

**ANIMALS' ANGELS, INC.**

**FINANCIAL STATEMENTS FOR THE  
YEARS ENDED DECEMBER 31, 2011 AND 2010  
AND INDEPENDENT AUDITORS' REPORT**

# BECHANAN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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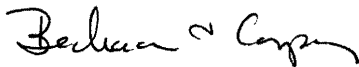
## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Animals' Angels, Inc.

We have audited the accompanying statements of financial position of Animals' Angels, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

February 13, 2012

**ANIMALS' ANGELS, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (Note 1c) . . . . .	\$ 171,740	\$ 155,287
Cash on deposit with fund raiser (Note 3) . . . . .	13,433	36,050
Total current assets . . . . .	185,173	191,337
<b>Property and Equipment (Note 1d):</b>		
Furniture, fixtures and equipment . . . . .	17,243	17,243
Less: accumulated depreciation . . . . .	(7,591)	(4,506)
Total property and equipment . . . . .	9,652	12,737
<b>Total Assets</b> . . . . .	<b>\$ 194,825</b>	<b>\$ 204,074</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable . . . . .	\$ 71,090	\$ 42,945
Payroll tax liabilities . . . . .	5,675	6,334
Total current liabilities . . . . .	76,765	49,279
<b>Net Assets:</b>		
Unrestricted net assets (Note 1b) . . . . .	118,060	154,795
Total net assets . . . . .	118,060	154,795
<b>Total Liabilities and Net Assets</b> . . . . .	<b>\$ 194,825</b>	<b>\$ 204,074</b>

See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>REVENUES:</b>		
Individual and business contributions . . . . .	\$ 887,849	\$ 757,677
Affiliated organization contributions (Note 2). . . . .	0	211,662
Grant income . . . . .	12,200	300
Investment income . . . . .	353	470
Total revenues . . . . .	<u>900,402</u>	<u>970,109</u>
<b>FUNCTIONAL EXPENSES:</b>		
Management and general . . . . .	30,716	31,084
Fund raising. . . . .	210,658	404,187
Program services . . . . .	695,763	405,157
Total expenses . . . . .	<u>937,137</u>	<u>840,428</u>
<b>Change in net assets . . . . .</b>	<u>(36,735)</u>	<u>129,681</u>
Net assets, beginning of year . . . . .	<u>154,795</u>	<u>25,114</u>
Net assets, end of year . . . . .	<u>\$ 118,060</u>	<u>\$ 154,795</u>

See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets . . . . .	\$ (36,735)	\$ 129,681
Reconciliation of change in net assets to net cash provided:		
Depreciation . . . . .	3,085	2,451
Decrease/(increase) in assets:		
Cash on deposit with fund raiser . . . . .	22,617	(7,148)
Increase/(decrease) in liabilities:		
Accounts payable . . . . .	28,145	(26,387)
Payroll tax liabilities . . . . .	<u>(659)</u>	<u>959</u>
Net cash from operating activities . . . . .	<u>16,453</u>	<u>99,556</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment . . . . .	<u>0</u>	<u>(8,758)</u>
Net cash used in investing activities . . . . .	<u>0</u>	<u>(8,758)</u>
Increase/(decrease) in cash and cash equivalents . . . . .	16,453	90,798
Cash, beginning of year . . . . .	<u>155,287</u>	<u>64,489</u>
Cash, end of year . . . . .	<u>\$ 171,740</u>	<u>\$ 155,287</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid . . . . .	<u>\$ 94</u>	<u>\$ 113</u>
Income taxes paid . . . . .	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**ANIMALS' ANGLES, INC.**

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

	<b>Management and General</b>	<b>Fund Raising</b>	<b>Program Services</b>	<b>Total</b>
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
<b>Total expenses . . . . .</b>	<b>\$ 30,716</b>	<b>\$ 210,658</b>	<b>\$ 695,763</b>	<b>\$ 937,137</b>

See notes to financial statements.

## ANIMALS' ANGELS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010

	Management and General	Fund Raising	Program Services	Total
Accounting fees .....	\$ 10,400	\$ -	\$ -	\$ 10,400
Agency fees .....	-	92,986	18,545	111,531
Bank fees .....	49	2,091	587	2,727
Business registration fees .....	-	1,911	2	1,913
Contribution processing .....	-	21,162	191	21,353
Depreciation .....	1,286	-	1,165	2,451
Insurance .....	299	-	3,860	4,159
Interest .....	-	79	34	113
Legal fees .....	1,273	-	-	1,273
Other expenses .....	946	105	3,820	4,871
Outside services .....	698	148	5,189	6,035
Payroll taxes .....	1,039	-	14,285	15,324
Postage .....	524	163,211	73,748	237,483
Printing .....	722	89,722	48,095	138,539
Salaries .....	12,741	-	175,629	188,370
Subscriptions .....	-	32,326	14,398	46,724
Supplies .....	744	227	2,443	3,414
Telephone .....	363	-	6,157	6,520
Travel .....	-	219	37,009	37,228
<b>Total expenses .....</b>	<b>\$ 31,084</b>	<b>\$ 404,187</b>	<b>\$ 405,157</b>	<b>\$ 840,428</b>

See notes to financial statements.

# ANIMALS' ANGELS, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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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 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, 2011.

**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, 2011 AND 2010**

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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. REVENUE FROM AN AFFILIATED ORGANIZATION**

The Organization also received financial support in the amount of \$211,662 from Animals' Angels in Germany for the year ended December 31, 2010. While there is no legal affiliation between these two organizations, the President of Animals' Angels in Germany served on the Board of Directors of Animals' Angels, Inc. in 2010. 22% of Animals' Angels, Inc.'s revenue in 2010 was provided by their support.

**3. 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, 2011 and 2010, contributions of \$13,433 and \$36,050 had been collected for Animals' Angels but had not yet been distributed to them. Additionally, \$71,090 and \$42,945, respectively were owed to the fund raiser at December 31, 2011 and 2010 for expenses incurred in the collection of revenue in 2011 and 2010. Both of these amounts are reflected in the financial statements for Animals' Angels.

**4. 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.

**5. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 13, 2012, the date on which the financial statements were available to be issued.