



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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February 17, 2010

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, 2008 to December 31, 2008. 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, 2008, 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, 2008 and 2007

KOKOMO HUMANE SOCIETY, INC.

Financial Statements

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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, 2008 and 2007, 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, 2008 and 2007, and its revenue and expenses for the years then ended, on the basis of accounting described in Note 1.

August 7, 2009

Bucheri m' Cart! Metz

BUCHERI MCCARTY & METZ LLP
Certified Public Accountants

KOKOMO HUMANE SOCIETY, INC.

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

December 31, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 93,933	\$112,659
Investments	417,931	393,980
Fixed assets, net of accumulated depreciation	<u>251,175</u>	<u>273,525</u>
Total assets	<u>\$763,039</u>	<u>\$780,164</u>

LIABILITIES AND NET ASSETS

Net Assets		
Unrestricted net assets	<u>\$763,039</u>	<u>\$780,164</u>

See accompanying notes.

KOKOMO HUMANE SOCIETY, INC.

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

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Changes in Unrestricted Net Assets		
Revenue		
Public support		
Donations, gifts, etc.	\$ 42,198	\$ 29,438
Bequests	--	8,470
Fundraising income (net of expenses of \$6,783 and \$5,487)	<u>21,861</u>	<u>12,785</u>
Total public support	<u>64,059</u>	<u>50,693</u>
Grants		
Animal control - local governments	467,822	452,106
Other	<u>2,188</u>	<u>300</u>
Total grants	<u>470,010</u>	<u>452,406</u>
Other Revenue		
Program fees	103,102	105,917
Interest and dividends	21,799	28,832
Gain on disposition of assets	<u>1,046</u>	<u>--</u>
Total other revenue	<u>125,947</u>	<u>134,749</u>
Total revenue	<u>660,016</u>	<u>637,848</u>
Expenses		
Program expenses	645,519	582,623
Management and general expenses	<u>31,622</u>	<u>27,699</u>
Total expenses	<u>677,141</u>	<u>610,322</u>
Change in Net Assets	(17,125)	27,526
Net Assets, Beginning of Year	<u>780,164</u>	<u>752,638</u>
Net Assets, End of Year	<u>\$763,039</u>	<u>\$780,164</u>

See accompanying notes.

KOKOMO HUMANE SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
 MODIFIED CASH BASIS
 For the Year Ended December 31, 2008
 (With Comparative Totals for 2007)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>2008 Total</u>	<u>2007 Total</u>
Salaries	\$329,257	\$17,736	\$346,993	\$313,151
Payroll taxes	26,311	1,357	27,668	23,956
Pension expense	8,102	530	8,632	7,821
Health insurance	74,809	--	74,809	57,199
Employee training	2,752	--	2,752	5,422
Legal and accounting	--	9,739	9,739	7,341
Utilities	14,032	--	14,032	12,200
Dues and subscriptions	1,514	--	1,514	1,580
Uniforms	830	--	830	1,053
Animal feed	9,185	--	9,185	7,992
Veterinarian	1,909	--	1,909	3,768
Supplies	21,617	--	21,617	25,042
Neutering and immunization	47,760	--	47,760	26,921
Maintenance and repairs	4,430	--	4,430	8,884
Insurance - general	7,808	--	7,808	11,789
Refunds	5,985	--	5,985	6,713
Licenses and permits	1,019	--	1,019	2,767
Postage	1,483	--	1,483	1,626
Pharmaceuticals	14,359	--	14,359	13,693
Outside services	12,867	--	12,867	13,941
Auto expense	19,046	--	19,046	12,122
Newsletter	4,536	--	4,536	4,081
Bank charges	2,095	--	2,095	1,861
Conferences, conventions and meetings	--	2,260	2,260	1,372
Education	4,200	--	4,200	2,265
Miscellaneous	270	--	270	2,633
Total Before Depreciation	616,176	31,622	647,798	577,193
Depreciation	29,343	--	29,343	33,129
Total Expenses	<u>\$645,519</u>	<u>\$31,622</u>	<u>\$677,141</u>	<u>\$610,322</u>

See accompanying notes.

KOKOMO HUMANE SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

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

KHS accounts for all transactions on a cash basis with provision for depreciation and payroll liabilities. Under the cash method of accounting, income earned (receivable) is not recorded on the books until received in cash. Likewise, expenses incurred (payable) in the conduct of the business of the organization, are not recorded until time of payment.

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, 2008 and 2007

NOTE 2 - SCHEDULE OF CASH

	<u>2008</u>	<u>2007</u>
Commercial Accounts:		
Community First Bank - checking	\$44,490	\$ 68,167
Community First Bank - gaming	275	--
Prime Fund - capital reserves class	<u>49,168</u>	<u>44,492</u>
Total cash	<u>\$93,933</u>	<u>\$112,659</u>

NOTE 3 - INVESTMENTS

Assets held in the investment account at December 31, 2008 and 2007 are as follows:

	<u>2008</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Holding Gain (Loss)</u>
Certificates of deposit	\$188,155	\$183,383	\$ 4,772
Government backed securities	50,047	50,004	43
Mutual funds	<u>115,706</u>	<u>184,544</u>	<u>(68,838)</u>
Totals	<u>\$353,908</u>	<u>\$417,931</u>	<u>(\$64,023)</u>
	<u>2007</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Holding Gain (Loss)</u>
Certificates of deposit	\$276,156	\$277,804	(\$1,648)
Government backed securities	50,000	50,004	(4)
Mutual funds	<u>58,205</u>	<u>66,172</u>	<u>(7,967)</u>
Totals	<u>\$384,361</u>	<u>\$393,980</u>	<u>(\$9,619)</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, 2008 and 2007

NOTE 4 - PROPERTY AND EQUIPMENT

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 27,961	\$ --	\$ 27,961	\$ --
Land improvements	46,362	22,549	46,998	20,959
Buildings and improvements	367,388	195,320	363,782	184,728
Equipment	72,275	63,208	72,156	62,724
Furniture and fixtures	1,130	1,130	1,240	1,240
Vehicles	<u>120,706</u>	<u>102,440</u>	<u>120,706</u>	<u>89,667</u>
Total	<u>\$635,822</u>	<u>\$384,647</u>	<u>\$632,843</u>	<u>\$359,318</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 \$29,343 and \$33,129 for 2008 and 2007, respectively.

NOTE 5 - BENEFIT FROM GOVERNMENTAL UNITS

	<u>2008</u>	<u>2007</u>
Cash Received:		
Animal control - City of Kokomo	\$291,200	\$280,000
Animal control - Howard County	171,600	164,806
Animal control - City of Greentown	495	1,098
Animal control - City of Russiaville	412	570
Animal control - City of Tipton	3,995	5,167
Animal control - City of Sharpsville	75	390
Animal control - City of Kempton	<u>45</u>	<u>75</u>
Total Benefit from Governmental Units	<u>\$467,822</u>	<u>\$452,106</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, 2008 and 2007

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, 2008 and 2007 were \$8,632 and \$7,821, 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 \$32,015 and \$17,328 for veterinarian, neutering and immunization services to one member of the Board of Directors in 2008 and 2007, respectively. No amounts were due to the related party at December 31, 2008 or 2007.

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, 2007, from which the comparative information is extracted.