



**THE DAVID ROCKEFELLER FUND, INC.**

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
345 Park Avenue  
New York, NY 10154-0102

## **Independent Auditors' Report**

The Board of Trustees  
The David Rockefeller Fund, Inc.:

We have audited the accompanying financial statements of The David Rockefeller Fund, Inc. (the Fund), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The David Rockefeller Fund, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*KPMG LLP*

July 18, 2016

**THE DAVID ROCKEFELLER FUND, INC.**

Statements of Financial Position

December 31, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	\$ 159,149	238,249
Accounts receivable and other assets	8,869	300
Investments	<u>5,358,592</u>	<u>5,720,486</u>
Total assets	<u>\$ 5,526,610</u>	<u>5,959,035</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 105,475	101,693
Grants payable	<u>55,000</u>	<u>19,000</u>
Total liabilities	160,475	120,693
Net assets – unrestricted	<u>5,366,135</u>	<u>5,838,342</u>
Total liabilities and net assets	<u>\$ 5,526,610</u>	<u>5,959,035</u>

See accompanying notes to financial statements.

**THE DAVID ROCKEFELLER FUND, INC.**

Statements of Activities

Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Contributions	\$ 1,250,000	1,505,475
Investment income	96,442	94,621
Total revenues	<u>1,346,442</u>	<u>1,600,096</u>
Expenses:		
Direct charitable activities	42,151	—
Program and grants management	1,412,649	1,481,891
Investment management	102,645	73,361
General management	241,721	318,374
Total expenses	<u>1,799,166</u>	<u>1,873,626</u>
Deficiency of operating revenues over expenses	(452,724)	(273,530)
Nonoperating (losses) gains:		
Net realized and unrealized (losses) gains on investments	<u>(19,483)</u>	<u>304,197</u>
(Decrease) increase in net assets	(472,207)	30,667
Net assets at beginning of year	<u>5,838,342</u>	<u>5,807,675</u>
Net assets at end of year	<u>\$ 5,366,135</u>	<u>5,838,342</u>

See accompanying notes to financial statements.

**THE DAVID ROCKEFELLER FUND, INC.**

Statements of Cash Flows

Years ended December 31, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (472,207)	30,667
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Net realized and unrealized losses (gains) on investments	19,483	(304,197)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(8,569)	(300)
Accounts payable and accrued expenses	3,782	19,912
Grants payable	36,000	4,500
Net cash used in operating activities	(421,511)	(249,418)
Cash flows from investing activities:		
Proceeds from sales of investments	1,033,206	467,666
Purchases of investments	(690,795)	(235,357)
Net cash provided by investing activities	342,411	232,309
Net decrease in cash and cash equivalents	(79,100)	(17,109)
Cash and cash equivalents at beginning of year	238,249	255,358
Cash and cash equivalents at end of year	\$ 159,149	238,249
Supplemental disclosure of cash flow information:		
Cash paid for taxes	\$ 14,146	7,299

See accompanying notes to financial statements.

## THE DAVID ROCKEFELLER FUND, INC.

Notes to Financial Statements

December 31, 2015 and 2014

### (1) Organization and Purpose

The David Rockefeller Fund, Inc. (the Fund) is a not-for-profit, charitable corporation existing under the New York not-for-profit corporation law and is classified as a private foundation as defined in the Internal Revenue Code (the Code). The Fund was established in 1989 and provides support to charitable and public organizations in the areas of Criminal Justice, Environment, and the Arts. The Fund also underwrites a number of programs designed to encourage family members' individual philanthropic involvement and interests, as well as collaborative grant-making by the family.

### (2) Summary of Significant Accounting Policies

#### (a) *Basis of Presentation*

The financial statements of the Fund are prepared on the accrual basis of accounting.

The Fund considers net realized gains and losses from securities sales and net change in unrealized appreciation on investments to be nonoperating activities.

#### (b) *Cash Equivalents*

Cash equivalents are short-term, highly liquid investments whose original maturities are three months or less.

#### (c) *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. The Fund has established a fair value hierarchy, which uses the following three levels of inputs to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

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

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

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

## THE DAVID ROCKEFELLER FUND, INC.

Notes to Financial Statements

December 31, 2015 and 2014

**(d) Investments**

Investments in marketable securities are carried at quoted market prices. Unrealized gains or losses are determined using quoted market prices at the respective balance sheet 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 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).

**(e) Grants Payable**

Grants are recognized in the year that they are authorized by the board of trustees and the recipient is notified. All amounts payable at December 31, 2015 are expected to be paid in 2016.

**(f) Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period received and are considered to be available for unrestricted use unless specifically restricted by the donor. For 2015 and 2014, there were no amounts received with donor-imposed restrictions. In 2015 and 2014, contribution revenue of \$1,250,000 was generated from one donor.

**(g) Tax Status**

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Code and has been classified as a "private foundation." As such, it is subject to federal excise tax on investment income, which has been included in general and administrative expenses in the accompanying statements of activities. Private foundations are required by the Code to distribute annually 5% of the average of the fair market value of their assets no later than the 12-month period following the end of their fiscal year.

The Fund follows the provisions of ASC Subtopic 740-10, *Income Taxes – Overall*, 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 DAVID ROCKEFELLER FUND, INC.**

Notes to Financial Statements

December 31, 2015 and 2014

**(h) 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 investment management and general management comprise the supporting activity expenses. 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. Overhead expenses are allocated to functional areas based upon actual usage, if specifically identifiable. The allocation of expenses is made by management based on the estimated time spent by staff in the various program service functions.

**(i) Use of Estimates**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(j) Recently Issued Accounting Pronouncements**

In May 2015, the Financial Accounting Standards Board issued ASU No. 2015-07 (ASU No. 2015-07), *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The guidance removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. ASU No. 2015-07 is effective for fiscal years beginning after December 15, 2016. The Fund elected to early adopt the provisions of ASU No. 2015-07 and applied the provisions of the ASU retrospectively to 2014.

**(k) Reclassifications**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

**THE DAVID ROCKEFELLER FUND, INC.**

Notes to Financial Statements

December 31, 2015 and 2014

**(3) Investments**

The following table presents the Fund's fair value hierarchy for those assets measured at fair value as of December 31, 2015 and 2014:

	<b>December 31, 2015</b>		<b>December 31, 2014</b>	
	<u>Fair value</u>	<u>Level 1</u>	<u>Fair value</u>	<u>Level 1</u>
Investments:				
Fixed income – mutual funds	\$ 213,227	213,227	210,638	210,638
Cash and cash equivalents	<u>50,660</u>	<u>50,660</u>	<u>50,534</u>	<u>50,534</u>
	263,887	<u>\$ 263,887</u>	261,172	<u>\$ 261,172</u>
Investments measured at net asset value:				
Limited partnerships	<u>5,094,705</u>		<u>5,459,314</u>	
Total investments	<u>\$ 5,358,592</u>		<u>5,720,486</u>	

The Fund had no investments categorized as level 2 or 3 in 2015 or 2014. The Fund had no significant transfers into and out of Level 1, Level 2, or Level 3 fair value measurements in 2015 or 2014.

The net realized and unrealized (losses) gains on investments for the years ended December 31, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Net realized gains	\$ 427,018	354,472
Net unrealized losses	<u>(446,501)</u>	<u>(50,275)</u>
	<u>\$ (19,483)</u>	<u>304,197</u>

**THE DAVID ROCKEFELLER FUND, INC.**

Notes to Financial Statements

December 31, 2015 and 2014

The following tables present the nature and liquidity of the Fund's investments at fair value as of December 31, 2015 and 2014:

<b>December 31, 2015</b>				
	<b>Fair value</b>	<b>Unfunded commitments</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
Global equity <sup>(a)</sup>	\$ 977,202	—	Monthly	7 business days
Fund of hedge funds <sup>(b)</sup>	10,465	—	None	N/A
Fund of private equity and venture capital funds <sup>(c)</sup>	484,068	162,000	None	N/A
Socially responsive global equities <sup>(d)</sup>	3,351,542	—	Monthly	7 business days
Socially responsive U.S. equities <sup>(e)</sup>	271,428	—	Monthly	5 business days
Fixed income – mutual funds	213,227	—	Daily	Daily
Cash and cash equivalents	50,660	—	Daily	Daily
	<u>\$ 5,358,592</u>	<u>162,000</u>		

<b>December 31, 2014</b>				
	<b>Fair value</b>	<b>Unfunded commitments</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
Global equity <sup>(a)</sup>	\$ 1,214,086	—	Monthly	7 business days
Fund of hedge funds <sup>(b)</sup>	14,009	—	None	N/A
Fund of private equity and venture capital funds <sup>(c)</sup>	541,269	162,000	None	N/A
Socially responsive global equities <sup>(d)</sup>	3,409,891	—	Monthly	7 business days
Socially responsive U.S. equities <sup>(e)</sup>	280,059	—	Monthly	5 business days
Fixed income – mutual funds	210,638	—	Daily	Daily
Cash and cash equivalents	50,534	—	Daily	Daily
	<u>\$ 5,720,486</u>	<u>162,000</u>		

- (a) This category includes a global equity fund that invests primarily in global large capitalization equities. The investment manager utilizes a fundamental research process that attempts to identify attractive investment opportunities, and examines and evaluates the long-term profitability and free cash flow potential of each major operating division of every company in whose stock they invest. Holdings in this category can be invested in either value or growth stocks, but the manager attempts to ensure that each stock has a demonstrable level of undervaluation based on the manager's research.

## THE DAVID ROCKEFELLER FUND, INC.

### Notes to Financial Statements

December 31, 2015 and 2014

- (b) This category includes a fund of hedge funds, which is in the final stages of liquidation, and all redemptions have been suspended.
- (c) This category includes a fund of private equity and venture capital funds that invests in private equity, primarily through investments in venture capital funds and growth equity funds investing in established private companies and specialized buyout and recapitalization funds. The investment fund contained in this category is a commitment fund with limited exit rights.
- (d) This category includes a fund that invests in a diversified portfolio of U.S. and non-U.S. companies with a market capitalization greater than \$1 billion. The manager attempts to employ a socially responsive strategy that uses a thoughtful and disciplined approach to proxy voting and shareholder activism that is based on research, and designed to encourage company management to improve certain business practices for the betterment of all stakeholders. The objective is to identify those socially responsive companies with the greatest potential return in an attempt to outperform the MSCI World index over a “full market cycle” (rolling 3 – to 5-year periods).
- (e) This category includes a fund that invests in U.S. small and mid-capitalization public equities that are responsive to governance, social, and environmental concerns as determined by the general partner. The Partnership may also invest in a limited number of publicly traded Canadian equities from time to time. The investment objective of the fund is long-term growth of the Partnership’s capital.

#### (4) Reconciliation of Grants Awarded

The following table reconciles grants awarded and grants paid during 2015 and 2014:

Grants payable, December 31, 2013	\$	14,500
Grants awarded 2014		1,466,500
Grants paid 2014		<u>(1,462,000)</u>
Grants payable, December 31, 2014		19,000
Grants awarded 2015		1,266,000
Grants paid 2015		<u>(1,230,000)</u>
Grants payable, December 31, 2015	\$	<u>55,000</u>

The Fund estimates that the grants payable balance as of December 31, 2015 will be paid in 2016. The net present value of grants payable is not materially different from amounts committed to be paid.

**THE DAVID ROCKEFELLER FUND, INC.**

Notes to Financial Statements

December 31, 2015 and 2014

**(5) Related Parties**

In 2015, the Fund reimbursed the Rockefeller Brothers Fund (RBF) for accounting, human resource and operations staff services. The Fund also reimbursed RBF for certain other costs including employee benefits; consultant and legal fees related to employee benefits; information technology services; occupancy; and other miscellaneous overhead expenses. The Fund's total reimbursement to RBF was \$148,200 in 2015. The Fund reimbursed RBF for accounting staff services, in addition to certain other costs including audit and tax fees, and other miscellaneous expenses in the amount of \$48,490 in 2014. During 2014, the Fund received grant management and administrative services provided by David Rockefeller at no cost to the Fund. The value of these services was \$255,475, and is included in contributions and general and administrative expenses in the accompanying statements of activities. There were no such services provided in 2015. Investment management fees of \$69,949 and \$73,361 were charged by Rockefeller & Company in 2015 and 2014, respectively. In 2015 and 2014, the Fund made a grant in the amount of \$145,000 and \$230,000, respectively, to Rockefeller Philanthropy Advisors (RPA) for the two donor-advised funds managed in its name. The purpose of the donor-advised funds is to support the Discretionary Grants/Trustee Grants Program of the Fund.

**(6) Federal Taxes**

As a private foundation, the Fund is assessed an excise tax by the Code. This tax is generally equal to 2%; however, it is reduced to 1% if a foundation meets certain distribution requirements under Section 4940(e) of the Code. The Fund provided for excise taxes at the rate of 2% and 1% in 2015 and 2014, respectively, in the accompanying financial statements. The following table reconciles the Fund's current and deferred tax provisions for the years ended December 31, 2015 and 2014, respectively:

	<b>2015</b>	<b>2014</b>
Current tax:		
Beginning of year (receivable) liability	\$ (300)	2,803
Excise tax expense	13,946	3,946
Payments	(14,146)	(7,049)
End of year receivable, included in accounts receivable and other assets	\$ (500)	(300)
Deferred tax:		
Beginning of year liability	\$ 29,776	30,374
Deferred tax credit adjustment	(9,210)	(598)
End of year liability, included in accounts payable and accrued expenses	\$ 20,566	29,776

**(7) Subsequent Events**

In connection with the preparation of the financial statements, the Fund evaluated events subsequent to the statement of financial position date of December 31, 2015 through July 18, 2016, which was the date the financial statements were available to be issued and determined that there were no matters that are required to be disclosed.

**THE DAVID ROCKEFELLER FUND, INC.**

## Supplemental Schedule of Functional Expenses

Year ended December 31, 2015

(With Summarized Financial Information for the year ended December 31, 2014)

	<b>Direct charitable activities</b>	<b>Program and grant management</b>	<b>Investment management</b>	<b>General management</b>	<b>2015 DRF funds</b>	<b>2014 DRF funds</b>
Salaries and employee benefits:						
Salaries	\$ 25,795	89,892	16,746	137,674	270,107	255,475
Employee benefits	6,765	23,574	4,392	36,105	70,836	—
	<u>32,560</u>	<u>113,466</u>	<u>21,138</u>	<u>173,779</u>	<u>340,943</u>	<u>255,475</u>
Other expenses:						
Grants awarded	—	1,266,000	—	—	1,266,000	1,466,500
Federal excise and other taxes	—	—	—	4,736	4,736	3,701
Consultants' fees	—	2,020	—	5,176	7,196	465
Investment services	—	—	70,027	—	70,027	73,361
Legal, audit and professional fees	—	—	9,650	17,406	27,056	35,489
Travel	6,536	14,329	—	3,829	24,694	5,056
Rent and electricity	1,218	6,711	730	14,145	22,804	—
Telephone, facsimile and internet	115	634	69	1,337	2,155	—
Insurance	283	1,557	169	3,282	5,291	66
General office expenses	1,387	7,643	831	16,108	25,969	23,644
Communications	—	—	—	1,314	1,314	9,869
Depreciation	52	289	31	609	981	—
	<u>\$ 42,151</u>	<u>1,412,649</u>	<u>102,645</u>	<u>241,721</u>	<u>1,799,166</u>	<u>1,873,626</u>

See accompanying independent auditors' report.