

THE DESMOND TUTU PEACE FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2012 AND DECEMBER 31, 2011

**The Desmond Tutu Peace Foundation
Financial Statements**

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Michael S. Libock & Co., LLC

Certified Public Accountants

Independent Auditors' 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, 2012 and 2011 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management Responsibility for the Financial Statements

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 that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Michael S. Libock & Co., LLC
August 2, 2013
Westwood, New Jersey

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The Desmond Tutu Peace Foundation
Statements of Financial Position

	December 31,	
	2012	2011
Assets		
Cash and cash equivalents	\$ 87,727	\$ 109,319
Grants receivable	<u> </u>	<u>156,667</u>
Total Assets	<u>\$ 87,727</u>	<u>\$ 265,986</u>
Liabilities and Net Assets		
Liabilities		
Accrued expenses	\$ <u>6,975</u>	\$ <u>3,925</u>
	<u>6,975</u>	<u>3,925</u>
Net Assets		
Unrestricted	80,752	142,061
Temporarily restricted	<u> </u>	<u>120,000</u>
Total Net Assets	<u>80,752</u>	<u>262,061</u>
Total Liabilities and Net Assets	<u>\$ 87,727</u>	<u>\$ 265,986</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,			
	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and Support				
Contributions	\$ 54,462		\$ 54,462	\$ 130,989
Investment income	131		131	149
Net assets released from restriction	120,000	\$ (120,000)		
Other				38,750
Total Revenues and Support	174,593	(120,000)	54,593	169,888
Expenses				
Program grant	29,500		29,500	29,500
Other program expenses	63,939		63,939	22,525
General and administrative expenses	69,441		69,441	75,487
Fundraising expenses	73,022		73,022	61,154
Total Expenses	235,902		235,902	188,666
Change in Net Assets	(61,309)	(120,000)	(181,309)	(18,778)
Net assets-beginning of year	142,061	120,000	262,061	280,839
Net assets-end of year	\$ 80,752	\$	\$ 80,752	\$ 262,061

See Auditors' Report and Accompanying Notes to Financial Statements

The Desmond Tutu Peace Foundation
Statements of Cash Flows

	For the Years Ended December 31,	
	2012	2011
Cash Flows from Operating Activities:		
Change in net assets	\$ (181,309)	\$ (18,778)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Decrease in grants receivable	156,667	55,000
Decrease in grants payable		(63,750)
Increase in other liabilities	3,050	3,925
Net cash used in operating activities	(21,592)	(23,603)
Cash and cash equivalents-beginning of year	109,319	132,922
Cash and cash equivalents-end of year	\$ 87,727	\$ 109,319

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) 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 2009.

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 2 - Summary of Significant Accounting Policies (continued)

Subsequent Events - The Foundation has evaluated subsequent events through August 2, 2013, the date on which these financial statements were available to be issued.

The Desmond Tutu Peace Trust (DTPT), which initiated The Desmond Tutu Peace Center (DTPC) project in Cape Town, South Africa, is dissolving its operations. The process is intended to be completed by the end of 2013. After the process is completed, DTPT functions will be assumed by the Desmond and Leah Tutu Legacy Foundation (DLTLF). The effects of the dissolution on the Foundation are not yet determinable.

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 \$76,100. The Foundation also received a total of \$10,000 in contributions from several Board members.

NOTE 3 – Grant Receivable

The Foundation wrote off uncollectible restricted and unrestricted grants receivable in the total amount of \$156,667 in 2012.

NOTE 4 – Significant Contributors

In 2012, three (3) entities have contributed a total of \$70,000. They are the main funding sources of the Desmond Tutu Peace Foundation.

NOTE 5 – 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, 2012 and 2011 were \$127,419 and \$123,727, respectively.

The Desmond Tutu Peace Foundation
Schedule of Functional Expenses

	For the Year Ended December 31, 2012			
	Program Expenses	General and Administrative Expenses	Fundraising Expenses	Total
Expenses:				
Program grant	\$ 29,500			\$ 29,500
Program consultants	16,990			16,990
Professional fees		\$ 9,853		9,853
Advertising and promotion	6,423		\$ 266	6,689
Website	19,200		19,200	38,400
Office supplies and expenses		797	376	1,173
Occupancy and maintenance-Donated (A)	19,113	57,338	50,968	127,419
Insurance	533	533	532	1,598
Travel	1,680	840	1,680	4,200
Bank and payroll charges		80		80
	\$ 93,439	\$ 69,441	\$ 73,022	\$ 235,902

(A) Donated by Dreyfus Health Foundation