

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

ACCOUNTABILITY LAB, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 4
EXHIBIT A - Statement of Assets, Liabilities and Net Assets - Cash Basis, as of December 31, 2021, with Summarized Financial Information for 2020	5
EXHIBIT B - Statement of Revenue and Expenses - Cash Basis, for the Year Ended December 31, 2021, with Summarized Financial Information for 2020	6
EXHIBIT C - Statement of Functional Expenses - Cash Basis, for the Year Ended December 31, 2021, with Summarized Financial Information for 2020	7
EXHIBIT D - Statement of Cash Flows - Cash Basis, for the Year Ended December 31, 2021, with Summarized Financial Information for 2020	8
NOTES TO FINANCIAL STATEMENTS	9 - 14



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Unmodified Opinion on Modified Cash Basis

We have audited the accompanying financial statements of the Accountability Lab, Inc. (Accountability Lab), which comprise the statement of financial position - cash basis as of December 31, 2021, and the related statements of activities and change in net assets - cash basis, functional expenses - cash basis and cash flows - cash basis for the year then ended, and the related notes to the financial statements.

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, 2021, 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 Unmodified Opinion on Modified Cash Basis

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Accountability Lab and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Disclaimer of Opinion on U.S. GAAP

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on U.S. GAAP 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.

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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Accountability Lab's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Accountability Lab's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Accountability Lab's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Accountability Lab's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2022.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

July 14, 2022

ACCOUNTABILITY LAB, INC.

**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
AS OF DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 870,819	\$ 585,290
Payroll advances to network	<u>13,312</u>	<u>10,251</u>
Total current assets	<u>884,131</u>	<u>595,541</u>
FIXED ASSETS		
Equipment	5,377	5,377
Less: Accumulated depreciation and amortization	<u>(3,201)</u>	<u>(1,691)</u>
Net fixed assets	<u>2,176</u>	<u>3,686</u>
TOTAL ASSETS	<u>\$ 886,307</u>	<u>\$ 599,227</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Note payable	\$ -	\$ 51,954
Credit card liabilities	<u>5,889</u>	<u>3,905</u>
Total liabilities	<u>5,889</u>	<u>55,859</u>
NET ASSETS		
Without donor restrictions	627,201	17,694
With donor restrictions	<u>253,217</u>	<u>525,674</u>
Total net assets	<u>880,418</u>	<u>543,368</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 886,307</u>	<u>\$ 599,227</u>

ACCOUNTABILITY LAB, INC.

**STATEMENT OF REVENUE AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
U.S. Government grants	\$ -	\$ 1,585,730	\$ 1,585,730	\$ 1,029,259
Dutch Government grants	-	151,598	151,598	111,980
Other government grants	-	30,990	30,990	75,849
Corporate and foundation grants	228,103	1,160,500	1,388,603	778,411
Individual contributions	38,615	-	38,615	42,869
Contracts	2,154	-	2,154	19,200
Interest income	22	-	22	27
Net assets released from donor restrictions	<u>3,201,275</u>	<u>(3,201,275)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,470,169</u>	<u>(272,457)</u>	<u>3,197,712</u>	<u>2,057,595</u>
EXPENSES				
Program Services:				
Accountability Lab - USA	2,071,208	-	2,071,208	1,240,415
Accountability Lab - All Other Countries	<u>442,658</u>	<u>-</u>	<u>442,658</u>	<u>576,202</u>
Total program services	<u>2,513,866</u>	<u>-</u>	<u>2,513,866</u>	<u>1,816,617</u>
Supporting Services:				
Management and General	357,616	-	357,616	182,765
Fundraising	<u>41,134</u>	<u>-</u>	<u>41,134</u>	<u>49,760</u>
Total supporting services	<u>398,750</u>	<u>-</u>	<u>398,750</u>	<u>232,525</u>
Total expenses	<u>2,912,616</u>	<u>-</u>	<u>2,912,616</u>	<u>2,049,142</u>
Change in net assets before other item	557,553	(272,457)	285,096	8,453
OTHER ITEM				
Forgiveness of debt	<u>51,954</u>	<u>-</u>	<u>51,954</u>	<u>-</u>
Change in net assets	609,507	(272,457)	337,050	8,453
Net assets at beginning of year	<u>17,694</u>	<u>525,674</u>	<u>543,368</u>	<u>534,915</u>
NET ASSETS AT END OF YEAR	<u>\$ 627,201</u>	<u>\$ 253,217</u>	<u>\$ 880,418</u>	<u>\$ 543,368</u>

ACCOUNTABILITY LAB, INC.

**STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021						2020	
	Program Services			Supporting Services			Total Expenses	Total Expenses
	Accountability Lab - USA	Accountability Lab - All Other Countries	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Subgrants	\$ 579,680	\$ 375,975	\$ 955,655	\$ -	\$ -	\$ -	\$ 955,655	\$ 899,787
Salaries and benefits	614,509	34,347	648,856	226,634	38,687	265,321	914,177	749,996
Office and miscellaneous	490,942	3,415	494,357	32,402	2,378	34,780	529,137	154,131
Supplies	252,453	480	252,933	2,269	-	2,269	255,202	9,133
Consultants	44,741	12,570	57,311	5,731	-	5,731	63,042	113,877
Occupancy	30,120	-	30,120	56,901	-	56,901	87,021	52,832
Professional services	29,074	10,812	39,886	7,944	-	7,944	47,830	14,436
Website	11,404	4,419	15,823	19,641	-	19,641	35,464	12,808
Travel and transportation	15,754	30	15,784	75	-	75	15,859	18,655
Telecommunications	2,363	219	2,582	4,395	69	4,464	7,046	13,768
Events and meetings	168	391	559	114	-	114	673	8,699
Depreciation	-	-	-	1,510	-	1,510	1,510	1,020
TOTAL	\$ 2,071,208	\$ 442,658	\$ 2,513,866	\$ 357,616	\$ 41,134	\$ 398,750	\$ 2,912,616	\$ 2,049,142

See accompanying notes to financial statements.

ACCOUNTABILITY LAB, INC.

**STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 337,050	\$ 8,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,510	1,020
Forgiveness of debt	(51,954)	-
(Increase) decrease in:		
Payroll advances to network	(3,061)	(710)
Grants and contributions receivable	-	223,210
Decrease in:		
Credit card liabilities	<u>1,984</u>	<u>(380)</u>
Net cash provided by operating activities	<u>285,529</u>	<u>231,593</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>-</u>	<u>(3,259)</u>
Net cash used by investing activities	<u>-</u>	<u>(3,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>-</u>	<u>51,954</u>
Net cash provided by financing activities	<u>-</u>	<u>51,954</u>
Net increase in cash and cash equivalents	285,529	280,288
Cash and cash equivalents at beginning of year	<u>585,290</u>	<u>305,002</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 870,819</u>	<u>\$ 585,290</u>

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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 Icon - Integrity Icon 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 Icon 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, 2021

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 advances to network -

Payroll advances to network represent amounts due from Accountability Lab network members for payroll expenditures paid by Accountability Lab, Inc. Payroll advances approximates fair value. Management considers all amounts to be fully collectable. 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, 2021 totaled \$1,510.

Income taxes -

Accountability Lab is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Income taxes (continued) -

Accordingly, no provision for income taxes has been made in the accompanying financial statements. Accountability Lab is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2021, 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, 2021

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.

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 called 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. During 2021, Accountability Lab received notification that the loan had been forgiven in full. Accordingly, Accountability Lab recorded the forgiveness as revenue in the other items section of the accompanying 2021 financial statements.

3. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to expenditure for specified purpose:	
Accountability Lab - USA	\$ 236,276
Accountability Lab - All Other Countries	<u>16,941</u>
	253,217
Subject to passage of time	<u>-</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 253,217</u>

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	\$ 1,897,673
Accountability Lab - All Other Countries	<u>286,380</u>
	2,184,053
Passage of time	<u>1,017,222</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 3,201,275</u>

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	\$ 870,819
Payroll advances to network	13,312
Less: Donor restricted funds	<u>(253,217)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 630,914**

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 expense for the Washington, D.C. office space was \$14,867 during the year ended December 31, 2021.

Accountability Lab leases a 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 \$30,120 during the year ended December 31, 2021.

During the year ended December 31, 2021, Accountability Lab also paid \$42,214 in rent expense on behalf of Accountability Lab network affiliates.

6. CONCENTRATION OF REVENUE

Approximately 51% of Accountability Lab's revenue for the year ended December 31, 2021 was derived from grants awarded by agencies of the Unites 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 2021. 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.

ACCOUNTABILITY LAB, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8. TRANSACTIONS WITH ACCOUNTABILITY LAB NETWORK

During the year ended December 31, 2021, Accountability Lab paid a total of \$442,658 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	\$ 2,443
Accountability Lab Mali	17,750
Accountability Lab Mexico	32,092
Accountability Lab Nepal	151,435
Accountability Niger	23,141
Accountability Lab Nigeria	52,536
Accountability Lab Pakistan	23,850
Accountability Lab South Africa	<u>139,411</u>
TOTAL	\$ <u>442,658</u>

As of December 31, 2021, Accountability Lab had an outstanding advance to Accountability Lab Mali in the amount of \$10,251, and an outstanding advance to Accountability Lab Liberia of \$3,061.

9. STATE OF THE NETHERLANDS GRANT

Included in the total program services in the Statement of Revenue and Expenses - Cash Basis are the State of the Netherlands costs to support the Integrity Icon Somaliland project.

Expenses associated with this award for the year ended December 31, 2021 were as follows:

Subgrants	\$ 46,228
Salaries and benefits	31,173
Office and miscellaneous	724
Consultants	10,436
Website	685
Travel and transportation	1,309
Telecommunications	<u>571</u>
Total direct costs	91,126
Indirect costs	9,112
Safety and security	<u>2,734</u>
TOTAL COSTS	\$ <u>102,972</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, Accountability Lab has evaluated events and transactions for potential recognition or disclosure through July 14, 2022, the date the financial statements were issued.