

William J. Clinton Presidential Foundation, Inc.
December 31, 2002 and 2001

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William J. Clinton Presidential Foundation, Inc.
Statements of Financial Position
(Modified Cash Basis)
December 31, 2002 and 2001

Assets

	<u>2002</u>	<u>2001</u>
Cash and cash equivalents	\$ 10,558,672	\$ 9,851,529
Investments	<u>191,410</u>	<u>5,288,783</u>
Total current assets	10,750,082	15,140,312
Property and equipment, net of accumulated depreciation; 2002 - \$24,395, 2001 - \$2,481	<u>30,604,221</u>	<u>5,740,992</u>
Total assets	<u>\$ 41,354,303</u>	<u>\$ 20,881,304</u>

Net Assets

Unrestricted net assets	<u>\$ 41,354,303</u>	<u>\$ 20,881,304</u>
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William J. Clinton Presidential Foundation, Inc.
Statements of Activities
(Modified Cash Basis)
Years Ended December 31, 2002 and 2001

	2002	2001
Revenues, Gains and Other Support		
Contributions	\$ 25,195,088	\$ 9,885,816
Investment return	<u>377,895</u>	<u>175,729</u>
	<u>25,572,983</u>	<u>10,061,545</u>
Expenses		
Program services	1,117,707	446,208
Management and general	1,595,075	1,033,730
Fund raising	<u>2,387,202</u>	<u>1,486,031</u>
	<u>5,099,984</u>	<u>2,965,969</u>
Increase in Net Assets	20,472,999	7,095,576
Net Assets, Beginning of Year	<u>20,881,304</u>	<u>13,785,728</u>
Net Assets, End of Year	<u>\$ 41,354,303</u>	<u>\$ 20,881,304</u>

William J. Clinton Presidential Foundation, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

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

Nature of Operations

William J. Clinton Presidential Foundation, Inc. (Foundation) is a tax-exempt foundation formed in October 1997 to design, construct and initially endow a Presidential archival depository to house and preserve the books, correspondence, documents, papers, pictures, photographs and other memorabilia of President Clinton. The Foundation solicits and accepts gifts or bequests of money or property for the purpose of constructing and initially endowing the Presidential archival.

The mission of the William J. Clinton Presidential Foundation is to strengthen the capacity of people in the United States and throughout the world to meet the challenges of global interdependence.

To accomplish this mission, the Foundation currently focuses its work in five critical areas:

- economic empowerment of poor people;
- racial, ethnic and religious reconciliation;
- health security, specifically combating AIDS;
- leadership development;
- and citizen service

The Foundation works principally through partnerships with like-minded individuals, organizations, corporations and governments, often serving as an incubator for new policies and programs.

Former President Clinton established the Foundation and advances its mission by using his vast public and private networks to initiate research, dialogue and action.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis 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, 2002 and 2001, cash equivalents consisted of money market accounts held with brokers and a repurchase agreement with a financial institution. At December 31, 2002, the Foundation's cash accounts exceeded federally issued limits by approximately \$9.9 million.

William J. Clinton Presidential Foundation, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

Investments and Investment Return

Investments are recorded at cost or fair value on the date of donation if contributed (modified cash basis of accounting). Any declines in the value of an investment that is considered permanent is recognized in realized gains and losses. Investment return includes dividend, interest and realized gains and losses.

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.

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset.

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 having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets. During fiscal years 2002 and 2001, the Foundation received no temporarily or permanently restricted contributions.

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.

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.

William J. Clinton Presidential Foundation, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

Modified Cash Basis of Accounting

The Foundation's financial statements are presented on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Property and equipment are carried at cost or fair market value at the date of the donation. Revenues are recognized when collected and expenses are recognized when paid. Therefore, accounts and pledges receivable, payables and accrued revenues and expenses, which may be material, are not reflected in the financial statements. Accordingly, the statements are not intended to present financial position or changes in net assets in conformity with generally accepted accounting principles.

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, management and general and fund raising categories based on time and effort measurements and other methods.

Note 2: Investments and Investment Return

Investments at December 31, 2002 and 2001, consisted of the following:

	2002	2001
Equity securities	\$ 191,410	\$ 288,783
U.S. Treasury securities	—	2,000,000
Federal Home Loan Bank bond	—	3,000,000
	\$ 191,410	\$ 5,288,783

Total investment return is comprised of the following:

	2002	2001
Interest and dividend income	\$ 475,378	\$ 420,163
Net realized losses on investments	(97,483)	(244,434)
	\$ 377,895	\$ 175,729

William J. Clinton Presidential Foundation, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

Note 3: Property and Equipment

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

	2002	2001
Land	\$ 943,690	\$ 943,690
Office furniture and equipment	153,400	153,400
Construction in progress	29,531,526	4,646,383
	30,628,616	5,743,473
Less accumulated depreciation	24,395	2,481
	\$ 30,604,221	\$ 5,740,992

Note 4: Operating Leases

Noncancellable operating leases for office space expire in 2003. These leases generally contain renewal options for periods of two years and require the Foundation to pay some executory costs (maintenance and insurance). Rental expense for all operating leases was \$55,915 and \$59,254 for 2002 and 2001, respectively.

Future minimum lease payments at December 31, were:

2003	\$ 12,086
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Note 5: Pension Plan

In 2001, the Foundation established 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 \$12,517 and \$6,869 for 2002 and 2001, respectively.

Note 6: 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 the 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, 2002 and 2001 were \$2,056,542 and \$2,785,724, respectively.

William J. Clinton Presidential Foundation, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

Note 7: Commitments

During 2001, the Foundation held a ground breaking ceremony for the construction of the William J. Clinton Presidential Library. Complete project costs are unknown at this time, but is estimated to be approximately \$160 million.

Supplementary Information

Independent Accountants' Report on Supplementary Information

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

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The nature of our audit procedures is more fully described in our report on the basic financial statements. The accompanying supplementary 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 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 financial statements taken as a whole.

BKD, LP

May 2, 2003

William J. Clinton Presidential Foundation, Inc.
Functional Expenses
Year Ended December 31, 2002
(with Comparative Totals for 2001)

	Program Services	Management/ General	Fund raising	Total
Rent and rent improvements	\$ —	\$ 103,655	\$ —	\$ 103,655
Utilities	—	52,042	—	52,042
Salary and payroll	578,251	706,904	—	1,285,155
Consulting fees	141,734	157,892	616,035	915,661
Legal	22,509	342,626	—	365,135
Event expenses	13,634	—	122,716	136,350
Direct mail	—	—	1,532,772	1,532,772
Production	5,418	48,766	93,000	147,184
Media and photography	—	—	3,723	3,723
Registration	—	—	18,956	18,956
Other	—	161,276	—	161,276
Travel	356,161	—	—	356,161
Depreciation	—	21,914	—	21,914
Totals Year Ended December 31, 2002	<u>\$ 1,117,707</u>	<u>\$ 1,595,075</u>	<u>\$ 2,387,202</u>	<u>\$ 5,099,984</u>
Totals Year Ended December 31, 2001	<u>\$ 446,208</u>	<u>\$ 1,033,730</u>	<u>\$ 1,486,031</u>	<u>\$ 2,965,969</u>