



**REPORT ON
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED
FINANCIAL INFORMATION FOR 2018**

CCOUNTABILITY LAB, INC.

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position As of December 31, 2019 With Summarized Financial Information for 2018	3
Statement of Activities As of December 31, 2019 With Summarized Financial Information for 2018	4
Statement of Functional Expenses As of December 31, 2019 With Summarized Financial Information for 2018	5
Statement of Cash Flows As of December 31, 2019 With Summarized Financial Information for 2018	6
Notes to Financial Statements	7-12



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, 2019, 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, 2019 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 2018 prior year summarized comparative information has been derived from Accountability Lab's 2018 financial statements audited by another auditor whose report dated November 4, 2019 expressed an unqualified opinion.

No. 1000 SAO 11

Washington, DC
August 16, 2020

ACCOUNTABILITY LAB, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 305,002	\$ 452,400
Accounts Receivable	9,541	19,422
Contributions receivable	223,210	286,893
Total Current Assets	<u>537,753</u>	<u>758,715</u>
EQUIPMENT AT COST		
Equipment	2,118	2,118
Less; accumulated depreciation	(671)	(247)
Total Equipment, Net	<u>1,447</u>	<u>1,871</u>
TOTAL ASSETS	<u>\$ 539,200</u>	<u>\$ 760,586</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,252	\$ -
Pension withholding	1,033	-
Deferred revenue	-	25,000
Total Current Liabilities	<u>4,285</u>	<u>25,000</u>
Total Liabilities	<u>4,285</u>	<u>25,000</u>
NET ASSETS		
Without donor restrictions		
Undesignated	118,829	64,498
Designated by the Board for reserve	15,155	15,155
	<u>133,984</u>	<u>79,653</u>
With donor restrictions		
Purpose restrictions	400,931	650,933
Time-restricted for future periods	-	5,000
	<u>400,931</u>	<u>655,933</u>
Total Net Assets	<u>534,915</u>	<u>735,586</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 539,200</u>	<u>\$ 760,586</u>

ACCOUNTABILITY LAB, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
REVENUE				
Contributions and grants	\$ 622,055	\$ 445,000	\$ 1,067,055	\$ 1,149,640
Individual donations	4,244	-	4,244	12,340
Other income	44,899	-	44,899	29,704
Interest income	9	-	9	5
Net assets released from restrictions:				
Accountability Liberia	22,333	(22,333)	-	-
Accountability Nepal	93,600	(93,600)	-	-
Accountability Mali	181,569	(181,569)	-	-
Accountability South Africa	20,000	(20,000)	-	-
Program Support	182,500	(182,500)	-	-
Accountability Nigeria	200,000	(200,000)	-	-
TOTAL REVENUE	1,371,209	(255,002)	1,116,207	1,191,689
EXPENSES				
Program Services				
Accountability USA	589,522	-	589,522	224,776
Accountability All Other	650,457	-	650,457	595,194
Total Program Expenses	1,239,979	-	1,239,979	819,970
Support Services				
Management and General	63,604	-	63,604	74,009
Fundraising	13,295	-	13,295	61,267
Total Support Expenses	76,899	-	76,899	135,276
TOTAL EXPENSES	1,316,878	-	1,316,878	955,246
CHANGE IN NET ASSETS	54,331	(255,002)	(200,671)	236,443
Net assets, beginning of year	79,653	655,933	735,586	499,143
NET ASSETS, END OF YEAR	\$ 133,984	\$ 400,931	\$ 534,915	\$ 735,586

ACCOUNTABILITY LAB, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	Program Services		General Services		2019	2018
	Accountability USA	Accountability All Other	General Management	and Fundraising		
Salaries - USA	\$ 263,436	\$ -	\$ 10,184	\$ 7,083	\$ 280,703	\$ 261,151
Employee benefits	22,214	-	2,627	542	25,383	16,588
Salaries - International	44,966	37,606	-	-	82,572	-
Accounting fees	3,978	-	4,752	-	8,730	8,425
Bad debt	-	-	-	-	-	22,333
Bank fees	201	100	448	-	749	1,454
Contract for services	51,022	672	7,104	890	59,688	16,209
Depreciation	-	-	424	-	424	247
Event expense	33,522	1,530	2,240	1,300	38,592	1,144
Expenses	-	-	-	-	-	2,621
Information technology	3,703	1,379	6,873	-	11,955	963
Insurance	(7,822)	13,228	1,225	-	6,631	6,426
Local country support	-	508,427	-	-	508,427	518,347
Legal fees	-	-	275	-	275	-
Marketing	6,086	4,528	-	3,082	13,696	5,112
Occupancy	5,035	-	16,308	-	21,343	14,583
Taxes and dues	2,286	177	3,797	-	6,260	5,666
Postage and shipping	1,709	362	1,248	-	3,319	302
Program expenses	6,782	47,515	350	-	54,647	15,960
Staff development	627	69	-	-	696	1,414
Supplies	5,959	16,440	2,543	-	24,942	13,627
Business registration	475	1,334	-	-	1,809	329
Telephone	5,380	-	1,886	398	7,664	1,085
Travel	139,963	17,090	1,320	-	158,373	41,260
TOTAL EXPENSES	\$ 589,522	\$ 650,457	\$ 63,604	\$ 13,295	\$ 1,316,878	\$ 955,246

ACCOUNTABILITY LAB, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from institutional grants	\$ 154,820	\$ 34,373
Cash received from corporations	16,400	21,201
Cash received from foundations	947,728	1,247,218
Cash received from individuals	4,244	13,333
Cash received from contracts	56,701	-
Dividends and interest income	9	5
Cash paid to employees in salaries	(365,170)	(249,879)
Cash paid to employees related benefits	(23,489)	(16,588)
Cash paid for international travel	(158,373)	(41,259)
Cash paid to legal and professionals	(13,289)	(20,131)
Cash paid for rent	(21,343)	(14,582)
Cash paid to Icampus	(25,420)	(15,000)
Cash paid to Accountability Liberia	(4,000)	(164,480)
Cash paid to Accountability Mali	(12,424)	(45,895)
Cash paid to Accountability Nepal	(87,100)	(176,400)
Cash paid to Accountability Nigeria	(238,310)	(80,000)
Cash paid to Accountability Pakistan	(20,000)	(5,500)
Cash paid to Accountability Mexico	(5,000)	-
Cash paid to Accountability South Africa	(58,392)	-
Cash paid for Tech Camp Kathmandu	(16,993)	-
	(17,000)	-
Cash paid to Integrity Idol South Africa	(46,345)	(19,443)
Cash paid to suppliers and vendors	(214,652)	(82,068)
Net cash provided by operating activities	<u>(147,398)</u>	<u>384,905</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and software application	-	(2,118)
Net cash flows from investing activities	<u>-</u>	<u>(2,118)</u>
Net increase in cash and cash equivalents	(147,398)	382,787
Cash, beginning of year	452,400	69,613
CASH & CASH EQUIVALENT, END OF YEAR	<u>\$ 305,002</u>	<u>\$ 452,400</u>
CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 305,002	\$ 452,400
Less: Cash designated by Board for reserve	(15,155)	(15,155)
	<u>\$ 289,847</u>	<u>\$ 437,245</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 “accountpreneurs” 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 2019 with millions of viewers and hundreds of thousands of voters.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Cash Flows

This statement reflects inflows and outflows of cash, summarized by operating, and investing activities. The statement of cash flows is prepared using the direct method. For purposes of this statement, cash and cash equivalents consist of checking and money market accounts.

Accounts Receivable

Accounts receivable consist mainly of pledges from program services. The Organization determines an allowance for doubtful accounts by identifying troubled accounts, considering the grantor's financial condition and current economic conditions, using historical experience applied to an aging of pledges receivable

Grants Receivable

Grants receivable consist of outstanding amounts due for grants which have been awarded to the Organization. The Organization recognizes grant income upon notification of the unconditional grant award.

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.

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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019, 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, 2019. 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.

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

4. CONTRIBUTIONS RECEIVABLE

Grants receivable as of December 31, 2019, consist of the following:

Less than one year	\$203,210
One to two years	<u>20,000</u>
TOTAL	<u>\$223,210</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019, are restricted for the following purposes:

Subject to expenditure for specified purpose:

Youth accountability project	\$ 12,500
Accountability Nigeria and South Africa	220,000
Integrity idol campaign	<u>168,431</u>
TOTAL	<u>\$ 400,931</u>

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, 2019. 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 2019 \$21,343

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

8. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

Accountability Lab has \$136,822 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$108,556, and contributions receivable of \$28,266. 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, 2019 \$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	\$305,002
Contribution receivable	223,210
Accounts receivable	9,541
Less: those unavailable for general expenditures within one year due to:	
Contractual or donor imposed restrictions:	
Accountability Nigeria and S.A.	(220,000)
Youth accountability Project	(12,500)
Integrity Idol Campaign	(168,431)
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>\$136,822</u>

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognitions or disclosure through August 16, 2020, the date the financial statements were available for use.

Subsequent to balance sheet date, Accountability Lab received a multi-year grant from USDA to cover projects in countries where Accountability Lab operates in.