

Rockefeller Brothers Fund, Inc.

Financial Statements

December 31, 2022



Independent Auditors' Report

**The Board of Trustees
Rockefeller Brothers Fund, Inc.**

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Fund adopted Financial Accounting Standards Board ("FASB") Topic 842, leases, using the effective date method with January 1, 2022, as the date of initial adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Fund's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

August 17, 2023

Rockefeller Brothers Fund, Inc.

Statement of Financial Position
December 31, 2022
(with summarized totals at December 31, 2021)

	Principal Fund	Pocantico Fund	Pocantico II Fund	Richard Rockefeller Fellowship Fund	David Rockefeller Global Development Fund	David Rockefeller Creative Arts Center	2022 RBF Funds	2021 RBF Funds
ASSETS								
Cash and cash equivalents	\$ 3,547,904	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 3,548,404	\$ 3,898,821
Accounts receivable and other assets	4,133,329	166,374	17,707	-	21,477	2,000	4,340,887	4,216,297
Contributions receivable	3,500	15,000	-	-	-	425,000	443,500	1,935,000
Investments	907,822,033	86,911,895	28,828,563	640,162	283,603,325	23,279	1,307,829,257	1,615,815,919
Program-related investment – real estate	510,000	-	-	-	-	-	510,000	510,000
Loan receivable	348,698	-	-	-	-	-	348,698	468,698
Property and equipment, net	231,691	8,224,729	1,506,822	-	36,525	23,481,519	33,481,286	8,632,140
Construction in progress	-	-	-	-	-	-	-	18,527,915
Right of use asset - operating lease, net	723,013	-	-	-	-	-	723,013	-
Interfund	8,713,927	(17,083,467)	5,010,971	4,401,031	7,351,016	(8,393,478)	-	-
	<u>\$ 926,034,095</u>	<u>\$ 78,235,031</u>	<u>\$ 35,364,063</u>	<u>\$ 5,041,193</u>	<u>\$ 291,012,343</u>	<u>\$ 15,538,320</u>	<u>\$ 1,351,225,045</u>	<u>\$ 1,654,004,790</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Accrued expenses and other liabilities	\$ 152,650	\$ 2,555,556	\$ 341,163	\$ -	\$ 15,378	\$ 221,460	\$ 3,286,207	\$ 8,427,757
Grants payable	19,111,353	-	-	-	4,200,864	-	23,312,217	17,141,885
Taxes payable	3,593,500	559,133	20,683	341	84,239	-	4,257,896	12,402,796
Accrued pension and postretirement benefits	5,440,725	1,342,827	-	-	-	-	6,783,552	9,762,487
Lease payable	723,013	-	-	-	-	-	723,013	-
Total Liabilities	<u>29,021,241</u>	<u>4,457,516</u>	<u>361,846</u>	<u>341</u>	<u>4,300,481</u>	<u>221,460</u>	<u>38,362,885</u>	<u>47,734,925</u>
Net Assets								
Without donor restrictions	<u>895,405,891</u>	<u>73,762,515</u>	<u>-</u>	<u>-</u>	<u>2,018</u>	<u>-</u>	<u>969,170,424</u>	<u>1,192,883,530</u>
With Donor Restrictions								
Purpose restricted	1,606,963	15,000	24,853,740	5,040,852	286,709,844	15,316,860	333,543,259	403,237,858
Perpetual	-	-	10,148,477	-	-	-	10,148,477	10,148,477
Total Net Assets With Donor Restrictions	<u>1,606,963</u>	<u>15,000</u>	<u>35,002,217</u>	<u>5,040,852</u>	<u>286,709,844</u>	<u>15,316,860</u>	<u>343,691,736</u>	<u>413,386,335</u>
Total Net Assets	<u>897,012,854</u>	<u>73,777,515</u>	<u>35,002,217</u>	<u>5,040,852</u>	<u>286,711,862</u>	<u>15,316,860</u>	<u>1,312,862,160</u>	<u>1,606,269,865</u>
	<u>\$ 926,034,095</u>	<u>\$ 78,235,031</u>	<u>\$ 35,364,063</u>	<u>\$ 5,041,193</u>	<u>\$ 291,012,343</u>	<u>\$ 15,538,320</u>	<u>\$ 1,351,225,045</u>	<u>\$ 1,654,004,790</u>

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Statement of Activities Year Ended December 31, 2022 (with summarized totals for the year ended December 31, 2021)

	Principal Fund	Pocantico Fund	Pocantico II Fund	Richard Rockefeller Fellowship Fund	David Rockefeller Global Development Fund	David Rockefeller Creative Arts Center	2022 RBF Funds	2021 RBF Funds
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Support and Revenue								
Investment Return								
Investment income	\$ 4,528,667	\$ 340,706	\$ -	\$ -	\$ -	\$ -	\$ 4,869,373	\$ 4,130,777
Net realized and unrealized (loss) gain on investments	(151,113,462)	(11,388,199)	-	-	-	-	(162,501,661)	199,916,903
Less: investment expenses	<u>(3,217,775)</u>	<u>(242,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,460,273)</u>	<u>(7,889,025)</u>
Investment Return	(149,802,570)	(11,289,991)	-	-	-	-	(161,092,561)	196,158,655
Contributions	3,500	-	-	-	-	-	3,500	-
Other income	26,021	-	-	-	2,019	-	28,040	441
Net assets released from restrictions	<u>3,729,012</u>	<u>50,000</u>	<u>1,184,807</u>	<u>40,238</u>	<u>16,716,809</u>	<u>1,799,804</u>	<u>23,520,670</u>	<u>20,572,468</u>
Total Support and Revenue	<u>(146,044,037)</u>	<u>(11,239,991)</u>	<u>1,184,807</u>	<u>40,238</u>	<u>16,718,828</u>	<u>1,799,804</u>	<u>(137,540,351)</u>	<u>216,731,564</u>
Expenses								
Direct charitable activities	1,034,586	5,452,993	1,202,949	-	265,195	1,660,153	9,615,876	6,930,105
Program and grant management	59,070,475	-	-	50,000	15,615,976	-	74,736,451	60,289,288
General management and taxes	<u>3,731,113</u>	<u>227,239</u>	<u>(18,142)</u>	<u>(9,762)</u>	<u>835,639</u>	<u>139,651</u>	<u>4,905,738</u>	<u>14,302,122</u>
Total Expenses	<u>63,836,174</u>	<u>5,680,232</u>	<u>1,184,807</u>	<u>40,238</u>	<u>16,716,810</u>	<u>1,799,804</u>	<u>89,258,065</u>	<u>81,521,515</u>
Amounts not yet recognized as a component of net periodic benefit cost	<u>2,475,636</u>	<u>609,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,085,310</u>	<u>669,043</u>
(Decrease) Increase in Net Assets Without Donor Restrictions	<u>(207,404,575)</u>	<u>(16,310,549)</u>	<u>-</u>	<u>-</u>	<u>2,018</u>	<u>-</u>	<u>(223,713,106)</u>	<u>135,879,092</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS								
Support and Revenue								
Investment Return								
Investment income	-	-	160,407	24,382	1,369,880	297	1,554,966	1,308,721
Net realized and unrealized (loss) gain on investments	-	-	(5,361,675)	(814,974)	(45,788,708)	-	(51,965,357)	63,408,839
Less: investment expenses	<u>-</u>	<u>-</u>	<u>(114,170)</u>	<u>(17,354)</u>	<u>(975,014)</u>	<u>-</u>	<u>(1,106,538)</u>	<u>(2,502,209)</u>
Investment Return	-	-	(5,315,438)	(807,946)	(45,393,842)	297	(51,516,929)	62,215,351
Contributions	4,600,000	65,000	-	10,500	-	667,500	5,343,000	8,581,618
Net assets released from restrictions	<u>(3,729,012)</u>	<u>(50,000)</u>	<u>(1,184,807)</u>	<u>(40,238)</u>	<u>(16,716,809)</u>	<u>(1,799,804)</u>	<u>(23,520,670)</u>	<u>(20,572,468)</u>
(Decrease) Increase in Net Assets With Donor Restrictions	<u>870,988</u>	<u>15,000</u>	<u>(6,500,245)</u>	<u>(837,684)</u>	<u>(62,110,651)</u>	<u>(1,132,007)</u>	<u>(69,694,599)</u>	<u>50,224,501</u>
(Decrease) Increase in Net Assets	<u>(206,533,587)</u>	<u>(16,295,549)</u>	<u>(6,500,245)</u>	<u>(837,684)</u>	<u>(62,108,633)</u>	<u>(1,132,007)</u>	<u>(293,407,705)</u>	<u>186,103,593</u>
NET ASSETS								
Beginning of year	<u>1,103,546,441</u>	<u>90,073,064</u>	<u>41,502,462</u>	<u>5,878,536</u>	<u>348,820,495</u>	<u>16,448,867</u>	<u>1,606,269,865</u>	<u>1,420,166,272</u>
End of year	<u>\$ 897,012,854</u>	<u>\$ 73,777,515</u>	<u>\$ 35,002,217</u>	<u>\$ 5,040,852</u>	<u>\$ 286,711,862</u>	<u>\$ 15,316,860</u>	<u>\$ 1,312,862,160</u>	<u>\$ 1,606,269,865</u>

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022
(with summarized totals for the year ended December 31, 2021)

	Direct Charitable Activities				Subtotal	Program and Grant Management	General Management and Taxes ¹	2022 RBF Funds	2021 RBF Funds
	General Programs	Pocantico Fund	Pocantico II Fund	David Rockefeller Creative Arts Center					
Salaries and Employee Benefits:									
Salaries	\$ 446,709	\$ 851,011	\$ -	\$ -	\$ 1,297,720	\$ 3,186,967	\$ 3,159,658	\$ 7,644,345	\$ 7,043,278
Employee benefits and development	165,834	392,375	-	-	558,209	1,263,521	1,295,011	3,116,741	3,093,859
	612,543	1,243,386	-	-	1,855,929	4,450,488	4,454,669	10,761,086	10,137,137
Other Expenses:									
Grants awarded	-	-	-	-	-	67,369,341	-	67,369,341	53,578,013
Federal excise and other taxes (benefit)	-	-	-	-	-	-	(2,411,883)	(2,411,883)	7,640,581
Consultant fees	54,080	93,305	2,960	168,792	319,137	952,408	713,758	1,985,303	1,449,833
Legal, audit and professional fees	-	15,787	-	3,718	19,505	76,460	540,396	636,361	602,138
Travel	45,131	14,371	-	27,010	86,512	612,784	49,878	749,174	209,790
Rent and electricity	23,462	179,007	26,442	38,962	267,873	382,657	304,401	954,931	850,785
Net periodic benefit costs, other than service costs	13,707	43,019	-	-	56,726	97,788	99,454	253,968	313,419
Program conferences and events	471,877	-	-	24,732	496,609	-	-	496,609	126,311
Facilities maintenance and operations	3,726	3,080,297	1,026,866	140,052	4,250,941	-	-	4,250,941	3,862,781
Telephone, facsimile and internet	2,624	26,618	445	-	29,687	40,555	37,921	108,163	117,722
Temporary staffing and related expenses	-	-	-	-	-	18,696	129,480	148,176	102,881
Insurance	5,667	157,888	39,115	53,203	255,873	67,209	103,590	426,672	505,048
General office expenses	34,639	135,893	18,459	25,592	214,583	295,239	276,637	786,459	784,890
Communications	5,896	-	-	-	5,896	64,484	71,714	142,094	96,050
Depreciation and amortization	26,429	463,422	88,662	1,178,092	1,756,605	308,342	535,723	2,600,670	1,144,136
	<u>\$ 1,299,781</u>	<u>\$ 5,452,993</u>	<u>\$ 1,202,949</u>	<u>\$ 1,660,153</u>	<u>\$ 9,615,876</u>	<u>\$ 74,736,451</u>	<u>\$ 4,905,738</u>	<u>\$ 89,258,065</u>	<u>\$ 81,521,515</u>

¹ Includes indirect costs related to investment management in the amount of \$648,000.

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Statement of Cash Flows
Year Ended December 31, 2022
(with comparative amounts for the year ended December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (293,407,705)	\$ 186,103,593
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized loss (gain) on investments	214,467,018	(263,325,742)
Amount not yet recognized as a component of net periodic benefit cost	(3,085,310)	(669,043)
Depreciation and amortization	2,600,670	1,144,136
Deferred federal excise tax	(4,504,900)	1,573,044
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(124,590)	(1,524,604)
Contributions receivable	1,491,500	(1,185,000)
Accrued expenses and other liabilities	(5,141,550)	3,999,525
Grants payable	6,170,332	(630,155)
Taxes payable	(3,640,000)	2,958,960
Accrued pension and postretirement benefits	106,375	371,255
Net Cash from Operating Activities	(85,068,160)	(71,184,031)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	863,345,920	824,341,955
Purchases of investments	(769,826,276)	(739,385,389)
Purchases of property and equipment	(8,921,901)	(13,064,946)
Loan receivable	120,000	120,000
Net Cash from Investing Activities	84,717,743	72,011,620
Net Change in Cash and Cash Equivalents	(350,417)	827,589
 CASH AND CASH EQUIVALENTS		
Beginning of year	3,898,821	3,071,232
End of year	\$ 3,548,404	\$ 3,898,821
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for other taxes	\$ 6,481,800	\$ 950,754

See notes to financial statements

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

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 Creative Arts Center (DR Center), opened in fall 2022 and is a sustainable and inclusive home for the creative process at The Pocantico Center, where artists and the community come together to develop, present, and experience new works of performing, literary, and visual arts. The DR Center includes a gallery, performance space, and flexible artists’ studios, housed in John D. Rockefeller’s historic Orangerie, which was bequeathed to the National Trust for Historic Preservation in 1979 by Nelson Rockefeller.

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, 2022

2. Summary of Significant Accounting Policies

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

The Fund adopted the requirements of the new standard effective January 1, 2022, using the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. The Fund adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment.

Accordingly, the Fund will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred. Adoption of this standard resulted in the recognition of an initial operating lease right-of-use assets and corresponding lease liability of \$1,440,411 on the statement of financial position as of January 1, 2022, which represents lease payments of \$1,451,200 discounted at 0.78%. The standard did not materially impact operating results or liquidity.

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.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

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, 2022

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 and 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.

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, Richard Rockefeller Fellowship Fund, and David Rockefeller Global Development Fund are pooled; interest and dividend income and realized and unrealized gains or losses are allocated to each fund using the unitized investment method.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

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 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.

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, 2019.

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 as of December 31, 2021. These costs have been accumulated during the construction phase. The asset was placed into service during 2022, with the costs of construction transferred to property and equipment, and depreciation recorded.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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 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, 2022 and 2021 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, 2022 and 2021.

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 activities at The Pocantico 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.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

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

Leases

The Fund determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease payable in the statement of financial position. ROU assets and lease payable reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Fund does not report ROU assets and leases payable for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

The Fund has lease agreements with lease and non-lease components, which are generally accounted for separately. Variable lease components in these leases are recognized in operating expenses in the period in which obligation is incurred.

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, 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022 only. Accordingly, the 2021 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 2021 financial statements.

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 August 17, 2023.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements December 31, 2022

3. Investments

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

	2022		
	Investments Valued Using NAV		
	Level 1	(*)	Total
Equity securities - Global	\$ 145,020,872	\$ -	\$ 145,020,872
Fixed income securities	37,163,883	-	37,163,883
Exchange traded fund	49,102,704	-	49,102,704
Hedge Funds			
Equity (see "a" below)	-	427,382,254	427,382,254
Fixed income (see "b" below)	-	59,488,033	59,488,033
Insurance linked (see "c" below)	-	1,580,236	1,580,236
Multi-strategy (see "d" below)	-	104,276,235	104,276,235
Capital structure arbitrage (see "e" below)	-	25,288,017	25,288,017
Real estate (see "f" below)	-	64,236,213	64,236,213
Private equity funds (see "g" below)	-	374,522,686	374,522,686
Total Investments at Fair Value	<u>\$ 231,287,459</u>	<u>\$ 1,056,773,674</u>	1,288,061,133
Cash and equivalents, at cost			19,768,124
Total Investments			<u>\$ 1,307,829,257</u>
	2021		
	Investments Valued Using NAV		
	Level 1	(*)	Total
Equity securities - U.S.	\$ 34,661,264	\$ -	\$ 34,661,264
Equity securities - Global	129,253,765	-	129,253,765
Fixed income securities	39,815,593	-	39,815,593
Exchange traded fund	19,236,482	-	19,236,482
Hedge Funds			
Equity (see "a" below)	-	689,411,170	689,411,170
Fixed income (see "b" below)	-	81,147,822	81,147,822
Insurance linked (see "c" below)	-	7,717,168	7,717,168
Multi-strategy (see "d" below)	-	43,865,742	43,865,742
Capital structure arbitrage (see "e" below)	-	29,408,385	29,408,385
Real estate (see "f" below)	-	90,422,832	90,422,832
Private equity funds (see "g" below)	-	403,093,516	403,093,516
Total Investments at Fair Value	<u>\$ 222,967,104</u>	<u>\$ 1,345,066,635</u>	1,568,033,739
Cash and equivalents, at cost			47,782,180
Total Investments			<u>\$ 1,615,815,919</u>

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

3. Investments (*continued*)

(*) 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.
- (g) This class includes private equity funds that invest primarily in private equity markets. At December 31, 2022 and 2021, there were approximately \$213,894,000 and \$244,348,000, respectively, of unfunded commitments in relation to these funds.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements December 31, 2022

3. Investments (continued)

The Fund had no investments categorized as Level 2 or 3 in 2022 or 2021. The Fund had no significant transfers between Level 1, Level 2, and Level 3 for the years ended December 31, 2022 and 2021.

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:

	2022	2021
Daily, with no notice	\$ 231,287,459	\$ 222,967,104
Daily, with 10 days notice	15,176,180	26,245,128
Twice monthly, with 5 days notice	9,600,874	19,351,015
Monthly, with 5 days notice	-	70,833,568
Monthly, with 30 days notice	59,622,355	76,279,989
Monthly, with 60 days notice	5,417,601	6,069,227
Quarterly, with 10 days notice	-	37,149,284
Quarterly, with 30 days notice	75,840,460	100,103,574
Quarterly, with 60 days notice	38,997,936	55,233,851
Quarterly, with 65 days notice	-	43,865,742
Quarterly, with 90 days notice	91,282,078	100,811,628
Redemption of 12.5% quarterly, with 45 days notice	22,180,498	27,707,850
Redemption of 12.5% quarterly, with 65 days notice	44,970,949	-
Redemption of 12.5% quarterly, with 90 days notice	967,930	3,668,195
Redemption of 25% quarterly, with 30 days notice	94,692,597	141,231,930
Redemption of 25% quarterly, with 45 days notice	20,246,123	27,873,204
Redemption of 25% quarterly, with 60 days notice	25,288,017	-
Redemption of 25% quarterly, with 90 days notice	17,549,966	-
Annually, with 90 days notice	92,689	237,223
Redemption of 25% semi-annually, with 90 days notice	40,178,861	40,924,993
Redemption of 50% semi-annual, with 60 days notice	33,979,813	34,086,446
Semi-annually on 3/31 and 10/31, with 60 days notice	1,580,236	7,717,168
Redemption of 1/3 annually, with 65 days notice	-	7,799,751
Redemption of 50% every 2 years on anniversary date, with 105 days notice	10,056,658	-
Rolling 3 years	-	24,360,521
	\$ 839,009,280	\$ 1,074,517,391

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

3. Investments (continued)

The nonredeemable alternative investment funds included in the Fund's investment portfolio at December 31, 2022 have the following estimated remaining lives:

2023-2027	\$ 224,700,176
2028-2038	224,052,369
Thereafter	299,308
	<u>\$ 449,051,853</u>

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, 2022 and 2021, 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.

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

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 3,548,404	\$ 3,898,821
Accounts receivable	3,031,788	3,504,831
Contributions receivable	443,500	1,935,000
Investments	1,307,829,256	1,615,815,919
Loan receivable	120,000	120,000
Total Financial Assets	<u>1,314,972,948</u>	<u>1,625,274,571</u>
Less:		
Donor-imposed Restrictions		
Donor restricted endowment funds	(10,148,477)	(10,148,477)
Other donor restrictions	(310,109,531)	(385,635,249)
Endowment fund appropriations for following year	86,770,500	80,262,000
	<u>(233,487,508)</u>	<u>(315,521,726)</u>
Board designated endowment funds	<u>(998,698,506)</u>	<u>(1,224,999,600)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 82,786,934</u>	<u>\$ 84,753,245</u>

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

4. Liquidity and Availability *(continued)*

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.

The Fund's board designated endowment of \$998,698,506 at December 31, 2022 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:

	2022	2021
Office and other equipment	\$ 2,880,170	\$ 2,845,082
Computer equipment	2,246,034	2,102,965
Software	568,952	568,952
Leasehold and other improvements	65,087,564	37,815,905
Automobiles	82,409	82,409
	<u>70,865,129</u>	<u>43,415,313</u>
Accumulated depreciation and amortization	<u>(37,383,843)</u>	<u>(34,783,173)</u>
Property and equipment, net	33,481,286	8,632,140
Construction in progress	-	18,527,915
	<u>\$ 33,481,286</u>	<u>\$ 27,160,055</u>

Depreciation and amortization expense amounted to \$2,600,670 and \$1,144,136 for the years ended December 31, 2022 and 2021, respectively.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

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, 2022 and 2021, 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, 2022 and 2021, 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 \$22,088,107 and \$28,900,988 as of December 31, 2022 and 2021, 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 \$310,109,531 and \$385,635,249 at December 31, 2022 and 2021, 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.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

6. 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; (b) the original value of subsequent gifts to the permanent endowment and (c) investment earnings added 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, 2022 and 2021:

	Board-Designated Endowment Funds	With Donor Restrictions	With Donor Restrictions - Perpetuity	Total
Endowment net assets at December 31, 2020	\$ 1,088,197,215	\$ 346,424,503	\$ 10,148,477	\$ 1,444,770,195
Investment return	196,158,655	62,215,351	-	258,374,006
Contributions to endowment	-	5,199,618	-	5,199,618
Other	441	-	-	441
Amounts appropriated for expenditure	<u>(59,356,711)</u>	<u>(28,204,223)</u>	<u>-</u>	<u>(87,560,934)</u>
Endowment net assets at December 31, 2021	1,224,999,600	385,635,249	10,148,477	1,620,783,326
Investment return	(161,092,562)	(51,516,930)	-	(212,609,492)
Contributions to endowment	3,500	678,000	-	681,500
Other	26,021	2,019	-	28,040
Amounts appropriated for expenditure	<u>(65,238,053)</u>	<u>(24,688,807)</u>	<u>-</u>	<u>(89,926,860)</u>
Endowment net assets at December 31, 2022	<u>\$ 998,698,506</u>	<u>\$ 310,109,531</u>	<u>\$ 10,148,477</u>	<u>\$ 1,318,956,514</u>

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

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, 2022 and 2021 totaled approximately \$981,000 and \$914,000, respectively.

9. Postretirement Healthcare 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>2022</u>	<u>2021</u>
Accumulated benefit obligations/unfunded benefit obligations	\$ (6,783,552)	\$ (9,660,867)

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

	<u>2022</u>	<u>2021</u>
Service cost	\$ 232,675	\$ 272,930
Interest cost	240,617	226,948
Amortization of unrecognized loss	13,351	86,471
Net Periodic Postretirement Benefit Cost	<u>\$ 486,643</u>	<u>\$ 586,349</u>

Actual retiree premiums paid by the Fund during 2022 and 2021 amounted to \$278,647 and \$309,574, respectively.

The discount rate assumed in determining the accumulated benefit obligation ("ABPO") was 5.00% in 2022 and 2.70% in 2021. The weighted average discount rates used in determining the period's benefit costs were 2.70% in 2022 and 2.35% in 2021. The five-year medical cost trend rate assumed in 2022 and 2021 was 6.50%, declining to 6.50%.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

9. Postretirement Healthcare Benefits *(continued)*

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

2023	\$ 373,000
2024	371,000
2025	389,000
2026	377,000
2027	381,000
2028-2033	<u>2,050,000</u>
	<u>\$ 3,941,000</u>

The accumulated amount not yet recognized as a component of net periodic benefit cost was \$1,739,635 and \$1,493,487 at December 31, 2022 and 2021, respectively.

10. Reconciliation of Grants Awarded

The following table reconciles grants awarded and grants paid during 2022 and 2021:

Grants payable, December 31, 2020	\$ 17,772,040
Grants awarded 2021	53,578,013
Grants paid 2021	<u>(54,208,168)</u>
Grants Payable December 31, 2021	17,141,885
Grants awarded 2022	67,369,341
Grants paid 2022	<u>(61,199,009)</u>
Grants Payable December 31, 2022	<u>\$ 23,312,217</u>

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

2023	\$ 21,593,037
2024	<u>1,719,180</u>
	<u>\$ 23,312,217</u>

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

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Rockefeller Archive Center	\$ 934,088	\$ 935,622
Rockefeller Family Fund	776,501	813,457
Asian Cultural Council	461,610	544,378
David Rockefeller Fund	241,150	249,092
	<u>\$ 2,413,349</u>	<u>\$ 2,542,549</u>

Asian Cultural Council (“ACC”)

The Fund has common board members with ACC. In addition to the reimbursements 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, 2022 and 2021 is a loan receivable in the amount of \$348,698 and \$468,698 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 Family Fund (“RFF”)

In addition to the reimbursements above, the Fund made two grants to RFF during 2021: one in the amount of \$50,000 for its CAMBIO project and one in the amount of \$75,000 for its Polluter Pays project. Additionally, the Fund received a contribution in the amount of \$25,000 during 2022 from RFF in support of the DR Center.

Rockefeller Philanthropy Advisors (“RPA”)

During 2022, the Fund approved six grants to RPA: one in the amount of \$250,000 for its Trust for Civic Infrastructure project; one in the amount of \$75,000 for its Climate Defense project; one in the amount of \$50,000 for its Welcome.US project; one in the amount of \$900,000 for its Energy Transition Fund; one in the amount of \$400,000 for its Climate Nexus project; and one in the amount of \$100,000 for its Dignity.US project. During 2021, the Fund approved five grants to RPA: one in the amount of \$25,000 for its Theory of the Foundation initiative; one in the amount of \$1,000,000 for the Partnership for American Democracy initiative; one in the amount of \$750,000 for its New Pluralists Funders Collaborative; one in the amount of \$500,000 for its Equation Campaign project; and one in the amount of \$700,000 for its Energy Transition Fund. During 2022 and 2021, RPA also facilitated contributions to the Fund, directed by family members designated to both the RRFF and the DR Center.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

11. Related-Party Transactions (*continued*)

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 2022 and 2021, these costs aggregated approximately \$4,251,000 and \$3,863,000, 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 NTHP, and Greenrock Corporation began to operate on a self-sustaining basis, in accordance with a Memorandum of Understanding between the Fund, NTHP, and David Rockefeller dated October 7, 2008. The Fund paid fees of approximately \$3,637,000 and \$3,312,000 in 2022 and 2021, respectively, for maintenance of the Pocantico properties to Greenrock Corporation.

National Trust for Historic Preservation in the United States (“NTHP”) (*continued*)

On December 21, 2017, the Fund entered into an agreement with 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 2022 and 2021, the Fund received approximately \$515,000 and \$1.5 million, respectively, from 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 \$7.7 million at December 31, 2022 and \$11 million at December 31, 2021.

During 2022, the Fund received approximately \$5,000 in contributions from officers of the Fund designated for the DR Center. During 2021, the Fund received approximately \$10,000 in contributions from officers of the Fund, \$25,000 from a trustee of the Fund, and approximately \$1.8 million in contributions from members of the Rockefeller family all designated for the DR Center. Of these family members, five also served as trustees of the Fund. In addition, the Fund received a trustee designated contribution in the amount of \$10,500 and \$10,000, in 2022 and 2021, respectively, designated for the RFFF.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements December 31, 2022

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.

As a result of legislation passed at the end of 2019, effective January 1, 2020, the Fund's excise tax rate is 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 expected to be effective when the deferred taxes are realized.

The Fund provided for current and deferred excise taxes at the rate of 1.39% in 2022 and 2021. The following table reconciles the Fund's current and deferred tax provisions for the years ended December 31, 2022 and 2021:

	2022	2021
Current Tax		
Beginning of year receivable	\$ 676,569	\$ 645,585
Excise tax expense	(2,775,000)	(2,290,000)
Payments	2,115,000	1,885,000
Adjustment to prior year accrual for overpayment	949,873	435,984
Current Tax Receivable	<u>\$ 966,442</u>	<u>\$ 676,569</u>
Deferred Tax		
Beginning of year liability	\$ 8,762,796	\$ 7,189,752
Deferred expense adjustment	(4,504,900)	1,573,044
Deferred tax liability	4,257,896	8,762,796
Accrual of remaining current excise tax liability	-	3,640,000
Taxes Payable	<u>\$ 4,257,896</u>	<u>\$ 12,402,796</u>
Statement of Financial Position Presentation		
Total Receivable, Included in Accounts Receivable and Other Assets	<u>\$ 966,442</u>	<u>\$ 676,569</u>
Total Liability (Taxes Payable)	<u>\$ 4,257,896</u>	<u>\$ 12,402,796</u>

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 and approximately \$126,000 is reimbursed each year by these entities. Although no formal leases exist between these affiliated nonprofits, there are memorandums of understanding to evidence the details of the shared space and services. The term of the lease for this location expires on December 31, 2023.

The non-variable rent expense component for each of the years ended December 31, 2022 and 2021 amounted to \$725,600. The variable rent expense component amounted to \$48,838 and \$51,033 for the years ended December 31, 2022 and 2021, respectively. Total cash paid for the years ended December 31, 2022 and 2021 amounted to \$774,438 and \$776,633, respectively.

Rockefeller Brothers Fund, Inc.

Notes to Financial Statements
December 31, 2022

13. Commitments (continued)

At December 31, 2022, the right-of-use asset balance was net of accumulated amortization of \$717,398.

The right-of-use (ROU) assets represent the Fund's right to use underlying assets for the lease term, and the lease liabilities represent the Fund's obligation to make lease payments arising from these leases. The ROU assets and lease payable, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Fund has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate lease liabilities as of January 1, 2022, was 0.78%.

The future minimum annual rental commitment under this lease as of December 31, 2022 are:

2023	\$ 725,600
Total undiscounted operating lease payments	<u>725,600</u>
Less: Present value discount	<u>(2,587)</u>
Present value of operating lease liabilities	<u>\$ 723,013</u>

On September 20, 1991, the Fund entered into a formal arrangement with 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. There are no fixed costs associated with the agreement.

Subsequent to year end the Fund entered into a new lease agreement. The term of the lease expires on December 31, 2028, with a five year renewal option.

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