BONK, CUSHMAN, EAGLE & GARCIA
CERTIFIED PUBLIC ACCOUNTANTS

ANDRES D. GARCIA, C.P.A.
AN ACCOUNTANCY CORPORATION

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ANIMAL CHARITY EVALUATORS
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Animal Charity Evaluators

Opinion

We have audited the accompanying financial statements of Animal Charity Evaluators (a nonprofit organization), which comprise the statement of financial position as of March 31, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Charity Evaluators as of March 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 Animal Charity Evaluators 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 Animal Charity Evaluators' 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.

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Auditor's Responsibilities for the Audit of the Financial Statements, continued

Misstatements 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 Animal Charity Evaluators' 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 Animal Charity Evaluators' 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.

Bonk, Cushman, Eagle & Garcia

September 6, 2023

ANIMAL CHARITY EVALUATORS
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

ASSETS:		
Cash and Cash Equivalents	$	3,197,376
Contributions Receivable		205,028
Prepaid Expenses		539
Total Current Assets		3,402,943
Investments		758,234
Total Other Assets		758,234
TOTAL ASSETS	$	4,161,177
LIABILITIES:		
Accounts Payable	$	27,685
Deferred Revenue		29,500
Accrued Paid Time Off		61,640
Grants Payable		407,071
Total Current Liabilities		525,896
TOTAL LIABILITIES	$	525,896
NET ASSETS:		
Without Donor Restrictions	$	2,057,524
With Donor Restrictions		1,577,757
TOTAL NET ASSETS		3,635,281
TOTAL LIABILITIES AND NET ASSETS	$	4,161,177

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 MARCH 31, 2023

SUPPORT AND REVENUE:	Without Donor Restrictions	With Donor Restrictions	Total
Contributions and Grants	$ 1,630,323	$ 217,594	$ 1,847,917
Supported Charity Contributions	-	4,142,729	4,142,729
In-Kind Contributions	80,881	-	80,881
Other Revenue	604	-	604
Interest	284	-	284
Investment Return (Loss), net	(7,944)	-	(7,944)
Restricted Net Asset Activity:			
Satisfaction of Program Restrictions	4,417,333	(4,417,333)	-
TOTAL SUPPORT AND REVENUE	6,121,481	(57,010)	6,064,471
EXPENSES:			
Program Services	5,111,088	-	5,111,088
Management and General	471,154	-	471,154
Fund-raising	214,868	-	214,868
Total Supporting Services	5,797,110	-	5,797,110
TOTAL EXPENSES	5,797,110	-	5,797,110
CHANGE IN NET ASSETS	324,371	(57,010)	267,361
NET ASSETS, BEGINNING OF YEAR	1,733,153	1,634,767	3,367,920
NET ASSETS, END OF YEAR	$ 2,057,524	$ 1,577,757	$ 3,635,281

The Accompanying Notes are an Integral Part of the Financial Statements

ANIMAL CHARITY EVALUATORS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

FUNCTIONAL EXPENSES	Program Services	Management and General	Fund-raising	Total
Payroll & Related				
Salaries, Wages & Payroll Taxes	$ 645,725	$ 258,704	$ 130,387	$ 1,034,816
Employee Benefits	12,288	4,923	2,481	19,692
Payroll Processing	2,511	1,480	633	4,624
Workers Compensation Insurance	2,973	1,191	600	4,764
Total Payroll & Related	663,497	266,298	134,101	1,063,896
Other Expenses				
Communication	6,554	-	-	6,554
Conferences and Meetings	8,666	33,517	-	42,183
Contract Services	-	3,423	-	3,423
Credit Card / Transfer Fees	39,423	-	7,934	47,357
Equipment & Work Environment	-	13,013	-	13,013
Events	161	-	-	161
Grants	4,297,946	-	-	4,297,946
Independent Contractors & Temps.	30,074	131,576	36,208	197,858
In-Kind Advertising	54,858	-	23,511	78,369
Insurance	-	9,140	-	9,140
Legal and Professional Fees	-	6,722	-	6,722
Miscellaneous	5,267	458	1,535	7,260
Operations	-	5,478	-	5,478
Postage	-	537	684	1,221
Printing	2,733	289	-	3,022
Professional Development	-	152	-	152
Software	1,909	551	10,895	13,355
Total Other Expenses	4,447,591	204,856	80,767	4,733,214
TOTAL FUNCTIONAL EXPENSES	$ 5,111,088	$ 471,154	$ 214,868	$ 5,797,110

The Accompanying Notes are an Integral Part of the Financial Statements

ANIMAL CHARITY EVALUATORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 267,361
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Decrease in Market Value of Investments	7,944
(Increase) Decrease in Operating Assets:	
Contributions Receivable	(70,484)
Other Receivables	6,828
Prepaid Expenses	(539)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	2,255
Deferred Revenue	29,500
Accrued Paid Time Off	22,721
Grants Payable	(257,374)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	8,212
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(282,552)
CASH FLOWS (USED) BY INVESTING ACTIVITIES	(282,552)
NET (DECREASE) IN CASH & CASH EQUIVALENTS	(274,340)
CASH & CASH EQUIVALENTS, MARCH 31, 2022	3,471,716
CASH & CASH EQUIVALENTS, MARCH 31, 2023	$ 3,197,376

The Accompanying Notes are an Integral Part of the Financial Statements

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 promote the most effective ways to help animals. ACE's vision is a world in which no individual is given less than full moral consideration on the basis of any morally irrelevant feature of their identity; including species membership.

ACE directs support to some of the most effective organizations that help animals by conducting comprehensive charity evaluations to inform recommendations to donors. ACE also awards grants from both our Recommended Charity Fund and our Movement Grants program, which funds various approaches to animal advocacy to build and strengthen the global movement.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of ACE have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation: The financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities.* Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Net assets without donor restrictions* – net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.
>
> *Net assets with donor restrictions* – net assets with donor restrictions are the net assets that are contributions subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by the passage of time or can be fulfilled and removed by action of ACE pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents: For purposes of the statement of cash flows, ACE considers business and savings accounts with banks and other financial institutions (PayPal) to be cash equivalents.

Concentration of Credit and Financial Risks: ACE maintains cash balances with federally insured institutions. Accounts at federally insured institutions are insured by the Federal Deposit Insurance Corporation up to $250,000 per bank at March 31, 2023. At March 31, 2023, ACE held $2,941,042 in uninsured accounts. ACE has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Revenue Accounted for in Accordance with ASU 2018-08: Contribution revenue – ACE receives support from individuals, foundations, and corporations in support of ACE's mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, ACE receives promises to give that have certain conditions such as meeting specific performance-related barriers or limit the discretion on ACE's use of the funds.

Contributions Receivable: Contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of contributors having outstanding balances and current relationships with them, it has concluded that no allowance for doubtful accounts was considered necessary as of March 31, 2023.

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 nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Use of Estimates: The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses {Investment Return (Loss), net} are included in the statement of activities and changes in net assets. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

Note 2. Summary of Significant Accounting Policies, continued

Investment Risks: Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the accompanying financial statements.

Fair Value Measurements: The Financial Accounting Standards Board has issued guidance defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ACE utilizes a fair value hierarchy to prioritize 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that ACE has the ability to access.

Level 2 – Inputs to the valuation methodology include;

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 **–** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest priority level of any input that is significant to the fair value measurement. Transfers between levels shall occur at the actual date of the event or change in circumstances that caused the transfer. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 3. Income Tax Status

ACE is a Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), Illinois Income Tax Act Section 205(a) and Section 23701(d) of the California Revenue and Taxation code, 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 March 31, 2023, 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. In-Kind Contributions

ACE received in-kind contributions for the year ending March 31, 2023:

Advertising	$ 78,369
Professional services	2,512
	$ 80,881

ACE's policy related to in-kind contributions is to utilize the assets to carry out the mission of ACE. In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specific how donated assets must be used.

ACE benefitted from donated advertising which was valued by Google at $78,369 in the year ended March 31, 2023. This amount has been reported as both in-kind contribution revenue on the statement of activities and in-kind advertising expense on the statement of functional expenses. In-kind advertising valuation is estimated based on current market rates of similar services provided by Google.

ACE benefitted from donated professional services which was valued by actual wages foregone by an employee of ACE in the year ended March 31, 2023. This amount has been reported as both in-kind contribution revenue on the statement of activities and is included in salaries, wages and payroll taxes on the statement of functional expenses.

Note 5. Liquidity and Availability of Financial Assets

ACE's working capital and cash flows are relatively consistent throughout the year due to year-round grant writing and fundraising. To manage liquidity ACE maintains adequate cash balances.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	03/31/2023
Cash and Cash Equivalents	$ 3,197,376
Contributions Receivable	205,028
Investments	758,234
Total Financial assets at year-end	4,160,638
Donor Imposed Restrictions:	
Subject to expenditure for specified purpose	(1,577,757)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,582,881

Note 6. Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in methodologies used during the year ended March 31, 2023. For the items below, valuation is based on Level 1 inputs within the hierarchy used in measuring fair value.

Mutual Funds: ACE's holdings in publicly traded mutual funds consist principally of debt and equity securities carried at their aggregate market value that is determined by quoted market prices. Each of these investments can be liquidated daily.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although ACE believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following presents the balances of assets measured at fair value on a recurring basis as of March 31, 2023:

	Level 1	Level 2	Level 3	Total
Mutual Funds	$757,188	$	$	$757,188
Cash	1,046			1,046
Total	$758,234	$ -	$ -	$758,234

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions at March 31, 2023, comprise the following:

Subject to expenditure for a specified purpose:	
Recommended Charities Contributions	$ 807,111
Movement Grants Program	729,881
Animal Advocacy Research Fund	40,765
	$ 1,577,757

Note 8. Accounting Pronouncement Adopted

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 improves transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. This standard is applied on a retrospective basis.

Note 9. Subsequent Events

The management of ACE have reviewed the results of operations and evaluated subsequent events for the period of time from the year ended March 31, 2023 through September 6, 2023, 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.