



2013 ANNUAL REPORT

BILL & MELINDA
GATES *foundation*



Letter from the CEO

I am honored to share the Bill & Melinda Gates Foundation's 2013 Annual Report with you and our valued partners around the world.

The foundation's complete audited financial statements are available to view or download on gatesfoundation.org. I invite you to learn more about the foundation, our strategies, and the specific grants we made in 2013.

This is the first Annual Report published since my arrival as CEO of the foundation. I couldn't be more inspired by the breadth of innovative approaches our partners are taking to solve some of the world's toughest challenges.

The work all of you are doing to improve health and reduce poverty in the world's poorest countries, or to help shape a more equitable U.S. education system, is fulfilling our shared mission: to give all people the chance to live a healthy and productive life.

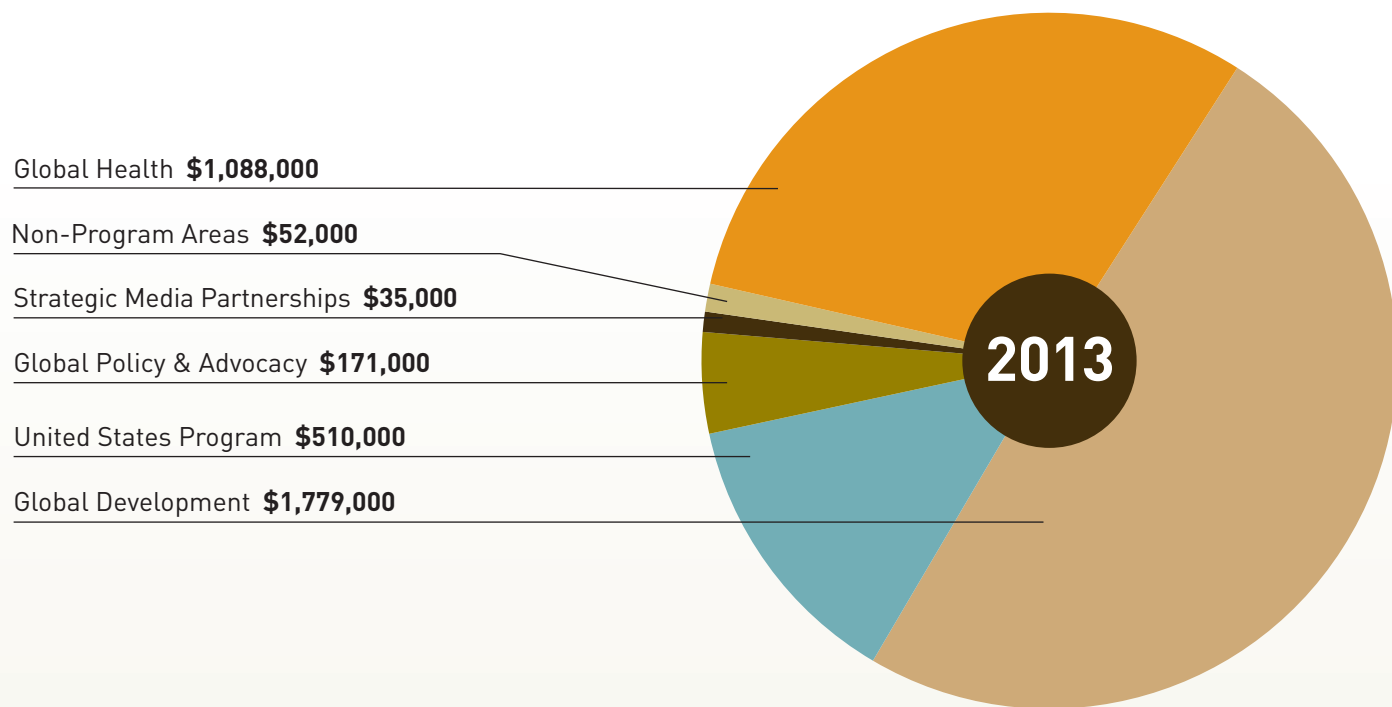
It is a great privilege to work alongside our partners, and I look forward to our collaboration in the year ahead.

*Sue Desmond-Hellmann, MD, MPH
Chief Executive Officer
Bill & Melinda Gates Foundation*

Cover: Ra Kumari, a beneficiary of Basix financial services, conducts a transaction at her laundry shop in Seemapuri slum (New Delhi, India, 2007).

2013 Funding Areas

For the Year ended December 31, 2013
 Amounts in thousands of U.S. dollars



PROGRAM AREAS	2013
Global Development	1,779,000
Global Health	1,088,000
United States Program	510,000
Global Policy & Advocacy	171,000
Strategic Media Partnerships	35,000
NON-PROGRAM AREAS	
Family Interest	37,000
Charitable Contracts in Support of Programmatic Strategies	9,000
Employee Matching Gifts & Sponsorships	6,000
Total Direct Grantee Support	\$3,635,000

Consolidated Statements of Financial Position

As of December 31, 2013 and 2012
Amounts in thousands of U.S. dollars

	2013	2012
ASSETS		
Cash	18,085	4,998
Prepaid expenses and other assets	11,983	10,776
Beneficial interest in the net assets of Bill & Melinda Gates Foundation Trust	40,472,654 ⁽¹⁾	36,371,337 ⁽¹⁾
Program-related investment assets, net	114,840	75,861
Property and equipment, net	692,646 ⁽²⁾	713,805 ⁽²⁾
Total Assets	\$ 41,310,208	\$ 37,176,777
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$82,105	\$59,420
Accrued and other liabilities	47,097	41,562
Grants payable, net	5,143,677 ⁽³⁾	5,111,593 ⁽³⁾
Program-related investment liabilities	75,944	13,589
Total Liabilities	5,348,823	5,226,164
Net Assets		
Unrestricted	35,961,385	31,950,613
Total Liabilities and Net Assets	\$ 41,310,208	\$ 37,176,777

(1) The Bill & Melinda Gates Foundation has a two-entity structure. One entity, the Bill & Melinda Gates Foundation ("foundation"), distributes money to grantees. The other, the Bill & Melinda Gates Foundation Trust ("trust"), manages the endowment assets. The foundation and the trust are separate legal entities with independently audited financial statements. However, the legal documents that govern the trust obligate it to fund the foundation in whatever dollar amounts are necessary to accomplish the foundation's charitable purposes. Because the foundation has the legal right to call upon the assets of the trust, the foundation's financial statements reflect an interest in the net assets of the trust in accordance with generally accepted accounting principles (GAAP).

(2) Property and equipment for the foundation includes land and capitalized expenditures related to the foundation's campus headquarters and Visitor Center located in downtown Seattle. IRIS Holdings, LLC (IRIS) is the legal entity that owns the land and campus buildings. Since the foundation is the sole owner of IRIS, the financial statements of the two entities are presented here on a consolidated basis.

(3) Grants payable reflects the total amount of grants approved for payment in future periods (\$5.5 billion in 2013 and \$5.4 billion in 2012), discounted to the present value as of December 31, 2013 and 2012, as required by GAAP.

General Note: More information about the financial positions of the trust and the foundation are available in their respective audited financial statements provided on the foundation's web site.

Consolidated Statements of Activities

For the Years ended December 31, 2013 and 2012
Amounts in thousands of U.S. dollars

	2013	2012
CHANGE IN NET ASSETS		
Revenues and gains		
Contributions and other income	\$ 7,806	\$ 2,753
Investment income	1,726	990
Total revenues and gains	9,532	3,743
Expenses		
Grants	3,392,343 ⁽²⁾	2,673,358 ⁽²⁾
Direct charitable	340,691 ⁽³⁾	229,934 ⁽³⁾
Program and administrative	475,446	450,928
Federal excise and other taxes	67	40
Total expenses	4,208,547	3,354,260
Change in net assets before beneficial interest	(4,199,015)	(3,350,517)
Change in beneficial interest in the Bill & Melinda Gates Foundation Trust:		
Contributions from the Trust	4,108,470 ⁽¹⁾	3,873,050 ⁽¹⁾
Changes in net assets of the Trust	4,101,317 ⁽⁴⁾	2,592,340 ⁽⁴⁾
Total change in beneficial interest	8,209,787	6,465,390
Changes in net assets	4,010,772	3,114,873
Unrestricted net assets, beginning of year	31,950,613	28,835,740
Unrestricted net assets, end of year	\$ 35,961,385	31,950,613

⁽¹⁾ The Bill & Melinda Gates Foundation has a two-entity structure. One entity, the Bill & Melinda Gates Foundation ("foundation"), distributes money to grantees. The other, the Bill & Melinda Gates Foundation Trust ("trust"), manages the endowment assets. The trust makes contributions to the foundation to fund the foundation's grant making activities and its operating costs. The foundation and the trust are separate legal entities with independently audited financial statements. The foundation received \$4.108 billion in contributions from the trust in 2013, which were used to fund the foundation's operations comprised of grants to third parties, program-related investments and other direct charitable expenses, operating costs, and capital expenditures.

⁽²⁾ Grant expense includes cash payments made during 2013 of \$3.3 billion, as well as an adjustment to record expenses related to grants approved for payment in future years. The future grants payable portion is then discounted to the present value as of December 31, 2013, as required by GAAP. Presented in the accompanying grants paid summary is grant expense on a cash basis, consistent with the reporting basis required in the annual 990-PF tax return.

⁽³⁾ Direct charitable expense includes payments made to third parties for charitable purposes. Examples of direct charitable expenses include payment for consulting services provided for grantees' benefit and travel costs to bring grantees and other participants together. Direct charitable expenses, working in tandem with grants, are an effective means of achieving charitable goals and are disclosed separately in the audited financial statements to distinguish these from operational costs of running the foundation.

⁽⁴⁾ The legal documents that govern the trust obligate it to fund the foundation in whatever dollar amounts are necessary to accomplish the foundation's charitable purposes. Because the foundation has the legal right to call upon the assets of the trust, the foundation's financial statements reflect an interest in the net assets of the trust in accordance with GAAP.

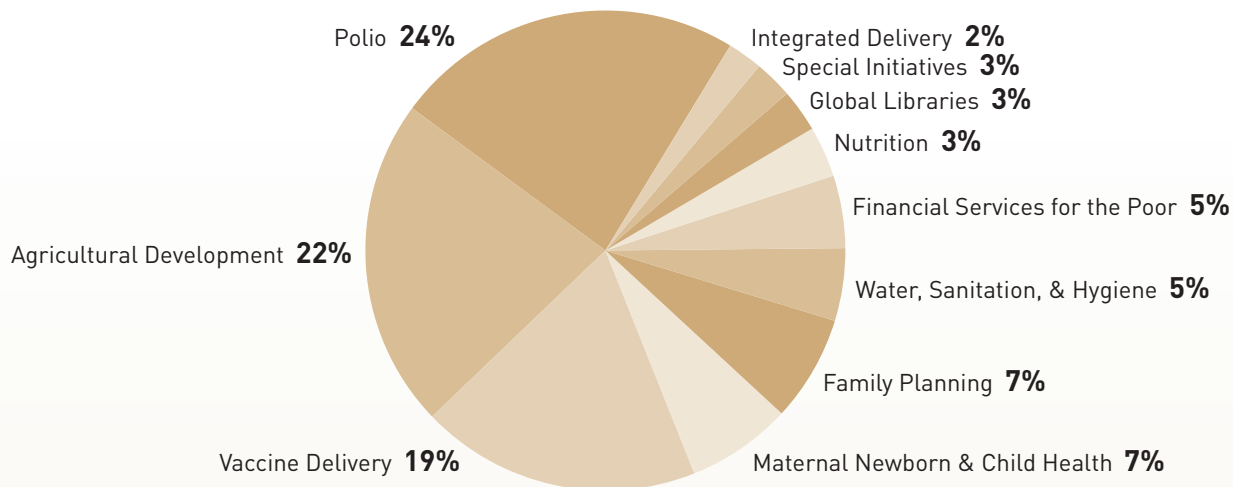
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Total Direct Grant Support Summary by Strategy

For the Year ended December 31, 2013
 Amounts in thousands of U.S. dollars

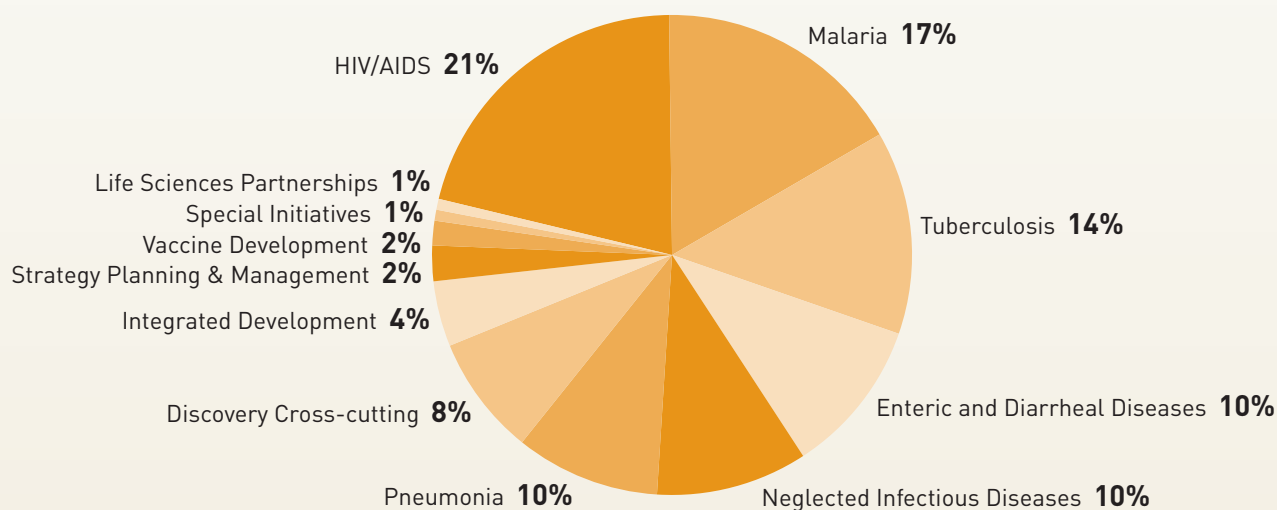
GLOBAL DEVELOPMENT

1,779,000**



GLOBAL HEALTH

1,088,000**



* Amount does not include advocacy and policy spending specific to individual strategies.

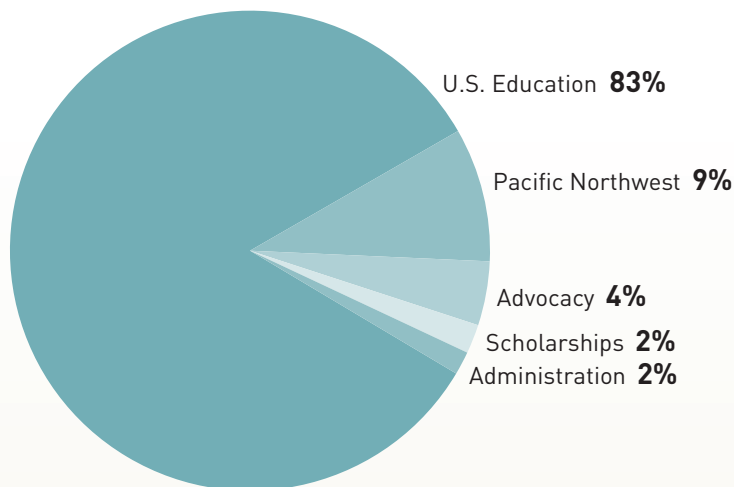
** Numbers include grants and direct charitable expenses (DCE), but do not include PRIs.

Total Direct Grant Support Summary by Strategy

For the Year ended December 31, 2013
Amounts in thousands of U.S. dollars

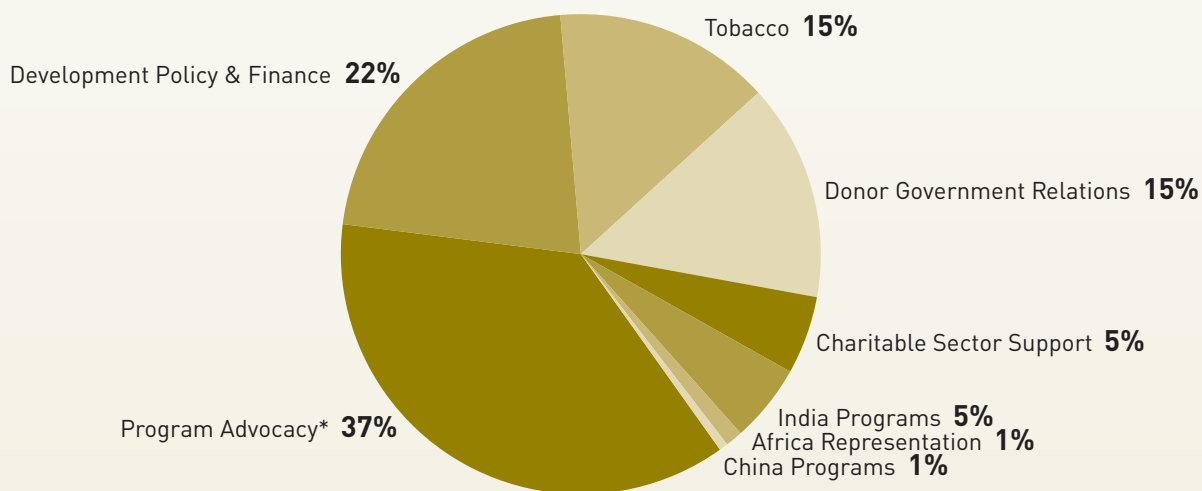
UNITED STATES PROGRAM

510,000**



GLOBAL POLICY & ADVOCACY

171,000**



* Amount does not include advocacy and policy spending specific to individual strategies.

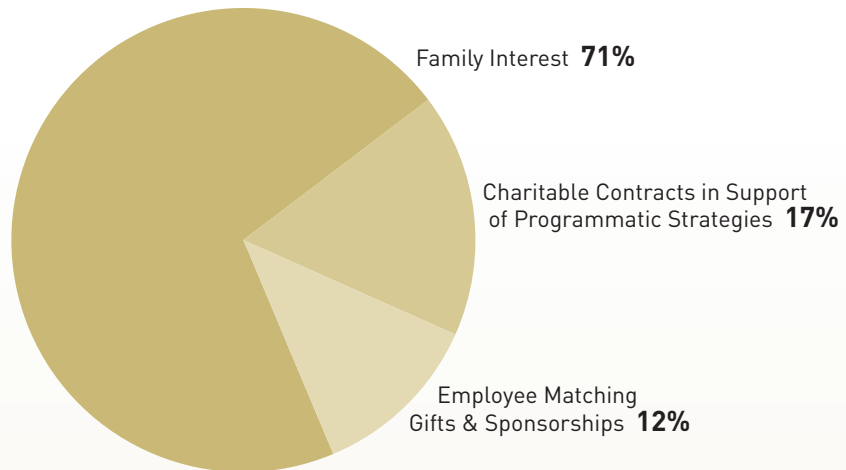
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Total Direct Grant Support Summary by Strategy

For the Year ended December 31, 2013
Amounts in thousands of U.S. dollars

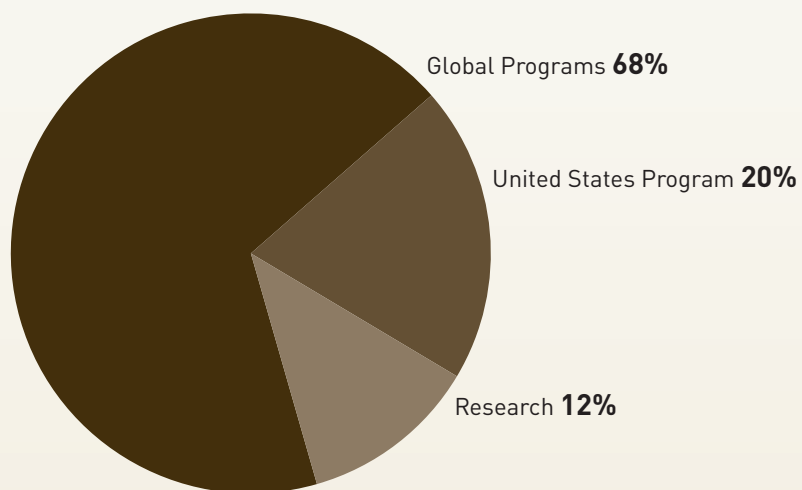
OPERATIONS / NON-PROGRAM AREAS

52,000**




STRATEGIC MEDIA PARTNERSHIPS

35,000**



* Amount does not include advocacy and policy spending specific to individual strategies.

** Numbers include grants and direct charitable expenses (DCE), but do not include PRIs.



Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people’s health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people—especially those with the fewest resources—have access to the opportunities they need to succeed in school and life. Based in Seattle, Washington, the foundation is led by CEO Sue Desmond-Hellmann and Co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

For additional information on the Bill & Melinda Gates Foundation, please visit our website: www.gatesfoundation.org

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