



THE DAVID ROCKEFELLER FUND, INC.

Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of The David Rockefeller Fund, Inc. (the Fund) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

July 11, 2012

THE DAVID ROCKEFELLER FUND, INC.

Statements of Financial Position

December 31, 2011 and 2010

Assets	2011	2010
Cash and cash equivalents	\$ 191,692	199,801
Accounts receivable and other assets	3,986	3,553
Investments	<u>4,169,007</u>	<u>4,626,560</u>
Total assets	<u>\$ 4,364,685</u>	<u>4,829,914</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 44,427	53,481
Grants payable	<u>85,000</u>	<u>158,000</u>
Total liabilities	129,427	211,481
Net assets – unrestricted	<u>4,235,258</u>	<u>4,618,433</u>
Total liabilities and net assets	<u>\$ 4,364,685</u>	<u>4,829,914</u>

See accompanying notes to financial statements.

THE DAVID ROCKEFELLER FUND, INC.

Statements of Activities

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Contributions	\$ 1,445,549	1,428,600
Dividend and interest income	91,502	111,335
Total revenues	<u>1,537,051</u>	<u>1,539,935</u>
Expenses:		
Grants awarded	1,338,500	1,477,375
Matching grants program	41,000	17,000
Program related expenses	24,793	34,320
Investment management fees	52,310	41,511
General and administrative	231,477	237,003
Total expenses	<u>1,688,080</u>	<u>1,807,209</u>
Deficiency of operating revenues over expenses	(151,029)	(267,274)
Nonoperating (losses) gains:		
Net realized and unrealized (loss) gain on investments	(232,146)	420,675
(Decrease) increase in net assets	(383,175)	153,401
Net assets at beginning of year	<u>4,618,433</u>	<u>4,465,032</u>
Net assets at end of year	<u>\$ 4,235,258</u>	<u>4,618,433</u>

See accompanying notes to financial statements.

THE DAVID ROCKEFELLER FUND, INC.

Statements of Cash Flows

Years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (383,175)	153,401
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Net realized and unrealized loss (gain) on investments	232,146	(420,675)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(433)	2,397
Accounts payable and accrued expenses	(9,054)	7,928
Grants payable	(73,000)	143,000
Net cash used in operating activities	(233,516)	(113,949)
Cash flows from investing activities:		
Partnership withdrawals	515,170	682,204
Partnership contributions and partnership income reinvested	(289,763)	(1,066,214)
Net cash provided by (used in) investing activities	225,407	(384,010)
Net decrease in cash and cash equivalents	(8,109)	(497,959)
Cash and cash equivalents at beginning of year	199,801	697,760
Cash and cash equivalents at end of year	\$ 191,692	199,801
Supplemental disclosure of cash flow information:		
Cash paid for taxes	\$ —	—

See accompanying notes to financial statements.

THE DAVID ROCKEFELLER FUND, INC.

Notes to Financial Statements

December 31, 2011 and 2010

(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 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 individual family members' philanthropic involvement and interest.

(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 for 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, 2011 and 2010

(d) Investments

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).

The Fund follows the provisions of Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12), to certain investments in funds that do not have readily determinable fair values including private investments, hedge funds, real estate, and other funds. ASU 2009-12 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.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Fund's interest therein, its classification in Level 2 or 3 is based on the Fund's ability to redeem its interest at or near December 31. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

(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, 2011 are expected to be paid in 2012.

(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 2011 and 2010, there were no amounts received with donor-imposed restrictions. In 2011 and 2010, 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 Internal Revenue Code (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 DAVID ROCKEFELLER FUND, INC.

Notes to Financial Statements

December 31, 2011 and 2010

The Fund follows the provisions of *Accounting Standards Codification (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.

(h) 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.

(3) Investments

The following tables present the Fund’s fair value hierarchy for those assets and liabilities measured at fair value as of December 31, 2011 and 2010:

		December 31, 2011			
		Fair value	Level 1	Level 2	Level 3
Financial assets:					
Investments:					
Limited partnerships	\$	3,982,490	—	3,531,045	451,445
Fixed income – mutual funds		186,517	186,517	—	—
Total investments	\$	<u>4,169,007</u>	<u>186,517</u>	<u>3,531,045</u>	<u>451,445</u>
		December 31, 2010			
		Fair value	Level 1	Level 2	Level 3
Financial assets:					
Investments:					
Limited partnerships	\$	4,182,913	—	3,750,016	432,897
Fixed income – mutual funds		443,647	443,647	—	—
Total investments	\$	<u>4,626,560</u>	<u>443,647</u>	<u>3,750,016</u>	<u>432,897</u>

The Fund had no significant transfers into and out of Level 1, Level 2, or Level 3 fair value measurements.

THE DAVID ROCKEFELLER FUND, INC.

Notes to Financial Statements

December 31, 2011 and 2010

The following table presents the reconciliation for all Level 3 assets measured at fair value for the periods January 1, 2011 to December 31, 2011 and January 1, 2010 to December 31, 2010:

	<u>2011</u>	<u>2010</u>
Financial assets:		
Fair value at January 1	\$ 432,897	495,707
Net realized and unrealized gains	30,304	27,372
Purchases	72,002	78,022
Settlements	<u>(83,758)</u>	<u>(168,204)</u>
Fair value at December 31	<u>\$ 451,445</u>	<u>432,897</u>

The net realized and unrealized (losses) gains on investments for the years ended December 31, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Net realized (losses) gains	\$ (38,015)	128,202
Net unrealized (losses) gains	<u>(194,131)</u>	<u>292,473</u>
	<u>\$ (232,146)</u>	<u>420,675</u>

The following tables present the nature and liquidity of the Fund's investments at fair value as of December 31, 2011 and 2010:

	<u>December 31, 2011</u>			
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Global equity ^(a)	\$ 2,616,337	—	Monthly	7 business days
Fund of hedge funds ^(b)	29,028	—	None	N/A
Fund of private equity and venture capital funds ^(c)	422,417	198,000	None	N/A
Socially responsive global equities ^(d)	914,708	—	Monthly	7 business days
Fixed income – mutual funds	<u>186,517</u>	<u>—</u>	Daily	Daily
	<u>\$ 4,169,007</u>	<u>198,000</u>		

THE DAVID ROCKEFELLER FUND, INC.

Notes to Financial Statements

December 31, 2011 and 2010

	December 31, 2010			
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Global equity ^(a)	\$ 2,778,121	—	Monthly	7 business days
Fund of hedge funds ^(b)	109,038	—	None	N/A
Fund of private equity and venture capital funds ^(c)	323,859	270,000	None	N/A
Socially responsive global equities ^(d)	971,895	—	Monthly	7 business days
Fixed income – mutual funds	443,647	—	Daily	Daily
	<u>\$ 4,626,560</u>	<u>270,000</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.
- ^(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).

THE DAVID ROCKEFELLER FUND, INC.

Notes to Financial Statements

December 31, 2011 and 2010

(4) Related Parties

The Fund receives grant management and administrative services provided by David Rockefeller at no cost to the Fund. The value of these services has been estimated to be \$195,549 and \$178,600 in 2011 and 2010, respectively, and is included in contributions and general and administrative expenses in the accompanying statements of activities. The Fund reimbursed the Rockefeller Brothers Fund for the fair value of accounting services provided in the amount of \$11,985 and \$19,278 for 2011 and 2010, respectively. Investment management fees of \$52,310 and \$41,511 were charged by Rockefeller & Company in 2011 and 2010, respectively. In 2011 and 2010, the Fund made grants in the amount of \$230,000 and 165,000, 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. In addition, the Fund paid \$5,275 and 10,775 in fees to RPA for services related to the administrative and fiscal management of these two donor advised funds, in 2011 and 2010, respectively. During 2011 and 2010, the Fund made a grant to the Rockefeller Family Fund, Inc., in the amounts of \$25,000 and \$50,000, respectively, in support of its coal program.

(5) 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 qualified for the reduced tax rate of 1% in 2010. The Fund provided for excise taxes at the rate of 1% and 2% in 2011 and 2010, respectively, in the accompanying financial statements. The federal excise tax expenses were \$400 and \$3,946 in 2011 and 2010, respectively. Due to an overpayment of excise taxes in 2008, which has not yet been depleted, and the remaining balance of which will be credited against the Fund's 2011 tax obligation, the Fund paid no estimated federal excise taxes in 2011 or 2010. In 2011, a deferred tax credit of \$3,882, and in 2010, a deferred tax expense of \$5,849 is included in general and administrative expenses in the accompanying financial statements.

(6) Subsequent Events

In connection with the preparation of the financial statements, the Fund evaluated subsequent events after the statement of financial position date of December 31, 2011 through July 11, 2012, 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.