

### **Clinton Foundation Amended Returns: 2010, 2011, 2012, and 2013**

The Clinton Foundation's amended returns reflect a commitment to disclosure and thoroughness. The review of these returns was led by Kathy Keneally, the former Assistant Attorney General for the Tax Division of the U.S. Department of Justice, who now is the Chair of Civil and Criminal Tax Litigation in DLA Piper's global tax group. She in turn engaged CohnReznick, a CPA firm that had not previously worked with the Foundation. This review looked at the Form 990 for 2010, 2011, and 2012, which were prepared by BKD. In addition to refiling those years' returns, the Foundation is also amending, in large part for consistency, the 2013 Form 990 as prepared by PricewaterhouseCoopers.

This quote is attributable to Kathy Keneally:

*"I advised the Foundation that it had no legal obligation to file amended returns. I also advised the Foundation, as I would advise any client, that if it decided to file amended returns, those amended returns should correct any and all errors. The Foundation voluntarily undertook a thorough review of the returns for those years in which the line on the return concerning government grants was left blank. Foremost, we found nothing to suggest that the Foundation intended to conceal the receipt of government grants, which the Foundation reports on its website. Because foundations, like people, make mistakes, and because return preparers may differ on how best to present information, the review identified other items that the Foundation has decided to clarify or to correct. It is important to note that the review affirmed that the overall financial information — assets, liabilities and net assets — as they appear in Part I lines 20-22 were correct on the original returns and have not changed on the amended returns. The Foundation's decision to file amended returns reflects an extraordinary commitment to disclosure and thoroughness."*

The nature of these amendments to the Foundation past years' returns falls into four major overarching categories.

#### **Government grants and contributions:**

For many of the issues that the Clinton Foundation works on – such as climate change and economic development – governments are often the largest funders of this work worldwide. For example, governments hire charities to work in developing nations to lead reforestation efforts in countries impacted by climate change, build health clinics, and train workers in new skills. This is how global development works.

While the line on Form 990, under the Statement of Revenue, at Part VIII, line 1e for government grants – both domestic and foreign – was left blank in 2010, 2011, and 2012, the total amount from government grants was included in the Foundation's reporting on the line immediately below for "All other contributions" (Part VIII, line f). Put simple, the amount of government grants was included on the Foundation's original returns as part of the aggregate amount of all contributions, but not separately broken out.

In the amended returns, the Foundation breaks out the total for government grants and reports that on Part VIII, Line 1e.

(1)

Government grants and contributions for the Foundation were voluntarily disclosed on the Foundation’s website, and many of these grants have been covered by the press.

**Revenue from speeches:**

President Clinton, Secretary Clinton, and Chelsea Clinton have supported the Foundation by giving speeches on its behalf. In 2010, 2011, and 2012, this funding was listed under the statement of revenue as part of other charitable contributions. The 2013 return reported speech fees as income—specifically part of “miscellaneous revenue.” The Foundation has amended its 2013 return to specifically break this out on a separate line as “speech revenue.”

The Foundation’s amended returns reflect the conclusion that information on the 2013 return is consistent with contracts with the speech host, which present the engagement as a fee-for-service. Consistent with this treatment as a fee-for-service and not a donation, the Foundation did not send any donor acknowledgement letters to these speech hosts. The amended 2010, 2011, and 2012 returns reflect this approach.

The amended returns use an open line under “miscellaneous revenue” that allows the Foundation to break these payments out and specifically identify them as “speech revenue” on Part VIII, Line 11 of Form 990. This amendment reflects the Foundation’s conclusion that for the sake of transparency and disclosure, this information should be broken out and reported consistently.

The amount the Foundation is reporting as fees from speeches is unchanged. All of these speeches are listed on the Foundation’s website, and updated quarterly.

**Changes to Schedule B:**

Upon review of Schedule B, mistakes were discovered that included errors in the amount of donations and some omissions.

Some of these changes led to the listing of additional donors. In several cases because the speech fees were moved from contributions to other income, therefore decreasing the two percent threshold for reporting on this schedule. Some were the result of other mistakes that have been corrected.

All contributions were previously accounted for as revenue on other parts of the Form 990. In addition, all of the donors now added to Schedule B had previously been disclosed on the Foundation’s website.

Again, these changes to Schedule B do not have an impact on the overall financial status of the Foundation as reported on Part I, Lines 20 to 22.

**Listing of related entities:**

The last category of major amendments to the returns is the listing of related entities. As the Clinton Foundation engages in philanthropic work around the world, it has set up and invested in entities that help it do work on the ground. When a foundation engages in activities in certain countries, it is required to work through an entity established in that country.

In other instances, the Foundation has created social enterprises that help fill gaps in supply and distribution chains, and reinvest any profits into the enterprise. This means having an entity that can buy seeds and fertilizer, and sell them at discounted prices to farmers; or purchasing goods and produce from farmers and fishermen, and selling them at a fairer price to large distributors and businesses. These entities facilitate the charitable work of the Foundation on the ground, and can generate returns that are immediately reinvested in these programs, thereby supporting their long-term sustainability.

The Foundation's relationships with these entities have been public information and discussed in Foundation materials, press releases and press coverage for years. Last week, President Clinton visited one of these social enterprises in El Salvador and met a Salvadorian farmer who has doubled his income thanks to this enterprise. These entities' innovative work supports entrepreneurs and small-holder farmers, and strengthens families and communities in Latin America, the Caribbean and East Africa.

As part of its review, the Foundation determined that, to serve transparency and disclosure, it should include its relationships to these entities on its amended Forms 990.