



**REPORT ON
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED
FINANCIAL INFORMATION FOR 2016**

ACCOUNTABILITY 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, 2017, 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, 2017 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 2016 prior year summarized comparative information has been derived from Accountability Lab's 2016 financial statements audited by another auditor whose report dated November 4, 2017 expressed an unqualified opinion.

No. 1000 SALT

Washington, DC
October 19, 2018

ACCOUNTABILITY LAB, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 69,613	\$ 171,835
Accounts Receivable	-	16,680
Contribution receivable	431,147	150,000
Prepaid expenses	<u>11,233</u>	<u>2,749</u>
Total Current Assets	<u>511,993</u>	<u>341,264</u>
TOTAL ASSETS	<u>\$ 511,993</u>	<u>\$ 341,264</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ 7,626
Payroll Liabilities	-	535
Deferred revenue	<u>12,850</u>	<u>1,340</u>
Total Current Liabilities	<u>12,850</u>	<u>9,501</u>
Total Liabilities	<u>12,850</u>	<u>9,501</u>
NET ASSETS		
Unrestricted net assets	77,996	74,763
Temporarily restricted net assets	<u>421,147</u>	<u>257,000</u>
Total Net Assets	<u>499,143</u>	<u>331,763</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 511,993</u>	<u>\$ 341,264</u>

ACCOUNTABILITY LAB, INC.

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2017
 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	Unrestricted	Temporarily Restricted	2017	2016
REVENUE				
Contributions and grants	\$ 375,360	\$ 339,570	\$ 714,930	\$ 877,870
Donated goods and services	-	-	-	111,287
Net assets released from restrictions	175,423	(175,423)	-	-
TOTAL REVENUE	550,783	164,147	714,930	989,157
EXPENSES				
Program Services				
Accountability Incubator	61,207	-	61,207	181,148
Integrity Idol	190,673	-	190,673	49,130
Citizen Helpdesk	43,087	-	43,087	190,017
Outreach and Partnerships	162,533	-	162,533	94,687
Total Program Expenses	457,501	-	457,501	514,982
Support Services				
Management and General	55,695	-	55,695	170,176
Fundraising	34,353	-	34,353	23,671
Total Support Expenses	90,049	-	90,049	193,847
TOTAL EXPENSES	547,550	-	547,550	708,829
CHANGE IN NET ASSETS	3,233	164,147	167,380	280,328
Net assets, beginning of year	74,763	257,000	331,763	51,435
NET ASSETS, END OF YEAR	\$ 77,996	\$ 421,147	\$ 499,143	\$ 331,763

ACCOUNTABILITY LAB, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	Program Services				General Services			2017	2016
	Accountability Incubator	Integrity Idol	Citizen Helpdesk	Outreach and Partnerships	General and Management	Fundraising			
Salaries	\$ 14,228	\$ 35,653	\$ 12,165	\$ 39,021	\$ 19,532	\$ 18,312	\$ 138,911	\$ 135,038	
Employee benefits	1,900	4,762	1,625	5,211	2,609	2,446	18,552	15,869	
Bank fees	-	-	-	-	952	-	952	-	
Contract for services	-	-	-	-	27,136	-	27,136	6,723	
Event expense	-	-	-	-	-	374	374	4,145	
Expenses	1,108	2,776	947	3,038	1,521	1,426	10,815	6,149	
Information technology	171	429	146	470	235	220	1,671	1,238	
Insurance	698	1,749	597	1,914	958	898	6,814	6,297	
Local country support	37,125	139,220	21,656	105,261	-	-	303,263	381,801	
Marketing	-	-	-	-	-	6,248	6,248	1,354	
Occupancy	825	2,067	705	2,262	1,132	1,061	8,052	7,470	
Taxes and dues	222	557	190	610	305	286	2,170	-	
Postage and shipping	22	55	19	60	30	28	214	-	
Staff development	3	6	2	7	4	3	25	-	
Supplies	780	1,953	667	2,138	1,070	1,003	7,611	2,542	
Business registration	148	371	127	406	203	190	1,445	778	
Telephone	7	17	6	18	9	6	63	234	
Travel	3,970	1,059	4,235	2,117	-	1,853	13,234	20,725	
Total Expenses, before In-Kind	\$ 61,207	\$ 190,673	\$ 43,087	\$ 162,533	\$ 55,695	\$ 34,353	\$ 547,550	\$ 590,363	
In-Kind: Legal	-	-	-	-	-	-	-	111,287	
TOTAL EXPENSES	\$ 61,207	\$ 190,673	\$ 43,087	\$ 162,533	\$ 55,695	\$ 34,353	\$ 547,550	\$ 701,650	

ACCOUNTABILITY LAB, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Cash received from contributions	\$ 441,979	\$ 832,571
Cash paid for operating activities	(544,201)	(709,172)
Net cash (used) provided by operating activities	(102,222)	123,399
Net (decrease) increase increase in cash	(102,222)	123,399
Cash and cash equivalents at beginning of year	171,835	48,436
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 69,613	\$ 171,835
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 167,380	\$ 280,328
Adjustment to reconcile change in net assets to net cash		
(Increase) decrease in assets:		
Accounts receivable	16,680	(7,926)
Pledges receivable	(281,147)	(150,000)
Prepaid expenses	(8,484)	10,237
Increase (decrease) in liabilities:		
Accounts payable	(7,626)	4,765
Payroll liabilities	(535)	(15,345)
Deferred revenue	11,510	1,340
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	\$ (102,222)	\$ 123,399

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 2016, 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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. 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, 2017, 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, 2017

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 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.

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.

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 \$431,147 at December 31, 2017 of which all are due in 2018.

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	\$ 29,500
Migration accountability in Nepal	77,500
Building better governance in mining areas in Liberia	54,423
Youth accountability project	<u>10,000</u>
Total	<u>\$ 175,423</u>

6. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2017 the temporarily restricted net assets balance consists of the following:

Youth accountability project	\$ 65,000
Support I_Campus	20,000
Building better governance in mining areas in Liberia	186,147
Migration accountability in Nepal	<u>150,000</u>
Total	<u>\$ 421,147</u>

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

7. 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 office expenses, occupancy, information technology, and insurance, which are allocated on salaries basis, which are allocated on the basis of estimates of time and effort.

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, 2017. The terms of the license agreement state the following:

- The Licensee shall pay the Licensor \$569 per workstation per month. Licensee occupies 1 workstation for a total fee of \$569 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.

Total occupancy cost for 2017 **\$8,052**

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognitions or disclosure through October 19, 2018, the date the financial statements were available for use.