

Rockefeller Brothers Fund, Inc.

Financial Statements

December 31, 2019

Independent Auditors' Report

The Board of Trustees Rockefeller Brothers Fund, Inc.

We have audited the accompanying financial statements of Rockefeller Brothers Fund, Inc. (the "Fund"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Rockefeller Brothers Fund, Inc. as of December 31, 2019, and the changes 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.

Report on Summarized Comparative Information

We have previously audited the Fund's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

October 9, 2020

Rockefeller Brothers Fund, Inc.

Statement of Financial Position December 31, 2019 (with summarized totals at December 31, 2018)

	Principal Fund	Pocantico Fund	Pocantico II Fund	Richard Rockefeller Fellowship Fund	David Rockefeller Global Development Fund	David Rockefeller Center	2019 RBF Funds	2018 RBF Funds
ASSETS								
Cash and cash equivalents	\$ 3,091,784	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 3,092,284	\$ 1,933,601
Accounts receivable and other assets	2,406,423	31,650	4,064	-	-	16,700	2,458,837	2,504,713
Contributions receivable	1,500,000	-	-	-	-	749,222	2,249,222	2,400,000
Investments	884,451,202	84,170,117	28,149,879	594,795	276,853,886	4,065,873	1,278,285,752	1,132,984,015
Program-related investment – real estate	510,000	-	-	-	-	-	510,000	510,000
Fixed assets, net	1,833,479	4,310,116	869,002	-	17,968	-	7,030,565	6,460,952
Construction in progress	-	-	-	-	-	2,491,147	2,491,147	-
Interfund	2,893,346	(11,659,504)	3,325,627	3,743,670	1,381,196	315,665	-	-
	<u>\$ 896,686,234</u>	<u>\$ 76,852,879</u>	<u>\$ 32,348,572</u>	<u>\$ 4,338,465</u>	<u>\$ 278,253,050</u>	<u>\$ 7,638,607</u>	<u>\$ 1,296,117,807</u>	<u>\$ 1,146,793,281</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Accrued expenses and other liabilities	\$ 1,314,475	\$ 1,005,589	\$ 350,354	\$ -	\$ 208,233	\$ 141,413	\$ 3,020,064	\$ 1,914,114
Grants payable	11,084,665	-	-	-	1,818,572	-	12,903,237	11,940,030
Taxes payable	4,615,361	618,175	59,866	10,693	437,056	-	5,741,151	3,099,254
Accrued pension and postretirement benefits	8,845,133	2,108,614	-	-	-	-	10,953,747	10,572,035
Total Liabilities	<u>25,859,634</u>	<u>3,732,378</u>	<u>410,220</u>	<u>10,693</u>	<u>2,463,861</u>	<u>141,413</u>	<u>32,618,199</u>	<u>27,525,433</u>
Net Assets								
Without donor restrictions	<u>868,795,337</u>	<u>73,120,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>941,915,838</u>	<u>839,482,905</u>
With Donor Restrictions								
Purpose restricted	2,031,263	-	21,789,875	4,327,772	275,789,189	7,497,194	311,435,293	269,636,466
Perpetual	-	-	10,148,477	-	-	-	10,148,477	10,148,477
Total Net Assets With Donor Restrictions	<u>2,031,263</u>	<u>-</u>	<u>31,938,352</u>	<u>4,327,772</u>	<u>275,789,189</u>	<u>7,497,194</u>	<u>321,583,770</u>	<u>279,784,943</u>
Total Net Assets	<u>870,826,600</u>	<u>73,120,501</u>	<u>31,938,352</u>	<u>4,327,772</u>	<u>275,789,189</u>	<u>7,497,194</u>	<u>1,263,499,608</u>	<u>1,119,267,848</u>
	<u>\$ 896,686,234</u>	<u>\$ 76,852,879</u>	<u>\$ 32,348,572</u>	<u>\$ 4,338,465</u>	<u>\$ 278,253,050</u>	<u>\$ 7,638,607</u>	<u>\$ 1,296,117,807</u>	<u>\$ 1,146,793,281</u>

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Statement of Activities Year Ended December 31, 2019 (with summarized totals for the year ended December 31, 2018)

	Principal Fund	Pocantico Fund	Pocantico II Fund	Richard Rockefeller Fellowship Fund	David Rockefeller Global Development Fund	David Rockefeller Center	2019 RBF Funds	2018 RBF Funds
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Support and Revenue								
Investment Return								
Investment income	\$ 4,189,501	\$ 343,753	\$ -	\$ -	\$ -	\$ -	\$ 4,533,254	\$ 3,355,908
Net realized and unrealized gain (loss) on investments	136,499,846	11,202,174	-	-	-	-	147,702,020	(18,879,030)
Less: investment expenses	<u>(3,895,214)</u>	<u>(319,669)</u>	-	-	-	-	<u>(4,214,883)</u>	<u>(3,383,471)</u>
Investment Return	136,794,133	11,226,258	-	-	-	-	148,020,391	(18,906,593)
Contributions	10,000	-	-	-	-	-	10,000	14,787
Other income	16,554	-	-	-	-	-	16,554	12,478
Net assets released from restrictions	2,219,616	-	1,166,994	13,054	11,635,073	-	15,034,737	6,254,126
Total Support and Revenue	<u>139,040,303</u>	<u>11,226,258</u>	<u>1,166,994</u>	<u>13,054</u>	<u>11,635,073</u>	<u>-</u>	<u>163,081,682</u>	<u>(12,625,202)</u>
Expenses								
Direct charitable activities	1,484,642	3,941,304	979,039	-	358,031	-	6,763,016	5,750,623
Program and grant management	35,420,096	-	-	-	9,248,040	-	44,668,136	39,451,352
General management and taxes	6,403,851	842,337	187,955	13,054	2,029,002	-	9,476,199	2,759,903
Total Expenses	<u>43,308,589</u>	<u>4,783,641</u>	<u>1,166,994</u>	<u>13,054</u>	<u>11,635,073</u>	<u>-</u>	<u>60,907,351</u>	<u>47,961,878</u>
Amounts not yet recognized as a component of net periodic benefit cost								
	<u>(68,865)</u>	<u>327,467</u>	-	-	-	-	<u>258,602</u>	<u>1,685,500</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>95,662,849</u>	<u>6,770,084</u>	-	-	-	-	<u>102,432,933</u>	<u>(58,901,580)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS								
Support and Revenue								
Investment Return								
Investment income	-	-	142,140	20,221	1,252,498	52,511	1,467,370	286,503
Net realized and unrealized gain (loss) on investments	-	-	4,632,043	658,951	40,816,226	-	46,107,220	(1,735,767)
Less: investment expenses	-	-	<u>(132,182)</u>	<u>(18,804)</u>	<u>(1,164,748)</u>	-	<u>(1,315,734)</u>	<u>(311,080)</u>
Investment Return	-	-	4,642,001	660,368	40,903,976	52,511	46,258,856	(1,760,344)
Contributions	3,100,025	-	-	30,000	-	7,444,683	10,574,708	3,892,600
Contributions - perpetual	-	-	-	-	-	-	-	20,475
Other (loss) - perpetual	-	-	-	-	-	-	-	(101,245)
Net assets released from restrictions	<u>(2,219,616)</u>	<u>-</u>	<u>(1,166,994)</u>	<u>(13,054)</u>	<u>(11,635,073)</u>	<u>-</u>	<u>(15,034,737)</u>	<u>(6,254,126)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>880,409</u>	<u>-</u>	<u>3,475,007</u>	<u>677,314</u>	<u>29,268,903</u>	<u>7,497,194</u>	<u>41,798,827</u>	<u>(4,202,640)</u>
Increase (Decrease) in Net Assets	96,543,258	6,770,084	3,475,007	677,314	29,268,903	7,497,194	144,231,760	(63,104,220)
NET ASSETS								
Beginning of year	<u>774,283,342</u>	<u>66,350,417</u>	<u>28,463,345</u>	<u>3,650,458</u>	<u>246,520,286</u>	<u>-</u>	<u>1,119,267,848</u>	<u>1,182,372,068</u>
End of year	<u>\$ 870,826,600</u>	<u>\$ 73,120,501</u>	<u>\$ 31,938,352</u>	<u>\$ 4,327,772</u>	<u>\$ 275,789,189</u>	<u>\$ 7,497,194</u>	<u>\$ 1,263,499,608</u>	<u>\$ 1,119,267,848</u>

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2019
(with summarized totals for the year ended December 31, 2018)

	Direct Charitable Activities				Program and Grant Management	General Management and Taxes ¹	2019 RBF Funds	2018 RBF Funds
	General Programs	Pocantico Fund	Pocantico II Fund	Subtotal				
Salaries and Employee Benefits:								
Salaries	\$ 821,954	\$ 582,277	\$ -	\$ 1,404,231	\$ 2,411,428	\$ 2,464,350	\$ 6,280,009	\$ 6,166,687
Employee benefits and development	375,187	233,106	-	608,293	1,100,715	1,110,598	2,819,606	2,542,053
	<u>1,197,141</u>	<u>815,383</u>	<u>-</u>	<u>2,012,524</u>	<u>3,512,143</u>	<u>3,574,948</u>	<u>9,099,615</u>	<u>8,708,740</u>
Other Expenses:								
Grants awarded	-	-	-	-	38,516,976	-	38,516,976	33,822,849
Federal excise and other taxes (benefit)	-	-	-	-	-	3,421,754	3,421,754	(3,124,208)
Consultant fees	-	-	-	-	657,557	521,275	1,178,832	1,103,981
Legal, audit and professional fees	9,844	34,553	3,489	47,886	83,642	427,306	558,834	540,285
Travel	40,912	14,797	-	55,709	755,190	54,472	865,371	763,834
Rent and electricity	51,067	-	-	51,067	316,508	277,142	644,717	694,857
Net periodic benefit costs, other than service costs	71,764	75,837	-	147,601	210,538	226,078	584,217	500,277
Program conferences and events	353,256	-	-	353,256	-	-	353,256	322,365
Facilities maintenance and operations	-	2,575,431	898,136	3,473,567	-	-	3,473,567	2,583,983
Telephone, facsimile and internet	6,593	22,272	342	29,207	31,704	42,343	103,254	101,020
Temporary staffing and related expenses	-	-	-	-	-	98,093	98,093	21,816
Insurance	15,250	152,126	27,125	194,501	73,337	134,802	402,640	373,191
General office expenses	40,059	58,380	11,308	109,747	240,720	262,343	612,810	663,743
Communications	679	-	-	679	-	64,037	64,716	45,902
Depreciation and amortization	56,108	192,525	38,639	287,272	269,821	371,606	928,699	839,243
	<u>\$ 1,842,673</u>	<u>\$ 3,941,304</u>	<u>\$ 979,039</u>	<u>\$ 6,763,016</u>	<u>\$ 44,668,136</u>	<u>\$ 9,476,199</u>	<u>\$ 60,907,351</u>	<u>\$ 47,961,878</u>

¹ Includes indirect costs related to investment management in the amount of \$695,000.

Rockefeller Brothers Fund, Inc.

Statement of Cash Flows
Year Ended December 31, 2019
(with comparative amounts for the year ended December 31, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 144,231,760	\$ (63,104,220)
Adjustments to reconcile (increase) decrease in net assets to net cash from operating activities		
Net realized and unrealized (gain) loss on investments	(193,809,240)	20,614,797
Amount not yet recognized as a component of net periodic benefit cost	(258,602)	(1,685,500)
Depreciation and amortization	928,699	839,243
Taxes payable	2,641,897	(3,457,489)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	45,876	(758,132)
Contributions receivable	150,778	260,351,705
Accrued expenses and other liabilities	1,105,950	(562,003)
Grants payable	963,207	1,396,403
Accrued pension and postretirement benefits	640,314	588,029
Net Cash from Operating Activities	(43,359,361)	214,222,833
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	447,414,198	889,995,113
Purchases of investments	(398,906,695)	(1,105,113,621)
Purchases of fixed assets	(3,989,459)	(904,661)
Net Cash from Investing Activities	44,518,044	(216,023,169)
Net Change in Cash and Cash Equivalents	1,158,683	(1,800,336)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,933,601	3,733,937
End of year	\$ 3,092,284	\$ 1,933,601
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for other taxes	\$ 975,882	\$ 1,276,715

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

1. Organization and Purpose

Rockefeller Brothers Fund, Inc. (the “Fund”) is a not-for-profit, charitable corporation existing under the New York State not-for-profit corporation law and is classified as a private foundation as defined in the Internal Revenue Code (the Code). The Fund is dedicated to advancing social change that contributes to a more just, sustainable, and peaceful world. The Fund’s grantmaking is organized around three global themes: Democratic Practice, Peacebuilding, and Sustainable Development, and the Fund pursues these interests in a variety of geographic contexts, with specific focus in the areas of New York City, China, and Western Balkans. Effective November 15, 2017, the Fund registered under the supervision of the Ministry of Ecology and Environment of the People’s Republic of China (formerly the Ministry of Environmental Protection) and operates an office in Beijing.

In addition to the Principal Fund which supports the Fund’s core programs and operations, the Fund has the following special-purpose funds that have been established by either the Fund’s board of trustees or from donor-restricted contributions.

Pocantico Fund – For the preservation, maintenance, and operation of the Pocantico Historic Area at Pocantico Hills, New York, which includes the Pocantico Center, a venue for conferences and meetings on critical issues related to the Fund’s mission, and a community resource offering public access through a visitation program, lectures, and cultural events, as well as support to artists and art organizations in the greater New York City area.

Pocantico II Fund – For the perpetual maintenance of the Playhouse parcel at the Pocantico Historic Area.

Richard Rockefeller Fellowship Fund (RRFF) – To commemorate the life and philanthropic leadership of Richard Rockefeller, and support promising, young Chinese men and women who plan to make a significant commitment to the development of philanthropy in China.

David Rockefeller Global Development Fund (DRGDF) - For the purposes of developing, supporting, and funding grants and projects focusing on various global initiatives which may include health, poverty, sustainable development, democratic governance, and finance, trade and the economy, in alignment with the Fund’s programmatic mission.

David Rockefeller Center (DRC) – For the rehabilitation of the Orangerie building on the grounds of the Pocantico Historic Area to create a vibrant public venue that will enhance the Fund’s programs by nurturing the arts both locally and globally with world class performances and exhibits, residencies for artists working across disciplines, and space for school and community cultural functions.

The Fund is exempt from federal income tax under Section 501(c)(3) of the Code and has been classified as a “private foundation.” Provision has been made for the current and deferred federal excise taxes on realized net investment income and unrealized appreciation.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates made by management in the preparation of the financial statements include fair value of alternative investments, pension and other post-retirement benefits and depreciation and amortization. Management believes that the estimates utilized in preparing these financial statements are reasonable and appropriate.

Change in Accounting Principle

In March 2017, the Financial Accounting Standards Board issued guidance that impacts the presentation of net periodic pension and postretirement benefit costs (net benefit cost). Under the guidance, the service cost component of net benefit cost is reported in the same line items as other compensation costs and continues to be presented within salaries and benefits, unless eligible for capitalization. However, the other components of net benefit cost (e.g. interest costs, expected return on assets, amortization of prior service/net (gain) loss and transition obligation) are now presented separately from service cost within net periodic benefit, other than service costs, in the statements of functional expenses. The guidance was effective January 1, 2019 with early adoption permitted. The Fund adopted the guidance as of the effective date. The guidance is primarily a change in financial statement presentation and did not have a material impact in the financial results. This presentation change was applied retrospectively upon adoption. For the year ended December 31, 2018, \$500,277 was reclassified from employee benefits and development, into net periodic benefit costs, other than service costs. Refer to Notes 8 and 9, “Pension Plans,” and “Postretirement Healthcare Benefits” for additional information.

In June 2018, the FASB issued Accounting Standards Update (ASU) NO. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. The ASU is effective for annual periods beginning after December 15, 2018 for resources recipients, and after December 15, 2019 for resource providers, with early adoption permissible. As a resource recipient, the Fund adopted a portion of this guidance effective January 1, 2019, with no impact to its financial statements.

As a resource provider, the Fund will adopt the remaining guidance effective January 1, 2020. The Fund is currently evaluating the impact of this standard in 2020.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (*continued*)

Net Asset Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Without donor restrictions – consist of resources available for the general support of the Fund's operations. Net assets without donor restrictions may be used at the discretion of the Fund's management and board of trustees.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require the Fund to maintain in perpetuity, the income of which can be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Income and gains earned on endowment fund investments are available to be used in the "with donor restrictions" or "without donor restrictions" net asset classes based upon stipulations by the donors.

Cash and Cash Equivalents

The Fund considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents, except for those managed by the investment managers as part of its long-term investment strategy.

Fair Value Measurement

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP has established a fair value hierarchy, which uses the following three levels of inputs to measure fair value:

Level 1: Quoted prices or published net asset value for those alternative investments with characteristics similar to a mutual fund in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices for similar assets or liabilities; prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurement (continued)

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

Pursuant to U.S. GAAP, alternative investments where fair value is measured using the Net Asset Value (“NAV”) per share as a practical expedient are not characterized within the fair value hierarchy.

Investments

Investments in marketable securities are carried at quoted market prices and alternative investments with characteristics similar to a mutual fund are carried at published net asset value. Unrealized gains or losses are determined using quoted market prices at the respective statement of financial position dates. Security costs are determined on a first-in, first-out basis. Investment transactions are recorded on a trade-date basis.

The Fund follows the provisions of Accounting Standards Codification (ASC) 820-10-35-59, *Measuring the Fair Value of Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASC 820-10-35-59), to estimate fair value of certain investments in funds that do not have readily determinable fair values, including private investments, hedge funds, real estate, and other funds. ASC 820-10-35-59 allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent, as a practical expedient, as provided by the investment managers.

Investments in alternative investments that are not readily marketable are reported in the financial statements based upon the underlying net asset value (or partner’s capital) of each investment, which is estimated at fair value by the fund managers or general partners. The Fund reviews and evaluates the values provided by the fund managers and general partners, and agrees with the valuation methods and assumptions used in determining the fair value of the underlying net assets (or partner’s capital).

Investments of the Principal Fund, Pocantico Fund, Pocantico II Fund, and Richard Rockefeller Fellowship Fund are pooled; interest and dividend income and realized and unrealized gains or losses are allocated to each fund using the unitized investment method. Investments of the David Rockefeller Global Development Fund were pooled upon receipt of a \$250,000,000 contribution in September 2018.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (*continued*)

Investment Income Recognition

Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Investment Expenses

Investment expenses on the statement of activities consists of fees paid directly to the Fund's investment managers and custodian. Indirect investment expenses included in the statement of functional expenses consist primarily of legal and professional fees and personnel costs attributable to the oversight of and accounting for the Fund's investment portfolio.

Accounting for Uncertainty in Income Taxes

The Fund follows the provisions of Accounting Standards Codification (ASC) Subtopic 740-10, *Accounting for Income Taxes*, which addresses the accounting for uncertainties in income taxes recognized in an organization's financial statements and prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. ASC Subtopic 740-10 also provides related guidance on measurement, classification, interest and penalties, and disclosures. The Fund has concluded that there were no uncertainties to disclose. The Fund is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2016.

Fixed Assets

The Fund capitalizes fixed assets, which include leasehold improvements, office equipment, and computer equipment and software. Depreciation and amortization of fixed assets are provided over the following estimated useful service lives: leasehold improvements – shorter of useful life of the asset or term of lease; office equipment – seven years; computer equipment – four years; and computer software – three years. Fixed assets are presented net of accumulated depreciation and amortization of approximately \$32,575,000 and \$31,646,000 at December 31, 2019 and 2018, respectively.

Construction in Progress

The Fund's construction in progress is stated at cost, and reflects costs associated with the renovation of the Orangerie building at the Pocantico Historic Area. These costs will be accumulated until the asset is placed into service, at which time depreciation will commence.

Collections

The Fund has a small collection of art and historic collectibles, including paintings, sculptures, tapestries and carriages. The collection is maintained under the care of the Fund and is held for public exhibition and education in furtherance of public service, rather than for financial gain. The Fund does not anticipate selling these items and, therefore, does not include either the cost or the value of its collection in the statement of financial position, nor does it recognize gifts of collection items as revenues in the statement of activities. Since items acquired for the collection by purchase are not capitalized, the cost of those acquisitions is reported as decreases in net assets in the statement of activities.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies (continued)

Grants Payable

Grants are recorded at the time of approval by the trustees and notification to the recipient (note 10).

Recognition of Contributions and Promises to Give

Contributions, including unconditional promises to give, are recognized in the period received and are considered to be available for any use unless specifically restricted by the donor. Contributions to be received after one year are discounted to present value of future cash flows at a risk-adjusted rate. Contributions receivable at December 31, 2019 and 2018 were not discounted as they are expected to be collected within 12 months of year-end. The Fund evaluates collectability of promises to give in determining the necessary provision for doubtful collection. No such provision has been made as of December 31, 2019 and 2018.

Functional Expenses

The Fund reports expenses on a functional basis, with all expenses charged either to a particular program or supporting service. Direct charitable activities and program and grant management comprise the Fund's program-related expenses and general management and taxes comprises the supporting activity expenses. Within general management and taxes are expenses related to investment administration. Direct charitable activities include technical assistance provided to other charitable organizations, service of Fund staff on boards and committees of such organizations, and the costs of certain program-related projects undertaken directly by the Fund rather than through grants, including stewardship of the Pocantico Historic Area and conference activity at the Pocantico Conference Center. Overhead expenses, including occupancy, telephone, and insurance, are allocated to functional areas based upon space used or actual usage, if specifically identifiable. The allocation of salary and related expenses for management and supervision of program service functions is made by management based on the estimated time spent by staff in the various program service functions.

Concentration of Credit Risk

Financial instruments that potentially subject the Fund to significant concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. The Fund's cash is maintained in bank accounts which, at times, may exceed federally insured limits. The Fund has not experienced any losses on its cash deposits. Investments are managed by a professional investment management firm that had been engaged to serve as the Fund's Outsourced Chief Investment Office (OCIO), and are monitored by the Fund's management and Investment Committee. The Fund believes no significant concentration of credit risk exist with respect to its receivables due to historical collections and experience.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

2. Summary of Significant Accounting Policies *(continued)*

Prior Year Summarized Comparative Information

The amounts shown for the year ended December 31, 2018 in the accompanying statement of functional expenses are included to provide a basis for comparison with 2019 only. Accordingly, the 2018 totals are not intended to present all information necessary for a complete presentation in accordance with U.S. GAAP and should be read in conjunction with the Fund's 2018 financial statements.

Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 9, 2020.

3. Investments

The following table presents the Fund's fair value hierarchy for those investments measured at fair value as of December 31:

		2019	
	Level 1	Investments Valued Using NAV (*)	Total
Equity securities - U.S.	\$ 89,527,606	\$ -	\$ 89,527,606
Equity securities - Global	112,195,704	-	112,195,704
Fixed income securities	41,743,757	-	41,743,757
Exchange traded fund	35,485,398	-	35,485,398
Futures	148,480	-	148,480
Hedge Funds			
Equity (see "a" below)	-	528,081,188	528,081,188
Fixed income (see "b" below)	-	114,690,773	114,690,773
Insurance linked (see "c" below)	-	17,784,735	17,784,735
Multi-strategy (see "d" below)	-	31,516,320	31,516,320
Real estate (see "e" below)	-	76,960,729	76,960,729
Private equity funds (see "f" below)	-	194,238,190	194,238,190
Total Investments at Fair Value	<u>\$ 279,100,945</u>	<u>\$ 963,271,935</u>	1,242,372,880
Cash and equivalents, at cost			35,912,872
Total Investments			<u>\$ 1,278,285,752</u>

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

3. Investments (continued)

	2018		
	Level 1	Investments Valued Using NAV (*)	Total
Equity securities - U.S.	\$ 66,414,258	\$ -	\$ 66,414,258
Equity securities - Global	78,540,023	-	78,540,023
Fixed income securities	23,022,341	-	23,022,341
Exchange traded fund	25,083,905	-	25,083,905
Futures	(144,714)	-	(144,714)
Hedge Funds			
Equity (see "a" below)	-	459,687,356	459,687,356
Fixed income (see "b" below)	-	120,441,524	120,441,524
Insurance linked (see "c" below)	-	16,319,471	16,319,471
Multi-strategy (see "d" below)	-	23,343,258	23,343,258
Real estate (see "e" below)	-	75,175,936	75,175,936
Private equity funds (see "f" below)	-	186,193,738	186,193,738
Total Investments at Fair Value	\$ 192,915,813	\$ 881,161,283	1,074,077,096
Cash and equivalents, at cost			58,906,919
Total Investments			\$ 1,132,984,015

(*) As discussed in note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

- (a) This class includes hedge funds that invest in both long and short positions in primarily U.S. common stocks, comingled long-only funds that invest primarily in equity securities with certain redemption restrictions, and other hedge funds exposed primarily to equity risk factors. Management of the hedge funds has the ability to shift investments based on capitalization, sectors, and regions.
- (b) This class includes hedge funds and comingled long-only funds with certain redemption restrictions that invest in fixed income and currency markets.
- (c) This class includes a hedge fund which underwrites a global portfolio of reinsurance and retrocessional contracts on a semi-annual basis to coincide with the major renewal dates in the property catastrophe reinsurance market.
- (d) This class includes a hedge fund that combines distinct but complementary strategies, including convertible and capital structure arbitrage, direct investments, credit relative value, merger and event-driven arbitrage, long short equity and volatility trading, each executed by a dedicated portfolio manager and team.
- (e) This class includes public and private equity funds that invest primarily in commercial real estate.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

3. Investments *(continued)*

(f) This class includes private equity funds that invest primarily in private equity markets. At December 31, 2019 and 2018, there were approximately \$208,479,000 and \$187,726,000, respectively, of unfunded commitments in relation to these funds.

The Fund had no investments categorized as Level 2 or 3 in 2019 or 2018. The Fund had no significant transfers between Level 1, Level 2, and Level 3 for the years ended December 31, 2019 and 2018.

Included in the Fund's investment portfolio at December 31, are redeemable investment assets (excluding cash and cash equivalents and investment-related receivables) based on the following terms and conditions:

	2019	2018
Daily, with no notice	\$ 279,100,945	\$ 193,060,528
Daily, with 10 days notice	32,306,608	29,716,000
Weekly, with 2 days notice	-	(144,714)
Twice monthly, with 5 days notice	22,317,160	20,785,298
Monthly, with 5 days notice	69,294,774	52,005,629
Monthly, with 15 days notice	18,504,649	-
Monthly, with 30 days notice	4,841,305	3,826,128
Monthly, with 60 days notice	19,513,054	19,936,977
Quarterly, with 10 days notice	25,239,855	21,704,597
Quarterly, with 30 days notice	75,668,249	82,298,406
Redemption of 12.5% quarterly, with 90 days notice	8,739,870	7,831,421
Redemption of 25% quarterly, with 30 days notice	120,159,535	95,068,300
Redemption of 25% quarterly, with 45 days notice	25,095,935	20,641,880
Quarterly, with 60 days notice	22,428,324	26,473,243
Quarterly, with 65 days notice	38,280,393	38,289,755
Quarterly, with 90 days notice	75,031,548	76,621,375
Redemption of 25% quarterly, with 90 days notice	30,823,513	33,088,433
Annually, with 90 days notice	508,876	2,153,342
Redemption of 25% semi-annually, with 90 days notice	29,669,598	22,371,720
Semi-annually, with 60 days notice	34,194,438	29,323,028
Semi-annually on 3/31 and 10/31, with 60 days notice	17,784,735	16,319,471
Redemption of 1/3 annually, with 65 days notice	3,841	51,410
Redemption of 1/3 annually, with 60 days notice	-	58,410
Rolling 3 years	21,666,756	21,226,786
	\$ 971,173,961	\$ 812,707,423

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

3. Investments (*continued*)

The nonredeemable alternative investment funds included in the Fund's investment portfolio at December 31, 2019 are expected to be returned as follows:

2020	\$ 5,300,215
2021-2024	112,354,662
2025-2035	152,690,586
Thereafter	<u>853,456</u>
	<u>\$271,198,919</u>

As a result of its investing strategies, the Fund is a party to a variety of financial instruments. These financial instruments may include fixed income, foreign currency futures and options contracts, foreign currency forwards, and interest rate cap and floor contracts. Much of the Fund's off-balance-sheet exposure represents strategies that are designed to reduce the interest rate and market risk inherent in portions of the Fund's investment program. Changes in the market values of these financial instruments are recognized currently in the statements of activities. The notional value of these contracts was \$12,994,320 and \$19,849,825 at December 31, 2019 and 2018, respectively.

Financial instruments such as those described above involve, to varying degrees, elements of market risk and credit risk in excess of the amounts recorded on the statement of financial position. Market risk represents the potential loss the Fund faces due to the decrease in the value of financial instruments. Credit risk represents the maximum potential loss the Fund faces due to possible nonperformance by obligors and counterparties of the terms of their contracts.

4. Liquidity and Availability

The following reflects the Fund's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions, plus expenditures appropriated from the endowment in accordance with the annual budget approval. The amounts classified as board designated could be made available, if necessary.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

4. Liquidity and Availability *(continued)*

Financial assets available to meet cash needs for general expenditure within one year as of December 31, are as follows:

	2019	2018
Financial Assets		
Cash and cash equivalents	\$ 3,092,284	\$ 1,933,601
Accounts receivable	1,770,563	1,766,615
Contributions receivable	2,249,222	2,400,000
Investments	<u>1,278,285,752</u>	<u>1,132,984,015</u>
Total Financial Assets	<u>1,285,397,821</u>	<u>1,139,084,231</u>
Less:		
Donor-imposed Restrictions		
Donor restricted endowment funds	(10,148,477)	(10,148,477)
Other donor restrictions	(307,029,691)	(266,867,529)
Endowment fund appropriations for following year	<u>70,510,000</u>	<u>56,875,000</u>
	<u>(246,668,168)</u>	<u>(220,141,006)</u>
Board designated endowment funds	<u>(967,863,794)</u>	<u>(863,700,505)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 70,865,859</u>	<u>\$ 55,242,720</u>

As part of the Fund's liquidity management strategy, the Fund has designated its OCIO, with oversight by the Fund's Investment Committee and management, to structure its financial assets to be available as its grant payments and other general liabilities come due. Under the mandate of the Fund's Investment Policy Statement, at least 30% of the Fund's investment portfolio net assets will be held in vehicles utilizing lockups of 12 months or less. Within the Fund's managed investment portfolio, a separate cash account is maintained at the Fund's custodian bank, and used to facilitate capital calls on investments, investment income and capital distributions, investment management fees, and other withdrawals necessary to meet the Fund's cash requirements for grants and operating expenses. Recurring cash withdrawals from the managed investment portfolio are coordinated on a monthly basis, based on the Fund's annual cash flow projections for grants and administrative expenses as driven by the Fund's annual board approved budget. Cash requirements for other withdrawals associated with the Fund's investments are managed by the Fund's OCIO, as part of their investment management agreement with the Fund.

The Fund's endowment funds consist of funds designated by the board as endowment and donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of amounts available for general expenditure.

The Fund's board designated endowment of \$967,863,794 at December 31, 2019 is subject to an annual spending policy as described in Note 5. Although the Fund does not intend to spend from the board-designated endowment, other than amounts appropriated for general expenditure as part of the annual budget approval and appropriation, these amounts could be made available if necessary.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

5. Endowment Funds

The Fund's endowment is comprised of board designated funds and, funds with donor restriction for time or purpose, and donor restricted funds to be held perpetuity.

Board-designated Endowment

The board of trustees of the Fund has established special-purpose funds, which along with the Fund's Principal Fund (note 1), constitute the Fund's board-designated endowment. Included in this endowment as of December 31, 2019 and 2018, are net assets without donor restrictions which reflect the net assets of the Principal Fund and the Pocantico Fund.

Permanent Endowment

The Pocantico II Fund was established in 1999 through a pledge by one donor in the amount of \$8 million, for purposes of perpetual maintenance of the Playhouse Parcel at the Pocantico Historic Area, and includes both net assets with donor restrictions by purpose and net assets with donor restrictions in perpetuity. The portion of the Pocantico II Fund net assets with donor restrictions in perpetuity reflect matching grants of Rockefeller family members to the original \$8 million donor pledge, and includes net assets of \$10,148,477, as of December 31, 2019 and 2018, constituting the Fund's permanent endowment.

Endowment With Donor Restrictions

Included in the Fund's endowment with donor restrictions are the purpose restricted net assets of the Pocantico II Fund which reflect the original pledge, as well as income and appreciation earned on both the perpetual and purpose restricted portions, and include net assets of \$19,699,653 and \$16,905,727 as of December 31, 2019 and 2018, respectively. In addition, the net assets of the Richard Rockefeller Fellowship Fund, the David Rockefeller Global Development Fund, which was established in 2017 through a bequest from the estate of David Rockefeller in the amount of \$250 million for purposes of developing, supporting, and funding grants and projects focusing on various global initiatives aligned with the Fund's mission, and the David Rockefeller Center, established in 2018 for the rehabilitation of the Orangerie building at the Pocantico Historic Area, constitute the Fund's endowment with donor restrictions, and amounted to \$307,029,691 and \$266,867,529 at December 31, 2019 and 2018, respectively.

The Fund's long-term spending and investment objectives are to preserve the real value of the endowment. In setting its annual spending policy, the Fund adopts a multifaceted process that involves reviewing the impact of past levels of spending, developing an approach that reduces year-to-year volatility in levels of spending, assessing the prospective minimum payout requirement for the budget year, evaluating current market position and trends to formulate a reasonable projection of the following year's anticipated market value, and considering philanthropic priorities that may impact current thinking on spending. Using the information gathered from this process, the Fund develops a proposal for a financially responsible budget amount that meets both the Fund's minimum payout requirement and programmatic priorities.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

5. Endowment Funds *(continued)*

The Fund monitors the impact of actual market trends during the year to assess if budget spending adjustments are needed.

The board of trustees of the Fund has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the Fund to appropriate for expenditure or accumulate so much of an endowment fund as the Fund determines is prudent for the uses, benefits, purposes, and duration under which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the board of trustees. The Fund has classified as perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as with donor restricted net assets (purpose or time) until those amounts are appropriated for expenditure by the Fund in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The Fund had the following endowment-related activities for the years ended December 31, 2019 and 2018:

	Board-Designated endowment Funds	With Donor Restrictions	With Donor Designated Restrictions - Perpetuity	Total
Endowment net assets at December 31, 2017	\$ 925,633,844	\$ 271,567,770	\$ 10,128,002	\$ 1,207,329,616
Net investment return	(18,906,593)	(1,760,344)	-	(20,666,937)
Contributions to endowment	14,787	341,500	20,475	376,762
Other	12,478	(101,245)	-	(88,767)
Amounts appropriated for expenditure	(43,054,011)	(3,180,152)	-	(46,234,163)
Endowment net assets at December 31, 2018	863,700,505	266,867,529	10,148,477	1,140,716,511
Net investment return	148,020,391	46,258,856	-	194,279,247
Contributions to endowment	110,000	7,474,683	-	7,584,683
Other	16,584	-	-	16,584
Amounts appropriated for expenditure	(43,983,686)	(13,571,377)	-	(57,555,063)
Endowment net assets at December 31, 2019	\$ 967,863,794	\$ 307,029,691	\$ 10,148,477	\$ 1,285,041,962

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

6. Program-Related Investments

The Fund's program-related investment has limited or no marketability, and represents real estate that has been leased rent-free to a not-for-profit organization under the terms of an agreement, which expires in the year 2056. At the expiration of the lease, the real estate will be surrendered to the landlord. This real estate is not held for sale and is therefore carried at cost.

7. Employee Savings and Investment Plan

The Fund sponsors a qualified defined contribution plan that covers eligible full-time employees of the Fund who have completed six consecutive months of service as indicated in the plan document. Plan contributions for the years ended December 31, 2019 and 2018 totaled approximately \$812,000 and \$754,000, respectively.

8. Pension Plans

The Fund participates in the Retirement Income Plan for Employees of Rockefeller Brothers Fund, Inc., et al. (the Plan), a noncontributory defined-benefit plan covering substantially all of its employees. Effective December 31, 2003, the Plan was frozen. In November 2018, the Fund's trustees approved the termination of the Plan.

In 2019, the Fund's participants in the Plan were notified by the Plan administrator of the intent to terminate the Plan. Full dissolution of the Fund's obligations occurred in June, 2020 with distributions made as instructed by the Plan participants, electing options to arrange either annuity payments or receive a lump sum distribution.

The Fund recognizes the funded status of its defined-benefit pension and other postretirement plans as a liability and recognizes the changes in that funded status in the year in which the changes occur through a separate line within the change in net assets without donor restrictions, apart from expenses, to the extent those changes are not included in the net periodic cost. The funded status reported on the statement of financial position was measured as the difference between the fair value of Plan assets and the benefit obligations as of December 31, 2019 and 2018.

The following tables set forth the Plan's funded status and amounts recognized in the financial statements at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Accumulated benefit obligations/projected benefit obligations for services rendered to date	\$(8,226,813)	\$(7,511,486)
Plan assets at fair value	<u>7,054,962</u>	<u>6,469,895</u>
Funded Status (Pension Liability)	<u>\$(1,171,851)</u>	<u>\$(1,041,591)</u>

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

8. Pension Plans *(continued)*

	<u>2019</u>	<u>2018</u>
Net Pension Cost Included the Following Components		
Interest cost on projected benefit obligation	\$ 291,165	\$ 266,547
Service cost	69,500	56,900
Actual return on plan assets	(1,096,446)	47,982
Net amortization and deferral	<u>1,043,587</u>	<u>(370,772)</u>
Net Periodic Pension Benefit Cost	<u>\$ 307,806</u>	<u>\$ 657</u>

The weighted average discount rates used in determining the actuarial present value of the projected benefit obligation were 2.91% in 2019 and 3.99% in 2018. The weighted average discount rates used in determining the net periodic benefit costs were 3.99% in 2019 and 3.35% in 2018. The expected long-term rate of return on assets was 4.00% in 2019 and 7.50% in 2018. Amortization of unrecognized prior service cost was \$4,535 in 2019 and \$20,732 in 2018. In 2019 and 2018, the Fund was required to make contributions of \$0- and \$50,000 to the Plan.

The Plan assets were invested in mutual funds with an allocation of 95% fixed income and 5% cash at year end, pending finalization of the Plan termination in 2020. These securities are considered Level 1 in the fair value hierarchy.

The accumulated amount not yet recognized as a component of net periodic benefit cost was \$1,629,032 and \$1,806,578 at December 31, 2019 and 2018, respectively.

With the dissolution of the Fund's obligations, the approximate cash drawdowns to settle all obligations, with distributions made as instructed by the Plan participants, amounted to approximately \$9 million. Of this final cost of settlement, the Plan assets covered approximately \$7.5 million and the Fund contributed the required additional funding of approximately \$1.5 million.

9. Postretirement Healthcare Benefits

In addition to providing pension benefits, the Fund provides certain healthcare benefits for retired employees. Substantially all of the Fund's employees may become eligible for these benefits if they reach age 55 while employed by the Fund and have accumulated at least five years of service. Such benefits are provided through an insurance company.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

9. Postretirement Healthcare Benefits (continued)

The following table sets forth the plan's status as of December 31, 2019 and 2018:

	2019	2018
Accumulated benefit obligations/unfunded benefit obligations	\$(9,301,350)	\$ (9,159,967)

The net periodic postretirement benefit cost included the following components as of December 31, 2019 and 2018:

	2019	2018
Service cost	\$ 200,734	\$ 277,018
Interest cost	338,862	345,758
Amortization of unrecognized loss	7,029	210,762
Net Periodic Postretirement Benefit Cost	\$ 546,625	\$ 833,538

Actual retiree premiums paid by the Fund during 2019 and 2018 amounted to \$324,186 and \$380,052, respectively.

The discount rate assumed in determining the accumulated benefit obligation ("ABPO") was 3.15% in 2019 and 4.15% in 2018. The weighted average discount rates used in determining the period's benefit costs were 4.15% in 2019 and 3.55% in 2018. The five-year medical cost trend rate assumed in 2019 was 6.5%, declining to 4.5%, and in 2018 was 7.50%, declining to 4.50%. Increasing the assumed medical cost trend rate by 1.00% each year would result in increases in both the APBO and the net periodic postretirement cost of \$1,631,865 and \$114,011 in 2019, and \$1,572,815 and \$143,089 in 2018, respectively. Decreasing the assumed medical cost trend rate by 1.00% each year would result in decreases in both the APBO and the net periodic postretirement cost of \$1,300,850 and \$88,088 in 2019, and \$1,257,746 and \$109,228 in 2018, respectively.

The anticipated benefit payments for the next 10 years are as follows:

2020	\$ 333,000
2021	350,000
2022	366,000
2023	387,000
2024	390,000
2025-2029	2,094,000
	\$3,920,000

The accumulated amount not yet recognized as a component of net periodic benefit cost was \$1,665,978 and \$1,747,034 at December 31, 2019 and 2018, respectively. The net actuarial loss that will be amortized into net periodic benefit cost in 2020 is \$64,725.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

10. Reconciliation of Grants Awarded

The following table reconciles grants awarded and grants paid during 2019 and 2018:

Grants payable, December 31, 2017	\$ 10,543,627
Grants awarded 2018	33,822,849
Grants paid 2018	<u>(32,426,446)</u>
Grants Payable December 31, 2018	11,940,030
Grants awarded 2019	38,516,976
Grants paid 2019	<u>(37,553,769)</u>
Grants Payable December 31, 2019	<u>\$ 12,903,237</u>

The Fund estimates that the grants payable balance will be paid as follows:

<u>Year Ending December 31,</u>	
2020	\$ 12,263,911
2021	<u>639,326</u>
	<u>\$ 12,903,237</u>

The net present value of grants payable is not materially different from amounts committed to be paid.

11. Related-Party Transactions

The Fund was reimbursed for the cost of certain expenditures, which may include a proportionate share of direct and indirect compensation for accounting, human resource, and operations department staff; information technology services; occupancy; capital expenditures; employee benefits; and consultant and legal fees related to employee benefits issues from various related parties as presented in the following table for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Rockefeller Archive Center	\$ 949,087	\$ 842,137
Rockefeller Family Fund	742,811	672,927
Asian Cultural Council	438,823	400,944
David Rockefeller Fund	<u>201,045</u>	<u>212,933</u>
	<u>\$2,331,766</u>	<u>\$2,128,941</u>

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

11. Related-Party Transactions (*continued*)

Rockefeller Philanthropy Advisors (RPA)

During 2019, the Fund approved two grants to RPA: one in the amount of \$100,000 for its upstart co-lab project, and one in the amount of \$25,000 for its impact investing monograph project. During 2018, the Fund approved two grants to RPA: one in the amount of \$100,000, for its upstart co-lab project, and the other in the amount of \$25,000 for its Theory of the Foundation initiative. During 2019 and 2018, RPA reimbursed the Fund for meeting and conference expenses totaling \$2,415 and \$32,795, respectively. During 2019 and 2018, the Fund received contributions from RPA totaling \$10,000 and \$9,500, respectively, designated for the RRFF.

David Rockefeller

In 2018, the Fund received a cash bequest from the will of David Rockefeller, amounting to \$250,000,000 to establish the DRGDF. In 2018, the Fund also received \$11,438,400 from the estate of David Rockefeller to satisfy his outstanding pledge to the Pocantico II Fund.

National Trust for Historic Preservation in the United States (NTHP)

On September 20, 1991, the Fund entered into a formal arrangement with the NTHP, whereby the Fund assumes the costs associated with maintenance and operations of the Pocantico Historic Area, including all utilities, real estate and other taxes, and impositions assessed against the property. In 2019 and 2018, these costs aggregated approximately \$3,474,000 and \$2,586,000, respectively. Under the same agreement, the Fund agreed to conduct a program of public visitation of the Pocantico Historic Area. Historic Hudson Valley was engaged by the Fund to operate this program on its behalf. The public visitation program commenced in April 1994.

During 2018, ownership of Greenrock Corporation passed to the NTHP, and Greenrock Corporation began to operate on a self-sustaining basis, in accordance with a Memorandum of Understanding between the Fund, the NTHP, and David Rockefeller dated October 7, 2008. The Fund paid fees of approximately \$2,907,000 and \$2,042,000 in 2019 and 2018, respectively, for maintenance of the Pocantico properties to Greenrock Corporation.

On December 21, 2017, the Fund entered into an agreement with the NTHP to cooperate in raising funds for the rehabilitation of the Orangerie building at the Pocantico Historic Area for use as the David Rockefeller Center. During 2019, the Fund received approximately \$5.9 million from the NTHP for this purpose.

Other Related Parties

The Fund is invested in an equity hedge fund in which Rockefeller & Co., a related party, is an underlying investment manager. Of the Fund's total investment in the equity hedge fund, the approximate value of the investment holdings managed by Rockefeller & Co. was \$16 million and \$15 million at December 31, 2019 and 2018, respectively. During 2019 and 2018, the Fund received a contribution from TisBest Philanthropy, in the amount of \$10,000, designated to the Fund for the RRFF by a trustee of the Fund.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2019

12. Federal Taxes

As a private foundation, the Fund is assessed an excise tax under the Code. The provision for federal excise tax consists of a current provision on realized net investment income and a deferred provision on unrealized appreciation of investments. This tax is generally equal to 2%; however, it is reduced to 1% if a foundation meets certain distribution requirements under Section 4940(e) of the Code. These requirements take into consideration the prior five years' average asset values and qualifying charitable distributions to develop a five-year average payout rate, which is then applied to the current year's average asset value to arrive at the current year payout amount. If a foundation exceeds this amount plus 1% of its investment income, it qualifies for the 1% tax rate.

As a result of legislation passed at the end of 2019, effective January 1, 2020, the Fund's excise tax rate will be calculated using a flat rate of 1.39%. Pursuant to U.S. GAAP, deferred federal excise taxes are provided based on the enacted rate that is effective as of the date of the statement of financial position.

The Fund provided for current excise taxes at the rate of 2% in 2019 and 2018. The following table reconciles the Fund's current and deferred tax provisions for the years ended December 31, 2019 and 2018, respectively.

	2019	2018
Current Tax		
Beginning of year receivable	\$ 256,000	\$ 122,128
Excise tax expense	(709,000)	(461,000)
Payments	755,000	717,000
Refund receivable	628,327	-
Adjustment to prior year accrual for underpayment (additional overpayment)	(256,000)	(122,128)
Current Tax Receivable	\$ 674,327	\$ 256,000
Deferred Tax		
Beginning of year liability	\$ 2,899,463	\$ 6,548,431
Deferred expense adjustment	2,801,125	(3,648,968)
Deferred Tax Liability	5,700,588	2,899,463
Other adjustments to taxes payable	40,563	199,791
Taxes Payable	\$ 5,741,151	\$ 3,099,254
Statement of Financial Position Presentation		
Total receivable, included in accounts receivable and other assets	\$ 674,327	\$ 256,000
Total Liability (Taxes Payable)	\$ 5,741,151	\$ 3,099,254

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
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13. Commitments

On January 1, 2009, the Fund entered into a lease agreement, and relocated its offices in June 2009. Portions of this space are occupied by affiliated nonprofits; approximately \$166,000 is reimbursed each year by these entities. No formal leases exist between these affiliated nonprofits. The term of the lease for this location expires on December 31, 2023, with one five-year renewal option.

The office space occupied by the Fund, together with its affiliates, provides for annual minimum rental commitments, excluding escalation, as follows:

2020	\$ 725,600
2021	725,600
2022	725,600
2023	725,600
	<u>\$ 2,902,400</u>

On September 20, 1991, the Fund entered into a formal arrangement with the NTHP, whereby the Fund assumes the costs associated with maintenance and operations of the Pocantico Historic Area, including all utilities, real estate and other taxes, and impositions assessed against the property.

14. Subsequent Events

Subsequent to year end, the COVID-19 pandemic has resulted in substantial volatility in the global financial markets. Because the value of the Fund's individual investments has and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

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