

Financial Statements

HEADINGTON INSTITUTE

June 30, 2012



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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, 2012, and the related statements of revenues, expenses, and 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

August 17, 2012

HEADINGTON INSTITUTE
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
JUNE 30, 2012

ASSETS

Assets

Cash and cash equivalents	\$ 673,103
Furniture and equipment	44,575
Security deposit	<u>6,000</u>
Total Assets	<u><u>\$ 723,678</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Credit card payable	<u>\$ 5,907</u>
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Net Assets

Unrestricted	661,571
Temporarily restricted	<u>56,200</u>
Total Net Assets	<u>717,771</u>

Total Liabilities and Net Assets	<u><u>\$ 723,678</u></u>
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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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenues and Other Income			
Donations	\$ 635,145	\$ 46,200	\$ 681,345
Program income	411,631	-	411,631
Interest income	8,688	-	8,688
Net assets released from program restrictions	40,000	(40,000)	-
	<u>1,095,464</u>	<u>6,200</u>	<u>1,101,664</u>
Total Support, Revenues and Other Income			
	<u>1,095,464</u>	<u>6,200</u>	<u>1,101,664</u>
Expenses			
Program expenses	866,451	-	866,451
Management and general	105,897	-	105,897
Development	71,628	-	71,628
	<u>1,043,976</u>	<u>-</u>	<u>1,043,976</u>
Total Expenses			
	<u>1,043,976</u>	<u>-</u>	<u>1,043,976</u>
Change in Net Assets	51,488	6,200	57,688
Net Assets, Beginning of Year	<u>610,083</u>	<u>50,000</u>	<u>660,083</u>
Net Assets, End of Year	<u>\$ 661,571</u>	<u>\$ 56,200</u>	<u>\$ 717,771</u>

See accompanying notes and accountant's compilation report.

**HEADINGTON INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

Cash Flows from Operating Activities	
Cash received from service recipients	\$ 411,631
Cash received from donors	681,345
Cash paid to suppliers and employees	(1,032,830)
Interest and dividends received	<u>8,688</u>
Net Cash Provided by Operating Activities	68,834
 Cash Flows from Investing Activities	
Additions to furniture and equipment	<u>(29,884)</u>
Net Increase in Cash	38,950
Cash and Cash Equivalents, Beginning	<u>634,153</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 673,103</u></u>
 Reconciliation of the Change in Net Assets	
To Net Cash Provided by Operating Activities	
Change in Net Assets	\$ 57,688
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation	10,840
Increase (Decrease) in:	
Credit card payable	<u>305</u>
Net Cash Provided by Operating Activities	<u><u>\$ 68,833</u></u>

See accompanying notes and accountant's compilation report.

HEADINGTON INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Program</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ 445,518	\$ 49,071	\$ 36,758	\$ 531,347
Benefits	105,709	11,597	8,669	125,975
Contract services	101,395	834	-	102,229
Rent	65,998	7,661	5,460	79,119
Training workshops	69,024	-	-	69,024
Payroll taxes	28,422	3,297	2,345	34,064
Promotion	2,201	1,728	12,320	16,249
Board meetings	-	12,458	23	12,481
Depreciation	8,997	1,100	743	10,840
Insurance	9,000	703	556	10,259
Research	10,163	25	-	10,188
Computer costs	9,156	519	178	9,853
Utilities	6,296	428	278	7,002
Professional fees	1,185	3,211	798	5,194
Continued education	1,623	3,328	-	4,951
Postage and printing	103	1,675	2,616	4,394
Memberships	-	2,418	-	2,418
Office expense	880	633	456	1,969
Travel	166	1,003	428	1,597
Repairs and maintenance	184	642	-	826
Taxes and licenses	-	369	-	369
Books and journals	78	128	-	206
Miscellaneous	353	3,069	-	3,422
	<u>\$ 866,451</u>	<u>\$ 105,897</u>	<u>\$ 71,628</u>	<u>\$ 1,043,976</u>

See accompanying notes and accountant's compilation report.

HEADINGTON INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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 well-being of their staff, making the Institute 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 Institute'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 Institute 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 Institute 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.

The Institute's forms 990, *Return of Organization Exempt from Income Tax*, for its years ending 2009, 2010, and 2011 are subject to examination by the IRS.

**HEADINGTON INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, the Institute's uninsured cash balances totaled \$338,148.

Note 3 – Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	\$ 57,818
Computers	14,520
Mobile application (in progress)	21,540
	93,878
Less accumulated depreciation	49,303
	\$ 44,575

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:

<u>Years ending June 30,</u>	
2013	\$ 72,000
2014	72,000
2015	30,000

Rent expense for the year ended June 30, 2012 was \$72,000.

Note 5 – Retirement Plan

The Institute's employees participate in a defined contribution retirement plan. The plan covers all full-time 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 \$35,783 for the year ended June 30, 2012.

HEADINGTON INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6 – Net Assets

Temporarily restricted net assets consist of donations designated for specific programs or initiatives. As of June 30, 2012 donations are restricted for the following:

Capacity building	\$ 30,000
Cambodia partnership project	16,200
Haiti project	10,000
	<u>\$ 56,200</u>

Note 7 – Subsequent Events

Subsequent events were evaluated through August 17, 2012, 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.