FINANCIAL STATEMENTS

Center for Global Development

FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

CENTER FOR GLOBAL DEVELOPMENT

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Global Development
Washington, D.C.

We have audited the accompanying financial statements of the Center for Global Development (CGD), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and change in net assets, functional expenses 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 misstatement, 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 of 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 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 CGD as of December 31, 2013, and the change 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.

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Report on Summarized Comparative Information

We have previously audited CGD's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rozenberg & Freedman

April 25, 2014

CENTER FOR GLOBAL DEVELOPMENT

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	$ 4,738,593	$ 5,998,292
Investments (Notes 2 and 10)	17,745,839	20,358,765
Accounts receivable	-	67,522
Pledges receivable, current portion (Note 3)	757,685	76,611
Grants receivable, current portion (Note 3)	7,986,534	4,800,388
Prepaid expenses	61,500	42,813
Total current assets	31,290,151	31,344,391
PROPERTY AND EQUIPMENT		
Office condominium (Note 8)	16,254,914	-
Furniture	1,723,367	411,945
Computer equipment	513,639	473,961
Leasehold improvements	-	605,113
	18,491,920	1,491,019
Less: Accumulated depreciation and amortization	(322,323)	(830,457)
Net property and equipment	18,169,597	660,562
OTHER ASSETS		
Pledges receivable, net of current portion (Note 3)	3,762,297	3,191,750
Grants receivable, net of current portion (Note 3)	4,503,129	4,164,591
Bond financing and condominium purchase fees, net of accumulated amortization of $12,371 and $0 in 2013 and 2012, respectively	510,073	10,621
Certificate of deposit - restricted (Note 4)	173,367	173,367
Security deposit (Note 8)	-	300,000
Total other assets	8,948,866	7,840,329
TOTAL ASSETS	**$ 58,408,614**	**$ 39,845,282**

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Current portion of bonds payable (Note 8)	$ 295,703	$ -
Accounts payable and accrued liabilities	474,184	190,425
Accrued salaries and related benefits	345,530	375,673
Deferred rent, current portion (Note 7)	-	45,387
Total current liabilities	1,115,417	611,485
LONG-TERM LIABILITIES		
Note payable (Notes 7 and 8)	300,000	-
Bonds payable, net of current portion (Note 8)	12,919,441	-
Deferred rent, net of current portion (Note 7)	-	371,097
Total long-term liabilities	13,219,441	371,097
Total liabilities	14,334,858	982,582
NET ASSETS		
Unrestricted	24,374,930	23,744,811
Temporarily restricted (Note 5)	19,698,826	15,117,889
Total net assets	44,073,756	38,862,700
TOTAL LIABILITIES AND NET ASSETS	**$ 58,408,614**	**$ 39,845,282**

See accompanying notes to financial statements.

CENTER FOR GLOBAL DEVELOPMENT

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants and contributions	$ 723,535	$ 16,361,512	$ 17,085,047	$ 7,451,841
Contract revenue	487,469	-	487,469	1,356,481
Investment income (Note 2)	2,535,818	-	2,535,818	2,533,588
Service revenue	54,221	-	54,221	46,107
Net assets released from donor restrictions (Note 6)	11,780,575	(11,780,575)	-	-
Total revenue	15,581,618	4,580,937	20,162,555	11,388,017
EXPENSES				
Program Services	11,022,343	-	11,022,343	9,155,425
Supporting Services:				
Management and General	1,809,490	-	1,809,490	1,289,973
Fundraising	436,150	-	436,150	396,237
Total supporting services	2,245,640	-	2,245,640	1,686,210
Total expenses	13,267,983	-	13,267,983	10,841,635
Change in net assets before other item	2,313,635	4,580,937	6,894,572	546,382
OTHER ITEM				
Lease termination fees (Note 7)	(1,683,516)	-	(1,683,516)	-
Change in net assets	630,119	4,580,937	5,211,056	546,382
Net assets at beginning of year	23,744,811	15,117,889	38,862,700	38,316,318
NET ASSETS AT END OF YEAR	**$ 24,374,930**	**$ 19,698,826**	**$ 44,073,756**	**$ 38,862,700**

See accompanying notes to financial statements.

EXHIBIT C

CENTER FOR GLOBAL DEVELOPMENT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	2013					2012
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Employee salaries and benefits (Note 9)	$ 6,567,965	$ 582,583	$ 328,942	$ 911,525	$ 7,479,490	$ 6,674,516
Contractors/partnerships	998,429	-	-	-	998,429	118,813
Program and research consultants	972,291	-	-	-	972,291	925,090
Other professional fees	119,247	162,550	388	162,938	282,185	196,686
Travel	525,226	7,439	3,162	10,601	535,827	578,875
Outreach activities	43,297	-	-	-	43,297	102,762
Meetings and conferences	196,543	12,181	12,551	24,732	221,275	256,502
Printing and production	146,541	12,499	3,667	16,166	162,707	184,314
Supplies and materials	80,841	92,646	7,677	100,323	181,164	123,932
Postage and shipping	8,392	5,419	526	5,945	14,337	19,742
Furnishings, equipment and software	23,631	49,738	3,205	52,943	76,574	114,525
Rent and utilities (Note 7)	11,998	1,221,868	-	1,221,868	1,233,866	1,221,804
Depreciation and amortization	-	289,956	-	289,956	289,956	159,978
Investment entry or exit fees	-	30,655	-	30,655	30,655	83,757
Interest, taxes and condo maintenance fees (Notes 7 and 8)	658	292,497	-	292,497	293,155	-
Other	14,607	436,591	1,577	438,168	452,775	80,339
Subtotal	9,709,666	3,196,622	361,695	3,558,317	13,267,983	10,841,635
Overhead allocation	1,312,677	(1,387,132)	74,455	(1,312,677)	-	-
TOTAL	**$ 11,022,343**	**$ 1,809,490**	**$ 436,150**	**$ 2,245,640**	**$ 13,267,983**	**$ 10,841,635**

See accompanying notes to financial statements.

CENTER FOR GLOBAL DEVELOPMENT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,211,056	$ 546,382
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	289,956	159,978
Unrealized gain on investments	(1,289,703)	(2,027,906)
Realized gain on investments	(883,896)	(14,846)
Change in discount of long-term pledges and grants receivable	(102,911)	(142,109)
Loss on disposal of fixed assets	330,192	1,762
Donated securities	(12,866)	-
(Increase) decrease in:		
Accounts receivable	67,522	11,287
Pledges receivable	(1,113,717)	(21,611)
Grants receivable	(3,559,677)	311,409
Prepaid expenses	(18,687)	134,989
Deferred rents receivable	-	24,576
Security deposit	300,000	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	283,759	53,129
Accrued salaries and related benefits	(30,143)	33,007
Deferred rent	(416,484)	3,840
Deferred rental income	-	(88,992)
Other liabilities	-	(97,250)
Net cash used by operating activities	(945,599)	(1,112,355)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,116,812)	(189,603)
Purchase of investments	(3,188,042)	(13,629,783)
Proceeds from sale of investments	7,987,433	12,455,734
Maturity of certificate of deposit - restricted	-	184,789
Repurchase of certificate of deposit - restricted	-	(173,367)
Security deposit on office space lease with purchase option exercised	-	(300,000)
Net cash used by investing activities	(13,317,421)	(1,652,230)

See accompanying notes to financial statements.

CENTER FOR GLOBAL DEVELOPMENT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bond issuance	$ 13,360,000	$ -
Payments on bonds payable	(144,856)	-
Obligation due to landlord for termination of lease	2,100,000	-
Payments made to landlord for termination of lease	(1,800,000)	-
Cash paid for bond financing and condominium fees	(511,823)	-
Net cash provided by financing activities	13,003,321	-
Net decrease in cash and cash equivalents	(1,259,699)	(2,764,585)
Cash and cash equivalents at beginning of year	5,998,292	8,762,877
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 4,738,593**	**$ 5,998,292**
SUPPLEMENTAL INFORMATION:		
Interest Paid	**$ 182,534**	**$ -**
Taxes Paid	**$ 25,415**	**$ -**
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Liquidated Donated Securities	**$ 160,788**	**$ -**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Center for Global Development (CGD) is dedicated to reducing global poverty and inequality through policy-oriented research and active engagement on development issues with the policy community and the public. A principal focus of CGD's work is the policies of the United States and other industrial countries that affect development prospects in poor countries. CGD's research assesses the impact on poor people of globalization and of the policies of industrialized countries, developing countries and multilateral institutions.

CGD seeks to identify alternative policies that promote equitable growth and participatory development in low-income and transitional economies, and, in collaboration with civil society and private sector groups, seeks to translate policy ideas into policy reforms. CGD partners with other institutions in efforts to improve public understanding in industrial countries of the economic, political, and strategic benefits of promoting improved living standards and governance in developing countries.

In January 2013, CGD established an office in the United Kingdom (UK) and registered as an overseas company in the UK. This allows CGD to operate as a UK Establishment under UK laws.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CGD's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Cash and cash equivalents -

CGD considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, CGD maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Periodically, CGD receives contributions in the form of securities, which are recorded at their fair market value on the date of donation. CGD typically sells the securities immediately upon receipt, minimizing the amount of potential realized gains or losses from the transaction. For the year ended December 31, 2013, CGD received a total of $173,654 in donated securities, of which $12,866 were not immediately sold and are included in investments on the accompanying Statement of Financial Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Pledges, grants and accounts receivable -

Pledges, grants and accounts receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

All pledges, grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. Accounts receivable are recorded at net realizable value, which approximates fair value.

Property and equipment -

Property and equipment in excess of $1,000 are capitalized and stated at cost. Renewals and betterments are capitalized while repairs and maintenance are charged to expenses as they are incurred. Property (Condominium) improvements are capitalized and amortized over the remaining useful life of the property. Depreciation is computed using the straight-line method over the following estimated useful lives:

Property (Condominium)	39 years
Property improvements	39 years
Furniture and equipment	7 years
Computer equipment and software	3 years
Website development	3 years

For the year ended December 31, 2013, depreciation and amortization expense related to property and equipment totaled $277,585.

Bond financing and condominium purchase fees -

Bond financing fees represent legal fees and other costs associated with obtaining the bond debt agreement (see Note 8). These fees are being amortized over the life of the debt (15 years), on a straight-line basis.

Condominium purchase fees represent the costs incurred in negotiating the purchase of CGD's new office space (see Note 8). Purchase fees are being amortized over the estimated life of the condominium (39 years).

For the year ended December 31, 2013, amortization expense for bond financing and condominium purchase fees totaled $12,371. Accumulated amortization totaled $12,371 at December 31, 2013.

Income taxes -

CGD is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. CGD is not a private foundation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Uncertain tax positions -

For the year ended December 31, 2013, CGD has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of CGD and include both internally designated and undesignated resources.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of CGD and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Grants and contributions -

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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 Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Risks and uncertainties -

CGD invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

CGD adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. CGD accounts for a significant portion of its financial instruments at fair value or considers fair value in its measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. INVESTMENTS

Investments consisted of the following at December 31, 2013:

	Fair Value
Ameritrade - Exchange Traded Funds	$ 12,112,863
Ameritrade - Mutual Funds	5,620,110
Ameritrade - Equity Securities	12,866
TOTAL INVESTMENTS	**$ 17,745,839**

Included in investment income are the following at December 31, 2013:

Interest and dividends	$ 362,219
Unrealized gain	1,289,703
Realized gain	883,896
TOTAL INVESTMENT INCOME	**$ 2,535,818**

3. PLEDGES AND GRANTS RECEIVABLE

As of December 31, 2013, pledges and grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate ranging from one to five percent.

3. PLEDGES AND GRANTS RECEIVABLE (Continued)

The pledges and grants are due as follows at December 31, 2013:

	Pledges Receivable	Grants Receivable
Less than one year	$ 757,685	$ 7,986,534
One year to five years	4,187,643	4,608,399
Subtotal	4,945,328	12,594,933
Less: Discount to present value	(425,346)	(105,270)
TOTAL	**$ 4,519,982**	**$ 12,489,663**

CGD has an existing conditional promise to receive up to $2,000,000 from The William and Flora Hewlett Foundation (the Foundation) during the period from June 13, 2011 until June 13, 2014. Payment is contingent upon the submission of narrative and financial reports on CGD's activities during the grant period, strategy and other documentation and qualified dollar-for-dollar matching provisions. During the year ended December 31, 2013, CGD completed all necessary requirements to receive the final conditional award amount of $2,000,000. Accordingly, the promise amount of $2,000,000 is included in revenues and pledges receivable at December 31, 2013. The actual payment was received subsequent to fiscal year end.

4. LETTER OF CREDIT/CERTIFICATE OF DEPOSIT

As of December 31, 2013, CGD has a restricted letter of credit with SunTrust Bank, secured by a certificate of deposit totaling $173,367. The terms of its previous office lease agreement stipulated that CGD shall maintain this letter of credit in lieu of a security deposit. Effective December 23, 2013, CGD terminated its office lease agreement (see Note 7), however, the letter of credit secured by the certificate of deposit was not redeemed until subsequent to fiscal year end in January 2014.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2013:

Time restricted	$ 5,403,441
Purpose restricted:	
Tropical Forests for Climate and Development	3,612,397
Transparency, Accountability and Corruption	2,897,446
Global Health Policy	1,782,588
Development Scholar Visiting Fellowships	1,362,591
Regulatory Standards for Financial Inclusion	1,353,329
Aid Innovation and Effectiveness	1,200,500
CGD in Europe	644,632
Future International Financial Institutions	626,174
Rethinking U.S. Foreign Assistance	572,234
Agriculture and Trade	243,494
Total purpose restricted	14,295,385
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$ 19,698,826**

6. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions, at December 31, 2013, by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Passage of time	$ 4,007,892
Purpose restricted:	
Tropical Forests for Climate and Development	1,490,010
Global Health Policy	1,346,654
Transparency, Accountability and Corruption	1,341,139
Rethinking US Foreign Assistance	1,067,000
Agriculture and Trade	797,897
Aid Innovation and Effectiveness	756,650
Future International Financial Institutions	330,061
CGD in Europe	288,272
Research on Population and Development	162,000
Regulatory Standards for Financial Inclusion	125,000
Development Scholar Visiting Fellowships	68,000
Total purpose restricted	7,772,683
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 11,780,575**

7. LEASE COMMITMENT

CGD was committed for leased office space under an agreement that was set to expire in 2016. The lease contained rent abatements and fixed increases to the annual base rent amount of $86,684. As a result of CGD's decision to purchase new office space (see Note 8), CGD negotiated the termination of the existing lease agreement effective December 23, 2013. As a result of the early termination, CGD was liable to pay the landlord a total sum of $2.1 million in penalty fees, which is presented as an Other Item on the accompanying Statement of Activities and Changes in Net Assets. During 2013, CGD paid $1,800,000 of the total early termination fee. The remaining $300,000 obligation is due to the landlord on January 2, 2015 and is presented as long-term note payable on the accompanying Statement of Financial Position.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense was being recognized for financial statement purposes as a deferred rent liability in the Statement of Financial Position. As a result of the early termination of the lease agreement described above, the deferred rent liability balance totaling $416,484 was written-off against the early termination fee expense, and is included in the Other Item on the accompanying Statement of Activities and Change in Net Assets.

Total rent expense for the year ended December 31, 2013 was $1,233,866, which includes $102,053 of telephone, utilities and other related occupancy fees.

8. LONG-TERM DEBT

During 2013, CGD entered into the following debt instrument agreement to provide funding to acquire and renovate new office space (condominium), which was purchased in June 2013 for $13,520,918. During 2012, CGD provided $300,000 as a deposit for the purchase of the new office space, which was applied toward the total purchase price in 2013. The debt is collateralized by the condominium office space at 2055 L Street, Washington, D.C. Additionally, the debt agreements contain various covenants, which among other things, place restrictions on CGD's ability to incur additional indebtedness and requires CGD to maintain certain financial ratios and submit various financial reports throughout their fiscal year. For the year ended December 31, 2013, CGD was not in compliance with the debt covenants and they obtained a waiver of compliance for all covenants that were due during the initial period of the bonds, through December 31, 2013. As of the date of this report, CGD was in substantial compliance with all debt covenants.

Tax-Exempt Bonds Payable

During 2013, the District of Colombia issued $13,360,000 of Revenue Bonds (Center for Global Development Issue Series 2013) on behalf of CGD at which time CGD entered into a loan and trust agreement with the District of Colombia and SunTrust Bank. The bonds bear an annualized fixed interest rate of 2.73% and are to be repaid on a monthly basis at principle plus accrued interest. The redemption schedule is amortized over a 30-year period starting on July 1, 2013. The bonds will be due in 15 years with a balloon payment of outstanding principle and interest due on June 1, 2028.

As of December 31, 2013, the total outstanding balance of the bonds payable was $13,215,144 and total interest was $182,534.

Principal payments on the bonds are due as follows:

Year Ending December 31,	
2014	$ 295,703
2015	303,880
2016	312,279
2017	320,911
2018	329,782
2019 and Thereafter	11,652,589
	$ 13,215,144

Line of Credit

As part of the bond issuance, CGD also entered into an agreement for a revolving line of credit with SunTrust Bank. The line of credit in the amount of $1,000,000 is renewable annually and bears interest at Libor plus 1.75% (2.33% at December 31, 2013). The line of credit is unsecured with a negative pledge against the new property (condominium).

8. LONG-TERM DEBT (Continued)

Line of Credit (continued)

In addition to the aforementioned covenants as they apply to the bonds, the line of credit is also subject to additional financial covenants. As of December 31, 2013, CGD was in substantial compliance with these additional covenants for the line of credit.

There was no outstanding balance on the line of credit as of December 31, 2013.

9. RETIREMENT PLAN

CGD sponsors a 403(b) retirement plan that is available to employees who meet certain eligibility requirements. CGD contributes 15% of each eligible employee's earnings to the plan, subject to legal limits. For the year ended December 31, 2013, CGD contributed $591,410 to the plan.

10. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, CGD has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market CGD has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2013.

- *Exchange Traded Funds* - Valued at the closing price reported on the active market in which the funds are traded.

- *Mutual Funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

- *Equity Securities* - Valued at the closing price reported on the active market in which the individual securities are traded.

10. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, CGD's investments as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Exchange Traded Funds:				
Real Estate Investment Index	$ 1,164,562	$ -	$ -	$ 1,164,562
Domestic Stocks	5,815,407	-	-	5,815,407
Foreign Stocks	5,132,894	-	-	5,132,894
Total exchange traded funds	12,112,863	-	-	12,112,863
Mutual Funds:				
Bond Funds	4,194,175	-	-	4,194,175
Real Estate Investment Index	79,131	-	-	79,131
Foreign Stocks	150,391	-	-	150,391
Collateralized Commodities Futures	1,196,413	-	-	1,196,413
Total mutual funds	5,620,110	-	-	5,620,110
Equity Securities:				
Domestic Stocks	12,866	-	-	12,866
Total equity securities	12,866	-	-	12,866
TOTAL	**$17,745,839**	**$ -**	**$ -**	**$17,745,839**

11. SUBSEQUENT EVENTS

In preparing these financial statements, CGD has evaluated events and transactions for potential recognition or disclosure through April 25, 2014, the date the financial statements were issued.