><u>\$ 201,848</u></b>



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

1. ORGANIZATION AND ACTIVITIES

**Organization**

The Accountability Lab, Inc. is a non-profit tax-exempt 501(c)(3) organization founded in 2012. Its mission is to catalyze a new generation of active citizens and responsible leaders around the world. It runs an incubator that provides social entrepreneurs in Liberia, Nepal, and Pakistan with the training, resources, and networks they need to test out their innovative ideas for fighting corruption and building integrity in their communities.

**Accountability Incubator** - identified 17 young, local change-makers ("accountpreneurs") in Liberia, Nepal, and Pakistan and provided them with hands-on training, mentorship, seed funding, networks, media outreach, and management support to develop and implement low-cost, high-impact solutions to strengthen integrity in their communities. These "accountpreneurs" directly engaged 28,522 people through programs including interactive civic education classes that train Nepali students to be active citizens; film schools in Liberia and Nepal that train youth to create documentaries about accountability issues in their communities; online and offline platforms for Nepali citizens to access information on how to navigate government services; Community Justice Teams that build peace and access to justice by mediating disputes in low-income, high-density neighborhoods of Monrovia and accountability-themed comic books that give Liberian youth positive role models.

**Mobile Citizen Helpdesks** - after the devastating earthquakes in Nepal in April 2015, the Accountability Lab partnered with Local Intervention Group and mobilized one hundred volunteers to close information gaps in the earthquake relief process by helping thousands of earthquake survivors in the 14 hardest hit districts solve problems, access resources, debunk rumors, and give feedback on their needs to their local government and over 50 relief agencies.

**Outreach and Partnerships** - helped implement the Open Government Partnership (OGP) civil society commitments in Liberia; participated in international and national-level working groups to support accountability and transparency; led the Kathmandu OpenGov Hub, a co-working space that encourages collaboration and community engagement in transparency and accountability; partnered with ONE Campaign to host Honesty Oscars, an international campaign to celebrate and promote anti-corruption media; and hosted networking and discussion events to build a collaborative community of organizations working on accountability in Pakistan, Liberia, and Nepal.

**Integrity Idol** is a global movement on the ground, online and through the media to celebrate and encourage honest civil servants. A lack of integrity- which leads to corruption, inequality and insecurity- remains the very heart of political challenges everywhere. Through Integrity Idol, citizens nominate officials with integrity. The Accountability Lab collects these nominations, narrows the field down to the top 5 and then films these Idols. The episodes go out on national TV and radio stations, with citizens voting for their favorites by SMS and online. The winners are crowned at national ceremonies and connected as part of a reform network. The campaign creates positive conversations about issues of integrity, accountability and governance.

# ACCOUNTABILITY LAB, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No.

#### **Basis of Presentation (continued)**

117, Accountability Lab is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Accountability Lab is required to present a statement of cash flows.

#### **Basis of Accounting**

The financial statements of Accountability Lab have been prepared on the accrual basis. Under the accrual basis of accounting, income is recognized in the period it is earned, and expenses are recognized when incurred.

#### **Cash and Cash Equivalents**

Accountability Lab considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Uncertain Tax Position**

The Financial Accounting Standard Board (FASB) released FASB ASC 740-10, Income Taxes, that provide guidance for reporting uncertainty in income taxes. For the year ended December 31, 2016, Accountability Lab has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax provisions qualify for either recognition or disclosure in the financial statements.

#### **Net Assets Classifications**

There are three classes of net assets. They can each be defined as follows:

**Unrestricted Net Assets** – These are net assets whose use is not restricted by the donors. The organization itself has complete control and discretion over how they can be used.

**Temporarily Restricted Net Assets**– This represents net assets that have restrictions stipulated by donors – either regarding the time period in which they can be used for the purpose to which they can be put (e.g., a grant specifically intended to cover the salary of a person to be hired for a specified purpose). Expenses do not get recorded in this category; grants that are to be used for a specific purpose are initially recorded as "Temporarily Restricted", and when the restrictions are met, they are reported in the statement of activities as net assets released from restrictions, and are reclassified as "Unrestricted."

**Permanently Restricted Net Assets** – This represents net assets which the organization must maintain in perpetuity. Accountability Lab does not have any such assets.

# ACCOUNTABILITY LAB, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Revenue Recognition**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### **Contributed Services**

Contributed services, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

#### **Property and Equipment**

Acquisitions of property and equipment of the Organization are recorded at fair market value. Purchases and donated property in excess of \$1,000 are capitalized. Equipment is depreciated on the straight-line method using estimated useful lives ranging from three to seven years.

#### **Income Taxes**

Accountability Lab has qualified as a non-profit organization under Internal Revenue Code Section 501 (c) (3) and consequently pays no taxes on its exempt function income. However, Accountability Lab would be liable for taxes on any unrelated business income.

#### **Deferred Revenue**

Deferred revenue represents amounts related to sale of ticket events collected in the current year for events to take place in the subsequent year.

#### **Functional Expenses**

Costs are charged to program services and management and general functions based on direct expenditures incurred. Expenses not directly chargeable to these functional categories are allocated based on direct personnel costs.

#### **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 reported amounts of assets, liabilities, revenues and expenses and in the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from those estimates. Management believes that actual results will not be materially different from amounts provided in the accompanying financial statements.

#### **Reclassification**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassifications had no effect on the change in assets as previously reported.

### 3. UNINSURED CASH BALANCE

# ACCOUNTABILITY LAB, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Accountability Lab maintains its cash balance at one financial institution which at times may exceed federal insured limits of \$250,000 under Federal Deposit Insurance Corporation (FDIC). However, Accountability Lab has not experienced any losses and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

### 4. GRANTS, PLEDGES & ACCOUNTS RECEIVABLE

Grants and pledges receivable in the amount of \$150,000 at December 31, 2016 of which all are due in 2017.

Other account receivables in the amount of \$16,680 at December 31, 2016 are due in 2017. The balance represents contributions in support of the Organization's various projects.

Accountability Lab does not record an allowance for uncollectible promises receivable as accounts are written off when they are determined uncollectible.

### 5. NET ASSETS RELEASED FROM RESTRICTIONS

The following is a summary of net assets which were released from donor restrictions by incurring expenses which satisfied the donor specified restrictions:

Earthquake relief in Nepal	\$ 70,500
Migration accountability in Nepal	122,500
General support (Time Restriction)	30,000
Community justice teams	6,210
Youth accountability project	<u>8,140</u>
<b>Total</b>	<b><u>\$ 237,350</u></b>

### 6. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2016 the temporarily restricted net assets balance consists of the following:

Earthquake relief in Nepal	\$ 29,500
Migration accountability in Nepal	<u>227,500</u>
<b>Total</b>	<b><u>\$ 257,000</u></b>

### 7. IN-KIND CONTRIBUTIONS

# ACCOUNTABILITY LAB, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

During the year ended December 31, 2016, Accountability Lab, Inc. was the beneficiary of donated goods and services from various vendors which allowed Accountability Lab to enhance its mission. The total donations for 2016 were broken down as follows:

Consulting and legal counsel	\$ 5,500
Graphic design and marketing	4,950
Software, client management system, apps	77,087
Website security and design	500
Event services – transportation	20,000
Equipment	<u>3,250</u>
<b>Total</b>	<b><u>\$111,287</u></b>

### 8. COMMITMENTS

Accountability Lab (Licensee) entered into an office lease agreement with *Development Gateway, Inc. and Global Integrity* (collectively, Licensor) to occupy one workstation in the District of Columbia for one year effective April 1, 2016. The license agreement was further amended on September 1, 2016 to accommodate two workstations. The amendment shall expire no later than March 31, 2017. The terms of the license agreement state the following:

- The Licensee shall pay the Licensor \$480 per workstation per month. Licensee occupies 2 workstations for a total fee of \$960 per month.
- The Licensee shall pay “Community Fee” \$5.00 per month towards the OpenGov Hub community fund for public events and repairs, for a total fee of \$10 per month.
- The Licensee shall pay the Licensor to use Licensor’s printer/copier/scanner for a fee of \$15 per month per workstation for a total of \$30 per month.

The Licensee paid the Licensor from January to August 2016	\$3,470
The Licensee paid the Licensor from September to December	<u>4,000</u>
Total occupancy cost for 2016	<b><u>\$7,470</u></b>

### 9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognitions or disclosure through July 20, 2017, the date the financial statements were available for use.