

**ANIMALS' ANGELS, INC.**

**FINANCIAL STATEMENTS FOR THE  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
AND INDEPENDENT AUDITORS' REPORT**

**BECHANAN**  
**& COMPANY, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Animals' Angels, Inc.

We have audited the accompanying financial statements of Animals' Angels, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

The Organization's 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 based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animals' Angels, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

March 1, 2014

# ANIMALS' ANGELS, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2013 AND 2012

	2013	2012
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (Note 1c) .....	\$ 418,181	\$ 292,795
Cash on deposit with fund raiser (Note 2) .....	39,663	87,706
Prepaid expenses .....	2,050	-
Total current assets .....	459,894	380,501
<b>Property and Equipment (Note 1d):</b>		
Vehicles .....	30,681	-
Furniture, fixtures and equipment .....	41,916	20,828
Less: accumulated depreciation .....	(18,714)	(9,287)
Total property and equipment .....	53,883	11,541
Security deposits .....	1,000	-
<b>Total Assets</b> .....	<b>\$ 514,777</b>	<b>\$ 392,042</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable .....	\$ 56,335	\$ 36,407
Payroll tax liabilities .....	6,631	6,343
Total current liabilities .....	62,966	42,750
<b>Net Assets:</b>		
Unrestricted net assets (Note 1b) .....	451,811	349,292
Total net assets .....	451,811	349,292
<b>Total Liabilities and Net Assets</b> .....	<b>\$ 514,777</b>	<b>\$ 392,042</b>

See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>REVENUES:</b>		
Contributions .....	\$ 1,248,395	\$ 1,171,344
Investment income .....	428	282
Total revenues .....	<u>1,248,823</u>	<u>1,171,626</u>
<b>FUNCTIONAL EXPENSES:</b>		
Management and general .....	92,067	41,606
Fund raising .....	100,391	124,157
Program services .....	953,846	774,631
Total expenses .....	<u>1,146,304</u>	<u>940,394</u>
<b>Change in unrestricted net assets .....</b>	<u>102,519</u>	<u>231,232</u>
Net assets, beginning of year .....	<u>349,292</u>	<u>118,060</u>
Net assets, end of year .....	<u>\$ 451,811</u>	<u>\$ 349,292</u>

See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets . . . . .	\$ 102,519	\$ 231,232
Reconciliation of change in net assets to net cash provided:		
Depreciation . . . . .	9,796	3,531
Loss on the disposition of fixed assets . . . . .	144	1,044
Decrease/(increase) in assets:		
Cash on deposit with fund raiser . . . . .	48,043	(74,273)
Prepaid expenses . . . . .	(2,050)	-
Security Deposits . . . . .	(1,000)	-
Increase/(decrease) in liabilities:		
Accounts payable . . . . .	19,928	(34,683)
Payroll tax liabilities . . . . .	288	668
Net cash from operating activities . . . . .	<u>177,668</u>	<u>127,519</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment . . . . .	<u>(52,282)</u>	<u>(6,464)</u>
Net cash used in investing activities . . . . .	<u>(52,282)</u>	<u>(6,464)</u>
Increase/(decrease) in cash and cash equivalents . . . . .	125,386	121,055
Cash, beginning of year . . . . .	<u>292,795</u>	<u>171,740</u>
Cash, end of year . . . . .	<u>\$ 418,181</u>	<u>\$ 292,795</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid . . . . .	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid . . . . .	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Management and General</b>	<b>Fund Raising</b>	<b>Program Services</b>	<b>Total</b>
Accounting fees .....	\$ 9,250	\$ -	\$ -	\$ 9,250
Agency fees .....	-	23,427	117,970	141,397
Bank fees .....	422	5,967	1,443	7,832
Business registration fees .....	-	3,520	-	3,520
Contribution processing .....	-	10,395	13,853	24,248
Depreciation .....	4,700	-	5,096	9,796
Facilities .....	2,094	-	10,343	12,437
Insurance .....	619	-	4,370	4,989
Legal fees .....	45,718	-	1,000	46,718
Loss on disposition of fixed assets .....	-	-	144	144
Other expenses .....	1,331	62	6,534	7,927
Outside services .....	2,569	1,297	24,940	28,806
Payroll taxes .....	1,581	-	15,361	16,942
Postage .....	609	36,591	355,388	392,588
Printing .....	664	14,158	113,695	128,517
Salaries .....	19,688	-	195,109	214,797
Subscriptions .....	316	4,433	30,810	35,559
Supplies .....	1,678	541	3,944	6,163
Telephone .....	230	-	4,743	4,973
Travel .....	598	-	49,103	49,701
<b>Total expenses .....</b>	<b><u>\$ 92,067</u></b>	<b><u>\$ 100,391</u></b>	<b><u>\$ 953,846</u></b>	<b><u>\$ 1,146,304</u></b>

See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Management and General</b>	<b>Fund Raising</b>	<b>Program Services</b>	<b>Total</b>
Accounting fees .....	\$ 9,150	\$ -	\$ -	\$ 9,150
Agency fees .....	-	37,445	78,200	115,645
Bank fees .....	156	5,375	1,041	6,572
Business registration fees .....	132	3,036	-	3,168
Contribution processing .....	-	8,565	12,158	20,723
Depreciation .....	1,900	-	1,631	3,531
Insurance .....	542	309	2,219	3,070
Legal fees .....	4,584	-	3,050	7,634
Loss on disposition of fixed assets .....	678	-	366	1,044
Other expenses .....	1,383	147	3,795	5,325
Outside services .....	765	178	7,588	8,531
Payroll taxes .....	1,581	-	14,234	15,815
Postage .....	146	44,814	272,034	316,994
Printing .....	8	16,648	122,496	139,152
Salaries .....	19,598	-	173,520	193,118
Subscriptions .....	-	6,876	25,102	31,978
Supplies .....	520	764	3,562	4,846
Telephone .....	176	-	5,333	5,509
Travel .....	287	-	48,302	48,589
<b>Total expenses .....</b>	<b>\$ 41,606</b>	<b>\$ 124,157</b>	<b>\$ 774,631</b>	<b>\$ 940,394</b>

See notes to financial statements.

# ANIMALS' ANGELS, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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### 1. SIGNIFICANT ACCOUNTING POLICIES

Animals' Angels, Inc. (the Organization) is a non-profit corporation incorporated on January 22, 2007 in the state of Maryland to prevent cruelty, to improve conditions for farm animals and to end farm animal abuse in the United States. This is accomplished by working in the field to trail livestock trucks on highways, and visiting markets, collecting stations and slaughterhouses. Documented reports and video coverage are produced as a public service by Animals' Angels to encourage positive change in the treatment of farm animals.

**a) Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting.

**b) Basis of Presentation**

Net assets of the Organization and changes therein are classified and reported as follows:

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

Temporarily Restricted - Net assets subject to donor-imposed stipulations that will be met either by fulfillment of the restriction and/or the passage of time.

Permanently Restricted - Net assets subject to donor-imposed stipulations that are maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets, unless the use of the related assets is limited by donor-imposed restrictions in which case increases are reported as temporarily or permanently restricted net assets as appropriate. Expenses are reported as decreases in unrestricted net assets. Expenditures that meet donor-imposed restrictions are reflected as net assets released from restrictions.

The Organization has no temporarily restricted or permanently restricted net assets as of December 31, 2013.

**c) Cash and cash equivalents**

Cash and cash equivalents include cash on deposit with financial institutions.

**d) Property and equipment**

Property and equipment is recorded at cost if purchased or at its fair market value at the date of gift if it was donated. Depreciation for property and equipment is computed using the straight-line method over the lives of the assets, ranging from five to ten years.

**e) Allocation of expenses**

Expenses are reported when costs are incurred. The costs of providing program services and supporting activities of the Organization have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program services and reporting activities benefited.



**ANIMALS' ANGELS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**g) Income taxes**

The Organization is exempt from Federal income tax as an organization described in Section 501c3 of the Internal Revenue Code. The Organization's income tax returns are subject to possible examination by taxing authorities for federal income tax purposes, for a period of three years after the respective filing deadlines for those returns.

**2. CASH ON DEPOSIT WITH A FUND RAISER**

The Organization is working with a professional fund raising firm to assist them in raising support for their programs. At December 31, 2013 and 2012, contributions of \$39,663 and \$87,706 had been collected for Animals' Angels but had not yet been distributed to them. Additionally, \$52,776 and \$35,884, respectively were owed to the fund raiser at December 31, 2013 and 2012 for expenses incurred in the collection of revenue in 2013 and 2012. Both of these amounts are reflected in the financial statements for Animals' Angels.

**3. OFFICE LEASE**

The Organization entered into a lease for office space in Maryland in February, 2013. The Organization renewed the lease in January, 2014 and it now expires on February 28, 2015. The lease can be renewed for one additional year and contains a rent escalation clause in the event of renewal. The rent expense for the year ending December 31, 2013 was \$12,199. The future minimum rental payments for this office space are as follows:

December 31, 2014 . . . . .	\$ 12,250
December 31, 2015 . . . . .	2,050
	<u>\$ 14,300</u>

**4. CONCENTRATIONS OF RISK**

The Organization has concentration its credit risk for cash by maintaining a cash balance with a high quality financial institution, which may at times exceed the amount covered by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes the Organization is not exposed to a significant credit risk on uninsured cash.

**ANIMALS' ANGELS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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**5. RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

**6. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through March 1, 2014, the date on which the financial statements were available to be issued.