

MAXFUND, INC.
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2009

INDEPENDENT AUDITOR'S REPORT

**DOUGLAS W. SCHELLINGER, CPA
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Board of Directors
MaxFund, Inc.
Denver, Colorado

I have audited the accompanying statement of financial position of MaxFund, Inc. (a not-for-profit corporation) as of December 31, 2009, and the related statements of activities and net assets, and cash flows for the year then ended. These financial statements are the responsibility of MaxFund, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MaxFund, Inc. as of December 31, 2009, and the changes in its activities, net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Douglas W. Schellinger, CPA

August 14, 2010

MAXFUND, INC.
Statement of Financial Position
December 31, 2009

Assets

Current Assets:

Cash and cash equivalents-unrestricted	\$ 302,098
Cash and cash equivalents-restricted	<u>506,811</u>
Total Cash and cash equivalents	808,909

Other current assets:

Deposits	<u>2,300</u>
Total other current assets	2,300

Total Current Assets	<u>811,209</u>
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Property and equipment:

Inca – Office equipment	5,175
Inca – Building 100	436,977
Inca – Leasehold Improvements	345,422
Inca – Equipment	47,280
Furniture and fixtures	89,426
Software	2,500
Garage	19,273
Leasehold improvements	132,937
Medical and other equipment	114,803
Office Building	21,375
Spay and Neuter Trailer	134,260
Storage Building	5,400
Vehicles	159,505
Cattery	559,856
Cattery – Leasehold Improvements	<u>5,000</u>
	\$2,079,189
Less accumulated depreciation and amortization	<u>(705,331)</u>
Property and equipment, net	<u>\$1,373,858</u>

Other Assets:

Investments-net	<u>815,815</u>
Total other assets	<u>815,815</u>

Total Assets	<u>\$3,000,882</u>
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Statement of Financial Position (Continued)
December 31, 2009

Liabilities

Current Liabilities

Accounts Payable \$ 161

Total current liabilities \$ 161

Total Liabilities \$ 161

Net assets:

Unrestricted: \$2,933,072

Temporarily restricted: 67,649

Total net assets \$3,000,721

Total liabilities and net assets **\$3,000,882**

See accompanying notes to financial statements

MAXFUND, INC.
Statement of Activities and Net Assets
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support, Revenues, and Reclassifications				
Adoptions	\$ 121,892	--	--	121,892
Contributions:				
Individual	438,244	--	--	438,244
Interest/Dividend income	7,276	--	--	7,276
Estate Donations	2,084,840	--	--	2,084,840
Grants/Foundations/Trusts/Gifts	63,940	112,799	--	176,739
Medical Services	575,396	--	--	575,396
Memberships	45,688	--	--	45,688
Memorials	44,265	--	--	44,265
Misc. income	15,213	--	--	15,213
Pet Pals	13,804	--	--	13,804
Stock Donations & Market Adjustments	113,877	--	--	113,877
Vehicle Donations	17,830	--	--	17,830
Special Events:				
Puttin on the Max and others	83,491	--	--	83,491
Total public support, revenues and reclassifications	<u>3,625,756</u>	<u>112,799</u>	<u>--</u>	<u>3,738,555</u>
Expenses				
Programs:				
Animal food & supplies	37,008	--	--	37,008
Program office costs and utilities	127,860	--	--	127,860
Program personnel	599,935	--	--	599,935
Veterinarian expense	437,144	112,799	--	549,943
Other administrative costs	42,227	--	--	42,227
Promotion & Newsletter	65,913	--	--	65,913
Depreciation and amortization expense	71,272	--	--	71,272
Total programs	<u>1,381,359</u>	<u>112,799</u>	<u>--</u>	<u>1,494,158</u>
Administration:				
Office costs and utilities	478	--	--	478
Personnel	175,565	--	--	175,565
Other Administrative costs	12,452	--	--	12,452
Total administration	<u>188,495</u>	<u>--</u>	<u>--</u>	<u>188,495</u>
Fundraising:				
Event expense	29,936	--	--	29,936
Total fundraising	<u>29,936</u>	<u>--</u>	<u>--</u>	<u>29,936</u>
Total Expenses	<u>1,599,790</u>	<u>112,799</u>	<u>--</u>	<u>1,712,589</u>
Change in net assets	2,025,966	--	--	2,025,966
Small balance adjustments	4,255	--	--	4,255
Net assets as of beginning of year	902,851	67,649	--	970,500
Net assets as of end of year	<u>2,933,072</u>	<u>67,649</u>	<u>--</u>	<u>3,000,721</u>

See accompanying notes to financial statements

MAXFUND, INC.
Statement of Cash Flows
For the Year Ended December 31, 2009

Operating activities	
Change in net assets	\$2,025,966
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts payable, etc	<u>(161)</u>
Net cash provided by operating activities	(161)
Investing activities	
Acquisition of property plant and equipment	(622,315)
Accum. Deprec-property plant and equipment	<u>71,272</u>
Net cash provided by in investing activities	(551,043)
Financing activities	
Decrease in notes payable	(108,991)
Increase in Investments	<u>(880,251)</u>
Net cash provided by financing activities	(989,242)
Net increase in cash and cash equivalents	485,520
Cash and cash equivalents as of beginning of year	<u>323,389</u>
Cash and cash equivalents as of end of year	<u>\$808,909</u>
Supplemental Disclosures	
Interest and dividend income	<u>\$ 7,276</u>

See accompanying notes to financial statements

MAXFUND, INC.
Notes to Financial Statements
December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of MaxFund, Inc. (MaxFund) is presented to assist in understanding MaxFund's financial statements. The financial statements and notes are representations of MaxFund's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization and Nature of Activities

MaxFund, Inc. was organized in 1988 and incorporated as a not-for-profit organization in Colorado in 1989. Maxfund provides care for injured pets in the Denver metro area and finds homes for these animals upon recovery.

Public Support and Revenue

The major sources of support and revenue are contributions from donors, grants, special fundraising events, corporate sponsors, various private sources and a variety of sales.

Restricted Funds

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. These donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions, and are specifically identified with expenditures designated by the donor. However, excepting long-lived asset contributions, donor restricted contributions are reported as unrestricted support if the restriction is fulfilled during the same time period in which the contribution is received. MaxFund has established a policy wherein an implied time restriction on the use of long-lived assets expires over the useful life of the asset.

Depreciation and amortization

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Straight-line methods are used for financial and tax purposes. Leasehold improvements are amortized over the estimated lives of the assets. Leased property under capitalized leases is amortized over the service lives of the assets.

In Kind Donations

Contributions of services by veterinarians and other assets donated to MaxFund, Inc. are recorded at their fair market value, estimated by the donor, at the date of the donation. Donations of property and equipment are recorded as support at their estimated fair value. Donations without a known value are only recognized when sold. In kind donations totaled \$823,263 for 2009.

MAXFUND, INC.
Notes to Financial Statements
December 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

MaxFund, Inc. is a nonprofit organization as described in Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CHANGES IN ACCOUNTING PRINCIPLES

MaxFund, Inc. adopted the provisions of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contribution Made* and No. 117, *Financial Statements of Not-for-Profit Organizations* by stating net assets as of December 31, 2009. Statement 116 requires MaxFund to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows. MaxFund adopted Statement No. 116 by stating net assets as of December 31, 2009. Temporarily restricted net assets as of December 31, 2009, were \$67,649, which represents time or purpose restricted contributions.

NOTE 3: Donated Services and Facility

MaxFund, Inc. is operated by volunteers. They donate their time to perform many of the necessary activities of the shelter. Additionally, certain legal and accounting services have been donated. These services are recorded based on the criteria for recognition under SFAS No. 116. In addition donations of food for the animals have been received in substantial quantities. The total donated services and other items for 2009 were \$821,000.

MaxFund, Inc. moved to an administrative office at 1025 Galapago Street in Denver and operates the shelter at a facility located at 1025 Galapago Street, Denver, Colorado. The shelter was purchased in 1997, by MaxFund through use of funds restricted for that purpose along with additional donations from private donors. Subsequent to this purchase, the building was transferred to another non-profit organization, Angels Ark, who has leased the facility back to MaxFund, Inc. at a nominal charge.

Additionally, MaxFund has purchased the building next to their shelter to expand its ability to meet the growing needs of its mission. It has received donations and is continuing to solicit donations to cover the remaining balance of the note payments on this facility. This purchase was concluded in 2002.

MAXFUND, INC.
Notes to Financial Statements
December 31, 2009

NOTE 4: Related Party Activity

MaxFund has received operating advances from the executive director of varying amounts. Repayment of these monies is made only if funds are available.

NOTE 5: Restrictions On Assets

Substantially all of the restrictions on assets at the end of 2009 relate to funds received for the upkeep and improvement of the buildings/facilities/services.