

**ANIMALS' ANGELS, INC.**

**FINANCIAL STATEMENTS FOR THE  
YEAR ENDED DECEMBER 31, 2022  
AND INDEPENDENT AUDITORS' REPORT**

# BECHANAN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Animals' Angels, Inc.

### Opinion

We have audited the accompanying financial statements of Animals' Angels, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows 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 financial position of Animals' Angels, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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 Animals' Angels, Inc. 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.

### 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 Animals' Angels, Inc.'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 Animals' Angels, Inc.'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 Animals' Angels, Inc.'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.

*Beckman & Co. LLP*

**CERTIFIED PUBLIC ACCOUNTANTS**

February 21, 2023

# ANIMALS' ANGELS, INC.

## STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

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### ASSETS

#### Current Assets:

Cash and cash equivalents . . . . .	\$ 943,264
Cash on deposit with fund raiser . . . . .	57,982
Prepaid expenses . . . . .	<u>4,446</u>
Total current assets . . . . .	<u>1,005,692</u>

#### Property and Equipment:

Vehicles . . . . .	110,178
Furniture, fixtures and equipment . . . . .	59,121
Less: accumulated depreciation. . . . .	<u>(64,509)</u>
Total property and equipment . . . . .	<u>104,790</u>

Investments. . . . .	552,989
Security deposits . . . . .	<u>1,000</u>

<b>Total Assets . . . . .</b>	<b><u><u>\$1,664,471</u></u></b>
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### LIABILITIES AND NET ASSETS

#### Current Liabilities:

Accounts payable and accrued expenses . . . . .	\$ 38,364
Payroll tax liabilities . . . . .	<u>5,972</u>
Total current liabilities . . . . .	<u>44,336</u>

#### Net Assets:

Net assets - without donor restrictions . . . . .	<u>1,620,135</u>
Total net assets . . . . .	<u>1,620,135</u>

<b>Total Liabilities and Net Assets . . . . .</b>	<b><u><u>\$1,664,471</u></u></b>
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See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**REVENUES:**

Contributions . . . . .	\$ 1,014,353
Contributions - in-kind . . . . .	111,734
Grant income . . . . .	127,440
Gain on the disposal of fixed assets . . . . .	7,500
Other income . . . . .	6,950
Total revenues . . . . .	<u>1,267,977</u>

**EXPENSES:**

Management and general . . . . .	62,365
Fund raising . . . . .	255,202
Program services . . . . .	866,515
Total expenses . . . . .	<u>1,184,082</u>

**Change in net assets from operations . . . . .** 83,895

**INVESTMENT ACTIVITY:**

Investment return, net . . . . .	<u>(163,324)</u>
Total investment activity . . . . .	<u>(163,324)</u>

**Change in net assets . . . . .** (79,429)

Net assets, beginning of year . . . . . 1,699,564

Net assets, end of year . . . . . \$ 1,620,135

See notes to financial statements.

# ANIMALS' ANGELS, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

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### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets . . . . .	\$ (79,429)
Reconciliation of change in net assets to net cash provided:	
Depreciation . . . . .	15,968
Donated investments . . . . .	(9,901)
Gain on the disposal of fixed assets . . . . .	(7,500)
Realized and unrealized investment losses . . . . .	186,071
Decrease/(increase) in assets:	
Cash on deposit with fund raiser . . . . .	(14,798)
Prepaid expenses . . . . .	1,883
Increase/(decrease) in liabilities:	
Accounts payable and accrued expenses . . . . .	(6,573)
Payroll tax liabilities . . . . .	151
Net cash provided by operating activities . . . . .	<u>85,872</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment. . . . .	(113,039)
Proceeds from the disposal of fixed assets. . . . .	7,500
Proceeds from the sale of donated investments. . . . .	9,530
Proceeds from the sale of investments. . . . .	125,580
Purchase of investments. . . . .	<u>(153,598)</u>
Net cash used in investing activities . . . . .	<u>(124,027)</u>

Decrease in cash and cash equivalents . . . . .	(38,155)
Cash and cash equivalents, beginning of year . . . . .	<u>981,419</u>
Cash and cash equivalents, end of year . . . . .	<u>\$ 943,264</u>

### SUPPLEMENTAL DISCLOSURES:

Interest paid . . . . .	<u>\$ -</u>
Income taxes paid . . . . .	<u>\$ -</u>

See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Management and General</b>	<b>Fund Raising</b>	<b>Program Services</b>	<b>Total</b>
Agency fees . . . . .	\$ -	\$ 171,770	\$ -	\$ 171,770
Bank fees . . . . .	1,527	4,409	6,596	12,532
Business registration fees . . . . .	-	3,300	-	3,300
Contribution processing . . . . .	-	14,419	-	14,419
Depreciation . . . . .	158	-	15,810	15,968
Facilities . . . . .	2,410	-	12,523	14,933
Insurance . . . . .	1,583	-	21,871	23,454
Other expenses . . . . .	590	-	668	1,258
Outside services . . . . .	22,092	629	39,089	61,810
Payroll taxes . . . . .	1,364	-	13,748	15,112
Postage . . . . .	100	28,749	199,254	228,103
Printing . . . . .	259	26,203	132,807	159,269
Professional fees . . . . .	9,500	-	-	9,500
Public outreach . . . . .	-	-	24,317	24,317
Public outreach - in-kind . . . . .	-	-	111,734	111,734
Salaries . . . . .	19,206	-	174,810	194,016
Subscriptions . . . . .	-	2,066	50,265	52,331
Supplies . . . . .	1,623	2,526	4,413	8,562
Telephone . . . . .	457	-	11,459	11,916
Travel . . . . .	1,496	1,131	47,151	49,778
<b>Total expenses . . . . .</b>	<b>\$ 62,365</b>	<b>\$ 255,202</b>	<b>\$ 866,515</b>	<b>\$ 1,184,082</b>

See notes to financial statements.

# ANIMALS' ANGELS, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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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

The Organization presents information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor imposed time and/or program restrictions.

Revenues are reported as increases in net assets without donor restriction unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

The Organization has no net assets with donor restrictions as of December 31, 2022.

#### c) Cash and cash equivalents

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

#### d) Investments

Investments are recorded at their fair value at year end. The unrealized gain/loss on investments is included in the statement of activities as part of investment return.

#### 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.

#### f) Functional 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. Salaries, facilities, agency fees, postage, printing, subscriptions, and contribution processing costs are the primary costs that are allocated. Allocations are based on the time spent on the programs and supporting activities.



**ANIMALS' ANGELS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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

**g) 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.

**h) 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. The Organization has not taken any uncertain tax positions requiring disclosure during the year ended December 31, 2022.

**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, 2022, contributions of \$57,982 had been collected by the fund raiser for Animals' Angels but had not yet been distributed to them. Additionally, \$24,054 was owed to the fund raiser at December 31, 2022 for expenses incurred in the collection of revenue in 2022. This amount is reflected in the financial statements for Animals' Angels as an accrued expense as of December 31, 2022.

**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, 2022:

	<u>Fair Value</u>	<u>Cost</u>
Equities – mutual funds . . . . .	\$ 282,973	\$ 399,147
Fixed income – mutual funds . . . . .	161,685	197,197
Exchange traded products . . . . .	108,331	129,299
	<u>\$ 552,989</u>	<u>\$ 725,643</u>

For the year ended December 31, 2022, investment return includes:

Interest and dividend income . . . . .	\$ 29,868
Realized loss in disposition of investments . . . . .	(14,382)
Investment expenses . . . . .	(7,492)
Unrealized loss in market value of investments . . . . .	(171,318)
Total investment return . . . . .	<u>\$ (163,324)</u>

**ANIMALS' ANGELS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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**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 Organization's investments were valued by reference to quoted market prices generated by market transactions and listed on an active market. All investments of the Organization are valued using Level 1.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Equities – mutual funds . . . . .	\$ 282,973	\$ 0	\$ 0	\$ 282,973
Fixed income – mutual funds . .	161,685	0	0	161,685
Exchange traded products . . . . .	108,331	0	0	108,331
Total . . . . .	<u>\$ 552,989</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 552,989</u>

**5. OFFICE LEASE**

The Organization entered into a lease for office space in Maryland in February, 2013. The Organization renewed the lease and pre-paid the rent for the year of the lease which now expires on February 28, 2023. The rent expense for the year ended December 31, 2022 was \$13,394.

**6. CONCENTRATIONS OF RISK**

The Organization has concentrated its credit risk for cash by maintaining cash balances with a high quality financial institution, which has exceeded 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. IN-KIND CONTRIBUTIONS**

Contributions of financial assets and property with a readily determinable value are recognized as income in the period when received. Contributions of donated services that create or enhance non-financial assets or require specialized skills, and would typically be purchased if not provided by donation, are recorded at fair value in the period received. The Organization received online advertising as an in-kind contribution from Google in 2022. The estimated fair value of the advertising included in the financial statements for the year ended December 31, 2022 was \$111,734. It is also included in Public Outreach expenses in the accompanying statement of functional expenses.

**ANIMALS' ANGELS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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**8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization monitors its liquidity so that it is able to meet its operating needs and contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet date to fund expenses without limitations:

Cash and cash equivalents . . . . .	\$ 943,264
Cash on deposit with fund raiser . . . . .	57,982
Investments . . . . .	552,989
Financial assets available to meet cash needs for expenditures within one year. . . . .	<u>\$ 1,554,235</u>

**9. RISKS AND UNCERTAINTIES**

The investments held by the Organization are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**10. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 21, 2023, the date on which the financial statements were available to be issued.