

Rockefeller Brothers Fund, Inc.

Financial Statements

December 31, 2020

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, 2020, 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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

July 12, 2021

Rockefeller Brothers Fund, Inc.

Statement of Financial Position December 31, 2020 (with summarized totals at December 31, 2019)

	Principal Fund	Pocantico Fund	Pocantico II Fund	Richard Rockefeller Fellowship Fund	David Rockefeller Global Development Fund	David Rockefeller Creative Arts Center	2020 RBF Funds	2019 RBF Funds
ASSETS								
Cash and cash equivalents	\$ 3,070,732	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 3,071,232	\$ 3,092,284
Accounts receivable and other assets	2,663,263	26,430	-	-	-	2,000	2,691,693	2,458,837
Contributions receivable	-	-	-	-	-	750,000	750,000	2,249,222
Investments	996,648,300	93,195,644	32,033,181	1,148,850	310,596,774	3,823,994	1,437,446,743	1,278,285,752
Program-related investment – real estate	510,000	-	-	-	-	-	510,000	510,000
Loan receivable	588,698	-	-	-	-	-	588,698	-
Property and equipment, net	1,346,440	5,570,750	1,105,902	-	45,626	-	8,068,718	7,030,565
Construction in progress	-	-	-	-	-	7,170,527	7,170,527	2,491,147
Interfund	2,644,514	(13,467,747)	3,870,952	3,832,923	3,031,317	88,041	-	-
	<u>\$ 1,007,471,947</u>	<u>\$ 85,325,577</u>	<u>\$ 37,010,035</u>	<u>\$ 4,981,773</u>	<u>\$ 313,673,717</u>	<u>\$ 11,834,562</u>	<u>\$ 1,460,297,611</u>	<u>\$ 1,296,117,807</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Accrued expenses and other liabilities	\$ 1,864,387	\$ 1,403,954	\$ 341,453	\$ 1,670	\$ 344,949	\$ 471,819	\$ 4,428,232	\$ 3,020,064
Grants payable	14,818,613	-	-	-	2,953,427	-	17,772,040	12,903,237
Taxes payable	6,142,317	741,008	112,819	14,977	859,671	-	7,870,792	5,741,151
Accrued pension and postretirement benefits	8,160,322	1,899,953	-	-	-	-	10,060,275	10,953,747
Total Liabilities	<u>30,985,639</u>	<u>4,044,915</u>	<u>454,272</u>	<u>16,647</u>	<u>4,158,047</u>	<u>471,819</u>	<u>40,131,339</u>	<u>32,618,199</u>
Net Assets								
Without donor restrictions	<u>975,723,776</u>	<u>81,280,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,057,004,438</u>	<u>941,915,838</u>
With Donor Restrictions								
Purpose restricted	762,532	-	26,407,286	4,965,126	309,515,670	11,362,743	353,013,357	311,435,293
Perpetual	-	-	10,148,477	-	-	-	10,148,477	10,148,477
Total Net Assets With Donor Restrictions	<u>762,532</u>	<u>-</u>	<u>36,555,763</u>	<u>4,965,126</u>	<u>309,515,670</u>	<u>11,362,743</u>	<u>363,161,834</u>	<u>321,583,770</u>
Total Net Assets	<u>976,486,308</u>	<u>81,280,662</u>	<u>36,555,763</u>	<u>4,965,126</u>	<u>309,515,670</u>	<u>11,362,743</u>	<u>1,420,166,272</u>	<u>1,263,499,608</u>
	<u>\$ 1,007,471,947</u>	<u>\$ 85,325,577</u>	<u>\$ 37,010,035</u>	<u>\$ 4,981,773</u>	<u>\$ 313,673,717</u>	<u>\$ 11,834,562</u>	<u>\$ 1,460,297,611</u>	<u>\$ 1,296,117,807</u>

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Statement of Activities
Year Ended December 31, 2020
(with summarized totals for the year ended December 31, 2019)

	Principal Fund	Pocantico Fund	Pocantico II Fund	Richard Rockefeller Fellowship Fund	David Rockefeller Global Development Fund	David Rockefeller Creative Arts Center	2020 RBF Funds	2019 RBF Funds
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Support and Revenue								
Investment Return								
Investment income	\$ 2,989,820	\$ 240,492	\$ -	\$ -	\$ -	\$ -	\$ 3,230,312	\$ 4,533,254
Net realized and unrealized gain on investments	161,295,810	12,975,189	-	-	-	-	174,270,999	147,702,020
Less: investment expenses	<u>(4,338,752)</u>	<u>(349,024)</u>	-	-	-	-	<u>(4,687,776)</u>	<u>(4,214,883)</u>
Investment Return	159,946,878	12,866,657	-	-	-	-	172,813,535	148,020,391
Contributions	10,000	-	-	-	-	-	10,000	10,000
Other income	810	-	-	-	-	-	810	16,554
Net assets released from restrictions	<u>2,718,731</u>	<u>-</u>	<u>929,345</u>	<u>167,787</u>	<u>14,443,918</u>	<u>280,000</u>	<u>18,539,781</u>	<u>15,034,737</u>
Total Support and Revenue	<u>162,676,419</u>	<u>12,866,657</u>	<u>929,345</u>	<u>167,787</u>	<u>14,443,918</u>	<u>280,000</u>	<u>191,364,126</u>	<u>163,081,682</u>
Expenses								
Direct charitable activities	1,070,519	3,844,614	817,411	-	259,556	280,000	6,272,100	6,763,016
Program and grant management	46,751,940	-	-	160,000	12,362,351	-	59,274,291	44,668,136
General management and taxes	<u>7,420,298</u>	<u>870,553</u>	<u>111,934</u>	<u>7,787</u>	<u>1,822,011</u>	<u>-</u>	<u>10,232,583</u>	<u>9,476,199</u>
Total Expenses	<u>55,242,757</u>	<u>4,715,167</u>	<u>929,345</u>	<u>167,787</u>	<u>14,443,918</u>	<u>280,000</u>	<u>75,778,974</u>	<u>60,907,351</u>
Amounts not yet recognized as a component of net periodic benefit cost	<u>(505,223)</u>	<u>8,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(496,552)</u>	<u>258,602</u>
Increase in Net Assets Without Donor Restrictions	<u>106,928,439</u>	<u>8,160,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,088,600</u>	<u>102,432,933</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS								
Support and Revenue								
Investment Return								
Investment income	-	-	103,675	14,871	900,358	14,459	1,033,363	1,467,370
Net realized and unrealized gain on investments	-	-	5,593,544	802,353	48,576,723	-	54,972,620	46,107,220
Less: investment expenses	<u>-</u>	<u>-</u>	<u>(150,463)</u>	<u>(21,583)</u>	<u>(1,306,682)</u>	<u>-</u>	<u>(1,478,728)</u>	<u>(1,315,734)</u>
Investment Return	-	-	5,546,756	795,641	48,170,399	14,459	54,527,255	46,258,856
Contributions	1,450,000	-	-	9,500	-	4,131,090	5,590,590	10,574,708
Net assets released from restrictions	<u>(2,718,731)</u>	<u>-</u>	<u>(929,345)</u>	<u>(167,787)</u>	<u>(14,443,918)</u>	<u>(280,000)</u>	<u>(18,539,781)</u>	<u>(15,034,737)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(1,268,731)</u>	<u>-</u>	<u>4,617,411</u>	<u>637,354</u>	<u>33,726,481</u>	<u>3,865,549</u>	<u>41,578,064</u>	<u>41,798,827</u>
Increase in Net Assets	105,659,708	8,160,161	4,617,411	637,354	33,726,481	3,865,549	156,666,664	144,231,760
NET ASSETS								
Beginning 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>
End of year	<u>\$ 976,486,308</u>	<u>\$ 81,280,662</u>	<u>\$ 36,555,763</u>	<u>\$ 4,965,126</u>	<u>\$ 309,515,670</u>	<u>\$ 11,362,743</u>	<u>\$ 1,420,166,272</u>	<u>\$ 1,263,499,608</u>

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2020
(with summarized totals for the year ended December 31, 2019)

	Direct Charitable Activities					Program and Grant Management	General Management and Taxes ¹	2020 RBF Funds	2019 RBF Funds
	General Programs	Pocantico Fund	Pocantico II Fund	David Rockefeller Creative Arts Center	Subtotal				
Salaries and Employee Benefits:									
Salaries	\$ 711,139	\$ 560,483	\$ -	\$ -	\$ 1,271,622	\$ 2,488,986	\$ 2,885,429	\$ 6,646,037	\$ 6,280,009
Employee benefits and development	318,050	319,848	-	-	637,898	1,293,019	1,504,676	3,435,593	2,819,606
	<u>1,029,189</u>	<u>880,331</u>	<u>-</u>	<u>-</u>	<u>1,909,520</u>	<u>3,782,005</u>	<u>4,390,105</u>	<u>10,081,630</u>	<u>9,099,615</u>
Other Expenses:									
Grants awarded	-	-	-	-	-	53,694,437	-	53,694,437	38,516,976
Federal excise and other taxes	-	-	-	-	-	-	3,269,337	3,269,337	3,421,754
Consultant fees	-	-	-	250,000	250,000	244,959	643,198	1,138,157	1,178,832
Legal, audit and professional fees	-	-	-	-	-	53,296	510,947	564,243	558,834
Travel	34,238	-	-	-	34,238	124,392	22,735	181,365	865,371
Rent and electricity	24,552	-	-	-	24,552	342,569	270,630	637,751	644,717
Net periodic benefit costs, other than service costs	39,409	43,992	-	-	83,401	137,931	165,820	387,152	584,217
Program conferences and events	137,170	-	-	-	137,170	-	-	137,170	353,256
Facilities maintenance and operations	-	2,359,208	734,612	-	3,093,820	-	-	3,093,820	3,473,567
Telephone, facsimile and internet	3,058	23,265	230	-	26,553	43,872	40,805	111,230	103,254
Temporary staffing and related expenses	-	-	-	-	-	-	30,186	30,186	98,093
Insurance	7,501	194,749	23,040	30,000	255,290	81,006	148,462	484,758	402,640
General office expenses	20,240	92,761	7,277	-	120,278	398,187	266,275	784,740	612,810
Communications	4,529	-	-	-	4,529	48,472	49,913	102,914	64,716
Depreciation and amortization	30,189	250,308	52,252	-	332,749	323,165	424,170	1,080,084	928,699
	<u>\$ 1,330,075</u>	<u>\$ 3,844,614</u>	<u>\$ 817,411</u>	<u>\$ 280,000</u>	<u>\$ 6,272,100</u>	<u>\$ 59,274,291</u>	<u>\$ 10,232,583</u>	<u>\$ 75,778,974</u>	<u>\$ 60,907,351</u>

¹ Includes indirect costs related to investment management in the amount of \$686,000.

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Statement of Cash Flows
Year Ended December 31, 2020
(with comparative amounts for the year ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 156,666,664	\$ 144,231,760
Adjustments to reconcile increase in net assets to net cash from operating activities		
Net realized and unrealized gain on investments	(229,243,619)	(193,809,240)
Amount not yet recognized as a component of net periodic benefit cost	496,552	(258,602)
Depreciation and amortization	1,080,084	928,699
Deferred federal excise tax	1,489,165	2,801,125
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(232,856)	45,876
Contributions receivable	1,499,222	150,778
Accrued expenses and other liabilities	1,408,168	1,105,950
Grants payable	4,868,803	963,207
Taxes payable	640,476	(159,228)
Accrued pension and postretirement benefits	(1,390,024)	640,314
Net Cash from Operating Activities	(62,717,365)	(43,359,361)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	847,070,527	447,414,198
Purchases of investments	(776,987,899)	(398,906,695)
Purchases of property and equipment	(6,797,617)	(3,989,459)
Loan receivable	(588,698)	-
Net Cash from Investing Activities	62,696,313	44,518,044
Net Change in Cash and Cash Equivalents	(21,052)	1,158,683
 CASH AND CASH EQUIVALENTS		
Beginning of year	3,092,284	1,933,601
End of year	\$ 3,071,232	\$ 3,092,284
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for other taxes	\$ 950,754	\$ 975,882

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

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.

The Fund’s plans for the creation of the David Rockefeller Creative Arts Center (the “DR Center”), a vibrant public venue that will nurture 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 are centered around the adaptive reuse of the Orangerie, built by John D. Rockefeller in 1908 on the historic Rockefeller family estate and bequeathed to the National Trust for Historic Preservation in 1979 by Nelson Rockefeller. The project will transform the long-dormant building into a multipurpose performance and rehearsal space, with an art gallery and flexible studio or classroom space for community programs which is expected to open late 2021.

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, 2020

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 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 has adopted the remaining guidance effective January 1, 2020, with no impact to its financial statements.

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.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

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

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.

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. Investments are recorded on a trade-date basis.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

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

Investments (continued)

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 the contribution receivable of \$250,000,000 in September 2018.

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 custodians. 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.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

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

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, 2017.

Property and Equipment

The Fund capitalizes property and equipment, which include leasehold improvements, office equipment, and computer equipment and software. Depreciation and amortization of property and equipment 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 (note 5).

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.

Grants Payable

Grants are recorded at the time of approval by the trustees and notification to the recipient (Note 11).

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

2. Summary of Significant Accounting Policies (continued)

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, 2020 and 2019 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, 2020 and 2019.

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 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.

Prior Yearly Summarized Comparative Information

The amounts shown for the year ended December 31, 2019 in the accompanying statement of functional expenses are included to provide a basis for comparison with 2020 only. Accordingly, the 2019 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 2019 financial statements.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

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

Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 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 July 12, 2021.

3. Investments

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

	2020		
	Level 1	Investments Valued Using NAV (*)	Total
Equity securities - U.S.	\$ 47,413,072	\$ -	\$ 47,413,072
Equity securities - Global	123,744,135	-	123,744,135
Fixed income securities	45,621,114	-	45,621,114
Exchange traded fund	23,365,433	-	23,365,433
Hedge Funds			
Equity (see "a" below)	-	617,419,961	617,419,961
Fixed income (see "b" below)	-	104,837,782	104,837,782
Insurance linked (see "c" below)	-	11,104,477	11,104,477
Multi-strategy (see "d" below)	-	36,624,747	36,624,747
Capital structure arbitrage (see "e" below)	-	12,310,272	12,310,272
Real estate (see "f" below)	-	69,625,193	69,625,193
Private equity funds (see "g" below)	-	268,200,491	268,200,491
Total Investments at Fair Value	<u>\$ 240,143,754</u>	<u>\$ 1,120,122,923</u>	<u>1,360,266,677</u>
Cash and equivalents, at cost			<u>77,180,066</u>
Total Investments			<u>\$ 1,437,446,743</u>

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

3. Investments (continued)

	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 "f" below)	-	76,960,729	76,960,729
Private equity funds (see "g" below)	-	194,238,190	194,238,190
Total Investments at Fair Value	\$ 279,100,945	\$ 963,271,935	1,242,372,880
Cash and equivalents, at cost			35,912,872
Total Investments			\$ 1,278,285,752

(*) 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 a hedge fund that specializes in identifying relative value opportunities in US-listed corporate capital structures and sovereign debt securities. The strategy employs a variety of fundamental and quantitative techniques and will trade in equity, corporate bond, convertible bond, and derivative securities.
- (f) 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, 2020

3. Investments (continued)

(g) This class includes private equity funds that invest primarily in private equity markets. At December 31, 2020 and 2019, there were approximately \$244,348,000 and \$208,479,000, respectively, of unfunded commitments in relation to these funds.

The Fund had no investments categorized as Level 2 or 3 in 2020 or 2019. The Fund had no significant transfers between Level 1, Level 2, and Level 3 for the years ended December 31, 2020 and 2019.

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:

	2020	2019
Daily, with no notice	\$ 240,143,754	\$ 279,100,945
Daily, with 10 days notice	28,038,297	32,306,608
Twice monthly, with 5 days notice	17,022,586	22,317,160
Monthly, with 5 days notice	89,684,080	69,294,774
Monthly, with 15 days notice	-	18,504,649
Monthly, with 30 days notice	13,472,534	4,841,305
Monthly, with 60 days notice	18,025,308	19,513,054
Quarterly, with 10 days notice	31,508,797	25,239,855
Quarterly, with 30 days notice	88,513,814	75,668,249
Redemption of 12.5% quarterly, with 45 days notice	12,390,406	-
Redemption of 12.5% quarterly, with 90 days notice	8,869,578	8,739,870
Redemption of 25% quarterly, with 30 days notice	145,328,451	120,159,535
Redemption of 25% quarterly, with 45 days notice	23,802,297	25,095,935
Quarterly, with 60 days notice	36,092,321	22,428,324
Quarterly, with 65 days notice	38,646,313	38,280,393
Quarterly, with 90 days notice	87,919,309	75,031,548
Redemption of 25% quarterly, with 90 days notice	28,963,635	30,823,513
Annually, with 90 days notice	228,014	508,876
Redemption of 25% semi-annually, with 90 days notice	35,644,481	29,669,598
Semi-annually, with 60 days notice	36,013,033	34,194,438
Semi-annually on 3/31 and 10/31, with 60 days notice	11,104,477	17,784,735
Redemption of 1/3 annually, with 65 days notice	1,496	3,841
Rolling 3 years	31,028,012	21,666,756
	\$ 1,022,440,993	\$ 971,173,961

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

3. Investments (continued)

The nonredeemable alternative investment funds included in the Fund's investment portfolio at December 31, 2020 have the following estimated remaining lives:

2021	\$ 41,022,295
2022-2025	131,469,290
2026-2036	164,282,320
Thereafter	1,051,779
	<u>\$ 337,825,684</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 Fund had no exposure to such investments at December 31, 2020. The notional value of these contracts was \$12,994,320 at December 31, 2019.

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, 2020 and 2019, 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, 2020

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:

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 3,071,232	\$ 3,092,284
Accounts receivable	2,109,577	1,770,563
Contributions receivable	750,000	2,249,222
Investments	1,437,446,743	1,278,285,752
Loan receivable	588,698	-
Total Financial Assets	1,443,966,250	1,285,397,821
Less:		
Donor-imposed Restrictions		
Donor restricted endowment funds	(10,148,477)	(10,148,477)
Other donor restrictions	(346,424,503)	(307,029,691)
Endowment fund appropriations for following year	76,076,000	70,510,000
	(280,496,980)	(246,668,168)
Board designated endowment funds	(1,088,197,215)	(967,863,794)
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	\$ 75,272,055	\$ 70,865,859

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. As a general rule, at least 60% of the investment portfolio's net assets will be held in vehicles utilizing lockups of 60 months or shorter, recognizing that private partnership cash flows are unpredictable. 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.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

4. Liquidity and Availability *(continued)*

The Fund's board designated endowment of \$1,088,197,215 at December 31, 2020 is subject to an annual spending policy as described in Note 6. 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

5. Property and Equipment

Property and equipment at December 31 are summarized as follows:

	2020	2019
Office and other equipment	\$ 2,829,544	\$ 2,814,930
Computer equipment	2,093,920	1,975,192
Software	497,631	448,631
Leasehold and other improvements	36,204,251	34,292,358
Automobiles	82,409	58,407
	<u>41,707,755</u>	<u>39,589,518</u>
Accumulated depreciation	<u>(33,639,037)</u>	<u>(32,558,953)</u>
Property and equipment, net	8,068,718	7,030,565
Construction in progress	7,170,527	2,491,147
	<u>\$ 15,239,245</u>	<u>\$ 9,521,712</u>

Depreciation expense amounted to \$1,080,084 and \$928,699 for the years ended December 31, 2020 and 2019, respectively.

6. 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, 2020 and 2019, 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, 2020 and 2019, constituting the Fund's permanent endowment.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

6. Endowment Funds *(continued)*

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 \$24,116,499 and \$19,699,653 as of December 31, 2020 and 2019, 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 \$346,424,503 and \$307,029,691 at December 31, 2020 and 2019, 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 positions 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.

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.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

6. Endowment Funds *(continued)*

The Fund had the following endowment-related activities for the years ended December 31, 2020 and 2019:

	Board-Designated endowment Funds	With Donor Restrictions	With Donor Restrictions - Perpetuity	Total
Endowment net assets at December 31, 2018	\$ 863,700,505	\$ 266,867,529	\$ 10,148,477	\$ 1,140,716,511
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	<u>(43,983,686)</u>	<u>(13,571,377)</u>	<u>-</u>	<u>(57,555,063)</u>
Endowment net assets at December 31, 2019	967,863,794	307,029,691	10,148,477	1,285,041,962
Investment return	172,813,535	54,527,255	-	227,340,790
Contributions to endowment	10,000	4,140,590	-	4,150,590
Other	810	-	-	810
Amounts appropriated for expenditure	<u>(52,490,924)</u>	<u>(19,273,033)</u>	<u>-</u>	<u>(71,763,957)</u>
Endowment net assets at December 31, 2020	<u>\$ 1,088,197,215</u>	<u>\$ 346,424,503</u>	<u>\$ 10,148,477</u>	<u>\$ 1,444,770,195</u>

7. Program-Related Investment

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 a cost of \$510,000, and not depreciated.

8. 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, 2020 and 2019 totaled approximately \$880,000 and \$812,000, respectively.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

9. 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 approximate cash drawdowns to settle all obligations 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.

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, 2020 and 2019. The accumulated amount not yet recognized as a component of net periodic benefit cost of \$1,629,032 at December 31, 2019, was recognized in 2020.

The following tables set forth the Plan's funded status and amounts recognized in the financial statements at December 31, 2020 and 2019:

	2020	2019
Accumulated benefit obligations/projected benefit obligations for services rendered to date	\$ -	\$ (8,226,813)
Plan assets at fair value	-	7,054,962
Funded Status (Pension Liability)	<u>\$ -</u>	<u>\$ (1,171,851)</u>
	2020	2019
Net Pension Cost Included the Following Components		
Interest cost on projected benefit obligation	\$ 116,475	\$ 291,165
Service cost	33,100	69,500
Actual return on plan assets	(661,801)	(1,096,446)
Net amortization and deferral	<u>592,352</u>	<u>1,043,587</u>
Net Periodic Pension Benefit Cost	<u>\$ 80,126</u>	<u>\$ 307,806</u>

The weighted average discount rates used in determining the actuarial present value of the projected benefit obligation were 2.91% in 2019. The weighted average discount rates used in determining the net periodic benefit costs were 2.91% in 2020 and 3.99% in 2019. The expected long-term rate of return on assets was 4.00% in 2020 and 2019.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

9. Pension Plans *(continued)*

Amortization of unrecognized prior service cost was \$4,535 in 2019. The fund was not required to make contributions to the plan in 2020 and 2019.

10. 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.

The following table sets forth the plan's status as of December 31:

	<u>2020</u>	<u>2019</u>
Accumulated benefit obligations/unfunded benefit obligations	\$ (10,060,273)	\$ (9,301,350)

The net periodic postretirement benefit cost included the following components as of December 31:

	<u>2020</u>	<u>2019</u>
Service cost	\$ 243,724	\$ 200,734
Interest cost	283,752	338,862
Amortization of unrecognized loss	56,374	7,029
Net Periodic Postretirement Benefit Cost	<u>\$ 583,850</u>	<u>\$ 546,625</u>

Actual retiree premiums paid by the Fund during 2020 and 2019 amounted to \$303,976 and \$324,186, respectively.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

10. Postretirement Healthcare Benefits *(continued)*

The discount rate assumed in determining the accumulated benefit obligation (“ABPO”) was 2.35% in 2020 and 3.15% in 2019. The weighted average discount rates used in determining the period’s benefit costs were 3.15% in 2020 and 4.15% in 2019. The five-year medical cost trend rate assumed in 2020 was 6.50%, declining to 4.40%, and in 2019 was 6.50%, 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 \$1,795,829 and \$120,253 in 2020, and \$1,631,865 and \$114,011 in 2019, 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 \$1,428,510 and \$91,797 in 2020, and \$1,300,850 and \$88,088 in 2019, respectively.

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

2021	\$ 338,000
2022	361,000
2023	381,000
2024	382,000
2025	404,000
2026-2030	<u>2,100,000</u>
	<u>\$ 3,966,000</u>

The accumulated amount not yet recognized as a component of net periodic benefit cost was \$2,162,530 and \$1,665,978 at December 31, 2020 and 2019, respectively. The net actuarial loss that will be amortized into net periodic benefit cost in 2021 is \$108,032.

11. Reconciliation of Grants Awarded

The following table reconciles grants awarded and grants paid during 2020 and 2019:

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	12,903,237
Grants awarded 2020	53,694,437
Grants paid 2020	<u>(48,825,634)</u>
Grants Payable December 31, 2020	<u>\$ 17,772,040</u>

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

11. Reconciliation of Grants Awarded (*continued*)

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

2021	\$ 15,556,112
2022	2,065,928
2023	<u>150,000</u>
	<u>\$ 17,772,040</u>

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

12. 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Rockefeller Archive Center	\$ 1,010,479	\$ 949,087
Rockefeller Family Fund	888,826	742,811
Asian Cultural Council	571,258	438,823
David Rockefeller Fund	<u>221,841</u>	<u>201,045</u>
	<u>\$ 2,692,404</u>	<u>\$ 2,331,766</u>

Asian Cultural Council ("ACC")

The Fund has common board members with ACC. In addition to the reimbursement arrangement between the Fund and ACC described above, in 2020 the Fund executed an interest-free promissory note (the "note") with ACC to fund its liabilities under its defined benefits pension plan for purposes of termination of the plan. As such, included in the statement of financial position as of December 31, 2020 is a loan receivable in the amount of \$588,698 due to the Fund from ACC. According to the terms of the note, this amount will be repayable to the Fund by ACC over a five-year period.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

12. Related-Party Transactions (*continued*)

Rockefeller Philanthropy Advisors (“RPA”)

During 2020, the Fund approved two grants to RPA: one in the amount of \$25,000 for its Theory of the Foundation initiative, and one in the amount of \$200,000 The Great Reset, an initiative of RPA’s project UNITE. 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 2019, RPA reimbursed the Fund for meeting and conference expenses totaling \$2,415. During 2020 and 2019, the Fund received contributions from RPA totaling \$9,500 and \$10,000, respectively, designated for the RRF.

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 2020 and 2019, these costs aggregated approximately \$2,970,000 and \$3,474,000, 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 \$2,547,000 and \$2,907,000 in 2020 and 2019, 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 DR Center. During 2020 and 2019, the Fund received approximately \$1.6 million and \$5.9 million, respectively, 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 at December 31, 2020 and 2019. During 2020 and 2019, the Fund received contributions in the amount of \$9,500 and \$29,000, respectively, designated to the Fund by trustees of the Fund.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2020

13. 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 was generally equal to 2%; however, it was reduced to 1% if a foundation met 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 qualified 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 was 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 1.39% and 2% in 2020 and 2019, respectively. The following table reconciles the Fund's current and deferred tax provisions for the years ended December 31, 2020 and 2019.

	2020	2019
Current Tax		
Beginning of year receivable	\$ 674,327	\$ 256,000
Excise tax expense	(1,093,000)	(709,000)
Payments	744,218	755,000
Refund requested	17,258	628,327
Adjustment to prior year accrual for underpayment	(46,000)	(256,000)
Accrual of excise tax	348,782	-
Current Tax Receivable	\$ 645,585	\$ 674,327
Deferred Tax		
Beginning of year liability	\$ 5,700,588	\$ 2,899,463
Deferred expense adjustment	1,489,165	2,801,125
Deferred tax liability	7,189,753	5,700,588
Accrual of remaining current unrelated business income tax liability	278,999	-
Accrual of remaining current excise tax liability	402,040	-
Other adjustments to taxes payable	-	40,563
Taxes Payable	\$ 7,870,792	\$ 5,741,151
Statement of Financial Position Presentation		
Total Receivable, Included in Accounts Receivable and Other Assets	\$ 645,585	\$ 674,327
Total Liability (Taxes Payable)	\$ 7,870,792	\$ 5,741,151

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
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14. 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 and 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:

2021	\$ 725,600
2022	725,600
2023	<u>725,600</u>
	<u>\$ 2,176,800</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.

15. COVID-19

The COVID-19 pandemic has resulted in substantial volatility in the global financial markets. The value of the Fund's investments will continue to fluctuate in response to changing market conditions. The effect, if any, that may be recognized in subsequent periods cannot be reasonably estimated.

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