

ANIMALS' ANGELS, INC.

**FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2012 AND 2011
AND INDEPENDENT AUDITORS' REPORT**

BECHANAN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

22226 Creekview Drive
Gaithersburg, Maryland 20882
(301) 869-3747 • Fax (301) 948-4688

Members
American Institute of CPA's
Maryland Association of CPA's

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, 2012 and 2011, 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

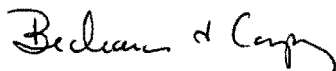
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2012 and 2011, 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 12, 2013

ANIMALS' ANGELS, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 1c)	\$ 292,795	\$ 171,740
Cash on deposit with fund raiser (Note 2)	<u>87,706</u>	<u>13,433</u>
Total current assets	<u>380,501</u>	<u>185,173</u>
Property and Equipment (Note 1d):		
Furniture, fixtures and equipment	20,828	17,243
Less: accumulated depreciation	<u>(9,287)</u>	<u>(7,591)</u>
Total property and equipment	<u>11,541</u>	<u>9,652</u>
Total Assets	<u>\$ 392,042</u>	<u>\$ 194,825</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 36,407	\$ 71,090
Payroll tax liabilities	<u>6,343</u>	<u>5,675</u>
Total current liabilities	<u>42,750</u>	<u>76,765</u>
Net Assets:		
Unrestricted net assets (Note 1b)	<u>349,292</u>	<u>118,060</u>
Total net assets	<u>349,292</u>	<u>118,060</u>
Total Liabilities and Net Assets	<u>\$ 392,042</u>	<u>\$ 194,825</u>

See notes to financial statements.

ANIMALS' ANGELS, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
REVENUES:		
Individual and business contributions	\$ 1,157,444	\$ 887,849
Grant income	13,900	12,200
Investment income	<u>282</u>	<u>353</u>
Total revenues	<u>1,171,626</u>	<u>900,402</u>
FUNCTIONAL EXPENSES:		
Management and general	41,606	30,716
Fund raising	124,157	210,658
Program services	<u>774,631</u>	<u>695,763</u>
Total expenses	<u>940,394</u>	<u>937,137</u>
Change in net assets	<u>231,232</u>	<u>(36,735)</u>
Net assets, beginning of year	<u>118,060</u>	<u>154,795</u>
Net assets, end of year	<u>\$ 349,292</u>	<u>\$ 118,060</u>

See notes to financial statements.

ANIMALS' ANGELS, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 231,232	\$ (36,735)
Reconciliation of change in net assets to net cash provided:		
Depreciation	3,531	3,085
Loss on the disposition of fixed assets	1,044	
Decrease/(increase) in assets:		
Cash on deposit with fund raiser	(74,273)	22,617
Increase/(decrease) in liabilities:		
Accounts payable	(34,683)	28,145
Payroll tax liabilities	668	(659)
Net cash from operating activities	<u>127,519</u>	<u>16,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(6,464)</u>	<u>0</u>
Net cash used in investing activities	<u>(6,464)</u>	<u>0</u>
Increase/(decrease) in cash and cash equivalents	121,055	16,453
Cash, beginning of year	<u>171,740</u>	<u>155,287</u>
Cash, end of year	<u>\$ 292,795</u>	<u>\$ 171,740</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ -</u>	<u>\$ 94</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, 2012**

	Management and General	Fund Raising	Program Services	Total
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
Interest	-	-	-	-
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
Total expenses	\$ 41,606	\$ 124,157	\$ 774,631	\$ 940,394

See notes to financial statements.

ANIMALS' ANGLES, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Management and General	Fund Raising	Program Services	Total
Accounting fees	\$ 9,000	\$ -	\$ -	\$ 9,000
Agency fees	-	124,644	-	124,644
Bank fees	254	4,108	667	5,029
Business registration fees	185	2,979	-	3,164
Contribution processing	-	12,689	15,074	27,763
Depreciation	1,453	-	1,632	3,085
Fulfillment expense	-	7,500	-	7,500
Insurance	638	-	3,014	3,652
Interest expense	-	9	85	94
Legal fees	4,320	-	-	4,320
Other expenses	334	45	2,691	3,070
Outside services	9	376	5,721	6,106
Payroll taxes	1,062	-	14,385	15,447
Postage	106	46,511	266,352	312,969
Printing	115	6,734	154,164	161,013
Salaries	12,383	-	175,089	187,472
Subscriptions	-	4,112	27,655	31,767
Supplies	419	196	2,834	3,449
Telephone	206	-	4,814	5,020
Travel	232	755	21,586	22,573
Total expenses	\$ 30,716	\$ 210,658	\$ 695,763	\$ 937,137

See notes to financial statements.

ANIMALS' ANGELS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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 and to improve conditions for farm animals. This is accomplished by working in the field to trail livestock trucks on highways, and visiting markets, collecting stations and slaughterhouses.

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, 2012.

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, 2012 AND 2011**

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, 2012 and 2011, contributions of \$87,706 and \$13,433 had been collected for Animals' Angels but had not yet been distributed to them. Additionally, \$35,884 and \$71,090, respectively were owed to the fund raiser at December 31, 2012 and 2011 for expenses incurred in the collection of revenue in 2012 and 2011. Both of these amounts are reflected in the financial statements for Animals' Angels.

3. 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.

4. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 12, 2013, the date on which the financial statements were available to be issued.