

June 2007



Rockefeller
Brothers Fund

Philanthropy for an Interdependent World

Statistical Review of RBF Operations

Fourth Edition

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In 2006, the Fund's investment portfolio reached a high watermark.

The portfolio finished the year at approximately \$893 million after \$37.7 million of expenditures that count toward the minimum distribution requirement + an estimated \$2 million in excise taxes + approximately \$5 million for investment related expenses.

Investment performance in 2006 was stronger than 2004 and 2005. The portfolio provided a return that exceeded the rate of total spending + inflation. Total spending includes program spending, investment management, and taxes. Program spending is used throughout this report to refer to expenditures that count toward satisfying the minimum distribution requirement.

There was a sizeable gap between the average market value of investment assets used to set the 2006 program spending budget and the actual average market value for the year.

The historic average used to set the 2006 budget (\$672,631,000) was about \$154 million less than the actual average for the year 2006 (\$827,069,000). For 2006, the Fund under spent its minimum payment requirement by approximately \$870,000; this shortfall was offset by the use of prior year tax carry forwards.

Total program spending as a percentage of the average market value of investment assets through the year was 4.55 percent in 2006. This compares with 4.81 percent in 2004 and 4.53 percent in 2005.

The spending formula for the 2007 budget has been adjusted to account for improved portfolio performance; the spending rate for 2007 is 5.75 percent.

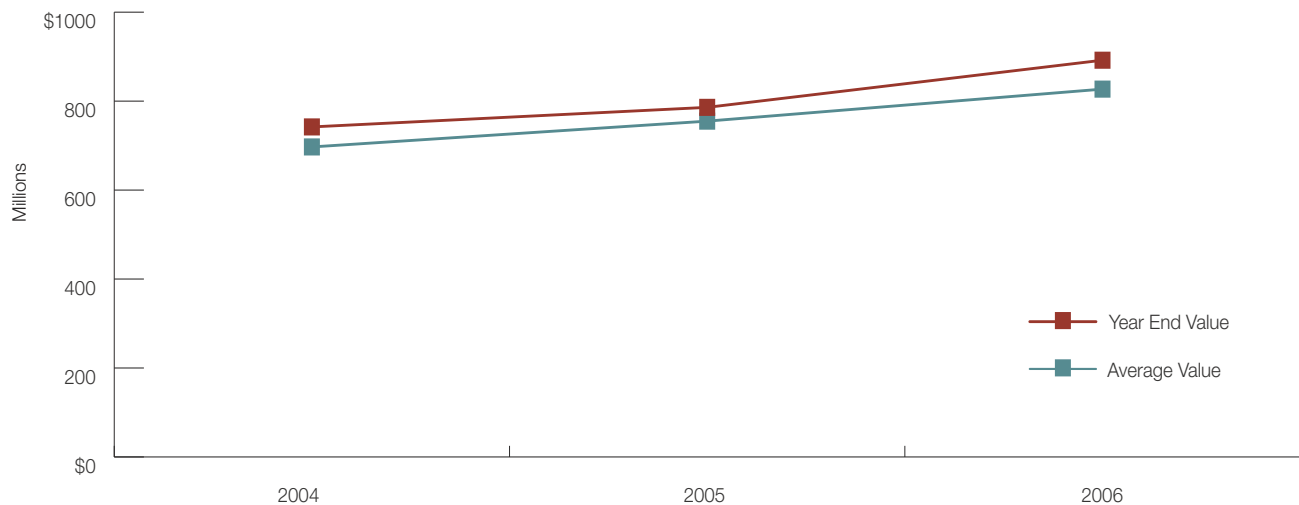
Section: 1

Investment Performance and Rate of Spending

	2004	2005	2006
Investment Portfolio (12/31)	\$ 742,176,000	\$ 785,670,000	\$ 892,919,000
Average Market Value of Portfolio	\$ 696,557,000	\$ 755,081,000	\$ 827,069,000
Average Value Used for Budget	\$ 643,000,000	\$ 672,695,000	\$ 672,631,000
Investment Performance (net of fees)	14.46%	10.40%	16.50%
Consumer Price Index	3.30%	3.40%	3.20%
Total Program Spending*	\$ 33,486,000	\$ 34,169,000	\$ 37,667,000
Total Program Spending as a % of Average Market Value of Portfolio	4.81%	4.53%	4.55%

*Program Spending = all expenditures that count toward satisfying the minimum distribution requirement.

Market Value of Investment Portfolio



	2004	2005	2006
Year-End Value	742	786	892
Average Value	697	755	827

Total program spending grew by 8.26 percent from 2005 to 2006.

There was a 10 percent increase in grant expenditures.

In 2006, 437 Madison Avenue operations accounted for 90.2 percent of the total program expenditures and Pocantico 9.8 percent.

Pocantico share of total spending decreased from 10.6 percent to 9.8 percent.

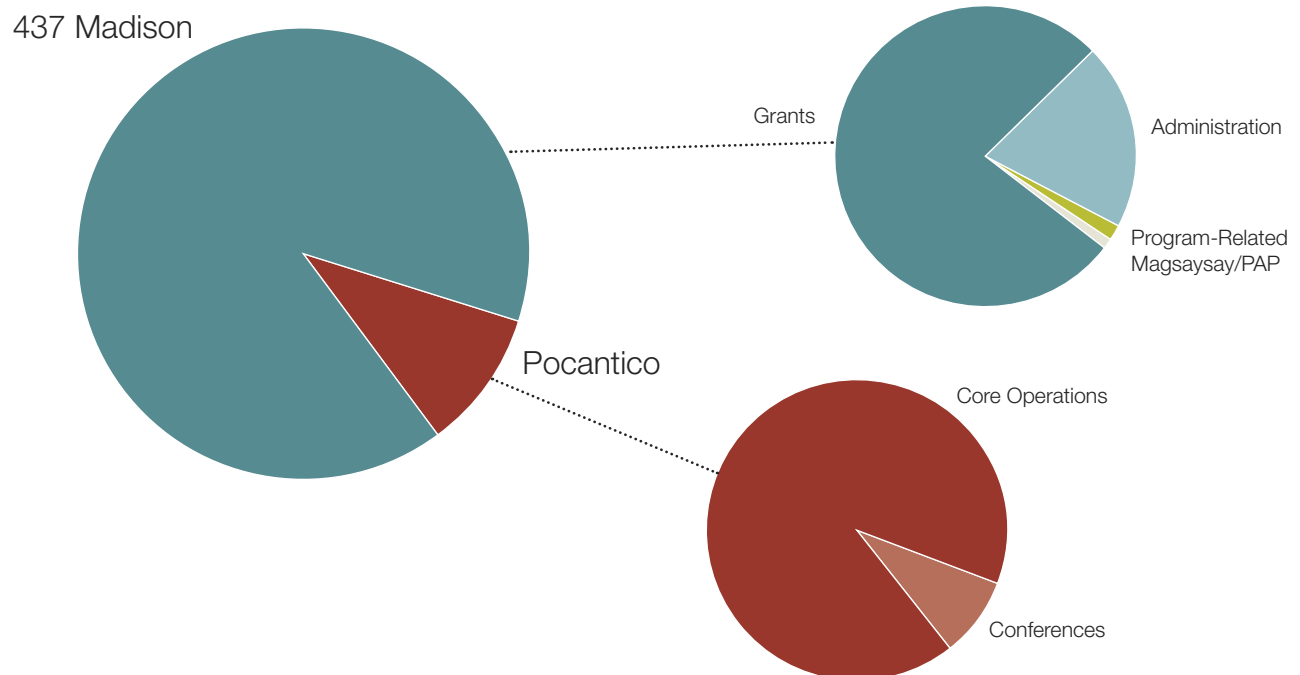
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Program Spending Overview

Components of Program Spending

	2004	2005	2006	% Change
Total Program Spending	\$ 33,486,000	\$ 34,169,000	\$ 36,990,889	8.26%
437 Madison Avenue	\$ 29,975,000	\$ 30,559,000	\$ 33,357,097	9.16%
<i>Share of Total Spending</i>	89.5%	89.4%	90.2%	
Grants	\$ 22,939,000	\$ 23,400,000	\$ 25,783,138	
Program Related Expenditures	\$ 637,000	\$ 478,000	\$ 479,791	
Magsaysay Awards + Program for Asian Projects (PAP)	\$ 408,000	\$ 343,000	\$ 354,168	
Administration*	\$ 5,991,000	\$ 6,338,000	\$ 6,740,000	
Pocantico	\$ 3,511,000	\$ 3,610,000	\$ 3,633,792	0.66%
<i>Share of Total Spending</i>	10.5%	10.6%	9.8%	
Core Operations	\$ 3,195,000	\$ 3,386,000	\$ 3,324,000	
Conferences	\$ 316,000	\$ 224,000	\$ 309,792	

*Includes Direct Charitable Activity



Expenditures grew in both dollars and percentage in the Democratic Practice and Sustainable Development program areas.

In dollar and percentage terms, total RBF Pivotal Place grantmaking rose from 2005 to 2006.

There was an increase in expenditures in all of the Pivotal Places in 2006 compared to 2005. In addition, grantmaking in the newest Pivotal Place, Southern China, began in earnest with \$750,000 expended in 2006.

The decrease in Human Advancement is largely attributable to the scheduled phase-out of support for the Charles E. Culpeper Scholarships in Medical Science and Biomedical Pilot Initiative.

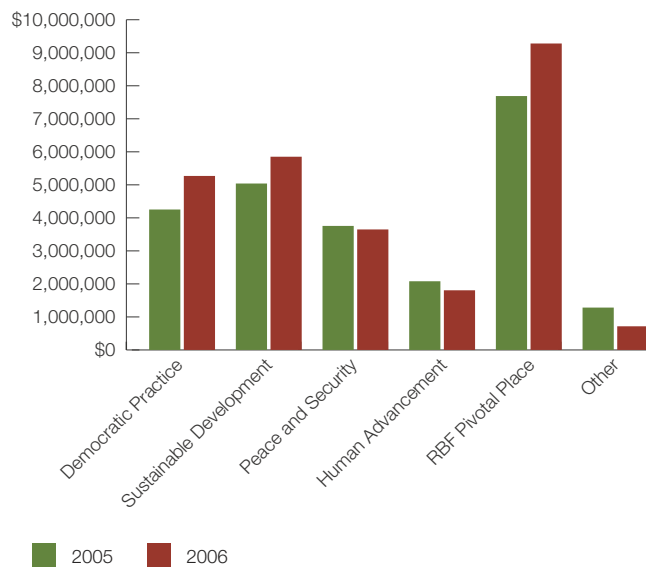
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Program Spending Overview *(continued)*

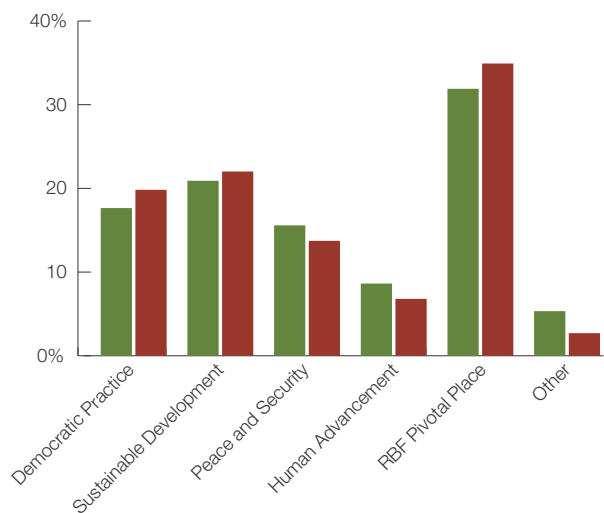
Expenditures by Program Area, Principal Fund

	2005	% of Total	2006	% of Total
Democratic Practice	\$ 4,253,000	17.65%	\$ 5,269,511	19.83%
Sustainable Development	\$ 5,040,000	20.91%	\$ 5,851,571	22.02%
Peace and Security	\$ 3,756,000	15.58%	\$ 3,649,062	13.73%
Human Advancement	\$ 2,080,000	8.63%	\$ 1,806,510	6.80%
RBF Pivotal Place	\$ 7,689,000	31.90%	\$ 9,280,469	34.92%
Other	\$ 1,283,000	5.33%	\$ 715,798	2.70%
Total	\$ 24,101,000		\$ 26,572,901	

Expenditures by Program Area



Expenditures by Program Area as % of Total



*Sustainable Development Expenditures

The Fund's \$1,000,000 commitment to the Coast Conservation Endowment Fund for long-term conservation efforts and sustainable management of coastal British Columbia is considered a special initiative and payments have been included in the other line above; however, this work is intrinsically linked to the Sustainable Development portfolio and managed by its program staff. Expenditures related to the core goals in the Sustainable Development portfolio (climate change and protecting biodiversity) have increased by \$1.2 million from 2004 to 2006; when including payments to the Coast Conservation Endowment Fund in 2005 the increase is \$1.7 million.

Slightly less than 50 percent of the 2006 grant budget was committed when the year began.

This figure varies from year to year and depends to a large extent on the pattern of the multi-year grantmaking across the different program areas, as well as the volume of new grantmaking that staff recommend to the trustees at the last board meeting of the year each December.

There has been a 26 percent increase in the number of new grants approved since 2003.

340 grants were approved in 2006, compared to 328 in 2005.

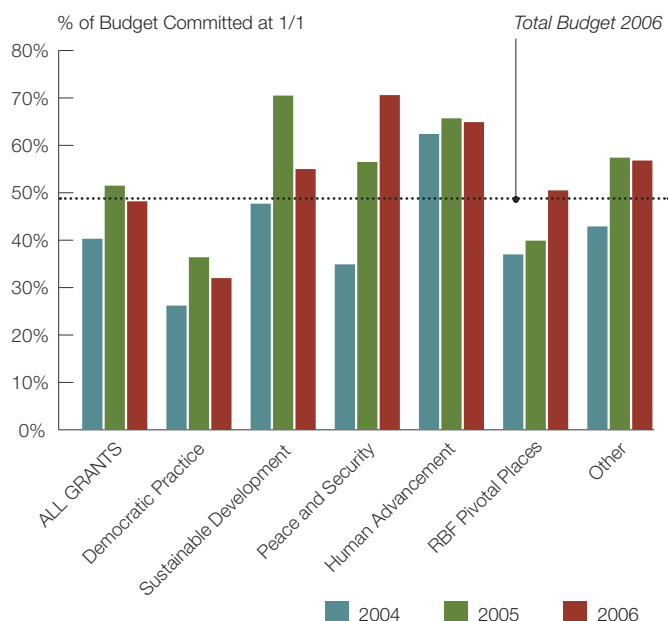
Within the different areas of grantmaking, the number of new grants approved varies from year to year based on several factors, including changes in the size of the total budget for a particular program; the percentage of the budget that was committed when the year began; and changes in the mix of one-, two-, and three-year grants.

Section: 3

Grantmaking

Beginning of Year Grant Commitments

	2004	2005	2006
ALL GRANTS	40.3%	51.5%	48.2%
Democratic Practice	26.2%	36.4%	32.0%
Sustainable Development	47.7%	70.5%	55.0%
Peace and Security	34.9%	56.5%	70.6%
Human Advancement	62.4%	65.7%	64.9%
RBF Pivotal Places	37.0%	39.9%	50.5%
Other	42.9%	57.4%	56.8%

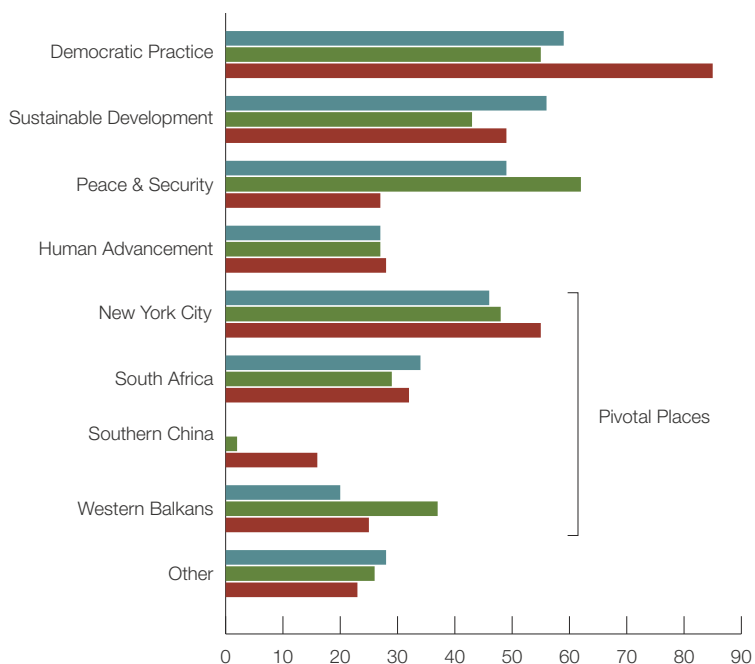
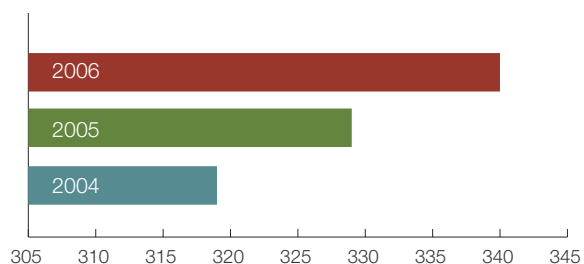


New Grantmaking

	2004	2005	2006
Budget for Year	\$23,493,000	\$23,477,000	\$26,579,000
Total of New Grants Approved	\$27,265,000	\$22,536,000	\$29,211,000
Number of New Grants Approved	319	328	340

Number of Grants

	2004	2005	2006
	319	328	340



The average size of a new grant increased from \$68,498 in 2005 to \$85,914 in 2006.

This is partly explained by normal year-to-year shifts in the pattern of grantmaking. Multi-year averages, adjusted for changes in the size of grant budgets, probably provide a more accurate picture of whether the average size of a new grant in a particular program area is increasing, decreasing, or remaining the same. Grantmaking in anticipation of the departure of program staff in the Peace and Security program as well as the global governance portion of Democratic Practice also contributed to this increase.

Taking into account all grants approved in 2006, the average term of a new grant was 1.47 years.

The average term of a new grant decreased from 1.76 years in 2005 to 1.47 in 2006. While this is most likely attributable to normal year-to-year shifts in grantmaking patterns, it should be noted that grants of one year or less in duration accounted for 61 percent of the Fund's new grants awarded in 2006.

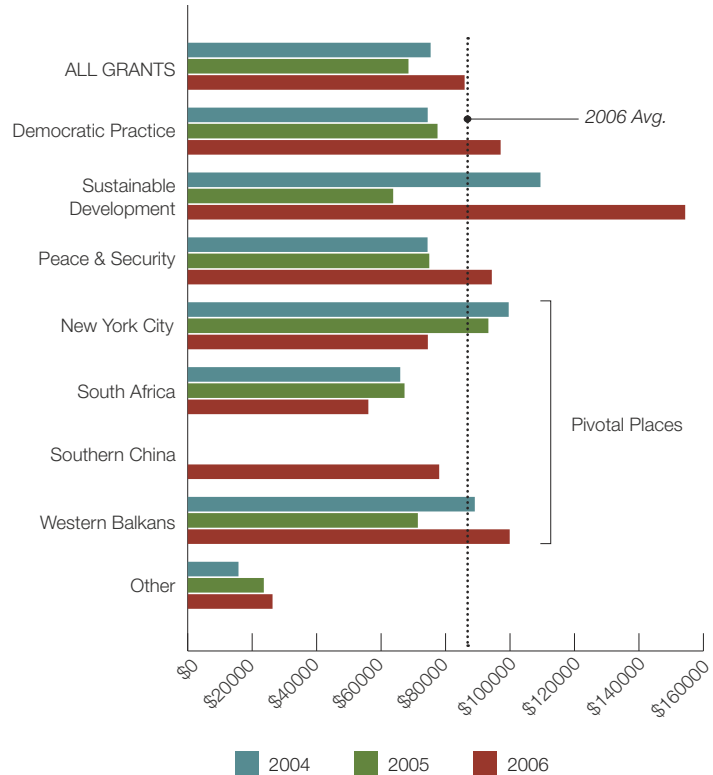
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Grantmaking

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Average Size of Grants

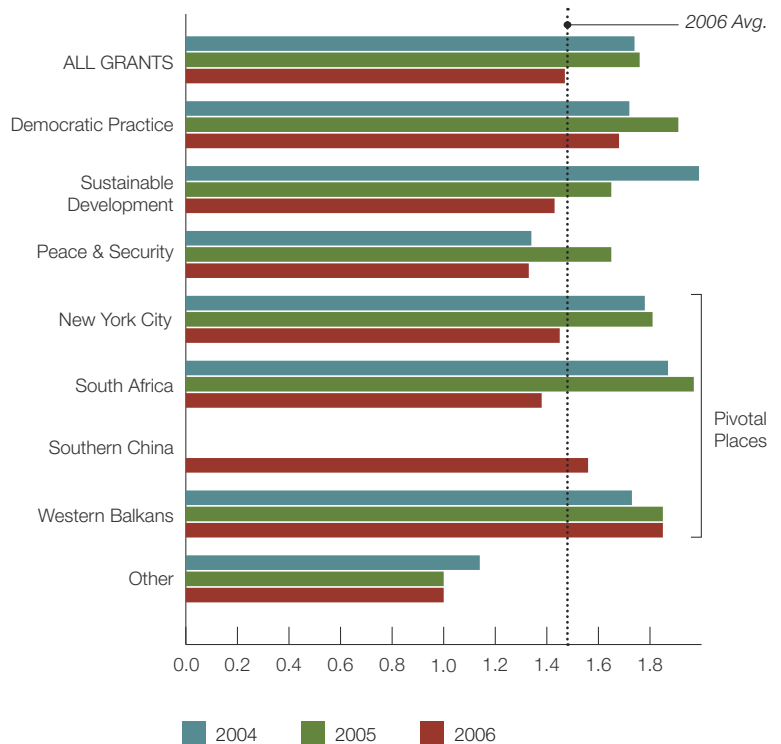
2006		
ALL GRANTS	\$	85,914
Democratic Practice	\$	97,088
Sustainable Development	\$	154,349
Peace and Security	\$	94,352
Pivotal Place – New York City	\$	74,507
Pivotal Place – South Africa	\$	56,047
Pivotal Place – Southern China	\$	78,025
Pivotal Place – Western Balkans	\$	99,900
Other	\$	26,323



Average Term of Grants in Years

2006	
ALL GRANTS	1.47
Democratic Practice	1.68
Sustainable Development	1.43
Peace and Security	1.33
Pivotal Place – New York City	1.45
Pivotal Place – South Africa	1.38
Pivotal Place – Southern China	1.56
Pivotal Place – Western Balkans	1.85
Other	1.00

Excludes Fellows grants



Two year and three-year grants accounted for a larger percentage of all new grant dollars awarded in 2006.

Continuing the trend from 2005, multi-year commitments continued to increase, accounting for 73 percent of grant dollars awarded in 2006. One-year commitments decreased from 32 percent of dollars awarded in 2005 to 27 percent in 2006.

U.S. organizations received 81 percent of all new grant dollars approved in 2006.

This figure is relatively consistent year to year. While there was a marked increase in grant dollars awarded to U.S. organizations for work related to Sustainable Development, this figure includes a \$750,00 grant to a U.S.-based organization for grantmaking in the Russian Far East. Overall this was offset by a pronounced increase in grant dollars awarded to non-U.S. organizations in South Africa and Southern China programs.

Approximately one-third of the Fund's grantmaking was awarded for work outside of the United States. A breakout of grantmaking by geographic focus will be available on the Fund's new Web site.

Section: 3

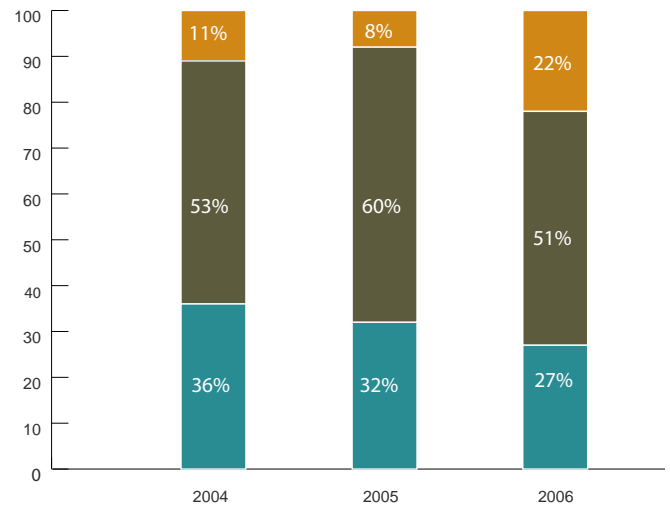
Grantmaking

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Duration of Grants

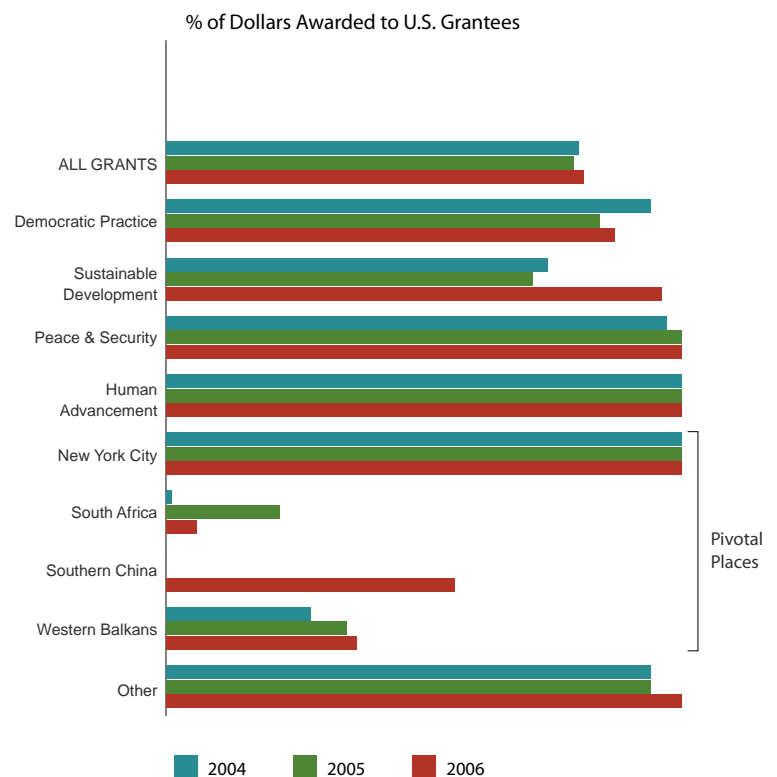
2006		
One-Year Term	\$	7,617,360
Two-Year Term	\$	14,741,000
Three-Four Year Term	\$	6,300,000

Excludes Fellows grants



U.S. vs. Non-U.S. Grantees

	2006	
	U.S.	Non-U.S.
ALL GRANTS	81%	19%
Democratic Practice	87%	13%
Sustainable Development	96%	4%
Peace and Security	80%	20%
Human Advancement	100%	0%
Pivotal Place – New York City	100%	0%
Pivotal Place – South Africa	6%	94%
Pivotal Place – Southern China	56%	44%
Pivotal Place – Western Balkans	37%	63%
Other	100%	0%



Organizations that did not have a prior relation with the RBF received a smaller percentage of new grant dollars in 2006.

In 2005, organizations of this kind received 25 percent of all new grant funds approved. In 2006, their share was 22 percent. Past grantees received a higher proportion of new funds awarded in all areas of the Fund's grantmaking, except Human Advancement and Southern China. As grantmaking matures in the different program areas, particularly in circumstances where budgets are not increasing significantly from year to year, it is not unusual for past grantees to receive the majority of new funds awarded. Furthermore, with the departure of program staff in the Peace and Security and the global governance portion of Democratic Practice, funds were committed to core grantees to ease the staffing transition.

Most of the new funds awarded to past grantees allow recipients to continue work that the RBF supported previously.

Renewals accounted for 72 percent of all new grants made to past grantees in 2006. This same figure was 59 percent in 2005 and 58 percent in 2004. The allowance for staff transition and maturing of overall grantmaking account for this increase from 2005.

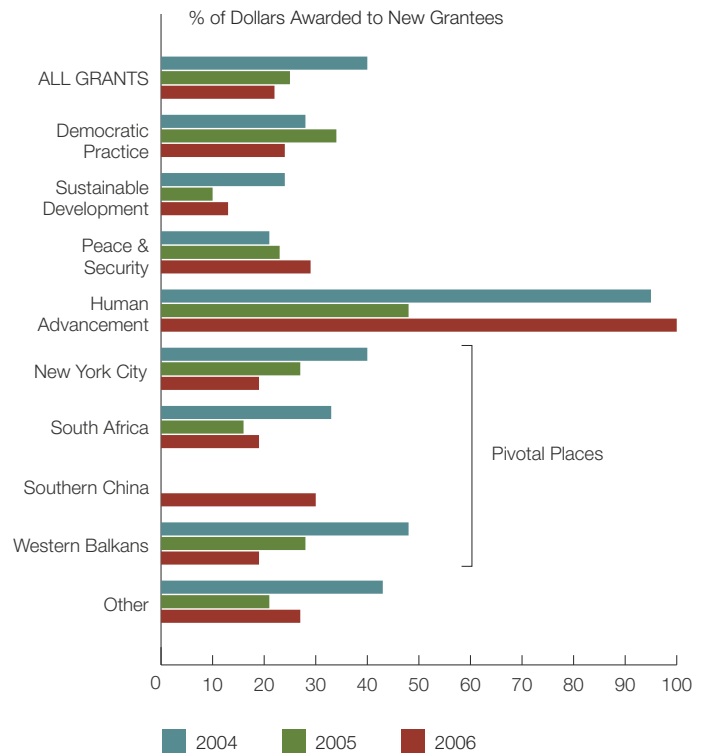
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Grantmaking

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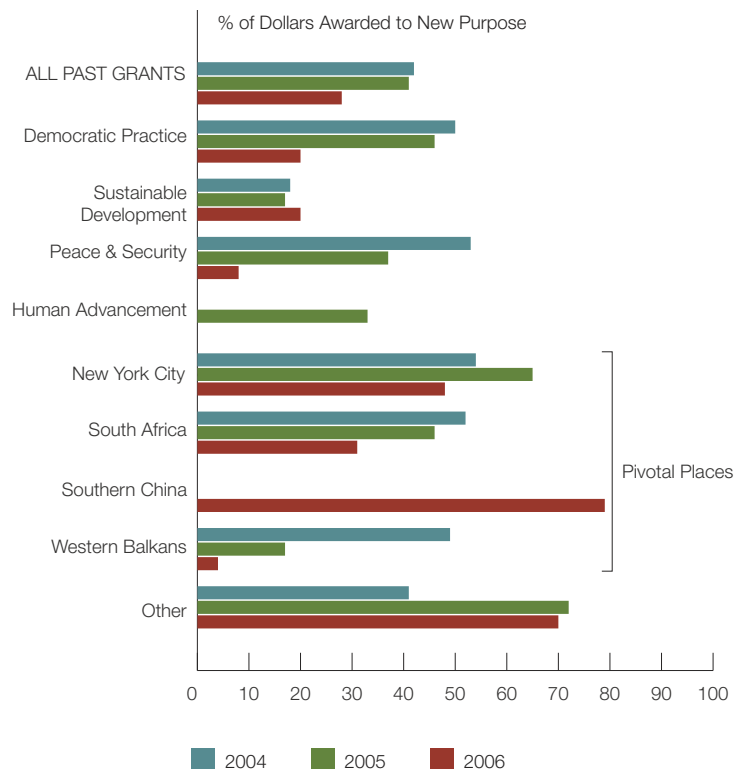
New vs. Past Grantees

	2006	
	New	Past
ALL GRANTS	22%	78%
Democratic Practice	24%	76%
Sustainable Development	13%	87%
Peace and Security	29%	71%
Human Advancement	100%	0%
Pivotal Place – New York City	19%	81%
Pivotal Place – South Africa	19%	81%
Pivotal Place – Southern China	30%	70%
Pivotal Place – Western Balkans	19%	81%
Other	27%	73%



Of New Funds Awarded to Past Grantees... Renewal of Support vs. New Purpose

	2006	
	New	Renewal
ALL GRANTS	28%	72%
Democratic Practice	20%	80%
Sustainable Development	20%	80%
Peace and Security	8%	92%
Human Advancement	0%	0%
Pivotal Place – New York City	48%	52%
Pivotal Place – South Africa	31%	69%
Pivotal Place – Southern China	79%	21%
Pivotal Place – Western Balkans	4%	96%
Other	70%	30%



Note: In 2006, all funds awarded in Human Advancement were to new grantees.

27 percent of all new grant dollars awarded in 2006 will assist grantee organizations in meeting core operating needs.

This is down 4 percent from 2005 when general operating support grants accounted for 31 percent of all new RBF grants. General operating support includes only grants that give recipients a great deal of flexibility in the use of the funds. It does not include flexible core support for a particular program or project of the grantee.

Program-related expenditures remained largely constant between 2005 to 2006.

These are expenditures for program budgets that do not take the form of grants. Expenses associated with in-house management of the Fellowships for Aspiring Teachers of Color program (Human Advancement) are a constant in this category. While the overall figure stayed level, there was variation within the programs. Program-related expenditures decreased in Sustainable Development and Democratic Practice. Notably, in 2006, Pivotal Place: New York City launched a communications capacity-building initiative for grantees and Pivotal Place: Western Balkans had expenditures related to the Kosovo status talks.

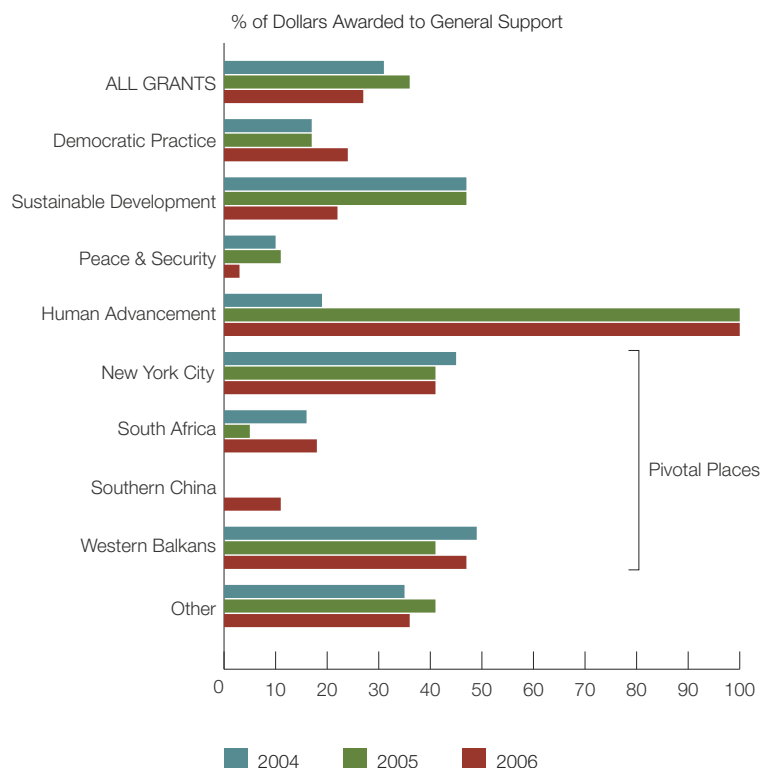
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Grantmaking

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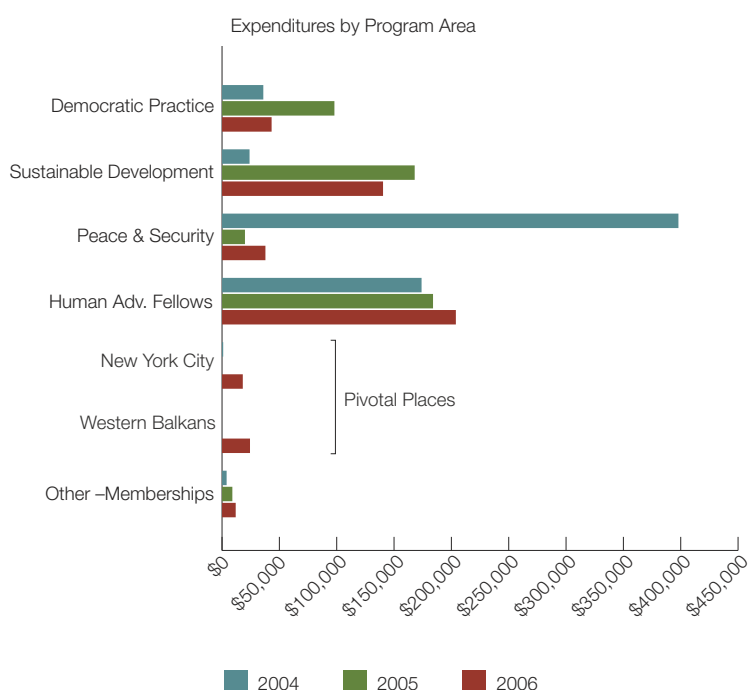
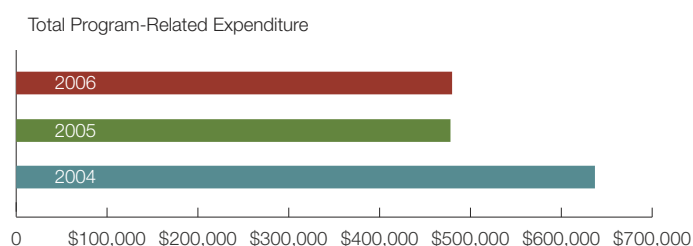
General Support vs. Program/Project Support

	2006	
	General	Program
ALL GRANTS	27%	73%
Democratic Practice	24%	76%
Sustainable Development	22%	78%
Peace and Security	3%	97%
Human Advancement	100%	0%
Pivotal Place – New York City	41%	59%
Pivotal Place – South Africa	18%	82%
Pivotal Place – Southern China	11%	89%
Pivotal Place – Western Balkans	47%	53%
Other	36%	64%



Program-Related Expenditures

	2006	
	Total	\$
Total	\$	479,791
Democratic Practice	\$	43,229
Sustainable Development	\$	140,409
Peace and Security	\$	37,840
Human Advancement – Fellows	\$	203,910
Pivotal Place – New York City	\$	18,100
Pivotal Place – Western Balkans	\$	24,391
Other – Memberships	\$	11,912



The number of declinations continued to shrink in 2006.

While it is difficult to know for certain what is driving the reduction in funding requests that receive declination letters and e-mails, we think that it can be explained, at least in part, by more carefully worded print and electronic communications about the nature of the RBF's grantmaking interests. Clear communications remain an ongoing priority.

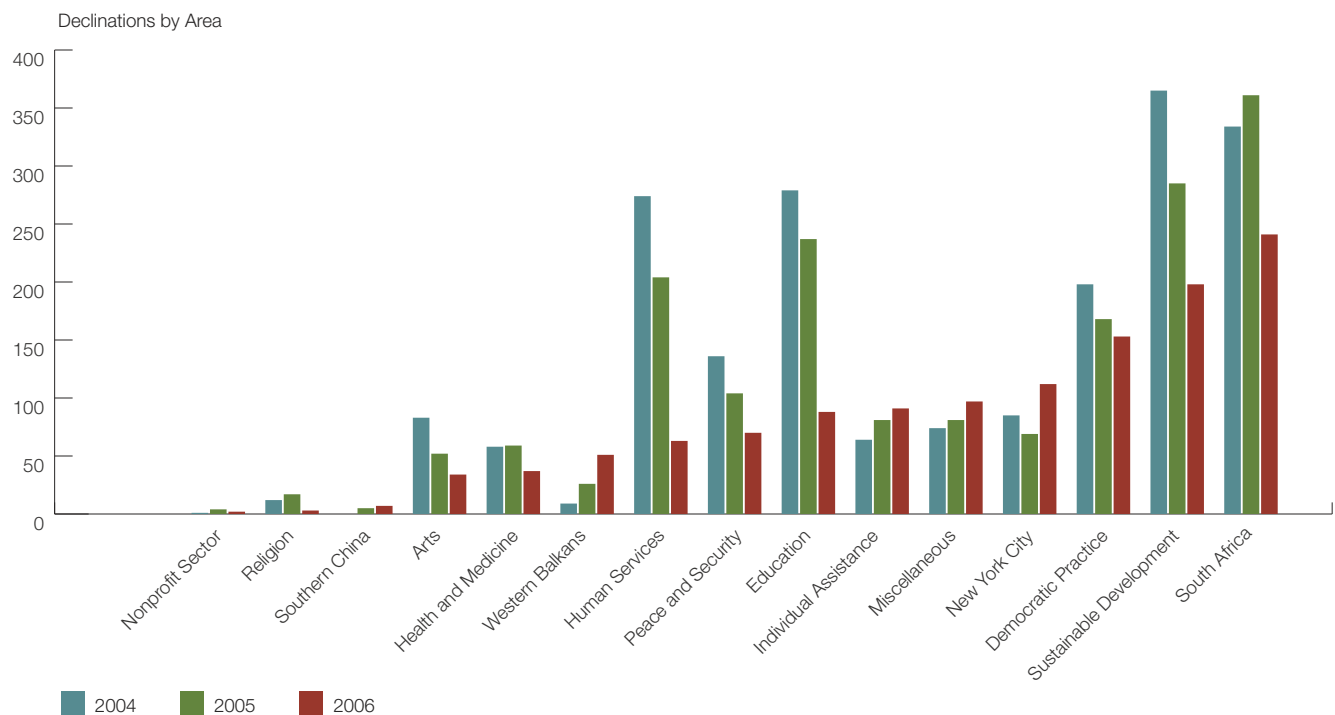
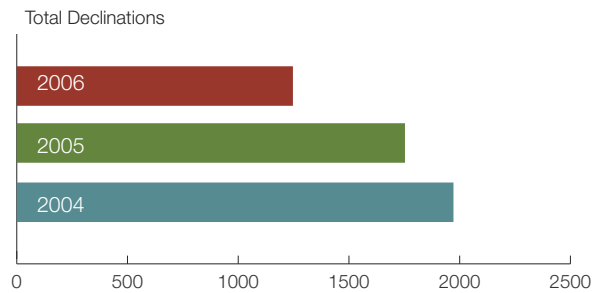
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Grantmaking

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Declinations

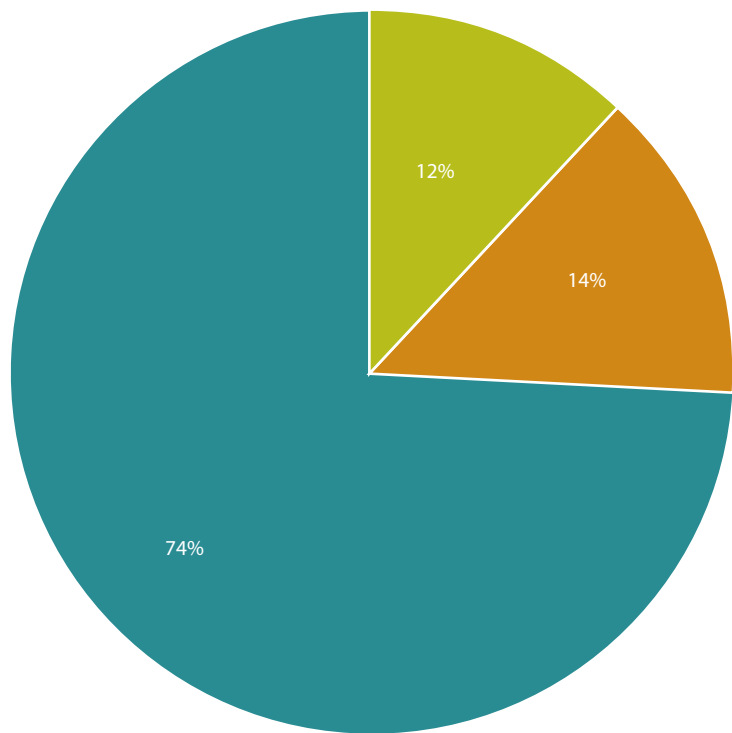
Total: 1,247



New Grants Approved, Principal Fund – 2006

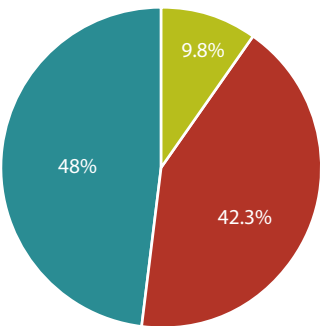
New York City

Total = \$4,097,900



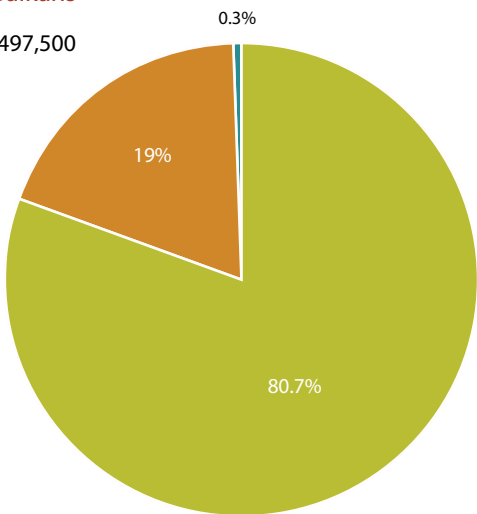
South Africa

Total = \$1,793,500



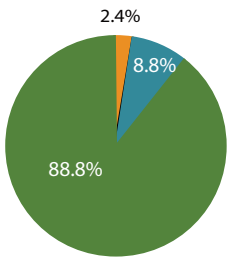
Western Balkans

Total = \$2,497,500



Southern China

Total = \$1,248,400

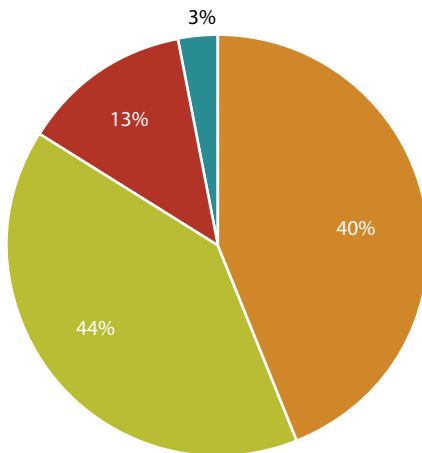


Democratic Practice Sustainable Development Peace and Security Human Advancement Sustainable Development and Human Advancement

New Grants Approved, Principal Fund – 2006

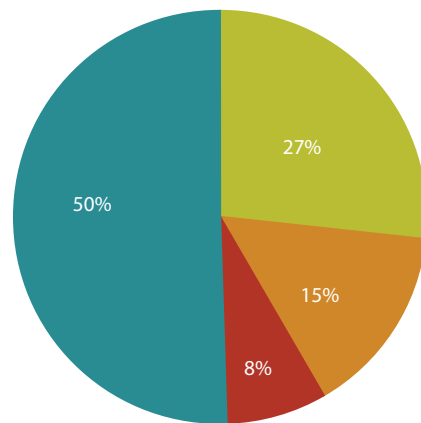
Theme Grants

Total = \$18,968,110



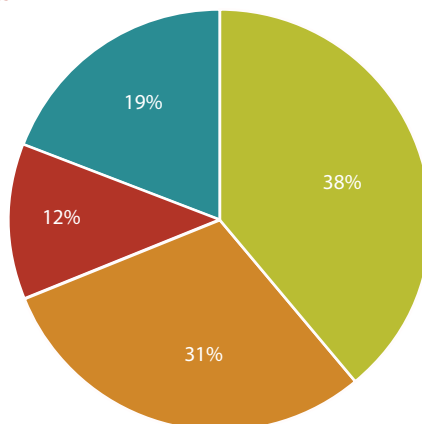
Pivotal Places Grants

Total = \$9,637,300



Theme & Pivotal Places Grants

Total = \$28,605,410



In addition, \$605,450 in grants were awarded that do not fall within the RBF themes or pivotal places; these were primarily related to philanthropic stewardship. A total of \$29,211,000 in new grants were awarded from the principal fund in 2006.

The Pocantico Center hosted 68 events during 2006.

This compares with 56 events in 2005 and 65 in 2004. The total number of days with events increased from 143 in 2005 to 166 in 2006.

About 5 percent of those who attended a conference or meeting at Pocantico during 2006 came from locations outside the United States.

This represents about a 7 percent decrease from 2005. Participant totals include some individuals (e.g. RBF staff) that attended more than one event.

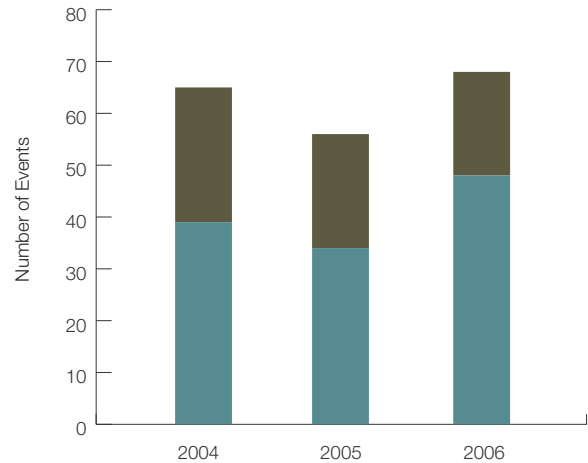
In 2006, the RBF sponsored or organized 22 percent of all events at the Pocantico Conference Center.

Conferences and Meetings

Number of Events

2006

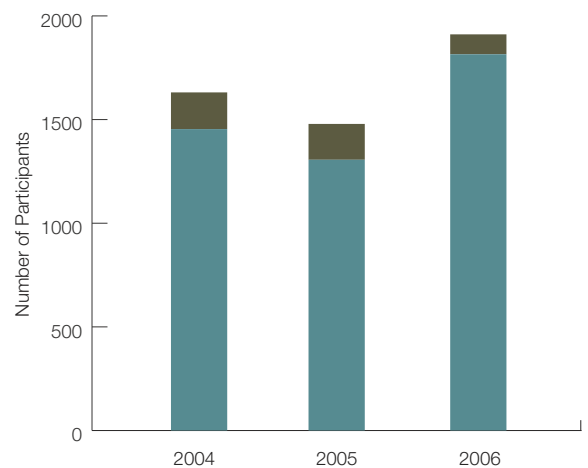
Conferences	48
Meetings/Retreats	20
Total	68



Number of Participants

2006

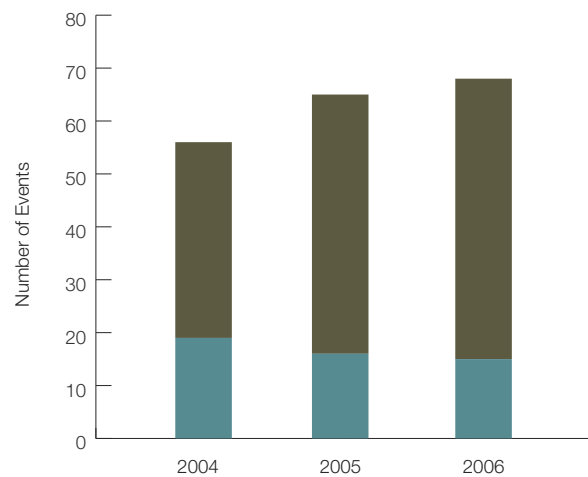
Non-U.S. Participants	96
U.S. Participants	1815
Total	1911



Number of Events by Sponsor/Organizer

2006

Others	53
RBF	15
Total	68



About 41 percent of the events held at the conference center during 2006 were funded entirely by outside sources. The RBF contributed some form of financial assistance to the remaining conferences and meetings.

The RBF program-funded events increased from 54 percent in 2005 to 56 percent in 2006. Other sources provided the remaining 44 percent.

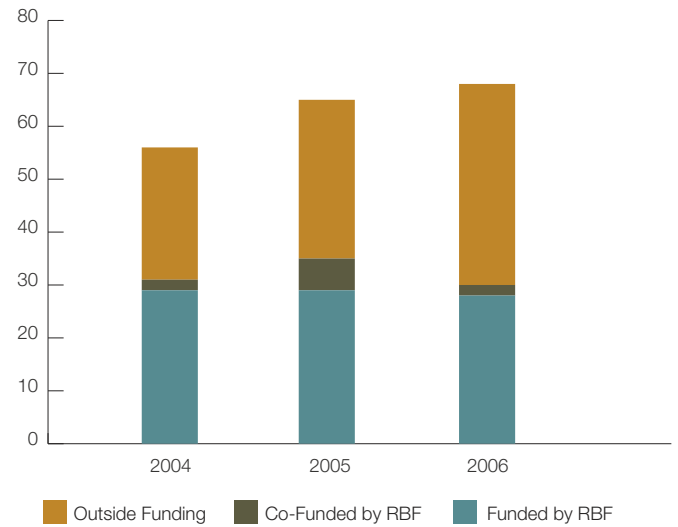
Section: 4

Pocantico

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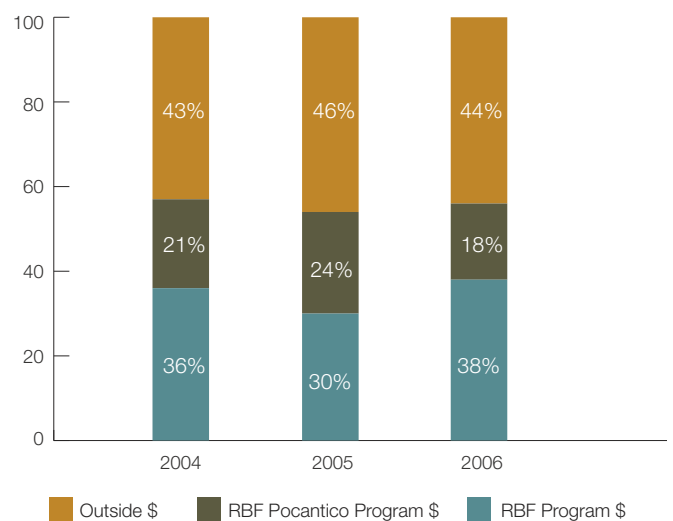
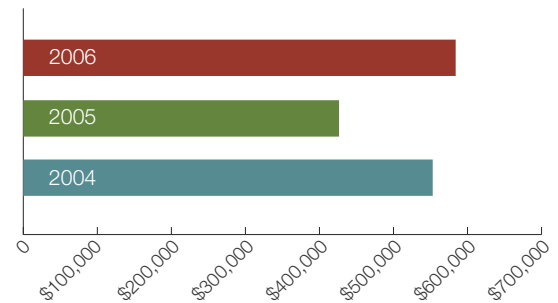
Number of Events by Funding Source

	2006
Outside Funding	38
Co-Funded by RBF	2
Funded by RBF	28
Total	68



Total Amount of Funding

	2006
RBF Program \$	\$ 211,555
RBF Pocantico Program \$	\$ 98,236
Outside \$	\$ 248,874
Total	\$ 558,665



The number of events funded, in whole or in part, from grant program budgets increased from 20 in 2005 to 27 in 2006.

For the second consecutive year, the Democratic Practice program sponsored the most convenings.

The RBF program theme that was the subject of the greatest number of events at the Pocantico Conference Center in 2006 was Democratic Practice.

In 2005, it was also Democratic Practice, and in 2004, it was Sustainable Development.

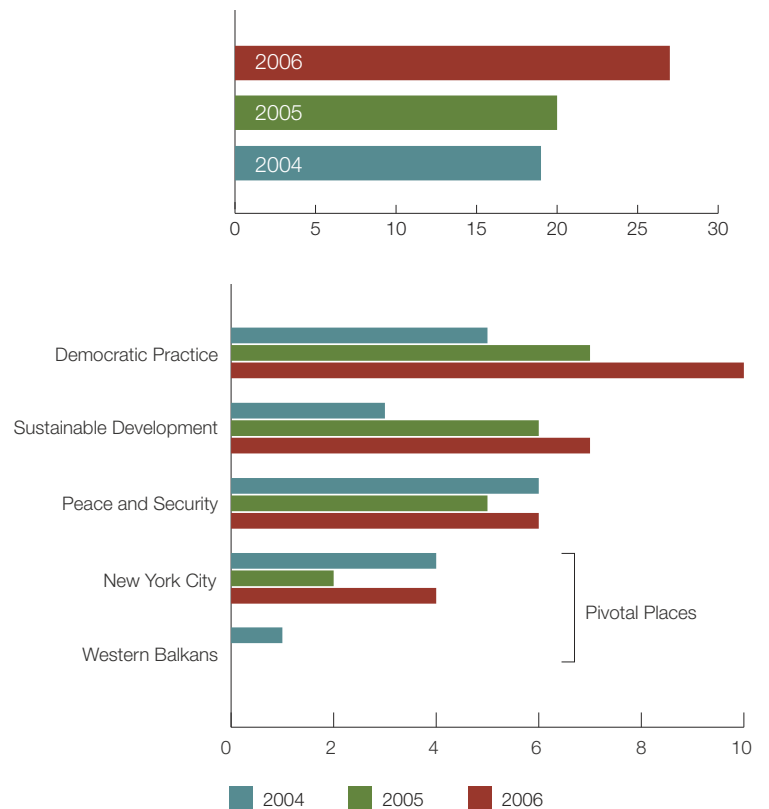
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Pocantico

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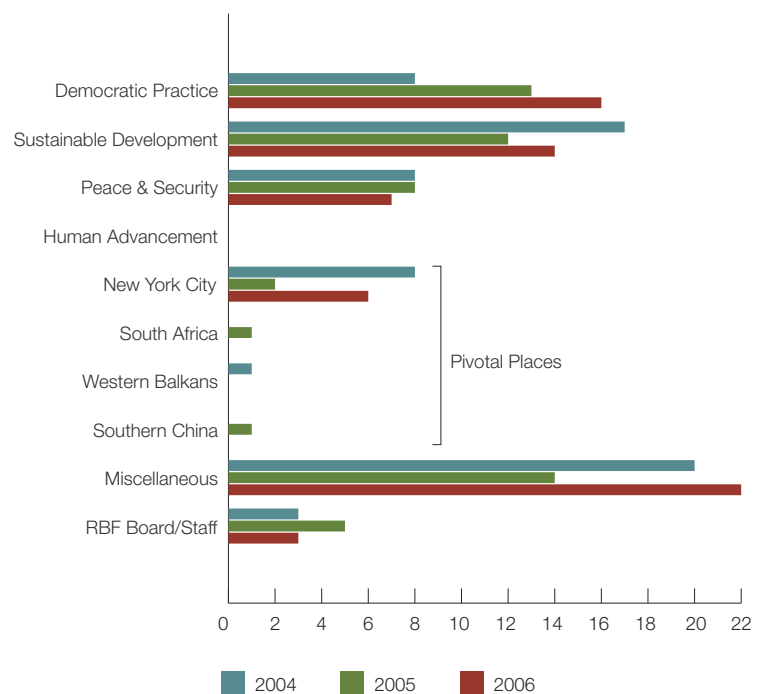
Number of Events Funded from Grants Program

	2006
Pivotal Place – Western Balkans	0
Pivotal Place – South Africa	0
Pivotal Place – New York City	4
Pivotal Place – Southern China	0
Human Advancement	0
Peace and Security	6
Sustainable Development	7
Democratic Practice	10
Total	27



Number of Events by RBF Program Theme

	2006
RBF Board/Staff	3
Miscellaneous	22
Pivotal Place – Southern China	0
Pivotal Place – Western Balkans	0
Pivotal Place – South Africa	0
Pivotal Place – New York City	6
Human Advancement	0
Peace and Security	7
Sustainable Development	14
Democratic Practice	16
Total	68



The overwhelming majority of events at the Pocantico Conference Center continue to be two or three days in duration.

However, the number of one day or less events nearly doubled from six in 2005 to 11 in 2006.

The number of people who visited the Pocantico Historic Area declined by 5,280 between 2005 and 2006.

Since 2004, the number of visitors to the Pocantico Historic Area has continued to decline.

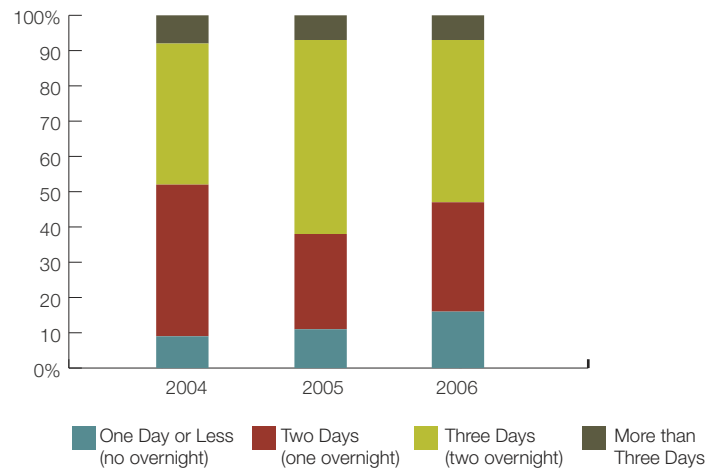
Section: 4

Pocantico

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Duration of Events

	2006
One Day or Less (no overnight)	11
Two Days (one overnight)	21
Three Days (two overnights)	31
More than Three Days	5

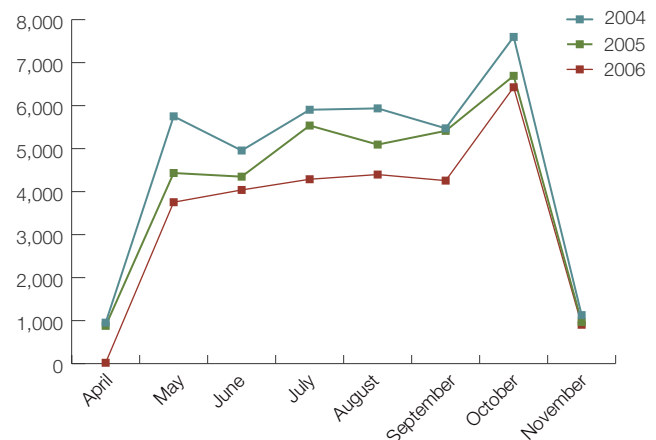
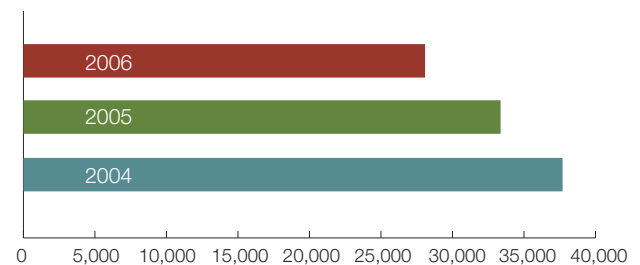


Public Access

Number of Visitors During Visitation Season*

	2006
Total	28,085
April	20
May	3,754
June	4,039
July	4,288
August	4,397
September	4,256
October	6,427
November	904

*Season began May 13 and ended November 6



After adjusting for reimbursements for shared staff, total RBF headcount decreased by 8.28 full-time equivalents between 2005 and 2006.

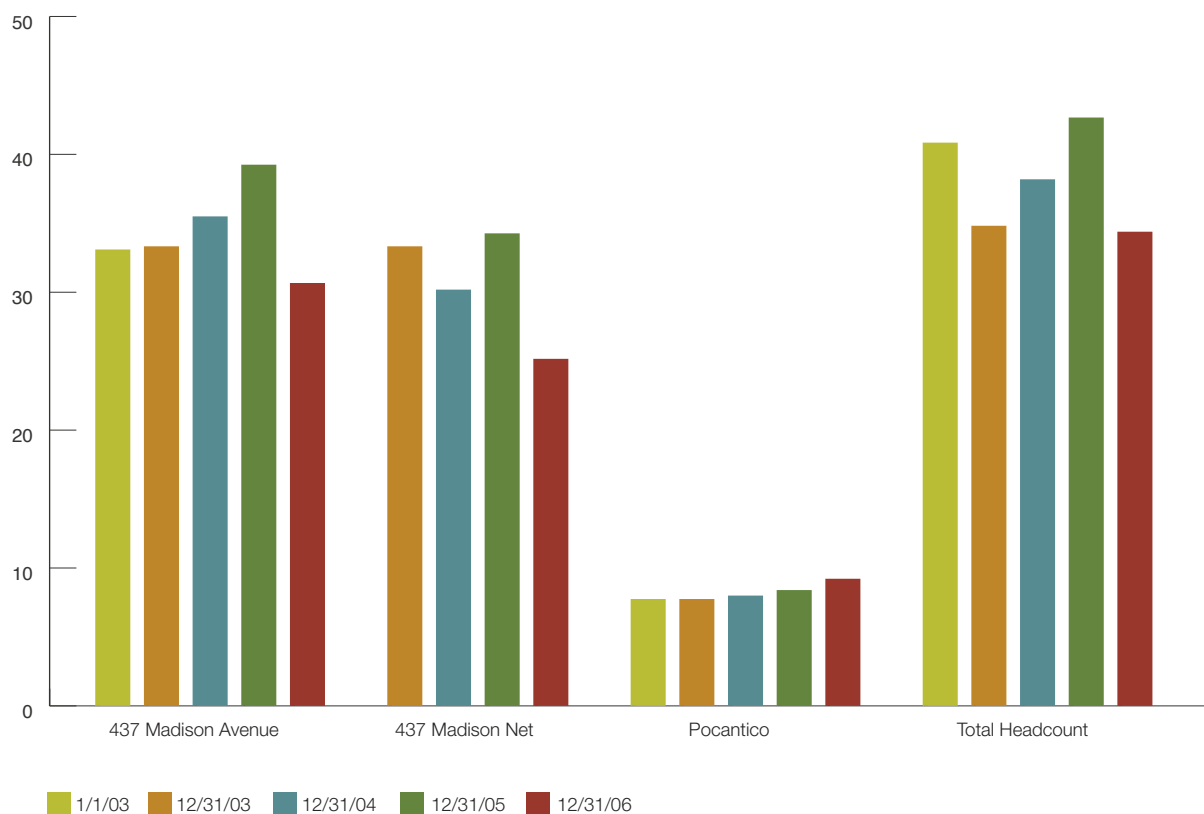
This is a comparison of payroll at December 31, 2005 and payroll at December 31, 2006.

During 2006, we added:

- (1) Naomi Jackson, program associate
- (2) Hope Lyons, grants manager
- (3) Margaret Oldfather, preservation program associate
- (4) Arnaldo Ugarte, conservation technician

Number of RBF Employees on Payroll in FTEs

	1/1/03	12/31/03	12/31/04	12/31/05	12/31/06
437 Madison	33.10	33.33	35.50	39.25	30.67
Reimbursement		6.26	5.31	4.98	5.50
437 Madison Net		27.07	30.19	34.27	25.17
Pocantico	7.75	7.75	8.00	8.40	9.22
Total Headcount	40.85	34.82	38.19	42.67	34.39



The average length of service for employees on the payroll at the end of 2006 was 10.9 years.

The average age of an RBF staff member at the end of 2006 was 48.6.

With turnovers, the male staff declined 9 percent from 34 percent in 2005 to 25 percent in 2006.

Section: 5

Human Resources

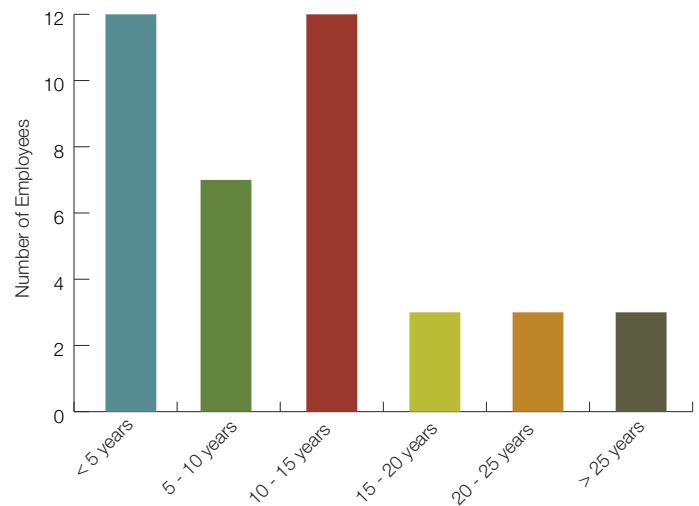
(continued)

Tenure of RBF Employees

(total of 40)

2006

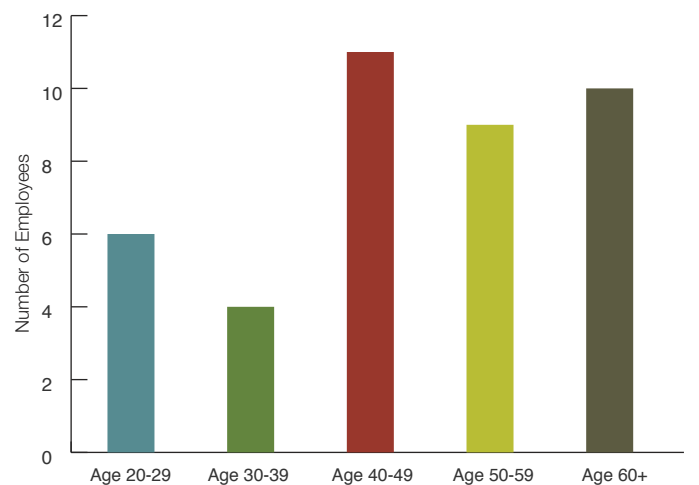
Less than 5 years	12	30%
5 – 10 years	7	18%
10 – 15 years	12	30%
15 – 20 years	3	8%
20 – 25 years	3	8%
25 years or more	3	8%
Average length of service	10.9	



Age Breakdown

2006

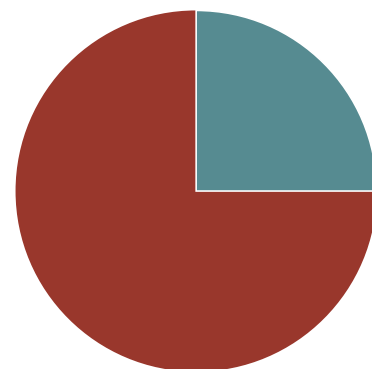
Age 20-29	6	15%
Age 30-39	4	10%
Age 40-49	11	28%
Age 50-59	9	23%
Age 60+	10	25%
Average Age	48.6	



Gender of RBF Employees

2006

Male	10	25%
Female	30	75%



Grants accounted for 71 percent of total program spending in 2006, up from 69 percent in 2005.

The All Operations data combine 437 Madison Avenue and Pocantico operations. Figures include spending related to Magsaysay Awards and Program for Asian Projects.

When Pocantico operations are excluded, grants accounted for 78 percent of program spending, a 1 percent increase from 2005.

If program-related expenditures and spending for Pocantico conferences are added to grants this percentage figure rises to 80 percent for 2006.

Expenditures on administration as a percentage of total spending (excluding Pocantico operations) decreased slightly from 21 percent in 2005 to 20 percent in 2006.

It should be noted that administrative expenditures here include amounts that have been or will be classified as direct charitable activity (DCA).

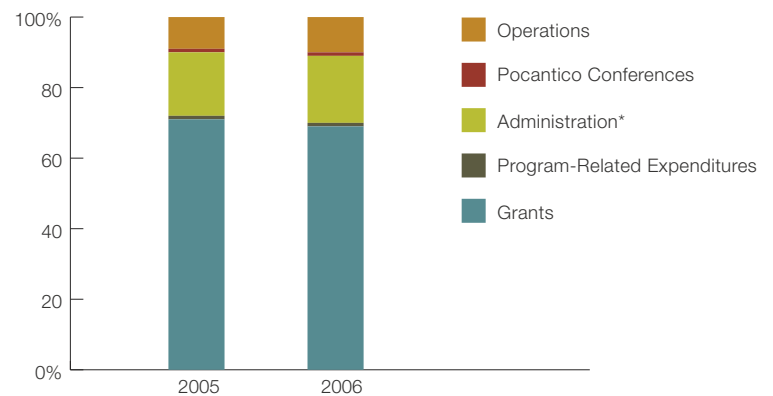
Section: 6

Program Spending Analysis

Program Spending – ALL Operations

	2006
Grants	\$ 26,122,331
Program-Related Expenditures	\$ 494,766
Administration*	\$ 6,740,000
Pocantico Conference	\$ 309,792
Pocantico Operations	\$ 3,324,000
Total	\$ 36,990,889

(Note: Difference in this fourth edition and above due to error in 2005 calculation of program-related expenditures; rounding)

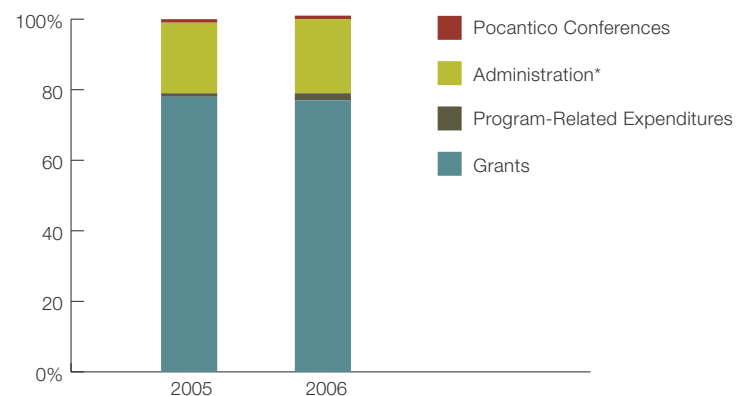


*Includes Direct Charitable Activity and Magsaysay-related administration

Program Spending-Excludes Pocantico Operations

	2006
Grants	\$ 26,122,331
Program-Related Expenditures	\$ 494,766
Administration*	\$ 6,740,000
Pocantico Conference	\$ 309,792
Total	\$ 33,666,889

(Note: Difference in this fourth edition and above due to error in 2005 calculation of program-related expenditures; rounding)



*Includes Direct Charitable Activity and Magsaysay-related administration

Actual spending on administration at 437 Madison Avenue in 2006 was \$456,000 less than what had been budgeted.

The savings were due primarily to (1) numerous open positions in the second half of the year, and (2) increased allocation of expenses to the investment area, which are not included in the net administrative expenses. As in past years when this same situation has arisen, the savings were used to make prepayments on future year grant commitments.

Personnel costs (Direct + Indirect Compensation) account for 64 percent of total administrative expenses at 437 Madison Avenue.

The next highest category of expenses is occupancy at 12 percent.

Section: 6

Program Spending Analysis *(continued)*

437 Madison Administration

2006		
Budget	\$	7,181,000
Actual Spending*	\$	6,740,000
Actual Spending vs. Budget	\$	456,000

* Includes DCA, excludes investment -related expenditures

Analysis of Expenditures**

Direct Compensation	\$	3,519,000	47%
Indirect Compensation	\$	1,284,000	17%
Professional Services	\$	320,000	4%
Travel	\$	428,000	6%
Occupancy	\$	879,000	12%
Communications	\$	332,000	4%
Insurance	\$	134,000	2%
General Administration	\$	379,000	5%
Staff Development	\$	62,000	1%
Capital Expenditures	\$	88,000	1%
TOTAL	\$	7,425,000	

**Includes investment-related expenses

