

ANIMALS' ANGELS, INC.
FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2023
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, 2023, 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, 2023, 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.



CERTIFIED PUBLIC ACCOUNTANTS

February 19, 2024

ANIMALS' ANGELS, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 875,285
Cash on deposit with fund raiser	34,487
Prepaid expenses	<u>25,689</u>
Total current assets	<u>935,461</u>

Property and Equipment:

Vehicles	154,743
Customized software	55,980
Furniture, fixtures and equipment	120,562
Less: accumulated depreciation	<u>(87,289)</u>
Total property and equipment	<u>243,996</u>

Investments	654,258
Security deposits	<u>1,000</u>

Total Assets	<u><u>\$1,834,715</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 86,730
Payroll tax liabilities	<u>6,533</u>
Total current liabilities	<u>93,263</u>

Net Assets:

Net assets - without donor restrictions	<u>1,741,452</u>
Total net assets	<u>1,741,452</u>

Total Liabilities and Net Assets	<u><u>\$1,834,715</u></u>
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See notes to financial statements.

ANIMALS' ANGELS, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

REVENUES:

Contributions	\$ 1,037,209
Contributions - in-kind	115,544
Grant income	158,960
Other income	4,585
Total revenues	<u>1,316,298</u>

EXPENSES:

Management and general	84,335
Fund raising	281,600
Program services	912,245
Total expenses	<u>1,278,180</u>

Change in net assets from operations

38,118

INVESTMENT ACTIVITY:

Investment return, net	83,199
Total investment activity	<u>83,199</u>

Change in net assets

121,317

Net assets, beginning of year

1,620,135

Net assets, end of year

\$ 1,741,452

See notes to financial statements.

ANIMALS' ANGELS, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	121,317
Reconciliation of change in net assets to net cash provided:		
Depreciation		34,535
Donated investments		(10,162)
Loss on the disposal of fixed assets		1,269
Realized losses from investment sales		14,525
Unrealized market value gains on investments.		(81,364)
Decrease/(increase) in assets:		
Cash on deposit with fund raiser		23,495
Prepaid expenses		(21,243)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses		48,366
Payroll tax liabilities		561
Net cash provided by operating activities		<u>131,299</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment.		(216,269)
Proceeds from the disposal of fixed assets.		41,259
Proceeds from the sale of donated investments.		10,288
Proceeds from the sale of investments.		101,196
Purchase of investments.		<u>(135,752)</u>
Net cash used in investing activities		<u>(199,278)</u>

Decrease in cash and cash equivalents		(67,979)
Cash and cash equivalents, beginning of year		<u>943,264</u>
Cash and cash equivalents, end of year	\$	<u><u>875,285</u></u>

SUPPLEMENTAL DISCLOSURES:

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, 2023

	Management and General	Fund Raising	Program Services	Total
Agency fees	\$ -	\$ 177,398	\$ -	\$ 177,398
Bank fees	5,973	5,172	6,389	17,534
Business registration fees	-	3,270	-	3,270
Depreciation	15,564	-	18,971	34,535
Facilities	2,411	-	19,871	22,282
Insurance	2,250	-	27,133	29,383
Loss on the disposition of fixed assets	-	-	1,269	1,269
Other expenses	1,167	-	2,014	3,181
Outside services	2,398	2,425	24,405	29,228
Payroll taxes	1,744	-	14,416	16,160
Postage	161	45,149	201,238	246,548
Printing	-	36,509	120,255	156,764
Professional fees	10,250	-	-	10,250
Program processing	-	3,580	13,942	17,522
Public outreach	-	1,631	34,102	35,733
Public outreach - in-kind	-	-	111,734	111,734
Salaries	23,214	-	183,249	206,463
Subscriptions	2,574	4,185	41,687	48,446
Supplies	12,825	1,664	8,551	23,040
Telephone	274	-	11,670	11,944
Travel	3,530	617	71,349	75,496
Total expenses	<u>\$ 84,335</u>	<u>\$ 281,600</u>	<u>\$ 912,245</u>	<u>\$ 1,278,180</u>

See notes to financial statements.

ANIMALS' ANGELS, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023.

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 program 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, 2023

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, 2023.

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, 2023, contributions of \$34,487 had been collected by the fund raiser for Animals' Angels but had not yet been distributed to them. Additionally, \$75,137 was owed to the fund raiser at December 31, 2023 for expenses incurred in the collection of revenue in 2023. This amount is reflected in the financial statements for Animals' Angels as an accrued expense as of December 31, 2023.

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, 2023:

	<u>Fair Value</u>	<u>Cost</u>
Equities – mutual funds	\$ 326,213	\$ 400,490
Fixed income – mutual funds	178,836	206,560
Exchange traded products	149,209	138,701
	<u>\$ 654,258</u>	<u>\$ 745,751</u>

For the year ended December 31, 2023, investment return includes:

Interest and dividend income	\$ 24,619
Realized losses from investment sales	(14,525)
Investment expenses	(8,259)
Unrealized gain in market value of investments	81,364
Total investment return	<u>\$ 83,199</u>

ANIMALS' ANGELS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, 2023:

	Level 1	Level 2	Level 3	Total
Equities – mutual funds	\$ 326,213	\$ 0	\$ 0	\$ 326,213
Fixed income – mutual funds . .	178,836	0	0	178,836
Exchange traded products	149,209	0	0	149,209
Total	<u>\$ 654,258</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 654,258</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 29, 2024. The rent expense for the year ended December 31, 2023 was \$13,560.

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 2023. The estimated fair value of the advertising included in the financial statements for the year ended December 31, 2023 was \$115,544. 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, 2023

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	\$ 875,285
Cash on deposit with fund raiser	34,487
Investments	654,258
Financial assets available to meet cash needs for expenditures within one year.	<u>\$ 1,564,030</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 19, 2024, the date on which the financial statements were available to be issued.