

THE DESMOND TUTU PEACE FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2013

**The Desmond Tutu Peace Foundation
Financial Statements**

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Michael S. Libock & Co., LLC

Certified Public Accountants

Independent Accountants' Review Report

To the Board of Directors
of The Desmond Tutu Peace Foundation

We have reviewed the accompanying statements of financial position of The Desmond Tutu Peace Foundation (the Foundation) as of December 31, 2013 and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Michael S. Libock & Co., LLC, CPAs

Michael S. Libock & Co., LLC
Certified Public Accountants

October 16, 2014
Westwood, New Jersey

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349 Kinderkamack Road • Westwood, NJ 07675-1652

Tel: 201-263-1333 • Fax: 201-263-1334 • Email: mike@libock.com • www.libock.com

**The Desmond Tutu Peace Foundation
Statement of Financial Position**

	<u>December 31,</u> <u>2013</u>
Assets	
Cash and cash equivalents	\$ <u>50,225</u>
Total Assets	\$ <u><u>50,225</u></u>
 Liabilities and Net Assets	
Liabilities	
Accrued expenses	\$ <u>8,100</u>
Total Liabilities	<u>8,100</u>
 Net Assets	
Unrestricted	<u>42,125</u>
Total Net Assets	<u>42,125</u>
Total Liabilities and Net Assets	\$ <u><u>50,225</u></u>

See independent accountants' review report and accompanying notes to financial statements

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

	For the Year Ended December 31,		
	2013		
	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions	\$ 209,673		\$ 209,673
Investment income	58		58
Total Revenues and Support	209,731		209,731
Expenses			
Program grant	156,666		156,666
General and administrative expenses	66,252		66,252
Fundraising expenses	25,440		25,440
Total Expenses	248,358		248,358
Change in Net Assets	(38,627)		(38,627)
Net assets-beginning of year	80,752		80,752
Net assets-end of year	\$ 42,125		\$ 42,125

See independent accountants' review report and accompanying notes to financial statements

**The Desmond Tutu Peace Foundation
Statement of Cash Flows**

	<u>For the Year Ended</u> <u>December 31,</u> <u>2013</u>
Cash Flows from Operating Activities:	
Change in net assets	\$ (38,627)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Increase in other liabilities	<u>1,125</u>
Net cash used in operating activities	(37,502)
Cash and cash equivalents-beginning of year	<u>87,727</u>
Cash and cash equivalents-end of year	<u>\$ 50,225</u>

See independent accountants' review 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. At inception, its mission was 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. Prior to 2013, the Foundation did not administer programs of its own; instead it granted funds to a variety of charitable and nonprofit organizations to support their respective programs. A substantial portion of all grant disbursements was given to The Desmond Tutu Peace Centre (DTPC) in Cape Town, South Africa. In 2013, The Desmond Tutu Peace Trust (DTPT), which initiated The Desmond Tutu Peace Center (DTPC) project, dissolved its operations.

New Development – In 2013 the Board of Trustees of the Foundation approved a new mission, vision and the development of Peace3 (peace within, peace between and peace among) programs to carry out the new mission and vision.

New Mission - Inspire young people to build a world of peace within themselves, peace between people, and peace among nations using Desmond Tutu's life and teachings.

New Vision – Provide youth with the resources that enable them to become tomorrow's ethical leaders and peace makers.

Peace 3 Program - The Foundation established a new program that gives the Foundation a concrete way to advance peacemaking awareness and skills through young adults (ages 17-22), to collaborate with kindred organizations and achieve greater visibility on the ground.

The Foundation uses its website: www.tutufoundationusa.org and social media to promote the Foundation's mission, vision, and activities; conduct programs; and raise funds.

The Desmond Tutu Peace Foundation
Notes to Financial Statements

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.

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.

Fair Value Measurements - Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Desmond Tutu Peace Foundation
Notes to Financial Statements

NOTE 2 - Summary of Significant Accounting Policies (continued)

Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Donated Services – Donated services are recognized if the service (a) creates or enhances nonfinancial assets or (b) requires specialized skills, is 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 – No provision has been made for income taxes because, 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).

The Foundation files information tax returns in the U.S. federal jurisdiction. The Foundation is no longer subject to U.S. or state income tax examinations by tax authorities for years before 2010.

The Desmond Tutu Peace Foundation
Notes to Financial Statements

NOTE 2 - Summary of Significant Accounting Policies (continued)

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.

Subsequent Events - The Foundation has evaluated subsequent events that occurred through October 16, 2014, the date on which these financial statements were available to be issued.

In 2014, the Foundation received an unrestricted contribution in the amount of \$100,000 related to the appearance of Archbishop Tutu.

The Board continued refining and strengthening the Foundation's position by contracting with two consulting firms to provide services to the Foundation in the area of brand refinement and marketing support; and to assist with the planning of fundraising events and program development for the Peace3 program. The total contract value is \$139,500.

NOTE 3 – Significant Contributors

In 2013 Archbishop Desmond Tutu was awarded the Templeton Prize by the John Templeton Foundation. The Archbishop contributed part of the prize to the Desmond Tutu Peace Foundation in the amount of \$76,170.

Significant contributions were also received from two (2) entities totaling \$30,000. 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 contribution for the year ended December 31, 2013 was \$94,277.

The Desmond Tutu Peace Foundation
Schedule of Functional Expenses

For the Year Ended December 31, 2013

	Program Expenses	General and Administrative Expenses	Fundraising Expenses	Total
Expenses:				
Program consultants	\$ 200			\$ 200
Professional fees		\$ 8,821		8,821
Advertising and promotion	11,130		\$ 98	11,228
Website	111,714		19,714	131,428
Office supplies and expenses		153	153	306
Occupancy and maintenance-Donated (A)	32,997	56,566	4,714	94,277
Insurance	532	531	531	1,594
Travel	93	46	93	232
Bank and credit card fees		135	137	272
	<u>\$ 156,666</u>	<u>\$ 66,252</u>	<u>\$ 25,440</u>	<u>\$ 248,358</u>

(A) Donated by Dreyfus Health Foundation

See independent accountants' review report and accompanying notes to financial statements