

**MAXFUND, INC.**  
**INDEPENDENT AUDITOR'S REPORT AND**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**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, 2012, 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, 2012, 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 10, 2013

**MAXFUND, INC.**  
Statement of Financial Position  
December 31, 2012

**Assets**

Current Assets:

Cash and cash equivalents-unrestricted	\$1,438,302
Cash and cash equivalents-restricted	<u>608,060</u>
Total Cash and cash equivalents	2,046,362

Other current assets:

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

Total Current Assets	<u>2,048,662</u>
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Property and equipment:

Inca – Office equipment	9,601
Inca – Building 100	436,977
Inca – Leasehold Improvements	418,589
Inca – Equipment	68,389
Furniture and fixtures	110,836
Software	2,500
Garage	19,273
Leasehold improvements	597,171
Medical and other equipment	115,508
Administration Building	208,475
Spay and Neuter Trailer	134,260
Storage Building	5,400
Vehicles	159,505
Cattery - Land	562,187
Cattery-Building	1,043,013
Cattery-Furniture,Fixtures	139,894
Real Estate – SS	19,000
1184 S Grant Street	<u>244,252</u>
	\$4,294,830

Less accumulated depreciation and amortization	<u>(966,875)</u>
Property and equipment, net	<u>\$3,327,955</u>

Other Assets:

Investments-net	<u>1,929,953</u>
Total other assets	<u>1,929,953</u>

Total Assets	<u><b>\$7,306,570</b></u>
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Statement of Financial Position (Continued)  
December 31, 2012

**Liabilities**

Current Liabilities

    Accounts Payable \$ 466

        Total current liabilities \$ 466

        Total Liabilities \$ 466

**Net assets:**

    Unrestricted: \$7,238,455

    Temporarily restricted: 67,649

        Total net assets \$7,306,104

        Total liabilities and net assets **\$7,306,570**

*See accompanying notes to financial statements*

**MAXFUND, INC.**  
Statement of Activities and Net Assets  
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support, Revenues, and Reclassifications</b>				
Adoptions	\$ 121,579	--	--	121,579
Contributions:				
Individual	553,438	--	--	553,438
Interest/Dividend income	49,597	--	--	49,597
Estate Donations	799,102	443,000	--	1,242,102
Grants/Foundations/Trusts/Gifts	299,950	20,407	--	320,357
Medical Services	628,748	--	--	628,748
Memberships	43,611	--	--	43,611
Memorials	71,528	--	--	71,528
Misc. income	387	--	--	387
Pet Pals	6,444	--	--	6,444
Stock Donations & Market Adjustments	40,834	--	--	40,834
Vehicle Donations	17,965	--	--	17,965
Special Events:				
Puttin on the Max and others	69,521	--	--	69,521
Total public support, revenues and reclassifications	<u>2,702,704</u>	<u>463,407</u>	<u>--</u>	<u>3,166,111</u>
<b>Expenses</b>				
Programs:				
Animal food & supplies	28,729	20,407	--	49,136
Program office costs and utilities	149,362	--	--	149,362
Program personnel	665,847	--	--	665,847
Veterinarian expense	44,099	443,000	--	487,099
Other administrative costs	73,979	--	--	73,979
Promotion & Newsletter	56,586	--	--	56,586
Depreciation and amortization expense	110,233	--	--	110,233
Total programs	<u>1,128,835</u>	<u>463,407</u>	<u>--</u>	<u>1,592,242</u>
Administration:				
Office costs and utilities	757	--	--	757
Personnel	340,054	--	--	340,054
Other Administrative costs	11,781	--	--	11,781
Total administration	<u>352,592</u>	<u>--</u>	<u>--</u>	<u>352,592</u>
Fundraising:				
Event expense	49,882	--	--	49,882
Total fundraising	<u>49,882</u>	<u>--</u>	<u>--</u>	<u>49,882</u>
Total Expenses	<u>1,531,309</u>	<u>463,407</u>	<u>--</u>	<u>1,994,716</u>
Change in net assets	1,171,395	--	--	1,171,395
Net assets as of beginning of year	<u>6,067,060</u>	<u>67,649</u>	<u>--</u>	<u>6,134,709</u>
Net assets as of end of year	<u><b>7,238,455</b></u>	<u><b>67,649</b></u>	<u><b>--</b></u>	<u><b>7,306,104</b></u>

*See accompanying notes to financial statements*

**MAXFUND, INC.**  
Statement of Cash Flows  
For the Year Ended December 31, 2012

<b>Operating activities</b>	
Change in net assets	\$1,171,395
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts payable, etc	<u>(115)</u>
Net cash provided by operating activities	(115)
<b>Investing activities</b>	
Acquisition of property plant and equipment	(727,246)
Accum. Deprec-property plant and equipment	<u>97,333</u>
Net cash provided by in investing activities	(629,913)
<b>Financing activities</b>	
Increase in Investments	<u>(351,872)</u>
Net cash provided by financing activities	(351,872)
Net increase in cash and cash equivalents	189,495
Cash and cash equivalents as of beginning of year	<u>1,856,867</u>
Cash and cash equivalents as of end of year	<b><u>\$2,046,362</u></b>
<b>Supplemental Disclosures</b>	
Interest and dividend income	<u>\$49,597</u>

*See accompanying notes to financial statements*

**MAXFUND, INC.**  
Notes to Financial Statements  
December 31, 2012

**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.

**MAXFUND, INC.**  
Notes to Financial Statements  
December 31, 2012

**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, 2012. 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, 2012. Temporarily restricted net assets as of December 31, 2012, were \$67,649, which represents time or purpose restricted contributions.

**NOTE 3: Donated Services and Facility**

MaxFund, Inc. has many volunteers. They donate their time to perform many of the necessary activities of the shelter. Total volunteer hours for 2012 are 21,459. 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 2012 were \$821,345.

MaxFund, Inc. moved to an administrative office at 720 West 10<sup>th</sup> Avenue 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, 2012

**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 2012 relate to funds received for the upkeep and improvement of the buildings/facilities/services.