WASHINGTON, PITTMAN & McKEEVER, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

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THE BARACK OBAMA FOUNDATION (A DISTRICT OF COLUMBIA NOT-FOR-PROFIT CORPORATION) FINANCIAL STATEMENTS DECEMBER 31, 2015

THE BARACK OBAMA FOUNDATION

(A DISTRICT OF COLUMBIA NOT-FOR-PROFIT CORPORATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

The Barack Obama Foundation

Chicago, Illinois 60605-2184

We have audited the accompanying financial statements of The Barack Obama Foundation, (a District of Columbia Not-for-Profit Corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements referred to above present fairly, in all material respects, the financial position of The Barack Obama Foundation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Washington, Pittin & McKeever, LIC WASHINGTON, PITTMAN & MCKEEVER, LLC

Chicago, Illinois May 11, 2016

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2015

ASSETS

Current Assets		
Cash	\$	2,348,817
Pledges receivable - current		340,557
Prepaid expenses		7,497
Total Current Assets		2,696,871
Fixed Assets (net)		32,494
Other Assets		
Pre-Development costs	-	1,261,208
TOTAL ASSETS	\$	3,990,573
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$	1,116,669
Accrued payroll	_	295,923
Total Current Liabilities		1,412,592
Net Assets		
Unrestricted		2,244,648
Temporarily restricted	_	333,333
Total Net Assets		2,577,981
TOTAL LIABILITIES AND NET ASSETS	\$	3,990,573

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenue				Total	
Contributions	\$ 1,906,318	\$ 9,929	\$ -	\$ 1,916,247	
Contributions - in-kind	156,330	-	-	156,330	
Interest and dividends	19	-	-	19	
Net assets released from restrictions	333,333	(333,333)	_		
Total Revenue	2,396,000	(323,404)	-	2,072,596	
<u>Expenses</u>					
Program costs	2,148,494	-	-	2,148,494	
Fundraising	98,373	-	_	98,373	
General and administrative	730,371	-	-	730,371	
Total Expenses	2,977,238			2,977,238	
Change in Net Assets	(581,238)	(323,404)	-	(904,642)	
Net Assets - Beginning of Year	2,825,886	656,737		3,482,623	
Net Assets - End of Year	\$ 2,244,648	\$ 333,333	\$ -	\$ 2,577,981	

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets		\$ (904,642)
Adjustments to reconcile change in net assets to net c operating activities:	ash provided by	у
Depreciation		14,148
(Increase) Decrease in:		
Pledges receivable		316,180
Other assets		(325)
Increase (Decrease) in:		
Accounts payable		939,494
Accrued payroll		284,882
Net Cash Provided by Operating Activities		649,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments		30,000
Pre-Development costs		(1,261,208)
Purchase of fixed assets		(12,074)
Net Cash (Used) By Investing Activities		(1,243,282)
(Decrease) in Cash		(593,545)
Cash, Beginning of Year		2,942,362
CASH, END OF YEAR		\$ 2,348,817

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Barack Obama Foundation ("the Foundation") is a nonprofit foundation which was established to plan and develop a Presidential Center to engage in activities reflecting President Obama's and the First Lady's values and priorities throughout his career in public service: expanding economic opportunity, inspiring an ethic of American citizenship, and promoting peace, justice and dignity throughout the world. The Foundation envisions a Presidential Center that, through its mission, initiatives, and physical and virtual presence, advances and interprets the themes of civic engagement, global perspective, health and wellness, environmental stewardship, public education, a spirit of innovation, and will become an anchor for economic development and cultivate a strong relationship with the Center's surrounding community.

The Presidential Center will house the Presidential Library, as well as a museum and a broader campus. The Presidential Library will be created under the Presidential Libraries Act of 1955 and National Archives and Records Administration (NARA) guidelines. The Foundation anticipates negotiating a joint use agreement with NARA regarding the operation of a portion of the Presidential Center.

Basis of Accounting

The accounts of the Foundation are maintained, and the financial statements prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The financial statements are prepared in conformity with accounting principles applicable to nonprofit foundations. For financial reporting purposes, net assets and revenue are classified on the basis of the existence or absence of donor-imposed restrictions, as follows:

Unrestricted net assets: Net assets not subject to donor-imposed stipulations over which the Foundation's Board of Directors has discretionary control.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that can be fulfilled by the actions of the Foundation pursuant to those stipulations that expire by the passage of time. The Foundation's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due.

Permanently restricted net assets: Net assets subject to donor-imposed restrictions that are maintained permanently by the Foundation.

Pledges Receivable

Unconditional pledges to contribute to the Foundation which are expected to be collected within one year are recorded at net realized value. Unconditional pledges expected to be collected beyond one year are adjusted to net present value by discounting future cash flows. Management believes that no allowance for uncollectibility is necessary.

NOTES TO THE FINANCIAL STATEMENTS (Continued) DECEMBER 31, 2015

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Foundation accounts for contributions in accordance with FASB Guidance concerning Accounting for Contributions Received and Contributions Made. Contributions are recorded when cash is received or a pledge is received and are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of any donor restrictions. Unconditional promises to give (in writing) with payments due in future periods are reported as temporarily or permanently restricted support unless explicit donor stipulations or circumstances surrounding the receipt of the promise make clear that the donor intended them to be used to support activities of the current period.

A donor-restricted contribution is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (such as when a time restriction ends or purpose restriction is satisfied), temporarily net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Donated services are recorded as revenue and expenditures when they meet the criteria for recognition in the financial statements.

Fixed Assets

Fixed assets are recorded at cost, if purchased, or fair value at the date of donation. Depreciation is calculated on the straight-line method designed to amortize the cost of the depreciable assets over their estimated useful lives, which ranges from 3-7 years for equipment and and 3 years for website.

Pre-Development Costs

Expenses directly and indirectly related to holding and developing the Presidential Center will be capitalized in accordance with generally accepted accounting principles (GAAP).

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Accordingly, no provision for such taxes has been recognized in these financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position.

Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. At December 31, 2015, there was no unrecognized tax benefits identified or recorded as liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued) DECEMBER 31, 2015

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

FASB Guidance, Fair Value Measurement Overall Disclosure, requires the Foundation to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the Foundation's financial instruments.

The carrying value of cash, investments, receivables, other assets approximate fair value due to the short maturity of these instruments.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis, in the statement of functional expenses. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based on time and other methods.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash accounts in financial institutions. Cash that exceeded federally insure limits totaled \$2,119,555 at December 31, 2015.

NOTE 3 – FIXED ASSETS

Fixed assets consist of the following as of December 31,2015

Accumulated depreciation		(15,139)
Accumulated depreciation NET FIXED ASSETS	<u> </u>	(15,139) 32,494

Depreciation expense for the year ended December 31, 2015 was \$14,148.

NOTE 4 - PRE-DEVELOPMENT COSTS

The Foundation has incurred a total of \$1,261,208 toward the development of the Presidential Center as of December 31, 2015. These costs relate to direct and indirect expenses associated with the site selection, surveys, feasibility studies and other costs.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets at December 31, 2015 are time restricted.

NOTES TO THE FINANCIAL STATEMENTS (Continued) DECEMBER 31, 2015

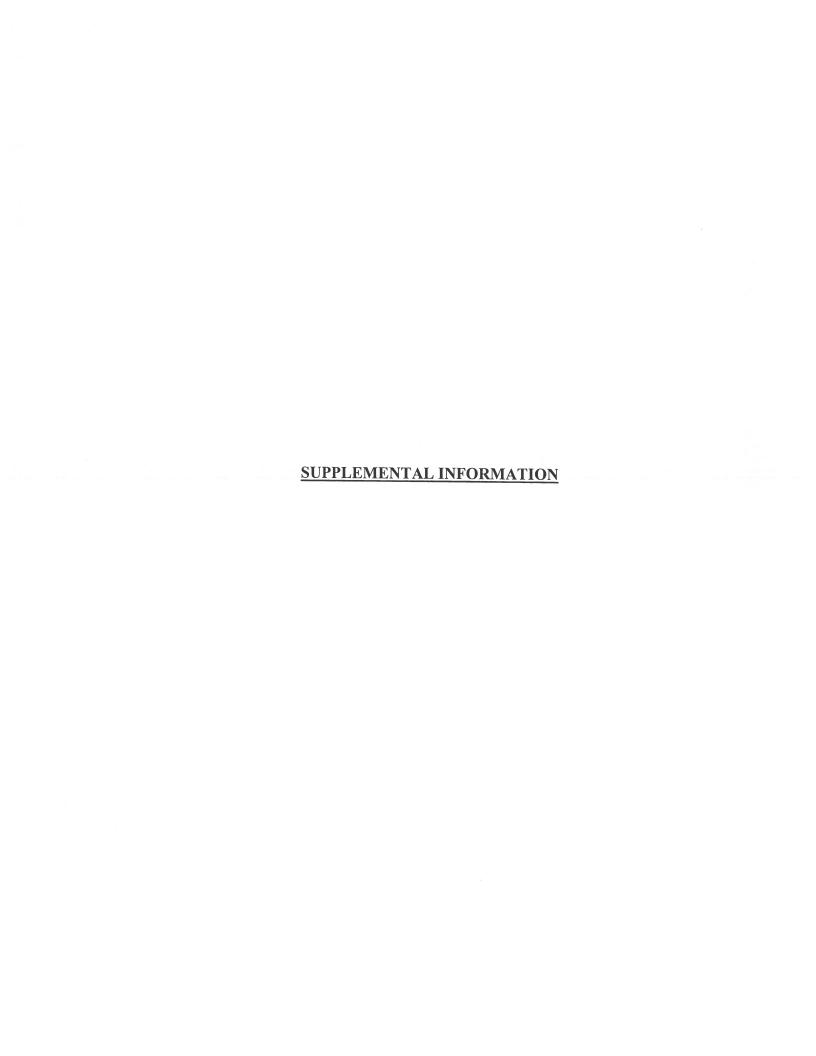
NOTE 6 - RELATED PARTY TRANSACTIONS

The Foundation received in-kind contributions of services valued at \$31,330 for the year ended December 31, 2015. In 2015, contributed services were for professional services provided for site due diligence, architect selection process and trademark protection. Donated office space estimated at \$125,000 was provided by a firm affiliated with a Board Member for the year ended December 31, 2015.

In addition, a Board Member of the Foundation also sits on the board of one of the vendors used during the year.

NOTE 7 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events for potential recognition and/or disclosure through May 11, 2016, the date the financial statements were approved and available to be issued.



SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2015

	Program		Fundraising		Management & General		Total	
Salaries and benefits	\$	725,489	\$	38,010	\$	347,632	\$ 1,111,1	
Fundraising		_	•	12,000	Ψ	-	12,0	
Communications		489,642		_		140,991	630,6	
Professional and consulting		796,154		29,404		149,291	974,8	
Printing and copying		-		-		273	,	273
Office expenses		5,401		11,466		18,073	34,9	
Travel		49,077		139		13,340	62,5	
Occupancy costs		69,850		7,167		47,983	125,0	
Insurance				-		11,708	11,7	
Total Before Depreciation	2	2,135,613		98,186		729,291	2,963,0	
Depreciation		12,881		187		1,080	14,1	48
TOTAL EXPENSES	\$ 2	2,148,494	\$	98,373	\$	730,371	\$ 2,977,2	238