Financial Statements

HEADINGTON INSTITUTE

June 30, 2014

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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, 2014, 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 27, 2014

HEADINGTON INSTITUTE
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
JUNE 30, 2014

ASSETS

Assets	
Cash and cash equivalents	$ 730,171
Property and equipment	38,075
Security deposit	6,000
Total Assets	$ 774,246

LIABILITIES AND NET ASSETS

Liabilities	
Credit card payable	$ 13,076
Net Assets	
Unrestricted	712,670
Temporarily restricted	48,500
Total Net Assets	761,170
Total Liabilities and Net Assets	$ 774,246

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, 2014

	Unrestricted	Temporarily Restricted	Total
Support, Revenues and Other Income			
Donations	$ 744,745	$ 73,500	$ 818,245
Program income	226,179	-	226,179
Interest income	2,056	-	2,056
Net assets released from program restrictions	25,000	(25,000)	-
Total Support, Revenues and Other Income	997,980	48,500	1,046,480
Expenses			
Program expenses	831,730	-	831,730
Management and general	88,097	-	88,097
Development	89,978	-	89,978
Total Expenses	1,009,805	-	1,009,805
Change in Net Assets	(11,825)	48,500	36,675
Net Assets, Beginning of Year	724,495	-	724,495
Net Assets, End of Year	$ 712,670	$ 48,500	$ 761,170

HEADINGTON INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	Program	Management and General	Development	Total
Salaries	$ 460,008	$ 45,078	$ 48,062	$ 553,148
Benefits	121,515	10,438	12,362	144,315
Rent	65,898	6,463	6,893	79,254
Contract services	50,750	-	-	50,750
Training workshops	49,956	31	-	49,987
Payroll taxes	32,830	3,216	3,433	39,479
Depreciation and amortization	16,267	1,723	1,760	19,750
Insurance	13,036	1,256	1,413	15,705
Promotion	2,101	1,569	11,039	14,709
Computer costs	8,122	2,616	1,159	11,897
Utilities	5,882	387	295	6,564
Professional fees	570	4,063	559	5,192
Postage and printing	7	2,670	2,290	4,967
Miscellaneous	498	2,495	-	2,993
Board meetings	-	2,542	213	2,755
Continued education	1,116	1,635	-	2,751
Research	2,135	-	-	2,135
Office expense	705	750	94	1,549
Travel	53	347	406	806
Taxes and licenses	-	576	-	576
Books and journals	281	242	-	523
	$ 831,730	$ 88,097	$ 89,978	$ 1,009,805

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 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 files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service for years ending before 2011, or by the State of California for years ending before 2010.

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, 2014, the Institute had no uninsured cash balances.

Note 3 – Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	$ 57,818
Computers	21,112
Mobile application	21,539
Logo	10,000
Website	16,500
	126,969
Less accumulated depreciation and amortization	88,894
	$ 38,075

Note 4 – Lease Commitments

The Institute operates from offices under a noncancelable lease agreement expiring on November 30, 2014. During the year the lease was extended for one additional year. Future minimum payments under this operating lease are as follows:

Years ending June 30,	
2014	$ 72,000
2015	72,000
2016	30,000

Rent expense for the year ended June 30, 2014 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 annual salary. The Institute made a contribution to the plan totaling $42,672 for the year ended June 30, 2014.

Note 6 – Net Assets

Temporarily restricted net assets consist of donations designated for specific programs or initiatives.

Note 7 – Subsequent Events

Subsequent events were evaluated through August 27, 2014, 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.