



**FINANCIAL STATEMENTS**  
**December 31, 2019 and 2018**

**(With Independent Auditor's Report Thereon)**

# The Winthrop Rockefeller Foundation

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Winthrop Rockefeller Foundation  
Little Rock, Arkansas

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

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

  
Certified Public Accountants

June 4, 2020  
Little Rock, Arkansas

## **Financial Statements**

# The Winthrop Rockefeller Foundation

## STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,487,558	\$ 6,367,074
Accrued interest receivable and other assets	173,513	269,476
Investment securities, at fair value	132,172,756	114,888,556
Other investments, at cost		
Program-related	7,296,042	7,535,605
Mission-related	1,388,831	1,385,223
Property and equipment, net	301,162	338,095
<b>TOTAL ASSETS</b>	<b>\$ 146,819,862</b>	<b>\$ 130,784,029</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 162,527	\$ 336,620
Grants payable	2,637,494	1,142,837
Other liabilities	305,891	367,708
<b>Total Liabilities</b>	<b>3,105,912</b>	<b>1,847,165</b>
<b>NET ASSETS</b>		
Without donor restrictions	143,713,950	128,936,864
With donor restrictions	-	-
<b>Total Net Assets</b>	<b>143,713,950</b>	<b>128,936,864</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 146,819,862</b>	<b>\$ 130,784,029</b>

See accompanying notes to financial statements.

# The Winthrop Rockefeller Foundation

## STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>REVENUES, GAINS (LOSSES) AND OTHER SUPPORT</b>		
Investment return, net	\$ 20,937,601	\$ (7,804,390)
Program-related investment return	710,705	249,811
Grants and contributions	-	2,269,500
<b>Total Revenues, Gains (Losses) and Other Support</b>	<u>21,648,306</u>	<u>(5,285,079)</u>
<b>EXPENSES</b>		
<b>Program Activities</b>		
Program administration	2,116,091	2,043,291
Grants	3,631,684	1,181,357
<b>Total Program Activities</b>	<u>5,747,775</u>	<u>3,224,648</u>
<b>Supporting Activities</b>		
Management and general	1,123,445	1,170,371
<b>Total Supporting Activities</b>	<u>1,123,445</u>	<u>1,170,371</u>
<b>Total Expenses</b>	<u>6,871,220</u>	<u>4,395,019</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	14,777,086	(9,680,098)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>128,936,864</u>	<u>138,616,962</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 143,713,950</u>	<u>\$ 128,936,864</u>

See accompanying notes to financial statements.

# The Winthrop Rockefeller Foundation

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 14,777,086	\$ (9,680,098)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	46,640	48,774
Loss on disposal of property and equipment	-	3,678
Net realized and unrealized (gains) losses on investments	(20,449,327)	8,598,799
Changes in operating assets and liabilities:		
Accrued interest receivable and other assets	95,963	(64,878)
Contributions receivable	-	22,250
Accounts payable	(174,093)	(35,750)
Grants payable	1,494,657	(1,082,217)
Other liabilities	(61,817)	118,709
<b>Net Cash Used in Operating Activities</b>	<b>(4,270,891)</b>	<b>(2,070,733)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investment securities	(15,901,966)	(8,538,272)
Proceeds from sales of investment securities and principal pay downs	18,463,346	14,573,388
Proceeds from sale of program-related investments and principal pay downs	843,310	-
Purchases of mission-related investments, at cost	-	(100,000)
Reinvestment of interest on certificates of deposit	(3,608)	(1,155)
Purchases of property and equipment	(9,707)	(57,279)
<b>Net Cash Provided by Investing Activities</b>	<b>3,391,375</b>	<b>5,876,682</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(879,516)	3,805,949
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>6,367,074</b>	<b>2,561,125</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,487,558</b>	<b>\$ 6,367,074</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>		
Purchases of property and equipment included in accounts payable	\$ -	\$ 255,921

See accompanying notes to financial statements.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### **NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS**

The Winthrop Rockefeller Foundation (the Foundation) is a private foundation incorporated as a nonprofit organization under the laws of the state of Arkansas, and is dedicated to improving the economic and social well-being of Arkansans. Historically, the Foundation has been a recipient of contributions from the estate of Winthrop Rockefeller. Since inception, the Foundation has received \$50,705,432 from the trust created under the will of Winthrop Rockefeller (the Trust) in order to grow the long-term assets of the Foundation. Support received from the Trust included grants and other support. During the year ended December 31, 2018, the Trust began the process of dissolution, and the Foundation received a final distribution totaling \$2,225,000.

The Foundation affirms Winthrop Rockefeller's vision of a thriving and prosperous Arkansas that benefits all Arkansans. During 2019, the Foundation reaffirmed its mission to relentlessly pursue economic, educational, social, ethnic, and racial equity for all Arkansans. For over 40 years, the Foundation has pursued this mission through strategic grant making and partnerships, and using its voice to help close the economic and educational gaps that leave too many Arkansas families in persistent poverty. Understanding that moving Arkansas from poverty to prosperity takes time, the Foundation invests for the long term in efforts that promise a sustained and positive impact for Arkansas. The Foundation believes that building pathways to opportunity requires broad systemic change. This comprehensive approach may take longer to prove impact, but the Foundation believes that this approach has a greater chance to be impactful and sustainable. The Foundation looks for levers that offer the greatest promise to increase prosperity from one generation to the next.

In the fall of 2018, the Foundation adopted AR Equity 2025, a new strategic direction that builds on the work of the Moving the Needle strategic plan adopted in 2008. Moving the Needle included four specific goals to guide the Foundation's efforts through 2013. In 2013, the Board reaffirmed these goals and adopted Moving the Needle 2.0, a continuation of the strategic plan through 2019. During 2019, the Foundation wrapped up Moving the Needle 2.0 and launched AR Equity 2025.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

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

The Foundation presents information regarding financial position and activities in accordance with generally accepted accounting principles, which require the distinction between net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are resources available to support operations and are not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates and the overall purpose and mission of the Foundation. Net assets with donor restrictions are resources that are subject to donor imposed limitations on how or when such resources may be used. During the years ended December 31, 2019 and 2018, the Foundation had no net assets subject to donor restrictions.



# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(b) Cash and Cash Equivalents**

For purposes of presentation in the statements of cash flows, the Foundation considers all short-term investment funds and highly liquid debt instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

#### **(c) Investment Securities**

The Foundation records purchases of investment securities at cost on the transaction trade date. Thereafter, securities are reported at fair value on the statements of financial position, except as discussed in Note 2(d) and Note 2(e), below. Changes in fair values are recorded in the period in which they occur. Realized gains and losses on sales of securities are recognized on the transaction trade dates. Dividend income is recorded on the ex-dividend date, and interest income is accrued as it is earned. Investment return presented on the statements of activities includes dividends, interest, other investment income, as well as realized and unrealized gains and losses, and is net of external and direct internal investment expenses.

#### **(d) Program-Related Investments**

Program-related investments represent a strategy that complements traditional grant making by extending the Foundation's ability to accomplish programmatic goals while preserving assets for future use. Program-related investments may be made in four basic forms, which include loans, loan guarantees, linked deposits and equity investments. Interest charged on any program-related investment is less than the then prevailing market rate, generally determined by the Board of Directors using a benchmark rate, adjusted for factors such as risk and other specifics related to the borrower. The Board of Directors has established guidelines for selection, approval and monitoring of program-related investments. In addition, the amount of funds committed to new program-related investments in any given year may not exceed 30% of budgeted grant payments.

Program-related investments are reported at cost, as no readily determinable fair value is available, and a reasonable estimate of fair value cannot be made without incurring excessive costs. Program-related investments are evaluated annually for impairment. The carrying amounts of the program-related investments are reduced by the amount of any impairment.

#### **(e) Mission-Related Investments**

Mission-related investments represent a strategy that aligns the Foundation's investment capital with its mission by proactively cultivating and implementing investment opportunities that improve the lives of Arkansans, or focus on education, foster economic development, achieve positive impact on economic, social or racial justice or promote the environment and sustainability. Mission-related investments may be pursued across asset classes. Certain mission-related investments are reported as investment securities at fair value, while others are reported at cost if no readily determinable fair value is available, and a reasonable estimate of fair value cannot be made without incurring excessive costs. Those mission-related investments that are reported at cost are evaluated annually for impairment, and the carrying amounts of those mission-related investments are reduced by the amount of any impairment.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(f) Property and Equipment**

Property and equipment are reported at historical cost, net of accumulated depreciation. The Foundation capitalizes additions of property and equipment in excess of \$1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets, which range from 3 to 10 years.

#### **(g) Functional Allocation of Expenses**

The costs of conducting program and supporting activities are summarized on a functional basis in the statements of activities. Functional expenses by natural classification are disclosed in Note 13. Within the program category, costs that are directly related to the Foundation's programmatic initiatives, including grants, consultants working on programmatic initiatives or providing technical assistance to communities or grantees, and costs directly related to program communications are recorded. Program expenses also incorporate all costs directly associated with the program operations of the Foundation, including the salaries and benefits of the program team, their travel, and their professional development. It also contains office expenses, such as printing and mailing, costs specific to the program areas, information technology costs for grants management, and an allocation of occupancy and parking costs, determined based on square footage. Management and general expenses include those expenses that are not directly related to programmatic initiatives, but provide for the overall support and direction of the Foundation.

#### **(h) Federal Income Taxes**

The Foundation is classified as a private foundation under Section 509(a) of the Internal Revenue Code and is generally exempt from federal income taxation under Section 501(c)(3). However, a portion of the Foundation's net investment income is subject to federal excise tax.

Accounting standards require the Foundation to evaluate tax positions and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation has analyzed the tax positions taken and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability (or asset) or disclosure in the financial statements. The Foundation may be subject to audit by the Internal Revenue Service; however, there are currently no audits for any tax periods in progress.

#### **(i) Grants**

Grants made by the Foundation are recorded when the grants are approved by the Foundation's Board of Directors. All grantees are eligible organizations who are required to use the funds for charitable purposes. Generally, grant terms do not contain barriers which must be overcome to receive the grant, nor do they contain right of return provisions. Any grant awards that have not been paid to the intended recipient as of the reporting date are reported as grants payable.

#### **(j) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **(k) Financial Instruments and Credit Risk**

The Foundation maintains cash and cash equivalent balances in accounts with financial institutions and investment banking firms. The balances in these accounts may exceed applicable insured limits. Management believes that such accounts are maintained with reputable financial institutions and investment banking firms, and the Foundation has not experienced any losses in these accounts to date.

The Board of Directors has adopted a comprehensive investment policy that specifies target portfolio allocations, permissible investment vehicles, as well as monitoring benchmarks and procedures. In addition, the Board of Directors has adopted general policies relevant to performing due diligence on and continuous monitoring of mission-related investments and program-related investments. While risks related to investing, such as market risk and credit risk, cannot be avoided, management and the Board of Directors, working with reputable investment managers and advisors, believe that investment policies are prudent, properly designed and implemented to ensure the longevity of the Foundation.

#### **(l) Reclassifications**

Certain amounts presented in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

#### **(m) Recently Issued Accounting Standards**

In June of 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or exchange (reciprocal) transactions and 2) determining whether a contribution is conditional. Distinguishing between contributions and exchange transactions determines which accounting guidance is applied, and the accounting may be different depending on the guidance applied. In addition, for contributions, determining whether a contribution is conditional or unconditional affects the timing of recognition. Resource recipients are required to implement the amendments in ASU No. 2018-08 for annual periods beginning after December 15, 2018, and resource providers are required to implement the amendments for annual periods beginning after December 15, 2019. Implementation of ASU No. 2018-18 will not have any impact on the Foundation's financial statements because the Foundation does not receive contributions, and the Foundation's grant agreements do not specify barriers for recipients to overcome to be entitled to grant proceeds once an award is approved by the Board of Directors, nor do they contain right of return provisions.

In February of 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under ASU No. 2016-02, lessees are required to recognize lease assets and lease liabilities on the Statement of Financial Position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The amendments in this update will be effective for the Foundation on January 1, 2022. Management of the Foundation is currently evaluating the effect that implementation of the amendments in this update will have on the financial statements.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (m) Recently Issued Accounting Standards (Continued)

In August of 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, to modify the disclosure requirements on fair value measurements. The amendments in this update will be effective for the Foundation on January 1, 2020. Management of the Foundation is currently evaluating the effect that implementation of the amendments in this update will have on note disclosures related to fair value measurements.

#### (n) Recently Adopted Accounting Standards

In May of 2014, FASB issued ASU No. 2014-09, *Revenues from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09, and subsequently issued amendments, replaced most existing revenue recognition guidance and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Implementation of ASU No. 2014-09 as required on January 1, 2019, had no impact on the Foundation's financial statements or the notes thereto because the Foundation has no revenues from contracts with customers.

### NOTE 3: PROGRAM-RELATED INVESTMENTS, AT COST

At December 31, 2019 and 2018, the Foundation's program-related investments include the following:

	<u>2019</u>	<u>2018</u>
Southern Bancorp, Inc. <sup>(a)</sup>		
Common stock, voting	\$ 1,507,113	\$ 246,832
Common stock, nonvoting	3,749,723	5,157,347
Total Southern Bancorp, Inc.	<u>5,256,836</u>	<u>5,404,179</u>
Hope Enterprise Corp., note receivable <sup>(b)</sup>	1,000,000	1,000,000
Diamond State Ventures II, LP <sup>(c)</sup>	-	60,375
Communities Unlimited, Inc., note receivable <sup>(d)</sup>	15,677	24,304
Financing Ozarks Rural Growth and Economy, note receivable <sup>(e)</sup>	23,529	46,747
Southern Bancorp Community Partners, note receivable <sup>(f)</sup>	<u>1,000,000</u>	<u>1,000,000</u>
Total program-related investments	<u>\$ 7,296,042</u>	<u>\$ 7,535,605</u>

<sup>(a)</sup> Southern Bancorp, Inc. is a bank holding company established for the purpose of conducting rural economic development activities in Arkansas. The Foundation held 781,546 shares of common stock, voting, and 1,123,592 shares of common stock, nonvoting, at December 31, 2019. The Foundation held 128,000 shares of common stock, voting, and 1,853,546 shares of common stock, nonvoting, at December 31, 2018.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### **NOTE 3: PROGRAM-RELATED INVESTMENTS, AT COST (Continued)**

- <sup>(b)</sup> Hope Enterprise Corp. provides financial services in Arkansas, Louisiana, Mississippi and the Greater Memphis area of Tennessee for small businesses, homebuyers and community development in low-income communities. The note receivable was noninterest bearing for the first year. Beginning April 1, 2016, interest began accruing at 1%, and quarterly interest only payments commenced on June 30, 2016. All unpaid principal and accrued interest is due March 31, 2025.
- <sup>(c)</sup> Diamond State Ventures II, LP is a venture capital fund established to make equity and subordinated debt investments in early and expansion stage businesses in Arkansas and very selectively in surrounding states.
- <sup>(d)</sup> Communities Unlimited, Inc. is a multi-state community development organization and community development financial institution established in 1975 to move people and communities in persistently poor counties in the south toward prosperity. The note receivable originally required interest at LIBOR plus 1%, but was amended in 2018 and now bears interest at a fixed rate of 2.74%. The note requires quarterly principal and interest payments, with all unpaid principal and accrued interest due October 1, 2021.
- <sup>(e)</sup> Financing Ozarks Rural Growth and Economy (FORGE) is a community based revolving loan fund established to help build sustainable small communities. The note receivable originally required interest at LIBOR plus 1%, but was amended in 2018 and now bears interest at a fixed rate of 2.74%. The note requires quarterly principal and interest payments, with all unpaid principal and accrued interest due December 1, 2020.
- <sup>(f)</sup> Southern Bancorp Community Partners is a community development financial institution that provides lending, financial development services and public policy advocacy in economically distressed communities. The note receivable was noninterest bearing for the first year. Beginning February 1, 2018, interest began accruing at 1%, and quarterly interest only payments commenced on January 31, 2019. All unpaid principal and accrued interest is due January 31, 2027.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### NOTE 4: MISSION-RELATED INVESTMENTS

At December 31, 2019 and 2018, mission-related investments include the following:

	<u>2019</u>	<u>2018</u>
At cost:		
Diamond State Ventures III, LP <sup>(a)</sup>	\$ 925,000	\$ 925,000
Certificates of deposit <sup>(b)</sup>	463,831	460,223
	<u>1,388,831</u>	<u>1,385,223</u>
At fair value:		
Domestic equity funds	6,837,518	5,843,847
Municipal bond funds	6,288,784	5,937,590
Domestic hedge funds	3,437,791	3,227,773
International equity funds	18,393,354	16,088,484
International equity exchange traded funds	10,758,149	8,994,008
International hedge funds	7,175,348	4,730,445
U.S. Treasury bonds	2,440,742	2,379,647
Corporate bonds	2,582,563	2,383,573
Municipal bonds	1,154,587	1,032,713
Bain Capital Double Impact Fund, LP <sup>(c)</sup>	971,322	371,213
Material Impact Fund I, LP <sup>(d)</sup>	677,301	287,720
Owl Ventures II, LP <sup>(e)</sup>	747,346	587,895
SJF Ventures IV, LP <sup>(f)</sup>	917,989	520,278
Elevar Equity IV <sup>(g)</sup>	613,170	193,986
Illumen Capital <sup>(h)</sup>	285,032	297,014
Impact America Fund II, LP <sup>(i)</sup>	467,270	121,129
Avanath Affordable Housing IV, LLC <sup>(j)</sup>	120,384	-
Ownership Capital Global Equity Fund, LP <sup>(k)</sup>	5,501,200	-
	<u>69,369,850</u>	<u>52,997,315</u>
Total mission-related investments	<u>\$ 70,758,681</u>	<u>\$ 54,382,538</u>

<sup>(a)</sup> Diamond State Ventures III, LP (Diamond III) is a venture capital fund established to make equity and subordinated debt investments in early and expansion stage businesses in Arkansas and very selectively in surrounding states. As of December 31, 2019 and 2018, unfunded commitments to Diamond III totaled \$75,000.

<sup>(b)</sup> Two certificates of deposit are considered to be mission-related investments. One certificate of deposit in the amount of \$205,064 is pledged as security for a bank loan to Better Community Development that matures in May 2020. The second certificate of deposit in the amount of \$258,767 is invested with an affiliate of Hope Enterprise Corp. and is structured so the Foundation receives half the interest earned and half the interest earned is reinvested in the communities in which Hope Enterprise Corp. operates.

<sup>(c)</sup> Bain Capital Double Impact Fund, LP (Bain Capital) is a venture capital fund whose strategy is to develop differential insights and drive meaningful change for mission-driven companies seeking growth capital or middle market private equity. As of December 31, 2019 and 2018, unfunded commitments to Bain Capital totaled \$1,190,539 and \$1,533,455, respectively.

<sup>(d)</sup> Material Impact Fund I, LP (Material Impact) is a venture capital fund dedicated to investing in companies that provide high-value products enabled by material innovation. As of December 31, 2019 and 2018, unfunded commitments to Material Impact totaled \$885,000 and \$1,155,000, respectively.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### **NOTE 4: MISSION-RELATED INVESTMENTS (Continued)**

- <sup>(e)</sup> Owl Ventures II, LP (Owl II) is a venture capital fund that invests in leading education technology companies, with a focus on entrepreneurs that seek to meaningfully improve student achievement. As of December 31, 2019 and 2018, unfunded commitments to Owl II totaled \$295,571 and \$400,000, respectively.
- <sup>(f)</sup> SJF Venture IV, LP (SJF IV) is a venture capital fund that invests in companies concerned with making a difference across a range of sectors, including the environment and education. As of December 31, 2019 and 2018, unfunded commitments to SJF IV totaled \$1,200,000 and \$1,400,000, respectively.
- <sup>(g)</sup> Elevar Equity Fund IV, LP (Elevar) is a venture capital fund that seeks to provide investors with risk-adjusted long-term capital appreciation through privately negotiated investments. Elevar focuses principally on entrepreneurial, high growth companies that provide essential products or services to underserved customers in low-income communities in India and across Latin America. As of December 31, 2019 and 2018, unfunded commitments to Elevar totaled \$822,004 and \$1,256,215, respectively.
- <sup>(h)</sup> Illumen Capital, LP (Illumen) is a private equity fund of funds that targets investments across a range of impact sectors including education technology, health and wellness, renewable energy, sustainability, financial inclusion, and opportunity communities. As of December 31, 2019 and 2018, unfunded commitments to Illumen totaled \$1,586,802.
- <sup>(i)</sup> Impact America Fund II, LP (Impact America), is a venture capital fund that invests in early-stage technology-enabled companies providing economic inclusion solutions to low and moderate income communities, with a strong interest in supporting diverse entrepreneurs. As of December 31, 2019 and 2018, unfunded commitments to Impact America totaled \$ 975,000 and \$1,333,650, respectively.
- <sup>(j)</sup> Avanath Affordable Housing Fund IV, LLC (Avanath), is a venture capital fund that invests in rent-regulated housing in coastal markets where rents for market-rate apartments and single family homes are out of reach for many individuals and families. As of December 31, 2019, unfunded commitments to Avanath totaled \$1,853,628.
- <sup>(k)</sup> Ownership Capital Global Equity Fund, LP (Ownership Capital), is a long-term equity investment manager that combines fundamental company analysis with environmental, social and corporate governance integration and active engagement to achieve superior returns. As of December 31, 2019, there were no unfunded commitments to Ownership Capital.

### **NOTE 5: FAIR VALUE MEASUREMENTS**

#### **(a) Fair Value Measurements**

Generally accepted accounting principles provide a framework for measuring fair value that applies to all financial instruments that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes valuation techniques to determine fair values that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values, as follows:

Level 1 – Fair values are determined based on unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

#### (a) Fair Value Measurements (Continued)

Level 2 – Fair values are determined based on inputs other than quoted prices that are observable for the asset, either directly or indirectly. These might include quoted prices for similar assets in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset, or inputs that are derived principally from or corroborated by market data by correlation or other means. If the asset has a specified (contractual) term, the input must be observable for substantially the full term of the asset.

Level 3 – Fair values are determined based on valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and are not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Not Classified – Certain investments for which there is no readily determinable fair value are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient. These investments are not classified in the fair value hierarchy.

The application of valuation techniques used to determine the fair values of investment securities has not changed during the years ended December 31, 2019 or 2018. The following is a description of the valuation methodologies used by the Foundation:

*Domestic Common Stock, International Common Stock and Exchange-Traded Funds* – The fair values of these investments are based on the closing price reported on the active market on which the individual securities are traded.

*Domestic Equity Funds, International Equity Funds, Municipal Bond Funds and Government Agency Funds* – The fair values of these investments are based on the net asset values per share of the funds as of the close of business on the reporting date. Those classified as Level 1 are open-ended mutual funds that have an active market on which the shares are traded. Those that are not classified are closed funds that do not have an active market on which the shares are traded and are reported at net asset value per share, as determined by the fund advisor.

*International Hedge Funds, Domestic Hedge Funds and Venture Capital Funds* – The fair values of these investments are determined based on the net asset value of the units held, as reported by the fund advisor. These securities are not readily marketable.

*U.S. Treasury Bonds, Corporate Bonds and Municipal Bonds* – The fair values of these investments are generally based on evaluated prices provided by independent pricing sources. The evaluated prices are determined using various factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities. The pricing sources may use proprietary methods to arrive at evaluated prices.



# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

#### (a) Fair Value Measurements (Continued)

The methods described on the previous page may result in reported fair value amounts that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents assets measured at fair value on a recurring basis at December 31, 2019 and 2018:

	Fair Value Measurements at Report Date Using				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Classified	
<b>December 31, 2019</b>					
Domestic common stock	\$ 4,984,524	\$ -	\$ -	\$ -	\$ 4,984,524
Domestic equity funds	6,837,518	-	-	23,889,020	30,726,538
International equity funds	15,543,013	-	-	4,455,165	19,998,178
International equity exchange traded funds	10,758,149	-	-	-	10,758,149
U.S. Treasury bonds	-	2,440,742	-	-	2,440,742
Corporate bonds	-	2,582,563	-	-	2,582,563
Municipal bonds	-	1,154,587	-	-	1,154,587
Municipal bond funds	6,288,784	-	-	-	6,288,784
Government agency funds	-	-	-	4,943,060	4,943,060
International hedge funds	-	-	-	20,317,304	20,317,304
Domestic hedge funds	-	-	-	3,437,791	3,437,791
International limited partnerships (venture capital funds)	-	-	-	20,353,892	20,353,892
Domestic limited partnerships (venture capital funds)	-	-	-	4,186,644	4,186,644
<b>Total</b>	<b>\$ 44,411,988</b>	<b>\$ 6,177,892</b>	<b>\$ -</b>	<b>\$ 81,582,876</b>	<b>\$ 132,172,756</b>

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

#### (a) Fair Value Measurements (Continued)

	Fair Value Measurements at Report Date Using				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Classified	
<b>December 31, 2018</b>					
Domestic common stock	\$ 4,256,566	\$ -	\$ -	\$ -	\$ 4,256,566
International common stock	193,871	-	-	-	193,871
Domestic equity funds	5,843,847	-	-	20,849,597	26,693,444
International equity funds	18,140,100	-	-	3,778,150	21,918,250
International equity exchange traded funds	8,994,008	-	-	-	8,994,008
U.S. Treasury bonds	-	2,379,647	-	-	2,379,647
Corporate bonds	-	2,383,573	-	-	2,383,573
Municipal bonds	-	1,032,713	-	-	1,032,713
Municipal bond funds	5,937,590	-	-	-	5,937,590
Government agency funds	-	-	-	5,609,534	5,609,534
International hedge funds	-	-	-	17,457,064	17,457,064
Domestic hedge funds	-	-	-	3,227,773	3,227,773
International limited partnerships (venture capital funds)	-	-	-	12,619,274	12,619,274
Domestic limited partnerships (venture capital funds)	-	-	-	2,185,249	2,185,249
Total	<u>\$ 43,365,982</u>	<u>\$ 5,795,933</u>	<u>\$ -</u>	<u>\$ 65,726,641</u>	<u>\$ 114,888,556</u>

There were no transfers into or out of Level 3 investments during the years ended December 31, 2019 or 2018.

#### (b) Fair Value Using Net Asset Value per Share as Practical Expedient

The table on the following pages presents information to help the readers of the financial statements understand the nature, characteristics and risks of the investments that are measured at fair value using net asset value per share as a practical expedient at December 31, 2019 and 2018, including any limitations on liquidity.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

#### (b) Fair Value Using Net Asset Value per Share as Practical Expedient (Continued)

Fund Name	Investment Strategy	Fair Value		Exit Without Fees		
		12/31/2019	12/31/2018	Exit Frequency	Next Available Redemption	Notice (days)
<b>Domestic Equity Funds</b>						
Northern Trust Global Investments Common Daily Russell 1000 Value Equity Index Fund	Large Cap Equity, Securities Lending, U.S. Sector	\$ 11,961,432	\$ 10,481,725	Daily	1/2/2020	2
Northern Trust Global Investments Common Daily Russell 1000 Growth Equity Index Fund	Large Cap Equity, Securities Lending, U.S. Sector	11,927,588	10,367,872	Daily	1/2/2020	2
<b>International Equity Funds</b>						
Kabouter International Opportunities Offshore Fund II, LTD	Long-Term Equity	4,455,165	3,778,150	Monthly	1/31/2020	30
<b>Government Agency Funds</b>						
Northern Trust Global Investments Common Daily Aggregate Bond Index Fund	Bonds/Debt, Securities Lending, U.S. Sector	4,943,060	5,609,534	Daily	1/2/2020	2
<b>International Hedge Funds</b>						
Coatue Offshore Fund, Ltd.	Long/Short Equity, Sector-Specific Fund, TMT Sector, Global Sector	1,822,343	1,633,986	Annually - Anniversary of Purchase	9/28/2020	60
Lakewood Capital Offshore Fund, Ltd. <sup>(a)</sup>	Long/Short Equity, Value Hedge Fund, Global Sector	1,826,697	1,454,779	Calendar Quarter	3/31/2020	60
SDP Flagship Offshore Fund, Ltd. <sup>(a)</sup>	Multi-Strategy, Event Driven, Global Sector	1,919,057	1,753,137	25% Calendar	3/31/2020	90
Long Pond Offshore, Ltd.	Long/Short Equity, Sector-Specific Fund, Real Estate Sector, Global Sector	3,600,342	2,681,156	12.5% Calendar	3/31/2020	60
Complus Asia Macro Fund Ltd. <sup>(d)</sup>	Global Macro, Discretionary, Asia Pacific Sector Hedge Fund, Pan-Asia Sector Hedge Fund	-	1,678,073	Calendar Quarter	3/31/2020	63
Fort Global Offshore Fund, SPC	Managed Futures, Global Sector	2,261,550	1,947,396	Daily	1/2/2020	2
Hollis Park Opportunities Fund Ltd. <sup>(b)</sup>	Credit Opportunities, Structured Credit, Global Sector	1,652,370	1,508,264	25% Calendar	3/31/2020	30
Newtyn TE Partners, LP <sup>(b)</sup>	Long/Short Equity, Value Hedge Fund, U.S. Sector	1,711,970	1,578,092	Annually - December	12/31/2020	184
Preserver, L.P.	Hedge Fund of Funds/Direct, Global Sector	2,052,503	-	Quarterly	3/31/2020	60
Varadero International, Ltd. <sup>(c)</sup>	Credit Opportunities, Structured Credit, U.S. Sector	1,855,567	1,780,851	25% Calendar	3/31/2020	90
Elizabeth Park Capital Master Fund <sup>(d)</sup>	Long/short Equity, Sector-Specific Fund, Financials Sector, U.S. Sector	1,614,905	1,441,330	Monthly	3/31/2020	90
<b>Domestic Hedge Funds</b>						
CIM Enterprise Loan Fund, LP	Credit Opportunities, Direct Lending, U.S. Sector	3,437,791	3,227,773	Monthly	1/31/2020	30

(Continued)

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

#### (b) Fair Value Using Net Asset Value per Share as Practical Expedient (Continued)

Fund Name	Investment Strategy	Fair Value		Exit Without Fees		
		12/31/2019	12/31/2018	Exit Frequency	Next Available Redemption	Notice (days)
<b>International Limited Partnerships</b>						
<b>(Venture Capital Funds)</b>						
Elevar Equity Fund IV, LP	Equity, Specific Focus - India and Latin America	\$ 613,170	\$ 193,986	None	n/a	n/a
GQG Partners International Equity Fund	Long Equity, Large Cap, Ex U.S.	14,239,522	12,425,288	Weekly	1/9/2020	5
Ownership Capital Global Equity Fund, LP <sup>(f)</sup>	Long Equity, Integrated ESG	5,501,200	-	Monthly	4/30/2020	5
<b>Domestic Limited Partnerships</b>						
<b>(Venture Capital Funds)</b>						
Avanath Affordable Housing IV, LLC	Real Estate, Specific Focus - Rent Regulated Housing, Coastal Markets	120,384	-	None	n/a	n/a
Bain Capital Double Impact Fund, LP <sup>(e)</sup>	Hybrid Buyout and Growth Fund	971,322	371,213	None	n/a	n/a
Illumen Capital, LP	Fund of Funds, Equity Investments, Specific Focus Investments, Venture, Growth, Private Equity and Other	285,032	297,014	None	n/a	n/a
Impact America Fund II, LP	20% Emerging Markets, 80% Domestic	467,270	121,129	None	n/a	n/a
Material Impact Fund I, LP <sup>(e)</sup>	Equity Investments, Specific Focus Investments	677,301	287,720	None	n/a	n/a
Owl Ventures II, LP <sup>(e)</sup>	Technology and Tech-enabled Services Investments	747,346	587,895	None	n/a	n/a
SJF Ventures IV, LP <sup>(e)</sup>	Diversified, Expansion Stage Venture Investments	917,989	520,278	None	n/a	n/a
Total		<u>\$ 81,582,876</u>	<u>\$ 65,726,641</u>			

<sup>(a)</sup> Liquidity was partially subject to a soft lock-up period of 12 months, with no months remaining at December 31, 2019.

<sup>(b)</sup> Liquidity was subject to a hard lock-up period of 12 months, with no months remaining at December 31, 2019.

<sup>(c)</sup> Liquidity was subject to a hard lock-up period of 36 months, with no months remaining at December 31, 2019.

<sup>(d)</sup> Liquidity was subject to a hard lock-up period of 24 months, with no months remaining at December 31, 2019.

<sup>(e)</sup> Withdrawal permitted only if certain conditions are present, as specified in the related partnership agreement.

<sup>(f)</sup> Liquidity is subject to a hard lock-up period of 12 months, with 4 months remaining at December 31, 2019.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### **NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Office equipment and furnishings	\$ 275,856	\$ 272,294
Tenant improvements	317,953	315,431
Computer software and hardware	45,878	53,961
	<u>639,687</u>	<u>641,686</u>
Less accumulated depreciation and amortization	<u>(338,525)</u>	<u>(303,591)</u>
Property and equipment, net	<u>\$ 301,162</u>	<u>\$ 338,095</u>

### **NOTE 7: GRANTS PAYABLE**

Grants payable are due to be paid for years subsequent to December 31, 2019, as follows:

2020	\$ 2,087,494
2021	<u>550,000</u>
Total grants payable	<u>\$ 2,637,494</u>

### **NOTE 8: EMPLOYEE BENEFIT PLAN**

The Foundation provides a defined contribution retirement plan pursuant to section 403(b) of the Internal Revenue Code (the 403(b) plan) and a supplemental retirement annuity plan (SRA) to all employees. The Foundation contributes to the 403(b) plan an amount equal to 5% of each employee's salary for each pay period, regardless of whether or not the employee is making salary deferrals. Employees may defer any amount from 2% to 6% of earnings, and the Foundation will match 100% of employee contributions up to 6% of earnings. Employees may choose to make contributions over 6% into the SRA, subject to maximum amounts imposed by the Internal Revenue Code. During the years ended December 31, 2019 and 2018, the Foundation's retirement expense totaled \$143,174 and \$151,477, respectively.

### **NOTE 9: EXCISE TAXES AND DISTRIBUTION REQUIREMENTS**

The Foundation is subject to a 2% excise tax on its taxable investment income, which includes interest and dividend income from investments plus net realized gains and losses on sales of investments, less certain investment expenses. The Foundation reported excise tax expense (benefit) totaling \$111,764 and (\$13,533) during the years ended December 31, 2019 and 2018, respectively.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### **NOTE 9: EXCISE TAXES AND DISTRIBUTION REQUIREMENTS (Continued)**

The Internal Revenue Code provides for additional taxes, which may be imposed upon private foundations for failure to make qualifying distributions equal to minimum investment return reduced by excise taxes within the year of receipt and the succeeding taxable year. Minimum investment return is equal to 5% of the aggregate fair market value of assets not directly used in carrying out the organization's exempt purpose. The additional taxes are 30% of the undistributed minimum investment return and 100% of such minimum investment return if it is not distributed by the earlier of the date of mailing a notice of deficiency with respect to the 30% tax or the date on which the 30% tax is assessed.

The Foundation anticipates making the required distributions in the time frame necessary to avoid additional taxes. As of January 1, 2019, the Foundation made qualifying distributions in excess of the required distributable amount, resulting in an excess distribution carryover of \$3,786,954 with \$135,429 expiring in 2020, \$1,698,611 expiring in 2021 and \$1,952,914 expiring in 2022. The Foundation is currently assessing the qualifying distribution made during the year ended December 2019 to determine the amount of excess contributions made or the use of any distribution carryovers. The Foundation does not anticipate any tax liability related to the minimum distribution requirements.

### **NOTE 10: LEASE AGREEMENTS**

The Foundation leases its office space under an operating lease agreement. The original lease was initially scheduled to expire in 2019, and included an option to renew the lease for two additional five-year periods. Effective August 1, 2018, the Foundation renegotiated the terms and executed an extension of the lease for an additional ten-year period.

The following is a schedule of future minimum rental payments required under the above operating lease as of December 31, 2019:

2020	\$ 113,684
2021	115,958
2022	118,277
2023	81,631
2024	123,056
2025-2028	461,188
	<u>\$ 1,013,794</u>

Rent expense for the years ended December 31, 2019 and 2018 totaled \$111,144 and \$110,244, respectively.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### NOTE 11: RELATED PARTIES

Certain Foundation employees and members of the Foundation's Board of Directors serve on the boards of or are employed by organizations that receive grants from the Foundation. The Foundation has implemented policies to ensure that the approval or denial of grant requests is in no way directly influenced by individual Foundation employees or individual members of the Foundation's Board of Directors who have affiliations with those entities requesting consideration for award. The Foundation awarded grants of \$2,519,000 and \$507,100 and made grant payments of \$919,000 and \$921,272 to such entities during the years ended December 31, 2019 and 2018, respectively.

### NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year of the balance sheet date:

	<u>2019</u>	<u>2018</u>
Financial assets, at December 31	\$146,518,700	\$130,445,934
Less those unavailable for general expenditures within one year:		
Prepaid federal excise tax included in accrued interest receivable and other assets	(13,536)	(75,681)
Program-related investments not readily convertible to cash	(7,296,042)	(7,535,605)
Mission-related investments not readily convertible to cash	<u>(1,388,831)</u>	<u>(1,385,223)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$137,820,291</u>	<u>\$121,449,425</u>

The operations of the Foundation are primarily funded by income generated through its investment portfolio. Grants from the Trust were available to support operations and were not restricted as to purpose or time. As indicated in Note 5(c) to the financial statements, certain investments have restrictions on liquidity. As part of its liquidity management practices, the Foundation has a policy to maintain a minimum balance equal to the amount necessary to meet one month's general expenditures and liabilities in a local depository institution. As a practical matter, the Foundation usually transfers three to four months' estimated cash requirements from the investment portfolio to the operating cash accounts when cash balances fall to roughly one month's needs. The Foundation does not have a line of credit, as more than 30% of the investment portfolio could be liquidated within one business day, and an additional 22% would be available within three business days.

# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### **NOTE 13: FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION**

The Foundation's functional expenses by natural classification are as follows for the year ended December 31, 2019.

	<u>Program Activities</u>	<u>Supporting Activities</u>	<u>Total Expenses</u>
Grants	\$ 3,631,684	\$ -	\$ 3,631,684
Consulting fees and expense reimbursements:			
Grantee technical assistance and leadership development	195,206	-	195,206
Knowledge and strategy development	282,293	-	282,293
Outcome assessment	43,930	-	43,930
Grant related conferences and meetings	8,688	-	8,688
Publications	36,112	-	36,112
Communications	162,692	-	162,692
Website	47,411	-	47,411
Salaries and employee benefits	1,054,031	771,431	1,825,462
Professional fees	11,362	73,344	84,706
Travel expenses	61,108	75,047	136,155
Professional development	21,482	22,048	43,530
Occupancy	79,562	92,082	171,644
Insurance	-	8,925	8,925
Information technology expenses	43,608	49,615	93,223
Memberships	54,764	2,978	57,742
Office expenses	13,842	27,975	41,817
	<u>5,747,775</u>	<u>1,123,445</u>	<u>6,871,220</u>
Total expenses	<u>\$ 5,747,775</u>	<u>\$ 1,123,445</u>	<u>\$ 6,871,220</u>



# The Winthrop Rockefeller Foundation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

**NOTE 13: FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION (Continued)**

The Foundation's functional expenses by natural classification are as follows for the year ended December 31, 2018.

	<u>Program Activities</u>	<u>Supporting Activities</u>	<u>Total Expenses</u>
Grants	\$ 1,181,357	\$ -	\$ 1,181,357
Consulting fees and expense reimbursements:			
Grantee technical assistance and leadership development	151,568	-	151,568
Knowledge and strategy development	243,383	-	243,383
Outcome assessment	10,626	-	10,626
Grant related conferences and meetings	27,300	-	27,300
Publications	4,583	-	4,583
Communications	154,345	-	154,345
Annual report	77,196	-	77,196
Website	22,640	-	22,640
Salaries and employee benefits	1,038,755	783,020	1,821,775
Professional fees	8,167	74,803	82,970
Travel expenses	62,550	76,679	139,229
Professional development	28,010	29,417	57,427
Occupancy	96,653	124,344	220,997
Insurance	-	9,025	9,025
Information technology expenses	23,350	50,970	74,320
Memberships	78,019	6,395	84,414
Office expenses	14,539	15,718	30,257
Unrelated business income tax	1,607	-	1,607
	<u>3,224,648</u>	<u>1,170,371</u>	<u>4,395,019</u>
Total expenses	<u>\$ 3,224,648</u>	<u>\$ 1,170,371</u>	<u>\$ 4,395,019</u>

**NOTE 14: SUBSEQUENT EVENTS**

The Foundation has evaluated events that occurred after December 31, 2019, but prior to June 4, 2020, the date the financial statements were available to be issued.

As of the date of the independent auditor's report, the COVID-19 pandemic has had an adverse impact on both domestic and global financial markets. Management is unable to accurately predict how the COVID-19 pandemic will affect the results of the Foundation's operations due to uncertainties surrounding the severity of the disease and the duration of the outbreak. However, it is presumed that Foundation operations will be impacted.