

ANIMALS' ANGELS, INC.

**FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2014 AND 2013
AND INDEPENDENT AUDITORS' REPORT**

BECHANAN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Members
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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, 2014 and 2013, and the related statements of activities 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, 2014 and 2013, 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

February 17, 2015

ANIMALS' ANGELS, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 1c).....	\$ 493,530	\$ 418,181
Cash on deposit with fund raiser (Note 2).....	72,574	39,663
Prepaid expenses	2,101	2,050
Total current assets	568,205	459,894
Property and Equipment (Note 1e):		
Vehicles	30,681	30,681
Furniture, fixtures and equipment	49,645	41,916
Less: accumulated depreciation	(30,307)	(18,714)
Total property and equipment	50,019	53,883
Investments (Notes 1d, 3 and 4).....	48,864	0
Security deposits	1,000	1,000
Total Assets	\$ 668,088	\$ 514,777
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 74,133	\$ 56,335
Payroll tax liabilities	6,846	6,631
Total current liabilities	80,979	62,966
Net Assets:		
Unrestricted net assets (Note 1b)	587,109	451,811
Total net assets	587,109	451,811
Total Liabilities and Net Assets	\$ 668,088	\$ 514,777

See notes to financial statements.

ANIMALS' ANGELS, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2013</u>	<u>2014</u>
REVENUES:		
Contributions	\$ 1,117,789	\$ 1,248,395
Investment income	543	428
Total revenues	<u>1,118,332</u>	<u>1,248,823</u>
EXPENSES:		
Accounting fees	9,500	9,250
Agency fees	96,927	141,397
Bank fees	7,511	7,832
Business registration fees	3,490	3,520
Contribution processing	23,151	24,248
Depreciation	14,645	9,796
Facilities	13,816	12,437
Insurance	5,874	4,989
Legal fees	27,132	46,718
Loss on disposition of fixed assets	1,699	144
Other expenses	14,835	7,927
Outside services	11,097	28,806
Payroll taxes	17,042	16,942
Postage and mailing service	295,930	392,588
Printing	126,453	128,517
Salaries	220,107	214,797
Subscriptions	26,477	35,559
Supplies	5,382	6,163
Telephone	4,932	4,973
Travel	57,034	49,701
Total expenses	<u>983,034</u>	<u>1,146,304</u>
Change in unrestricted net assets	<u>135,298</u>	<u>102,519</u>
Net assets, beginning of year	451,811	349,292
Net assets, end of year	<u>\$ 587,109</u>	<u>\$ 451,811</u>

See notes to financial statements.

ANIMALS' ANGELS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 135,298	\$ 102,519
Reconciliation of change in net assets to net cash provided:		
Depreciation	14,645	9,796
Loss on the disposition of fixed assets	1,699	144
Decrease in market value of investments	183	-
Decrease/(increase) in assets:		
Cash on deposit with fund raiser	(32,911)	48,043
Prepaid expenses	(51)	(2,050)
Security Deposits	-	(1,000)
Increase/(decrease) in liabilities:		
Accounts payable	17,798	19,928
Payroll tax liabilities	215	288
Net cash from operating activities	136,876	177,668
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(12,480)	(52,282)
Purchase of investments	(49,047)	-
Net cash used in investing activities	(61,527)	(52,282)
Increase/(decrease) in cash and cash equivalents	75,349	125,386
Cash, beginning of year	418,181	292,795
Cash, end of year	\$ 493,530	\$ 418,181
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

See notes to financial statements.

ANIMALS' ANGELS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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, 2014.

c) Cash and cash equivalents

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

d) Investments

Investments are recorded at their fair value at year end. The unrealized loss on investments is reflected in the statement of activities.

e) 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.

ANIMALS' ANGELS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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, 2014 and 2013, contributions of \$72,574 and \$39,663 had been collected for Animals' Angels but had not yet been distributed to them. Additionally, \$67,366 and \$52,776, respectively were owed to the fund raiser at December 31, 2014 and 2013 for expenses incurred in the collection of revenue in 2014 and 2013. Both of these amounts are reflected in the financial statements for Animals' Angels.

3. INVESTMENTS

Investments held by the Organization are reported in the financial statements at their market value and consisted of the following at December 31, 2014:

	<u>Fair Value</u>	<u>Cost</u>
Equities – mutual funds.	\$ 20,788	\$ 21,034
Fixed income – mutual funds	28,076	28,013
	<u>\$ 48,864</u>	<u>\$ 49,047</u>

4. FAIR VALUE MEASUREMENTS

FASB ASC 820 of the FASB Accounting Standards Codification, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs that reflect quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs that reflect quoted prices for similar assets or liabilities in active markets.
- Level 3 Inputs that are unobservable for the asset or liability.

The Organization's investments were valued by reference to quoted market prices generated by market transactions and listed on an active market.

ANIMALS' ANGELS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 48,864	\$ 0	\$ 0	\$ 48,864
Total	\$ 48,864	\$ 0	\$ 0	\$ 48,864

5. OFFICE LEASE

The Organization entered into a lease for office space in Maryland in February, 2013. On February 1, 2015, the Organization renewed the lease and it now expires on February 28, 2016. The rent expense for the year ending December 31, 2014 was \$12,556. The future minimum rental payments for this office space are as follows:

December 31, 2015	\$ 12,870
December 31, 2016	2,153
	<u>\$ 15,023</u>

6. CONCENTRATIONS OF RISK

The Organization has concentrated its credit risk for cash by maintaining cash balances with two high quality financial institutions, 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 these accounts and believes the Organization is not exposed to a significant credit risk on uninsured cash.

7. FUND RAISING EXPENSES

Fundraising expenses totaled \$128,798 in 2014 and \$100,391 in 2013. This represents 13% and 9% of the total expenses of the Organization in the years ended December 31, 2014 and 2013, respectively.

8. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 17, 2015, the date on which the financial statements were available to be issued.