



**REPORT ON  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED  
FINANCIAL INFORMATION FOR 2017**

**CCOUNTABILITY LAB, INC.**

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SALTI & 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, 2018, 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, 2018 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 2017 prior year summarized comparative information has been derived from Accountability Lab's 2017 financial statements audited by another auditor whose report dated November 4, 2018 expressed an unqualified opinion.

### Emphasis of Matter

As discussed in Note 2 to the financial statements, in the year ended December 31, 2018, Accountability Lab adapted and retrospectively applied Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Non-for-Profit Entities* (Topic 958); *Presentation of Financial Statements of Non-for-Profit Entities*. My opinion is not modified with respect to this matter.

No. 2019 S10 G

Washington, DC  
July 29, 2019

ACCOUNTABILITY LAB, INC.

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 452,400	\$ 69,613
Accounts Receivable	19,422	-
Contribution receivable	286,893	431,147
Prepaid expenses	-	11,233
Total Current Assets	<u>758,715</u>	<u>511,993</u>
<b>EQUIPMENT AT COST</b>		
Equipment	2,118	-
Less; accumulated depreciation	<u>(247)</u>	<u>-</u>
Total Equipment, Net	<u>1,871</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 760,586</u></b>	<b><u>\$ 511,993</u></b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Deferred revenue	<u>\$ 25,000</u>	<u>\$ 12,850</u>
Total Current Liabilities	<u>25,000</u>	<u>12,850</u>
Total Liabilities	<u>25,000</u>	<u>12,850</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	64,498	67,895
Designated by the Board for reserve	<u>15,155</u>	<u>10,101</u>
	<u>79,653</u>	<u>77,996</u>
With donor restrictions		
Purpose restrictions	650,933	401,147
Time-restricted for future periods	<u>5,000</u>	<u>20,000</u>
	<u>655,933</u>	<u>421,147</u>
Total Net Assets	<u>735,586</u>	<u>499,143</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 760,586</u></b>	<b><u>\$ 511,993</u></b>

ACCOUNTABILITY LAB, INC.

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2018  
 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	Without Donor Restrictions	With Donor Restrictions	2018	2017
<b>REVENUE</b>				
Contributions and grants	\$ 429,640	\$ 720,000	\$ 1,149,640	\$ 698,620
Individual donations	12,340	-	12,340	16,310
Other income	29,704	-	29,704	-
Interest income	5	-	5	-
Net assets released from restrictions				
Accountability Liberia	163,814	(163,814)	-	-
Accountability Nepal	186,400	(186,400)	-	-
Accountability Mali	50,000	(50,000)	-	-
Icampus	20,000	(20,000)	-	-
	65,000	(65,000)	-	-
<b>TOTAL REVENUE</b>	<b>956,903</b>	<b>234,786</b>	<b>1,191,689</b>	<b>714,930</b>
<b>EXPENSES</b>				
Program Services				
Accountability USA	224,776	-	224,776	154,238
Accountability All Other	595,194	-	595,194	303,263
Total Program Expenses	819,970	-	819,970	457,501
Support Services				
Management and General	74,009	-	74,009	55,695
Fundraising	61,267	-	61,267	34,353
Total Support Expenses	135,276	-	135,276	90,049
<b>TOTAL EXPENSES</b>	<b>955,246</b>	<b>-</b>	<b>955,246</b>	<b>547,550</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,657</b>	<b>234,786</b>	<b>236,443</b>	<b>167,380</b>
Net assets, beginning of year	77,996	421,147	499,143	331,763
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 79,653</b>	<b>\$ 655,933</b>	<b>\$ 735,586</b>	<b>\$ 499,143</b>

ACCOUNTABILITY LAB, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	Program Services		General Services			
	Accountability USA	Accountability All Other	General Management	and Fundraising	2018	2017
Salaries	\$ 147,337	\$ 24,405	\$ 41,238	\$ 48,171	\$ 261,151	\$ 138,911
Employee benefits	9,557	-	3,191	3,840	16,588	18,552
Accounting fees	-	-	8,425	-	8,425	7,000
Bad debt	-	22,333	-	-	22,333	-
Bank fees	820	136	230	268	1,454	952
Contract for services	3,371	8,907	3,931	-	16,209	20,136
Depreciation	-	-	247	-	247	-
Event expense	710	-	434	-	1,144	374
Expenses	-	1,515	1,106	-	2,621	10,815
Information technology	-	-	963	-	963	1,671
Insurance	3,625	601	1,015	1,185	6,426	6,814
Local country support	3,385	514,962	-	-	518,347	303,263
Marketing	-	-	-	5,112	5,112	6,248
Occupancy	8,227	1,363	2,303	2,690	14,583	8,052
Taxes and dues	-	-	5,666	-	5,666	2,170
Postage and shipping	-	-	302	-	302	214
Program expenses	12,460	3,500	-	-	15,960	-
Staff development	1,414	-	-	-	1,414	25
Supplies	-	10,082	3,545	-	13,627	7,611
Business registration	-	-	329	-	329	1,445
Telephone	-	-	1,085	-	1,085	63
Travel	33,869	7,391	-	-	41,260	13,234
<b>TOTAL EXPENSES</b>	<b>\$ 224,776</b>	<b>\$ 595,194</b>	<b>\$ 74,009</b>	<b>\$ 61,267</b>	<b>\$ 955,246</b>	<b>\$ 547,550</b>

ACCOUNTABILITY LAB, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from institutional grants	\$ 34,373	\$ 71,985
Cash received from corporations	21,201	123,164
Cash received from foundations	1,247,218	189,872
Cash received from individuals	13,333	48,740
Dividends and interest income	5	1
Cash paid to employees in salaries	(249,879)	(138,909)
Cash paid to employees related benefits	(16,588)	(18,552)
Cash paid for international travel	(41,259)	(13,233)
Cash paid to legal and professionals	(8,425)	(8,575)
Cash paid for rent	(14,582)	(8,052)
Cash paid to Icampus	(15,000)	-
Cash paid to Accountability Liberia	(164,480)	(204,260)
Cash paid to Accountability Mali	(45,895)	(35,796)
Cash paid to Accountability Nepal	(176,400)	-
Cash paid to Accountability Nigeria	(80,000)	-
Cash paid to Accountability Pakistan	(5,500)	-
Cash paid to Integrity Idol South Africa	(19,443)	(28,500)
Cash paid to other local country support	-	(40,989)
Cash paid to subcontractors	(11,706)	(11,179)
Cash paid to suppliers and vendors	(82,068)	(27,939)
	<u>384,905</u>	<u>(102,222)</u>
<b>Net cash provided by operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment and software application	(2,118)	-
	<u>(2,118)</u>	<u>-</u>
<b>Net cash flows from investing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>382,787</b>	<b>(102,222)</b>
Cash, beginning of year	69,613	171,835
	<u>69,613</u>	<u>171,835</u>
<b>CASH &amp; CASH EQUIVALENT, END OF YEAR</b>	<b>\$ 452,400</b>	<b>\$ 69,613</b>
	<u>\$ 452,400</u>	<u>\$ 69,613</u>
<b>CASH AND CASH EQUIVALENTS:</b>		
Cash and cash equivalents	\$ 452,400	\$ 69,613
Less: Cash designated by Board for reserve	(15,155)	(10,101)
	<u>\$ 437,245</u>	<u>\$ 59,512</u>



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

1. ORGANIZATION AND ACTIVITIES

**Organization**

The Accountability Lab, Inc. is a non-profit tax-exempt 501(c)(3) incorporated in the State of Delaware on February 17, 2012. Our *vision* is more inclusive, accountable societies. Our *mission* is to build a new generation of active citizens and responsible leaders around the world. We work towards this by supporting change-makers to develop and implement positive ideas for integrity in their communities. By enabling people to generate the knowledge, skills and coalitions needed for accountability, we unleash positive social and economic change.

**Programs**

**Accountability Incubator** - A year-long training and support program for young-people with great ideas for accountability. Akin to a business incubator, the Accountability Incubator provides these “accountapreneurs” with training (quarterly meet-ups and online modules), hands-on mentorship (support for the development of ideas), communications support (such as promo videos and blogs), networks (through pitch events and “friendraisers”) and some resources (an innovation fund). Accountability Incubator is a global program carried out in five countries; Liberia, Mali, Nepal, Nigeria and Pakistan.

**Citizen Helpdesks** - The Citizen Helpdesks (CHDs) are a pioneering citizen feedback, dialogue and community voice platform to ensure accountability in the development process. The Helpdesks collect critical information from hundreds of communities solving daily problems for citizens and closing the loop on challenges related to everything from migration, to human trafficking, to natural resource management and security issues. We have run Citizen Helpdesks in Nepal, Liberia and Mali; and we hope to develop them in Nigeria and Pakistan in 2019.

**Coalition-Building, Policy Change and Advocacy** - We are well placed to source ideas from the bottom-up that can inform policy decisions made from the top-down, making them more citizen-centric and inclusive. We also have networks at the policy-level- both nationally and internationally- that we can leverage to begin to change laws, approaches and systems in ways that can build accountability. Over time, we have found ourselves being asked to be part of collective efforts that are advocating for change to the status-quo. We are currently conduct these activities across: Liberia, Mali, Nepal, Niger, Nigeria, Pakistan and South Africa.

**Integrity Idol** Integrity Idol is a global movement- on the ground, online and through the media- to celebrate and encourage honest government officials. We want to move away from “naming and shaming” corrupt leaders and towards “naming and faming” those bureaucrats that are working with integrity. Integrity Idol is a global campaign that was carried out in seven countries (Liberia, Mali, Mexico, Nepal, Nigeria, Pakistan, South Africa and in partnership in Sri Lanka in 2018 with millions of viewers and hundreds of thousands of voters.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

1. ORGANIZATION AND ACTIVITIES (CONTINUED)

**OpenGov Hubs/Innovation Spaces** - There are often very few, managed spaces where young people can come-together, get online and collaborate. The OpenGov Hubs provide the locations for our incubator and campaign activities (including trainings, events, and management) but also serve as places for collaboration, eco-system development and accountability practice building. For us, an important part of supporting a movement for accountability is bringing together a broad set of creative stakeholders- from film-makers to activists to ICT experts to government information officers- in open, creative spaces physically and intellectually. We are currently run OpenGov Hubs in Nepal and Mali; and an affiliate (called iCampus) in Liberia. We have plans to open an OpenGov Hub in Pakistan in 2019; and to leverage existing, similar spaces in Nigeria and South Africa.

**Music Campaigns** - Our music campaigns (“Rap2Rep” or “Rap to be Represented” and “Voice2Rep” or “Voice to be Represented”) engage young people through music to allow them to develop their own voice, and connect to audiences around accountability-themed songs. We are currently in Liberia and Nigeria

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Financial Statement Presentation**

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Accountability Lab and changes therein are classified and reported as:

**Without Donor Restrictions** – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

**With Donor Restrictions** – Those resources subject to donor-imposed restrictions that will be satisfied by action of Accountability Lab or by passage of time.

Accountability Lab has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

**Cash and Cash Equivalents**

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

**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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Change in Accounting Principles**

Accountability Lab implemented FASB ASU 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily and permanently restricted net assets have been combined into a single net asset class called net assets *with donor restrictions*
- The unrestricted net assets class has been renamed net assets *without donor restrictions*.
- The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which I believe to be more understandable for the users of our financial statements.
- The financial statements include a disclosure about liquidity and availability of resources (note 8)

**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.

**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 cash received in the current year for disbursement 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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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

**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, 2018, 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.

**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.

**Recent Accounting Pronouncement**

In May 2014, the FASB issued ASU 2014-09 Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2014-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 31, 2018. Accountability Lab is currently evaluating the impact the adoption of this guidance will have on its financial statements.

**3. UNINSURED CASH BALANCE**

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 \$306,315 at December 31, 2018 of which all are due in 2019.

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

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2018, are restricted for the following purposes:

Subject to expenditure for specified purpose:

Youth accountability project	\$ 150,000
Support ICampus	15,000
Accountability Liberia	22,333
Accountability South Africa	20,000
Accountability Nepal	93,600
Integrity idol campaign	<u>350,000</u>
	<b>\$ 650,933</b>
Subject to the passage of time	<u>5,000</u>
<b>TOTAL</b>	<b><u>\$ 655,933</u></b>

6. METHODS USED FOR ALLOCATION OF EXPENSES FROM MANAGEMENT AND GENERAL

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include bank fees, occupancy, and insurance, which are allocated on salaries basis, which are allocated on the basis of estimates of time and effort.

7. COMMITMENTS

Accountability Lab (Licensee) entered into an office lease agreement with *Development Gateway, Inc. and Global Integrity* (collectively, Licensor) to occupy three workstations in the District of Columbia for one year effective December 1, 2018. The terms of the license agreement state the following:

- The Licensee shall pay the Licensor \$566 per workstation per month. Licensee occupies 3 workstations for a total fee of \$1,698 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 \$15 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 \$45 per month.

Total occupancy cost for 2018 **\$14,582**

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

8. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

Accountability Lab nonprofit's process of liquidity management calls for the organization to maintain sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due. The policy of the nonprofit is to maintain cash and cash equivalents equal to at least 60 days of routine operating expenditures, which are, on average, approximately \$85,000. Management of the nonprofit periodically reviews the organization's liquid asset needs and adjusts the cash and cash equivalent balances as necessary.

Accountability Lab has \$346,772 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$308,896, and contributions receivable of \$37,876. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Board designated a portion of its operating surplus to its liquidity reserve which was as of December 31, 2018 \$15,515. The purpose of the fund established by the governing board is to be able to draw upon the fund in the event of financial distress or immediate liquidity need resulting from events outside the typical cycle of converting financial assets to cash.

Accountability Lab has calculated its financial assets available within one year of the statement of financial position date for general expenditures to be as follows:

Financial assets, at year end	\$758,716
Less: those unavailable for general expenditures within one year due to:	
Contractual or donor imposed restrictions:	
Accountability Nigeria	(162,000)
Accountability Nepal	( 93,600)
Integrity Idol South Africa	( 20,000)
ICampus	( 15,000)
Building better governance	( 75,000)
Integrity and collaborative leadership	( 30,829)
Board designations:	
Amounts set aside for liquidity reserve	<u>( 15,515)</u>
Financial assets available to meet cash Needs for general expenditures within One year	<u>\$346,772</u>

**ACCOUNTABILITY LAB, INC.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognitions or disclosure through July 29, 2019 the date the financial statements were available for use.