COMBINED FINANCIAL STATEMENTS

CENTER FOR GLOBAL DEVELOPMENT AND AFFILIATE

FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

CONTENTS

GELMAN, ROSENBERG
& FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined financial statements of the Center for Global Development and Affiliate (collectively referred to as CGD), which comprise the combined statement of financial position as of December 31, 2015, and the related combined statements of activities and change in net assets, combined functional expenses and combined cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We did not audit the financial statements of the Center for Global Development Europe, which statements reflect total assets of $361,667 as of December 31, 2015 and total revenues of $1,550,293, for the year than ended.. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Center for Global Development Europe, is based solely on the report of the other auditors. 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities' preparation and fair presentation of the combined 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 entities' 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 combined 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, based on our audits and the report of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of CGD as of December 31, 2015, and the combined change in its net assets and its combined 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 2014 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Combining Schedule of Financial Position on page 19, Combining Schedule of Activities on page 20 and Combining Schedule of Change in Net Assets on page 21, are presented for purposes of additional analysis and are not required as part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Gelman Rozenberg & Freedman

April 26, 2016

CENTER FOR GLOBAL DEVELOPMENT AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 6,379,118	$ 5,294,550
Investments	16,629,571	17,907,705
Accounts receivable	40,175	3,158
Pledges receivable, current portion	359,900	895,855
Grants receivable, current portion	6,269,368	9,019,731
Prepaid expenses	220,878	142,187
Total current assets	29,899,010	33,263,186
PROPERTY AND EQUIPMENT		
Office condominium	16,325,430	16,264,390
Equipment	51,874	-
Furniture	1,851,817	1,844,561
Computer equipment	583,483	556,287
	18,812,604	18,665,238
Less: Accumulated depreciation and amortization	(1,876,138)	(1,067,083)
Net property and equipment	16,936,466	17,598,155
OTHER ASSETS		
Pledges receivable, net of current portion and discount	3,642,350	3,544,802
Grants receivable, net of current portion and discount	256,557	1,840,874
Bond financing and condominium purchase fees, net of accumulated amortization of $68,767 and $40,569 in 2015 and 2014, respectively	453,677	481,875
Total other assets	4,352,584	5,867,551
TOTAL ASSETS	$ 51,188,060	$ 56,728,892

See accompanying notes to combined financial statements.

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES		
Current portion of bonds payable	$ 312,279	$ 303,880
Note payable	-	300,000
Accounts payable and accrued liabilities	293,618	249,257
Accrued salaries and related benefits	433,137	364,563
Total current liabilities	1,039,034	1,217,700
LONG-TERM LIABILITIES		
Bonds payable, net of current portion	12,303,282	12,615,561
Total liabilities	13,342,316	13,833,261
NET ASSETS		
Unrestricted	22,973,295	24,162,745
Temporarily restricted	14,872,449	18,732,886
Total net assets	37,845,744	42,895,631
TOTAL LIABILITIES AND NET ASSETS	**$ 51,188,060**	**$ 56,728,892**

CENTER FOR GLOBAL DEVELOPMENT AND AFFILIATE

COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants and contributions	$ 1,366,037	$ 8,460,065	$ 9,826,102	$ 12,315,454
Contract revenue	1,622,394	-	1,622,394	560,297
Investment (loss) income	(1,303,917)	-	(1,303,917)	340,764
Rental income	32,100	-	32,100	21,500
Service revenue	42,791	-	42,791	35,957
Other income	17,460	-	17,460	-
Net assets released from donor restrictions	12,320,502	(12,320,502)	-	-
Total revenue	14,097,367	(3,860,437)	10,236,930	13,273,972
EXPENSES				
Program Services	13,079,368	-	13,079,368	12,226,416
Supporting Services:				
Management and General	1,699,681	-	1,699,681	1,798,819
Fundraising	507,768	-	507,768	426,862
Total supporting services	2,207,449	-	2,207,449	2,225,681
Total expenses	15,286,817	-	15,286,817	14,452,097
Change in net assets	(1,189,450)	(3,860,437)	(5,049,887)	(1,178,125)
Net assets at beginning of year	24,162,745	18,732,886	42,895,631	44,073,756
NET ASSETS AT END OF YEAR	**$ 22,973,295**	**$ 14,872,449**	**$ 37,845,744**	**$ 42,895,631**

See accompanying notes to combined financial statements.

CENTER FOR GLOBAL DEVELOPMENT AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	2015					2014
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Employee salaries and benefits	$ 7,657,239	$ 1,015,352	$ 349,770	$ 1,365,122	$ 9,022,361	$ 7,832,698
Field study	504,554	-	-	-	504,554	184,307
Contractors/partnerships	936,390	-	-	-	936,390	885,568
Program and research consultants	762,389	-	-	-	762,389	1,467,954
Sub-grants	-	-	-	-	-	160,261
Other professional fees	103,029	168,374	42,604	210,978	314,007	317,204
Travel	688,944	34,340	11,501	45,841	734,785	676,369
Outreach activities	83,343	9,127	-	9,127	92,470	135,126
Meetings and conferences	229,026	15,204	39,207	54,411	283,437	235,382
Printing and production	131,464	1,312	600	1,912	133,376	78,278
Supplies and materials	99,574	95,122	2,552	97,674	197,248	160,063
Postage and shipping	4,972	3,920	834	4,754	9,726	16,270
Furnishings, equipment and software	6,975	85,873	-	85,873	92,848	290,164
Rent and utilities	1,158	405,212	91	405,303	406,461	222,823
Depreciation and amortization	-	867,381	-	867,381	867,381	846,085
Investment fees	-	29,908	-	29,908	29,908	30,229
Interest, taxes and condo maintenance fees	-	865,710	-	865,710	865,710	776,678
Other	3,039	30,186	541	30,727	33,766	136,638
Subtotal	11,212,096	3,627,021	447,700	4,074,721	15,286,817	14,452,097
Overhead allocation	1,867,272	(1,927,340)	60,068	(1,867,272)	-	-
TOTAL	**$ 13,079,368**	**$ 1,699,681**	**$ 507,768**	**$ 2,207,449**	**$ 15,286,817**	**$ 14,452,097**

See accompanying notes to combined financial statements.

CENTER FOR GLOBAL DEVELOPMENT AND AFFILIATE

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (5,049,887)	$ (1,178,125)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	867,381	846,085
Unrealized loss on investments	1,695,052	81,641
Realized gain on investments	(30,221)	(6,241)
Change in discount of long-term pledges and grants receivable	(190,147)	(225,229)
Loss on disposal of property and equipment	-	4,369
(Increase) decrease in:		
Accounts receivable	(37,017)	(3,158)
Pledges receivable	590,044	240,384
Grants receivable	4,373,190	1,693,227
Prepaid expenses	(78,691)	(80,687)
Increase (decrease) in:		
Accounts payable and accrued liabilities	44,361	(224,926)
Accrued salaries and related benefits	68,574	19,033
Net cash provided by operating activities	2,252,639	1,166,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(177,494)	(250,815)
Purchase of investments	(6,324,002)	(874,170)
Proceeds from sale of investments	5,937,305	636,905
Maturity of certificate of deposit - restricted	-	173,367
Net cash used by investing activities	(564,191)	(314,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(303,880)	(295,703)
Payments against notes payable	(300,000)	-
Net cash used by financing activities	(603,880)	(295,703)
Net increase in cash and cash equivalents	1,084,568	555,957
Cash and cash equivalents at beginning of year	5,294,550	4,738,593
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 6,379,118**	**$ 5,294,550**

CENTER FOR GLOBAL DEVELOPMENT AND AFFILIATE

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	2015	2014
SUPPLEMENTAL INFORMATION:		
Interest Paid	$ 353,758	$ 362,047
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Liquidated Donated Securities	$ 6,053	$ 146,224

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

The Center for Global Development and Affiliate (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. The Center'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. The Center 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 under the appropriate UK laws. The Center for Global Development in Europe (CGDE) began independent operations in 2014. CGDE is a company limited by guarantee and a UK-registered charity whose mission is to promote, for the public benefit, education and research into poverty, health, sustainable development, economics, good governance and transparency in public life and administration and public finance.

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958-810, *Not-for-Profit Entities*, *Consolidation.*

The combined 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 combined financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Basis of combination -

The accompanying combined financial statements reflect the activity of the Center of Global Development and CGDE, collectively referred to as "CGD". The financial statements have been combined because the organizations are under common control. All intercompany transactions have been eliminated during combination.

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.

Additionally, as of December 31, 2015, CGD held $190,030 of cash and cash equivalents in a local institution of the United Kingdom (UK). Such funds are generally not insured.

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

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income (loss) in the Combined 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, 2015, CGD received a total of $6,053 in donated securities, which were sold immediately in accordance with their policy.

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, 2015, depreciation and amortization expense related to property and equipment totaled $839,183.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Combined Statement of Activities and Change in Net Assets, to its current fair value.

Bond financing and condominium purchase fees -

Bond financing fees represent legal fees and other costs associated with obtaining the bond debt agreement (see Note 7). These fees are being amortized over the life of the debt (15 years), on a straight-line basis.

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

Bond financing and condominium purchase fees (continued) -

Condominium purchase fees represent the costs incurred in negotiating the purchase of CGD's new office space (see Note 7). Purchase fees are being amortized over the estimated life of the condominium (39 years).

For the year ended December 31, 2015, amortization expense for bond financing and condominium purchase fees totaled $28,198. Accumulated amortization totaled $68,767 at December 31, 2015.

Income taxes -

CGD is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CGDE is registered as a tax exempt organization under the laws that govern charities in the U.K. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. CGD is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2015, 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 combined financial statements.

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 Combined 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 combined financial statements.

Contracts -

Contracts that are awarded to CGD are accounted for as exchange transactions, and accordingly, revenue is recognized when the qualifying expenditures are incurred. Any funds received in advance of expenditure are classified as refundable advance. Any funds not received upon incurring qualifying expenditures are recorded as contracts receivable.

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

Use of estimates -

The preparation of combined 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 combined 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 Combined Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 combined financial statements.

Foreign currency translation -

The dollar ("Dollars") is the functional currency for CGD's operations. Transactions in currencies other than Dollars are translated into Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in non-U.S. currencies are translated into dollars at the exchange rate in effect at the date of the Combined Statement of Financial Position.

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 their financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS

Investments consisted of the following at December 31, 2015:

	Fair Value
Ameritrade - Exchange Traded Funds	$ 5,847,972
Ameritrade - Mutual Funds	10,781,599
TOTAL INVESTMENTS	**$ 16,629,571**

2. INVESTMENTS (Continued)

Included in investment loss is the following for the year ended December 31, 2015:

Interest and dividends	$ 360,914
Unrealized loss	(1,695,052)
Realized gain	30,221
TOTAL INVESTMENT LOSS	**$ (1,303,917)**

3. PLEDGES AND GRANTS RECEIVABLE

As of December 31, 2015, 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.

The pledges and grants are due as follows at December 31, 2015:

	Pledges Receivable	Grants Receivable
Less than one year	$ 359,900	$ 6,269,368
One year to five years	3,755,000	259,148
Subtotal	4,114,900	6,528,516
Less: Discount to present value	(112,650)	(2,591)
TOTAL	**$ 4,002,250**	**$ 6,525,925**

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2015:

Time restricted	$ 5,202,488
Purpose restricted:	
CGD in Europe	420,000
Global Health Policy	1,890,564
Tropical Forests for Climate and Development	209,448
Transparency, Accountability and Corruption	664,102
Development Scholar Visiting Fellowships	708,969
Regulatory Standards for Financial Inclusion	334,132
Labor Mobility	687,497
Future International Financial Institutions	693,000
Energy Access	650,000
Aid Innovation and Effectiveness	862,081
Development Finance and Impact Investing	971,121
Rethinking U.S. Foreign Assistance	145,000
Commitment to Development Index	90,000
Women's Economic Empowerment	1,344,047
Total purpose restricted	9,669,961
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$ 14,872,449**

5. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions, at December 31, 2015, by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Passage of time	$ 1,942,933
Purpose restricted:	
Tropical Forests for Climate and Development	1,259,476
Transparency, Accountability and Corruption	1,562,415
Global Health Policy	2,004,000
CGD in Europe	1,206,415
Rethinking US Foreign Assistance	338,930
Aid Innovation and Effectiveness	731,989
Agriculture and Trade	177,000
Regulatory Standards for Financial Inclusion	495,000
Future International Financial Institutions	580,536
Women's Economic Empowerment	155,953
Labor Mobility	543,105
Development Finance and Impact Investing	200,000
Development Scholar Visiting Fellowships	383,320
Energy Access	400,000
Commitment to Development Index	120,000
Other Special Projects	219,430
Total purpose restricted	10,377,569
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 12,320,502**

6. LEASE COMMITMENTS

During 2014, CGDE entered into an agreement for office space in the UK, which is set to expire May 31, 2017. Base rent is £89,902 per year (approximately $140,000).

Total CGDE rent expense for the year ended December 31, 2015 was $169,834, which is included in "Rent and utilities" on the accompanying Combined Statement of Functional Expenses.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,	
2016	$ 139,986
2017	58,328
	$ 198,314

CGD subleases a portion of its office space to two tenants under a six month lease agreement. Subsequent to year-end, lease extensions were made for both tenants through June 30, 2016.

The following is a schedule of the future minimum rental income:

Year Ending December 31, 2016	**$ 18,000**

Rental income for the year ended December 31, 2015 was $32,100.

7. 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. 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, 2015, CGD was in compliance with the debt covenants. 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 Columbia 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 principal 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, 2015, the total outstanding balance of the bonds payable was $12,615,561 and total interest expense for the year ended was $353,758.

Principal payments on the bonds are due as follows:

Year Ending December 31,	
2016	$ 312,279
2017	320,911
2018	329,782
2019	338,900
2020	348,266
Thereafter	10,965,423
	$ 12,615,561

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, 2015). The line of credit is unsecured, with a negative pledge against the new property (condominium).

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, 2015, 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, 2015.

8. 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, 2015, CGD contributed $645,434 to the plan.

9. 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 Combined 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, 2015.

- *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.

The table below summarizes, by level within the fair value hierarchy, CGD's investments as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Exchange Traded Funds:				
Real Estate Investment Index	$ 1,166,711	$ -	$ -	$ 1,166,711
Domestic Stocks	2,459,461	-	-	2,459,461
Foreign Stocks	2,221,800	-	-	2,221,800
Total exchange traded funds	5,847,972	-	-	5,847,972
Mutual Funds:				
Bond Funds	4,327,059	-	-	4,327,059
Real Estate Investment Index	112,467	-	-	112,467
Foreign Stocks	2,597,199	-	-	2,597,199
Domestic Stocks	2,580,917	-	-	2,580,917
Collateralized Commodities Futures	1,163,957	-	-	1,163,957
Total mutual funds	10,781,599	-	-	10,781,599
TOTAL	**$ 16,629,571**	**$ -**	**$ -**	**$ 16,629,571**

10. SUBSEQUENT EVENTS

In preparing these combined financial statements, CGD has evaluated events and transactions for potential recognition or disclosure through April 26, 2016, the date the combined financial statements were issued.

SUPPLEMENTAL INFORMATION

CENTER FOR GLOBAL DEVELOPMENT AND AFFILIATE

COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015

	CGD	CGDE	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 6,189,088	$ 190,030	$ -	$ 6,379,118
Investments	16,629,571	-	-	16,629,571
Accounts receivable	40,175	-	-	40,175
Pledges receivable, current portion	359,900	-	-	359,900
Grants receivable, current portion	6,269,368	-	-	6,269,368
Prepaid expenses	90,740	130,138	-	220,878
Total current assets	29,578,842	320,168	-	29,899,010
PROPERTY AND EQUIPMENT				
Office condominium	16,325,430	-	-	16,325,430
Office equipment	-	51,874	-	51,874
Furniture	1,851,817	-	-	1,851,817
Computer equipment	583,483	-	-	583,483
	18,760,730	51,874	-	18,812,604
Less: Accumulated depreciation and amortization	(1,865,763)	(10,375)	-	(1,876,138)
Net property and equipment	16,894,967	41,499	-	16,936,466
OTHER ASSETS				
Pledges receivable, net of current portion and discount	3,642,350	-	-	3,642,350
Grants receivable, net of current portion and discount	256,557	-	-	256,557
Bond financing and condominium purchase fees, net of accumulated amortization of $68,767	453,677	-	-	453,677
Total other assets	4,352,584	-	-	4,352,584
TOTAL ASSETS	**$ 50,826,393**	**$ 361,667**	**$ -**	**$ 51,188,060**

LIABILITIES AND NET ASSETS

	CGD	CGDE	Eliminations	Total
CURRENT LIABILITIES				
Current portion of bonds payable	$ 312,279	$ -	$ -	$ 312,279
Accounts payable and accrued liabilities	250,558	43,060	-	293,618
Accrued salaries and related benefits	410,859	22,278	-	433,137
Total current liabilities	973,696	65,338	-	1,039,034
LONG-TERM LIABILITIES				
Bonds payable, net of current portion	12,303,282	-	-	12,303,282
Total liabilities	13,276,978	65,338	-	13,342,316
NET ASSETS				
Unrestricted	22,676,966	296,329	-	22,973,295
Temporarily restricted	14,872,449	-	-	14,872,449
Total net assets	37,549,415	296,329	-	37,845,744
TOTAL LIABILITIES AND NET ASSETS	**$ 50,826,393**	**$ 361,667**	**$ -**	**$ 51,188,060**

CENTER FOR GLOBAL DEVELOPMENT AND AFFILIATE

COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	CGD	CGDE	Eliminations	Total
UNRESTRICTED REVENUE				
Grants and contributions	$ 1,334,427	$ 1,456,857	$ (1,425,247)	$ 1,366,037
Contract revenue	1,622,394	-	-	1,622,394
Investment loss	(1,303,917)	-	-	(1,303,917)
Rental income	32,100	-	-	32,100
Service revenue	42,791	-	-	42,791
Other income	-	17,460	-	17,460
Net assets released from donor restrictions	12,244,526	75,976	-	12,320,502
Total revenue	13,972,321	1,550,293	(1,425,247)	14,097,367
EXPENSES				
Program Services	13,155,650	1,348,965	(1,425,247)	13,079,368
Supporting Services:				
Management and General	1,699,681	-	-	1,699,681
Fundraising	507,768	-	-	507,768
Total supporting services	2,207,449	-	-	2,207,449
Total expenses	15,363,099	1,348,965	(1,425,247)	15,286,817
Change in unrestricted net assets	(1,390,778)	201,328	-	(1,189,450)
TEMPORARILY RESTRICTED REVENUE				
Grants and contributions	8,460,065	-	-	8,460,065
Net assets released from donor restrictions	(12,244,526)	(75,976)	-	(12,320,502)
Change in temporarily restricted net assets	(3,784,461)	(75,976)	-	(3,860,437)
CHANGE IN NET ASSETS	**$ (5,175,239)**	**$ 125,352**	**$ -**	**$(5,049,887)**

CENTER FOR GLOBAL DEVELOPMENTAND AFFILIATE

COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	CGD	CGDE	Eliminations	Total
UNRESTRICTED NET ASSETS				
Net assets at beginning of year	$ 24,067,744	$ 95,001	$ -	$ 24,162,745
Change in unrestricted net assets	(1,390,778)	201,328	-	(1,189,450)
UNRESTRICTED NET ASSETS AT END OF YEAR	**$ 22,676,966**	**$ 296,329**	**$ -**	**$ 22,973,295**
TEMPORARILY RESTRICTED NET ASSETS				
Net assets at beginning of year	$ 18,656,910	$ 75,976	$ -	$ 18,732,886
Change in temporarily restricted net assets	(3,784,461)	(75,976)	-	(3,860,437)
TEMPORARILY RESTRICTED NET ASSETS AT END OF YEAR	**$ 14,872,449**	**$ -**	**$ -**	**$ 14,872,449**