

THE HUMPTY DUMPTY INSTITUTE, INC.
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT AUDITORS
DECEMBER 31, 2009

THE HUMPTY DUMPTY INSTITUTE, INC.

DECEMBER 31, 2009

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CERTIFIED PUBLIC ACCOUNTANTS

1995 Broadway, 16th Floor
New York, New York 10023
(212) 873-1472
FAX (212) 580-1583
www.gggcpa.com

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, 2009, 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, 2009, 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 September 30, 2010 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.
September 30, 2010
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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
September 30, 2010



THE HUMPTY DUMPTY INSTITUTE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	875,453
Prepaid Expenses		<u>-</u>
Total Current Assets		875,453

Property and Equipment, at Cost, Net of Accumulated Depreciation		32,856
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Other Assets:

Security Deposits		<u>28,845</u>
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Total Assets	\$	<u><u>\$937,154</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses	\$	<u>80,139</u>
Total Current Liabilities		<u>80,139</u>

Commitments and Contingencies
(Notes 6, 7, 8)

Net Assets:

Unrestricted		310,804
Temporarily Restricted		<u>546,211</u>
Total Net Assets		<u>857,015</u>

Total Liabilities and Net Assets	\$	<u><u>937,154</u></u>
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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, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues:			
Government Grants			
DOS Commodities	\$ -	\$ 80,164	\$ 80,164
USDA Sri Lanka	-	-	-
USDA Laos	-	438,286	438,286
Foreign Government Grant	-	107,360	107,360
Other Grants		315,192	315,192
Donations -Board Members	793,621	-	793,621
Donations - Others	633	-	633
Interest Income	3,587	-	3,587
Net Assets Released from Restrictions	<u>1,575,104</u>	<u>(1,575,104)</u>	<u>-</u>
Total Support and Revenues	<u>2,372,945</u>	<u>(634,102)</u>	<u>1,738,843</u>
Expenses:			
Program Services	2,079,363	-	2,079,363
Management and General	365,031	-	365,031
Fundraising	<u>43,035</u>	<u>-</u>	<u>43,035</u>
Total Expenses	<u>2,487,429</u>	<u>-</u>	<u>2,487,429</u>
Excess (Deficit) of Support and Revenues over Expenses	(114,484)	(634,102)	(748,586)
Net assets at Beginning of Year	<u>425,288</u>	<u>1,180,313</u>	<u>1,605,601</u>
Net assets at End of Year	<u>\$ 310,804</u>	<u>\$ 546,211</u>	<u>\$ 857,015</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, 2009

Cash Flows from Operating Activities:

Excess (Deficit) of Expenses over Support and Revenues	\$	(748,586)
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities:		
Depreciation		12,776
Change in Assets and Liabilities		
Increase in Security Deposit		(12,753)
Decrease in Prepaid Expenses		2,019
Decrease in Accounts Payable and Accrued Expenses		<u>(55,129)</u>
Net Cash Provided (Used) by Operating Activities		<u>(801,673)</u>

Cash Flows from Investing Activities:

Purchases of Property and Equipment		<u>(22,431)</u>
Net Cash Used in Investing Activities		<u>(22,431)</u>

Net Decrease in Cash and Cash Equivalents **(824,104)**

Cash and Cash Equivalents - Beginning of Year **1,699,557**

Cash and Cash Equivalents - End of Year **\$ 875,453**

The accompanying notes are an integral part of these financial statements

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

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 forging innovative public-private partnerships designed to solve specific international problems. HDI solidifies ties between the U.S. Congress and the United Nations through a series of creative programs that identify and provide opportunities to discuss common causes among leading policy-makers from both institutions. HDI also battles the landmine epidemic by working with a wide network of partners to support mine-clearance projects around the globe, including Angola, Armenia, Eritrea, Laos, Lebanon, Mozambique, and Sri Lanka and Vietnam.

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

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

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

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, 2009.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

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, 2009; 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, 2009

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, 2009, the Organization deemed any translation adjustments to be insignificant to the financial statements. Therefore, no translation adjustment was reported.

Note 2. Property & Equipment

Property & Equipment consists of:

Computer Equipment	\$ 44,675
Other Equipment	7,226
Website Development Costs	<u>19,860</u>
	71,761
Less: Accumulated Depreciation	<u>(38,905)</u>
Net Property & Equipment	\$ <u>32,856</u>

Depreciation expense amounted to \$12,776 for the year ended December 31, 2009.

Note 3. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2009 consist of the following:

Professional Fees	\$ 50,132
Credit Card	<u>30,007</u>
	\$ <u>80,139</u>

Note 4. Economic Dependency

HDI has been economically dependent on donations from a related party, a Board member. These donations were used to cover unreimbursed operating expenses. HDI does not anticipate receiving additional substantial contributions from this individual in the future. HDI is economically dependent on the grants from the United States government to pay its future obligations for its humanitarian operations overseas

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 5. Concentrations

Temporarily restricted grants and Board member contributions accounted for 54.1% and 45.6%, respectively of total support and revenues for the year ended December 31, 2009.

Note 6. Sri Lanka - USDA Food for Progress Commodity Monetization Agreement (Commitments)

The USDA approved an Agreement to provide \$3,564,790 to HDI via commodity monetization of 9,500 metric tons of lentils and soybean oil over a two-year period. The Agreement was subsequently extended for one year. The Agreement's budget, as amended, provided for subcontractor expenses to HALO Trust (\$1,017,597) for landmine clearance and (\$1,726,962) to Land O' Lakes International Development for dairy/ livestock development. Under the amended agreement, an additional \$20,000 was paid to Land O' Lakes in 2009 for equipment.

Note 7. 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. This Agreement was subsequently extended to September, 30, 2010. The grant provided 660 metric tons of in-kind commodity donations from USDA to HDI in the form of corn/soy snacks to be distributed by International Relief and Development (IRD) to 13,000 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 60 schools in the Khammouane Province of Laos, 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. The Mines Advisory Group (MAG) has undertaken the clearance of landmines and unexploded ordnates from school sites in Laos in accordance with the "Laos School Rehabilitation Project".

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 7. LAOS - USDA Agreements (Commitment) (Continued)

B. International Relief and Development (IRD) Commitment

The USDA grant of \$2,910,386, which covered the grant period from September 20, 2006 through September 19, 2008, outlined that the subcontractor (IRD) will be responsible for direct distribution of the meals to improve the educational opportunities and nutritional status of children in the Khammouane province of Laos. HDI signed a \$1 million contract with IRD, which included a budget outlining the spending line items and goals for benchmarking the progress of IRD. IRD provided a \$5,000 mini grant to each school for structural improvements or conducting activities that impact the health of students. HDI provided IRD with USDA funds to procure education supplies and equipment, train teachers and provide limited structural improvements to school facilities. HDI advanced \$782,100 to IRD during 2007 and paid the remaining obligation of \$217,900 during 2008. The USDA grant of \$3,800,000, which covers the grant period from October 1, 2008 for a period of fifteen months, outlined that the subcontractor (IRD) will be responsible for direct distribution of the meals to improve the educational opportunities and nutritional status of children in the Khammouane province of Laos. HDI signed a \$1,415,000 contract with IRD, which included a budget outlining the spending line items and goals for benchmarking the progress of IRD. IRD will provide a \$4,000 mini grant to each school in support of environmental improvement projects that impact the health of the students in the 60 schools. Projects will likely focus on school renovations, including water and sanitation facilities. Such funding will be released to IRD in three installments; a first installment of \$500,000 was released on August 19, 2009; \$101,375 was released on August 21, 2009. The third and final installment of \$212,250 was released on January 29, 2010.

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. HDI advanced \$500,000 to MAG in 2006 and \$750,000 during 2007. HDI advanced the remaining obligation of \$150,000 during 2008. HDI had a surplus of \$60,000 from the administrative budget of the project in Laos and applied this amount toward "bridge funding" for MAG's mine clearance work in Laos for the period April 1, 2008 to June 30, 2008. In 2008, HDI agreed to provide \$1,000,000 of USDA grant funds to MAG for the clearance of landmines and unexploded ordnates from school sites in Laos. The first installment of \$425,000 was released in 2008; in August, 2009 the second installment of \$425,000 was released. A third and final installment of \$150,000 was released on March 11, 2010.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 8. 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.

Minimum future rental payments under this lease for the five years following the year ended December 31, 2009 are as follows:

2010	\$155,000
2011	159,650
2012	164,440
2013	169,373
2014	174,454

Total minimum future rental payments required \$ 1,002,605

B. Office Lease - Sri Lanka

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

HDI used the average exchange rate during 2009 to convert Sri Lankan Rupees to U.S. dollars. (\$1 = Rs.112.45) 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.446,460 or approximately \$4,852 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.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 8. Other Commitments (continued)

Minimum future lease payments following the year ended December 31, 2009 are as follows:

2010	Rs.90,945	=	\$ 809
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Rent expense for the office in New York and Sri Lanka amounted to \$167,431 for the year ended December 31, 2009.

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, 2009 are as follows:

2010	\$ 7,788
2011	7,788
2012	<u>4,543</u>
Total	\$ <u>20,119</u>

Total equipment lease expense amounted to \$8,917 for the year ended December 31, 2009.

Note 9. 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 \$10,826 for the year ended December 31, 2009 and is allocated between each functional category of expense in the supplementary schedule of functional expenses.

THE HUMPTY DUMPTY INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 10. Date of Organization's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 30, 2010, 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, 2009

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>
I. United States Department: Of Agriculture (Foreign Agriculture Service) passed through the Commodity Credit Corporation	Sri Lanka (Supply of Agricultural Commodities Under the Food for Progress Act)	10.606
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, 2009

	Program Services	Management and General	Fundraising	Total
Conference and meetings	\$ 1,186	\$ -	\$ -	\$ 1,186
Copier	930	-	-	930
Depreciation	-	12,776	-	12,776
Grant sub-contractor expense	1,197,383	-	-	1,197,383
Benefits	11,807	-	-	11,807
Insurance	24,015	19,221	2,063	45,299
Equipment lease	4,119	4,437	361	8,917
Meals	22,352	9,760	129	32,241
Office cleaning	-	1,310	591	1,901
Office supplies and expense	35,622	31,992	882	68,496
Office insurance	666	1,044	120	1,830
Outside services	119,670	21,651	2,091	143,412
Payroll and payroll taxes	254,461	95,198	21,813	371,472
Pension	6,891	24,480	603	31,974
Postage	5,134	807	236	6,177
Printing and publications	2,143	2,617	135	4,895
Accounting and consulting fees	39,776	29,990	1,478	71,244
Audit fees	-	17,980	372	18,352
Legal fees	-	486	43	529
Rent	114,420	44,162	8,849	167,431
Repairs and maintenance	67	361	4	432
Telephone	24,597	3,253	1,642	29,492
Travel and lodging	207,076	39,754	1,007	247,837
Utilities	7,048	3,752	616	11,416
Total Expenses	\$ 2,079,363	\$ 365,031	\$ 43,035	\$ 2,487,429

The accompanying notes are an integral part of these statements

THE HUMPTY DUMPTY INSTITUTE, INC.

SUPPLEMENTAL SCHEDULE OF EXPEDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2009

Grantor/Pass Through Grantor Program Title Federal Award:	CFDA #	Grant or Contract Number	Grant Period	Grant Award	2009 Federal Expenditures	2009 Federal Revenue Recognized
United States Department of Agriculture For The Provision of Agricultural Commodities Under The Food For Progress Act (Sri Lanka)	10.606	OSGM:FCC-383-2006/083-00 Budget # 2006-111	07/21/06 - 07/20/08 Extended to July 2009	\$4,035,500	\$20,000	\$0
United States Department of Agriculture For The Provision Of Agricultural McGovern-Dole International Food for Education and Child	10.608	OSGM:FFE-439-2006/010-000 Budget # 2008-242	10/1/08 - 09/30/09 Extended to Sept 2010	\$3,800,000	\$1,306,471	\$438,286
United States Department of State Bureau of Political-Military Affairs Office of Weapons Removal and Abatement Demining and	N/A	S-PMWRA-07-GR-086	09/01/07 - 12/31/08 Extended	\$58,559	\$115,749	\$80,164
TOTAL				\$7,894,059	\$1,442,219	\$518,450

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, 2009

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, 2009, the Organization did not have food commodities remaining in inventory.



1995 Broadway, 16th Floor
New York, New York 10023
(212) 873-1472
FAX (212) 580-1583
www.gggcpa.com

**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, 2009, and have issued our report thereon dated September 30, 2010. 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

September 30, 2010



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1995 Broadway, 16th Floor
New York, New York 10023
(212) 873-1472
FAX (212) 580-1583
www.gggcpa.com

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, 2009. 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.



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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, 2009.

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

September 30, 2010