



Rockefeller
Brothers Fund

Philanthropy for an Interdependent World



Charting Our Progress: 2009–2011

August 2012, Audited Version



If art is to nourish the roots of our culture, society must set the artist free to follow his vision wherever it takes him.

—President John F. Kennedy
Remarks at Amherst College,
October 26, 1963

Arts and Culture in New York City

The Rockefeller Brothers Fund's (RBF) grantmaking in New York City proceeds from a conviction that New York has the potential to be a model 21st-century, sustainable, urban community. The Fund's New York City program is focused on

helping to build an equitable clean energy economy, encouraging immigrant civic and political participation, and supporting artists and cultural organizations in the greater New York City area.

Our arts and culture grantmaking accounts for approximately half of our New York City portfolio and is a prominent aspect of program offerings at the RBF's Pocantico Center—located just outside of Manhattan in Tarrytown, New York.

The cover story of this year's edition of *Charting Our Progress* is presented in two videos, *Artists in Motion* and *A Pivotal Role: Arts in New York City*, highlighting our New York City program's Charles E. Culpeper Arts & Culture Grants.¹ The Culpeper grants support the creative process, build the capacity of small and mid-size arts and cultural institutions, and support the pursuit of the creative life. Four of the Fund's grantees—Creative Time, Gallim Dance, Spanish Theatre Repertory Company, and The Jazz Gallery—are featured in the videos, taking the viewer from behind the scenes to actual performances. *Artists in Motion* provides a glimpse into the lives of four artists—a director, a dancer, a vocalist, and a performance artist—as they develop and share their struggles, inspirations, and creative work. *A Pivotal Role: Arts in New York City* includes interviews with Andrea Miller, artistic director and choreographer

¹ The arts and culture grants honor the legacy of Charles E. Culpeper. The Rockefeller Brothers Fund merged with the Charles E. Culpeper Foundation of Stamford, Connecticut on July 1, 1999.

at Gallim Dance; Anne Pasternak, president and artistic director of Creative Time, and Deborah Steinglass, executive director of The Jazz Gallery. The trio discuss the realities they face as they support artists and the creative process.

Traditionally, arts organizations have received funding from four sources: government, foundations, corporations, and individuals. Following the market decline in 2008, arts organizations saw a significant drop in corporate and government support as corporations cut arts funding and government reduced the number of grants for the arts. In a 2012 study, *Who Pays for the Arts?*, the Municipal Art Society of New York and the Alliance for the Arts concluded that “support from individuals, corporations, and foundations remain a crucial element to overall organizational income,” especially in a time of government budget cutbacks. Since 2003, the Fund has made 292 grants totaling nearly \$22 million to support artists and cultural organizations in New York City.

Artists in Motion also provides a glimpse of Gallim Dance's performance at The Pocantico Center. The Center provides artists and arts organizations with time and space for aesthetic exploration, opportunities for nurturing artistic imagination, and public performances. We hope these videos help illuminate the extraordinary diversity of the community of small and mid-size cultural organizations in New York and their remarkable contributions to the cultural life of the city. We also hope that the stories they tell reinforce the importance of continued funding for the arts.

Improving the Way We Communicate Our Work

As a private institution that exists for public benefit, the Rockefeller Brothers Fund has a responsibility to be fully transparent and accountable in its activities. Over the years, we have worked to improve the clarity and quality of our communications so that the grantee community and the interested public have a clear sense of our operational activities and our programmatic priorities, goals, and strategies. We also have embraced new tools and technologies to help us communicate how we conduct our work and share the story of our philanthropic performance.

The Evolution of Our Annual Reporting

In 2005, we concluded that printed foundation annual reports were fast becoming obsolete. The immediacy and near-universal accessibility of web-based communications have made published annual reports anachronistic. Publication is delayed by the filing of audited financial statements, which are normally not available until six months after the close of the fiscal year (which in the Rockefeller Brothers Fund's case is the calendar year). By 2009, we had moved completely to an online annual review. The RBF board of trustees has approved replacing the annual review with *Charting Our Progress*. This more detailed three-year comparative report, plus our website's up-to-date governance, finance, grants, and investment information, allows us to go beyond the requirements of the Internal Revenue Service and New York state. It incorporates a comprehensive annual review of the Fund's activities that facilitates discussion about year-to-year patterns and trends and provides the interested public detailed insight into the Fund's activities and operations.

Moving to the Next Chapter of Our Journey

This restructuring of our "annual reporting" and increased emphasis on the Fund's website will help enhance the Fund's information resources and its good governance practices, as well as save resources and eliminate redundant information. We will continue to examine our practices to ensure we are communicating fully and effectively about our grantmaking and operational activities. We also will continue to use the RBF website, www.rbf.org, as our primary communications source.

We welcome comments or questions you may have after reviewing *Charting Our Progress*. Please feel free to email us at communications@rbf.org.

Charting Our Progress: 2009–2011

Charting Our Progress is an annual report of the Rockefeller Brothers Fund's (RBF) activities over a three-year period. This year's online version of *Charting Our Progress* includes elements from our former RBF Annual Review, including the President's Message and a multimedia program feature, to provide a complete overview of the RBF's interests and activities. The report also provides details on the following RBF activities:

1. Investment Performance and Rate of Spending
2. Total Spending
3. Grantmaking
4. The Pocantico Center
5. Human Resources

Each year, in its annual reporting, the Rockefeller Brothers Fund features an issue central to its mission. This year's cover story, in the form of two videos, highlights the New York City program's Charles E. Culpeper Arts and Culture Grants. The arts and culture grants account for approximately half of the New York City portfolio and are a prominent aspect of program offerings at The Pocantico Center.

This year's report also includes diversity data for the Fund's trustees and staff (See Human Resources section). The Diversity Project Update, available on the Fund's website, summarizes the progress made by the Fund's staff in collecting and analyzing data on diversity in the RBF's human resources, operations, grantmaking, public programs, and conference activities.

Past reports and audited financial statements are available on the Fund's website at www.rbf.org.

About the Rockefeller Brothers Fund

Founded in 1940, the Rockefeller Brothers Fund advances social change that contributes to a more just, sustainable, and peaceful world. The Fund's grantmaking is organized in three thematic programs that support work in the United States and at the global level: Democratic Practice, Sustainable Development, and Peacebuilding; and in three pivotal place programs that address these themes in specific contexts: New York City, Southern China, and the Western Balkans.¹ The RBF also manages The Pocantico Center, which is located 20 miles north of Manhattan in the Pocantico Historic Area. The Pocantico Center furthers the missions and reflects the values of the Rockefeller Brothers Fund and the National Trust for Historic Preservation.

¹ Final grants for the South Africa program were awarded in the first quarter of 2009.



Investment Performance and Rate of Spending

During the 2008–2009 market decline, the Rockefeller Brothers Fund’s endowment value fell to a low of approximately \$609 million in early 2009. The Fund’s portfolio began to recover in 2010, with investment performance increasing by 13 percent. Following fluctuations in 2011, the portfolio finished the year at \$727 million, after total spending which includes approximately \$41 million of expenditures that count toward the minimum distribution requirement, plus approximately \$3 million for investment-related expenses. Investment performance for 2011 reflected an increase of approximately 3 percent.

As the value of the portfolio fluctuated, the Fund again experienced a gap between the average market value of investment assets used to set the 2011 program spending budget and the actual average market value for the year. Given actual portfolio performance, net of spending, the Fund experienced a significant decline in both its portfolio from 2009–2011, and, consequently, its payout requirements. As a result, the Fund exceeded the minimum I.R.S. distribution by approximately \$41 million, including the costs associated with the 2009 office relocation and green buildout. These carryforward credits can be used against future I.R.S. spending requirements. The RBF board of trustees has remained committed to supporting the programmatic interests of the Fund and its grantees, and has not drawn on the significant available tax carryforwards that could be used to reduce current spending.

Total spending as a percentage of the average market value of investment assets through the year was 5.47 percent in 2011. This compares with 5.80 percent in 2010, and 8.15 in 2009; the latter included expenditures related to the Fund’s office relocation and green buildout.

Market Value of Investment Portfolios

<i>Investments (in millions)</i>	2009	2010	2011
Year-End Value	\$ 701	\$ 762	\$ 727
Average Value	\$ 655	\$ 708	\$ 752

Investment Performance and Rate of Spending

	2009	2010	2011
Investment Portfolio (12/31)	\$ 701,400,000	\$ 762,030,000	\$ 726,788,000
Average Market Value of Portfolio	\$ 654,697,000	\$ 707,799,000	\$ 751,592,000
Average Value Used for Budget	\$ 816,424,000	\$ 816,571,000	\$ 802,246,000
Investment Performance (net of fees)	12.70%	13.00%	3.20%
Consumer Price Index	-0.40%	1.60%	3.16%
Total Spending*	\$ 53,325,544	\$ 41,102,483	\$ 41,104,528
Total Spending as a % of Average Market Value of Portfolio	8.15%	5.80%	5.47%

*Exclusive of investment-related expenditures and excise taxes. For 2009, this amount includes expenditures related to the Fund’s green build-out and office relocation.



Total Spending

The 2009 increase in total spending was largely driven by the costs associated with the Fund's relocation from midtown to Morningside Heights. These one-time green buildout and move-related expenses of approximately \$8 million increased spending levels in 2009. Total spending for 2011 was \$41,104,528, up slightly from \$41,102,483 in 2010. When excluding core operating costs of The Pocantico Center from the RBF's spending figures, grants represented 75.9 percent of the RBF's spending in 2011, which is consistent with previous years. In addition to the \$28.3 million in grant payments, the Fund spent a combined total of \$1.5 million to further support grantees and other nonprofit organizations through program-related expenditures, conferences at The Pocantico Center, and direct charitable activities. Spending on grantmaking and administration at the Fund's headquarters, and operations in Southern China and the Western Balkans accounted for 91 percent of total spending, and The Pocantico Center for 9 percent.

Key Terminology

Spending: Expenditures that count toward satisfying the minimum I.R.S. distribution requirement. Under I.R.S. regulations, a private foundation generally must distribute at least five percent of the market value of its investments to support its mission. This amount for the Fund includes grants, program-related expenses, administration costs, and core operating and maintenance costs of The Pocantico Center.

Program-Related Expenditures: Non-grant expenses for activities that support the RBF's grantmaking. This includes expenses such as consultancies, convenings, and direct charitable activities that support the Fund's grantmaking.

Direct Charitable Activities: Activities that are classified as administrative expenses, although they represent charitable activities (e.g. technical assistance and board service) carried out directly by the RBF staff.

Total Spending

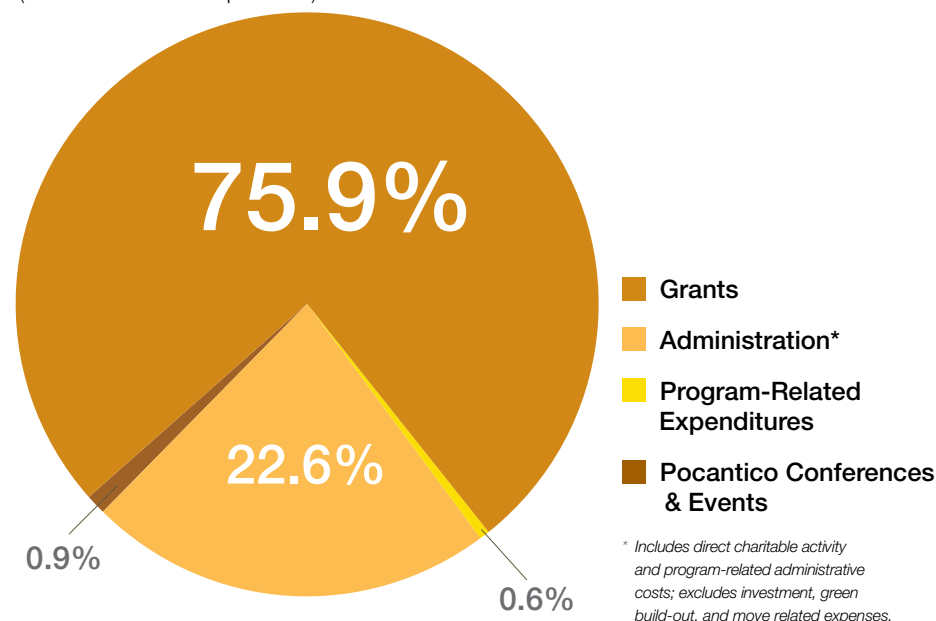
	2009	2010	2011
Grants Paid*	\$ 31,191,649	\$ 28,043,087	\$ 28,303,465
Program-Related Expenditures	890,483	185,979	222,060
Administration**	9,043,996	8,633,879	8,392,840
Pocantico Conferences & Events	266,136	359,221	388,190
Sub-total, Spending	\$ 41,392,264	\$ 37,222,166	\$ 37,306,555
Core Pocantico Operations	3,933,280	3,880,317	3,797,973
Capitalized Expenses Related to Office Relocation and Buildout	8,000,000		
Grand Total, Spending	\$ 53,325,544	\$ 41,102,483	\$ 41,104,528

*Includes grant payments, employee matching gifts, and returned unspent grant funds.

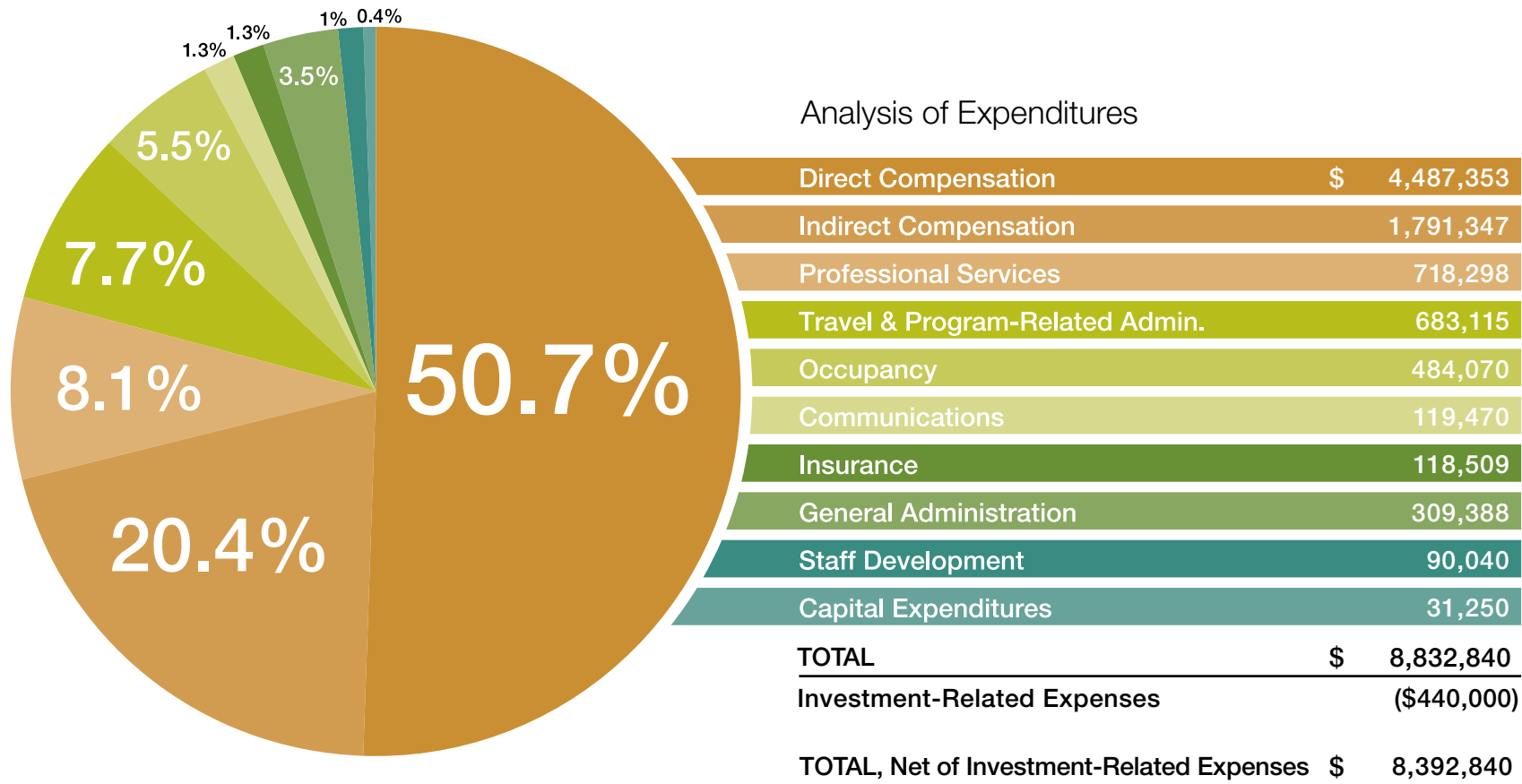
** Includes direct charitable activity and program-related administrative costs; excludes investment-related expenses.

2011 Spending

(Excludes Pocantico Operations)



The Rockefeller Brothers Fund’s combined administrative and capital expenses, net of estimated investment-related expenses of \$440,000, were \$8,392,840. This does not include Pocantico operations, but does include direct charitable activities. Personnel costs (direct and indirect compensation) accounted for 71 percent of total administrative expenses, consistent with 70 percent in 2010. Cost-saving measures implemented across the organization during 2009 have been maintained in order to keep administrative expenditures as lean as possible.





Grantmaking

Overview

The Rockefeller Brothers Fund awarded 315 grants, totaling \$28,026,574, in 2011. This amount differs from the grants paid figure (\$28,303,465) as some grants awarded in prior years are payable over more than one year. The Fund entered the year with approximately 24 percent of the grantmaking budget committed for payment on grants awarded in prior years—a lower level than in previous years. This allowed staff to recommend more grants in 2011.

Grantmaking figures include contributions received from external sources used to support the Fund's grantmaking programs. With a special donor contribution, the RBF launched a new grantmaking initiative in 2011 to support the democratic transition in Egypt. In total, the Fund received \$1.8 million from individuals and other foundations to support its grantmaking in Egypt and its Sustainable Development program.

Grants categorized as "Other" primarily reflect the Fund's support of nonprofit and philanthropic infrastructure organizations, as well as grants to longtime partners of the Fund (Ramon Magsaysay Award Foundation and the Asian Cultural Council). Final grants for the Pivotal Place: South Africa program were awarded during the first quarter of 2009.

The average grant period remained at 1.2 years while the average size of a grant increased from \$83,045 in 2010 to \$88,973 in 2011.

Number of Grants Awarded by Program

	2009	2010	2011
Democratic Practice	67	72	86
Peacebuilding	41	37	37
Sustainable Development	78	51	62
New York City	51	39	57
Southern China	25	27	22
Western Balkans	22	28	28
South Africa	11	0	0
Special Initiative: Egypt	0	0	11
Other	15	20	12
Total	310	274	315

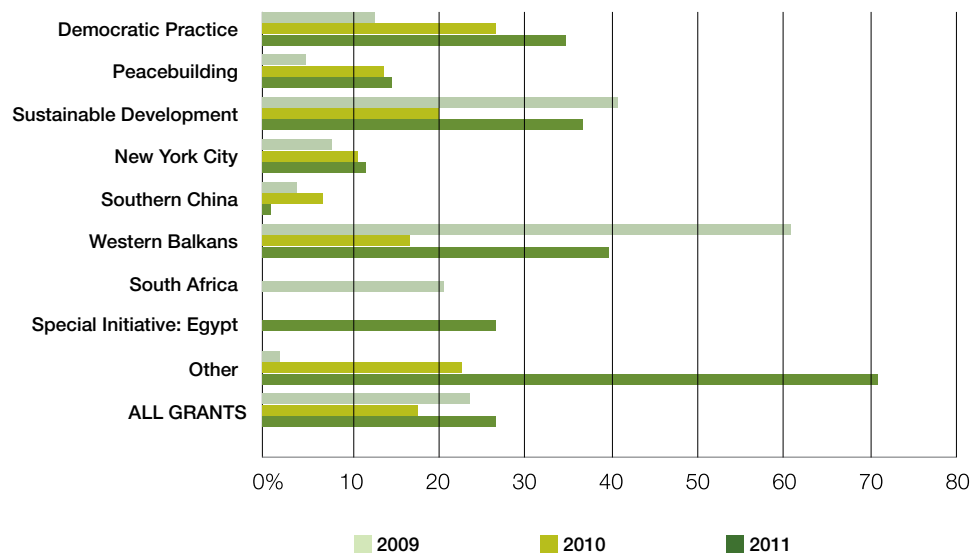
Grant Dollars Awarded



Type of Grant Support

Twenty-seven percent of all grant dollars awarded in 2011 provided general support to assist grantees in meeting core operating costs.

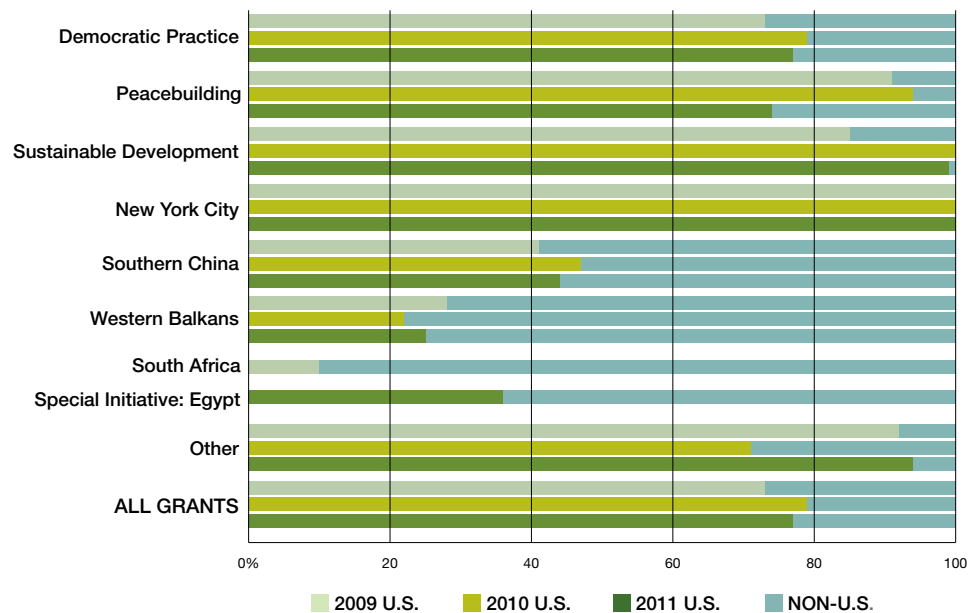
Percent of Dollars Awarded for General Support



Location of Grantees

U.S. organizations were awarded 77 percent of all new grant dollars approved in 2011. This is a slight decrease from 2010 and likely reflects staff's continued efforts to support organizations in the countries where the Fund is working. Forty-one percent of the Fund's grantmaking was awarded for work outside of the United States. This figure varies with the calculation of grants awarded to U.S. organizations since grants may be awarded to a U.S.-headquartered organization for its work overseas.

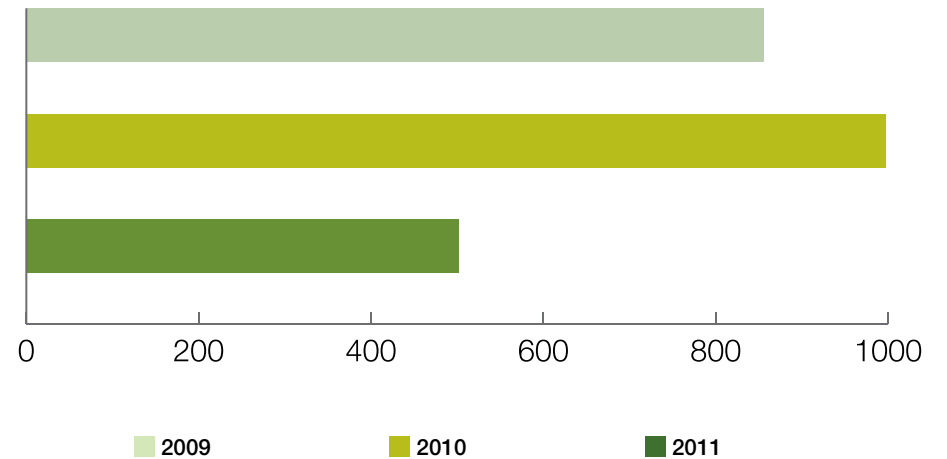
Percent of Dollars Awarded by Location of Grantee



Declinations

The Fund declined 502 requests for support in 2011. This is a significant decrease from recent years, and likely reflects the Fund's efforts to further clarify its program guidelines and funding practices, including a redesigned website. This record of declinations does not include informal inquiries about the likelihood of Fund support. New grantees received 27 percent of grants awarded in 2011, and of grants awarded to previous grantees, 40 percent were for new purposes.

Total Declinations





The Pocantico Center

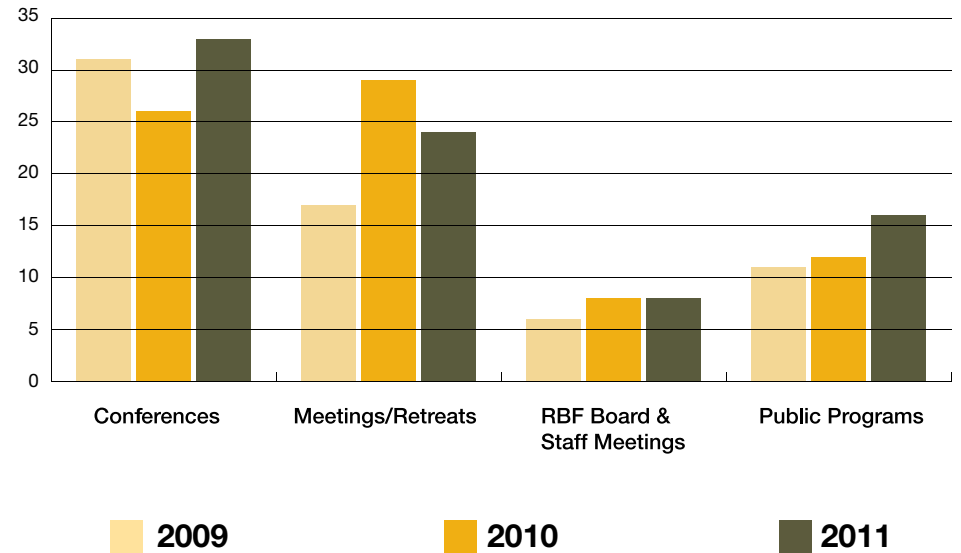
Overview

The Pocantico Center is a venue for conferences and meetings on critical issues related to the Fund’s mission. It also serves as a community resource and offers public access through a visitation program, lectures, and cultural events, as well as support to artists and arts organizations in the greater New York City area. Located 20 miles north of Manhattan in the Pocantico Historic Area, The Pocantico Center is managed by the Rockefeller Brothers Fund as part of its agreement with the National Trust for Historic Preservation.

In 2011, The Pocantico Center held 65 conferences and meetings and 16 public programs. Of the 65 conferences held, 34 were related to the Fund’s programs. Pocantico artist residencies doubled, from six in 2010 to 12 in 2011. In addition, 30,397 people visited the Pocantico Historic area in 2011.

For more about The Pocantico Center, visit www.rbf.org/pocantico-center.

Conferences, Meetings, and Public Programs



Number of Participants Attending Conferences, Meetings, and Public Programs

	2009	2010	2011
Participants	2,233	2,539	2,746



Human Resources

Human Resources

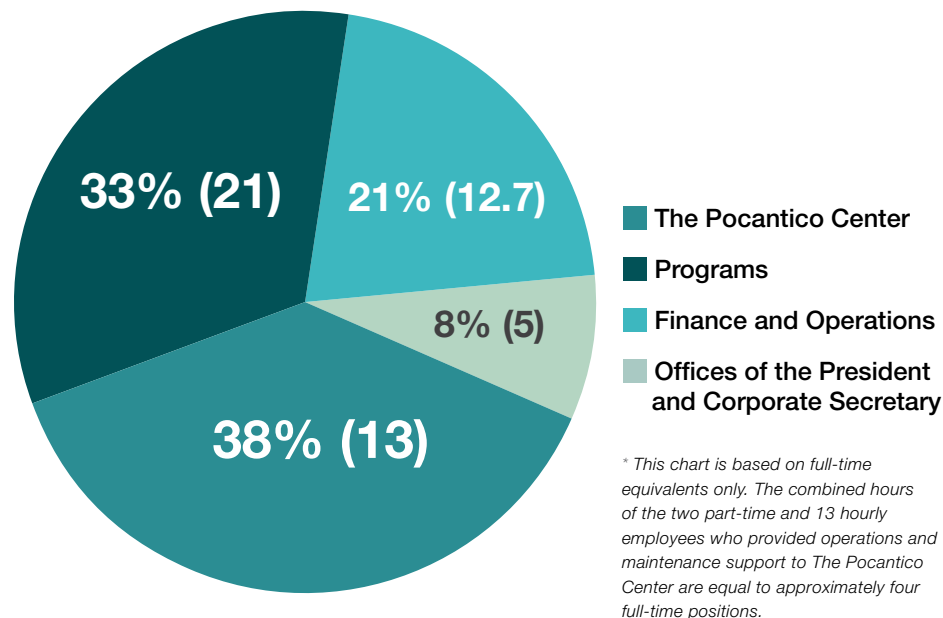
The Fund's 2011 staff total was 63, which included 47 full-time and 16 part-time employees. Of these part-time employees, one worked in Finance and Operations; and two part-time and 13 hourly employees provided operations and maintenance support to The Pocantico Center. The combined hours of these Pocantico staff members (part-time and hourly) are equal to approximately four full-time positions. The Fund filled three vacancies in 2011. The average tenure of RBF employees in 2011 was 9.1 years, and the average age was 49.

In 2011, certain services of the Rockefeller Brothers Fund's Human Resources, Operations, Accounting, and Technology departments were provided to the Rockefeller Family Fund and the V. Kann Rasmussen Foundation. In addition, Human Resources and/or Accounting provided support to the American Conservation Association, Asian Cultural Council, the David Rockefeller Fund, Environmental Grantmakers Association, Rockefeller Archive Center, and the Trust for Mutual Understanding. These organizations reimbursed the RBF for their share of these services.

Tenure of RBF Employees

Tenure	2009		2010		2011	
Less than 5 years	26	43%	28	42%	26	42%
5-10 years	14	24%	14	22%	16	25%
11-14 years	4	7%	6	9%	5	8%
15-19 years	11	19%	13	20%	11	17%
20-24 years	1	2%	1	2%	2	3%
25 years or more	3	5%	3	5%	3	5%
Total	59		65		63	
Average Length of Service	8.0 years		8.4 years		9.1 years	

2011 RBF Staff Full-Time Equivalent*



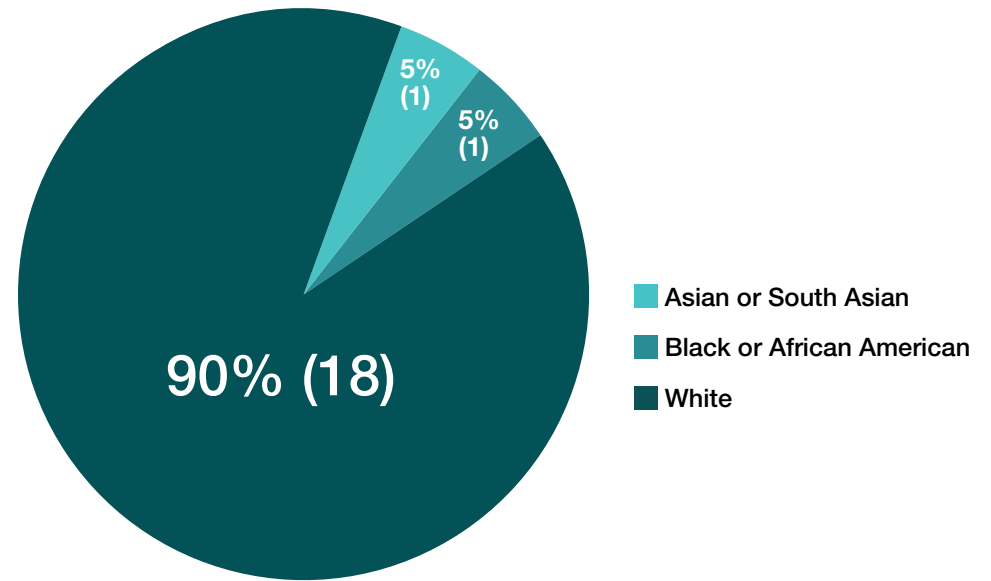
Diversity

The 2011 RBF board of trustees included 17 trustees and three advisory trustees: 90 percent White, 5 percent Black or African-American, and 5 percent Asian or South Asian. Men comprised 65 percent of the board of trustees. Approximately half the trustees are members of the Rockefeller family, including five from the fifth generation.

In 2011, the RBF staff total was 63, which included 47 full-time and 16 part-time employees. It was comprised of: 62 percent White, 17 percent Black or African-American, 11 percent Hispanic or Latino, eight percent Asian or South Asian, and two percent Two or More Races. Women represented 78 percent of the staff.

The RBF Diversity Project examines the Rockefeller Brothers Fund's performance with regard to diversity both internally, and in its external activities, including grantmaking. To learn more about the RBF Diversity Project, read the diversity update at www.rbf.org/content/diversity-equity-and-inclusion.

2011 RBF Trustees



2011 RBF Staff

