The Rockefeller Foundation

Consolidated Financial Statements

December 31, 2019 and 2018

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees
The Rockefeller Foundation

We have audited the accompanying consolidated financial statements of The Rockefeller Foundation (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Rockefeller Foundation, as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

June 17, 2020

The Rockefeller Foundation

Consolidated Statements of Financial Position
(Amounts in thousands)

	December 31	
	2019	2018
ASSETS		
Cash and cash equivalents	$ 33,978	$ 14,244
Redemptions, dividends, interest, and other receivables	594	499
Prepaid Federal excise and unrelated business income taxes	1,225	2,372
Investments	4,823,948	4,362,636
Program related investments	35,077	32,382
Property, furniture, fixtures and equipment, net	9,468	9,462
Prepaid pension cost	25,616	22,184
Total Assets	$ 4,929,906	$ 4,443,779
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 9,558	$ 8,006
Grants payable	72,837	68,333
Term loan payable	6,690	8,269
Deferred federal excise tax	24,109	16,294
Postretirement benefit obligation	21,174	21,404
Total Liabilities	134,368	122,306
Net assets without donor restrictions	4,795,538	4,321,473
Total Liabilities and Net Assets	$ 4,929,906	$ 4,443,779

See notes to consolidated financial statements

The Rockefeller Foundation

Consolidated Statements of Activities
(Amounts in thousands)

	Year Ended December 31	
	2019	2018
INVESTMENT RETURN		
Net realized gain on investments	$ 316,489	$ 408,972
Unrealized appreciation (depreciation)	390,815	(257,463)
Dividend and interest income	19,803	19,878
Other investment gains	729	81
	727,836	171,468
Less direct investment expenses	(15,588)	(11,614)
Net Investment Return	712,248	159,854
EXPENSES		
Grants and direct charitable activities	150,463	101,201
Program costs	51,291	30,280
Operations and governance	30,767	23,212
Federal excise and other taxes	9,011	2,125
Total Expenses	241,532	156,818
Change in Net Assets Before Pension and Postretirement Benefit Liability Adjustments	470,716	3,036
Pension and postretirement benefit liability adjustments	3,349	208
Change in Net Assets	474,065	3,244
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	4,321,473	4,318,229
End of year	$ 4,795,538	$ 4,321,473

See notes to consolidated financial statements

The Rockefeller Foundation

Consolidated Statement of Functional Expenses
For The Year Ended December 31, 2019
(Amounts in thousands)

	Program Services			Supporting Services			
	Grants and Direct Charitable Activities	Program Costs	Subtotal	Operations and Governance	Taxes	Subtotal	2019 Total
Grants	$ 150,463	$ -	$ 150,463	$ -	$ -	$ -	$ 150,463
Salaries and benefits	-	22,806	22,806	12,448	-	12,448	35,254
Legal fees	-	872	872	4,737	-	4,737	5,609
Accounting fees	-	8	8	119	-	119	127
Other professional fees	-	22,191	22,191	4,034	-	4,034	26,225
Interest	-	-	-	423	-	423	423
Depreciation and depletion	-	62	62	2,276	-	2,276	2,338
Occupancy	-	476	476	1,792	-	1,792	2,268
Travel, conferences, and meetings	-	3,693	3,693	823	-	823	4,516
Printing and publications	-	171	171	28	-	28	199
Net periodic benefit (credit), other than service costs	-	-	-	(286)	-	(286)	(286)
Federal excise and other taxes	-	-	-	-	1,196	1,196	1,196
Federal deferred excise tax	-	-	-	-	7,815	7,815	7,815
Other expenses	-	1,012	1,012	4,373	-	4,373	5,385
	$ 150,463	$ 51,291	$ 201,754	$ 30,767	$ 9,011	$ 39,778	$ 241,532

See notes to consolidated financial statements

The Rockefeller Foundation

Consolidated Statement of Functional Expenses
For The Year Ended December 31, 2018
(Amounts in thousands)

	Program Services			Supporting Services			
	Grants and Direct Charitable Activities	Program Costs	Subtotal	Operations and Governance	Taxes	Subtotal	2018 Total
Grants	$ 101,201	$ -	$ 101,201	$ -	$ -	$ -	$ 101,201
Salaries and benefits	-	17,495	17,495	9,447	-	9,447	26,942
Legal fees	-	671	671	2,661	-	2,661	3,332
Accounting fees	-	-	-	140	-	140	140
Other professional fees	-	8,935	8,935	4,160	-	4,160	13,095
Interest	-	-	-	218	-	218	218
Depreciation and depletion	-	18	18	2,382	-	2,382	2,400
Occupancy	-	522	522	2,034	-	2,034	2,556
Travel, conferences, and meetings	-	2,263	2,263	664	-	664	2,927
Printing and publications	-	117	117	20	-	20	137
Net periodic benefit (credit), other than service costs	-	-	-	(909)	-	(909)	(909)
Federal excise and other taxes	-	-	-	-	7,270	7,270	7,270
Federal deferred excise tax (benefit)	-	-	-	-	(5,145)	(5,145)	(5,145)
Other expenses	-	259	259	2,395	-	2,395	2,654
	$ 101,201	$ 30,280	$ 131,481	$ 23,212	$ 2,125	$ 25,337	$ 156,818

See notes to consolidated financial statements

The Rockefeller Foundation

Consolidated Statements of Cash Flows
(Amounts in thousands)

	Year Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 474,065	$ 3,244
Adjustments to reconcile change in net assets to net cash from operating activities		
Pension and postretirement benefit adjustments	(3,349)	(208)
Depreciation and amortization	2,567	2,605
Deferred federal excise taxes (benefit)	7,815	(5,145)
Net unrealized (appreciation) depreciation on investments	(390,815)	257,463
Net realized gain on investments	(316,489)	(408,972)
Change in fair value of interest rate swap	151	(81)
Changes in operating assets and liabilities		
Redemptions, dividends, interest, and other receivables	(95)	(95)
Prepaid Federal excise and unrelated business income taxes	1,147	669
Prepaid pension cost	(83)	(380)
Postretirement benefit obligation	(230)	(564)
Accounts payable and accrued expenses	1,552	(221)
Grants approved, net	144,613	95,968
Grants paid	(140,109)	(157,549)
Net Cash from Operating Activities	(219,260)	(213,266)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,259,670	1,124,946
Purchase of investments	(1,016,373)	(907,659)
Purchase of furniture, fixtures and equipment	(2,573)	(1,233)
Net Cash from Investing Activities	240,724	216,054
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan payable	(1,730)	(1,731)
Net Cash from Financing Activities	(1,730)	(1,731)
Net Change in Cash and Cash Equivalents	19,734	1,057
CASH AND CASH EQUIVALENTS		
Beginning of year	14,244	13,187
End of year	$ 33,978	$ 14,244
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for term loan interest	$ 271	$ 333
Federal excise and Federal unrelated business income taxes paid	5,032	6,515

See notes to consolidated financial statements

1. Organization

The Rockefeller Foundation was established in 1913 by John D. Rockefeller, Sr., to "promote the well-being" of humanity by addressing the root causes of serious problems. The Rockefeller Foundation works around the world to expand opportunities for poor or vulnerable people and to help ensure that globalization's benefits are more widely shared. With assets of more than $4.9 billion, it is one of the few institutions to conduct such work both within the United States and internationally. In managing the endowment, financial objectives are achieved through a diversified investment portfolio and disciplined spending policies.

The Rockefeller Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("Code") and is a private foundation as defined in Section 509(a) of the Code.

The accompanying financial statements include the accounts of the Rockefeller Foundation, Rockefeller Foundation (London) LLC, a single member limited liability company, Rockefeller Foundation Impact Investment Management, LLC, Rockefeller Foundation Zero Gap Investment Fund Co-Invest, LLC and Smart Power for Rural Development India Foundation (collectively the "Foundation"), organized and operated exclusively for charitable, educational, religious, scientific or literary purposes, exempt under Section 501(c)(3) of the Code.

The Foundation recognizes the effect of tax positions when they are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for years prior to 2016.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying financial statements include the accounts of the Rockefeller Foundation, Rockefeller Foundation (London) LLC, Rockefeller Foundation Impact Investment Management, LLC, Rockefeller Foundation Zero Gap Investment Fund Co-Invest, LLC and Smart Power for Rural Development India Foundation. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation and Use of Estimates

The consolidated financial statements have been prepared in accordance with U.S. GAAP which 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 consolidated 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, program related investments, pension and other post-retirement benefits and depreciation. Management believes that the estimates utilized in preparing these financial statements are reasonable and appropriate.

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

Change in Accounting Principle

In March 2017, the Financial Accounting Standards Board issued guidance that impacts the presentation of net periodic pension and postretirement benefit costs (net benefit cost). Under the guidance, the service cost component of net benefit cost is reported in the same line items as other compensation costs and continues to be presented within salaries and benefits, unless eligible for capitalization. However, the other components of net benefit cost (e.g. interest costs, expected return on assets, amortization of prior service/net (gain) loss and transition obligation) are now presented separately from service cost within net periodic benefit costs, other than service costs, in the Consolidated Statements of Functional Expenses. The guidance was effective January 1, 2019 with early adoption permitted. The Foundation adopted the guidance as of the effective date. The guidance is primarily a change in financial statement presentation and did not have a material impact in the consolidated financial results. This presentation change was applied retrospectively upon adoption. For the year ended December 31, 2018, ($909) was recast from salaries and benefits, respectively, into net periodic benefit (credit) costs, other than service costs. Refer to Note 8, "Pensions and Other Post-Retirement Benefits," for additional information.

June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08"). ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The adoption of this ASU had no impact on the Foundation's consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and highly liquid debt instruments with maturities of 90 days or less at the time of purchase. Cash and cash equivalents held by the Foundation's investment managers, awaiting investment in various investment classes, are included within investments.

Investments

The Foundation's investments consist of marketable securities; alternative investments and similar interests; and cash held for reinvestment. Alternative investments and similar interests include hedge funds, real asset and private equity fund investments. Alternative investments and similar interests are reported at the net asset value provided by the management of the respective fund as of December 31 and are reviewed by the Foundation's management for reasonableness. Management utilizes audited financial statements when available for alternative investments as part of its on-going due diligence and annual financial statement valuation process. All other investments are stated at fair value as of December 31 based upon active markets.

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

Investments (continued)

Interest income and related expenses are accounted for on the accrual basis. Dividend income and related expenses are recognized on the ex-dividend date, net of withholding taxes, where applicable. Realized gains and losses on investments in securities are calculated based on the specific identification method, based on the trade date.

Transactions in other currencies are translated into U.S. dollars at the exchange rates in effect at the date of the transactions. Monetary assets and liabilities denominated in non-U.S. currency are reported at the exchange rates in effect at the end of the year. Any gain or loss arising from a change in exchange rates as of the date of the transaction is included in the change in realized gain on investments in the consolidated statements of activities. For the years ended December 31, 2019 and 2018, the realized and change in unrealized gain (loss), resulting from foreign exchange was approximately $13.3 million and ($0.1) million.

Derivatives

The Foundation records derivatives at fair value. The fair value of futures contracts is reflected in investments and the fair value of the interest rate swap is shown as an asset in the consolidated statements of financial position. Derivatives contain varying degrees of risk whereby changes in fair value of the securities underlying the financial instruments or the cost of satisfying the Foundation's obligations may exceed the amount recognized in the consolidated statements of financial position. Changes in the fair value of derivatives, excluding the interest rate swap, are included in the consolidated statements of activities as part of the unrealized appreciation/(depreciation) on investments.

Fair Value Measurements

The Foundation follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets and liabilities. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets and liabilities with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. U.S. GAAP guidance excludes alternative investments from the fair value hierarchy when fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient for fair value. The Foundation follows U.S. GAAP guidance which affects the presentation and disclosure requirements of financial liabilities where the fair value option has been elected, which exempts all entities that are not public business entities, as defined, from disclosing fair value information for financial instruments measured at amortized cost.

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

Investments Valuation

Investments are carried at fair value. 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 does 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.

Investment Expense

Direct investment expense on the statements of activities consists of fees paid directly to the Foundation's investment managers as well as direct internal costs that the Foundation incurs in the generation of investment return. These costs include salaries, benefits, travel and other costs associated with the officers and staff responsible for the development and execution of the Foundation's investment strategy.

Program Related Investments

Program Related Investments ("PRI") are philanthropically driven, nonmarketable investments and loans to businesses that further the Foundation's mission. The Foundation's PRI portfolio is monitored periodically to determine the appropriateness of the net realizable value, which is reflected on the consolidated statement of financial position. PRI are stated at estimated fair value.

Property, Furniture, Fixtures and Equipment, Net

Property, furniture, fixtures and equipment are stated at cost at the date of acquisition. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives by asset class range from 3 to 30 years.

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

Federal Excise and Unrelated Business Income Taxes

The Foundation is subject to a Federal excise tax of 2% on its net investment income. This tax is reduced to 1% if certain distribution requirements are met. In addition, the Foundation provides for deferred Federal excise tax at 2% on the net unrealized appreciation in the fair value of investments. As a result of legislation passed at the end of 2019, effective January 1, 2020 the Foundation's excise tax rate will be calculated using a flat rate of 1.39%. Pursuant to U.S. GAAP, deferred federal taxes are provided based on the enacted rate that is effective as of the date of the statement of financial position.

Additionally, the Foundation's investment in certain alternative investments give rise to unrelated business income tax ("UBIT") liabilities taxed at general corporate rates of 21%.

Functional Expenses

The Foundation allocates expenses on a functional basis among its various program and supporting services. Expenditures that are attributed to a specific program or supporting service are reported accordingly. Therefore, costs are directly assigned and are not allocated across various bases.

Program services consists of the Foundation's work in supporting programs in Power, Food, Health, Equity and Economic Opportunity, Climate and Resilience, Innovation, Communications, Policy and Advocacy and Co-Impact. This includes grants, direct charitable activities and program costs. Supporting services consists of the President's Office, Operations and Legal divisions, in addition to federal excise taxes.

Subsequent Events

In connection with the preparation of the consolidated financial statements, the Foundation evaluated subsequent events from December 31, 2019 through June 17, 2020, which was the date the consolidated financial statements were available for issuance.

(Amounts in thousands)

3. Investments

The Foundation's investment portfolio at December 31, at fair value, consists of the following:

	2019	2018
Cash and cash equivalents	$ 233,130	$ 129,224
Equity Long/Short Hedge Funds		
Domestic equities	71,250	5,525
International equities	390,135	418,317
Event Driven/Multi-Strategy Hedge Funds		
Domestic equities	97,928	91,127
International equities	194,193	140,565
Passive Fixed Income		
Domestic fixed income	192,844	169,596
Global Macro Hedge Funds		
International equities	54,779	127,268
Marketable Other Hedge Funds		
International equities	71,254	48,252
Non-Marketable Other Hedge Funds		
Domestic equities	1,208	7,023
International equities	21,403	17,622
Developed Equity		
Cash and cash equivalents	3	-
Domestic equities	639,524	521,696
International equities	207,181	148,153
Emerging Markets		
Domestic equities	133,102	202,041
International equities	216,621	116,860
Marketable Distressed Hedge Funds		
Domestic equities	14,712	26,249
Non-Marketable Distressed Hedge Funds		
Domestic equities	43,598	39,333
International equities	9,896	9,294
Portable Alpha		
Cash and cash equivalents	9,406	7,366
Domestic fixed income	33,045	32,114
International equities	97,185	104,456
Private Equity		
Cash and cash equivalents	-	294
Domestic equities	660,679	765,620
International equities	1,085,864	863,408
Real Estate		
Domestic equities	38,569	33,378
International equities	45,806	46,036
Resources		
Domestic equities	148,313	170,773
International equities	47,870	70,470
Relative Value Hedge Funds		
International equities	60,757	43,059
Pending securities transactions - net	3,693	7,517
Total	$ 4,823,948	$ 4,362,636

(Amounts in thousands)

3. Investments *(continued)*

The following are major categories of investments as of December 31:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Marketable Securities				
Cash and cash equivalents	$ 242,539	$ 242,539	$ 136,884	$ 136,885
U.S. and other government obligations	33,045	31,766	32,114	31,999
ETFs, mutual and commingled funds	1,486,457	905,279	1,262,802	955,876
Common stock	-	382	-	382
Subtotal	1,762,041	1,179,966	1,431,800	1,125,142
Alternative Investments and Similar Interests				
Hedge funds	1,031,113	770,889	973,634	769,277
Real assets	280,558	442,789	320,657	442,034
Private equity	1,746,543	1,220,928	1,629,028	1,205,701
Subtotal	3,058,214	2,434,606	2,923,319	2,417,012
Pending securities transactions - net	3,693	4,096	7,517	6,017
Total	$ 4,823,948	$ 3,618,668	$ 4,362,636	$ 3,548,171

The following tables summarize the fair value of investments valued at fair value on a recurring basis at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	2019		
	Level 1	Other Investments Measured at Net Asset Value (*)	Total
Cash and cash equivalents	$ 233,130	$ -	$ 233,130
Equity long/short hedge funds		461,385	461,385
Event driven/multi-strategy hedge funds	-	292,121	292,121
Passive fixed income	192,844	-	192,844
Global macro hedge funds	-	54,779	54,779
Marketable other hedge funds	-	71,254	71,254
Non-marketable other hedge funds	-	22,611	22,611
Developed equity	3	846,705	846,708
Emerging markets	-	349,723	349,723
Marketable distressed hedge funds	-	14,712	14,712
Non-marketable distressed hedge funds	-	53,494	53,494
Portable alpha	37,640	101,996	139,636
Private equity	11,348	1,735,195	1,746,543
Real estate	-	84,375	84,375
Resources	-	196,183	196,183
Relative value hedge funds	-	60,757	60,757
Pending securities transactions - net	3,693	-	3,693
Total	$ 478,658	$ 4,345,290	$ 4,823,948

(Amounts in thousands)

3. Investments *(continued)*

	2018		
	Level 1	Other Investments Measured at Net Asset Value (*)	Total
Cash and cash equivalents	$ 129,224	$ -	$ 129,224
Equity long/short hedge funds	-	423,842	423,842
Event driven/multi-strategy hedge funds	-	231,692	231,692
Passive fixed income	169,596	-	169,596
Global macro hedge funds	-	127,268	127,268
Marketable other hedge funds	-	48,252	48,252
Non-marketable other hedge funds	-	24,645	24,645
Developed equity	-	669,849	669,849
Emerging markets	-	318,901	318,901
Marketable distressed hedge funds	-	26,249	26,249
Non-marketable distressed hedge funds	1	48,626	48,627
Portable alpha	31,291	112,645	143,936
Private equity	9,990	1,619,332	1,629,322
Real estate	-	79,414	79,414
Resources	-	241,243	241,243
Relative value hedge funds	-	43,059	43,059
Pending securities transactions - net	7,517	-	7,517
Total	$ 347,619	$ 4,015,017	$ 4,362,636

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

(Amounts in thousands)

3. Investments *(continued)*

Information in the following table summarizes the various redemption, lock-up provisions, and unfunded commitments of alternative investments measured at NAV using the practical expedient at December 31, 2019.

2019				
Investment Category	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Equity long/short hedge funds				
Long/short hedge funds (a1)	$ 458,624	Monthly, quarterly and greater - lockup periods expire in June 2021, December 2021 and August 2022	10-90 days	$ -
Residual interest (a2)	2,761	N/A	N/A	-
Event driven/multi-strategy hedge funds				
Event driven/multi-strategy hedge funds (b1)	254,982	Quarterly, semi-annual - lockup periods expire in April 2021, July 2021 and December 2021	60-90 days	-
Restricted portion of fund investments (b1)	33,452	N/A	N/A	3,891
Residual interests (b2)	3,687	N/A	N/A	-
Global macro hedge funds (c)	54,779	Monthly	7-30 days	-
Marketable other hedge funds (d)	71,254	Annual	90 days	-
Non-Marketable other hedge funds (e)	22,611	Private equity structure	N/A	47,455
Developed equity (f)	846,705	Daily, monthly, quarterly	1-90 days	-
Emerging markets (g)	349,723	Daily, monthly, every other month, semi-annually	1-90 days	-
Distressed funds (h)				
Marketable distressed hedge funds	14,500	Private equity structure	N/A	34,602
- residual interests	212	N/A	N/A	-
Non-marketable distressed hedge funds	53,494	Private equity structure	N/A	-
Portable alpha (i)	101,996	Monthly, quarterly	7-65 days	-
Private equity (j)	1,735,195	Private equity structure	N/A	332,793
Real estate (k)	84,375	Private equity structure	N/A	56,236
Resources (l)	196,183	Private equity structure	N/A	97,445
Relative value hedge funds (m)	60,757	Annual - Lockup period expires in January 2021	60 days	-
Total	$ 4,345,290			$ 572,422

(a1) **Long/short hedge funds –** This category includes investments in funds that employ deep fundamental, company-specific research to identify businesses with favorable fundamental and technical factors to invest long and unfavorable fundamental and technical factors to invest short. These managers may also vary exposures based on the prevailing market environment.

(a2) **Residual interest –** This category includes a residual interest in three funds that were previously redeemed.

3. Investments *(continued)*

(b1) **Event driven/multi-strategy hedge funds –** This category includes investments in funds that seek to invest opportunistically across the following strategies: credit long/short, distressed, risk arbitrage, convertibles, equity and private investments/special situations. The allocation to sub-strategies varies based on the manager's assessment of risk/reward for each sub-strategy and attractiveness of each individual opportunity. Typically, all investments are supported by deep fundamental research on the industry and company level.

(b2) **Residual interests –** This category includes residual interests in four funds that were previously redeemed.

(c) **Global macro hedge funds** – This category includes funds that invest both long and short in a wide variety of financial instruments according to a view about the direction of markets, whether fundamental, technical or quantitatively derived. These funds utilize leverage and trade a wide range of instruments, including derivatives.

(d) **Marketable other hedge funds –** This category is comprised of one fund, which employs quantitative, market neutral based strategies across differing time horizons.

(e) **Non-marketable other hedge funds –** This category is comprised of three funds: a senior debt fund that owns bank loans of primarily private companies in North America, a direct lending fund that makes private loans to Brazilian entities, and a fund that invests in and manages legal claims in Brazil.

(f) **Developed equity –** This category generally includes investments in funds that invest in common stocks across developed markets.

(g) **Emerging markets –** This category generally includes investments in funds that invest in common stocks across emerging and frontier markets.

(h) **Distressed funds –** This category includes funds that typically invest in debt of distressed companies or post-reorganization equity following deep fundamental analysis of companies and corresponding industries to determine the risk/reward for each investment. The portfolios are typically long-biased and have low turnover, as distressed investments take months to years to work out. These funds, therefore, require longer lockups or private equity capital call/distribution structures.

(i) **Portable alpha funds –** This category includes two accounts that combine U.S. Intermediate Treasury beta and alpha generating components.

(Amounts in thousands)

3. Investments *(continued)*

(j) **Private equity funds –** This category includes both buyout and venture capital funds. The Foundation invests into these funds via a partnership structure, and these funds then typically invest equity capital into a portfolio of private companies. Whereas buyout funds are usually characterized by control (ownership of 50% or greater), venture capital focuses more on early-stage, startup-type opportunities with potentially greater reward but also higher risk. These funds may invest in an array of companies, industries, sectors, countries and geographies. Realized distributions of capital from each fund will be received as the underlying investments of the funds are liquidated; final liquidations are estimated to occur within the next five to 10 years.

(k) **Real estate funds –** This category includes real estate funds that invest in commercial real estate globally. Realized distributions of capital from each fund will be received as the underlying investments of the funds are liquidated. Final liquidations are estimated to occur within the next five to 10 years.

(l) **Resource funds –** This category includes natural resource related private equity funds that primarily invest in the energy sector. Realized distributions of capital from each fund will be received as the underlying investments of the funds are liquidated; final liquidations are estimated to occur within the next five to 15 years.

(m) **Relative value hedge funds –** This category includes one fund that utilizes an investment strategy that seeks to take advantage of price differentials between related financial instruments, such as stocks and bonds, by simultaneously buying and selling the different securities—thereby allowing investors to potentially profit from the “relative value” of the two securities. This strategy invests across global markets, with a focus on structured credit, corporate credit, interest rates and currencies.

4. Liquidity and Availability of Resources

The Foundation’s financial assets and resources available to meet cash needs for general expenditures within one year of the date of the consolidated statements of financial position were as follows for December 31, 2019:

Financial Assets	
Cash and cash equivalents	$ 33,978
Redemptions, dividends, interest, and other receivables	594
Investments	4,823,948
Total Financial Assets	4,858,520
Less:	
Illiquid investments	(2,438,560)
Receivables/security deposits	(104)
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	$ 2,419,856

4. Liquidity and Availability of Resources *(continued)*

As part of the Foundation's liquidity management strategy, the Foundation structures its financial assets to be available as its grant payments and other general liabilities come due. The withdrawals are adjusted based on the grants to be disbursed and other factors affecting available cash such as capital calls on investments, investment income and capital distributions, general operating expenses, program costs and other factors affecting available cash. The Foundation also maintains three lines of credit totaling $300 million with a bank that can be drawn upon as needed during the year.

5. Derivative Financial Instruments

Derivative Financial Instruments "Derivatives" used by the Foundation are contracts that derive their value from changes in values of underlying securities, typically, stocks, bonds or other assets. The Foundation directly invests in futures on U.S. Treasury bonds. The U.S. Treasury futures are purchased or sold at minimum transaction cost to adjust desired asset mix.

The Foundation's assets include the initial margin and unrealized gains and losses of the derivative contracts purchased and sold by the Foundation. Fair values of the Foundation's derivative financial instruments generally are determined by quoted market prices. Also, within the Foundation's alternative investments, managers may create additional exposure for the Foundation through short sales of securities, and trading in futures and forward contracts, options, swaps and other derivatives products. However, the Foundation's exposure to derivatives held by its limited partnership investments is restricted to its contributed and committed capital to those limited partnerships.

The full market risk and credit risk of derivative financial instruments are associated with their underlying contract amounts or "notional values" in addition to their fair values. Market risk represents potential loss from the decrease in the value of these financial instruments. Credit risk represents potential loss from possible nonperformance by the counterparties of their contracts.

Upon entering into a derivative contract, the Foundation deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is traded. Pursuant to the contract, the Foundation is to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the contract, also known as the variation margin. The Foundation records daily fluctuations in the variation margin account as realized gains and losses. At December 31, 2019 and 2018, $749 and ($913) was on deposit (due from) with the brokers as collateral for margin requirements on futures, which is included in investments as U.S. and other government obligations.

(Amounts in thousands)

5. Derivative Financial Instruments *(continued)*

The following table identifies the fair value amounts of derivative instruments included in the consolidated statements of financial position, categorized by primary underlying risk, at December 31. The following table also identifies the net gain and loss amounts included in net realized gain and unrealized appreciation (depreciation) on investments in the consolidated statements of activities, categorized by primary underlying risk for the years ended December 31:

	2019				2018			
Primary underlying risk	Notional Derivative Amount	Number of contracts (actual)	Amount of unrealized (loss)	Amount of realized gain	Notional Derivative Amount	Number of contracts (actual)	Amount of unrealized gain	Amount of realized (loss)
Interest rate								
US Treasury Bond Futures	$ 112,558	684	$ (403)	$ 3,778	$ 120,919	754	$ 1,500	$ (2,472)

The derivatives are classified as Level 1 within the portable alpha classification in the fair value hierarchy.

6. Program Related Investments

The Foundation has unfunded PRI commitments totaling $10.5 and $9.9 million at December 31, 2019 and 2018. PRIs are classified as Level 3 within the fair value hierarchy. The following tables include a roll forward of the PRIs for the years ended December 31:

	2019	2018
	Fair Value	Fair Value
Balance, January 1	$ 32,382	$ 24,718
New investments	6,994	9,968
Repayments	(4,299)	(2,304)
Balance, December 31	$ 35,077	$ 32,382

(Amounts in thousands)

7. Property, Furniture, Fixtures and Equipment

At December 31, property, furniture, fixtures and equipment, net included the following:

	2019	2018
Condominium interest in 420 Fifth Avenue	$ 16,471	$ 16,471
Condominium improvements	14,147	14,012
Furniture, fixtures, and equipment	20,550	18,112
	51,168	48,595
Less accumulated depreciation and amortization	41,700	39,133
	$ 9,468	$ 9,462

During 2019 and 2018, approximately $229 and $205 of depreciation expense was allocated to investment expenses.

8. Pensions and Other Post-Retirement Benefits

The Foundation maintains a defined benefit pension plan (the “Plan”) for regular salaried employees who were at least 21 years old and have completed one year of service or had attained the age of 40 prior to July 1, 2000. As of July 1, 2000, the Plan was closed to new employees and to employees hired prior to July 1, 2000, who did not meet the eligibility requirements.

Effective December 31, 2012, the Plan was amended such that Plan benefits were frozen and further accruals of benefits have ceased as of that date. Participants affected by the freeze (18) were eligible to receive a basic contribution under The Retirement Savings Plan for the Employees of the Rockefeller Foundation (the “Retirement Savings Plan”) effective January 1, 2013.

The Plan provides retirement benefits based on years of service and final average pay, with benefits after retirement subject to increase under a cost-of-living augmentation formula. The Foundation makes annual contributions to the Plan, as needed, based on actuarial calculations, in amounts sufficient to meet the minimum funding requirements pursuant to the Employee Retirement Income Security Act of 1974. Plan assets are invested in a diversified portfolio of equities, fixed income securities and hedge funds.

In 2000, the Foundation enhanced its 401(k) plan to create the Retirement Savings Plan. Foundation contributions are now made to equal 13% of compensation plus a dollar-for-dollar match of up to an additional 2% of base compensation contributed on a pretax basis by employees up to the compensation cap.

8. Pensions and Other Post-Retirement Benefits *(continued)*

In 2000, then current members of the Plan had the option of remaining in the combined retirement plan consisting of the defined benefit pension plan and the former 401(k) Trustee Savings Plan or moving to the new Retirement Savings Plan. Employees can make additional unmatched pretax contributions which, when combined with employee contributions that are matched, cannot exceed the maximum pretax contribution limit of $19, or for employees who have attained age 50, $25. All contributions are credited to the participants' accounts. The Foundation's contributions to the Retirement Savings Plan were $2.8 million in 2019 and $2.4 million in 2018.

Locally hired staff in the Foundation's foreign offices participate in retirement plans and/or provident funds or other plans that conform to local customs, conditions or law.

The Foundation provides certain health care and life insurance benefits ("Other Post-Retirement Benefits") for retired employees. Employees are eligible for these benefits when they meet the criteria for retirement under the Foundation's pension plan. This plan has a cost sharing feature, which totaled $228 and $226 for 2019 and 2018, respectively. The Foundation accrues the expected cost of providing postretirement benefits over the years that employees render service and pays this portion of the cost of retiree health care benefits.

(Amounts in thousands)

8. Pensions and Other Post-Retirement Benefits *(continued)*

Information as of and for the years ended December 31, regarding the Foundation's defined benefit plans is as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2019	2018	2019	2018
Projected benefit obligation	$ 76,361	$ 72,614	$ 21,174	$ 21,404
Fair value of plan assets	101,977	94,798	-	-
Funded Status	$ 25,616	$ 22,184	$ (21,174)	$ (21,404)
Service cost	$ -	$ -	$ 811	$ 939
Interest cost	3,021	2,829	760	807
Expected return on assets	(5,302)	(5,725)	-	-
Amortization of prior (credit)	-	-	(623)	(629)
Amortization of actuarial losses	1,859	1,695	-	114
Net Periodic (Credit) Cost	$ (422)	$ (1,201)	$ 948	$ 1,231
Components of Other Changes in Net Assets				
Actuarial (gains) losses arising in period	$ (1,150)	$ 2,308	$ (963)	$ (1,450)
Amortization of prior service credit	-	-	623	629
Amortization of prior service cost	-	-	-	-
Amortization of actuarial losses	(1,859)	(1,695)	-	-
Other Change in Net Assets	$ (3,009)	$ 613	$ (340)	$ (821)
Accumulated benefit obligation	$ 76,361	$ 72,614	$ 21,174	$ 21,404
Amount recognized in the statement of financial position - prepaid benefit (accrued) cost	25,616	22,184	(21,174)	(21,404)
Employer contributions	-	-	-	974
Benefits paid	4,745	4,975	-	974

The table below reflects the amounts recognized within net assets arising from the Plan and Other Post-Retirement Benefits at December 31, 2019 and 2018 that have not yet been recognized in net periodic benefit cost and the portion of such amounts that are expected to be recognized in net periodic benefit cost during the year ending December 31, 2020.

	Pension Benefits			Other Post-retirement Benefits		
	2020	2019	2018	2020	2019	2018
Actuarial losses	$ 1,677	$ 40,563	$ 43,572	$ -	$ 628	$ 1,591
Prior service (credit)	-	-	-	(623)	(2,323)	(2,946)
	$ 1,677	$ 40,563	$ 43,572	$ (623)	$ (1,695)	$ (1,355)

(Amounts in thousands)

8. Pensions and Other Post-Retirement Benefits *(continued)*

Weighted-average assumptions used to determine benefit obligations at December 31 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2019	2018	2019	2018
Discount rate	3.36%	4.30%	3.36%	4.30%
Rate of compensation increase	N/A	N/A	4.00%	4.00%

Weighted-average assumptions used to determine net periodic benefit cost for the years ending December 31 are as follows:

	Pension Benefits		Other Post-retirement Benefits	
	2019	2018	2019	2018
Discount rate	4.30%	3.66%	4.30%	3.66%
Expected long-term return on plan assets	5.75%	5.75%	N/A	N/A
Rate of compensation increase	N/A	N/A	4.00%	4.00%

The overall expected long-term rate of return on assets assumption was determined based on historical returns (without adjustment) for each asset class.

Assumed health care cost trend rates at December 31 are as follows:

	2019	2018
Health care cost trend rate assumed for next year	6.3%	6.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5%	5%
Year that the rate reaches the ultimate trend rate	2025	2025

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	Point Increase	Point Decrease
Effect on total of service and interest costs	$ 427	$ (320)
Effect on postretirement benefit obligation	3,906	(3,056)

(Amounts in thousands)

8. Pensions and Other Post-Retirement Benefits *(continued)*

The investment policy of the Pension Plan is generally to invest the Plan's assets in the ratio of 30% in equities and 70% in fixed income and cash to minimize the risk that the Plan becomes underfunded. Some of the Plan's investment managers have been selected from among the endowment's managers to achieve savings on asset based management fees and to garner the benefits of consolidated risk management and oversight.

The following are the major categories of retirement plan assets at fair value as of December 31 grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	2019		
	Level 1	Other Investments Measured at Net Asset Value (*)	Total
Cash equivalents	$ 6,083	$ -	$ 6,083
Equity funds			
Domestic equity funds	-	22,841	22,841
International equity funds	-	13,673	13,673
Fixed income index funds			
Domestic fixed income funds	-	59,372	59,372
Subtotal	$ 6,083	$ 95,886	101,969
Interest receivable			8
Total			$ 101,977

	2018		
	Level 1	Other Investments Measured at Net Asset Value (*)	Total
Cash equivalents	$ 8,863	$ -	$ 8,863
Equity funds			
Domestic equity funds	-	17,052	17,052
International equity funds	-	12,749	12,749
Fixed income index funds			
Domestic fixed income funds	-	56,039	56,039
Subtotal	$ 8,863	$ 85,840	94,703
Due from broker for investment sold			95
Total			$ 94,798

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

(Amounts in thousands)

8. Pensions and Other Post-Retirement Benefits *(continued)*

A portion of the pension assets measured at NAV contain various redemption restrictions with required written notice. The following tables summarize the composition of such investments by the various redemption and lock-up provisions as of December 31:

2019				
Investment Category	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Developed and emerging markets equity funds (a)	$ 36,514	Daily, monthly, and quarterly	1-60 days	$ -
Fixed income index funds (b)	59,372	Daily	2 days	-
Total	$ 95,886			$ -

(a) This category includes investments in funds that invest in common stocks broadly across developed and emerging markets or in specific regions.

(b) This category includes investments in passively managed trust funds that own U.S. Treasury bonds and TIPS.

Cash Flows

Contributions—The Foundation does not anticipate making any contributions to its pension plan in 2020.

Estimated Future Benefit Payments—the following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year	Pension Benefits	Other Post-retirement Benefits
2020	$ 5,218	$ 741
2021	5,157	763
2022	5,126	801
2023	5,099	835
2024	5,037	875
2025-2029	23,771	5,177

(Amounts in thousands)

9. Grants Payable

The Foundation has entered into grant commitments with certain organizations. The following summarizes the changes in grants payable as of December 31:

	2019	2018
Balance, January 1	$ 68,333	$ 129,914
Additions		
Grants approved	145,877	97,900
Deductions		
Grant payments	(140,109)	(157,549)
Grants lapsed	(1,264)	(1,932)
Balance, December 31	$ 72,837	$ 68,333

At December 31, 2019 and 2018, the Foundation has approximately $67.3 and $65.6 million, respectively of grants awarded that have been classified as contingent grants. Certain milestones and other performance obligations stated in these awards have not yet been satisfied. Accordingly, these amounts are not recognized as grants payable in the statement of financial position.

10. Term Loan Payable and Interest Rate Swap Agreement

During October 2011 the Foundation executed a term loan for $20.8 million, the proceeds of which were used to redeem the outstanding principal and pay accrued interest on tax-exempt term bonds issued by the Foundation. The term loan matures on October 13, 2023 and bears interest at a variable rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.53%. As of December 31, 2019, principal payments due under the term loan are payable as follows:

Year	Amount
2020	$ 1,731
2021	1,731
2022	1,731
2023	1,439
Total	$ 6,632

The Foundation has entered into an interest rate swap agreement with an initial notional amount of $20.8 million to mitigate interest rate risk associated with the variable rate on the term loan. Under the terms of the swap agreement, the Foundation pays a fixed rate of 2.005% and receives a floating rate equal to the one month LIBOR rate (1.82% at December 31, 2019) on the notional amount ($6.63 and $8.36 million at December 31, 2019 and 2018, respectively).

(Amounts in thousands)

10. Term Loan Payable and Interest Rate Swap Agreement *(continued)*

At December 31, 2019 and 2018 the fair value of the interest rate swap was a liability and asset of ($58) and $93, respectively. These amounts are included in the term loan balance reported on the statements of financial position. The interest rate swap is classified as Level 2 within the fair value hierarchy.

The carrying value of any outstanding borrowing would approximate fair value since advances bear interest at floating rates.

11. Lines of Credit

The Foundation has three unsecured lines of credit with a bank. Two lines are for $100 million and both expire on September 30, 2020 (364-day facilities). The third line is also for $100 million and also expires on September 30, 2020 (two-year facility). There were no amounts outstanding as of December 31, 2019 and 2018. The agreements provide for a fee of 0.17% on the 364-day facilities and 0.22% on the two-year facility on any unused portion of the lines. Interest is charged on borrowed funds as follows:

Loan in a Principal Amount Of	Interest on the 364-day facilities	Interest on the Two-year facility
Less than $500,000	Higher of the Prime Rate or the Adjusted One Month LIBOR Rate	Higher of the Prime Rate or the Adjusted One Month LIBOR Rate
Equal to or exceeding $500,000	Either the bank's offered money market rate, the LIBOR Rate plus .40%, or the higher of the Prime Rate or the Adjusted One Month LIBOR Rate	Either the bank's offered money market rate, the LIBOR Rate plus .65%, or the higher of the Prime Rate or the Adjusted One Month LIBOR Rate

In addition, the Foundation must maintain a ratio of unrestricted liquidity to total indebtedness of no less than 1.00, tested annually.

(Amounts in thousands)

12. Investment Risks and Uncertainties

Alternative investments consist of non-traditional, non-readily marketable investments, some of which may be structured as offshore limited partnerships, hedge funds, real asset and private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and may be subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

13. Leases

The Foundation leases office space for its Nairobi, Kenya and Bangkok, Thailand regional offices. The lease for the Nairobi office expires on September 30, 2021 and lease for the Bangkok office expires on March 15, 2022. As of December 31, 2019 amount due under these lease agreements are payable as follows:

Year	Amount
2020	$ 107
2021	84

14. Commitments, Contingencies and Subsequent Events

Subsequent to year end, the COVID-19 pandemic has resulted in substantial volatility in the global financial markets. Because the value of the Foundation's individual investments have and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

The Foundation has been named as a party in a legal proceeding brought against it and other parties. Foundation management has reviewed this matter with legal counsel and in management's opinion, this action is defensible and management does not expect the ultimate resolution of this action to have a material adverse effect on the Foundation's financial position.

During 2020 the Foundation is planning to start a two-year renovation project for its New York City office, and has signed contracts with an architecture and construction project management firm. In addition, the Foundation has entered into a sub-lease agreement to occupy office space at another location in New York City during the period of construction.

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