

**FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2020**

ACCOUNTABILITY LAB, INC.

CONTENTS

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Assets, Liabilities and Net Assets - Cash Basis, as of December 31, 2020	4
EXHIBIT B - Statement of Revenue and Expenses - Cash Basis, for the Year Ended December 31, 2020	5
EXHIBIT C - Statement of Functional Expenses - Cash Basis, for the Year Ended December 31, 2020	6
EXHIBIT D - Statement of Cash Flows - Cash Basis, for the Year Ended December 31, 2020	7
NOTES TO FINANCIAL STATEMENTS	8 - 13

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Accountability Lab, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of Accountability Lab, Inc. (Accountability Lab), which comprise the statement of assets, liabilities and net assets - cash basis as of December 31, 2020, and the related statements of revenue and expenses - cash basis, functional expenses - cash basis and cash flows - cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Unmodified Opinion on Modified Cash Basis**

As described in Note 1 to the financial statements, Accountability Lab has prepared these financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Accountability Lab as of December 31, 2020, and its revenue, expenses and cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis for Disclaimer of Opinion on U.S. GAAP**

The provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* require that, when the entity is subject to an audit under Subpart F of the Uniform Guidance, the auditors must determine whether the financial statements of the auditee are presented fairly in all material respects in accordance with accounting principles generally accepted in the United States of America (US GAAP). We were not engaged to perform any analysis to determine the effects on the financial statements of the variances between U.S. GAAP, and the modified cash basis of accounting Accountability Lab used, as described in Note 1.

### **Disclaimer of Opinion on U.S. GAAP**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Accordingly we do not express an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated , on our consideration of Accountability Lab's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Accountability Lab's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Accountability Lab's internal control over financial reporting and compliance.

## ACCOUNTABILITY LAB, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS  
AS OF DECEMBER 31, 2020

## ASSETS

## CURRENT ASSETS

Cash and cash equivalents	\$ 585,290
Payroll advance to network	<u>10,251</u>
Total current assets	<u>595,541</u>

## FIXED ASSETS

Equipment	5,377
Less: Accumulated depreciation and amortization	<u>(1,691)</u>
Net fixed assets	<u>3,686</u>

**TOTAL ASSETS** **\$ 599,227**

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

Note payable	\$ 51,954
Accounts payable and accrued liabilities	<u>3,905</u>
Total liabilities	<u>55,859</u>

## NET ASSETS

Without donor restrictions	17,694
With donor restrictions	<u>525,674</u>
Total net assets	<u>543,368</u>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 599,227**

## ACCOUNTABILITY LAB, INC.

STATEMENT OF REVENUE AND EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 370,800	\$ 1,667,568	\$ 2,038,368
Contracts	19,200	-	19,200
Interest income	27	-	27
Net assets released from donor restrictions	<u>1,542,825</u>	<u>(1,542,825)</u>	<u>-</u>
Total support and revenue	<u>1,932,852</u>	<u>124,743</u>	<u>2,057,595</u>
<b>EXPENSES</b>			
Program Services:			
Accountability Lab - USA	1,240,415	-	1,240,415
Accountability Lab - All Other Countries	<u>576,202</u>	<u>-</u>	<u>576,202</u>
Total program services	<u>1,816,617</u>	<u>-</u>	<u>1,816,617</u>
Supporting Services:			
Management and General	182,765	-	182,765
Fundraising	<u>49,760</u>	<u>-</u>	<u>49,760</u>
Total supporting services	<u>232,525</u>	<u>-</u>	<u>232,525</u>
Total expenses	<u>2,049,142</u>	<u>-</u>	<u>2,049,142</u>
Change in net assets	(116,290)	124,743	8,453
Net assets at beginning of year	<u>133,984</u>	<u>400,931</u>	<u>534,915</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 17,694</u></b>	<b><u>\$ 525,674</u></b>	<b><u>\$ 543,368</u></b>

## ACCOUNTABILITY LAB, INC.

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services			Total Expenses
	Accountability Lab - USA	Accountability Lab - All Other Countries	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Subgrants	\$ 341,353	\$ 558,434	\$ 899,787	\$ -	\$ -	\$ -	\$ 899,787
Salaries and benefits	609,669	6,971	616,640	87,754	45,602	133,356	749,996
Office and miscellaneous	129,959	921	130,880	20,177	3,074	23,251	154,131
Consultants	97,517	1,533	99,050	14,827	-	14,827	113,877
Occupancy	26,010	-	26,010	26,822	-	26,822	52,832
Travel and transportation	15,494	2,026	17,520	1,364	(229)	1,135	18,655
Professional services	15	-	15	14,421	-	14,421	14,436
Telecommunications	10,261	-	10,261	3,507	-	3,507	13,768
Website	1,037	2,939	3,976	8,779	53	8,832	12,808
Supplies	2,674	1,179	3,853	5,040	240	5,280	9,133
Events and meetings	6,426	2,199	8,625	74	-	74	8,699
Depreciation	-	-	-	-	1,020	1,020	1,020
<b>TOTAL</b>	<b>\$ 1,240,415</b>	<b>\$ 576,202</b>	<b>\$ 1,816,617</b>	<b>\$ 182,765</b>	<b>\$ 49,760</b>	<b>\$ 232,525</b>	<b>\$ 2,049,142</b>

## ACCOUNTABILITY LAB, INC.

STATEMENT OF CASH FLOWS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 8,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,020
(Increase) decrease in:	
Payroll advance to network	(710)
Grants and contributions receivable	223,210
Decrease in:	
Accounts payable and accrued liabilities	<u>(380)</u>
Net cash provided by operating activities	<u>231,593</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of fixed assets	<u>(3,259)</u>
Net cash used by investing activities	<u>(3,259)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from note payable	<u>51,954</u>
Net cash provided by financing activities	<u>51,954</u>
Net increase in cash and cash equivalents	280,288
Cash and cash equivalents at beginning of year	<u>305,002</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 585,290</u></u></b>



ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Accountability Lab, Inc. is a non-profit organization, incorporated in the State of Delaware and headquartered in Washington, D.C. Accountability Lab, Inc.'s mission is to build a new generation of active citizens and responsible leaders around the world. It works towards this mission 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, Accountability Lab, Inc. unleashes positive social and economic change. Accountability Lab, Inc. is part of the Accountability Lab global network, an international network of organizations based in the Democratic Republic of Congo, Liberia, Mali, Mexico, Nepal, Niger, Nigeria, Pakistan, Somaliland, South Africa and Zimbabwe.

Following is a description of Accountability Lab's 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. Accountability Lab has run Citizen Helpdesks in Nepal, Liberia and Mali; and intends to develop in them in Nigeria and Pakistan in the future.

**Coalition-Building, Policy Change and Advocacy** - Accountability Lab is 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. Accountability Lab also has networks at the policy-level, both nationally and internationally, that it can leverage to begin to change laws, approaches and systems in ways that can build accountability. Over time, Accountability Lab has found itself being asked to be a part of collective efforts that are advocating for change to the status-quo. Accountability Lab currently conducts these activities in Liberia, Mali, Nepal, Niger, 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. Accountability Lab wants 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 with millions of viewers and hundreds of thousands of voters.

**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.

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Organization (continued) -

**OpenGov Hubs/Innovation Spaces (continued)** - For Accountability Lab, 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. Accountability Lab currently runs OpenGov Hubs in Nepal and Mali; and an affiliate (called iCampus) in Liberia. Accountability Lab has plans to open an OpenGov Hub in Pakistan; and to leverage existing, similar spaces in Nigeria and South Africa.

**Music Campaigns** - Accountability Lab's 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. Accountability Lab currently operates the program in Liberia and Nigeria.

Basis of presentation -

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Cash and cash equivalents -

Accountability Lab considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Accountability Lab maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Payroll advance to network -

Payroll advance to network are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2020 totaled \$1,020.

Income taxes -

Accountability Lab is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Accountability Lab is not a private foundation.

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Uncertain tax positions -

For the year ended December 31, 2020, Accountability Lab has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions 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 "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Revenue and Expenses - Cash Basis as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Contributions and grants -

The majority of Accountability Lab's revenue is received through contributions as well as cooperative agreements and grants from the U.S. Government, international organizations, foundations and other entities. Contributions and grants are recognized when the related payments are received. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses, (which are recorded when paid), in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

Contracts -

Accountability Lab occasionally performs service work under contractual agreements. Revenue from such agreements is recorded when received.

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Use of estimates -

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Revenue and Expenses - Cash Basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Accountability Lab are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen. The overall potential on Accountability Lab's operations is unknown at this time.

2. **NOTE PAYABLE**

On May 30, 2020, Accountability Lab received loan proceeds in the amount of \$51,954 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. Accountability Lab believes it has used the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. If forgiveness is granted, Accountability Lab will record revenue from debt extinguishments during the period that forgiveness was approved.

Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

**Year Ending December 31,**

2021	\$ 22,850
2022	<u>29,104</u>
	<b><u>\$ 51,954</u></b>

## ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2020:

Subject to expenditure for specified purpose:	
Accountability Lab - USA	\$ 306,630
Accountability Lab - All Other Countries	<u>121,822</u>
	428,452
Subject to passage of time	<u>97,222</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 525,674</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Accountability Lab - USA	\$ 1,176,309
Accountability Lab - All Other Countries	<u>238,738</u>
	1,415,047
Passage of time	<u>127,778</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 1,542,825</u></b>

**4. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Assets, Liabilities and Net Assets - Cash Basis date comprise the following:

Cash and cash equivalents	\$ 585,290
Payroll advance to network	<u>10,251</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 595,541</u></b>

Accountability Lab has a policy to structure its financial assets to be available and liquid as its obligations become due.

**5. LEASE COMMITMENTS**

Accountability Lab leases shared office space in Washington, D.C. under a month-to-month agreement. Rent is charged at a rate of \$584 per month plus \$15 per month for access to shared printers and copiers. Rent expense for the Washington, D.C. office space was \$20,362 during the year ended December 31, 2020.

Accountability Lab leases office space in Harare, Zimbabwe under a lease agreement which commenced on June 1, 2020 and expires May 31, 2022, with an option to renew until May 31, 2025. The lease may be terminated by either Accountability Lab or the landlord with three calendar month's notice. Rent is charged at a rate of \$2,500 per month and is subject to annual review. Rent expense for the Harare, Zimbabwe office space was \$22,410 during the year ended December 31, 2020.

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

6. CONCENTRATION OF REVENUE

Approximately 50% of Accountability Lab's revenue for the year ended December 31, 2020 was derived from grants awarded by agencies of the United States Government. Accountability Lab has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect Accountability Lab's ability to finance ongoing operations.

7. CONTINGENCY

Accountability Lab receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2020. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

8. TRANSACTIONS WITH ACCOUNTABILITY LAB NETWORK

During the year ended December 31, 2020, Accountability Lab paid a total of \$572,733 to Accountability Lab network partners. The following table presents a summary of amounts paid to each partner during the year:

<u>Affiliate</u>	<u>Payments Made</u>
Accountability Lab Liberia	\$ 13,689
Accountability Lab Mali	42,687
Accountability Lab Nepal	107,000
Accountability Niger	2,800
Accountability Lab Nigeria	214,000
Accountability Lab Pakistan	35,000
Accountability Lab South Africa	<u>157,557</u>
<b>TOTAL</b>	<b><u>\$ 572,733</u></b>

As of December 31, 2020, Accountability Lab had an outstanding advance to Accountability Lab Mali in the amount of \$10,251.

9. SUBSEQUENT EVENTS

In preparing these financial statements, Accountability Lab has evaluated events and transactions for potential recognition or disclosure through , the date the financial statements were issued.