Financial Statements and Report of Independent Certified Public Accountants

The George W. Bush Foundation

December 31, 2015 and 2014

The George W. Bush Foundation

Years Ended December 31, 2015 and 2014

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Grant Thornton

Report of Independent Certified Public Accountants

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Board of Directors
The George W. Bush Foundation

We have audited the accompanying financial statements of The George W. Bush Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, and cash flows 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 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 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 audits 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 Foundation'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 Foundation'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 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 George W. Bush Foundation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Dallas, Texas
June 21, 2016

The George W. Bush Foundation

STATEMENTS OF FINANCIAL POSITION

December 31

ASSETS	2015	2014
Cash and cash equivalents	$ 17,569,922	$ 23,406,252
Investments, at fair value	100,049,151	78,759,812
Contributions receivable, net	33,932,035	51,948,115
Other receivables	502,846	354,306
Prepaid expenses	776,459	249,271
Property and equipment, net	207,272,043	219,090,323
Other asset, net	33,291,667	33,427,667
Total assets	$393,394,123	$407,235,746
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 4,528,348	$ 4,880,603
Total liabilities	4,528,348	4,880,603
Net assets:		
Unrestricted	274,496,929	285,429,945
Temporarily restricted	102,663,613	106,721,497
Permanently restricted	11,705,233	10,203,701
Total net assets	388,865,775	402,355,143
Total liabilities and net assets	$393,394,123	$407,235,746

The accompanying notes are an integral part of these financial statements.

The George W. Bush Foundation

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets:				
Support and revenue:				
Contributions, net	$ 21,726,422	$ 10,573,344	$ 1,501,532	$ 33,801,298
In-kind revenue	651,222	-	-	651,222
Presidential Center income from operations	2,933,220	-	-	2,933,220
Interest and dividends	535,078	527,128		1,062,206
Net realized and unrealized losses on investments	(680,899)	(752,996)		(1,433,895)
Other income	63,534	-	-	63,534
Net assets released from restrictions	14,405,360	(14,405,360)	-	-
Net support and revenue	39,633,937	(4,057,884)	1,501,532	37,077,585
Expenses:				
Program services	34,497,890	-	-	34,497,890
Fundraising	8,819,019	-	-	8,819,019
Management and general	7,250,044	-	-	7,250,044
Total expenses	50,566,953	-	-	50,566,953
Increase (decrease) in net assets	(10,933,016)	(4,057,884)	1,501,532	(13,489,368)
Net assets at beginning of year	285,429,945	106,721,497	10,203,701	402,355,143
Net assets at end of year	$274,496,929	$102,663,613	$11,705,233	$388,865,775

The accompanying notes are an integral part of these financial statements.

The George W. Bush Foundation

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets:				
Support and revenue:				
Contributions, net	$ 15,033,836	$ 38,347,532	$10,203,701	$ 63,585,069
In-kind revenue	957,148	-	-	957,148
Presidential Center income from operations	2,805,936	-	-	2,805,936
Interest and dividends	325,523	169,587	-	495,110
Net realized and unrealized gains on investments	128,625	61,667	-	(190,292)
Other income	49,207	-	-	49,207
Net assets released from restrictions	27,276,055	(27,276,055)	-	-
Net support and revenue	46,576,330	11,302,731	10,203,701	68,082,762
Expenses:				
Program services	34,023,999	-	-	34,023,999
Fundraising	8,557,027	-	-	8,557,027
Management and general	8,146,238	-	-	8,146,238
Total expenses	50,727,264	-	-	50,727,264
Increase (decrease) in net assets	(4,150,934)	11,302,731	10,203,701	17,355,498
Net assets at beginning of year	289,580,879	95,418,766	-	384,999,645
Net assets at end of year	$285,429,945	$106,721,497	$10,203,701	$402,355,143

The accompanying notes are an integral part of these financial statements.

The George W. Bush Foundation

STATEMENTS OF CASH FLOWS

For the year ended December 31,

	2015	2014
Cash flows from operating activities:		
Change in net assets	$(13,489,368)	$ 17,355,498
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,482,785	12,528,621
Net realized and unrealized (gains) losses on investments	1,433,895	(190,292)
Change in unamortized discount on contributions receivable	(828,605)	509,685
Provision for uncollectible pledges	(508,749)	(363,914)
Amortization of value of ground lease	136,000	136,000
Contributed stock	(1,288,840)	(3,144,203)
Changes in operating assets and liabilities:		
Contributions receivable	19,353,434	10,614,066
Other receivables	(148,540)	412,901
Prepaid expenses	(527,188)	(169,348)
Accounts payable and accrued expenses	(352,255)	(849,685)
Net cash provided by operating activities	16,262,569	36,839,329
Cash flows from investing activities:		
Purchases of investments	(30,103,014)	(78,580,694)
Proceeds from sales of investments	8,668,620	3,155,376
Purchases of property and equipment	(664,505)	(860,408)
Net cash used in investing activities	(22,098,899)	(76,285,726)
Net decrease in cash and cash equivalents	(5,836,330)	(39,446,397)
Cash and cash equivalents at beginning of year	23,406,252	62,852,649
Cash and cash equivalents at end of year	$ 17,569,922	$ 23,406,252

The accompanying notes are an integral part of these financial statements.

The George W. Bush Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE A - NATURE OF OPERATIONS

The George W. Bush Foundation (the "Foundation") is a 501(c)(3) not-for-profit organization. The Foundation was incorporated January 17, 2006 to endow a presidential archive depository (the George W. Bush Presidential Library and Museum - the "Library") to house and preserve the documents, papers and other memorabilia of President George W. Bush and to promote and operate the George W. Bush Institute (the "Institute") which supports research and educational activities on policy issues. The Institute has developed programs in the following areas: economic growth, education reform, global health, human freedom, military service initiative and women's initiative. The Library and Institute are housed in the George W. Bush Presidential Center (the "Center") which was dedicated on April 25, 2013 and opened to the public on May 1, 2013.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of 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.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists of cash on hand or in demand deposit accounts. Cash equivalents are short-term, interest bearing instruments with maturity dates of 90 days or less at the time of purchase. The Foundation places its cash and cash equivalents with high quality financial institutions, which at times may exceed federally insured limits. The Foundation has not experienced any losses on such accounts. As of December 31, 2015, the Foundation's cash account balances exceeded federally insured limits by approximately $28 million.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions are recorded as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When expenditures are made which meet the donor specified purpose or upon expiration of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year as received are reported as unrestricted support. Permanently restricted contributions have restrictions imposed by donors and are to be maintained into perpetuity.

Presidential Center Income from Operations

Income from operations includes a portion of proceeds from the sale of tickets to the museum, proceeds from the operation of a parking lot for the convenience of museum guests, and rental fees from the rental of facilities by outside groups. In addition, the Foundation has entered into contracts with several vendors to provide services in the Presidential Center. The Foundation receives a portion of the gross revenue generated by catering and restaurant operations, the operation of the retail shop, and the purchase of photographs taken in the Oval Office in the museum.

Contributions Receivable, net

Contributions receivable are recorded based on the amount pledged by donors. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts are computed using risk-free interest rates applicable to the years in which the pledges are made. Amortization of the discounts is included in contributions in accordance with donor-imposed restrictions, if any, on the contributions.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

The Foundation provides an allowance for uncollectible contributions receivable, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Provisions for losses, if any, are charged to change in net assets and credited to the allowance. Delinquent contributions receivable are written off based on the specific circumstances of the donor making the pledge.

Investments

The Foundation manages investments through its Investment Policy Statement and target asset allocation guidelines that govern its long-term (endowment) and short-term (designated purpose/reserve) investment strategies.

Investments, primarily debt and equity securities and are carried at fair value. Fair values of securities are based on quoted market prices. Fair values of investments in private limited partnerships and hedge funds are based on net asset value as a practical expedient in estimating fair value. The net asset values are determined by the fund manager or general partner based on their best estimates using fair value estimation techniques, substantiated, in part, by their audited financial statements and supported by the due diligence of the Foundation's investment management. Short-term investments are carried at cost, which approximates the fair value of such assets. Investments which are received by gift are recorded at fair value at the date of donation and adjusted for any unrealized gains/losses occurring thereafter.

Short-term investments consist principally of cash equivalents and money market funds and are not subject to significant market or credit risks. The remaining longer-term investments are subject to market and credit risks customarily associated with those investments.

Income and net realized and unrealized gains and losses on investments are classified as unrestricted based on the absence of donor restrictions or when appropriated for expenditure. Income and net realized and unrealized gains and losses are classified as temporarily restricted based on the presence of donor restrictions or an implied time restriction on donor restricted endowments. The permanently restricted portion of the Foundation's investments is subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity. Realized and unrealized gains and losses on funds held in trust in perpetuity are classified as temporarily restricted as directed by the donor gift document.

A professional investment advisor manages the investments along with Foundation management. Performance is subject to periodic review by Foundation management and the Foundation Audit and Investment Committees with approval by the Board.

Property and Equipment, net

Property and equipment, net are recorded at cost at the date of acquisition. Donated property and equipment are recorded at fair value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 39 years, (3 to 5 years for equipment, 7 years for furniture and fixtures, 15 years for land improvements and leasehold improvements, and 39 years for buildings).

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

The Foundation established $5,000 as the threshold amount for minimum capitalization of tangible property. Any items below this amount are expensed.

The Center was placed in service in 2013, and the accumulated costs of building and segregated component units are being depreciated over their estimated useful lives.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC, as evidenced by the Foundation's confirmation letter dated March 2006. The Foundation has been classified as an organization that is not a private foundation under IRC Sections 509(a)(1), and as such, contributions to the Foundation qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. As of December 31, 2015 and 2014, unrelated business income tax liability and expense were immaterial to the financial statements.

The Foundation follows guidance that established criterion that an individual tax position must meet for some or all of the benefits of that position to be recognized in an entity's financial statements. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. No tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions for the Foundation.

The Foundation has concluded that it does not have any unrecognized tax benefits resulting from current or prior period tax positions. The Foundation does not have any outstanding interest or penalties, and none have been recorded in the statement of activities for the years ended December 31, 2015 and 2014. The tax years ending December 31, 2011, 2012, 2013 and 2014 are still open to audit for both federal and state purposes.

Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications represent earnings on board designated endowment funds to unrestricted and reallocation of expenses. Investment dollars held in money market funds with liquidity of less than 90 days were re-classed from investments to cash and cash equivalents on the statement of financial position.

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable, net at December 31 consist of the following:

	2015	2014
Contributions receivable expected to be received in:		
Less than one year	$16,875,297	$28,437,272
One to five years	17,899,714	25,256,511
After five years	522,833	957,495
	35,297,844	54,651,278
Less:		
Allowance for uncollectible contributions	(1,085,297)	(1,594,046)
Unamortized discount	(280,512)	(1,109,117)
Total contributions receivable, net	$33,932,035	$51,948,115

Contributions receivable at December 31, 2015 and 2014 were discounted using rates ranging from .012% to 3.42 % and .012% to 4.00% respectively.

NOTE D - FAIR VALUE MEASUREMENTS

The Foundation has estimated the fair values of its financial instruments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Determinations of fair value are based on subjective data and significant judgment relating to timing of payments and collections and the amounts to be realized. Different market assumptions and/or estimation methodologies might have a material effect on the estimated fair value amounts. The Foundation believes that the carrying amounts of the various categories of financial instruments approximate fair value.

The Foundation records financial instruments in accordance with the fair value guidance as contained within Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. In accordance with this guidance, fair value is defined as the price the Foundation would receive from the sale of an asset, or pay to transfer the liability, in a timely transaction with an independent buyer in a principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Foundation's assets and liabilities. The inputs are summarized in three levels as outlined below:

Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include publicly traded securities and mutual funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.

Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Level 3 Inputs - Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fire value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

The schedule below classifies certain of the Foundation's financial instruments carried at fair value based upon the three-tier hierarchy required by ASC 820 as of December 31, 2015:

	Fair value measurements at December 31, 2015			
	2015	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual Funds:				
Large Cap Core equity	$ 24,848,809	$24,848,809	$ -	$ -
International equity	9,600,314	9,600,314	-	-
Fixed income- short-term pool	15,833,328	15,833,328	-	-
Domestic Small/Mid Cap equity growth	2,158,192	1,882,755	275,437	-
Domestic Small Cap equity value	1,670,196	1,670,196	-	-
Money Market	11,570,924	11,570,924	-	-
Fixed Income	14,000,720	-	14,000,720	-
Hedge funds	20,366,668	-	-	20,366,668
	$100,049,151	$65,406,326	$14,276,157	$20,366,668

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The schedule below summarizes the activity for the items above which have been classified as Level 3 measurements:

Ending balance, December 31, 2014	$13,584,387
Purchases, issuances and redemption – net	6,782,281
Ending balance, December 31, 2015	$20,366,668

The following table summarizes the liquidity of the Foundations total investments as of December 31, 2015:

	Percentage (%)	Redemption Notice
Immediate liquidity		
Short term investments – 11 investments	79.8%	n/a
Quarterly liquidity		
Long/short term equity – 4 investments	11.4%	45-65 days
Annual liquidity		
Long/short term equity – 1 investments	3.2%	45 days
No Immediate liquidity		
Alternative/Hedge funds – 5 investments	5.6%	n/a
Total	100.0%	

Alternative investments includes 10 hedge funds with multiple strategies such as long/short equity, emerging markets, opportunistic absolute return, multi-strategy, event driven and global macro. The fair values of the investments in this category have been estimated using net asset value per share of the investments. There are no gates or other limitations imposed upon redemption amounts; however, some hedge fund managers have withdrawal provisions established upon entering their funds which limit an investor's ability to withdraw amounts without a variable charge of up to 5%.

Pending capital commitments by the Foundation of these alternative investments funds total approximately $5.9 million.

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The schedule below classifies certain of the Foundation's assets and liabilities carried at fair value based upon the three-tier hierarchy required by ASC 820 as of December 31, 2014:

	Fair value measurements at December 31, 2014			
	2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual Funds:				
Large Cap Core equity	$20,768,085	$20,768,085	$ -	$ -
International equity	9,622,474	9,622,474	-	-
Fixed income- short-term pool	9,497,585	9,497,585	-	-
Domestic Small/Mid Cap equity growth	2,169,020	2,169,020	-	-
Domestic Small Cap equity value	2,030,275	2,030,275	-	-
Money Market	6,407,897	6,407,897	-	-
Fixed Income	14,680,089	-	14,680,089	-
Hedge funds	13,584,387	-	-	13,584,387
	$78,759,812	$50,495,336	$14,680,089	$13,584,387

Investment fees of $253,059 and $61,477 were incurred for the years ending December 31, 2015 and 2014, respectively. Investment management fees and related expenses are recorded as a reduction to investment income in the accompanying statement of activities. The Foundation does not believe these investments pose unusual market or credit risk.

Unrealized and realized gains and losses on the investments valued using significant unobservable inputs are included in net unrealized and unrealized gains on investment in the accompanying statement of activities. For the year ended December 31, 2015, net unrealized losses of $369,938 relate to Level 3 assets still held at December 31, 2015. For the year ended December 31, 2014, net unrealized gains of $149,615 relate to Level 3 assets still held at December 31, 2014.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2015 and 2014 consist of the following:

	2015	2014
Buildings	$149,121,863	$148,781,775
Land improvements	30,248,968	30,113,149
Furniture, fixtures and equipment	59,905,071	59,716,758
Leasehold improvements	471,083	471,083
	239,746,985	239,082,765
Less: accumulated depreciation and amortization	(32,474,942)	(19,992,442)
Property and equipment, net	$207,272,043	$219,090,323

NOTE F - GROUND LEASE

In October 2010, the Foundation entered into a ground lease agreement with SMU Corp for the use of approximately 23 acres of land on which to build the Center. The initial term of the lease is 100 years, and there are six renewal options of 25 years each. The rent for the initial term was $1,000, and the same rent will be due for each renewal term.

As the Foundation received this unconditional promise to use the land and SMU Corp retains legal title to the land, a contribution has been recorded as temporarily restricted contribution revenue. The fair value of the land at October 15, 2010, was $34,000,000, and it is being amortized ($136,000 in 2015 and 2014) over the expected term of the lease of 250 years. The amortization is included in net assets released from restrictions and as part of management and general expense. The fair value of the land, net of accumulated amortization, is classified as other asset, net, in the accompanying statements of financial position.

NOTE G - ENDOWMENTS

The Foundation's endowment was started in 2014 and consists of individual endowment funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor- imposed restrictions. Unrestricted endowment funds represent the Board designated endowment.

NOTE G - ENDOWMENTS - Continued

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted by the state of Texas, as allowing the Foundation, absent donor stipulations to the contrary as stated in the gift instrument, to appropriate so much of a donor-restricted endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The Board of Directors, in ratifying the Foundation's Investment Policy Statement adopted UPMIFA as enacted by the state of Texas. The assets in the endowment fund remain restricted until appropriated for expenditure by the Foundation.

The following factors are considered in making a determination to appropriate or accumulate donor restricted endowment funds: 1) the duration and preservation of the fund; 2) the purposes of the Foundation and the donor restricted endowment fund; 3) general economic conditions; 4) the possible effect of inflation and deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the Foundation; and 7) the investment policies of the Foundation.

Endowment Net Asset Composition by Type of Fund as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-restricted endowment funds	$49,346,707	$ -	$ -	$49,346,707
Donor-designated endowment funds	-	23,234,307	11,705,233	34,939,540
Total Funds	$49,346,707	$23,234,307	$11,705,233	$84,286,247

NOTE G - ENDOWMENTS - Continued

Changes in endowment net assets for the year ended December 31, 2015, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$40,582,246	$23,567,147	$10,203,701	$74,353,094
Investment return:				
Investment income	465,794	303,152	-	768,946
Net depreciation (unrealized and realized)	(621,125)	(528,434)	-	(1,149,559)
Total investment return	(155,331)	(225,282)	-	(380,613)
Contributions	9,999,977	19,316	1,501,532	11,520,825
Appropriation of assets for expenditure	(253,059)	-	-	(253,059)
Appropriation of assets for purpose	(827,126)	(126,874)	-	(954,000)
Endowment net assets, end of year	$49,346,707	$23,234,307	$11,705,233	$84,286,247

Endowment Net Asset Composition by Type of Fund as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-restricted endowment funds	$40,582,246	$ -	$ -	$40,582,246
Donor-designated endowment funds	-	23,567,147	10,203,701	33,770,848
Total Funds	$40,582,246	$23,567,147	$10,203,701	$74,353,094

NOTE G - ENDOWMENTS - Continued

Changes in endowment net assets for the year ended December 31, 2014, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ -	$ -
Investment return:				
Investment income	528,559	(207,213)	-	321,346
Net depreciation (unrealized and realized)	151,513	95,944	-	247,457
Total investment return	680,072	(111,269)	-	568,803
Contributions	39,963,651	23,678,416	10,203,701	73,845,768
Appropriation of assets for expenditure	(61,477)	-	-	(61,477)
Endowment net assets, end of year	$40,582,246	$23,567,147	$10,203,701	$74,353,094

Funds with Deficiencies

From time to time the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor under UPMIFA requires the Foundation to retain as a fund of perpetual duration. Funds with deficiencies totaled $134,126 as of December 31, 2015. There were no funds with deficiencies as of December 31, 2014.

Return Objective and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations, programs and other specified purposes supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowments include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor specified period(s) as well as board designated funds.

Strategies Employed for Achieving Objectives

Under its investment policy, as approved by the Board of Directors, the assets of the endowment are invested in accordance with the following objectives: achieve a long-term real return to provide a stable source of support for the financial needs of the Foundation while preserving the purchasing power of the underlying assets; generate, over a long period of time a real return objective of an annualized rate of 5%, adjusted for inflation measured over a rolling 5 year period, to a maximize return within reasonable and prudent levels of risk; maintain sufficient liquidity to meet distribution needs on a timely basis.

NOTE G - ENDOWMENTS - Continued

While there are no assurances that these objectives will be realized, guidelines for endowment investments were developed using estimates of future gifts and expenditures of the endowment and on projected investment returns by asset class. Endowment objectives were based on a long-range investment horizon, so interim fluctuations should be viewed with the appropriate perspective.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment's investment earnings are allocated in a reasonable and balanced way between current distribution and reinvestment for future earnings. Distributions should provide a reasonably stable and predictable source of funds for the activities of the Foundation that are supported by the endowment. Subject to UPMIFA (to the extent applicable), the annual distributable funds from the endowment will be 4.5% of the average end-of-quarter market value of the endowment for the previous twelve (12) quarters, to be determined at the end of each fiscal year for the ensuing fiscal year; unless it is clearly imprudent to do so. Because the endowment was established in fiscal year 2014, there were no distributions during the fiscal year. $954,000 was distributed in 2015 in support of Foundation operations. Gifts received shall be subject to the averaging and distribution rules, unless the donor directs differently. Specific gifts may be excluded from averaging and/or be subject to other distribution rules, when the donor directs.

NOTE H - LAURA BUSH FOUNDATION

During 2014 the Foundation accepted the transfer of the Laura Bush Foundation for America Libraries fund from the Community Foundation for the National Capital Region. The fund is categorized as a Donor Advised fund and is comingled with the investment portfolio of the Foundation. The fund receives its pro-rata allocation of the total investment portfolio performance. The fund however, is administered by its Advisory Board of Directors which is responsible for its governance.

NOTE I - SMU ENDOWMENT

In February 2008, the Foundation entered into a fundraising agreement with SMU. The agreement provides for the establishment of an endowment at SMU for the purpose of underwriting SMU's share of the cost of joint programs conducted with the Foundation. The SMU endowment is funded by the Foundation when contributions received by the Foundation net of fundraising expenses exceed $200,000,000 up to $500,000,000. Fifteen percent of the excess is being distributed to SMU on a quarterly basis. When fully funded, the SMU endowment is expected to be $45,000,000.

As of December 31, 2015 and 2014, $1,666,144 and $2,498,169, respectively, was due to SMU related to this endowment and is included in accounts payable and accrued expenses in the accompanying statements of financial position. Program services expense for the years ended December 31, 2015 and 2014, includes $6,718,172 and $6,775,399, respectively, for the SMU endowment.

NOTE J - AGREEMENT WITH THE NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

In April 2013, the Foundation entered into a joint use agreement with the National Archives and Records Administration ("NARA"). The term of the joint use agreement began on the date of execution and is coterminous with the ground lease agreement with SMU Corp discussed in Note F. Under the joint use agreement, NARA agrees to operate certain areas of the Center to house, preserve and make available the presidential records and historical materials of President George W. Bush using archival research facilities, exhibitions, educational and public programs, and other activities. The agreement required the Foundation to establish an endowment with NARA for the maintenance of the facility and equipment operated by NARA.

The agreement also specifies certain items that are paid by NARA to the Foundation. NARA remits to the Foundation a portion of the proceeds of museum ticket sales as well as parking fees NARA collects from museum visitors on behalf of the Foundation. In July, 2015, this agreement was modified when the Foundation assumed responsibility for the collection of museum ticket sales as well as parking fees from the museum visitors and will remit to NARA their portion of the proceeds. NARA also reimburses the Foundation for the portion of the cost of utilities attributable to NARA. As of December 31, 2015 and 2014, $45,271 and $235,535, respectively, was due from NARA, and it is included in other receivables in the accompanying statements of financial position. As of December 31, 2015 and 2014, $307,634 and $0, respectively, was due to NARA, and it is included in accounts payable and accrued expenses in the accompanying statements of financial position.

NOTE K - COMMITMENTS AND CONTINGENCIES

In 2009 through 2015, the Foundation entered into lease agreements for additional office space and various equipment leases with terms ranging from one to ten years.

Rent expense for the years ended December 31, 2015 and 2014, was $ 206,540 and $203,129, respectively. Minimum future payments under these agreements as of December 31, 2015, are as follows:

2016	$268,632
2017	273,577
2018	244,563
2019	181,889
2020	81,972
Thereafter	184,437

NOTE L - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through June 21, 2016, the date the financial statements were available to be issued. Through this date, the Foundation is not aware of any subsequent events that would require recognition or disclosure in these financial statements.