

William J. Clinton Foundation

Independent Accountants' Report and Consolidated Financial Statements

December 31, 2010 and 2009



William J. Clinton Foundation
December 31, 2010 and 2009

Contents

Independent Accountants' Report on Financial Statements and Supplementary Information	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities.....	3
Consolidated Statements of Cash Flows	4
Consolidated Statements of Functional Expenses	5
Notes to Consolidated Financial Statements	6
Supplementary Information	
Consolidating Statement of Financial Position	20
Consolidating Statement of Activities.....	21

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
William J. Clinton Foundation
Little Rock, Arkansas

We have audited the accompanying consolidated statements of financial position of the William J. Clinton Foundation (the Foundation) as of December 31, 2010 and 2009, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the William J. Clinton 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 accounting principles generally accepted in the United States of America.

As discussed in *Note 13* to the financial statements, the Foundation's previously issued 2010 financial statements understated both contribution revenue and program services expenses by \$6,864,924. This discovery was made subsequent to the initial issuance of the financial statements. The financial statements have been restated to reflect this correction.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary consolidating information 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 audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

BKD, LLP

BKD, LLP

September 30, 2011, except for *Note 13*,
as to which the date is November 15, 2011

William J. Clinton Foundation
Consolidated Statements of Financial Position
December 31, 2010 and 2009

Assets

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 69,933,507	\$ 49,101,535
Assets limited as to use	86,304,698	67,568,843
Accounts receivable	1,664,642	2,617,811
Grants receivable	3,350,960	3,646,512
Contributions receivable, net	13,773,096	16,359,872
Inventory and prepaid expenses	2,002,615	1,300,933
Investments	645,630	468,304
Property and equipment, net of accumulated depreciation	<u>116,464,909</u>	<u>119,384,515</u>
Total assets	<u>\$ 294,140,057</u>	<u>\$ 260,448,325</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 10,066,989	\$ 8,283,885
Deferred revenue	84,478,863	69,870,274
Agency funds	-	357,552
Long-term debt	<u>167,581</u>	<u>-</u>
Total liabilities	<u>94,713,433</u>	<u>78,511,711</u>

Net Assets

Unrestricted net assets	161,868,456	153,604,763
Temporarily restricted	37,308,168	28,081,851
Permanently restricted	<u>250,000</u>	<u>250,000</u>
Total net assets	<u>199,426,624</u>	<u>181,936,614</u>
	<u>\$ 294,140,057</u>	<u>\$ 260,448,325</u>

William J. Clinton Foundation
Consolidated Statements of Activities
Years Ended December 31, 2010 and 2009

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains and Other Support				
Contributions	\$ 54,214,157	\$ 112,101,118	\$ -	\$ 166,315,275
Grants	148,599,865	-	-	148,599,865
Investment return	236,789	1,237	-	238,026
Other	2,901,105	-	-	2,901,105
In-kind	3,718,421	-	-	3,718,421
Net assets released from restrictions	101,971,263	(101,971,263)	-	-
Total revenue, gains and other support	<u>311,641,600</u>	<u>10,131,092</u>	<u>-</u>	<u>321,772,692</u>
Expenses and Losses				
Program services	286,910,158	-	-	286,910,158
Fund raising	4,522,931	-	-	4,522,931
Management and general	11,944,818	-	-	11,944,818
Provision for uncollectible pledges	-	904,775	-	904,775
Total expenses and losses	<u>303,377,907</u>	<u>904,775</u>	<u>-</u>	<u>304,282,682</u>
Change in Net Assets	8,263,693	9,226,317	-	17,490,010
Net Assets, Beginning of Year	<u>153,604,763</u>	<u>28,081,851</u>	<u>250,000</u>	<u>181,936,614</u>
Net Assets, End of Year	<u>\$ 161,868,456</u>	<u>\$ 37,308,168</u>	<u>\$ 250,000</u>	<u>\$ 199,426,624</u>

See Notes to Consolidated Financial Statements

2009

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 46,120,401	\$ 36,809,536	\$ -	\$ 82,929,937
162,738,106	-	-	162,738,106
(3,924)	208,020	-	204,096
3,126,148	-	-	3,126,148
3,662,052	-	-	3,662,052
34,654,853	(34,654,853)	-	-
250,297,636	2,362,703	-	252,660,339
225,508,357	-	-	225,508,357
4,967,595	-	-	4,967,595
7,771,009	-	-	7,771,009
-	589,726	-	589,726
238,246,961	589,726	-	238,836,687
12,050,675	1,772,977	-	13,823,652
141,554,088	26,308,874	250,000	168,112,962
\$ 153,604,763	\$ 28,081,851	\$ 250,000	\$ 181,936,614

William J. Clinton Foundation
Consolidated Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating Activities		
Change in net assets	\$ 17,490,010	\$ 13,823,652
Items not requiring (providing) operating activities cash flows		
Depreciation	4,070,777	4,508,399
Net realized and unrealized gains on investments	-	(7,316)
Changes in		
Assets limited as to use	(18,735,855)	28,425,685
Accounts receivable	953,169	(546,584)
Grants receivable	295,552	(3,646,512)
Contributions receivable	2,586,776	4,975,786
Inventory and prepaid expenses	(701,682)	(201,260)
Accounts payable and accrued expenses	1,783,104	807,429
Deferred grant revenue	14,608,589	(31,073,318)
Agency funds	(357,552)	51,465
	<u>21,992,888</u>	<u>17,117,426</u>
Net cash provided by operating activities		
	<u>21,992,888</u>	<u>17,117,426</u>
Investing Activities		
Purchase of property, plant and equipment	(1,151,171)	(1,366,796)
Purchase of investments	(177,326)	1,000,000
	<u>(1,328,497)</u>	<u>(366,796)</u>
Net cash used in investing activities		
	<u>(1,328,497)</u>	<u>(366,796)</u>
Financing Activities		
Proceeds from long-term debt	167,581	-
	<u>167,581</u>	<u>-</u>
Net cash provided by financing activities		
	<u>167,581</u>	<u>-</u>
Increase in Cash and Cash Equivalents	20,831,972	16,750,630
Cash and Cash Equivalents, Beginning of Year	<u>49,101,535</u>	<u>32,350,905</u>
Cash and Cash Equivalents, End of Year	<u>\$ 69,933,507</u>	<u>\$ 49,101,535</u>

William J. Clinton Foundation
Consolidated Statements of Functional Expenses
Years Ended December 31, 2010 and 2009

	2010			
	Program Services	Fund Raising	Management/ General	Total
Salaries and benefits	\$ 40,491,985	\$ 2,174,343	\$ 7,404,577	\$ 50,070,905
Direct program expenditures	74,706,767	1,456	487	74,708,710
Professional and consulting	10,124,463	301,964	1,153,229	11,579,656
Foundation-sponsored events	7,506,768	1,395,249	-	8,902,017
UNITAID expense	110,640,089	-	-	110,640,089
Shipping expense	266,463	-	-	266,463
Travel	11,151,952	220,486	753,741	12,126,179
Telecommunications	1,288,709	14,930	207,043	1,510,682
Meetings and trainings	3,359,804	147	6,995	3,366,946
Bank and other fees	267,662	1,854	49,842	319,358
Occupancy costs	3,875,024	80,000	278,139	4,233,163
Office expenses	2,334,767	52,886	287,490	2,675,143
Capital charges	379,770	-	-	379,770
Depreciation and interest	3,967,248	-	637,695	4,604,943
In-kind	3,181,658	-	536,763	3,718,421
Other	13,367,029	279,616	628,817	14,275,462
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals, year ended December 31, 2010	<u>\$ 286,910,158</u>	<u>\$ 4,522,931</u>	<u>\$ 11,944,818</u>	<u>\$ 303,377,907</u>

	2009			
	Program Services	Fund Raising	Management/ General	Total
Salaries and benefits	\$ 32,268,210	\$ 1,838,403	\$ 4,082,517	\$ 38,189,130
Direct program expenditures	16,030,683	-	-	16,030,683
Professional and consulting	28,520,021	1,022,544	1,183,680	30,726,245
Foundation-sponsored events	6,926,207	-	-	6,926,207
UNITAID expense	111,364,675	-	-	111,364,675
Travel	10,602,373	122,350	89,776	10,814,499
Occupancy costs	4,931,131	280,497	664,000	5,875,628
Supplies, printing and media	1,740,530	109,021	172,281	2,021,832
Depreciation and interest	4,327,507	48,194	133,654	4,509,355
In-kind	3,289,771	350,921	21,360	3,662,052
Other	5,507,249	1,195,665	1,423,741	8,126,655
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals, year ended December 31, 2009	<u>\$ 225,508,357</u>	<u>\$ 4,967,595</u>	<u>\$ 7,771,009</u>	<u>\$ 238,246,961</u>

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Building on a lifetime of public service, President Bill Clinton established the William J. Clinton Foundation (the Foundation) with the mission to improve global health, strengthen economies, promote healthier childhoods and protect the environment. Throughout the past 10 years, President Clinton's vision and leadership have resulted in nearly 4 million people benefiting from lifesaving HIV/AIDS treatment; more than 12,000 U.S. schools building healthier learning environments; more than 26,000 micro-entrepreneurs, small business owners and smallholder farmers improving their livelihoods and communities; and more than 2.2 million tons of greenhouse gases cut or abated in some of the world's largest cities. He has redefined the way we think about giving and philanthropy through his Clinton Global Initiative, whose members have made more than 2,000 commitments that have already improved the lives of 300 million people in more than 180 countries.

To accomplish its goals, the Foundation has established separate initiatives, each with a distinct mission but all reflecting President Clinton's founding vision: to implement sustainable programs that improve access worldwide to investment, opportunity and lifesaving services now and for future generations. Working in diverse geographic regions and responding to local needs, the initiatives address targeted challenges in the Foundation's key areas of focus: economic empowerment, education, environment and energy, health systems and nutrition.

These initiatives are as follows:

- The Clinton Presidential Center (the Center) has welcomed more than 1.9 million visitors from all over the world to its grounds. The Center is the first LEED-certified Presidential Center in the nation, providing an energy-efficient space for 100,000 items on display, more than 20 temporary exhibits, 480 guest lectures attended by 88,000 people during the past six years. The Center also has attracted \$2 billion in investment to the Little Rock community.
- Clinton Global Initiative is a project of the Foundation that brings together a community of global leaders, university students and private citizens to identify and implement innovative solutions to the world's most pressing challenges, including poverty alleviation, climate change, global health and education. As of January 1, 2010, the Clinton Global Initiative transferred all of its activities into the Clinton Global Initiative, Inc. (CGI). CGI had no activities prior to this transfer. CGI is affiliated with the William J. Clinton Foundation, Inc. through common board members and is financially interrelated through various operational arrangements. The Foundation appoints a majority of members of the CGI board.

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

- Clinton Climate Initiative (CCI) is making a difference in the fight against climate change in practical, measurable and significant ways by working with 40 of the world's largest cities to reduce their greenhouse gas emissions. CCI is assisting partner cities to make energy-saving improvements to buildings, transit systems, lighting and waste management.

- The Clinton Health Access Initiative, Inc. (CHAI) is helping to turn the tide on the HIV/AIDS pandemic by working with governments and other partners to increase the availability of high-quality AIDS care and treatment for people in need, lower the cost of essential tests and treatments and strengthen health systems in the developing world. As of January 1, 2010, the Clinton HIV/AIDS Initiative transferred all of its activities into CHAI. CHAI had no activities prior to this transfer. CHAI is affiliated with the William J. Clinton Foundation, Inc. through common board members and is financially interrelated through various operational arrangements. The Foundation appoints a majority of members of the CHAI board.

- Alliance for a Healthier Generation: The Alliance for a Healthier Generation, a partnership between the Foundation and the American Heart Association, is dedicated to ending the increase in childhood obesity and helping all kids and their families lead healthy, active lives.

- The Clinton Economic Opportunity Initiative (CEO) is helping families and individuals keep more of the money they make by supporting state and city efforts to promote access to basic financial services. CEO also matches inner-city entrepreneurs with successful business leaders to help them grow their businesses and flourish in an urban economy.

- The Clinton Development Initiative in Malawi and the Clinton Hunter Development Initiative in Rwanda work to generate income for smallholder farmers, increase agricultural productivity and enable sustainable growth to alleviate poverty.

- The Clinton Giustra Sustainable Growth Initiative (CGSGI) is an innovative partnership between the Foundation, the private sector, governments, other non-governmental organizations (NGOs) and local communities. CGSGI is working with the natural resource industry to improve health and education programs and alleviate poverty, starting in Latin America.

Principles of Consolidation

The financial statements for 2010 are consolidated and include the accounts of the Foundation, CGI and CHAI. The activities presently conducted by CHAI and CGI are included in the 2009 financial statements as unincorporated initiatives of the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash equivalents consisted of money market accounts held with brokers and a repurchase agreement with a financial institution.

One or more of the financial institutions holding the Foundation's cash accounts were participating in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2010, all noninterest-bearing transaction accounts were fully guaranteed by the FDIC for the entire amount in the account. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At December 31, 2010 and 2009, the Foundation's interest-bearing cash accounts exceeded federally-insured limits by approximately \$34 million and \$32 million, respectively.

Assets Limited as to Use

Assets limited as to use include assets held by CHAI under its arrangement with UNITAID, an international organization affiliated with the World Health Organization, which works to leverage price reductions for diagnostics and medicines to better treat AIDS, malaria and tuberculosis in the developing world. The assets relate to the arrangement and may be used only for the purchase of pediatric and second-line drugs and related commodities and diagnostics for UNITAID-sponsored projects.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally-imposed restrictions.

Grants Receivable

CHAI receives grant support from various international governmental organizations. Since the financial statements of CHAI are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2010, have been recorded as receivables.

Contributions Receivable

Contributions receivable are stated at the amount pledged by donors net of net present value discounts. The Foundation provides an allowance for doubtful pledges receivable, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent pledges receivable are written off based on the specific circumstances of the donor making the pledge.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case, the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held; expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Unconditional gifts are reported at their net realizable value.

Collections

The collections maintained at the William J. Clinton Presidential Library and Museum are the property of the National Archives, and, as such, these collections are not included on the statements of financial position of the Foundation. Furthermore, the Foundation is not responsible for the maintenance or preservation of items in the collections.

In-kind Contributions

In addition to receiving cash contributions, the Foundation receives in-kind contributions from various donors. It is the policy of the Foundation to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2010 and 2009, \$3,718,421 and \$3,662,052, respectively, were received in in-kind contributions.

Government Grants

Support funded by grants is recognized as CHAI performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency, and, as a result of such audit, adjustments could be required.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2007.

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program services, management and general and fund-raising categories based on time and effort measurements and other methods.

Deferred Revenue

Deferred revenue includes granted funds held by CHAI that may be expended only for program purposes. The use of funds is limited by the funding agencies.

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through September 30, 2011, which is the date the financial statements were available to be issued.

Note 2: Assets Limited as to Use

Assets limited as to use at December 31 consisted of the following:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	<u>\$ 86,304,698</u>	<u>\$ 67,568,843</u>

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Note 3: Investments and Investment Return

Investments at December 31 consisted of the following:

	<u>2010</u>	<u>2009</u>
Equity securities	\$ 7,500	\$ 7,500
Mutual funds	438,130	260,804
Certificates of deposit	<u>200,000</u>	<u>200,000</u>
	<u>\$ 645,630</u>	<u>\$ 468,304</u>

Total investment return is comprised of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 238,026	\$ 196,780
Net realized and unrealized gains (losses) on investments	<u>-</u>	<u>7,316</u>
	<u>\$ 238,026</u>	<u>\$ 204,096</u>

Note 4: Contributions and Grants Receivable

All contributions receivable are reported as a component of temporarily restricted net assets and consisted of the following:

	<u>2010</u>	<u>2009</u>
Due within one year	\$ 12,845,521	\$ 12,627,875
Due in one to five years	2,165,790	5,145,202
Due in more than five years	<u>150,147</u>	<u>100,000</u>
	15,161,458	17,873,077
Less		
Allowance for uncollectible contributions	804,215	582,267
Unamortized discount	<u>584,147</u>	<u>930,938</u>
	<u>\$ 13,773,096</u>	<u>\$ 16,359,872</u>

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

CHAI has received conditional promises to give of approximately \$33,900,000 at December 31, 2010. These conditional promises to give will not be recognized as an asset or revenue until the conditions are substantially met.

CHAI receives grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of CHAI are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2010, amounting to approximately \$3,300,000, have been recorded as receivables. CHAI has grant commitments from its grantors of approximately \$26,600,000 at December 31, 2010.

Note 5: Property and Equipment

Property and equipment at December 31 consist of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 943,690	\$ 943,690
Furniture and equipment	6,831,621	4,796,078
Buildings and fixtures	<u>134,479,687</u>	<u>134,848,995</u>
	142,254,998	140,588,763
Less accumulated depreciation	<u>25,790,089</u>	<u>21,204,248</u>
	<u>\$ 116,464,909</u>	<u>\$ 119,384,515</u>

Note 6: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets on December 31, 2010 and 2009, were available for the following purposes:

	<u>2010</u>	<u>2009</u>
For future periods (pledges receivable)	\$ 8,842,208	\$ 12,847,641
Haiti relief and recovery	5,514,555	-
Foundation initiatives	<u>22,951,405</u>	<u>15,234,210</u>
	<u>\$ 37,308,168</u>	<u>\$ 28,081,851</u>

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2010 and 2009, were restricted to:

	<u>2010</u>	<u>2009</u>
Investment in perpetuity, the income of which is expendable to support speakers' endowment	<u>\$ 250,000</u>	<u>\$ 250,000</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2010</u>	<u>2009</u>
Purpose restrictions accomplished		
Collection of pledges	\$ 10,537,624	\$ 11,496,773
Haiti relief and recovery	57,410,977	-
Foundation initiatives	<u>34,022,662</u>	<u>23,158,080</u>
	<u>\$ 101,971,263</u>	<u>\$ 34,654,853</u>

Note 7: Operating Leases

The Foundation's leases are generally month-to-month operating leases for office space both domestically and internationally, while other leases are cancellable in 2011. Rental expense for all operating leases was \$836,351 and \$2,344,851 for 2010 and 2009, respectively.

Note 8: Pension Plan

The Foundation has a defined contribution pension plan covering substantially all employees. The board of directors annually determines the amount, if any, of the Foundation's contributions to the plan. Pension expense was \$673,028 and \$993,545 for 2010 and 2009, respectively.

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Note 9: Repurchase Agreement

The Foundation has entered into a repurchase agreement with a financial institution whereby excess cash in its operating account is invested in government-backed securities at the close of each business day and is redeposited, along with interest earned, in the checking account at the start of the next business day. Amounts invested through this agreement as of December 31, 2010 and 2009, were approximately \$13,674,173 and \$6,051,293, respectively.

Note 10: Transactions with the National Archives and Records Administration and Lease with the City of Little Rock, Arkansas

In 2004, the Foundation entered into a joint use, operating and transfer agreement with the National Archives and Records Administration (NARA) that expires February 29, 2101. Under the agreement, NARA agreed to operate certain areas of the facility known as the William J. Clinton Presidential Library and Museum for the purposes of housing, preserving and making available, through historical research, exhibitions, educational programs and other activities, the presidential records and historical materials of President William Jefferson Clinton.

Because the terms of the lease essentially transfer to NARA the right to use portions of the Library for a period in excess of the property's expected economic life, the cost of construction of those areas operated by NARA, which amounted to approximately \$36,000,000, have been excluded from the Foundation's statements of financial position.

The land occupied by the Library is owned by the City of Little Rock, Arkansas (the City), but is leased to the Foundation under a 99-year lease for a nominal annual amount. The Foundation is responsible for maintaining those areas within 75 feet of the buildings and certain land improvements. Maintenance of the remaining land is the responsibility of the City. Because the lease with the City does not convey exclusive right to the use of this land and because it is to be operated in a manner similar to other City parks, the Foundation does not recognize the present value of the lease's fair value within its financial statements.

Note 11: Disclosures about Fair Value of Assets

FASB Accounting Standards Codification (ASC) Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Assets Limited to Use and Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, equity securities and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Foundation had no Level 2 or 3 measurements at December 31, 2010.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the Topic 820 fair value hierarchy in which the fair value measurements fall at December 31, 2010 and 2009:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2010				
Money market funds	\$ 86,304,698	\$ 86,304,698	\$ -	\$ -
Equity securities	7,500	7,500	-	-
Mutual funds	438,130	438,130	-	-
December 31, 2009				
Money market funds	\$ 67,568,843	\$ 67,568,843	\$ -	\$ -
Equity securities	7,500	7,500	-	-
Mutual funds	260,804	260,804	-	-

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying statements of financial position at amounts other than fair value.

Cash and Cash Equivalents and Assets Limited as to Use

The carrying amount approximates fair value.

Contributions Receivable

The carrying amount approximates fair value.

Deferred Revenue

The carrying amount approximates fair value.

Long-term Debt

The carrying amount approximates fair value.

The following table presents estimated fair values of the Foundation's financial instruments at December 31, 2010 and 2009:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	\$ 69,933,507	\$ 69,933,507	\$ 49,101,535	\$ 49,101,535
Assets limited as to use	86,304,698	86,304,698	67,568,843	67,568,843
Contributions receivable, net	13,773,096	13,773,096	16,359,872	16,359,872
Investments	645,630	645,630	468,304	468,304
Financial liabilities				
Deferred revenue	84,478,863	84,478,863	69,870,274	69,870,274
Long-term debt	167,581	167,581	-	-

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Note 12: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. These matters include the following:

Assets in Foreign Countries

The Foundation maintains cash balances and equipment in Asia, Africa and South America. At December 31, 2010 and 2009, the Foundation had approximately \$12.1 million and \$6.2 million, respectively, deposited in foreign banks and equipment with an approximate net book value of \$1.75 million and \$1.8 million, respectively, in foreign countries.

Contributions Receivable

Approximately 28 percent and 29 percent of gross pledges receivable were due from one donor at December 31, 2010 and 2009, respectively.

Furthermore, allowances for uncollectible contributions receivable are based on a review of outstanding receivables, historical collection information and existing economic conditions. Events could occur that would change this estimate materially in the near-term.

Contributions

In 2010, the Foundation received approximately \$62,900,000 from donors to support relief and recovery efforts in the aftermath of the earthquake in Haiti. At December 31, 2010, the Foundation had expended approximately \$57,400,000 for Haiti relief and recovery efforts.

Grants

UNITAID contributed approximately \$108,900,000 and \$80,700,000 in 2010 and 2009, respectively. These funds were used primarily for the purchase of pediatric and second-line drugs and related commodities and diagnostics for UNITAID-sponsored projects.

Litigation

The Foundation is, from time to time, subject to claims that arise primarily in the ordinary course of its activities. Currently, management is not aware of any such claim or claims that would have a material adverse effect on the Foundation's financial position or net assets. Events could occur, however, that would change this estimate materially in the near term.

William J. Clinton Foundation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Current Economic Conditions

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which, in some cases, have resulted in large declines in the fair value of investments and other assets, declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Foundation.

Current economic conditions have made it difficult for many donors to continue to contribute to not-for-profit organizations. A significant decline in contribution or grant revenue could have an adverse impact on the Foundation's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for contributions receivable that could negatively impact the Foundation's ability to maintain sufficient liquidity.

Note 13: Subsequent Event

Subsequent to the initial issuance of the financial statements for the year ended December 31, 2010, the Foundation identified an error in recording certain in-kind revenues and expenses. The error had no effect on the change in net assets and resulted in both contribution revenue and program services expenses being understated by the same amount. As a result, amounts reported in these financial statements for temporarily restricted contribution revenue, program services expenses and net assets released from restriction are all greater by \$6,864,924 than corresponding amounts in previously issued financial statements, which represents approximately 2 percent of total revenues, gains and other support.

Supplementary Information

William J. Clinton Foundation
Consolidating Statement of Financial Position
December 31, 2010

Assets

	Foundation	CGI, Inc.	CHAI, Inc.	Eliminations and Adjustments	Consolidated
Cash and cash equivalents	\$ 62,130,588	\$ 2,044,999	\$ 5,757,920	\$ -	\$ 69,933,507
Assets limited as to use	-	-	86,304,698	-	86,304,698
Assets held by affiliate	-	-	11,511,474	(11,511,474)	-
Accounts receivable	1,173,276	-	491,366	-	1,664,642
Grant receivables	49,392	-	3,301,568	-	3,350,960
Intra-organizational receivables (payables)	(5,161,663)	-	-	5,161,663	-
Inventory and prepaid expenses	1,563,415	-	439,200	-	2,002,615
Contributions receivable	8,916,808	675,400	4,525,532	(344,644)	13,773,096
Investments	645,630	-	-	-	645,630
Property and equipment, net of accumulated depreciation	114,775,851	596,500	1,092,558	-	116,464,909
Total assets	\$ 184,093,297	\$ 3,316,899	\$ 113,424,316	\$ (6,694,455)	\$ 294,140,057

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 1,317,774	\$ 123,601	\$ 8,625,614	\$ -	\$ 10,066,989
Deferred revenue	1,596,931	-	82,881,932	-	84,478,863
Due to affiliate	-	-	6,694,455	(6,694,455)	-
Long-term debt	167,581	-	-	-	167,581
Total liabilities	3,082,286	123,601	98,202,001	(6,694,455)	94,713,433

Net Assets

Unrestricted net assets	162,717,464	2,517,898	(3,711,550)	344,644	161,868,456
Temporarily restricted	18,043,547	675,400	18,933,865	(344,644)	37,308,168
Permanently restricted	250,000	-	-	-	250,000
Total net assets	181,011,011	3,193,298	15,222,315	-	199,426,624
	\$ 184,093,297	\$ 3,316,899	\$ 113,424,316	\$ (6,694,455)	\$ 294,140,057

William J. Clinton Foundation
Consolidating Statement of Activities
Year Ended December 31, 2010

	Foundation	CGI, Inc.	CHAI, Inc.	Eliminations and Adjustments	Consolidated
Revenues, Gains and Other Support					
Contributions	\$ 132,517,268	\$ 3,011,760	\$ 31,130,891	\$ (344,644)	\$ 166,315,275
Grants	6,217,343	-	142,382,522	-	148,599,865
Investment return	52,088	-	185,938	-	238,026
Other	2,901,105	-	-	-	2,901,105
In-kind	1,115,233	2,066,425	536,763	-	3,718,421
Intercompany grant income (expense)	(35,079,094)	14,927,451	20,078,060	73,583	-
	<u>107,723,943</u>	<u>20,005,636</u>	<u>194,314,174</u>	<u>(271,061)</u>	<u>321,772,692</u>
Total revenue, gains and other support					
Expenses and Losses					
Salaries and benefits	16,039,368	4,069,545	29,961,992	-	50,070,905
Direct program expenditures	57,994,399	265,837	16,448,474	-	74,708,710
Professional and consulting	6,619,865	1,484,742	3,475,049	-	11,579,656
Foundation-sponsored events	1,403,436	7,498,581	-	-	8,902,017
UNITAID expense	-	-	110,640,089	-	110,640,089
Shipping	-	-	266,463	-	266,463
Travel	3,988,933	647,326	7,489,920	-	12,126,179
Telecommunications	-	-	1,510,682	-	1,510,682
Meetings and trainings	-	-	3,366,946	-	3,366,946
Bank and other fees	-	-	319,358	-	319,358
Occupancy costs	2,017,253	219,595	1,996,315	-	4,233,163
Office expenses	708,302	285,321	1,681,520	-	2,675,143
Capital charges	-	-	379,770	-	379,770
Depreciation and interest	4,092,248	-	512,695	-	4,604,943
Intercompany grant expense	-	-	271,061	(271,061)	-
In-kind	1,115,233	2,066,425	536,763	-	3,718,421
Other	13,765,734	274,966	234,762	-	14,275,462
Provision for uncollectible pledges	904,775	-	-	-	904,775
	<u>108,649,546</u>	<u>16,812,338</u>	<u>179,091,859</u>	<u>(271,061)</u>	<u>304,282,682</u>
Total expenses and losses					
Change in Net Assets	(925,603)	3,193,298	15,222,315	-	17,490,010
Net Assets, Beginning of Year	<u>181,936,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,936,614</u>
Net Assets, End of Year	<u>\$ 181,011,011</u>	<u>\$ 3,193,298</u>	<u>\$ 15,222,315</u>	<u>\$ -</u>	<u>\$ 199,426,624</u>