

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

The Rockefeller Foundation

December 31, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
The Rockefeller Foundation:

Report on the financial statements**Opinion**

We have audited the consolidated financial statements of The Rockefeller Foundation and subsidiaries (collectively, the “Foundation”), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter

The consolidated financial statements of the Foundation as of and for the year ended December 31, 2020 were audited by other auditors, who expressed an unmodified opinion on those financial statements in their report dated June 7, 2021.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Grant Thornton LLP

New York, New York
June 23, 2022

The Rockefeller Foundation

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31,
(Amounts in thousands)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 590,047	\$ 640,711
Redemptions, dividends, interest, and other receivables	3,329	644
Prepaid federal excise and unrelated business income taxes	310	5,694
Investments	7,016,778	6,407,425
Program-related investments	44,852	31,478
Property, furniture, fixtures and equipment, net	11,729	5,007
Prepaid pension cost	41,980	33,701
	<u>41,980</u>	<u>33,701</u>
Total assets	<u>\$ 7,709,025</u>	<u>\$ 7,124,660</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 17,732	\$ 10,022
Grants payable	76,465	73,460
Bonds payable, net of unamortized discount and deferred financing costs of \$4,744 in 2021 and \$4,908 in 2020.	695,256	695,092
Deferred federal excise tax	39,856	36,517
Postretirement benefit obligation	22,047	21,777
	<u>22,047</u>	<u>21,777</u>
Total liabilities	<u>851,356</u>	<u>836,868</u>
Net Assets		
Without donor restrictions	6,753,145	6,282,792
With donor restrictions	104,524	5,000
	<u>104,524</u>	<u>5,000</u>
Total net assets	<u>6,857,669</u>	<u>6,287,792</u>
Total liabilities and net assets	<u>\$ 7,709,025</u>	<u>\$ 7,124,660</u>

The accompanying notes are an integral part of these consolidated financial statements.

The Rockefeller Foundation
CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31,
(Amounts in thousands)

	Year Ended December 31,			Year Ended December 31,		
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Investment return						
Net realized gain on investments	\$ 682,906	\$ -	\$ 682,906	\$ 337,569	\$ -	\$ 337,569
Unrealized appreciation on investments	240,401	-	240,401	1,421,647	-	1,421,647
Dividend and interest	20,659	-	20,659	17,723	-	17,723
Other investment gains	494	-	494	3	-	3
	<u>944,460</u>	<u>-</u>	<u>944,460</u>	<u>1,776,942</u>	<u>-</u>	<u>1,776,942</u>
Less: direct investment expenses	<u>(13,783)</u>	<u>-</u>	<u>(13,783)</u>	<u>(12,262)</u>	<u>-</u>	<u>(12,262)</u>
Net investment return	930,677	-	930,677	1,764,680	-	1,764,680
Contributions	-	106,254	106,254	-	5,000	5,000
Net assets released from donor restrictions	6,730	(6,730)	-	-	-	-
Loss on disposal of fixed assets	-	-	-	(5,083)	-	(5,083)
Total revenue and support	<u>937,407</u>	<u>99,524</u>	<u>1,036,931</u>	<u>1,759,597</u>	<u>5,000</u>	<u>1,764,597</u>
Expenses						
Grants and direct charitable activities	319,478	-	319,478	170,792	-	170,792
Program costs	82,993	-	82,993	64,132	-	64,132
Operations and governance	61,886	-	61,886	30,259	-	30,259
Federal excise and other taxes	10,103	-	10,103	12,919	-	12,919
Total expenses	<u>474,460</u>	<u>-</u>	<u>474,460</u>	<u>278,102</u>	<u>-</u>	<u>278,102</u>
Change in net assets before pension and postretirement benefit liability adjustments	462,947	99,524	562,471	1,481,495	5,000	1,486,495
Pension and postretirement benefit liability adjustments	<u>7,406</u>	<u>-</u>	<u>7,406</u>	<u>5,759</u>	<u>-</u>	<u>5,759</u>
CHANGE IN NET ASSETS	470,353	99,524	569,877	1,487,254	5,000	1,492,254
Net assets						
Beginning of year	<u>6,282,792</u>	<u>5,000</u>	<u>6,287,792</u>	<u>4,795,538</u>	<u>-</u>	<u>4,795,538</u>
End of year	<u>\$ 6,753,145</u>	<u>\$ 104,524</u>	<u>\$ 6,857,669</u>	<u>\$ 6,282,792</u>	<u>\$ 5,000</u>	<u>\$ 6,287,792</u>

The accompanying notes are an integral part of these consolidated financial statements.

The Rockefeller Foundation

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

(Amounts in thousands)

	Program Services			Supporting Services			Total
	Grants and Direct Charitable Activities	Program Costs	Subtotal	Operations and Governance	Taxes	Subtotal	
Grants	\$ 319,478	\$ -	\$ 319,478	\$ -	\$ -	\$ -	\$ 319,478
Salaries and benefits	-	37,866	37,866	13,294	-	13,294	51,160
Legal fees	-	315	315	2,472	-	2,472	2,787
Accounting fees	-	140	140	132	-	132	272
Other professional fees	-	41,985	41,985	17,753	-	17,753	59,738
Interest	-	-	-	21,267	-	21,267	21,267
Depreciation and amortization	-	476	476	1,108	-	1,108	1,584
Occupancy	-	419	419	3,859	-	3,859	4,278
Travel, conferences, and meetings	-	1,709	1,709	2,001	-	2,001	3,710
Printing and publications	-	83	83	-	-	-	83
Federal excise and other taxes	-	-	-	-	113	113	113
Federal deferred excise tax	-	-	-	-	9,990	9,990	9,990
	<u>\$ 319,478</u>	<u>\$ 82,993</u>	<u>\$ 402,471</u>	<u>\$ 61,886</u>	<u>\$ 10,103</u>	<u>\$ 71,989</u>	<u>\$ 474,460</u>

The accompanying notes are an integral part of this consolidated financial statement.

The Rockefeller Foundation

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

(Amounts in thousands)

	Program Services			Supporting Services			Total
	Grants and Direct Charitable Activities	Program Costs	Subtotal	Operations and Governance	Taxes	Subtotal	
Grants	\$ 170,792	\$ -	\$ 170,792	\$ -	\$ -	\$ -	\$ 170,792
Salaries and benefits	-	30,926	30,926	13,134	-	13,134	44,060
Legal fees	-	75	75	2,609	-	2,609	2,684
Accounting fees	-	116	116	120	-	120	236
Other professional fees	-	29,070	29,070	3,887	-	3,887	32,957
Interest	-	-	-	275	-	275	275
Depreciation and amortization	-	391	391	2,147	-	2,147	2,538
Occupancy	-	309	309	2,084	-	2,084	2,393
Travel, conferences, and meetings	-	963	963	489	-	489	1,452
Printing and publications	-	44	44	-	-	-	44
Federal excise and other taxes	-	-	-	-	511	511	511
Federal deferred excise tax	-	-	-	-	12,408	12,408	12,408
Other expenses	-	2,238	2,238	5,514	-	5,514	7,752
	<u>\$ 170,792</u>	<u>\$ 64,132</u>	<u>\$ 234,924</u>	<u>\$ 30,259</u>	<u>\$ 12,919</u>	<u>\$ 43,178</u>	<u>\$ 278,102</u>

The accompanying notes are an integral part of this consolidated financial statement.

The Rockefeller Foundation

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,
(Amounts in thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 569,877	\$ 1,492,254
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Pension and postretirement benefit adjustments	(7,406)	(5,759)
Depreciation and amortization	1,847	2,790
Loss on disposal of fixed assets	-	5,083
Deferred federal excise tax	3,339	12,408
Discount on bond payable	(4,744)	(4,218)
Net unrealized appreciation on investments	(240,401)	(1,421,647)
Net realized gain on investments	(682,906)	(337,569)
Change in fair value of interest rate swap	-	(58)
Changes in operating assets and liabilities:		
Redemptions, dividends, interest, and other receivables	(2,685)	(50)
Prepaid federal excise and unrelated business income taxes	5,384	(4,469)
Prepaid pension cost	(873)	(2,326)
Postretirement benefit obligation	270	603
Accounts payable and accrued expenses	7,710	464
Grants approved, net	314,662	167,852
Grants paid	<u>(311,657)</u>	<u>(167,229)</u>
Net cash used in operating activities	<u>(347,583)</u>	<u>(261,871)</u>
Cash flows from investing activities		
Proceeds from sale of investments	4,446,349	2,323,526
Purchase of investments	(4,139,083)	(2,144,188)
Purchase of furniture, fixtures and equipment	<u>(10,347)</u>	<u>(3,412)</u>
Net cash provided by investing activities	<u>296,919</u>	<u>175,926</u>
Cash flows from financing activities		
Bonds financing costs	-	(690)
Proceeds from bonds payable	-	700,000
Repayment of term loan payable	<u>-</u>	<u>(6,632)</u>
Net cash provided by financing activities	<u>-</u>	<u>692,678</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(50,664)</u>	<u>606,733</u>
Cash and cash equivalents:		
Beginning of year	<u>640,711</u>	<u>33,978</u>
End of year	<u>\$ 590,047</u>	<u>\$ 640,711</u>
Supplemental cash flow information:		
Cash paid for term loan interest	<u>\$ 16,766</u>	<u>\$ 333</u>
Federal excise and federal unrelated business income taxes paid	<u>\$ 9,940</u>	<u>\$ 4,435</u>

The accompanying notes are an integral part of these consolidated financial statements.

The Rockefeller Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020
(Amounts in thousands)

NOTE 1 - THE FOUNDATION

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 \$7.7 billion, it is one of the few institutions to conduct such work both within the United States and internationally.

The Rockefeller Foundation is working to solve global challenges with lasting impact by improving lives and the planet, unleashing human potential, through innovation. The Foundation is dedicated to the principle that all men and women – dignified and resilient as they are – have the right to health, food, power and economic mobility. The Foundation's programmatic work has set out to Advance Good Food for All, Achieve Health for All, End Energy Poverty, Expand Equity and Economic Opportunity and Seize Upon Emerging Frontiers. The Foundation seeks to advance those goals with a better use of science and data and through collaboration with partners and grantees. By identifying and accelerating breakthrough solutions, ideas and conversations, The Rockefeller Foundation works to improve the well-being of people everywhere.

The accompanying financial statements include the accounts of the Rockefeller Foundation, Rockefeller Foundation (London) LLC, a single member limited liability company, RF Catalytic Capital, Inc. ("RFCC"), a public charity incorporated under the laws of the state of Delaware, Global Energy Alliance for People and Planet, LLC ("GEAPP"), Rockefeller Foundation Impact Investment Management, LLC, Rockefeller Foundation Zero Gap Investment Fund Co-Invest, LLC, Rockefeller Foundation Zero Gap Investment Fund, LP 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 follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation is exempt from federal income taxation under §501(c)(3) of the Internal Revenue Code (the "Code") and is a private foundation as described in §509(a); although, the Foundation is subject to tax on income unrelated to their exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the accompanying consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the financial statements of the Foundation, including its subsidiaries, as described in Note 1. All significant intercompany transactions and balances have been eliminated in consolidation.

The Rockefeller Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Amounts in thousands)

Basis of Presentation and Use of Estimates

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("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, realizability of program-related investments, pension and other post-retirement benefit obligations and depreciation. Management believes that the estimates utilized in preparing these financial statements are reasonable and appropriate.

Net Asset Classifications

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restrictions

Resources that are fully available at the discretion of management and the Board of Trustees (the "Board"), for use in activities within the Foundation's charter and mission.

With Donor Restrictions

Represent amounts restricted by donors to be used for specific activities or at some future date, or which require the Foundation to maintain in perpetuity.

The Foundation does not currently maintain any donor restricted assets in perpetuity.

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

In managing its endowment, financial objectives are achieved through a diversified investment portfolio and disciplined spending policies. 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.

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.

The Rockefeller Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Amounts in thousands)

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. currencies 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 statement of activities. For the years ended December 31, 2021 and 2020, the realized and unrealized (loss) gain, resulting from foreign exchange translations totaled approximately (\$7.9) million and \$5.1 million, respectively.

Derivatives

The Foundation records derivatives at fair value. The fair value of futures contracts is reflected in investments in the consolidated statement 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 statement of financial position. Changes in the fair value of derivatives, are included in the consolidated statement of activities as part of the unrealized appreciation 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 as of the measurement date. 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.

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 Expenses

Direct investment expenses on the statement 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

The Rockefeller Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Amounts in thousands)

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.

Federal Excise and Unrelated Business Income Taxes

The Foundation is subject to a Federal excise tax of 1.39% on its net investment income. Accordingly, the Foundation provides for deferred Federal excise tax at 1.39% on the net unrealized appreciation in the fair value of investments as of the date of the consolidated 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%.

Grant Expenses

Committed grant expenditures are considered incurred at the time of approval provided the grant has no specified conditions to be met in a future period. For conditional grants, the grant expenditure and liability are recognized and recorded in the accounting period when the Foundation determines that the specified conditions are met.

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 consist of the Foundation's work in supporting programs in Power and Climate, Health, Food, Equity and Economic Opportunity, Co-Impact, Innovation, Innovative Finance, and Communications, Policy and Advocacy. This includes grants, direct charitable activities and program costs. Supporting services consist 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, 2021 through June 23, 2022, which was the date the consolidated financial statements were issued and noted no matters that would require recognition or disclosure in the consolidated financial statements other than what is disclosed in Note 14.

The Rockefeller Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Amounts in thousands)

NOTE 3 - INVESTMENTS

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

	2021	2020
Cash and cash equivalents	\$ 571,133	\$ 359,548
Equity long/short hedge funds		
Domestic equities	5,427	68,800
International equities	718,668	679,403
Event driven/multi-strategy hedge funds		
Domestic equities	112,527	101,097
International equities	128,684	135,955
Passive fixed income		
Cash and cash equivalents	55	38
Domestic fixed income	106,256	127,995
Marketable other hedge funds		
International equities	79,645	72,969
Non-marketable other hedge funds		
Domestic equities	22,888	10,759
International equities	29,577	26,876
Developed equity		
Cash and cash equivalents	15,893	1
Domestic equities	691,373	768,875
International equities	380,958	224,201
Emerging markets		
Domestic equities	73,333	106,321
International equities	258,898	332,255
Marketable distressed hedge funds		
Domestic equities	1,161	10,077
Non-marketable distressed hedge funds		
Domestic equities	55,402	42,514
International equities	10,097	10,480
Portable alpha funds		
Cash and cash equivalents	11,823	11,644
International equities	94,691	64,366
Private equity funds		
Cash and cash equivalents	-	966
Domestic equities	1,151,382	863,706
International equities	2,136,697	2,105,363
FX	1	-
Real estate funds		
Domestic equities	48,947	32,720
International equities	65,551	45,652
Resources funds		
Domestic equities	107,533	101,416
International equities	19,587	33,320
Relative value hedge funds		
International equities	106,333	62,427
Pending securities transactions - net	12,257	7,681
Total	<u>\$ 7,016,778</u>	<u>\$ 6,407,425</u>

The Rockefeller Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Amounts in thousands)

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. Those assets reported at fair value based on NAV have been separately presented.

	2021		
	Level 1	Other Investments Measured at NAV(*)	Total
Cash and cash equivalents	\$ 571,133	\$ -	\$ 571,133
Equity long/short hedge funds	-	724,095	724,095
Event driven/multi-strategy hedge funds	-	241,211	241,211
Passive fixed income	106,311	-	106,311
Marketable other hedge funds	-	79,645	79,645
Non-marketable other hedge funds	-	52,465	52,465
Developed equity	383,681	704,543	1,088,224
Emerging markets	52,852	279,379	332,231
Marketable distressed hedge funds	-	1,161	1,161
Non-marketable distressed hedge funds	-	65,499	65,499
Portable alpha funds	11,823	94,691	106,514
Private equity funds	30,620	3,257,460	3,288,080
Real estate funds	-	114,498	114,498
Resources funds	-	127,120	127,120
Relative value hedge funds	-	106,333	106,333
Pending securities transactions - net	12,257	-	12,257
Total	\$ 1,168,678	\$ 5,848,100	\$ 7,016,778

	2020		
	Level 1	Other Investments Measured at NAV(*)	Total
Cash and cash equivalents	\$ 359,548	\$ -	\$ 359,548
Equity long/short hedge funds	-	748,203	748,203
Event driven/multi-strategy hedge funds	-	237,052	237,052
Passive fixed income	128,033	-	128,033
Marketable other hedge funds	-	72,969	72,969
Non-marketable other hedge funds	-	37,635	37,635
Developed equity	62,453	930,624	993,077
Emerging markets	82,464	356,112	438,576
Marketable distressed hedge funds	-	10,077	10,077
Non-marketable distressed hedge funds	-	52,994	52,994
Portable alpha funds	11,644	64,366	76,010
Private equity funds	15,621	2,954,414	2,970,035
Real estate funds	-	78,372	78,372
Resources funds	122	134,614	134,736
Relative value hedge funds	-	62,427	62,427
Pending securities transactions - net	7,681	-	7,681
Total	\$ 667,566	\$ 5,739,859	\$ 6,407,425

(*) The Foundation uses net asset value ("NAV"), or its equivalent, to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value; and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

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Information in the following table summarizes the various redemption, lock-up provisions, and unfunded commitments for alternative investments measured at NAV using the practical expedient at December 31, 2021.

Investment Category	2021 Fair Value	2020 Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments as of December 31, 2021
Equity long/short hedge funds					
Long/short hedge funds (a1)	\$ 717,582	\$ 739,087	Monthly, quarterly, semi-annually and greater - lockup periods expire in Feb '23 & Jul '24	1-90 Days	\$ 35,000
Restricted portion of fund investment (a1)	-	4,873	N/A	N/A	-
Private equity structure type investment	1,859	-	N/A	N/A	-
Residual interest (a2)	4,654	4,243	N/A	N/A	-
Event driven/multi-strategy hedge funds					
Event driven/multi-strategy hedge funds (b1)	190,542	203,844	Semi-annual, annual, and greater	60-90 days	-
Private equity structure type investment	17,638	-	N/A	N/A	195
Restricted portion of fund investments (b1)	31,095	30,731	N/A	N/A	-
Residual interests (b2)	1,935	2,477	N/A	N/A	-
Marketable other hedge funds (c)	79,645	72,969	Annual	90 days	-
Non-marketable hedge funds - credit (d)	52,465	37,635	Private equity structure	N/A	54,222
Developed equity (e)	704,543	930,624	Daily, monthly, quarterly - one lockup expires Jun '23	1-90 days	-
Emerging markets (f)	279,379	356,112	Daily, monthly, every other month, semi-annually	1-90 days	-
Distressed funds (g)					
Marketable distressed hedge funds	1,161	10,040	Private equity structure	N/A	-
- residual interests	-	37	N/A	N/A	-
Non-marketable distressed hedge funds	65,499	52,994	Private equity structure	N/A	17,373
Portable alpha funds (h)	94,691	64,366	Quarterly	65 days	-
Private equity funds (i)	3,257,460	2,954,414	Private equity structure	N/A	394,813
Real estate funds (j)	114,498	78,372	Private equity structure	N/A	35,020
Resource funds (k)	127,120	134,614	Private equity structure	N/A	35,396
Relative value hedge funds (l)	106,333	62,427	Quarterly, annually	45 - 60 days	-
Total	\$ 5,848,100	\$ 5,739,859			\$ 572,019

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Based on the underlying terms of the funds, the majority of the unfunded commitments are expected to be satisfied within the next 10 years.

- (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.
- (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 managers' 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 also at the company level.
- (b2) *Residual interests* - This category includes residual interests in two funds that were previously redeemed.
- (c) *Marketable other hedge funds* - This category is comprised of one fund, which employs quantitative, market neutral based strategies across differing time horizons.
- (d) *Non-marketable hedge funds - credit* - This category is comprised of private funds that, because of the types of securities in which they invest (e.g., credit), don't qualify for inclusion in the Foundation's private equity portfolio. This category consists of three funds: (i) a senior debt fund that owns bank loans of primarily private companies in the U.S., (ii) a direct lending fund that makes private loans to Brazilian entities, and (iii) a litigation finance fund that invests in and manages legal claims in Brazil.
- (e) *Developed equity* - This category generally includes investments in funds that invest in common stocks across developed markets.
- (f) *Emerging markets* - This category generally includes investments in funds that invest in common stocks across emerging and frontier markets.
- (g) *Distressed funds* - This category includes funds that invest in the debt or post-reorganization equity of distressed companies. The portfolios are typically invested long and have low turnover, as distressed investments take months to years to work out. As such, these funds require longer lockups or private equity capital call/distribution structures.
- (h) *Portable alpha funds* - This category includes an account that combines U.S. Intermediate Treasury beta and alpha generating components.
- (i) *Private equity funds* - This category includes buyout, growth equity and venture capital funds. The Foundation invests in these funds via a partnership structure, and the funds then invest equity capital into a portfolio of private companies. Whereas buyout funds are typically characterized by control (50% ownership), growth equity funds usually make minority investments. Venture capital funds focus on early-stage, startup opportunities with potentially greater reward but also higher risk. These funds may invest in an array of companies, geographies and sectors. Distributions are received as the underlying fund investments are liquidated; final liquidations are estimated to occur within 8 to 12 years of a fund's inception.

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- (j) *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 5 to 10 years.
- (k) *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 5 to 15 years.
- (l) *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.

NOTE 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 are as follows at December 31:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 590,047	\$ 640,711
Redemptions, dividends, interest, and other receivables	3,329	644
Investments	7,016,778	6,407,425
Total financial assets	7,610,154	7,048,780
Less:		
Illiquid investments	(4,018,475)	(3,540,144)
Receivables/security deposits	(206)	(157)
Financial assets available to meet cash needs for general expenditure within one year	\$ 3,591,473	\$ 3,508,479

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 Foundation also maintains three lines of credit totaling \$300 million with a bank that can be drawn upon as needed during the year.

NOTE 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 as of the reporting date. Also, within the

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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 derivative 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 to these 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, 2021 and 2020, \$368 and \$322 was on deposit with the brokers as collateral for margin requirements on futures, which is included in investments as U.S. and other government obligations.

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 on investments in the consolidated statements of activities, categorized by primary underlying risk for the years ended December 31:

	2021				2020			
	Notional Derivative Amount	Number of Contracts (Actual)	Amount of Unrealized Gain	Amount of Realized (Loss) Gain	Notional Derivative Amount	Number of Contracts (Actual)	Amount of Unrealized Gain	Amount of Realized Gain
U.S. Treasury Bond Futures	\$107,043	650	\$ 359	\$ (2,063)	\$ 98,443	586	\$ 66	\$ 4,316
FX rate forward contracts	-	-	-	(207)	-	-	-	-
Overlay Hedge	32,378	1,867	26,569	15,272	-	-	-	-
Totals	<u>\$139,421</u>	<u>2,517</u>	<u>\$ 26,928</u>	<u>\$ 13,002</u>	<u>\$ 98,443</u>	<u>586</u>	<u>\$ 66</u>	<u>\$ 4,316</u>

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NOTE 6 - PROGRAM-RELATED INVESTMENTS (PRI)

The Foundation has unfunded PRI commitments totaling \$10.1 and \$8.4 million at December 31, 2021 and 2020, respectively, which are expected to be funded by December 31, 2031. PRI's are classified as Level 3 within the fair value hierarchy. The following table includes a roll forward of the PRI's for the years ended December 31:

	<u>2021</u>	<u>2020</u>
	Fair Value	Fair Value
Balance, January 1	\$ 31,478	\$ 35,077
New investments	3,574	8,025
Repayments	(4,158)	(2,062)
Appreciation (depreciation) of investments	13,958	(9,562)
	<u>\$ 44,852</u>	<u>\$ 31,478</u>

NOTE 7 - PROPERTY, FURNITURE, FIXTURES AND EQUIPMENT, NET

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

	<u>2021</u>	<u>2020</u>
Condominium improvements	\$ 302	\$ 302
Leasehold improvements	1,289	-
Construction in process	6,893	1,777
Furniture, fixtures, and equipment	24,237	22,073
	32,721	24,152
Less: accumulated depreciation and amortization	<u>(20,992)</u>	<u>(19,145)</u>
	<u>\$ 11,729</u>	<u>\$ 5,007</u>

During 2021 and 2020, \$263 and \$252 of depreciation expense was allocated to investment expenses. Construction in process is attributed to the capital expenditures related to the renovation of the Foundation's New York City headquarters and Africa Regional Office. Such projects are anticipated to be completed by 2023.

NOTE 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.

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The Plan provides retirement benefits based on years of service and final average compensation, 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 equity and fixed income index 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.

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 \$20, or for employees who have attained age 50, \$26. All contributions are credited to the participants' accounts. The Foundation's contributions to the Retirement Savings Plan totaled \$4.7 million in 2021 and \$4.0 million in 2020.

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 laws.

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 \$204 and \$165 for 2021 and 2020, 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.

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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	
	2021	2020	2021	2020
Projected benefit obligation	\$ 68,912	\$ 75,139	\$ 22,047	\$ 21,777
Fair value of plan assets	110,892	108,840	-	-
Funded (unfunded) status	<u>\$ 41,980</u>	<u>\$ 33,701</u>	<u>\$ (22,047)</u>	<u>\$ (21,777)</u>
Service cost	\$ -	\$ -	\$ 1,568	\$ 975
Interest cost	1,867	2,368	560	631
Expected return on assets	(4,485)	(5,726)	-	-
Amortization of prior credit	-	-	(623)	(623)
Amortization of actuarial losses	1,313	1,520	-	-
Net periodic (credit) cost	<u>\$ (1,305)</u>	<u>\$ (1,838)</u>	<u>\$ 1,505</u>	<u>\$ 983</u>
Components of other changes in net assets				
Actuarial gains arising in period	\$ (5,662)	\$ (4,727)	\$ (1,054)	\$ (135)
Amortization of prior service credit	-	-	623	623
Amortization of actuarial losses	<u>(1,313)</u>	<u>(1,520)</u>	<u>-</u>	<u>-</u>
Other change in net assets	<u>\$ (6,975)</u>	<u>\$ (6,247)</u>	<u>\$ (431)</u>	<u>\$ 488</u>
Accumulated benefit obligation	<u>\$ 68,912</u>	<u>\$ 75,139</u>	<u>\$ 22,047</u>	<u>\$ 21,777</u>
Amount recognized in the consolidated statements of financial position - prepaid benefit cost (obligation)	<u>\$ 41,980</u>	<u>\$ 33,701</u>	<u>\$ (22,047)</u>	<u>\$ (21,777)</u>
Benefits paid	<u>\$ 4,501</u>	<u>\$ 4,770</u>	<u>\$ -</u>	<u>\$ -</u>

The table below reflects the amounts recognized within net assets arising from the Plan and Other Post-Retirement Benefits at December 31, 2021 and 2020 that have not yet been recognized in net periodic benefit cost and the portion of such amounts that are expected to be recognized into net periodic benefit cost during the year ended December 31, 2022.

	Pension Benefits			Other Post-Retirement Benefits		
	2022	2021	2020	2022	2021	2020
Actuarial losses	\$ 951	\$ 27,341	\$ 34,316	\$ -	\$ (561)	\$ 493
Prior service credit	-	-	-	(623)	(1,077)	(1,700)
	<u>\$ 951</u>	<u>\$ 27,341</u>	<u>\$ 34,316</u>	<u>\$ (623)</u>	<u>\$ (1,638)</u>	<u>\$ (1,207)</u>

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

	Pension Benefits		Other Post-Retirement Benefits	
	2021	2020	2021	2020
Discount rate	2.97%	2.60%	2.97%	2.60%
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 ended December 31 are as follows:

	Pension Benefits		Other Post-Retirement Benefits	
	2021	2020	2021	2020
Discount rate	2.60%	3.36%	2.60%	3.36%
Expected long-term return on plan assets	4.21%	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:

	2021	2020
Health care cost trend rate assumed for next year	6.00%	6.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2027	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	\$ 371	\$ (594)
Effect on postretirement benefit obligation	4,356	(3,381)

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.

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The following are the major categories of retirement plan assets reported at fair value as of December 31 grouped by the fair value hierarchy. Those assets reported at fair value based on NAV have been separately presented.

	Level 1	2021 Other Investments Measured at NAV(*)	Total
Cash equivalents	\$ 4,268	\$ -	\$ 4,268
Equity funds			
Domestic equity funds	-	25,411	25,411
International equity funds	4,325	9,964	14,289
Fixed income index funds			
Domestic fixed income funds	-	66,924	66,924
Total	\$ 8,593	\$ 102,299	\$ 110,892

	Level 1	2020 Other Investments Measured at NAV(*)	Total
Cash equivalents	\$ 5,055	\$ -	\$ 5,055
Equity funds			
Domestic equity funds	-	28,748	28,748
International equity funds	-	14,149	14,149
Fixed income index funds			
Domestic fixed income funds	-	60,887	60,887
Total	\$ 5,055	\$ 103,784	108,839
Interest receivable			1
Total			\$ 108,840

(*) The Foundation uses net asset value ("NAV"), or its equivalent, to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value; and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

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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:

2021				
Investment Category	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Developed and emerging markets equity funds (a)	\$ 35,375	Monthly and quarterly	1-60 days	\$ -
Fixed income index funds (b)	66,924	Daily	2 days	-
Total	\$ 102,299			\$ -

2020				
Investment Category	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Developed and emerging markets equity funds (a)	\$ 42,897	Daily, monthly, and quarterly	1-60 days	\$ -
Fixed income index funds (b)	60,887	Daily	2 days	-
Total	\$ 103,784			\$ -

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 2022.

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

Year ending December 31:	Pension Benefits	Other Post-retirement Benefits
2022	\$ 4,739	\$ 625
2023	4,746	674
2024	4,713	708
2025	4,651	766
2026	4,577	814
2027-2031	21,463	4,947

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NOTE 9 - GRANTS PAYABLE

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

	2021	2020
Balance, January 1	\$ 73,460	\$ 72,837
Grants approved	351,357	168,945
Grant payments	(311,657)	(167,229)
Grants lapsed	(36,695)	(1,093)
Balance, December 31	\$ 76,465	\$ 73,460

At December 31, 2021 and 2020, the Foundation has approximately \$548.8 and \$98.7 million, respectively, of grants awarded that have been classified as conditional grants. Certain milestones and other performance obligations stated in these awards have not yet been satisfied by the respective grantees. Accordingly, these amounts are not recognized as grants payable in the consolidated statements of financial position.

NOTE 10 - BONDS PAYABLE

On October 15, 2020, the Foundation issued its Series 2020 bonds pursuant to a bond indenture with The Bank of New York Mellon. The Foundation intends to use the proceeds of the bonds for any lawful corporate purposes, primarily to support its charitable activities and operations, including, but not limited to: (a) charitable activities directed at driving a more equitable and inclusive health response to the global COVID-19 pandemic, strengthening public health data infrastructure, and supporting renewable rural electrification to end energy poverty and uplift rural populations in select developing countries; (b) paying the cost of renovating and expanding the Foundation's New York headquarters; (c) paying off the balance of a term loan and any cost of terminating the associated swap agreement; and (d) paying costs related to the issuance of the bonds. The bonds, which amounted to \$700 million are an unsecured obligation and bear an interest rate of 2.492% per annum with a maturity date of October 1, 2050, with interest only payable semi-annually, starting April 1, 2021.

In connection with the issuance of the bond indenture, the Foundation incurred costs of \$690 thousand which are being amortized using the straight-line interest rate method over the life of the remaining debt. Amortization of expense was \$23 thousand for the year ended December 31, 2021.

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Future minimum payments are due as follows:

2022	\$	17,444
2023		17,444
2024		17,444
2025		17,444
2026		17,444
2027 and thereafter		<u>1,118,656</u>
		1,205,876
Less: amounts representing interest		<u>(509,958)</u>
		695,918
Less: unamortized debt financing costs		<u>(662)</u>
		<u><u>\$ 695,256</u></u>

NOTE 11 - LINES OF CREDIT

The Foundation has three unsecured lines of credit with a bank. Two lines are for \$100 million each and both expire on September 30, 2022 (364-day facilities). The third line is also for \$100 million and expires on September 30, 2023 (two-year facility). There were no amounts outstanding as of December 31, 2021 and December 31, 2020. 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:

<u>Loan in a Principal Amount Of</u>	<u>Interest on the 364-day Facilities</u>	<u>Interest on the Two-year Facility</u>
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 0.40%, 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 0.65%, 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.

NOTE 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

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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.

NOTE 13 - LEASES

The Foundation leases office space for its Nairobi, Kenya and Bangkok, Thailand, and Washington, D.C. regional offices. The lease for the Nairobi office expired on September 30, 2021, the lease for the Bangkok office expired on March 15, 2022, and the lease for the Washington, D.C. office expires on December 31, 2032. During 2020, the Foundation entered into a new lease for office space in Nairobi, Kenya which expires January 2026. The Foundation also entered into a lease for additional office space for its New York City headquarters for 10 years with the option for two successive renewals to extend the original term of the lease, for an additional period of five or 10 years as long as written notice is provided 12 months prior to expiration to exercise notice whether Tenant is extending the term for five or 10 years. During 2020, the Foundation entered into sublease agreements for temporary office spaces in New York and Washington D.C. which expire September 30, 2022 and September 29, 2028, respectively. In March 2022, the Foundation extended its office lease in Bangkok, for three years and expires March 15, 2025. As of December 31, 2021, amounts due under these lease agreements, assuming the Foundation exercises the renewal options, are payable as follows:

<u>Year ended December 31:</u>	<u>Amount</u>
2022	\$ 3,318
2023	1,879
2024	1,897
2025	1,989
2026	1,949
2027 and thereafter	9,320
	<u>\$ 20,352</u>

NOTE 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 presently determined.

In the normal course of business, the Foundation is subject to various claims and lawsuits. Certain lawsuits may be covered, in full or in part, by external insurance coverage. In the opinion of management, there are no matters outstanding that would have a material adverse effect on the accompanying consolidated financial statements.

During 2020, the Foundation started a two-year renovation project for its New York City headquarters, which the Foundation plans to be completed by the end of 2022.

The Rockefeller Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020
(Amounts in thousands)

Due to the Foundation's overweight to equity within its investment portfolio, on April 27, 2021, the Foundation entered into a one-year tail-risk hedge for a notional amount of \$250 million, with a down 25% strike price from then-current levels. The cost of this hedge was approximately \$10 million. The size of the hedge was adjusted during 2021 and then again in early 2022, realizing net proceeds of approximately \$56 million over the life of the trade. The option was closed out upon expiration on April 27, 2022.