Nuclear Age Peace Foundation
December 31, 2012

Sterling R. Ellsworth, CPA

A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Nuclear Age Peace Foundation:

I have audited the accompanying financial statements of Nuclear Age Peace Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's 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

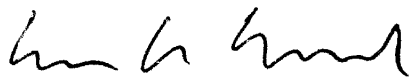
My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nuclear Age Peace Foundation as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Sterling R. Ellsworth, CPA
Santa Barbara, California
August 8, 2013

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Nuclear Age Peace Foundation
Statement of Financial Position
As of December 31, 2012

ASSETS

Cash	$	71,607
Inventories		99,273
Investments		3,835,002
Property & Equipment:		
Building & Improvements		347,677
Land		134,792
Furniture & Office Equipment		110,855
Less: Accumulated Depreciation		(372,307)
Net Property & Equipment		221,017
Total Assets	$	4,226,899

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts Payable	$	4,211
Total Liabilities		4,211
Net Assets:		
Unrestricted		419,657
Unrestricted - Board Designated		3,275,061
Temporarily Restricted		501,742
Permanently Restricted		26,228
Total Net Assets		4,222,688
Total Liabilities and Net Assets	$	4,226,899

See accompanying auditors report and footnote disclosures.

Nuclear Age Peace Foundation
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2012

Public Support	$	493,986
Other Revenue:		
Gross profit (loss) on sale of inventory, net		(3,563)
Interest and dividend income		142,766
Special events (see footnote)		(29,668)
Realized gains on sale of securities		5,114
Total Other Revenue		114,649
Total Public Support & Revenue		608,635
Expenses:		
Program Services		715,181
Management and General		95,598
Fundraising		65,169
Total Expenses		875,948
Excess Revenue over Expenses (Deficit)		(267,313)
Net Assets at Beginning of Year		4,304,517
Unrealized gain on investments		185,484
Net Assets at End of Year	$	4,222,688

See accompanying auditors report and footnote disclosures.

Nuclear Age Peace Foundation
Statement of Functional Expenses
Year Ended December 31, 2012

	Program Services	Supporting Services: Management & General	Supporting Services: Fundraising	Total Expenses
Grants and allocations	$4,955			$4,955
Salaries	424,275	$51,511	$39,319	515,105
Employee benefits and taxes	57,169	7,582	7,244	71,995
Accounting	11,029	1,555	1,555	14,139
Fundraising			5,897	5,897
Investment management fees		23,792		23,792
Other fees	1,894	267	267	2,428
Advertising and promotion	11,036			11,036
Office expense	31,187	4,402	4,398	39,987
Information technology	12,180	1,718	1,718	15,616
Occupancy	19,534	2,755	2,755	25,044
Travel	261	37	37	335
Depreciation	12,353	1,742	1,742	15,837
Insurance	1,682	237	237	2,156
Program expenses	99,241			99,241
Auxiliary programs	12,317			12,317
Public education	13,522			13,522
Other expenses	2,546			2,546
Total functional expenses	$715,181	$95,598	$65,169	$875,948

See accompanying auditors report and footnote disclosures.

Nuclear Age Peace Foundation
Statement of Cash Flows
Year Ended December 31, 2012

Cash Flows from Operating Activities:		
Excess Revenue over Expenses (Deficit)	$	(267,313)
Depreciation		15,837
Change in inventories		10,519
Change in accounts payable		(3,580)
Net cash flow used by operating activities		(244,537)
Cash Flows from Investing Activities:		
Proceeds from sale of investments, net		73,039
Unrealized gain on investments		185,484
Cash used to acquire property and furnishings		0
Net cash flow from investing activities		258,523
Net increase in cash		13,986
Cash at beginning of year		57,621
Cash at end of year	$	71,607

See accompanying auditors report and footnote disclosures.

Nuclear Age Peace Foundation
Notes to Financial Statements
December 31, 2012

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - The Nuclear Age Peace Foundation (The Foundation) is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not required to pay income taxes.

Founded in 1982, the Foundation seeks to advance initiatives to eliminate the nuclear weapons threat to all life, to foster the global rule of law, and to build an enduring legacy of peace through education and advocacy. The Foundation is a catalyst in initiating worldwide efforts to abolish nuclear weapons, to strengthen international law and institutions and to inspire and empower a new generation of peace leaders. The Foundation's advisors include some of the world's great peace leaders, among them many Nobel Peace Laureates.

The Foundation is on the Roster in consultative status to the United Nations Economic and Social Council (ECOSOC), and has been designated by the United Nations as a Peace Messenger Organization.

METHOD OF ACCOUNTING - The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CONTRIBUTIONS – Contributions are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions to the Foundation qualify for the charitable contributions deduction to the extent provided by Section 170 as well as other sections of the Internal Revenue Code.

FURNITURE, FIXTURES, AND EQUIPMENT - Furniture and Equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

INCOME TAXES - The Foundation is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Nuclear Age Peace Foundation
Notes to Financial Statements
December 31, 2012

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH EQUIVALENTS - For purposes of the statement of cash flows, the Foundation considers all unrestricted cash and other highly liquid investments to be cash equivalents.

INVENTORIES - Inventories consist of artwork and tapestries that have been donated to the Foundation. The artwork is recorded at appraised value at date of receipt.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

UNRESTRICTED – BOARD DESIGNATED NET ASSETS

Unrestricted Board Designated Net Assets are recorded at market value and consist of managed account securities. The market values of these investments were as follows as of December 31, 2012.

Board Restricted	$ 1,340,468
Building Reserve	21,046
ERW Board Restricted Fund	1,419,632
Operations Reserve	102,051
Operations Account	63,088
Lena Chang Fund	105,349
Science & Peace Fund	38,645
Swackhamer Fund	184,782
	$ 3,275,061

TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets consist of managed account securities as follows as of December 31, 2012.

Barbara Kelly Poetry Fund	$ 32,376
Ellsberg Fellowship	55,029
Frank Kelly Lecture Fund	141,959
Gamble Peace & Intl Law	243,661
La Vera Garcia Internship	19,451
Wallace Drew Internship	45,300
Whistle Blower Fund	21,556
Market Value	529,332
Balance of Fund pooled with Unrestricted Board Designated Net Assets	(57,590)
Temporarily Restricted Net Assets	$ 501,742

Nuclear Age Peace Foundation
Notes to Financial Statements
December 31, 2012

PERMANENTLY RESTRICTED NET ASSETS

Permanently Restricted Net Assets (the General Endowment Fund) consist of managed account securities with a market value of $26,228 as of December 31, 2012.

SPECIAL EVENTS

The Foundation conducts various fundraising events each year. For the year ended December 31, 2012, these events provided the following revenue and incurred the following expenses:

Gross receipts from special events	$ 130,050
Less: Event income reported as charitable contributions	(124,120)
Less: Direct expenses	(35,598)
	$ (29,668)

EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through August 8, 2013, the date which the financial statements were available to be issued.