

Return of Organization Exempt From Income Tax

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning and ending

B Check if applicable: <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.	D Employer identification number 13-3813813
	Please use IRS label or print or type. See Specific Instructions. Number and street (or P.O. box if mail is not delivered to street address) Room/suite P O BOX 900061	E Telephone number 919-334-4010

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? Yes No

H(b) If "Yes," enter number of affiliates ▶ **N/A**

H(c) Are all affiliates included? **N/A** Yes No (If "No," attach a list.)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number ▶ **N/A**

G Website: ▶ **WWW.AKCCHF.ORG**

J Organization type (check only one) ▶ 501(c) (**3**) (insert no.) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **28,950,489.**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1 Contributions, gifts, grants, and similar amounts received:				
	a Contributions to donor advised funds	1a	781,352.		
	b Direct public support (not included on line 1a)	1b	3,089,158.		
	c Indirect public support (not included on line 1a)	1c			
	d Government contributions (grants) (not included on line 1a)	1d			
	e Total (add lines 1a through 1d) (cash \$ 3,870,510. noncash \$ _____)	1e			3,870,510.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4			
	5 Dividends and interest from securities	5			373,293.
	6 a Gross rents	6a			
	b Less: rental expenses	6b			
c Net rental income or (loss). Subtract line 6b from line 6a	6c				
7 Other investment income (describe ▶ _____)	7				
8 a Gross amount from sales of assets other than inventory	(A) Securities	8a			
	24,383,789.				
	b Less: cost or other basis and sales expenses	8b	1,610.		
	22,884,630.				
c Gain or (loss) (attach schedule)	8c	<1,610.>			
d Net gain or (loss). Combine line 8c, columns (A) and (B)	8d	STMT 1	STMT 2	1,497,549.	
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>					
a Gross revenue (not including \$ 0. of contributions reported on line 1b) ...	9a	308,039.			
b Less: direct expenses other than fundraising expenses	9b	81,553.			
c Net income or (loss) from special events. Subtract line 9b from line 9a	9c	SEE STATEMENT 3		226,486.	
10 a Gross sales of inventory, less returns and allowances	10a				
	b Less: cost of goods sold	10b			
	c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c			
11 Other revenue (from Part VII, line 103)	11			14,858.	
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12			5,982,696.	
Expenses	13 Program services (from line 44, column (B))	13		3,530,991.	
	14 Management and general (from line 44, column (C))	14		587,990.	
	15 Fundraising (from line 44, column (D))	15		271,772.	
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses. Add lines 16 and 44, column (A)	17			4,390,753.
18 Excess or (deficit) for the year. Subtract line 17 from line 12	18			1,591,943.	
Net Assets	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		6,405,470.	
	20 Other changes in net assets or fund balances (attach explanation)	20	SEE STATEMENT 4	<1,269,081.>	
	21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21			6,728,332.

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HEALTH FOUNDATION, INC.**

Form 990 (2007)

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Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ 0, noncash \$ 0) If this amount includes foreign grants, check here <input type="checkbox"/>			STATEMENT 6	
22b Other grants and allocations (attach schedule) (cash \$ 2,678,212, noncash \$ 0) If this amount includes foreign grants, check here <input type="checkbox"/>	2,678,212.	2,678,212.		
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A	127,907.	79,586.	15,930.	32,391.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	0.	0.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
26 Salaries and wages of employees not included on lines 25a, b, and c	337,431.	214,501.	39,700.	83,230.
27 Pension plan contributions not included on lines 25a, b, and c	7,569.	4,871.	815.	1,883.
28 Employee benefits not included on lines 25a - 27	56,106.	30,033.	9,528.	16,545.
29 Payroll taxes	32,601.	20,454.	3,972.	8,175.
30 Professional fundraising fees				
31 Accounting fees	134,990.		134,990.	
32 Legal fees	131,068.		131,068.	
33 Supplies	25,092.	13,700.	5,060.	6,332.
34 Telephone	4,098.	1,936.	1,108.	1,054.
35 Postage and shipping	10,695.	5,185.	1,882.	3,628.
36 Occupancy				
37 Equipment rental and maintenance	11,890.	5,354.	1,361.	5,175.
38 Printing and publications	26,457.	12,126.	8,576.	5,755.
39 Travel	85,269.	28,215.	19,180.	37,874.
40 Conferences, conventions, and meetings	63,575.	45,581.	8,347.	9,647.
41 Interest	41,622.		41,622.	
42 Depreciation, depletion, etc. (attach schedule)	33,089.		33,089.	
43 Other expenses not covered above (itemize):				
a				
b				
c				
d				
e				
f				
g SEE STATEMENT 5	583,082.	391,237.	131,762.	60,083.
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	4,390,753.	3,530,991.	587,990.	271,772.

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;

(iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

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HEALTH FOUNDATION, INC.**

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Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► SEE STATEMENT 7	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a <u>THE FOUNDATION FUNDS RESEARCH AND SUPPORTS CANINE HEALTH SCIENTISTS AND PROFESSIONALS IN THEIR EFFORTS TO STUDY THE CAUSES AND ORIGINS OF CANINE DISEASES AND AFFLICTIONS AND TO FORMULATE EFFECTIVE TREATMENTS.</u>	
(Grants and allocations \$ 2,678,212.) If this amount includes foreign grants, check here ► <input type="checkbox"/>	3,530,991.
b _____ _____ _____ _____ _____	
(Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
c _____ _____ _____ _____ _____	
(Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
d _____ _____ _____ _____ _____	
(Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
e Other program services (attach schedule) (Grants and allocations \$ _____) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	3,530,991.

Form **990** (2007)

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Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing	141.	45	200.
	46 Savings and temporary cash investments	863,580.	46	1,036,273.
	47 a Accounts receivable			
	b Less: allowance for doubtful accounts			
	48 a Pledges receivable	613,179.		
	b Less: allowance for doubtful accounts			
	49 Grants receivable			
	50 a Receivables from current and former officers, directors, trustees, and key employees			
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)			
	51 a Other notes and loans receivable			
	b Less: allowance for doubtful accounts			
	52 Inventories for sale or use			
	53 Prepaid expenses and deferred charges			
	54 a Investments - publicly-traded securities STMT 9 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	8,274,543.	54a	8,834,431.
	b Investments - other securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b	
55 a Investments - land, buildings, and STMT 8 equipment: basis				
b Less: accumulated depreciation				
56 Investments - other	287,078.	56		
57 a Land, buildings, and equipment: basis	176,185.	57a		
b Less: accumulated depreciation	117,696.	57b		
58 Other assets, including program-related investments (describe ▶ SEE STATEMENT 10)	110,689.	58	65,629.	
59 Total assets (must equal line 74). Add lines 45 through 58	9,805,268.	59	10,608,201.	
Liabilities	60 Accounts payable and accrued expenses	105,578.	60	233,351.
	61 Grants payable	3,162,597.	61	3,200,816.
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe ▶ LINE OF CREDIT)	131,623.	65	445,702.
66 Total liabilities. Add lines 60 through 65	3,399,798.	66	3,879,869.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	626,381.	67	77,444.
	68 Temporarily restricted	3,020,608.	68	3,770,543.
	69 Permanently restricted	2,758,481.	69	2,880,345.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	6,405,470.	73	6,728,332.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	9,805,268.	74	10,608,201.	

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AMERICAN KENNEL CLUB CANINE
HEALTH FOUNDATION, INC.

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Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	5,070,183.
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	<1,269,081.>
2	Donated services and use of facilities	b2	273,405.
3	Recoveries of prior year grants	b3	
4	Other (specify): <u>SEE STATEMENT 11</u>	b4	83,163.
	Add lines b1 through b4	b	<912,513.>
c	Subtract line b from line a	c	5,982,696.
d	Amounts included on Part I, line 12, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	0.
e	Total revenue (Part I, line 12). Add lines c and d	e	5,982,696.

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements	a	4,747,321.
b	Amounts included on line a but not on Part I, line 17:		
1	Donated services and use of facilities	b1	273,405.
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify): <u>SEE STATEMENT 12</u>	b4	83,163.
	Add lines b1 through b4	b	356,568.
c	Subtract line b from line a	c	4,390,753.
d	Amounts included on Part I, line 17, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	0.
e	Total expenses (Part I, line 17). Add lines c and d	e	4,390,753.

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
<u>SEE STATEMENT 13</u>		104,123.	23,784.	0.

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Part V-A Current Officers, Directors, Trustees, and Key Employees <i>(continued)</i>	Yes	No
75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶ 26		
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b	X
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization."	75c	X
If "Yes," attach a statement that includes the information described in the instructions.		
d Does the organization have a written conflict of interest policy?	75d	X

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
NONE				

Part VI Other Information <i>(See the instructions.)</i>	Yes	No
76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS?	77	X
If "Yes," attach a conformed copy of the changes.		
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	78b	
N/A		
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b If "Yes," enter the name of the organization ▶ N/A and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a Enter direct and indirect political expenditures. (See line 81 instructions.)	81a	
0.		
b Did the organization file Form 1120-POL for this year?	81b	X

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Part VI Other Information (continued)		Yes	No
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X	
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b		
			273,405.
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	83b	X	
84 a Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		N/A
85 a 501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?	85a		N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b		N/A
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
c Dues, assessments, and similar amounts from members	85c		N/A
d Section 162(e) lobbying and political expenditures	85d		N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		N/A
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		N/A
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a		N/A
b Gross receipts, included on line 12, for public use of club facilities	86b		N/A
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders	87a		N/A
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b		N/A
88 a At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88a		X
b At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b		X
89 a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0.; section 4912 ▶ 0.; section 4955 ▶ 0.			
b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		X
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958			0.
d Enter: Amount of tax on line 89c, above, reimbursed by the organization			0.
e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e		X
f All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f		X
g For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g		X
90 a List the states with which a copy of this return is filed ▶ SEE STATEMENT 14			
b Number of employees employed in the pay period that includes March 12, 2007	90b		6
91 a The books are in care of ▶ TERRY T. WARREN Telephone no. ▶ 919-334-4010			
Located at ▶ 8051 ARCO CORPORATE DRIVE, SUITE 300, RALEIGH, N ZIP + 4 ▶ 27617			
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b		X
If "Yes," enter the name of the foreign country ▶ N/A			
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			

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Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No
 If "Yes," enter the name of the foreign country N/A

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here
 and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	373,293.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	1,497,549.	
101 Net income or (loss) from special events			01	226,486.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a MISCELLANEOUS			01	14,168.	
b ROYALTY INCOME			15	690.	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		2,112,186.	0.
105 Total (add line 104, columns (B), (D), and (E))					2,112,186.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

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Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a
controlling organization as defined in section 512(b)(13). **N/A**

106 Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

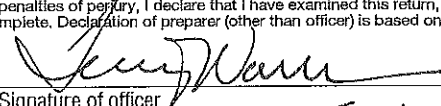
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer	Yes	No
a	----- ----- -----					
b	----- ----- -----					
c	----- ----- -----					
Totals						

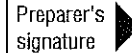
107 Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer	Yes	No
a	----- ----- -----					
b	----- ----- -----					
c	----- ----- -----					
Totals						

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here:  Date: 8/13/2008
 Signature of officer: TERRY T. WARREN, Executive Director
 Type or print name and title

Paid Preparer's Use Only: Preparer's signature:  Date: _____ Check if self-employed: Preparer's SSN or PTIN (See Gen. Inst. X): _____
 Firm's name (or yours if self-employed), address, and ZIP + 4: **LUNSFORD & STRICKLAND, P.A.**
4325 LAKE BOONE TRAIL, STE 100
RALEIGH, NC 27607 EIN: _____ Phone no.: **(919) 783-7073**

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No. 1545-0047

2007

Name of the organization **AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.** Employer identification number **13 3813813**

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<u>ERIKA WERNE</u> <u>304 ESTATE DRIVE, APEX, NC 27502</u>	<u>DIR RESEARCH & ED</u> <u>40.00</u>	<u>73,938.</u>	<u>9,898.</u>	
<u>JEFFERSON SOSSAMON</u> <u>318 AMHERST CREEK DRIVE, WAKE FOREST,</u>	<u>DIR DEV & COMM</u> <u>40.00</u>	<u>71,077.</u>	<u>10,322.</u>	
<u>RITA GARDNER</u> <u>75 PARK PLACE STREET, ANGIER, NC 2750</u>	<u>PROJ & TRAVEL COOR</u> <u>40.00</u>	<u>48,632.</u>	<u>10,474.</u>	
Total number of other employees paid over \$50,000 ▶	0			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<u>MERRILL LYNCH</u> <u>50 W SAN FERNANDO ST, SAN JOSE, CA 95113</u>	<u>INVESTMENT ADVISOR</u>	<u>69,702.</u>
<u>LUNSFORD & STRICKLAND, PA,</u> <u>4325 LAKE BOONE TRAIL, SUITE 100, RALEIGH, NC 276</u>	<u>AUDIT & TAX</u>	<u>56,097.</u>
Total number of others receiving over \$50,000 for professional services ▶	0	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<u>NONE</u>		
Total number of other contractors receiving over \$50,000 for other services ▶	0	

Part III Statements About Activities (See page 2 of the instructions.)		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	1	X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?	SEE STATEMENT 15	
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	SEE STATEMENT 16	
e	Transfer of any part of its income or assets?		X
3	a Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a	X
	b Did the organization have a section 403(b) annuity plan for its employees?	3b	X
	c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c	X
	d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	X
4	a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	X
	b Did the organization make any taxable distributions under section 4966?	4b	X
	c Did the organization make a distribution to a donor, donor advisor, or related person?	4c	X
	d Enter the total number of donor advised funds owned at the end of the tax year		1
	e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year		3,770,543.
	f Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts		0.
	g Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year		0.

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state **▶** _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
 Type I Type II Type III-Functionally Integrated Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					▶

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

AMERICAN KENNEL CLUB CANINE

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.
 Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	3,387,321.	3,563,114.	3,705,029.	2,671,461.	13,326,925.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	168,238.	149,679.	25,971.	71,446.	415,334.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	350,040.	263,944.	157,987.	119,325.	891,296.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	3,905,599.	3,976,737.	3,888,987.	2,862,232.	14,633,555.
24 Line 23 minus line 17	3,737,361.	3,827,058.	3,863,016.	2,790,786.	14,218,221.
25 Enter 1% of line 23	39,056.	39,767.	38,890.	28,622.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 284,364.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 7,487,717.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 14,218,221.
d Add: Amounts from column (e) for lines: 18 891,296. 19 _____ 22 _____ 26b 7,487,717.					26d 8,379,013.
e Public support (line 26c minus line 26d total)					26e 5,839,208.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 41.0685%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A (2006) _____ (2005) _____ (2004) _____ (2003) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A (2006) _____ (2005) _____ (2004) _____ (2003) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total _____ and line 27b total _____					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27f N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					NONE

AMERICAN KENNEL CLUB CANINE

Part V Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended?		
If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group.

Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for all electing organizations
		N/A	
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is - Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h.)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h.)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 14 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

(i) Cash

(ii) Other assets

b Other transactions:

(i) Sales or exchanges of assets with a noncharitable exempt organization

(ii) Purchases of assets from a noncharitable exempt organization

(iii) Rental of facilities, equipment, or other assets

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

Table with 3 columns: Question ID, Yes, No. Rows include 51a(i), a(ii), b(i), b(ii), b(iii), b(iv), b(v), b(vi), and c.

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Includes entries for AMERICAN KENNEL CLUB.

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? [X] Yes [] No

b If "Yes," complete the following schedule:

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Includes entry for AMERICAN KENNEL CLUB.

Schedule of Contributors

OMB No. 1545-0047

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

2007

Name of organization

AMERICAN KENNEL CLUB CANINE
HEALTH FOUNDATION, INC.

Employer identification number

13-3813813

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule—see instructions.)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ► \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions
for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2007)

Name of organization AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.	Employer identification number 13-3813813
--	---

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	<u>NESTLE PURINA PET CARE COMPANY</u> <u>C/O STEVE REMSPECHER, 1 CHECKERBOARD</u> <u>SQUARE</u> <u>ST. LOUIS, MO 63164</u>	\$ 998,125.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	<u>THE AMERICAN KENNEL CLUB</u> <u>C/O JEWELL PICKENS, 260 MADISON AVENUE</u> <u>NEW YORK, NY 10016</u>	\$ 1,750,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	<u>MARSHALL B. SIMONDS</u> <u>627 BLISS HILL ROAD</u> <u>MORRISVILLE, VT 05661-8304</u>	\$ 100,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	_____ _____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	_____ _____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	_____ _____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
PUBLICLY TRADED SECURITIES	24,383,789.	22,884,630.	0.	1,499,159.
TO FORM 990, PART I, LINE 8	24,383,789.	22,884,630.	0.	1,499,159.

FORM 990 GAIN (LOSS) FROM SALE OF OTHER ASSETS STATEMENT 2

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
LOSS ON DISPOSAL OF FIXED ASSETS	VARIOUS	VARIOUS	PURCHASED	
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC
	0.	8,032.	0.	6,422.
				NET GAIN OR (LOSS)
				<1,610.>
TO FM 990, PART I, LN 8		8,032.	0.	6,422.
				<1,610.>

FORM 990 SPECIAL EVENTS AND ACTIVITIES STATEMENT 3

DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME OR (LOSS)
GALA	193,431.		193,431.	62,923.	130,508.
GOLF OUTING	17,405.		17,405.	314.	17,091.
SPECIAL EVENTS	23,047.		23,047.	4,085.	18,962.
DINNERS & BANQUETS	35,875.		35,875.	14,231.	21,644.
SYMPOSIA	38,281.		38,281.		38,281.
TO FM 990, PART I, LINE 9	308,039.		308,039.	81,553.	226,486.

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 4

DESCRIPTION	AMOUNT
UNREALIZED DEPRECIATION ON PORTFOLIO	<1,269,081.>
TOTAL TO FORM 990, PART I, LINE 20	<1,269,081.>

FORM 990

OTHER EXPENSES

STATEMENT 5

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
TRAINING AND EDUCATION	8,038.	2,901.	3,404.	1,733.
DUES AND SUBSCRIPTIONS	8,425.	5,501.	385.	2,539.
INSURANCE	3,806.	3,484.	<1,337.>	1,659.
MARKETING AND ADVERTISING	121,617.	41,055.	35,689.	44,873.
MISCELLANEOUS	17,338.	267.	16,743.	328.
NEW DEVELOPMENT	9,021.		3,433.	5,588.
INVESTMENT FEES	68,679.		68,679.	
PROFESSIONAL FEES	51,577.	43,448.	4,766.	3,363.
EDUCATIONAL PROGRAMS	294,581.	294,581.		
TOTAL TO FM 990, LN 43	583,082.	391,237.	131,762.	60,083.

FORM 990 CASH GRANTS AND ALLOCATIONS TO OTHERS STATEMENT 6

CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS	AMOUNT
GRANTS SEE ATTACHED ANNUAL REPORT FOR DETAILS OF GRANTS AND ALLOCATIONS.	2,678,212.

2,678,212.

TOTAL INCLUDED ON FORM 990, PART II, LINE 22B

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE PART III STATEMENT 7

EXPLANATION

THE ORGANIZATIONAL EXEMPT PURPOSE IS TO SUPPORT BASIC AND APPLIED HEALTH PROGRAMS WITH EMPHASIS ON CANINE GENETICS TO IMPROVE THE QUALITY OF LIFE FOR DOGS AND THEIR OWNERS.

FORM 990 NON-GOVERNMENT SECURITIES STATEMENT 8

SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
MUTUAL FUNDS	FMV			1,663,001.	1,663,001.
EQUITIES	FMV	3,947,600.			3,947,600.
CORPORATE BONDS	FMV		1,059,430.		1,059,430.
TO FORM 990, LINE 54A, COL B		3,947,600.	1,059,430.	1,663,001.	6,670,031.

FORM 990		GOVERNMENT SECURITIES		STATEMENT	9
DESCRIPTION	COST/FMV	U.S. GOVERNMENT	STATE AND LOCAL GOV'T	TOTAL GOV'T SECURITIES	
U.S. GOVERNMENT OBLIGATIONS	FMV	2,164,400.		2,164,400.	
TOTAL TO FORM 990, LINE 54A, COL B		2,164,400.		2,164,400.	

FORM 990		OTHER ASSETS		STATEMENT	10
DESCRIPTION		BEGINNING OF YEAR	END OF YEAR		
CHARITABLE REMAINDER ANNUITY TRUST RECEIVABLE		88,598.	0.		
DIVIDEND & INTEREST RECEIVABLE		14,979.	44,059.		
SALES TAX RECEIVABLE		7,112.	9,538.		
PREPAID EXPENSES			12,032.		
TOTAL TO FORM 990, PART IV, LINE 58		110,689.	65,629.		

FORM 990		OTHER REVENUE NOT INCLUDED ON FORM 990		STATEMENT	11
DESCRIPTION		AMOUNT			
LOSS ON DISPOSAL OF FIXED ASSETS		1,610.			
EXPENSES RELATED TO SPECIAL EVENTS		81,553.			
TOTAL TO FORM 990, PART IV-A		83,163.			

FORM 990		OTHER EXPENSES NOT INCLUDED ON FORM 990		STATEMENT	12
DESCRIPTION		AMOUNT			
LOSS ON DISPOSAL OF FIXED ASSETS		1,610.			
EXPENSES RELATED TO SPECIAL EVENTS		81,553.			
TOTAL TO FORM 990, PART IV-B		83,163.			

FORM 990 PART V-A - LIST OF CURRENT OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 13

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
WAYNE FERGUSON ROUTE 57, BOX 498 BROADWAY, NJ 08808	PRESIDENT 0.00	0.	0.	0.
CINDY VOGELS 3300 E. BELLEVIEW AVENUE GREENWOOD VILLAGE, CO 80121	VICE-PRESIDENT 0.00	0.	0.	0.
STUART ECKMANN 1840 APPLETREE LANE MOUNTIAN VIEW, CA 94040	TREASURER 0.00	0.	0.	0.
LEE ARNOLD PO BOX 7007 BEDMINSTER, NJ 07921	SECRETARY 0.00	0.	0.	0.
CATHERINE BELL 8405 BADGETT ROAD KNOXVILLE, TN 37919	SECOND VICE-PRESIDENT 0.00	0.	0.	0.
CONNIE FIELD 13814 WRIGHT CIRCLE TAMPA, FL 33626	DIRECTOR 0.00	0.	0.	0.
DR. DUANE BUTHERUS 12 HIBBLER ROAD LEBANON, NJ 08833	DIRECTOR 0.00	0.	0.	0.
DR. ANTHONY DINARDO 20 PEASLEE HILL WEST HARTFORD, CT 06117-2918	DIRECTOR 0.00	0.	0.	0.
SUSAN LACROIX HAMIL 20372 LAGUNA CANYON ROAD LAGUNA BEACH, CA 92651-1164	DIRECTOR 0.00	0.	0.	0.
MARY EDWARDS HAYES 279 OLD STAMFORD ROAD NEW CANAAN, CT 06840-6607	DIRECTOR 0.00	0.	0.	0.
JO-ANN KUSUMOTO 1581 RAMONA W. ALAMO, CA 94507	DIRECTOR 0.00	0.	0.	0.

AMERICAN KENNEL CLUB CANINE HEALTH FOUND

13-3813813

PROF. IRIS LOVE 254 EAST 68TH STREET, SUITE 26B NEW YORK, NY 10021	DIRECTOR 0.00	0.	0.	0.
DR, J. CHARLES GARVIN 707 UHLER ROAD MARION, OH 44302	DIRECTOR 0.00	0.	0.	0.
ANDREW GENE MILLS 3870 AVENIDA SAN MIGUEL BONITA, CA 91902	DIRECTOR 0.00	0.	0.	0.
STEVE T. REMSPECHER NESTLE PURINA PETCARE CHECKERBOARD SQUARE ST. LOUIS, MO 63164-0001	DIRECTOR 0.00	0.	0.	0.
NINA SCHAEFER 4902 QUARRY ROW LAFAYETTE HILL, PA 19444	DIRECTOR 0.00	0.	0.	0.
DR. ROBERT D. SMITH 1033 SMITHFIELD RD. ST. STEPHENS CHURCH, VA 23148-0309	DIRECTOR 0.00	0.	0.	0.
DR. WILLIAM C. TRUESDALE 455 CENTRAL AVENUE SEEKONK, MA 02771-3926	DIRECTOR 0.00	0.	0.	0.
DEBORAH DILALLA 206 DEVONHALL LANE CARY, NC 27511	EXECUTIVE DIRECTOR 40.00	104,123.	23,784.	0.
MR. HOWARD FALBERG 13710 PASEO BONITA POWAY, CA 92064-5867	DIRECTOR 0.00	0.	0.	0.
RONALD H. MENAKER 700 SMOKE HOLLOW TRAIL FRANKLIN LAKES, NJ 07417	DIRECTOR 0.00	0.	0.	0.
KAREN MAYS 3336 BAGLEY PASSAGE DULUTH, GA 30097	DIRECTOR 0.00	0.	0.	0.
HOWARD SPEY PO BOX 149 OLDWICK, NJ 08858	DIRECTOR 0.00	0.	0.	0.
MELANIE S. STEELE 561 ENNIS ROAD WASHAW, NC 28173-9778	DIRECTOR 0.00	0.	0.	0.

AMERICAN KENNEL CLUB CANINE HEALTH FOUND

13-3813813

STEVEN D. GLADSTONE 201 ROUTE 940, SUITE A MOUNT POCONO, PA 18344	DIRECTOR 0.00	0.	0.	0.
HON. DAVID C. MERRIAM 520 RANCHO DEL CERRO FALLBROOK, CA 92028	DIRECTOR 0.00	0.	0.	0.
DENNIS B. SPRUNG 211 MADISON AVENUE NEW YORK, NY 10016	DIRECTOR 0.00	0.	0.	0.
JAMES T. STEVENS 260 MADISON AVENUE NEW YORK, NY 10016	DIRECTOR 0.00	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		<u>104,123.</u>	<u>23,784.</u>	<u>0.</u>

FORM 990 LIST OF STATES RECEIVING COPY OF RETURN STATEMENT 14
PART VI, LINE 90

STATES

AL, AK, AZ, AR, CA, CO, CT, DC, FL, GA, IL, KS, KY, MD, MA, MI, MN, MS, NH, NM, NJ, NY, NC, ND, OH
OK, OR, PA, RI, SC, TN, TX, UT, VA, WA, WV, WI

SCHEDULE A

EXPLANATION OF TRANSACTIONS
PART III, LINE 2C

STATEMENT 15

FURNISHING OF GOODS, SERVICES AND FACILITIES FROM THE AMERICAN KENNEL CLUB. SEE FORM 990 SCHEDULE A PART VII.

SCHEDULE A

EXPLANATION OF TRANSACTIONS
PART III, LINE 2D

STATEMENT 16

THE FOUNDATION REIMBURSES IT'S OFFICERS AND DIRECTORS FOR OUT OF
POCKET EXPENDITURES MADE ON BEHALF OF THE FOUNDATION UPON RECEIPT OF
AN ITEMIZATION OF SUCH EXPENDITURES.

SCHEDULE A INVOLVEMENT WITH NONCHARITABLE ORGANIZATIONS STATEMENT 17
PART VII, LINE 51, COLUMN (D)

NAME OF NONCHARITABLE EXEMPT ORGANIZATION

AMERICAN KENNEL CLUB

DESCRIPTION OF TRANSFERS, TRANSACTIONS, AND SHARING ARRANGEMENTS

REIMBURSEMENTS FOR OUT OF POCKET EXPENDITURES ON BEHALF OF FOUNDATION.

NAME OF NONCHARITABLE EXEMPT ORGANIZATION

AMERICAN KENNEL CLUB

DESCRIPTION OF TRANSFERS, TRANSACTIONS, AND SHARING ARRANGEMENTS

ADMINISTER PENSION AND MEDICAL PLAN FOR FOUNDATION.

NAME OF NONCHARITABLE EXEMPT ORGANIZATION

AMERICAN KENNEL CLUB

DESCRIPTION OF TRANSFERS, TRANSACTIONS, AND SHARING ARRANGEMENTS

SHARE MAILING LIST.

NAME OF NONCHARITABLE EXEMPT ORGANIZATION

AMERICAN KENNEL CLUB

DESCRIPTION OF TRANSFERS, TRANSACTIONS, AND SHARING ARRANGEMENTS

DONATED SPACE AND SERVICES (PAYROLL, HUMAN RESOURCES, ADMIN SERVICES).

SCHEDULE A AFFILIATION WITH TAX-EXEMPT ORGANIZATIONS STATEMENT 18
PART VII, LINE 52, COLUMN (C)

NAME OF AFFILIATED OR RELATED ORGANIZATION

AMERICAN KENNEL CLUB

DESCRIPTION OF RELATIONSHIP WITH AFFILIATED OR RELATED ORGANIZATION

SHARE FACILITIES AND EQUIPMENT. PERSONNEL SERVICES

Tax Asset Detail 1/01/07 - 12/31/07

AKH CANINE HEALTH FOUNDATION
 13-3813813
 FYE: 12/31/2007

Asset *	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Computer Equipment											
11	1 of 3 LAPTOP COMPUTERS	6/11/04	2,016.12	0.00	0.00	1,008.06	403.22	1,411.28	604.84	S/L	5.0
17	IBM THINKPAD	9/02/05	2,153.12	0.00	0.00	645.93	430.62	1,076.55	1,076.57	S/L	5.0
25 *	IN KIND-IBM NETVISTA (5)	12/31/03	4,000.00	0.00	0.00	2,800.00	800.00	3,600.00	400.00	S/L	5.0
31	COLOR PRINTER	9/23/04	2,094.29	0.00	0.00	1,047.15	418.86	1,466.01	628.28	S/L	5.0
37	LCD Projector	10/10/06	2,581.68	0.00	0.00	129.08	981.04	1,110.12	1,471.56	200DB	5.0
38	IBM Thinkpad Laptop (Rita)	3/02/07	1,625.06	0.00c	0.00	0.00	270.84	270.84	1,354.22	S/L	5.0
39	Lenovo Thinkpad T60	5/11/07	2,340.57	0.00c	0.00	0.00	312.08	312.08	2,028.49	S/L	5.0
40	Computer - Haakenson	7/01/07	3,384.98	0.00c	0.00	0.00	338.50	338.50	3,046.48	S/L	5.0
43 *	1 of 3 LAPTOP COMPUTERS	6/11/04	2,016.12	0.00	0.00	1,008.06	403.22	1,411.28	604.84	S/L	5.0
44 *	1 OF 3 LAPTOP COMPUTERS	6/11/04	2,016.12	0.00	0.00	1,008.06	403.22	1,411.28	604.84	S/L	5.0
	Computer Equipment		24,228.06	0.00c	0.00	7,646.34	4,761.60	12,407.94	11,820.12		
	*Less: Dispositions		8,032.24	0.00	0.00	4,816.12	0.00	6,422.56	1,609.68		
	Net Computer Equipment		16,195.82	0.00c	0.00	2,830.22	4,761.60	5,985.38	10,210.44		
Group: Equipment											
1	FURNITURE, FIXTURES & EQUI	12/31/00	2,071.79	0.00	0.00	2,071.79	0.00	2,071.79	0.00	S/L	5.0
2	FURNITURE, FIXTURES & EQUI	12/31/01	7,304.36	0.00	0.00	7,304.36	0.00	7,304.36	0.00	S/L	5.0
3	FURNITURE, FIXTURES & EQUI	12/31/02	9,997.46	0.00	0.00	8,997.71	999.75	9,997.46	0.00	S/L	5.0
8	SMALL BOOTH	4/30/03	890.00	0.00	0.00	623.00	178.00	801.00	89.00	S/L	5.0
15	TRAVELING CREDIT CARD MA	5/31/05	528.29	0.00	0.00	158.49	105.66	264.15	264.14	S/L	5.0
19	BOOTH DESIGN	12/31/05	7,008.96	0.00	0.00	2,102.69	1,401.79	3,504.48	3,504.48	S/L	5.0
30	EQUIPMENT	12/31/03	2,864.00	0.00	0.00	2,004.80	572.80	2,577.60	286.40	S/L	5.0
32	SMALL BOOTH	12/31/05	1,335.36	0.00	0.00	400.61	267.07	667.68	667.68	S/L	5.0
33	LARGE BOOTH	12/31/05	2,926.04	0.00	0.00	877.81	585.21	1,463.02	1,463.02	S/L	5.0
42	Booth	9/25/07	1,505.89	0.00c	0.00	0.00	75.29	75.29	1,430.60	S/L	5.0
	Equipment		36,432.15	0.00c	0.00	24,541.26	4,185.57	28,726.83	7,705.32		
Group: Furniture & Fixtures											
23	IN KIND - DONATED FURNITUR	12/31/03	27,640.00	0.00	0.00	19,348.00	5,528.00	24,876.00	2,764.00	S/L	5.0
24	IN KIND - FURNITURE	12/31/03	1,066.00	0.00	0.00	746.20	213.20	959.40	106.60	S/L	5.0
	Furniture & Fixtures		28,706.00	0.00c	0.00	20,094.20	5,741.20	25,835.40	2,870.60		
Group: Leasehold Improvements											
5	IN-KIND GENERAL CONSTRUC	12/31/03	25,444.00	0.00	0.00	14,418.27	1,696.27	16,114.54	9,329.46	S/L	15.0
	Leasehold Improvements		25,444.00	0.00c	0.00	14,418.27	1,696.27	16,114.54	9,329.46		
Group: Software											
7	GRANTS SOFTWARE DEVELOP	4/23/03	3,854.22	0.00	0.00	2,697.95	770.84	3,468.79	385.43	S/L	5.0
9	BLACKBAUD SOFTWARE & UP	10/14/04	21,808.06	0.00	0.00	10,904.03	4,361.61	15,265.64	6,542.42	S/L	5.0
12	SOFTWARE LICENSE	12/07/04	530.00	0.00	0.00	265.00	106.00	371.00	159.00	S/L	5.0
13	BLACKBAUD SOFTWARE & UP	4/29/05	5,890.65	0.00	0.00	1,767.20	1,178.13	2,945.33	2,945.32	S/L	5.0

Tax Asset Detail 1/01/07 - 12/31/07

AKH CANINE HEALTH FOUNDATION
13-3813813
FYE: 12/31/2007

Asset *	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Software (continued)											
16	GRANTS SOFTWARE	8/15/05	1,060.00	0.00	0.00	318.00	212.00	530.00	530.00	S/L	5.0
22	FINANCIAL EDGE	3/23/06	13,825.00	0.00	0.00	3,840.28	4,608.33	8,448.61	5,376.39	Amort	3.0
35	DATA MINING SOFTWARE	6/30/06	16,024.00	0.00	0.00	2,670.67	5,341.33	8,012.00	8,012.00	S/L	3.0
36	Blackbaud-Cash Management	10/20/06	3,692.00	0.00	0.00	307.67	1,230.67	1,538.34	2,153.66	Amort	3.0
41	QuickBooks Upgrade	7/01/07	2,722.14	0.00c	0.00	0.00	453.69	453.69	2,268.45	Amort	3.0
	Software		<u>69,406.07</u>	<u>0.00c</u>	<u>0.00</u>	<u>22,770.80</u>	<u>18,262.60</u>	<u>41,033.40</u>	<u>28,372.67</u>		
	Grand Total		<u>184,216.28</u>	<u>0.00c</u>	<u>0.00</u>	<u>89,470.87</u>	<u>34,647.24</u>	<u>124,118.11</u>	<u>60,098.17</u>		
	Less: Dispositions		<u>8,032.24</u>	<u>0.00</u>	<u>0.00</u>	<u>4,816.12</u>	<u>0.00</u>	<u>6,422.56</u>	<u>1,609.68</u>		
	Net Grand Total		<u>176,184.04</u>	<u>0.00c</u>	<u>0.00</u>	<u>84,654.75</u>	<u>34,647.24</u>	<u>117,695.55</u>	<u>58,488.49</u>		

**AMERICAN KENNEL CLUB
CANINE HEALTH FOUNDATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

AMERICAN KENNEL CLUB
CANINE HEALTH FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
American Kennel Club Canine Health Foundation, Inc.

We have audited the accompanying statements of financial position of the American Kennel Club Canine Health Foundation, Inc. (the "Foundation") as of December 31, 2007 and 2006 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2007 and 2006 and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Lunsford & Strickland, P.A.

Raleigh, North Carolina
June 30, 2008

AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

ASSETS		
	2007	2006
Cash and cash equivalents (Note 1)	\$ 1,036,473	\$ 863,720
Investments (Notes 1 and 2)	8,834,431	8,561,622
Dividends and interest receivable	44,059	14,979
Contributions receivable (Note 1)	613,179	187,628
Other receivables	9,538	7,112
Prepaid Expenses	12,032	-
Furniture, fixtures and equipment, net of accumulated depreciation of \$117,696 and \$91,029, at December 31, 2007 and 2006 (Note 1)	58,489	81,609
Charitable remainder annuity trust receivable (Note 1)	-	88,598
TOTAL ASSETS	\$ 10,608,201	\$ 9,805,268
LIABILITIES		
Accounts payable and accrued expenses	\$ 233,351	\$ 105,578
Grants payable (Notes 1 and 3)	3,200,816	3,162,597
Line of credit (Note 4)	445,702	131,623
TOTAL LIABILITIES	3,879,869	3,399,798
NET ASSETS		
Unrestricted (Notes 1) Operating	77,444	626,381
Total Unrestricted	77,444	626,381
Temporarily restricted (Notes 1 and 5)	3,770,543	3,020,608
Permanently restricted (Note 1)	2,880,345	2,758,481
TOTAL NET ASSETS	6,728,332	6,405,470
TOTAL LIABILITIES AND NET ASSETS	\$ 10,608,201	\$ 9,805,268

The accompanying notes are an integral part of the financial statements.

2006			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 237,354	\$ 890,099	\$ 46,409	\$ 1,173,862
1,000,000	-	-	1,000,000
800,000	242,112	-	1,042,112
-	-	-	-
346,538	3,502	-	350,040
760,260	-	-	760,260
271,928	-	-	271,928
141,534	-	-	141,534
67,657	-	-	67,657
10,987	-	-	10,987
<u>706,988</u>	<u>(706,988)</u>	<u>-</u>	<u>-</u>
4,343,246	428,725	46,409	4,818,381
2,782,287	-	-	2,782,287
376,763	-	-	376,763
488,462	-	-	488,462
<u>3,647,512</u>	<u>-</u>	<u>-</u>	<u>3,647,512</u>
695,735	428,725	46,409	1,170,869
<u>(69,354)</u>	<u>2,591,883</u>	<u>2,712,072</u>	<u>5,234,601</u>
<u>\$ 626,381</u>	<u>\$ 3,020,608</u>	<u>\$ 2,758,481</u>	<u>\$ 6,405,470</u>

The accompanying notes are an integral part of the financial statements.

2006			
Canine Research and Education	Fundraising	General and Administrative	Total Expenses
\$ 2,047,535	\$ -	\$ -	\$ 2,047,535
265,188	84,201	114,377	463,766
15,476	9,081	137,061	161,618
23,498	27,129	11,281	61,909
253,758	-	-	253,758
44,871	163,966	25,980	234,817
11,517	25,155	26,107	62,779
1,093	870	1,686	3,649
3,610	6,905	2,156	12,671
7,107	2,448	1,670	11,225
2,480	2,480	3,170	8,131
17,946	18,309	25,046	61,300
5,417	1,913	407	7,737
-	1,391	960	2,351
-	2,645	5,120	7,767
746	746	10,772	12,264
-	-	31,271	31,271
81,184	27,684	32,666	141,534
-	-	-	-
-	-	31,118	31,118
-	-	8,245	8,245
861	1,840	19,368	22,069
<u>\$ 2,782,287</u>	<u>\$ 376,763</u>	<u>\$ 488,462</u>	<u>\$ 3,647,514</u>

The accompanying notes are an integral part of the financial statements.

AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 322,862	\$ 1,170,869
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	33,089	31,271
Loss on disposal of fixed assets	1,610	8,245
Net unrealized and realized investment gains	(230,078)	(760,260)
Non-cash contribution of securities	(11,664)	(21,763)
Changes in assets and liabilities:		
Dividends and interest receivable	(29,080)	682
Contributions receivable	(425,551)	(78,428)
Other receivables	(2,426)	(7,112)
Prepaid expenses	(12,032)	-
Accounts payable	127,773	9,362
Grants payable	38,219	264,236
Charitable remainder annuity trust receivable	88,598	(3,502)
Deferred contribution income	-	(16,904)
Total adjustments	(421,542)	(574,173)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(98,680)	596,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,658,823)	(1,567,406)
Proceeds from sale of investments	8,627,756	1,065,543
Purchase of furniture and equipment	(11,579)	(36,123)
NET CASH USED IN INVESTING ACTIVITIES	(42,646)	(537,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Release of board designated reserves	-	250,000
Proceeds from line of credit	870,079	906,626
Payments on line of credit	(556,000)	(1,013,816)
NET CASH PROVIDED BY INVESTING ACTIVITIES	314,079	142,810
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	172,753	201,520
CASH AND CASH EQUIVALENTS - BEGINNING	863,720	662,200
CASH AND CASH EQUIVALENTS - ENDING	\$ 1,036,473	\$ 863,720
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 38,921	\$ 31,118

The accompanying notes are an integral part of the financial statements.

AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The American Kennel Club Canine Health Foundation, Inc. (the "Foundation"), established February 21, 1995, is a not-for-profit organization (exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code) formed for the purpose of furthering the advancement of knowledge of canine diseases and health care by clinical study, laboratory research and publication.

BASIS OF ACCOUNTING

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

ESTIMATES

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Foundation places its cash and cash equivalents with high-credit quality institutions. At times these balances may be in excess of the FDIC insurance limit. Cash and investments in money market funds and shares of registered investment companies are uninsured.

CASH AND CASH EQUIVALENTS

The Foundation considers demand deposits and all highly-liquid investments with a maturity of three months or less when purchased as cash and cash equivalents for the purpose of the Statements of Cash Flows.

INVESTMENTS

Investments in mutual funds, commercial paper, marketable equity securities, and U.S. government obligations are stated at fair market value with both realized and unrealized gains and losses recognized in the Statements of Activities and Changes in Net Assets.

AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS

The Foundation recognizes contributions received, including all unconditional promises to give, as revenues in the period received at their fair values. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met. Temporarily restricted support is recorded as unrestricted support if the restriction is met in the same period as the support is received.

The Board of Directors has predicated funding for certain grants on receiving a stipulated amount of donor support. Pledges received on these grants are considered conditional pledges and are not included in revenue until the required donor support level has been obtained. As of December 31, 2007 and 2006, there were no conditional pledges made on grants not meeting the required donor support level. Cash contributions received on these grants are shown on the Statements of Financial Position as deferred contribution income.

CONTRIBUTIONS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Contributions receivable reflected on the Statements of Financial Position are expected to be received within one year. Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. The Foundation considers all contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required as of December 31, 2007 and 2006.

FURNITURE, FIXTURES AND EQUIPMENT

Purchased property and equipment are carried at cost and consist primarily of furniture, fixtures and equipment. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Depreciation charged to operations was \$33,089 and \$31,271 in 2007 and 2006, respectively.

GRANTS

Unconditional single or multi-year grants are considered incurred and charged to expense at the time of approval by the Board of Directors. Any grant cancellations approved by the Board of Directors are recognized at the time of approval.

AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS

Unrestricted net assets include contributions and investment income that will be used to fund canine research and educational programs designated by the Board of Directors. Temporarily restricted net assets have been limited by donors for research grant purposes. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity. Investment income from permanently restricted net assets is unrestricted.

ADVERTISING COSTS

The cost of advertising is expensed as incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RECLASSIFICATION

Certain prior year amounts have been reclassified to conform to the current year presentation including the presentation of functional expenses as shown on the Statements of Functional Expenses. These reclassifications resulted in no change to total assets, liabilities, net assets or change in net assets of the Foundation.

CHARITABLE REMAINDER ANNUITY

The Foundation was a beneficiary under a charitable remainder annuity trust agreement under which the donor is entitled to annuity payments for the remainder of his life. The assets in the trust have reverted to the Foundation upon the donor's death in 2007 and are stated at fair market value for the purposes of these statements.

NEW ACCOUNTING STANDARDS

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurements*. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosure requirements about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, and accordingly does not require any additional fair value measurements. SFAS 157 is effective for financial statements issued for fiscal periods beginning after November 15, 2007. The Foundation is evaluating the impact of this new pronouncement and currently believes it will not have a material or adverse effect upon the Foundation's reported assets, liabilities, net assets or results of activities.

AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING STANDARDS (continued)

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115* ("SFAS No. 159"). SFAS No. 159 provides companies with an option to measure, at specified election dates, many financial instruments and certain other items at fair value that are not currently measured at fair value. A company that adopts SFAS No. 159 will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Management does not believe that the adoption of SFAS No. 159 will have a material impact on the Foundation's results of operations or financial condition once adopted.

NOTE 2 - INVESTMENTS

Investments in mutual funds, commercial paper, marketable equity securities and U.S. government obligations with readily determinable fair values are reported at their fair values in the Statements of Financial Position.

A summary of the Foundation's investments reported at fair value is as follows:

	<u>2007</u>	<u>2006</u>
Mutual funds	\$1,663,001	\$6,536,031
Commercial paper	-	911,661
Equities	3,947,600	-
U.S. government obligations	2,164,400	826,852
Certificates of deposit	-	287,078
Corporate Bonds	1,059,430	-
	<u>\$8,834,431</u>	<u>\$8,561,622</u>

Investment related income was as follows for the years ended December 31,

	<u>2007</u>	<u>2006</u>
Dividend and interest income	\$ 373,293	\$ 350,040
Realized and unrealized gains	230,078	760,260
	<u>\$ 603,371</u>	<u>\$1,110,300</u>

AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3- GRANTS PAYABLE

Grants payable consist of amounts awarded, but not paid, to canine health researchers. Amounts included in grants payable at December 31, 2007 are scheduled to be disbursed as follows:

2008	\$2,260,070
2009	791,056
2010	149,690
	<u>\$3,200,816</u>

NOTE 4 - LINE OF CREDIT

In October 2007, the Foundation paid off the outstanding balance of a commercial bank line of credit. In addition during 2007 a new line of credit was opened with an investment brokerage firm. The new line of credit bears interest at the broker's prime rate (APR 6.7% at December 31, 2007). As of December 31, 2007 and 2006, \$445,700 and \$131,000, respectively, was owed under these lines of credit. Interest expense totaled \$41,622 and \$31,118 for 2007 and 2006, respectively. The outstanding balance under the new line of credit was completely paid in January 2008.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

	<u>2007</u>	<u>2006</u>
Specific canine research	\$3,770,543	\$2,932,010
Annuity trust agreement (for future periods)	-	88,598
	<u>\$3,770,543</u>	<u>\$3,020,608</u>

Temporarily restricted net assets totaling \$329,949 and \$706,988 were released during the years ended December 31, 2007 and 2006, respectively, to fund canine health research.

NOTE 6 – BOARD DESIGNATED FUNDS

The Board of Directors had approved an executive committee recommendation to establish an operating reserve account in the amount of \$250,000 from unrestricted donor contributions. During 2006, the Board of Directors authorized the use of the operating reserve to pay down the Foundation's line of credit.

NOTE 7– RELATED PARTY TRANSACTIONS

During 2007, the American Kennel Club, Inc. ("the Club") contributed \$1,750,000 to the Foundation. During 2006, the Club contributed \$1,000,000 to the Foundation.

The Foundation's offices are located within the Club's operation center in Raleigh, North Carolina. In addition to providing rent-free use of its office space, the Club also provided administrative support services to the Foundation. The total estimated value of these donated items was approximately \$208,000 and \$142,000 in 2007 and 2006, respectively.

AMERICAN KENNEL CLUB CANINE HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 7 – RELATED PARTY TRANSACTIONS (Continued)

The Foundation's employees are covered under the Club's medical and pension plans as a related organization. The defined benefit pension plan, administered by the Club, is currently overfunded and therefore no pension expense is recorded in the accompanying Statements of Activities.

NOTE 8 – CONCENTRATION OF RISK

The Foundation received contributions from a corporate donor totaling approximately \$998,000 and \$1,042,000 for the years ended December 31, 2007 and 2006, respectively. Also see Note 8 - Related Party Transactions for contributions from the American Kennel Club, Inc.

NOTE 9 – IN-KIND CONTRIBUTIONS

The Organization received in-kind marketing and public relation services that meet the requirements for revenue and expense recognition in accordance with U.S. generally accepted accounting principals. The 2007 in-kind marketing and public relation services received were valued at approximately \$65,000.

See Note 7 – Related Party Transactions for the in-kind donations received from the American Kennel Club.

NOTE 10 – CONTINGENCIES

The Foundation had no lawsuits outstanding at the end of 2007. The civil lawsuit filed by a former employee of the foundation was settled in 2007. This settlement was not material to the Foundation's financial statements.