

**ACCOUNTABILITY LAB, INC.**

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**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

## **ACCOUNTABILITY LAB, INC.**

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# ERIC BOLIN CPA P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Accountability Lab, Inc

We have audited the accompanying Statement of Financial Position of the Accountability Lab, Inc. (a nonprofit corporation) which comprise the Statement of Financial Position as of December 31, 2015, and the related Statement 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

Our responsibility is to express an opinion on these financial statements bases 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts 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. This audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriated to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly; in all material respects, the financial position of Accountability Lab, Inc. as of December 31, 2015 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.

*Eric Bolin CPA, P.C.*

November 4, 2016

ACCOUNTABILITY LAB, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015

**ASSETS**

**Current Assets**

Cash - Operating	\$	48,436
Accounts Receivable		8,754
Prepaid Expenses		12,986

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>70,176</b>
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**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts Payable	\$	2,861
Payroll Liabilities		15,880

<b>Total Liabilities</b>		<b>18,741</b>
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**Net Assets**

Unrestricted		7,123
Temporarily Restricted		44,312

<b>Total Net Assets</b>		<b>51,435</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>70,176</b>
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*See Accompanying Notes to Financial Statements*

**ACCOUNTABILITY LAB, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 821,968	\$ 228,841	\$ 1,050,809
Funds released from restriction by passage of time	184,529	(184,529)	0
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 1,006,497</b>	<b>\$ 44,312</b>	<b>\$ 1,050,809</b>
<b>EXPENSES</b>			
Program Services	603,562	-	603,562
Support Services	30,062	-	30,062
Fundraising	33,231	-	33,231
<b>TOTAL EXPENSES</b>	<b>666,855</b>	<b>-</b>	<b>666,855</b>
<b>CHANGE IN NET ASSETS</b>	<b>339,642</b>	<b>44,312</b>	<b>383,954</b>
<b>NET ASSETS – Beginning of Year</b>	<b>(332,519)</b>	<b>0</b>	<b>(332,519)</b>
<b>NET ASSETS – End of Year</b>	<b>\$ 7,123</b>	<b>\$ 44,312</b>	<b>\$ 51,435</b>

*See Accompanying Notes to Financial Statements.*

# ACCOUNTABILITY LAB, INC.

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015

### CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 383,954
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	0
Decrease (Increase) in Accounts Receivables	2,785
(Increase) Decrease in Prepaid Expenses	(11,947)
(Decrease) Increase in Accounts Payable	(2,627)
Increase (Decrease) in Deferred Income	(184,529)
Increase in Payroll Liabilities	14,212
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	201,848
NET CASH (USED) BY FINANCING ACTIVITY	
Decrease in Loan Payable	(352,500)
NET (DECREASE) INCREASE IN CASH	(150,652)
CASH – Beginning of Year	199,088
CASH – End of Year	\$ 48,436

*See Accompanying Notes to Financial Statements*

# ACCOUNTABILITY LAB, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	<u>Programs</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salary	\$ 117,880	\$ 17,270	\$ 23,850	\$ 159,000
Payroll Tax	7,886	1,155	1,595	10,636
Employee Benefits	2,611	369	510	3,490
Accounting	0	1,587	0	1,587
Contract Services	271,928	0	0	271,928
Local Country Support	139,236	1,663	0	140,899
Marketing	11,429	1,372	1,915	14,716
Travel	24,628	925	1,340	26,893
Event Expense	1,630	0	0	1,630
Supplies	6,296	102	327	6,725
Taxes	0	921	0	921
Intern Stipend	5,470	435	601	6,506
Telephone	163	4	6	173
Information Technology	1,088	99	136	1,323
Occupancy	7,666	1,123	1,551	10,340
Insurance	0	1,716	0	1,716
Staff Development	4,670	685	945	6,300
Business Registration	195	581	0	776
Fundraising	30	0	392	422
Payroll Expenses	178	26	36	240
Shipping	578	29	27	634
Depreciation	0	0	0	0
Total	\$ 603,562	\$ 30,062	\$ 33,231	\$ 666,855

*See Accompanying Notes to Financial Statements.*

## ACCOUNTABILITY LAB, INC

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 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.

##### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization reports information regarding its financial position according to three classes of net assets. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

Fixed assets obtained by grant funds with explicit restrictions regarding their use and potential return if such use ceases are reported as increases in temporarily restricted net assets when acquired. It is the Organization's policy to imply a time restriction based on the useful lives for such assets. The Organization reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation related to these assets.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. At year-end, there were no permanently restricted net assets.



## ACCOUNTABILITY LAB, INC

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Functional Allocation of Expenses** – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not identifiable with any other specific function but provide overall support and direction of Accountability Lab, Inc.

**Cash and Cash Equivalents** – For purposes of the statements of Cash Flows, the Organization considers all highly liquid investments with an initial 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.

**Use of Estimates**-- The financial statements include estimates and assumptions made by management that affect the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose 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.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses, depending of the form of the benefit received. Conditional promises to give are recognized when the condition on which they depend are substantially met.

## ACCOUNTABILITY LAB, INC

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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#### NOTE 2 –SIGNIFICANT SOURCES OF REVENUE

Revenue recognized for grants donations from the two sources were 53% of total revenue for the year ended December 31, 2015. There is no guarantee that this level of funding will continue in the future.

#### NOTE 3 – TAX STATUS

The Organization is a non-stock corporation and operates under the status of Organization Exempt from Income Tax under Section 501(c) (3) of the Internal Revenue Code and is classified as organization other than a private foundation. However, income from certain activities not directly related to Accountability Lab, Inc.'s tax exempt purposes is subject to together as unrelated business income. There was no net unrelated business taxable income during the year ended December 31, 2015.

Accountability Lab, Inc. performed an evaluation of uncertain tax positions for the year ended December 31, 2015, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2015, the tax years 2012 through 2014 remain subject to examination by IRS and any various state and local jurisdictions in which Accountability Lab, Inc. may file a return.

#### NOTE 4 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognitions or disclosure through November 4, 2016, the date the financial statements were available for use.