Financial Statements

HEADINGTON INSTITUTE

June 30, 2015

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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, 2015, 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

September 2, 2015

HEADINGTON INSTITUTE
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
JUNE 30, 2015

ASSETS

Assets	
Cash and cash equivalents	$ 594,182
Investments	198,710
Property and equipment	20,291
Security deposit	6,000
Total Assets	$ 819,183

LIABILITIES AND NET ASSETS

Liabilities	
Credit card payable	$ 3,289
Net Assets	
Unrestricted	775,194
Temporarily restricted	40,700
Total Net Assets	815,894
Total Liabilities and Net Assets	$ 819,183

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, 2015

	Unrestricted	Temporarily Restricted	Total
Support, Revenues and Other Income			
Donations	$ 691,913	$ 56,800	$ 748,713
Program income	403,587	-	403,587
Investment returns	(883)	-	(883)
Net assets released from program restrictions	64,600	(64,600)	-
Total Support, Revenues and Other Income	1,159,217	(7,800)	1,151,417
Expenses			
Program expenses	904,495	-	904,495
Management and general	103,307	-	103,307
Development	88,891	-	88,891
Total Expenses	1,096,693	-	1,096,693
Change in Net Assets	62,524	(7,800)	54,724
Net Assets, Beginning of Year	712,670	48,500	761,170
Net Assets, End of Year	$ 775,194	$ 40,700	$ 815,894

HEADINGTON INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	Program	Management and General	Development	Total
Salaries	$ 483,044	$ 46,212	$ 49,378	$ 578,634
Benefits	118,033	18,575	11,626	148,234
Contract services	87,517	-	-	87,517
Rent	66,611	6,249	6,847	79,707
Training workshops	55,297	-	-	55,297
Payroll taxes	34,580	3,297	3,521	41,398
Depreciation and amortization	20,051	2,290	1,971	24,312
Insurance	13,276	1,280	1,440	15,996
Promotion	3,420	2,584	8,935	14,939
Computer costs	10,351	814	1,941	13,106
Board meetings	1,388	6,852	58	8,298
Professional fees	3,376	4,134	18	7,528
Postage and printing	16	3,187	2,425	5,628
Utilities	4,631	615	351	5,597
Miscellaneous	60	2,876	1	2,937
Continued education	1,208	1,643	-	2,851
Office expense	661	1,098	22	1,781
Travel	893	343	357	1,593
Taxes and licenses	-	752	-	752
Repairs and maintenance	-	319	-	319
Books and journals	82	187	-	269
	$ 904,495	$ 103,307	$ 88,891	$ 1,096,693

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.

Investments

Investments, comprised primarily of a certificate of deposit, is valued at fair value, with realized and unrealized gains and losses reflected in the statements of activities. The fair value of the investment is based on quoted market values.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

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 after three years, or by the State of California after four years.

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, 2015, the Institute had no uninsured cash balances.

Note 3 – Investments

As of June 30, 2015 investments consist of the following:

	Aggregate Fair Value	Cost
Certificate of deposit	$ 198,710	$ 200,000

Investment returns are summarized as follows:

Interest and dividends	$ 407
Net realized and unrealized gains (losses)	(1,290)
Total	$ (883)

Note 4 – Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2015 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Certificate of Deposit	$ 200,000	$ 200,000	$ -	$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Note 5 – Property and Equipment

Property and equipment consists of the following:

Furniture and fixtures	$ 59,936
Computers	25,517
Mobile application	21,539
Logo	10,000
Website	16,500
	133,492
Less accumulated depreciation and amortization	113,201
	$ 20,291

Note 6 – Lease Commitments

The Institute operates from offices under a noncancelable lease agreement expiring on November 30, 2015. Future minimum payments under this operating lease are as follows:

Year Ending June 30,	
2016	$ 30,000

Rent expense for the year ended June 30, 2015 was $72,000.

Note 7 – 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 contributions to the plan totaling $43,282 for the year ended June 30, 2015.

Note 8 – Net Assets

Temporarily restricted net assets consists of the following:

Iraq fund	$ 3,900
Don Bosch counseling fund	1,800
Emergency First Responder Program	35,000
	$ 40,700

Note 9 – Subsequent Events

Subsequent events were evaluated through September 2, 2015, which is the date the financial statements were available to be issued.

Subsequent to year end, the Institute negotiated a six year lease extension commencing on December 1, 2015.

Note 9 – Subsequent Events (continued)

Future minimum lease payments for the new lease will be:

Years Ending June 30,	
2016	$ 48,825
2017	83,700
2018	83,700
2019	83,700
2020	83,700