



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

November 3, 2011

Board of Directors  
Kokomo Humane Society, Inc.  
713 N. Elizabeth St.  
Kokomo, IN 46901

We have reviewed the audit report prepared by Bucheri McCarty & Metz, LLP, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Kokomo Humane Society, Inc., as of December 31, 2009, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

Financial Statements

KOKOMO HUMANE SOCIETY, INC.

*December 31, 2009 and 2008*

KOKOMO HUMANE SOCIETY, INC.

Financial Statements

CONTENTS

	<u>Page</u>
Independent Auditors' Report	2
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis	3
Statements of Revenue, Expenses and Other Changes in Net Assets - Modified Cash Basis	4
Statement of Functional Expenses - Modified Cash Basis	5
Notes to Financial Statements	6-9



# BUCHERI McCARTY & METZ LLP

Certified Public Accountants | Consultants

*Charting the Course*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Kokomo Humane Society, Inc.  
Kokomo, Indiana

We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of Kokomo Humane Society, Inc. (a nonprofit corporation) as of December 31, 2009 and 2008, and the related statements of revenue, expenses and other changes in net assets - modified cash basis and the statement of functional expenses - modified cash basis, for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require we 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. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Kokomo Humane Society, Inc. as of December 31, 2009 and 2008, and its revenue and expenses for the years then ended, on the basis of accounting described in Note 1.

August 6, 2010

BUCHERI MCCARTY & METZ LLP  
Certified Public Accountants

KOKOMO HUMANE SOCIETY, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS  
MODIFIED CASH BASIS

December 31, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Cash	\$116,742	\$ 93,933
Investments	439,624	417,931
Fixed assets, net of accumulated depreciation	<u>227,665</u>	<u>251,175</u>
Total assets	<u>\$784,031</u>	<u>\$763,039</u>

LIABILITIES AND NET ASSETS

Unrestricted	\$776,907	\$763,039
Temporarily restricted	<u>7,124</u>	<u>-</u>
Total net assets	<u>\$784,031</u>	<u>\$763,039</u>

See accompanying notes.

KOKOMO HUMANE SOCIETY, INC.

STATEMENTS OF REVENUE, EXPENSES, AND  
OTHER CHANGES IN NET ASSETS  
MODIFIED CASH BASIS

For the Year Ended December 31, 2009  
(With Comparative Totals for 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
Changes in Unrestricted Net Assets				
Revenue				
Public support				
Donations, gifts, etc.	\$ 49,814	\$2,124	\$ 51,938	\$ 42,198
Fundraising income (net of expenses of \$11,040 and \$6,783)	<u>17,774</u>	<u>5,000</u>	<u>22,774</u>	<u>21,861</u>
Total public support	<u>67,588</u>	<u>7,124</u>	<u>74,712</u>	<u>64,059</u>
Grants				
Animal control - local governments	475,992	--	475,992	467,822
Other	<u>478</u>	<u>--</u>	<u>478</u>	<u>2,188</u>
Total grants	<u>476,470</u>	<u>--</u>	<u>476,470</u>	<u>470,010</u>
Other Revenue				
Program fees	116,217	--	116,217	103,102
Interest and dividends	17,329	--	17,329	21,799
Gain on disposition of assets	--	--	--	1,046
Total other revenue	<u>133,546</u>	<u>--</u>	<u>133,546</u>	<u>125,947</u>
Total revenue	<u>677,604</u>	<u>7,124</u>	<u>684,728</u>	<u>660,016</u>
Expenses				
Program expenses	634,148	--	634,148	645,519
Management and general expenses	<u>29,588</u>	<u>--</u>	<u>29,588</u>	<u>31,622</u>
Total expenses	<u>663,736</u>	<u>--</u>	<u>663,736</u>	<u>677,141</u>
Change in Net Assets	13,868	7,124	20,992	( 17,125)
Net Assets, Beginning of Year	<u>763,039</u>	<u>--</u>	<u>763,039</u>	<u>780,164</u>
Net Assets, End of Year	<u>\$776,907</u>	<u>\$7,124</u>	<u>\$784,031</u>	<u>\$763,039</u>

*Shelby  
Fund*

See accompanying notes.

KOKOMO HUMANE SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
 MODIFIED CASH BASIS  
 For the Year Ended December 31, 2009  
 (With Comparative Totals for 2008)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>2009 Total</u>	<u>2008 Total</u>
Salaries	\$334,839	\$18,079	\$352,918	\$346,993
Payroll taxes	25,615	1,383	26,998	27,668
Pension expense	8,463	541	9,004	8,632
Health insurance	60,561	--	60,561	74,809
Employee training	3,062	--	3,062	2,752
Legal and accounting	--	8,882	8,882	9,739
Utilities	13,896	--	13,896	14,032
Dues and subscriptions	1,336	--	1,336	1,514
Uniforms	1,768	--	1,768	830
Animal feed	7,149	--	7,149	9,185
Veterinarian	1,236	--	1,236	1,909
Supplies	20,900	--	20,900	21,617
Neutering and immunization	55,111	--	55,111	47,760
Maintenance and repairs	2,899	--	2,899	4,430
Insurance - general	9,477	--	9,477	7,808
Refunds	6,000	--	6,000	5,985
Licenses and permits	1,967	--	1,967	1,019
Postage	817	--	817	1,483
Pharmaceuticals	16,551	--	16,551	14,359
Outside services	12,870	--	12,870	12,867
Auto expense	12,971	--	12,971	19,046
Newsletter	2,865	--	2,865	4,536
Bank charges	2,152	--	2,152	2,095
Conferences, conventions and meetings	--	703	703	2,260
Education	3,675	--	3,675	4,200
Miscellaneous	1,079	--	1,079	270
Total Before Depreciation	607,259	29,588	636,847	647,798
Depreciation	26,889	--	26,889	29,343
Total Expenses	<u>\$634,148</u>	<u>\$29,588</u>	<u>\$663,736</u>	<u>\$677,141</u>

See accompanying notes.

KOKOMO HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Kokomo Humane Society, Inc. (KHS) was established and incorporated in 1891. KHS is a non-profit organization whose purpose is to improve the lives of domestic and companion animals through sheltering, reunion of lost pets with the families, adoption, humane education and cruelty prevention.

B. Accounting Method

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. That basis differs from generally accepted accounting principles in that income is recorded when received rather than when earned, payments to vendors are recognized when paid rather than when the goods or services are received, and investments are recorded at cost and changes in the fair value of securities are recognized when realized.

C. Income Taxes

KHS, a non-profit organization operating under Section 501(C)(3) of the Internal Revenue Code as other than a private foundation, is generally exempt from federal and state income taxes and, accordingly, no provision for income taxes is included in the financial statements.

D. Investments

Marketable debt and equity securities are carried at cost.

E. Estimates

The preparation of financial statements requires the use of management's estimates.

F. Non-Cash Contributions

The Organization receives a substantial amount of non-cash contributions in the form of dog food each year for which no monetary value has been assigned. It is not possible or practical to estimate the value of these donations. The dog food donations are made by Hill's Pet Nutrition, Inc. The use of Pet Point software is provided by Pethealth, Inc. through their microchip and lost pet recovery program.

KOKOMO HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 2 - SCHEDULE OF CASH

	<u>2009</u>	<u>2008</u>
Commercial Accounts:		
Community First Bank - checking	\$ 71,504	\$44,490
Community First Bank - gaming	610	275
Prime Fund - capital reserves class	<u>44,628</u>	<u>49,168</u>
Total cash	<u>\$116,742</u>	<u>\$93,933</u>

NOTE 3 - INVESTMENTS

Assets held in the investment account at December 31, 2009 and 2008 are as follows:

	<u>2009</u>		<u>Unrealized Holding Gain (Loss)</u>
	<u>Fair Value</u>	<u>Cost</u>	
Certificates of deposit	\$255,461	\$249,013	\$ 6,448
Mutual funds - balanced	<u>148,518</u>	<u>190,611</u>	( 42,093)
Totals	<u>\$403,979</u>	<u>\$439,624</u>	( <u>\$35,645</u> )
	<u>2008</u>		<u>Unrealized Holding Gain (Loss)</u>
	<u>Fair Value</u>	<u>Cost</u>	
Certificates of deposit	\$188,155	\$183,383	\$ 4,772
Government backed securities	50,047	50,004	43
Mutual funds - balanced	<u>115,706</u>	<u>184,544</u>	( 68,838)
Totals	<u>\$353,908</u>	<u>\$417,931</u>	( <u>\$64,023</u> )

The fair value of investments is determined by reference to published listings. For accounting purposes, investments are carried at cost.

KOKOMO HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008

NOTE 4 - PROPERTY AND EQUIPMENT

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 27,961	\$ --	\$ 27,961	\$ --
Land improvements	46,362	24,547	46,362	22,549
Buildings and improvements	367,388	207,435	367,388	195,320
Equipment	75,655	66,907	72,275	63,208
Furniture and fixtures	1,130	1,130	1,130	1,130
Vehicles	<u>120,706</u>	<u>111,518</u>	<u>120,706</u>	<u>102,440</u>
Total	<u>\$639,202</u>	<u>\$411,537</u>	<u>\$635,822</u>	<u>\$384,647</u>

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method and totaled \$26,889 and \$29,343 for 2009 and 2008, respectively.

NOTE 5 - BENEFIT FROM GOVERNMENTAL UNITS

	<u>2009</u>	<u>2008</u>
Cash Received:		
Animal control - City of Kokomo	\$295,000	\$291,200
Animal control - Howard County	177,000	171,600
Animal control - City of Greentown	305	495
Animal control - City of Russiaville	112	412
Animal control - City of Tipton	3,500	3,995
Animal control - City of Sharpsville	75	75
Animal control - City of Kempton	<u>--</u>	<u>45</u>
Total Benefit from Governmental Units	<u>\$475,992</u>	<u>\$467,822</u>

The Kokomo Humane Society, Inc. is substantially dependent upon the continuation of the annual contracts with the City of Kokomo and Howard County. No interruptions with these agreements are anticipated.

KOKOMO HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 6 - PENSION PLAN

The Organization has a pension plan covering all employees with at least one year of service who agree to make contributions to the pension plan. The Organization makes a contribution on behalf of each participant in the amount of 100% of the portion of the elective contribution which does not exceed 3% of the participants' compensation. Total expense for the years ending December 31, 2009 and 2008 were \$9,004 and \$8,632, respectively.

NOTE 7 - BOARD DESIGNATED ASSETS

The Organization designated \$90,000 of their investment funds to be held in reserve. The income from this fund may be used for operating expenses, but the principal portion can only be used in emergency situations.

NOTE 8 - RELATED PARTY ACTIVITIES

The Organization paid \$47,186 and \$32,015 for veterinarian, neutering and immunization services to one member of the Board of Directors in 2009 and 2008, respectively. No amounts were due to the related party at December 31, 2009 or 2008.

NOTE 9 - SUMMARIZED PRIOR YEAR INFORMATION

The financial statements include summarized comparative information from the prior year, which is not presented by net class and does not include sufficient detail to conform with other comprehensive basis of accounting principles. This information should be read in conjunction with the financial statements for the year ended December 31, 2008, from which the comparative information is extracted.

NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through the date the financial statements were issued.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

The Board of Directors agreed to establish a fund called Shelby's Second Chance Fund for the purpose of providing veterinary care for injured and sick animals brought to the shelter. In 2009, the Organization received contributions from individuals that were designated for this fund. At December 31, 2009, the amount in this fund was \$7,124.