

**FINANCIAL STATEMENTS**

**CENTER FOR GLOBAL  
DEVELOPMENT**

**FOR THE YEAR ENDED DECEMBER 31, 2011  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2010**

# CENTER FOR GLOBAL DEVELOPMENT

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**GELMAN, ROSENBERG & FREEDMAN**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of financial position of the Center for Global Development (CGD) as of December 31, 2011, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CGD's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from CGD's 2010 financial statements and, in our report dated April 12, 2011, we expressed an unqualified opinion on those statements.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CGD's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

April 25, 2012

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**CENTER FOR GLOBAL DEVELOPMENT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2011**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

**ASSETS**

	<b>2011</b>	<b>2010</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 8,762,877	\$ 6,121,682
Investments (Notes 2 and 9)	17,141,964	15,742,800
Pledges receivable, current portion (Note 3)	55,000	573,094
Grants receivable, current portion (Note 3)	3,233,597	4,379,079
Accounts receivable	78,809	1,076
Prepaid expenses	177,802	51,872
Deferred rents receivable (Note 7)	24,576	-
Total current assets	<b>29,474,625</b>	<b>26,869,603</b>
<b>FIXED ASSETS</b>		
Furniture	408,265	408,265
Computer equipment	310,511	272,062
Leasehold improvements	605,113	657,799
	1,323,889	1,338,126
Less: Accumulated depreciation and amortization	(680,569)	(592,507)
Net fixed assets	<b>643,320</b>	<b>745,619</b>
<b>OTHER ASSETS</b>		
Pledges receivable, net of current portion (Note 3)	3,079,100	3,545,452
Grants receivable, net of current portion (Note 3)	6,013,332	657,045
Certificate of deposit - restricted (Notes 4 and 9)	184,789	184,789
Total other assets	<b>9,277,221</b>	<b>4,387,286</b>
<b>TOTAL ASSETS</b>	<b>\$ 39,395,166</b>	<b>\$ 32,002,508</b>

See accompanying notes to financial statements.

## LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 137,296	\$ 76,235
Accrued salaries and related benefits	342,666	311,868
Deferred rent, current portion (Note 7)	-	52,542
Deferred rental income	<u>88,992</u>	<u>19,089</u>
Total current liabilities	<u>568,954</u>	<u>459,734</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion (Note 7)	412,644	322,754
Other liabilities	<u>97,250</u>	<u>33,375</u>
Total long-term liabilities	<u>509,894</u>	<u>356,129</u>
Total liabilities	<u>1,078,848</u>	<u>815,863</u>
<b>NET ASSETS</b>		
Unrestricted	21,186,149	19,634,944
Temporarily restricted (Note 5)	<u>17,130,169</u>	<u>11,551,701</u>
Total net assets	<u>38,316,318</u>	<u>31,186,645</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 39,395,166</u></b>	<b><u>\$ 32,002,508</u></b>

**CENTER FOR GLOBAL DEVELOPMENT**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<u>2011</u>			<u>2010</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Grants and contributions	\$ 3,843,949	\$ 6,730,937	\$ 10,574,886	\$ 6,822,069
Grant income - DFID	-	6,407,775	6,407,775	-
Contract revenue	753,792	-	753,792	701,076
Investment (loss) income (Note 2)	(841,806)	-	(841,806)	1,876,911
Service revenue	24,356	-	24,356	28,357
Net assets released from donor restrictions (Note 6)	<u>7,560,244</u>	<u>(7,560,244)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>11,340,535</u>	<u>5,578,468</u>	<u>16,919,003</u>	<u>9,428,413</u>
<b>EXPENSES</b>				
Program Services	<u>7,944,107</u>	<u>-</u>	<u>7,944,107</u>	<u>8,841,648</u>
Supporting Services:				
Management and General	1,331,468	-	1,331,468	1,351,505
Fundraising	<u>513,755</u>	<u>-</u>	<u>513,755</u>	<u>291,906</u>
Total supporting services	<u>1,845,223</u>	<u>-</u>	<u>1,845,223</u>	<u>1,643,411</u>
Total expenses	<u>9,789,330</u>	<u>-</u>	<u>9,789,330</u>	<u>10,485,059</u>
Change in net assets	1,551,205	5,578,468	7,129,673	(1,056,646)
Net assets at beginning of year	<u>19,634,944</u>	<u>11,551,701</u>	<u>31,186,645</u>	<u>32,243,291</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 21,186,149</u></b>	<b><u>\$ 17,130,169</u></b>	<b><u>\$ 38,316,318</u></b>	<b><u>\$ 31,186,645</u></b>

See accompanying notes to financial statements.

**CENTER FOR GLOBAL DEVELOPMENT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	2011				2010	
	Supporting Services			Total Supporting Services	Total Expenses	Total Expenses
	Program Services	Management and General	Fundraising			
Employee salaries and benefits (Note 8)	\$5,225,411	\$ 729,444	\$ 290,446	\$ 1,019,890	\$ 6,245,301	\$ 5,990,712
Field research	-	-	-	-	-	160,085
Program and research consultants	659,808	-	-	-	659,808	893,758
Subgrants	-	-	-	-	-	207,514
Other professional fees	22,529	82,031	2,140	84,171	106,700	301,809
Travel	406,975	4,041	3,680	7,721	414,696	457,954
Outreach activities	54,048	25,000	-	25,000	79,048	110,437
Meetings and conferences	226,669	8,849	107,384	116,233	342,902	363,200
Printing and production	172,864	3,939	34,105	38,044	210,908	276,533
Supplies and materials	71,016	36,007	6,240	42,247	113,263	71,581
Postage and shipping	5,457	12,530	118	12,648	18,105	25,971
Furnishings, equipment, and software	17,538	87,617	383	88,000	105,538	124,187
Rent and utilities (Note 7)	6,292	1,243,188	61	1,243,249	1,249,541	1,260,223
Depreciation and amortization	-	149,618	-	149,618	149,618	162,648
Other	6,784	85,133	1,985	87,118	93,902	78,447
Subtotal	6,875,391	2,467,397	446,542	2,913,939	9,789,330	10,485,059
Overhead allocation	1,068,716	(1,135,929)	67,213	(1,068,716)	-	-
<b>TOTAL</b>	<b>\$7,944,107</b>	<b>\$ 1,331,468</b>	<b>\$ 513,755</b>	<b>\$ 1,845,223</b>	<b>\$ 9,789,330</b>	<b>\$10,485,059</b>

See accompanying notes to financial statements.

**CENTER FOR GLOBAL DEVELOPMENT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,129,673	\$ (1,056,646)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	149,618	162,648
Unrealized loss (gain) on investments	1,606,681	(1,169,028)
Realized loss (gain) on investments	10	(222)
Change in discount of long-term pledges and grants receivable	466,912	(90,178)
Loss on disposal of fixed assets	19,956	3,020
(Increase) decrease in:		
Pledges receivable	984,446	(628,897)
Grants receivable	(4,677,717)	5,233,533
Accounts receivable	(77,733)	19,627
Prepaid expenses	(125,930)	(20,439)
Deferred rents receivable	(24,576)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	61,061	(44,651)
Accrued salaries and related benefits	30,798	22,529
Deferred rent	37,348	36,418
Deferred rental income	69,903	19,089
Other liabilities	<u>63,875</u>	<u>(72,250)</u>
Net cash provided by operating activities	<u>5,714,325</u>	<u>2,414,553</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchase of investments	(3,005,856)	(2,591,697)
Purchase of fixed assets	<u>(67,274)</u>	<u>(30,846)</u>
Net cash used by investing activities	<u>(3,073,130)</u>	<u>(2,622,543)</u>
Net increase (decrease) in cash and cash equivalents	2,641,195	(207,990)
Cash and cash equivalents at beginning of year	<u>6,121,682</u>	<u>6,329,672</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 8,762,877</u></b>	<b><u>\$ 6,121,682</u></b>

See accompanying notes to financial statements.



## CENTER FOR GLOBAL DEVELOPMENT

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

#### 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.

##### 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, 2010, 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.

At times during the year, CGD maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) - insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). CGD maintains its cash balances at financial institutions in noninterest-bearing accounts; thereby, all of the cash balances are protected by FDIC under this Act.

##### 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.

CENTER FOR GLOBAL DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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

Accounts receivable -

Accounts receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets are stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. CGD capitalizes all fixed assets with a unit cost over \$1,000.

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.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2011, CGD has documented its consideration of FASB ASC 740-10 and 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.

## CENTER FOR GLOBAL DEVELOPMENT

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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

Grants and contributions (continued) -

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.

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 measurements -

CGD adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. 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.

#### 2. INVESTMENTS

Investments consisted of the following at December 31, 2011:

	<u>Market Value</u>
TIFF Multi - Asset Fund	\$12,106,750
Vanguard - Mutual Funds	<u>5,035,214</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$17,141,964</u></b>

**CENTER FOR GLOBAL DEVELOPMENT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**2. INVESTMENTS (Continued)**

Included in investment loss are the following at December 31, 2011:

Interest and dividends	\$ 764,885
Unrealized loss	(1,606,681)
Realized loss	<u>(10)</u>
<b>TOTAL INVESTMENT LOSS</b>	<b><u>\$ (841,806)</u></b>

**3. PLEDGES AND GRANTS RECEIVABLE**

As of December 31, 2011, pledges and grants receivable approximate fair value and are to be received over the next five years. The pledges and grants have been appropriately discounted using interest rates varying from one to five percent. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

The pledges and grants are due as follows at December 31, 2011:

	<u><b>Pledges Receivable</b></u>	<u><b>Grants Receivable</b></u>
Less than one year	\$ 55,000	\$ 3,233,597
One year to five years	<u>3,755,000</u>	<u>6,113,068</u>
Subtotal	3,810,000	9,346,665
Less: Discount to present value	<u>(675,900)</u>	<u>(99,736)</u>
<b>TOTAL</b>	<b><u>\$ 3,134,100</u></b>	<b><u>\$ 9,246,929</u></b>

CGD has an existing conditional promise to receive up to \$3,000,000 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. As the conditions for the payment by the Foundation of this remaining promise have not been met as of December 31, 2011, these amounts are not included in fiscal year 2011 revenues and are not recorded in contributions receivable at December 31, 2011.

**4. LETTER OF CREDIT/CERTIFICATE OF DEPOSIT**

CGD has two restricted letters of credit, secured by a certificate of deposit totaling \$184,789, with SunTrust Bank. The terms of the two office lease agreements stipulate that CGD maintain this letter of credit in lieu of a security deposit. Only the landlords may draw on this letter of credit and only if CGD is in default and has been notified. This may be reduced over the life of the lease when certain conditions are met. At December 31, 2011, the letter of credit had no balance outstanding. As the certificate of deposit is collateral for this letter of credit, it may not be drawn upon.

**CENTER FOR GLOBAL DEVELOPMENT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2011:

Time restricted	<u>\$ 3,945,586</u>
Purpose restricted:	
Global Health Policy	2,756,594
Aid Innovation and Effectiveness	2,260,259
Rethinking U.S. Foreign Assistance	2,680,741
Commitment to Development Index	90,000
International Migration	306,138
CGD in Europe	76,279
Fragile States and Corruption	2,245,000
Agriculture and Trade	1,684,373
Development Scholar Visiting Fellowships	106,644
Research on Population and Development	696,000
Responsible Lending and Debt Issues	<u>282,555</u>
Total purpose restricted	<u>13,184,583</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 17,130,169</u></b>

**6. NET ASSETS RELEASED FROM RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions at December 31, 2011, by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Passage of time	<u>\$ 2,240,000</u>
Purpose restricted:	
Global Health Policy	818,061
Aid Innovation and Effectiveness	865,100
Rethinking U.S. Foreign Assistance	445,000
Commitment to Development Index	150,530
International Migration	450,000
Fragile States and Corruption	1,062,691
CGD in Europe	89,000
Agriculture and Trade	280,000
Access to Financial Services	150,000
Development Scholar Visiting Fellowships	260,000
Research on Population and Development	499,862
Responsible Lending and Debt Issues	<u>250,000</u>
Total purpose restricted	<u>5,320,244</u>
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 7,560,244</u></b>

**CENTER FOR GLOBAL DEVELOPMENT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**7. LEASE COMMITMENT**

CGD leases office space under five leases for periods ranging from six to ten years. Four of these leases expire in 2012, and the fifth lease expires in 2016. Base rent ranges from \$6,525 to \$86,684 per month. The leases contain rent abatements and fixed increases in the annual rental amounts.

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 being recognized for financial statement purposes is recorded as a deferred rent asset and deferred rent liability in the Statement of Financial Position. The deferred rent asset was \$24,576 at December 31, 2011, for the subleased space. The deferred rent liability was \$412,644 at December 31, 2011, for the leased space.

Minimum rental payments required under these leases are as follows:

<u>Year Ended December 31,</u>	
2012	\$ 1,326,349
2013	1,141,181
2014	1,189,706
2015	1,226,113
2016	<u>1,151,343</u>
	<b><u>\$ 6,034,692</u></b>

Rent and utilities expense for the year ended December 31, 2011 was as follows:

Straight line rent	\$ 1,745,898
Utilities	<u>46,247</u>
Subtotal	1,792,145
Less: Rental income	<u>(542,604)</u>
<b>TOTAL RENT AND UTILITIES</b>	<b><u>\$ 1,249,541</u></b>

CGD subleases its old office space under various leases expiring throughout 2012.

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

<b>Year Ended December 31, 2012</b>	<b><u>\$ 205,444</u></b>
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Rental income for the year ended December 31, 2011 was \$542,604.

**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, 2011, CGD contributed \$499,759 to the plan.

CENTER FOR GLOBAL DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

9. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, 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 in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

**Level 3.** These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

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, 2011.

- *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.
- *Certificates of deposit*—Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, CGD's investments as of December 31, 2011:

<b>Asset Category:</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
TIFF Multi - Asset Fund	\$12,106,750	\$ -	\$ -	\$12,106,750
Vanguard - Mutual Funds	5,035,214	-	-	5,035,214
Certificate of Deposit - Restricted	-	184,789	-	184,789
<b>TOTAL</b>	<b><u>\$17,141,964</u></b>	<b><u>\$ 184,789</u></b>	<b><u>\$ -</u></b>	<b><u>\$17,326,753</u></b>

10. SUBSEQUENT EVENTS

In preparing these financial statements, CGD has evaluated events and transactions for potential recognition or disclosure through April 25, 2012, the date the financial statements were issued.