

**ANIMALS' ANGELS, INC.**

**FINANCIAL STATEMENTS FOR THE  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
AND INDEPENDENT AUDITORS' REPORT**

BECHANAN  
& COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2020 and 2019, 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**

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 audit 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, 2020 and 2019, 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 8, 2021

**ANIMALS' ANGELS, INC.**

**STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents .....	\$ 794,794	\$ 634,648
Cash on deposit with fund raiser .....	52,587	18,631
Prepaid expenses .....	3,872	2,263
Total current assets .....	851,253	655,542
<b>Property and Equipment:</b>		
Vehicles .....	30,681	30,681
Furniture, fixtures and equipment .....	55,143	51,909
Less: accumulated depreciation .....	(76,538)	(74,985)
Total property and equipment .....	9,286	7,605
Investments .....	102,506	84,169
Security deposits .....	1,000	1,000
<b>Total Assets .....</b>	<b>\$ 964,045</b>	<b>\$ 748,316</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses .....	\$ 31,050	\$ 47,695
Payroll tax liabilities .....	5,854	6,047
Total current liabilities .....	36,904	53,742
<b>Net Assets:</b>		
Net assets - without donor restrictions .....	927,141	694,574
Total net assets .....	927,141	694,574
<b>Total Liabilities and Net Assets .....</b>	<b>\$ 964,045</b>	<b>\$ 748,316</b>

See notes to financial statements.

**ANIMALS' ANGELS, INC.**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUES:</b>		
Contributions . . . . .	\$ 861,249	\$ 726,406
Contributions - in-kind . . . . .	85,474	59,268
Grant income . . . . .	70,590	23,400
Other income . . . . .	4,558	6,226
Investment income . . . . .	14,332	13,184
Total revenues . . . . .	<u>1,036,203</u>	<u>828,484</u>
<b>EXPENSES:</b>		
Management and general . . . . .	39,672	38,298
Fund raising . . . . .	168,794	135,308
Program services . . . . .	595,170	645,663
Total expenses . . . . .	<u>803,636</u>	<u>819,269</u>
<b>Changes in unrestricted net assets . . . . .</b>	<u>232,567</u>	<u>9,215</u>
Net assets, beginning of year . . . . .	<u>694,574</u>	<u>685,359</u>
Net assets, end of year . . . . .	<u>\$ 927,141</u>	<u>\$ 694,574</u>

See notes to financial statements.

# ANIMALS' ANGELS, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets . . . . .	\$ 232,567	\$ 9,215
Reconciliation of change in net assets to net cash provided:		
Depreciation . . . . .	2,983	4,178
Loss on the disposition of fixed assets . . . . .	-	1,274
(Gain) on the sale of investments . . . . .	(1,374)	(225)
(Gain) or loss in market value of investments . . . . .	(9,562)	(10,371)
Decrease/(increase) in assets:		
Cash on deposit with fund raiser . . . . .	(33,956)	12,845
Prepaid expenses . . . . .	(1,609)	-
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses . . . . .	(16,645)	10,337
Payroll tax liabilities . . . . .	(193)	12
Deferred revenue . . . . .	-	(5,000)
Net cash from operating activities . . . . .	172,211	22,265
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment . . . . .	(4,664)	(5,248)
Proceeds from the sale of investments . . . . .	15,649	9,159
Purchase of investments . . . . .	(23,050)	(30,115)
Net cash used in investing activities . . . . .	(12,065)	(26,204)
Increase/(Decrease) in cash and cash equivalents . . . . .	160,146	(3,939)
Cash, beginning of year . . . . .	634,648	638,587
Cash, end of year . . . . .	\$ 794,794	\$ 634,648
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid . . . . .	\$ -	\$ 65
Income taxes paid . . . . .	\$ -	\$ -

See notes to financial statements.

## ANIMALS' ANGELS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Management and General	Fund Raising	Program Services	Total
Agency fees .....	\$ -	\$ 27,036	\$ 34,739	\$ 61,775
Bank fees .....	239	3,941	2,829	7,009
Business registration fees .....	-	2,943	-	2,943
Contribution processing .....	-	5,755	8,796	14,551
Depreciation .....	570	-	2,413	2,983
Facilities .....	2,405	-	12,638	15,043
Insurance .....	2,221	-	20,108	22,329
Interest expense .....	-	-	-	-
Other expenses .....	511	18	542	1,071
Outside services .....	-	953	5,544	6,497
Payroll taxes .....	1,614	-	13,046	14,660
Postage .....	96	61,586	133,437	195,119
Printing .....	-	56,681	57,568	114,249
Professional fees .....	7,487	-	(300)	7,187
Public outreach .....	-	100	1,904	2,004
Public outreach - in-kind .....	-	-	85,474	85,474
Salaries .....	21,644	-	168,769	190,413
Subscriptions .....	268	8,241	19,544	28,053
Supplies .....	1,794	1,540	765	4,099
Telephone .....	294	-	7,756	8,050
Travel .....	529	-	19,598	20,127
<b>Total expenses .....</b>	<b><u>\$ 39,672</u></b>	<b><u>\$ 168,794</u></b>	<b><u>\$ 595,170</u></b>	<b><u>\$ 803,636</u></b>

See notes to financial statements.

## ANIMALS' ANGELS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	Management and General	Fund Raising	Program Services	Total
Accounting fees .....	\$ 7,000	\$ -	\$ -	\$ 7,000
Agency fees .....	-	25,743	46,070	71,813
Bank fees .....	205	3,020	2,543	5,768
Business registration fees .....	-	2,968	-	2,968
Contribution processing .....	-	4,152	10,201	14,353
Depreciation .....	587	-	3,591	4,178
Facilities .....	2,404	-	13,062	15,466
Insurance .....	1,596	-	19,290	20,886
Interest expense .....	-	-	65	65
Legal fees .....	994	-	-	994
Loss on the disposition of fixed assets .....	-	-	1,274	1,274
Other expenses .....	380	28	124	532
Outside services .....	105	574	15,010	15,689
Payroll taxes .....	1,511	-	13,428	14,939
Postage .....	61	53,424	145,319	198,804
Printing .....	645	36,216	70,706	107,567
Public outreach .....	-	13	2,878	2,891
Public outreach - in-kind .....	-	-	59,268	59,268
Salaries .....	20,066	-	173,907	193,973
Subscriptions .....	1,123	6,380	20,800	28,303
Supplies .....	992	1,258	1,665	3,915
Telephone .....	266	-	6,373	6,639
Travel .....	363	1,532	40,089	41,984
<b>Total expenses .....</b>	<b>\$ 38,298</b>	<b>\$ 135,308</b>	<b>\$ 645,663</b>	<b>\$ 819,269</b>

See notes to financial statements.

# ANIMALS' ANGELS, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019.

**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 gain/loss on investments is included in the statement of activities as part of investment income.

**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 program and supporting activities.



**ANIMALS' ANGELS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

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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.

**i) Newly Adopted Accounting Pronouncements**

In May, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers." This standard, along with its related amendments, requires organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard has been implemented by the Organization beginning on January 1, 2019. The adoption of this standard did not have an impact on the Organization's financial position or changes in its net assets.

In June, 2018, the FASB issued ASU 2018-08, "Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." This standard clarifies and improves the reporting for contributions received and contributions made by providing guidance for evaluating whether transactions should be accounted for as contributions or as exchange transactions. This standard has also been implemented by the Organization beginning on January 1, 2019. The adoption of this standard also did not have an impact on the Organization's financial position or changes in its net assets

**j) Management evaluation**

The Organization has evaluated subsequent events through February 8, 2021, the date on which the financial statements were available to be issued.

**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, 2020 and 2019, contributions of \$52,587 and \$18,631, respectively, had been collected for Animals' Angels but had not yet been distributed to them. Additionally, \$21,359 and \$42,673, respectively, were owed to the fund raiser at December 31, 2020 and 2019 for expenses incurred in the collection of revenue in 2020 and 2019. Both of these amounts are reflected in the financial statements for Animals' Angels.

**ANIMALS' ANGELS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019:

<b>2020</b>	<b>Fair Value</b>	<b>Cost</b>
Equities – mutual funds. . . . .	\$ 68,491	\$ 55,657
Fixed income – mutual funds . . . . .	31,415	29,418
Real estate ETF – mutual fund. . . . .	2,600	2,348
	<u>\$ 102,506</u>	<u>\$ 87,423</u>

  

<b>2019</b>	<b>Fair Value</b>	<b>Cost</b>
Equities – mutual funds. . . . .	\$ 55,371	\$ 51,615
Fixed income – mutual funds . . . . .	26,325	25,633
Real estate ETF – mutual fund. . . . .	2,473	2,032
	<u>\$ 84,169</u>	<u>\$ 79,280</u>

Investment income includes for the years ended December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Interest and dividend income . . . . .	\$ 5,114	\$ 3,469
Realized gain in disposition of investments . . . . .	1,374	225
Investment expenses. . . . .	(1,718)	(881)
Unrealized gain/(loss) in market value of investments. . .	9,562	10,371
Total investment income . . . . .	<u>\$ 14,332</u>	<u>\$ 13,184</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 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.

**ANIMALS' ANGELS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

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**4. FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities – mutual funds . . . . .	\$ 68,491	\$ 0	\$ 0	\$ 68,491
Fixed income – mutual funds .	31,415	0	0	31,415
Real estate ETF - mutual fund	2,600	0	0	2,600
<b>Total . . . . .</b>	<b>\$ 102,506</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 102,506</b>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities – mutual funds . . . . .	\$ 55,371	\$ 0	\$ 0	\$ 55,371
Fixed income – mutual funds	26,325	0	0	26,325
Real estate ETF– mutual fund	2,473	0	0	2,473
<b>Total . . . . .</b>	<b>\$ 84,169</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 84,169</b>

**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, 2021. The rent expense for both of the years ending December 31, 2020 and 2019 was \$13,577.

**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. RECLASSIFICATIONS**

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's financial statements presentation.

**ANIMALS' ANGELS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

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**8. 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 both 2020 and 2019. The estimated fair value of the advertising included in the financial statements for the year ended December 31, 2020 was \$85,474 and for the year ended December 31, 2019 it was \$59,268. It is included in Public Outreach expenses in the accompanying statements of functional expenses.

**9. 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:

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents . . . . .	\$ 794,794	\$ 634,648
Cash on deposit with fund raiser . . . . .	52,587	18,631
Investments . . . . .	102,506	84,169
Financial assets available to meet cash needs for expenditures within one year. . . . .	\$ 949,887	\$ 737,448