

**THE HUMPTY DUMPTY INSTITUTE, INC.**

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT AUDITORS**

**DECEMBER 31, 2010**

THE HUMPTY DUMPTY INSTITUTE, INC.

DECEMBER 31, 2010

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
The Humpty Dumpty Institute, Inc.

We have audited the accompanying statement of financial position of The Humpty Dumpty Institute, Inc. (a not-for-profit corporation) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the *purpose* of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 audit provides 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 Humpty Dumpty Institute, Inc. as of December 31, 2010, and the change in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of The Humpty Dumpty Institute, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Humpty Dumpty Institute, Inc.  
October 31, 2011  
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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Humpty Dumpty Institute, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations and is not a required part of the basic financial statements. The supplementary schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ganer, Grossbach + Ganer, P.C.*

New York, NY  
October 31, 2011



THE HUMPTY DUMPTY INSTITUTE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

**ASSETS**

Current Assets:

Cash and Cash Equivalents \$ 1,602,266

Property and Equipment, at Cost, Net of

Accumulated Depreciation 20,745

Other Assets:

Security Deposits 28,845

**Total Assets** \$ 1,651,856

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts Payable and Accrued Expenses \$ 55,478

Total Current Liabilities 55,478

Commitments and Contingencies  
(Notes 5,6)

Net Assets:

Unrestricted 279,740

Temporarily Restricted 1,316,638

Total Net Assets 1,596,378

**Total Liabilities and Net Assets** \$ 1,651,856

The accompanying notes are an integral part of these financial statements

**THE HUMPTY DUMPTY INSTITUTE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues:			
Government Grants			
DOS Commodities		\$ 346,200	\$ 346,200
USDA Laos		1,588,046	1,588,046
Foreign Government Grant		200,000	200,000
Global Creative Forum		175,542	175,542
Other Grants		163,449	163,449
Donations -Board Members	\$ 358,995		358,995
Donations - Others	5,100		5,100
Interest Income	425		425
Other Income	458		458
Net Assets Released from Restrictions	1,702,809	(1,702,809)	-
Total Support and Revenues	<u>2,067,787</u>	<u>770,427</u>	<u>2,838,214</u>
Expenses:			
Program Services	1,506,775		1,506,775
Management and General	439,086		439,086
Fundraising	152,990		152,990
Total Expenses	<u>2,098,851</u>	<u>-</u>	<u>2,098,851</u>
Excess (Deficit) of Support and Revenues over Expenses	(31,064)	770,427	739,363
Net assets at Beginning of Year	<u>310,804</u>	<u>546,211</u>	<u>857,015</u>
Net assets at End of Year	<u>\$ 279,740</u>	<u>\$ 1,316,638</u>	<u>\$ 1,596,378</u>

The accompanying notes are an integral part of these financial statements

**THE HUMPTY DUMPTY INSTITUTE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**Cash Flows from Operating Activities:**

Excess of Support and Revenues over Expenses	\$	739,363
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities:		
Depreciation		15,111
Change in Assets and Liabilities		
Decrease in Accounts Payable and Accrued Expenses		<u>(24,661)</u>
<b>Net Cash Provided by Operating Activities</b>		<b><u>729,813</u></b>

**Cash Flows from Investing Activities:**

Purchases of Property and Equipment		<u>(3,000)</u>
Net Cash Used in Investing Activities		<u>(3,000)</u>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>726,813</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>		<b><u>875,453</u></b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$</b>	<b><u><u>1,602,266</u></u></b>

The accompanying notes are an integral part of these financial statements

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**Note 1. Description of Organization and Summary of Significant Accounting Policies:**

**a. Nature of Operations**

The Humpty Dumpty Institute (HDI) (the "Organization") is a results oriented non-profit organization that is one of the leading development organizations in the United States. The organization fosters dialogue between the United Nations, arguably the world's most important development organization, and a variety of national constituencies especially with regard to the UN's development activity. Second, the Humpty Dumpty Institute engages directly in development work in various parts of the world. Since 2006, the Institute has received and managed over \$18 million in grants from the U.S. Department of Agriculture and the U.S. State Department to implement development projects in Africa and Asia, including large scale agriculture programs, landmine and UXO clearance operations, and school feeding projects.

**b. Basis of Accounting**

The accompanying financial statements were prepared utilizing the accrual basis of accounting in accordance with United States generally accepted accounting principles.

**c. Property and Equipment**

Purchased property and equipment are recorded at cost. Significant betterments, which extend the useful lives of assets, are capitalized and repairs are expensed as incurred. Depreciation is calculated using accelerated methods over the useful lives of the assets. Computers are depreciated over five years and office equipment is depreciated over seven years. Website development costs are amortized over three years using the straight-line method.

**d. Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Laws and regulations governing the federal grant programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Accordingly, actual results could differ from those estimates.

**e. Net Assets**

Resources restricted by donors for specific operating purposes are included as temporarily restricted funds. When the restriction expires, that is, when the stipulated time restriction ends or

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**Note 1. Description of Organization and Summary of Significant Accounting Policies: (continued)**

the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities.

**f. Donated Services, Materials and Facilities**

The Organization receives donated services from a variety of unpaid volunteers assisting the organization in its efforts to raise awareness about public policy issues relating to the worldwide landmine problem. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied. SFAS No. 116 provides that the value of contributed services should be recognized if the services either create or enhance the value of a nonfinancial asset, require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

**g. Cash and Cash Equivalents**

The Organization maintains its cash balances at financial institutions, which at times exceeds federally insured limits of \$250,000. Temporarily restricted cash balances are for USDA grant programs directed towards Sri Lanka and Laos. HDI has not sustained any losses on uninsured balances and the banks used by HDI are highly rated. The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**h. Financial Statement Presentation**

The Organization implemented Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. These net assets represent resources available for the support of the Organization's operations.

Temporarily restricted net assets include items which either must be used for purposes specified by donors or are designated to periods beyond the next year (time restricted). Permanently restricted net assets represent those net assets that a donor has instructed the Organization to maintain in perpetuity or permanently. There were no permanently restricted net assets as of December 31, 2010.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**Note 1. Description of Organization and Summary of Significant Accounting Policies: (continued)**

**i. Allowance for Doubtful Accounts**

The Organization utilizes the reserve method of accounting to provide for an estimate of potentially uncollectible pledges and grants receivable. There were no uncollectible pledges and grants at December 31, 2010; therefore, no allowance for doubtful accounts was recorded.

**j. Support and Revenue Recognition**

The Organization has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby Contributions or Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor time or use restrictions. Restricted contributions or grants are reclassified to unrestricted upon satisfaction of the time or purpose restrictions. In-kind donations from the USDA are valued at estimated resale prices of the donated commodities using the lower of cost or market inventory method.

Private contracts, grants, and donations are recognized as revenue in the unrestricted fund when such amounts represent unconditional transfers from donors. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

**k. Income Taxes**

The Organization qualifies as a tax exempt, not-for-profit organization under Section 501 (c) (3) of the Internal Revenue Code and similar state statutes. Accordingly, no provision for federal or New York State income taxes is required. The Organization has not been audited by the IRS and statute of limitations is 3 years.

**l. Functional Expenses**

The common costs of providing the various programs and supporting services are allocated on a functional basis in the statement of activities. The allocation of expenses between the program expenses and supporting services expenses are based upon management's estimates using rational allocation methods.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**Note 1. Description of Organization and Summary of Significant Accounting Policies: (continued)**

**m. Translation of Foreign Currencies**

Asset and liability accounts are translated into U.S. dollars using exchange rates in effect at the date of the Statement of Financial Position; revenue and expense accounts are translated at average monthly exchange rates. Translation adjustments are reflected as a component of net assets. For the year ended December 31, 2010, the Organization deemed any translation adjustments to be insignificant to the financial statements. Therefore, no translation adjustment was reported.

**Note 2. Property & Equipment**

Computer Equipment	\$ 44,675
Other Equipment	7,226
Website Development Costs	<u>22,860</u>
	74,761
Less: Accumulated Depreciation	<u>(54,016)</u>
Net Property & Equipment	<u>\$ 20,745</u>

Depreciation expense amounted to \$15,112 for the year ended December 31, 2010.

**Note 3. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses at December 31, 2010 consist of the following:

Professional Fees	\$ 22,100
Credit Card Payable	<u>33,378</u>
	<u>\$ 55,478</u>

**Note 4. Concentrations**

Temporarily restricted grants and Board member contributions accounted for 87.1% and 12.9% respectively of total support and revenues for the year ended December 31, 2010.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**Note 5. LAOS - USDA Agreements (Commitment)**

**A. USDA International Food for Education and Child Nutrition Program**

On August 11, 2008, the Foreign Agricultural Service (FAS) of the USDA approved an agreement to provide \$3,800,000 to HDI in a combination of agricultural commodities and cash, which was extended to September 30, 2010. On September 29, 2010, a new grant was approved by the Foreign Agriculture Service (FAS) of the USDA to provide \$4,300,000 to HDI in a combination of agricultural commodities and cash, which they received an advance of \$1,588,045 on November 8, 2010. The grant provides 1,010 metric tons of in-kind commodity donations from USDA to HDI in the form of corn soy blend (CSB), canned salmon, rice and beans to be distributed by International Relief and Development (IRD) to students and take home rations to male and female students as well as teachers. HDI has used, and continues to use, the commodities and funds provided by the FAS to implement a school feeding program focused on achieving a safer education and community environment at 150 schools in the program in the Khammouane Province, and will construct 6 new schools in isolated locations in Boualapa and Xaybuoathong districts, increasing school attendance rates by serving nutritious midmorning snacks, enhancing learning opportunities for children, improving learning resources, increasing food security and supply and providing income generating and learning opportunities for community members, especially the most disadvantaged.

**B. International Relief and Development (IRD) Commitment**

HDI had signed a \$1,415,000 contract with the subcontractor, IRD, which included a budget outlining the spending line items and goals for benchmarking the progress of IRD. The third and final installment of \$212,250 of this agreement was released on January 29, 2010. A new agreement was signed in December 2010, which grants IRD an amount not to exceed \$1,779,303, which included a budget outlining the spending line items and goals for benchmarking the progress of IRD. HDI provided IRD with USDA funds to procure education supplies and equipment, train teachers and provide limited structural improvements to school facilities. HDI will send a first installment of \$760,000 within 15 working days following notification by HDI that funds have become available. The second installment of \$760,000 will be released upon submission and acceptance of the interim six-month progress report and financial report. The third and final installment, not to exceed \$259,303 will be released only when substantive benchmarks as referenced in the agreement, and financial reports and other agreed upon documentation have been submitted to and accepted by HDI as showing satisfactory management and use of the Grant as required by USDA.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**Note 5. LAOS - USDA Agreements (Commitment) (Continued)**

**C. Mines Advisory Group (MAG) Commitment**

In 2006, HDI agreed to provide \$1.4 million of USDA grant funds to MAG for UXO removal using villagers who are hired and trained by deminers to locate and remove landmines that MAG destroy. A third and final installment of \$150,000 was released on March 11, 2010.

**D. Lao National Unexploded Ordinance Programme (UXO Lao) Commitment**

As part of their new agreement with the Foreign Agricultural Service (FAS) of the USDA that was signed on September 29, 2010, UXO Lao will take over land clearance tasks conducted in Khammuane Province. HDI will re-compensate UXO Lao for land clearance tasks conducted in Khammuane Province as specified in the "Laos School Rehabilitation Project." UXO Lao will submit a completion report on each area cleared for HDI and a detailed list of areas cleared and roving tasks completed for HDI including a completed number of hectares and number of items removed/destroyed. UXO Lao will also report the number of community awareness tasks carried out with number of beneficiaries. These reports will be submitted on a monthly basis, and an invoice for work completed shall be submitted on a quarterly basis. The funding to support the clearance will be released on receipt of the completion reports. The reimbursable costs will be as \$1,900/hectare for normal clearance, \$500/per site for deep search, \$250/day for roving team deployment, and \$400/per village for community awareness team deployment.

**Note 6. Other Commitments**

**A. Office Lease - New York City**

On January 1, 2009, the Organization renewed its lease in the same New York City office with additional office space for a term of seven years terminating on December 31, 2015. Upon signing the new lease, the Organization paid an additional security deposit of \$12,753. The lease calls for monthly payments of \$12,917 in years one and two, with escalation charges each year for the remaining years.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**Note 6. Other Commitments (Continued)**

Minimum future rental payments under this lease for the five years following the year ended December 31, 2010 are as follows:

2011	159,650
2012	164,440
2013	169,373
2014	174,454
2015	179,688

Total minimum future rental payments required \$ 847,605

**B. Office Lease - Sri Lanka**

In September, 2009, HDI renewed a lease for office space in Colombo, Sri Lanka for an additional year, that was scheduled to expire on January 14, 2010; a renewal of the lease agreement calls for the payment of rs.1,091,340 or approximately \$9,705 plus service charges through January 15, 2011.

HDI used the average exchange rate during 2010 to convert Sri Lankan Rupees to U.S. dollars. (\$1 = Rs.109.44) Rent is payable on a quarterly basis in advance on the first day of each quarter which shall be taken to start on the first day of January, April, July, and October of each year. HDI has advanced rs.73,602 or approximately \$672 for a security deposit which is included in the accompanying Statement of Financial Position.

The Sri Lankan government requires any foreign nation conducting business in their country to open up a bank account in Sri Lanka. During 2007, the Organization opened a bank account under HDI to cover the administrative costs in connection with business conducted in Sri Lanka. Minimum future lease payments following the year ended December 31, 2010 are as follows:

2011	Rs.90,945	=	\$ 831
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Rent expense for the office in New York and Sri Lanka amounted to \$183,128 for the year ended December 31, 2010.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**Note 6. Other Commitments (continued)**

**C. Equipment Lease**

On May 27, 2004, HDI signed a five-year copier lease that terminated in May 2009. The lease agreement called for monthly payments of \$460. On July 5, 2007, HDI signed a new copier lease agreement with a new supplier who satisfied the remaining lease obligation on HDI's existing copier at no additional cost. The new lease agreement calls for monthly payments of \$649 for a five-year term ending July 5, 2012. Minimum future lease payments following the year ended December 31, 2010 are as follows:

2011	7,788
2012	<u>4,543</u>
Total	<u>\$ 20,119</u>

Total equipment lease expense amounted to \$8,992 for the year ended December 31, 2010.

**Note 7. Retirement Plan**

On January 1, 2005, the Organization implemented a Profit Sharing / 401(k) plan for the benefit of eligible employees. The Plan is a qualified retirement plan covering all employees of the Organization. Employees are eligible to participate in the Plan if they complete six months of service and are at least 21 years of age. Each year, participants may contribute up to the maximum percentage allowable under the federal statutory limit of Code Section 401(k). The Company will match employee contributions up to 8% of an employee's annual salary. Employer contributions amounted to \$33,534 for the year ended December 31, 2010 and is allocated between each functional category of expense in the supplementary schedule of functional expenses.

**Note 8. Date of Organization's Review**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 31, 2011, the date that the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**THE HUMPTY DUMPTY INSTITUTE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**Section I - Summary of Auditors' Results**

1. Type of auditors' report issued: Unqualified
2. Internal control over financial reporting:  
 Material weakness(es) identified?  Yes  No  
 Significant Deficiencies identified that are not considered to be material weakness(es)?  Yes  None Requested
3. Noncompliance material to financial statements noted?  Yes  No
4. Internal control over major programs:  
 Material weakness(es) identified?  Yes  No  
 Significant Deficiencies identified that are not considered to be material weakness(es)?  Yes  None Requested
5. Type of auditor's report issued on compliance for major programs: Unqualified
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  Yes  No

7. Identification of Major Programs Tested:

<u>Funding Source</u>	<u>Program Name</u>	<u>CFDA #</u>
II. United States Department: Of Agriculture (Foreign Agriculture Service) passed through the Commodity Credit Corporation	Laos (McGovern Dole International Food for Education and Child Nutrition Program)	10.608

8. Dollar threshold for determining Types A and B programs: \$300,000
9. Auditee qualified as low risk auditee?  Yes  No

Section II - Financial Statement Findings: None Noted

Section III - Major Federal and State Award Findings and Questioned Costs: None Noted

Section IV - Prior Year Audit Findings and Questioned Costs: None Noted

Section V - Corrective Action Plan: None Applicable

**THE HUMPTY DUMPTY INSTITUTE, INC.**  
**SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Copier	\$ 391	\$ 1,210	\$ -	\$ 1,601
Depreciation	-	15,111	-	15,111
Grant sub-contractor expense	563,446	-	-	563,446
Benefits	11,368	-	-	11,368
Insurance	22,284	14,503	179	36,966
Equipment lease	-	7,391	-	7,391
Fundraising	-	-	33,009	33,009
Meals	8,948	8,877	64	17,889
Office cleaning	-	5,147	43	5,190
Office supplies and expense	18,799	21,270	2,981	43,050
Office insurance	-	3,277	-	3,277
Outside services	217,298	41,266	94,805	353,369
Payroll and payroll taxes	311,791	151,631	1,789	465,211
Pension	9,656	36,965	48	46,669
Postage	3,078	889	16	3,983
Printing and publications	4,327	3,520	-	7,847
Consulting fees	-	-	642	642
Audit fees	-	15,000	-	15,000
Legal fees	-	709	-	709
Rent	122,281	60,172	675	183,128
Repairs and maintenance	-	3,173	-	3,173
Telephone	7,331	17,851	41	25,223
Travel and lodging	198,908	24,864	18,660	242,432
Utilities	6,869	6,260	38	13,167
<b>Total Expenses</b>	<b>\$ 1,506,775</b>	<b>\$ 439,086</b>	<b>\$ 152,990</b>	<b>\$ 2,098,851</b>

The accompanying notes are an integral part of these financial statements

**THE HUMPTY DUMPTY INSTITUTE, INC.**

**SUPPLEMENTAL SCHEDULE OF EXPEDITURES OF FEDERAL AND  
STATE AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

Grantor/Pass Through Grantor Program Title Federal Award:	CFDA #	Grant or Contract Number	Grant Period	Grant Award	2010 Federal Expenditures	2010 Federal Revenue Recognized
United States Department of Agriculture For The Provision Of Agricultural McGovern-Dole International Food for Education and Child Nutrition Program (Laos)	10.608	OSGM:FFE-439-2006/010-000 Budget # 2008-242	10/1/08 - 09/30/09 Extended to Sept 2010	\$3,800,000	\$609,511	\$0
United States Department of Agriculture For The Provision Of Agricultural McGovern-Dole International Food for Education and Child Nutrition Program (Laos)	10.608	OSGM:FFE-439-2010/015-000 Budget # 2010-321	10/1/10 - 12/31/11	\$4,300,000	\$86,730	\$1,588,046
United States Department of State Survivors Assistance Program: "Mushrooms With A Mission" - Vietnam	N/A	S-PMWRA-10-GR-119	09/15/10 - 03/14/12	\$200,000	\$182,205	\$100,000
Moscow - Mary Wilson Event	N/A	S-RS500-10-GR-182 S-UP300-10-GR-309	N/A	\$79,000	\$51,731	\$79,000
United States Department of State Bureau of Political-Military Affairs Office of Weapons Removal and Abatement Demining and Development	N/A	S-PMWRA-07-GR-079	N/A	\$72,500	\$95,531	\$69,500
TOTAL				\$8,372,500	\$973,977	\$1,757,546

See accompanying notes to schedule of expenditures of federal awards

**THE HUMPTY DUMPTY INSTITUTE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The Humpty Dumpty Institute, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE B - Food Donation**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At December 31, 2010, the Organization did not have food commodities remaining in inventory.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Board of Directors  
The Humpty Dumpty Institute, Inc.

We have audited the financial statements of The Humpty Dumpty Institute, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The Humpty Dumpty Institute, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that



results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Humpty Dumpty Institute, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amount. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, Board of Directors, and the federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Ganer, Grossbach + Ganer, P.C.*

New York, NY  
October 31, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
The Humpty Dumpty Institute, Inc.

Compliance

We have audited the compliance of The Humpty Dumpty Institute, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The Humpty Dumpty Institute, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants, applicable to each of its major federal programs is the responsibility of The Humpty Dumpty Institute, Inc.'s management. Our responsibility is to express an opinion on The Humpty Dumpty Institute, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Humpty Dumpty Institute, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The Humpty Dumpty Institute, Inc.'s compliance with those requirements.



In our opinion, The Humpty Dumpty Institute, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2010.

### Internal Control Over Compliance

The management of The Humpty Dumpty Institute, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered The Humpty Dumpty Institute's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Humpty Dumpty Institute, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Humpty Dumpty Institute Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit The Humpty Dumpty Institute Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, and the federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Ganer, Grossbach + Ganer, P.C.*

New York, NY  
October 31, 2011