CLINTON FOUNDATION

Dear Reader:

The Clinton Foundation creates partnerships between businesses, NGOs, governments, and individuals around the world to transform lives and communities. In pursuit of this mission and in all of our programming and operations, the Foundation aims to work faster, better, and leaner, and has taken steps to ensure that we are operating efficiently. No matter where we're working or which issues we're addressing, our investments, initiatives, and operations are built to be sustainable.

This IRS Form 990 provides important insight into the financial position of the Foundation. In critical, measurable areas – such as what we raise, what we spend, or what our reserves are – our fiscal position is strong.

The Foundation's 2012 Audited Financials show the financial health for the Foundation and its related entities, which are three 501(c)(3) organizations in total: William J. Clinton Foundation, Inc. (now the Bill, Hillary & Chelsea Clinton Foundation as of 2013), Clinton Global Initiative, Inc. (CGI), and Clinton Health Access Initiative, Inc. (CHAI). CGI was merged back into the Bill, Hillary & Chelsea Clinton Foundation in 2013

By law, tax returns for these individual entities are filed separately. For any foundation with multiple entities and a substantial number of multi-year commitments, however, the IRS Form 990 may not provide a clear assessment of a foundation's financial status.

Together, our three entities show a $7 million surplus of revenues over expenses. CHAI alone shows an $11 million surplus, including a $4 million transfer from the Clinton Foundation for operating purposes. This transfer is reflected in the Clinton Foundation's IRS Form 990, which shows accordingly a $4 million deficit.

A copy of these Consolidated Audited Financials can be found on our website at www.clintonfoundation.org/about.

The Foundation's fiscal strength and continued growth is very encouraging. In the 990, our unrestricted net assets, excluding fixed assets, increased $2.4 million even as we reported a decrease in assets in two areas. First, when property owned by the

Foundation depreciates, we count that as an expense even though it doesn't cost the Foundation cash in the current year. We account this way in order to comply with FASB rules. Second, when someone makes a financial commitment but later withdraws it, we are required to report that as a loss even though we never received those funds in the first place. Even with both of these adjustments, that we are required to make, the Foundation still did not have to draw from our reserve to fund operations.

This solid financial position enables us to continue to make critical investments in partnerships across the globe. In the first 12 years of the Foundation's existence, we have forged partnerships that are, as of today:

- Providing kids in 20,000 American schools with healthy food choices in an effort to eradicate childhood obesity;
- Helping more than 6.8 million people afford lifesaving HIV/AIDS medications;
- Giving 21,000 African farmers the tools to improve their crops to feed 30,000 people;
- Reducing greenhouse gas emissions by 248 million tons in cities worldwide.

Additionally, members of the Clinton Global Initiative have made nearly 2,500 commitments valued at almost $88 billion and reaching people in more than 180 countries.

These are extraordinary results that we will build on in the years ahead. A strong, sustainable financial position will help us change more lives in more communities across the globe.

Sincerely,

Andrew Kessel

Andrew Kessel
Chief Financial Officer

Bill, Hillary & Chelsea Clinton Foundation

Independent Auditor's Report
and Consolidated Financial Statements

December 31, 2012 and 2011

BKD LLP
CPAs & Advisors

Bill, Hillary & Chelsea Clinton Foundation

December 31, 2012 and 2011

Contents

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CPAs & Advisors

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Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Directors
Bill, Hillary & Chelsea Clinton Foundation
Little Rock, Arkansas

We have audited the accompanying consolidated financial statements of Bill, Hillary & Chelsea Clinton Foundation (formerly William J. Clinton Foundation), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, the related consolidated statements of activities, cash flows and functional expenses for the years 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the 2012 financial statements of CHAI, Inc., a consolidated entity, whose statements reflect total assets constituting 12 percent of consolidated total assets at December 31, 2012, and total revenues constituting 36 percent of consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CHAI, Inc., is based solely on the report of the other auditors. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bill, Hillary & Chelsea Clinton 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.

BKD, LLP

Little Rock, Arkansas
September 10, 2013

Bill, Hillary & Chelsea Clinton Foundation
Consolidated Statements of Financial Position
December 31, 2012 and 2011

Assets

	2012	2011
Cash and cash equivalents	$ 107,066,637	$ 76,927,021
Assets limited as to use	18,106,977	25,783,376
Accounts receivable	1,008,619	1,625,496
Grants receivable	1,428,051	3,104,293
Beneficial interest in net assets of related entity	3,080,345	-
Contributions receivable, net	12,425,459	19,315,091
Inventory and prepaid expenses	2,540,187	1,430,219
Investments	1,638,057	2,640,096
Property and equipment, net of accumulated depreciation	110,020,451	113,045,397
Total assets	$ 257,314,783	$ 243,870,989

Liabilities and Net Assets

	2012	2011
Liabilities		
Accounts payable and accrued expenses	$ 8,978,650	$ 7,677,530
Deferred revenue	36,863,232	32,224,002
Long-term debt	74,985	104,234
Total liabilities	45,916,867	40,005,766
Net Assets		
Unrestricted	46,246,742	45,060,773
Unrestricted, invested in fixed assets	110,020,451	113,045,397
Total unrestricted	156,267,193	158,106,170
Temporarily restricted	54,880,723	45,509,053
Permanently restricted	250,000	250,000
Total net assets	211,397,916	203,865,223
	$ 257,314,783	$ 243,870,989

Bill, Hillary & Chelsea Clinton Foundation

Consolidated Statements of Activities

Years Ended December 31, 2012 and 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Contributions	$ 33,047,058	$ 80,152,460	$ -	$ 113,199,518
Grants	114,546,567	-	-	114,546,567
Investment return	33,748	487,358	-	521,106
Other	2,821,730	-	-	2,821,730
Change in interest in net assets of related entity	365,000	2,715,345	-	3,080,345
Net assets released from restrictions	70,858,392	(70,858,392)	-	-
Total revenue, gains and other	221,672,495	12,496,771	-	234,169,266
Expenses and Losses				
Program services	200,871,074	-	-	200,871,074
Management and general	14,795,588	-	-	14,795,588
Fund raising	7,844,810	-	-	7,844,810
Provision for uncollectible pledges	-	3,125,101	-	3,125,101
Total expenses and losses	223,511,472	3,125,101	-	226,636,573
Change in Net Assets	(1,838,977)	9,371,670	-	7,532,693
Net Assets, Beginning of Year	158,106,170	45,509,053	250,000	203,865,223
Net Assets, End of Year	$ 156,267,193	$ 54,880,723	$ 250,000	$ 211,397,916

2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 54,998,508	$ 62,420,275	$ -	$ 117,418,783
135,753,259	-	-	135,753,259
145,718	19,108	-	164,826
6,051,442	-	-	6,051,442
-	-	-	-
53,763,498	(53,763,498)	-	-
250,712,425	8,675,885	-	259,388,310
231,717,377	-	-	231,717,377
12,252,415	-	-	12,252,415
10,504,919	-	-	10,504,919
-	475,000	-	475,000
254,474,711	475,000	-	254,949,711
(3,762,286)	8,200,885	-	4,438,599
161,868,456	37,308,168	250,000	199,426,624
$ 158,106,170	$ 45,509,053	$ 250,000	$ 203,865,223

Bill, Hillary & Chelsea Clinton Foundation
Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	$ 7,532,693	$ 4,438,599
Items not requiring (providing) operating activities cash flows		
Depreciation	4,752,967	4,703,907
Provision for bad debts	3,125,101	475,000
Change in beneficial interest in net assets of related entity	(3,080,345)	-
Changes in		
Assets limited as to use	7,676,399	60,521,322
Accounts receivable	616,877	39,146
Grants receivable	1,676,242	246,667
Contributions receivable	3,764,531	(6,016,995)
Inventory and prepaid expenses	(1,109,968)	572,396
Accounts payable and accrued expenses	1,301,120	(2,389,459)
Deferred grant revenue	4,639,230	(52,254,861)
Net cash provided by operating activities	30,894,847	10,335,722
Investing Activities		
Purchase of property and equipment	(1,728,021)	(622,866)
Net sales (purchases) of investments	1,002,039	(2,655,995)
Net cash used in investing activities	(725,982)	(3,278,861)
Financing Activities		
Payment of long-term debt	(29,249)	(63,347)
Net cash used in financing activities	(29,249)	(63,347)
Increase in Cash and Cash Equivalents	30,139,616	6,993,514
Cash and Cash Equivalents, Beginning of Year	76,927,021	69,933,507
Cash and Cash Equivalents, End of Year	$ 107,066,637	$ 76,927,021

Bill, Hillary & Chelsea Clinton Foundation

Consolidated Statements of Functional Expenses

Years Ended December 31, 2012 and 2011

	2012			
	Program Services	Management/ General	Fund Raising	Total
Salaries and benefits	$ 50,184,635	$ 8,671,195	$ 3,755,842	$ 62,611,672
Direct program expenditures	20,903,284	54,405	9,237	20,966,926
Professional and consulting	8,790,735	1,743,227	1,192,664	11,726,626
Conferences and events	8,659,058	40,941	546,061	9,246,060
UNITAID commodities expense	67,681,583	-	-	67,681,583
Procurement and shipping	2,080,693	-	-	2,080,693
Travel	11,569,213	723,267	1,261,996	13,554,476
Telecommunications	1,410,706	197,354	16,909	1,624,969
Meetings and trainings	5,202,847	100,930	9,371	5,313,148
Bank and other fees	208,193	321,066	1,230	530,489
Occupancy costs	4,040,480	593,535	250,997	4,885,012
Office expenses	3,340,685	252,111	67,090	3,659,886
Capital charges	2,179,976	-	-	2,179,976
Depreciation	4,265,477	470,696	16,794	4,752,967
Other	10,353,509	1,626,861	716,619	12,696,989
Totals, year ended December 31, 2012	$ 200,871,074	$ 14,795,588	$ 7,844,810	$ 223,511,472

	2011			
	Program Services	Management/ General	Fund Raising	Total
Salaries and benefits	$ 45,633,512	$ 6,573,049	$ 3,729,943	$ 55,936,504
Direct program expenditures	18,230,373	-	-	18,230,373
Professional and consulting	7,408,004	1,018,902	704,633	9,131,539
Conferences and events	9,606,273	18,481	4,263,232	13,887,986
UNITAID commodities expense	108,338,087	-	-	108,338,087
Procurement and shipping	181,320	-	-	181,320
Travel	10,978,898	707,406	456,725	12,143,029
Telecommunications	1,323,804	130,155	16,267	1,470,226
Meetings and trainings	2,882,739	17,638	543	2,900,920
Bank and other fees	238,215	69,605	1,128	308,948
Occupancy costs	2,853,789	397,034	203,028	3,453,851
Office expenses	2,502,727	404,106	130,497	3,037,330
Capital charges	931,526	-	-	931,526
Depreciation	4,273,380	425,430	5,097	4,703,907
Other	16,334,730	2,490,609	993,826	19,819,165
Totals, year ended December 31, 2011	$ 231,717,377	$ 12,252,415	$ 10,504,919	$ 254,474,711

Bill, Hillary & Chelsea Clinton Foundation

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

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 with the mission to improve global health, strengthen economies, promote healthier childhoods, and protect the environment by fostering partnerships among governments, businesses, nongovernmental organizations (NGOs), and private citizens. Throughout the Foundation's history and growth, Secretary Clinton and Chelsea offered their voice, vision, and counsel. To recognize their past contributions and acknowledge their role in shaping the Foundation's future, the Foundation was renamed the Bill, Hillary & Chelsea Clinton Foundation (the Clinton Foundation).

To accomplish its goals, the Clinton Foundation has established separate initiatives, each with a distinct mission but all reflecting the Clintons' 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 Clinton Foundation's key areas of focus: economic development, climate change, global health, and health and wellness.

These initiatives are as follows:

- The William J. Clinton Presidential Center and Park (the Center) in Little Rock, Arkansas, links the significance of a 20th century American presidency with the ongoing and far-reaching work of a global foundation. The Center chronicles and celebrates President Clinton's four decades of helping individuals and communities – at home and around the world – build a better future. The Center includes the Little Rock offices of the Clinton Foundation, the William J. Clinton Presidential Library and Museum, and the University of Arkansas Clinton School of Public Service. The Center is committed to supporting the work of the Clinton Foundation and serving the community by providing a first-class venue for exhibits, events, and educational programs.

- The Clinton Global Initiative's (CGI) mission is to inspire, connect, and empower everyone to forge solutions to the world's most pressing challenges. CGI convenes leaders from the private sector, public sector, and civil society to drive action through its unique model. Rather than directly implementing projects, CGI helps its members turn ideas into action by making impactful and measurable Commitments to Action within nine tracks, each representing a topical global challenge or strategic approach. To support the development of commitments year-round, CGI facilitates conversations, provides opportunities to identify partners, and communicates the results of the work. In addition to four major meetings, CGI held 73 topic-specific events in 2012, designed to support cross-track collaboration. CGI hosts the Annual Meeting, where heads of state, Nobel Prize laureates, hundreds of CEOs, heads of foundations, philanthropists, and directors from NGOs to make commitments; CGI University, which brings together students and youth organizations together to create commitments; and, CGI America to bring together businesses, foundations, nonprofits and government leaders to address economic recovery in the United States.

- The Clinton Climate Initiative (CCI) is implementing programs that create and advance solutions to the core problems driving climate change. In addition to addressing climate change, CCI's programs are also helping to reduce our reliance on oil; thus saving money for individuals and governments, creating jobs and growing economies. In partnership with the C40 Climate Leadership Group (C40), CCI focuses on helping large cities reduce their carbon emissions. Other CCI programs aim to increase energy efficiency through building retrofits; to increase access to clean energy technology and deploy it at the government, corporate, and homeowner levels; and to reverse deforestation by preserving and growing forests.

- The Clinton Health Access Initiative (CHAI) began its work by addressing the HIV/AIDS crisis and strengthening health systems in the developing world. Under the leadership of national governments, CHAI works to lower the prices and improve the availability of lifesaving medicines and diagnostics, lower the cost of and expand access to treatments, and build stronger health care infrastructure in underserved countries. CHAI creates and implements these programs with a sustainable model so that the governments with which they collaborate will eventually run the programs without assistance. CHAI has expanded this model to increase access to treatments for malaria, diarrhea, and tuberculosis; accelerate the rollout of new vaccines; and lower maternal, child, and infant mortality. In January 2010, CHAI became a separate nonprofit organization.

- The Alliance for a Healthier Generation, founded by the Clinton Foundation and the American Heart Association, is leading the charge against the childhood obesity epidemic by engaging directly with industry leaders, educators, parents, doctors and kids themselves. The goal of the Alliance is to reduce the nationwide prevalence of childhood obesity and empower kids nationwide to make healthy lifestyle choices.

- The Clinton Economic Opportunity Initiative (CEO) promotes economic growth in economically distressed and emerging communities by enlisting experienced entrepreneurs to help local businesses compete and succeed. CEO believes that enabling entrepreneurship is one of the strongest ways to create lasting economic growth in underserved communities because it creates jobs, promotes development, and generates wealth in those communities. By creating, implementing, and scaling sustainable models to support entrepreneurship, CEO strives to help entrepreneurs develop the strategic, management, and operational capacity to compete in the marketplace and contribute to their communities.

- The Clinton Development Initiative (CDI) works to give smallholder farmers in Rwanda and Malawi the tools needed to increase their harvests, generate stable incomes, support their families, and improve their communities. CDI works along the entire agricultural value chain and engages with small producers to develop sustainable farm cooperatives, grows seed and commercial crops on its own farms, and partners in the operation of agribusinesses, such as oilseed crushing and input distribution, so that its social missions are financially self-sufficient. At the invitation of the governments of Malawi and Rwanda, CDI works in close collaboration with nongovernmental organizations, social investors, and farmers to help smallholders enter the market – ultimately ensuring that communities can sustain themselves. In Rwanda, the Clinton Foundation works in partnership with the Hunter Foundation.

- Launched in 2012, the Clinton Health Matters Initiative (CHMI) works to improve the health and well-being of people across the United States by activating individuals, communities, and organizations to make meaningful contributions to the health of others. CHMI works to implement evidence-based systems, environmental, and investment strategies, with the goals of ultimately reducing the prevalence of preventable diseases, reducing health care costs associated with preventable diseases, and improving the quality of life for people across the United States.

- The Clinton Giustra Sustainable Growth Initiative, which was renamed the Clinton Giustra Enterprise Partnership (CGEP) as of May 2013, established by the Clinton Foundation and Canadian philanthropist Frank Giustra, empowers individuals in developing nations with the tools needed to work themselves out of poverty. CGEP's portfolio of projects in Colombia, Peru, and Mexico provides poor and vulnerable populations with access to marketable skills training and certification, guidance in best agricultural practices, and access to other critical resources, such as health delivery, to enable new opportunities for improved income generation. Other projects target microenterprises with capacity building and market linkages. Additionally, investment funds, including those targeted to Colombia and Haiti, provide access to capital for enterprise creation and growth financing, allowing these firms to become catalysts for job creation.

- The Clinton Foundation has been actively engaged in Haiti since 2009, focusing on economic diversification, private sector investment and job creation in order to create long-term, sustainable economic development. After the 2010 earthquake, President Clinton formed the Clinton Foundation Haiti Fund and raised $16.4 million from individual donors for immediate relief efforts. Since 2010, the Clinton Foundation has raised a total of $34 million for Haiti, including relief funds as well as projects focused on restoring Haiti's communities, sustainable development, education and capacity building. In 2012, the Clinton Foundation concentrated on creating sustainable economic growth in the four priority sectors of energy, tourism, agriculture, and apparel/manufacturing, and worked to bring in new investors, develop and support local organizations and businesses, and create access to new markets in these sectors.

In 2012 and 2011, the CGI, the Alliance for a Healthier Generation, and the CHAI operated as separate legal entities. The other initiatives listed above are operated as separate departments of the Clinton Foundation.

Principles of Consolidation

The financial statements for 2012 and 2011 are consolidated and include the accounts of the Clinton Foundation, CGI and CHAI. All significant intercompany accounts and transactions have been eliminated in consolidation.

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 Clinton Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2012 and 2011, cash equivalents consisted of money market accounts held with brokers and a repurchase agreement with a financial institution.

At December 31, 2012 and 2011, the Clinton Foundation's cash accounts did not exceed federally insured limits.

Pursuant to legislation enacted in 2010, the FDIC fully insured all noninterest-bearing transaction accounts beginning December 31, 2010, through December 31, 2012, at all FDIC-insured institutions. This legislation expired on December 31, 2012. Beginning January 1, 2013, noninterest-bearing transaction accounts are subject to the $250,000 limit on FDIC insurance per covered institution.

Assets Limited as to Use

Assets limited as to use include assets held by the Clinton Foundation and 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.

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.

Receivables

Receivables primarily consist of contributions and grants receivable. The Clinton Foundation receives grant support from various international governmental organizations. Since the financial statements of the Clinton Foundation are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2012 and 2011, have been recorded as receivables.

Contributions receivable are stated at the amount pledged by donors net of net present value discounts. The Clinton 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 and double-declining balance methods.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and fixtures	15–40 years
Furniture and equipment	3–10 years

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Clinton 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 Clinton 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.

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.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

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.

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 Clinton Foundation. Furthermore, the Clinton Foundation is not responsible for the maintenance or preservation of items in the collections.

Collections of works of art, historical treasures and similar assets are not capitalized in as much as the items are preserved and cared for continuously. Purchases of collection items are reported in the year of acquisition as decreases in unrestricted net assets or in temporarily or permanently restricted net assets if the assets used to purchase the items were restricted to that use by donor stipulation. Contributions of collection items are not reported in the financial statements. Proceeds from disposal of and insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

In-kind Contributions

In addition to receiving cash contributions, the Clinton Foundation receives in-kind contributions from various donors. It is the policy of the Clinton 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, 2012 and 2011, $8,317,217 and $3,718,421, respectively, were received in in-kind contributions.

Government Grants

Support funded by government grants is recognized as exchange transactions as the Clinton Foundation 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 Clinton Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Clinton Foundation is subject to federal income tax on any unrelated business taxable income.

The Clinton Foundation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Clinton Foundation is no longer subject to U.S. federal examinations by tax authorities for years before 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 the Clinton Foundation 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 2011 financial statements to conform to the 2012 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

In March 2013, the Clinton Foundation changed its name from William J. Clinton Foundation to Bill, Hillary & Chelsea Clinton Foundation.

In March 2013, the CGI merged all of its activities into the Bill, Hillary & Chelsea Clinton Foundation.

Note 2: Assets Limited as to Use

Assets limited as to use represent the cash available on hand for the UNITAID Commodities Program at December 31:

	2012	2011
Assets limited as to use	$ 18,106,977	$ 25,783,376

Note 3: Investments and Investment Return

Investments at December 31 consisted of the following:

	2012	2011
Equity securities	$ 7,500	$ 7,500
Certificates of deposit	-	200,000
Mutual funds	267,491	267,491
Programmatic investments	1,363,066	2,165,105
	$ 1,638,057	$ 2,640,096

The primary purpose of the programmatic investments is to further the tax exempt objectives of the Clinton Foundation and not focus on production of income or the appreciation of the asset. Like grants, these financial instruments have as their primary purpose the achievement of the Clinton Foundation's programmatic mission. These investments, which represent ownership interests in other organizations, are accounted for using the equity method of accounting, and are not subject to the fair value measurement requirements in ASC 958-320 due to these investments not meeting the definition of an equity security with readily determinable fair value. As of December 31, 2012, the Clinton Foundation recorded impairment losses of approximately $345,000 on the programmatic investments.

Total investment return as of December 31, is comprised of the following:

	2012	2011
Interest and dividend income	$ 521,106	$ 164,826

Note 4: Contributions and Grants Receivable

All contributions receivable are reported as a component of temporarily restricted net assets and consisted of the following at December 31:

	2012	2011
Due within one year	$ 12,305,685	$ 19,153,610
Due in one to five years	2,215,790	1,790,790
Due in more than five years	23,831	86,989
	14,545,306	21,031,389
Less		
Allowance for uncollectible contributions	1,526,076	804,215
Unamortized discount	593,771	912,083
	$ 12,425,459	$ 19,315,091

CHAI has received conditional promises to give of approximately $171,947,000 and $35,300,000 at December 31, 2012 and 2011. These conditional promises to give will not be recognized as an asset or revenue until the conditions are substantially met.

CHAI has future grant commitments from its grantors of approximately $21,527,000 and $6,641,000 at December 31, 2012 and 2011, respectively.

Note 5: Property and Equipment

Property and equipment at December 31, consist of the following:

	2012	2011
Land	$ 943,690	$ 943,690
Furniture and equipment	5,479,441	5,514,102
Buildings and fixtures	135,449,131	134,819,981
	141,872,262	141,277,773
Less accumulated depreciation	31,851,811	28,232,376
	$ 110,020,451	$ 113,045,397

Note 6: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets on December 31, 2012 and 2011, were available for the following purposes:

	2012	2011
For future periods (pledges receivable)	$ 5,110,476	$ 7,738,399
Haiti relief and recovery	2,340,269	2,338,935
Foundation initiatives	47,429,978	35,431,719
	$ 54,880,723	$ 45,509,053

Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2012 and 2011, were restricted to:

	2012	2011
Investment in perpetuity, the income of which is expendable to support speakers' endowment	$ 250,000	$ 250,000

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.

	2012	2011
Purpose restrictions accomplished		
Haiti relief and recovery	$ 733,486	$ 3,175,620
Foundation initiatives	65,185,330	45,298,053
	65,918,816	48,473,673
Time restrictions expired		
Collection of pledges	4,939,576	5,289,825
	$ 70,858,392	$ 53,763,498

Note 7: Operating Leases

The Clinton 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 $2,337,087 and $1,780,321 for 2012 and 2011, respectively.

Note 8: Pension Plan

Retirement benefits are offered to the Clinton Foundation employees based on eligibility. These benefits vary and are dependent on employee type and location.

- U.S. based staff and U.S. expatriates are eligible to contribute into a 401(k) plan which the Clinton Foundation matches up to 6% of the employee contribution.
- Third Country Nationals and Local national retirement plans are available in a select number of countries. The Clinton Foundation also contributes to the national social security fund in many of the countries in which it operates as stipulated by local law.

Pension expense was $2,188,386 and $1,799,731 for 2012 and 2011, respectively.

Note 9: Transactions with the National Archives and Records Administration and Lease with the City of Little Rock, Arkansas

In 2004, the Clinton 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 (the Library) 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, has been excluded from the Clinton 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 Clinton Foundation under a 99-year lease for a nominal annual amount. The Clinton 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 Clinton Foundation does not recognize the present value of the lease's fair value within its financial statements.

Note 10: Disclosures about Fair Value of Assets

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

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

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 Clinton Foundation did not have any Level 2 or Level 3 measurements at December 31, 2012 or 2011.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities in the accompany statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2012 and 2011:

		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, 2012				
Money market funds *	$ 603,334	$ 603,334	$ -	$ -
Equity securities	7,500	7,500	-	-
Mutual funds	267,491	267,491	-	-
December 31, 2011				
Money market funds *	$ 9,526,471	$ 9,526,471	$ -	$ -
Equity securities	7,500	7,500	-	-
Mutual funds	267,491	267,491	-	-

* Included in cash and cash equivalents

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.

Programmatic and Other Investments

The carrying amount approximates fair value.

Long-term Debt

The carrying amount approximates fair value.

The following table presents estimated fair values of the Clinton Foundation's financial instruments at December 31, 2012 and 2011:

	2012		2011	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Cash and cash equivalents	$ 107,066,637	$ 107,066,637	$ 76,927,021	$ 76,927,021
Assets limited as to use	18,106,977	18,106,977	25,783,376	25,783,376
Contributions receivable, net	12,425,459	12,425,459	19,315,091	19,315,091
Investments	1,638,057	1,638,057	2,640,096	2,640,096
Financial liabilities				
Long-term debt	74,985	74,985	104,234	104,234

Note 11: Beneficial Interest in Related Entities

Clinton Foundation Sweden works on implementing long-term solutions focused on climate change, improving health systems in the developing world, strengthening economic development around the world and fighting childhood obesity. Clinton Foundation Sweden will meet the purposes indicated in the preamble: to develop or implement, independently or together with others and with joint resources, long-term solutions both locally and in all parts of the world.

Clinton Foundation Sweden received contributions in 2012 and held net assets at the end of 2012 that were designated for the benefit of the Clinton Foundation. Clinton Foundation Sweden board approves and transfers these funds to the Clinton Foundation as requested, and as designated by donors.

The Foundation's interest in the net assets of the Clinton Foundation Sweden is accounted for in a manner similar to the equity method. Changes in the interests are included in the net assets. Transfers of assets between Clinton Foundation Sweden and the Clinton Foundation are recognized as increases or decreases in the interest in the net assets of the Clinton Foundation with corresponding decreases or increases in the assets transferred and have no effect on change in net assets.

The Clinton Foundation's interest in the net assets of Clinton Foundation Sweden was $3,080,345 and $0 at December 31, 2012 and 2011, respectively.

Note 12: Related Party

The Clinton Foundation engages in certain charitable activities that are funded by Clinton Giustra Sustainable Growth Initiative (CGSGI Canada). CGSGI Canada makes grants from time-to-time to the Clinton Foundation to carry out CGSGI Canada's and the Clinton Foundation's charitable goals. Neither entity controls the other; however, they share a common board member. During 2012 and 2011, the Clinton Foundation received from CGSGI Canada approximately $4,600,000 and $8,900,000, respectively. At December 31, 2012, the Clinton Foundation had a contribution receivable from CGSGI Canada of $948,899.

Note 13: 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 Clinton Foundation maintains cash balances and equipment in Asia, Africa and South America. At December 31, 2012 and 2011, the Clinton Foundation had approximately $14.0 million and $11.8 million, respectively, deposited in foreign banks and equipment with an approximate net book value of $3.3 million and $1.45 million, respectively, in foreign countries.

Grants

UNITAID contributed approximately $81,000,000 and $130,000,000 in 2012 and 2011, 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 Clinton 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 Clinton Foundation's financial position or net assets. Events could occur, however, that would change this estimate materially in the near term.