

THE DESMOND TUTU PEACE FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2010 AND DECEMBER 31, 2009

**The Desmond Tutu Pace Foundation
Financial Statements**

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Michael S. Libock & Co., LLC, CPA'S

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
of The Desmond Tutu Peace Foundation

We have audited the accompanying statements of financial position of The Desmond Tutu Peace Foundation as of December 31, 2010 and 2009 and the related statements of activities and changes in net assets and cash flows for the years 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amount 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 aspects, the financial position of The Desmond Tutu Peace Foundation as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Our audits were made for the purpose of forming an opinion of the financial statements taken as a whole. The accompanying functional information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements taken as a whole and accordingly we express no opinion on the accompanying functional information.

Michael S. Libock & Co., LLC, CPA's

Michael S. Libock & Co., LLC

June 28, 2011

Westwood, New Jersey

The Desmond Tutu Peace Foundation
Statements of Financial Position

	December 31,	
	2010	2009
Assets		
Cash and cash equivalents	\$ 132,922	\$ 14,778
Grants receivable	<u>211,667</u>	<u>141,667</u>
Total Assets	<u>\$ 344,589</u>	<u>\$ 156,445</u>
Liabilities and Net Assets		
Liabilities		
Due to the Desmond Tutu Peace Centre	\$ 63,750	\$ 63,750
Other liabilities	<u> </u>	<u>1,982</u>
	<u>63,750</u>	<u>65,732</u>
Net Assets		
Unrestricted	109,508	69,382
Temporarily restricted	<u>171,331</u>	<u>21,331</u>
Total Net Assets	<u>280,839</u>	<u>90,713</u>
Total Liabilities and Net Assets	<u>\$ 344,589</u>	<u>\$ 156,445</u>

See Auditors' Report and Accompanying Notes to Financial Statements

The Desmond Tutu Peace Foundation
Statements of Activities and Changes in Net Assets

	For the years ended			
	December 31,			
	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and Support				
Contributions	\$ 154,620	\$ 160,000	\$ 314,620	\$ 399,296
Investment income	106		106	113
Total Revenues and Support	<u>154,726</u>	<u>160,000</u>	<u>314,726</u>	<u>399,409</u>
Expenses				
Program grant		10,000	10,000	21,250
Other program expenses	16,489		16,489	159,070
General and administrative expenses	56,692		56,692	114,787
Fundraising expenses	41,419		41,419	109,162
Total Expenses	<u>114,600</u>	<u>10,000</u>	<u>124,600</u>	<u>404,269</u>
Change in Net Assets	40,126	150,000	190,126	(4,860)
Net assets-beginning of year	<u>69,382</u>	<u>21,331</u>	<u>90,713</u>	<u>95,573</u>
Net assets-end of year	<u>\$ 109,508</u>	<u>\$ 171,331</u>	<u>\$ 280,839</u>	<u>\$ 90,713</u>

See Auditors' Report and Accompanying Notes to Financial Statements

The Desmond Tutu Peace Foundation
Statements of Cash Flows

For the years ended
December 31,

	2010	2009
Cash Flows from Operating Activities:		
Change in net assets	\$ 190,126	\$ (4,860)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Increase in grants receivable	(70,000)	(75,000)
Decrease in other liabilities	(1,982)	(1,456)
Net cash provided by (used in) operating activities	118,144	(81,316)
Cash and cash equivalents-beginning of year	14,778	96,094
Cash and cash equivalents-end of year	\$ 132,922	\$ 14,778

See Auditors' Report and Accompanying Notes to Financial Statements

The Desmond Tutu Peace Foundation
Notes to Financial Statements

NOTE 1 – Nature of the Organization

The Desmond Tutu Peace Foundation (the Foundation) was formed in December 1999. Its mission is to promote new modes of sustainable peace and values-based leadership in the United States and throughout the world, to promote the activities of peace-making, reconciliation, conflict resolution and leadership training in the United States of America and throughout the world, and to promote, as part of the cultural heritage of the people of South Africa, the human story of South Africa's faith communities in their complicity with an opposition to apartheid, and the triumph of humanity in those circumstances.

Organization - The Foundation is a nonprofit, tax-exempt organization. The Foundation is incorporated under the laws of the State of New York and is authorized to accept gifts, bequests, contributions and grants of property to carry out its organizational purpose. The Foundation generally does not administer programs of its own; instead it grants funds to a variety of charitable and nonprofit organizations to support their respective programs. A substantial portion of all grant disbursements is given to The Desmond Tutu Peace Centre in Cape Town, South Africa.

NOTE 2 - Summary of Significant Accounting Policies

Accounting Basis – The financial statements of the Foundation have been prepared on the accrual basis of accounting. Under accrual basis, revenues are recognized when earned, and expenditures are recognized when incurred.

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally the donors of these assets permit the use of all or part of the income earned or related investments for general or specific purposes.

The Desmond Tutu Peace Foundation
Notes to Financial Statements

NOTE 2 - Summary of Significant Accounting Policies (continued)

Restricted and Unrestricted Revenue – Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a 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.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid instruments with an initial maturity of three months or less to be cash equivalents. The Foundation at times maintains cash balances that are in excess of Federal Deposit Insurance Corporation insurance limits.

Donated Services – Donated services are recognized if the service (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status – The IRS has determined that The Desmond Tutu Peace Foundation is exempt from United States income tax under section 501(c)(3) of the U.S. Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(1).

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

The Desmond Tutu Peace Foundation
Notes to Financial Statements

NOTE 3 – Significant Contributors

In 2010, two (2) Foundations have contributed a total of \$200,000 and in 2009, four (4) Foundations have contributed a total of \$250,000. They are the main funding sources of the Desmond Tutu Peace Foundation.

NOTE 4 – In-Kind Contributions

The Foundation receives in-kind contributions related to office space, maintenance and utilities. In-kind contributions for the years ended December 31, 2010 and 2009 were \$93,762 and \$84,541 respectively.

NOTE 5 – Retirement Plans

The Foundation sponsors a profit-sharing/403 (b) plan, covering employees who meet the age and length of service requirements of the plan. Participants may defer up to maximum contribution defined by Federal law. For the years ended December 31, 2010 and 2009, the Foundation did not make matching contribution to the plan.

The Desmond Tutu Peace Foundation
Schedule of Functional Expenses

For the year ended December 31, 2010

	Program Expenses	General and Administrative Expenses	Fundraising Expenses	Total
Expenses:				
Program grant	\$ 10,000			\$ 10,000
Program consultants	593			593
Professional fees		\$ 9,283		9,283
Office supplies and expenses		1,288	\$ 1,289	2,577
Occupancy and maintenance-Donated (A)	14,064	42,193	37,505	93,762
Insurance	1,079	1,295	1,402	3,776
Travel	753	377	753	1,883
Bank and payroll charges		879	253	1,132
Miscellaneous		75		75
Repairs & maintenance		1,177		1,177
Dues and subscriptions		125	217	342
	<u>\$ 26,489</u>	<u>\$ 56,692</u>	<u>\$ 41,419</u>	<u>\$ 124,600</u>

(A) Donated by Dreyfus Health Foundation