Financial Statements

HEADINGTON INSTITUTE

June 30, 2011

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To The Board of Directors
Headington Institute

We have compiled the accompanying statement of assets, liabilities and net assets – cash basis of Headington Institute (a nonprofit organization) as of June 30, 2011, and the related statements of revenues, expenses, and other changes in net assets – cash basis and functional expenses – cash basis for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Hensiek & Caron

September 8, 2011

HEADINGTON INSTITUTE
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
JUNE 30, 2011

ASSETS

Assets	
Cash and cash equivalents	$ 634,153
Furniture and equipment	25,532
Security deposit	6,000
Total Assets	$ 665,685

LIABILITIES AND NET ASSETS

Liabilities	
Credit card payable	$ 5,602
Net Assets	
Unrestricted	610,083
Temporarily restricted	50,000
Total Net Assets	660,083
Total Liabilities and Net Assets	$ 665,685

See accompanying notes and accountant's compilation report.

HEADINGTON INSTITUTE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
Support, Revenues and Other Income			
Donations	$ 641,656	$ 50,000	$ 691,656
Investment income	6,809	-	6,809
Program income	297,372	-	297,372
Total Support, Revenues and Other Income	945,837	50,000	995,837
Expenses			
Program expenses	752,507	-	752,507
Management and general	105,726	-	105,726
Development	69,047	-	69,047
Total Expenses	927,280	-	927,280
Change in Net Assets	18,557	50,000	68,557
Net Assets, Beginning of Year	591,526	-	591,526
Net Assets, End of Year	$ 610,083	$ 50,000	$ 660,083

HEADINGTON INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities	
Cash received from service recipients	$ 297,372
Cash received from donors	691,656
Cash paid to suppliers and employees	(916,214)
Interest and dividends received	6,809
Net Cash Provided by Operating Activities	79,623
Cash Flows from Investing Activities	
Additions to furniture and equipment	(2,792)
Net Increase in Cash	76,831
Cash and Cash Equivalents, Beginning	563,322
Cash and Cash Equivalents, Ending	$ 640,153
Reconciliation of the Change in Net Assets	
To Net Cash Provided by Operating Activities	
Change in Net Assets	$ 68,557
Adjustments to reconcile the change in net assets	
to net cash provided by operating activities	
Depreciation	9,307
Increase (Decrease) in:	
Accounts payable	1,759
Net Cash Provided by Operating Activities	$ 79,623

HEADINGTON INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Program	Management and General	Development	Total
Salaries	$ 405,447	$ 52,979	$ 38,771	$ 497,197
Benefits	74,199	9,165	6,804	90,168
Rent	59,094	7,894	5,484	72,472
Contract services	76,294	-	-	76,294
Training workshops	53,827	1,359	-	55,186
Payroll taxes	27,955	3,593	2,634	34,182
Insurance	21,976	2,701	2,037	26,714
Computer costs	8,086	1,276	1,405	10,767
Board meetings	46	9,436	-	9,482
Depreciation	7,553	1,060	694	9,307
Promotion	44	1,075	7,376	8,495
Professional fees	2,904	2,848	750	6,502
Utilities	5,304	622	233	6,159
Memberships	2,195	2,632	-	4,827
Postage and printing	263	2,009	1,465	3,737
Continued education	2,205	1,350	-	3,555
Office expense	901	1,057	854	2,812
Repairs and maintenance	1,467	1,020	-	2,487
Travel	795	1,013	489	2,297
Books and journals	239	215	-	454
Taxes and licenses	231	134	21	386
Miscellaneous	1,482	2,288	30	3,800
	$ 752,507	$ 105,726	$ 69,047	$ 927,280

HEADINGTON INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 – Summary of Significant Accounting Policies

Nature of the Organization

The Headington Institute (the Institute) is a nonprofit organization that cares for caregivers worldwide by promoting the physical hardiness, emotional resilience, and spiritual vitality of humanitarian relief and development personnel. The Institute strengthens humanitarian organizations by promoting the wellbeing of their staff, making us a partner in worldwide humanitarian work.

Basis of Accounting

The Institute's policy is to prepare its financial statements on the cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Public Support and Revenue

Donations are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. It is the Organization's policy to capitalize expenditures for these items in excess of $500. Depreciation is provided using the straight-line method over three to thirty years.

Income Taxes

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Institute believes that it has no uncertain tax positions that impact its financial statements.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Concentration of Credit Risk

The Institute maintains its cash balances at various financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation and other agencies. At June 30, 2011, the Institutes' uninsured cash balances totaled $156,445.

Note 3 – Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	$ 52,780
Computers	11,215
	63,995
Less accumulated depreciation	38,463
	$ 25,532

Note 4 – Lease Commitments

The Institute operates from offices under a noncancelable lease agreement expiring on November 30, 2014. Future minimum payments under this operating lease are as follows:

Years ending June 30,	
2012	$ 72,000
2013	72,000
2014	72,000
2015	30,000

Rent expense for the year ended June 30, 2011 was $72,000.

Note 5 – Retirement Plan

The Institute's employees participate in a defined contribution retirement plan. The plan covers all employees with one year of service. Contributions are based on a percentage of each eligible employee's monthly salary. The Institute made a contribution to the plan totaling $31,692 for the year ended June 30, 2011.

Note 6 – Net Assets

Temporarily restricted net assets consist of a donation that is restricted for the upcoming year.

Note 7 – Subsequent Events

Subsequent events were evaluated through September 8, 2011, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.