

MAXFUND, INC.
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2014

INDEPENDENT AUDITOR'S REPORT

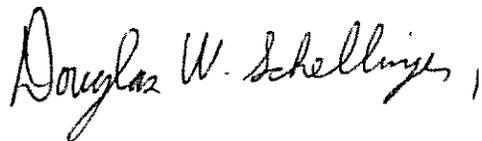
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Board of Directors
MaxFund, Inc.
Denver, Colorado

I have audited the accompanying statement of financial position of MaxFund, Inc. (a not-for-profit corporation) as of December 31, 2014, 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, 2014, and the changes in its activities, net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

 **cflr**

July 8, 2015

MAXFUND, INC.
Statement of Financial Position
December 31, 2014

Assets

Current Assets:

Cash and cash equivalents-unrestricted	\$ 927,592
Cash and cash equivalents-restricted	<u>404,261</u>
Total Cash and cash equivalents	1,331,853

Other current assets:

Grant Receivable	<u>3,100</u>
Total other current assets	3,100

Total Current Assets	<u>1,334,953</u>
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Property and equipment:

Inca – Office equipment	13,314
Inca – Building	436,977
Inca – Leasehold Improvements	603,232
Inca – Equipment	119,505
Furniture and fixtures	128,532
Software	5,639
Garage	23,381
Leasehold improvements	170,985
Medical and other equipment	123,386
Dog Shelter	2,427,921
Spay and Neuter Trailer	134,260
Storage Building	5,400
Vehicles	200,457
Cattery • Land	562,187
Cattery-Building	1,043,013
Cattery-Leasehold Improvements	41,842
Cattery-Furniture, Fixtures	141,972
Real Estate – SS	19,000
1184 S Grant Street	<u>244,252</u>
	\$6,445,255
Less accumulated depreciation and amortization	<u>11,279,186</u>
Property and equipment, net	<u>\$5,166,069</u>

Other Assets:

Investments-net	<u>2,590,545</u>
Total other assets	<u>2,590,545</u>

Total Assets	<u>\$9,091,567</u>
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Statement of Financial Position (Continued)
December 31, 2014

Liabilities		
Current Liabilities		
Accounts Payable		<u>\$ 282</u>
Total current liabilities		\$ 282
Total Liabilities		\$ 282
Net assets:		
Unrestricted:		\$9,023,637
Temporarily restricted:		<u>67,649</u>
Total net assets		\$9,091,285
Total liabilities and net assets		<u>\$9,091,567</u>

See accompanying notes to financial statements

MAXFUND, INC.
Statement of Activities and Net Assets
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support, Revenues, and Reclassifications				
Adoptions	\$ 143,878			143,878
Contributions:				
Individual	606,031			606,031
Interest/Dividend income	71,617			71,617
Estate Donations	675,239	100,000		775,239
Grants/Foundationsff rusts/Gifts	370,397	20,000		390,397
Medical Services	799,551			799,551
Memberships	38,790			38,790
Memorials	56,569			56,569
Misc. income	14,309			14,309
PetPals	6,109			6,109
Stock Donations & Market Adjustments	54,300			54,300
Special Events:				
Puttin on the Max and others	<u>130,646</u>			<u>130,646</u>
Total public support, revenues and reclassifications	<u>2,967,501</u>	<u>120,000</u>		<u>3,082,507</u>
Expenses				
Programs:				
Animal food & supplies	83,005	5,000		88,005
Program office costs and utilities	266,573			266,573
Program personnel	970,652			970,652
Veterinarian expense	516,405	115,000		631,405
Other administrative costs	56,550			56,550
Promotion & Newsletter	53,967			53,967
Depreciation and amortization expense	180,003			180,003
Total programs	<u>2,127,155</u>	<u>120,000</u>		<u>2,242,125</u>
Administration:				
Office costs and utilities	5,615			5,615
Personnel	384,211			384,211
Other Administrative costs	<u>37,288</u>			<u>37,288</u>
Total administration	<u>427,114</u>			<u>427,114</u>
Fundraising:				
Event expense	49,333			49,333
Total fundraising	<u>49,333</u>			<u>49,333</u>
Total Expenses	<u>2,603,602</u>	<u>120,000</u>		<u>2,723,602</u>
Change in net assets	363,905			363,905
Net assets as of beginning of year	<u>8,659,731</u>	<u>67,649</u>		<u>8,721,380</u>
Net assets as of end of year	<u>9,023,636</u>	<u>67,649</u>		<u>9,091,285</u>

See accompanying notes to financial statements

MAXFUND, INC.
Statement of Cash Flows
For the Year Ended December 31, 2014

Operating activities	
Change in net assets	\$ 363,905
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts receivable	(800)
Decrease in accounts payable	<u>(138)</u>
Net cash provided by operating activities	(938)
Investing activities	
Acquisition of property plant and equipment	(647,088)
Accum. Depreciation-property plant and equipment	<u>180,004</u>
Net cash provided by investing activities	(467,084)
Financing activities	
Increase in Investments	<u>(537,500)</u>
Net cash provided by financing activities	(537,500)
Net decrease in cash and cash equivalents	(641,617)
Cash and cash equivalents as of beginning of year	<u>1,973,470</u>
Cash and cash equivalents as of end of year	<u>\$ 1,331,853</u>
Supplemental Disclosures	
Interest and dividend income	<u>\$71,617</u>

See accompanying notes to financial statements

MAXFUND, INC.
Notes to Financial Statements
December 31, 2014

NOTE I: 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. This information is noted based on the applicable sections of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with specific sections related to Non Profit Organizations - FASB ASC 958.

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, 2014

NOTE I: 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 the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This includes Changes in Accounting Principles under FASB ASC 250-10 and its various subsections as they may apply now or in the future. Temporarily restricted net assets as of December 31, 2014, 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 2014 are 24,000. Additionally, certain legal and accounting services have been donated. These services are recorded based on the criteria for recognition under FASB ASC 958. In addition donations of food for the animals have been received in substantial quantities. The total donated services and other items for 2014 were \$872,142.

MaxFund, Inc. moved to an administrative office at 720 West 10th 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.

NOTE 4: Restrictions On Assets

Substantially all of the restrictions on assets at the end of 2014 relate to funds received for the upkeep and improvement of the buildings/facilities/services. These restrictions are noted based on the applicable sections of FASB ASC 958-225, FASB ASC 958-360, and FASB ASC 958-605.