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ANIMAL CHARITY EVALUATORS AUDITED FINANCIAL STATEMENTS DECEMBER 31, 2016

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ADG CPA

To the Board of Directors of
Animal Charity Evaluators

I have audited the accompanying financial statements of Animal Charity Evaluators (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Charity Evaluators as of December 31, 2016, 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.



Andres D. Garcia, CPA
March 17, 2017

ANIMAL CHARITY EVALUATORS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS:

Cash and Cash Equivalents	\$ 606,027
Contributions Receivable	124,655
Total Current Assets	<u>730,682</u>

TOTAL ASSETS	\$ <u>730,682</u>
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LIABILITIES:

Accounts Payable	\$ 7,715
Grants Payable	187,241
Total Current Liabilities	<u>194,956</u>

TOTAL LIABILITIES	\$ <u>194,956</u>
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NET ASSETS:

Unrestricted	\$ 476,665
Temporarily Restricted	<u>59,061</u>

TOTAL NET ASSETS	<u>535,726</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>730,682</u>
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The Accompanying Notes are an Integral Part of the Financial Statements

ANIMAL CHARITY EVALUATORS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

SUPPORT AND REVENUE:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions and Grants	\$ 449,792	\$ 135,000	\$ 584,792
Top Charity Contributions	-	249,628	249,628
Other Revenue	10,621	-	10,621
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>325,567</u>	<u>(325,567)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	785,980	59,061	845,041
EXPENSES:			
Program Services	547,784	-	547,784
Management & General	51,905	-	51,905
Fundraising	36,123		36,123
Total Supporting Services	<u>635,812</u>	<u>-</u>	<u>635,812</u>
TOTAL EXPENSES	<u>635,812</u>	<u>-</u>	<u>635,812</u>
CHANGE IN NET ASSETS	150,168	59,061	209,229
NET ASSETS, BEGINNING OF YEAR	<u>326,497</u>	<u>-</u>	<u>326,497</u>
NET ASSETS, END OF YEAR	<u><u>\$ 476,665</u></u>	<u><u>\$ 59,061</u></u>	<u><u>\$ 535,726</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

ANIMAL CHARITY EVALUATORS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

FUNCTIONAL EXPENSES	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- Raising</u>	<u>Total</u>
Payroll & Related				
Salaries & Wages	\$ 218,826	\$ 34,314	\$ 29,612	\$ 282,752
Payroll Taxes	17,286	2,711	2,339	22,336
Payroll Processing	-	2,182	-	2,182
Workers Compensation Insurance	1,140	179	154	1,473
Total Payroll & Related	<u>237,252</u>	<u>39,386</u>	<u>32,105</u>	<u>308,743</u>
Other Expenses				
Accounting & Legal	-	2,500	-	2,500
Advertising	1,267	-	-	1,267
Communication	3,935	-	-	3,935
Conferences and Meetings	21,837	-	-	21,837
Contract Services	-	-	2,213	2,213
Credit Card Processing Fees	2,981	2,859	-	5,840
Grants	276,151	-	-	276,151
Insurance	-	2,318	-	2,318
Miscellaneous	332	2,933	1,805	5,070
Operations	-	204	-	204
Postage	-	620	-	620
Printing	2,160	647	-	2,807
Software	1,869	438	-	2,307
Total Other Expenses	<u>310,532</u>	<u>12,519</u>	<u>4,018</u>	<u>327,069</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>547,784</u>	\$ <u>51,905</u>	\$ <u>36,123</u>	\$ <u>635,812</u>

The Accompanying Notes are an Integral Part of the Financial Statements

ANIMAL CHARITY EVALUATORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 209,229
(Increase) Decrease in:	
Contributions Receivable	3,274
Increase (Decrease) in:	
Accounts Payable	7,715
Grants Payable	<u>77,350</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>297,568</u>
 INCREASE IN CASH	 297,568
 CASH & CASH EQUIVALENTS, DECEMBER 31, 2015	 <u>308,459</u>
 CASH & CASH EQUIVALENTS, DECEMBER 31, 2016	 \$ <u><u>606,027</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

ANIMAL CHARITY EVALUATORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1. Nature of Organization

Animal Charity Evaluators (ACE) was founded under the name Effective Animal Activism (EAA), a project under the Centre for Effective Altruism in Oxford, England. In November 2013, EAA merged with a US-based nonprofit, Justice For Animals, which allowed EAA to maintain their original mission of providing advice to donors on the most effective animal charities and building a community of effective altruists interested in animal issues. EAA became an official 501(c) (3) in November 2013.

In December 2013, EAA rebranded as Animal Charity Evaluators, and is currently operating as a US-based nonprofit. ACE has narrowed its focus to research and outreach. ACE's mission is to find and advocate the ways to most effectively help animals. ACE's vision is a world free of avoidable suffering where animals are given equal consideration regardless of their species.

ACE researches interventions and organizations to determine the most effective ways to help animals. This includes using rigorous evaluation criteria to evaluate the methods employed by various organizations as well as their own strategy and structure.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles whereby all revenue is recognized when earned and expenses are recognized when incurred.

Fund Accounting: To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of ACE are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

ACE also prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, ATP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets not subject to donor-imposed restrictions or stipulations as to purpose of use.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions or stipulations that may or will be met either by actions of ACE or the passage of time.

ANIMAL CHARITY EVALUATORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 2. Summary of Significant Accounting Policies, continued

Fund Accounting, continued:

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used for ACE's operations and programs. ACE does not have any permanently restricted net assets as of December 31, 2016.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

Cash and Cash Equivalents: ACE has defined cash and cash equivalents as business checking accounts in banks and other financial institutions (PayPal) that provide no interest on account balances.

Concentration of Credit Risks: ACE places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. ACE has not incurred losses related to these investments. Cash in one financial institution at December 31, 2016 was \$490,259.

Functional Allocation of Expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of ACE providing these services.

Donated Materials and Services: Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ACE. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Use of Estimates: The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

ANIMAL CHARITY EVALUATORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3. Income Tax Status

ACE is an Illinois Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and Illinois Income Tax Act Section 205(a), respectively, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code is subject to federal income tax. ACE currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

U.S. generally accepted accounting principles require ACE management to evaluate tax positions taken by ACE and recognize a tax liability if ACE has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. Management has analyzed tax positions taken by ACE and has concluded that, as of December 31, 2016, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements.

ACE is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress.

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets activities for the year ended December 31, 2016 and balances at December 31, 2016 consist of the following:

<u>Funding Source or Purpose</u>	<u>12/31/15</u>	<u>Additions</u>	<u>(Released)</u>	<u>12/31/16</u>
Top Charity Contributions	\$ -	\$ 249,628	\$(249,628)	\$ -
Animal Advocacy Research Fund	-	82,000	(72,164)	9,836
Advertising	-	50,000	(775)	49,225
Explainer Video	-	3,000	(3,000)	-
	<u>\$ -</u>	<u>\$ 384,628</u>	<u>\$(325,567)</u>	<u>\$ 59,061</u>

Note 5. Subsequent Events

The management of ACE have reviewed the results of operations and evaluated subsequent events for the period of time from its year end December 31, 2016 through March 17, 2017 the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.