# THE WINTHROP
# ROCKEFELLER FOUNDATION

*Financial Statements as of and for the*
*Years Ended December 31, 2015 and 2014,*
*with Independent Auditor's Report*

# THE WINTHROP ROCKEFELLER FOUNDATION

**TABLE OF CONTENTS** **PAGE**

JPMS | Cox
ACCOUNTANTS & CONSULTANTS
Service where it counts
11300 Cantrell Road • Suite 301 • Little Rock, Arkansas 72212
Phone: (501) 227-5800 • Fax: (501) 227-5851 • Web: www.jpmscox.com

# INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of**
**The Winthrop Rockefeller Foundation:**

## Report on the Financial Statements

We have audited the accompanying financial statements of The Winthrop Rockefeller Foundation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements (collectively, "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 referred to above present fairly, in all material respects, the financial position of The Winthrop Rockefeller Foundation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

JPMS Cox, PLLC

May 16, 2016

## THE WINTHROP ROCKEFELLER FOUNDATION

### STATEMENTS OF FINANCIAL POSITION, DECEMBER 31, 2015 AND 2014

| **ASSETS** | **2015** | **2014** |
|---|---|---|
| Cash and cash equivalents | $ 3,532,465 | $ 2,675,446 |
| Certificates of deposit | 454,153 | 453,013 |
| Contributions receivable | 22,250 | 22,250 |
| Marketable securities | 123,209,125 | 136,222,335 |
| Accrued interest receivable and other assets | 174,731 | 272,425 |
| Program-related investments at cost | 6,251,230 | 5,076,658 |
| Mission-related investment at cost | 425,000 | 350,000 |
| Property and equipment, net | 152,440 | 155,239 |
| **TOTAL ASSETS** | $ 134,221,394 | $ 145,227,366 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES:** | | |
| Accounts payable | $ 58,639 | $ 45,057 |
| Grants payable | 3,483,080 | 3,201,590 |
| Other liabilities | 247,282 | 254,463 |
| Total liabilities | 3,789,001 | 3,501,110 |
| **NET ASSETS - UNRESTRICTED** | 130,432,393 | 141,726,256 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 134,221,394 | $ 145,227,366 |

See Notes to Financial Statements.

# THE WINTHROP ROCKEFELLER FOUNDATION

## STATEMENTS OF ACTIVITIES
## FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|---|---|---|
| **UNRESTRICTED REVENUES AND GAINS (LOSSES):** | | |
| Grants and contributions | $ 179,000 | $ 89,000 |
| Investment return | (3,168,502) | 5,136,496 |
| Total revenues and gains (losses) | (2,989,502) | 5,225,496 |
| **EXPENSES:** | | |
| Program services: | | |
| Grants | 4,222,495 | 3,755,947 |
| Program administration | 2,132,654 | 1,648,877 |
| Total program service expenses | 6,355,149 | 5,404,824 |
| Supporting activities: | | |
| Investment management expense | 536,505 | 489,494 |
| Federal excise tax | 108,277 | 157,672 |
| General administration | 1,304,430 | 1,178,511 |
| Total supporting activity expenses | 1,949,212 | 1,825,677 |
| Total expenses | 8,304,361 | 7,230,501 |
| **CHANGE IN NET ASSETS** | (11,293,863) | (2,005,005) |
| **NET ASSETS, BEGINNING OF YEAR** | 141,726,256 | 143,731,261 |
| **NET ASSETS, END OF YEAR** | $ 130,432,393 | $ 141,726,256 |

See Notes to Financial Statements.

# THE WINTHROP ROCKEFELLER FOUNDATION

## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Change in net assets | $ (11,293,863) | $ (2,005,005) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 50,017 | 53,906 |
| Loss on disposal of property and equipment | 2,513 | - |
| Net realized and unrealized loss (gain) on securities | 5,393,876 | (2,361,177) |
| Interest on certificate of deposit | (1,140) | - |
| Change in operating assets and liabilities: | | |
| Accrued interest receivable and other assets | 97,694 | (133,880) |
| Accounts payable | 13,582 | 20,073 |
| Grants payable | 281,490 | 85,278 |
| Other liabilities | (7,181) | 4,956 |
| Net cash used in operating activities | (5,463,012) | (4,335,849) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of investment securities | (27,469,160) | (23,033,192) |
| Proceeds from sale of investment securities and principal pay downs | 35,088,494 | 25,475,315 |
| Purchases of program-related investments | (1,249,535) | (249,734) |
| Proceeds from program-related investments | 74,963 | 65,244 |
| Purchase of mission-related investment | (75,000) | (350,000) |
| Purchase of certificate of deposit | - | (200,000) |
| Purchase of property and equipment | (49,731) | (30,402) |
| Net cash provided by investing activities | 6,320,031 | 1,677,231 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 857,019 | (2,658,618) |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 2,675,446 | 5,334,064 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 3,532,465 | $ 2,675,446 |

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 2015 AND 2014

### 1. ORGANIZATION

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 the economic and social well-being of Arkansans. The Foundation is a recipient of contributions from the estate of Winthrop Rockefeller. Since inception, the Foundation has received $25,550,000 as of December 31, 2015 and 2014, from the trust under the will of Winthrop Rockefeller (the "Trust") in order to grow the long-term assets of the Foundation. Separate grants are provided by the Trust to support the current operations of the Foundation.

The Foundation affirms Winthrop Rockefeller's vision of a thriving and prosperous Arkansas that benefits all Arkansans. The Foundation's mission is to improve the lives of Arkansans in three inter-related areas: education, economic development, and economic, racial, and social justice. For over 40 years, the Foundation has pursued this mission through strategic grantmaking 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 is committed to the development, promotion, and support of activities, programs, and organizations that address education, economic development, and economic, racial, and social justice. In 2008, the Foundation adopted Moving the Needle, a strategic plan that included four specific goals that guided their work through 2013. In 2013, the Board affirmed these goals and adopted Moving the Needle 2.0, a continuation of the strategic plan through 2019. The needle can and must move from poverty to prosperity for all Arkansans.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Foundation maintains bank deposit accounts at levels in excess of the FDIC insured limit. Management believes that its policies are adequate to minimize potential credit risk.

**Investment Securities** – The Foundation carries its investments at fair value. Changes in fair values are included in investment return and are recorded in the period in which they occur. Gains or losses on sales of investments are recognized on the transaction trade dates and are included in investment return in the statement of activities. Investment return includes dividends, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on program and mission-related investments.

**Program-Related Investments** – Debt or equity investments in closely held entities whose purpose is to assist in relieving poverty, creating jobs, or revitalizing the economy are classified as program-related investments in the statements of financial position. These investments are carried at cost, as no readily determinable fair value is available and a reasonable estimate of fair value could not be made without incurring excessive costs. Program-related investments are evaluated annually for impairment. The carrying amounts of the investments are reduced by the amount of the impairment.

**Mission-Related Investments** – Mission-related investments are market rate investments that focus on providing both social and financial returns closely aligned with the Foundation's program areas. Mission-related investments include two certificates of deposit, a municipal bond mutual fund, and a venture capital fund. The certificates of deposit and municipal bond mutual fund are carried at fair value. The venture capital fund is carried at cost, as no readily determinable fair value is available and a reasonable estimate of fair value could not be made without incurring excessive costs. Mission-related investments are evaluated annually for impairment. The carrying amounts of the investments are reduced by the amount of the impairment.

**Property and Equipment** – Property and equipment are recorded at 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.

**Net Assets Classification** – The Foundation classifies net assets as follows:

*Unrestricted net assets* – Net assets are classified as unrestricted if they are not subject to donor-imposed stipulations. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as increases in unrestricted net assets.

*Temporarily restricted net assets* – Net assets are classified as temporarily restricted if they are subject to donor-imposed stipulations that will be met either by action of the Foundation and/or the passage of time. The Foundation had no temporarily restricted net assets as of December 31, 2015 or 2014.

*Permanently restricted net assets* – Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity. The Foundation had no permanently restricted net assets as of December 31, 2015 or 2014.

**Allocation of Administration Expenses** – The administrative staff of the Foundation spends their time working on various charitable programs and supporting activities. The staff salaries, other compensation-related expenses, and certain other expenses are charged directly to the various functional classifications on the basis of time spent and expenses incurred in support of these functions.

**Federal Income Taxes** – The Foundation is a publicly supported organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code on income related to the mission of the Foundation. However, the Foundation's net investment income is subject to excise taxes.

The Foundation follows standards under the *Income Taxes* topic of the Financial Accounting Standards Codification (the "Codification") related to uncertainties in income taxes. Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Foundation is no longer subject to income tax examinations by the United States federal, state, or local tax authorities for years before 2012.

**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. Any grants which have not been funded as of the balance sheet date are recorded in grants payable.

**Fair Value of Financial Instruments** – The estimated fair values of the Foundation's short-term financial instruments, including cash and cash equivalents, receivables, and payables arising in the ordinary course of business, approximate their individual carrying amounts based on the nature of the financial instrument and due to the relatively short period of time between origination and expected realization for receivables and payables.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Recent Accounting Pronouncements** – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 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. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which extends the effective date one year from that stated in ASU 2014-09. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which relates to when another party, along with the entity, is involved in providing a good or service to a customer. The amendments in ASU 2016-08 are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations. The guidance in ASU 2014-09 and ASU 2016-08 will be effective for annual reporting periods beginning after December 15, 2018. Early adoption is allowed for annual reporting periods beginning after December 15, 2016. The Foundation does not anticipate that the updated standards will have a material effect on the financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* ASU 2014-15 explicitly requires management to evaluate, at each annual or interim reporting period, whether there are conditions or events that exist which raise substantial doubt about an entity's ability to continue as a going concern and to provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016. The Company does not anticipate that this new standard will have a material effect on its financial statement disclosures.

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* The amendments in this Update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The standard will be effective for fiscal years beginning after December 15, 2016. Amendments will be applied retrospectively. Earlier application is permitted. The Foundation is currently evaluating the effect that the updated standard will have on the financial statement disclosures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10).* The amendments in ASU 2016-01 supersede the guidance to classify equity securities with readily determinable fair values into different categories and allow equity investments that do not have readily determinable fair values to be measured at fair value either upon the occurrence of an observable price change or upon identification of impairment. The amendments of ASU 2016-01 also exempt nonpublic entities from disclosing fair value information for financial instruments measured at amortized cost on the balance sheet. The amendments of ASU 2016-01 are effective for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the effect that the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet 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 requirements under the updated standard are effective for nonpublic entities for fiscal years beginning after December 15, 2019. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

**Subsequent Events** – The Foundation has evaluated events that occurred after December 31, 2015, but prior to May 16, 2016, the date the financial statements were issued. The Foundation did not identify any events or transactions during this period of time that require recognition or disclosure in the financial statements as of and for the year ended December 31, 2015.

## 2. PROGRAM-RELATED INVESTMENTS

At December 31, 2015 and 2014, the program-related investment balance included funds invested in entities whose primary activities include promoting entrepreneurship and strengthening local economies in Arkansas. These entities and the related investment amounts are as follows:

| | 2015 | 2014 |
|---|---|---|
| (A) Southern Bancorp, Inc.: | | |
| Common stock, voting | $ 700,000 | $ 700,000 |
| Common stock, nonvoting | 4,204,269 | 3,954,734 |
| Total | 4,904,269 | 4,654,734 |
| (B) Hope Enterprise Corp., note receivable | 1,000,000 | - |
| (C) Diamond State Ventures II, LP | 184,434 | 229,434 |
| (D) Communities Unlimited, Inc., note receivable | 49,075 | 57,175 |
| (E) Financing Ozarks Rural Growth and Economy, note receivable | 113,452 | 135,315 |
| (F) Fund for Arkansas' Future, LLC | - | - |
| Total program-related investments | $ 6,251,230 | $ 5,076,658 |

(A) Southern Bancorp, Inc. – Southern Bancorp, Inc. is a bank holding company established for the purpose of conducting rural economic development activities in Arkansas. As of December 31, 2015, the Foundation has unfunded commitments of $500,000 to purchase additional nonvoting shares of common stock of Southern Bancorp, Inc. The commitment is to purchase shares for $250,000 in 2016 and 2017.

(B) Hope Enterprise Corp. – Hope Enterprise Corporation 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 bears no interest for the first year and interest at 1% beginning April 1, 2016, receivable in quarterly interest only payments commencing June 30, 2016, with all unpaid principal and accrued interest due March 31, 2025.

(C) Diamond State Ventures II, LP (“DSV II”) – DSV II 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.

(D) Communities Unlimited, Inc. – 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 bears interest at one year LIBOR plus 1%, receivable in quarterly principal and interest payments, with all unpaid principal and accrued interest due October 1, 2021.

(E) Financing Ozarks Rural Growth and Economy ("FORGE") – FORGE is a community based revolving loan fund established to help build sustainable small communities. The note receivable bears interest at LIBOR plus 1%, receivable in quarterly principal and interest payments, with all unpaid principal and accrued interest due December 1, 2020.

(F) Fund for Arkansas' Future, LLC ("Fund") – The Fund is a venture capital group established for the purpose of developing Arkansas entrepreneurship. The Foundation reduced the carrying value by $286,991 due to a permanent decline in value.

## 3. MISSION-RELATED INVESTMENTS

At December 31, 2015, the mission-related investment balance carried at cost includes $425,000 invested in Diamond State Ventures III ("Diamond III"). 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, 2015, the Foundation has unfunded commitments of $575,000 in Diamond III.

In addition to Diamond III, investments the Foundation considers to be mission-related include the Foundation's certificates of deposit and the municipal bond mutual fund classified with marketable securities, with a fair value of $10,122,761 and $11,400,672 as of December 31, 2015 and 2014, respectively. Total mission-related investments were $11,001,914 and $12,203,685 as of December 31, 2015 and 2014, respectively.

## 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

**Fair Value Measurements** – The Foundation accounts for investment securities in accordance with the *Fair Value Measurements* topic of the Codification. This topic provides a framework for measuring fair value under accounting principles generally accepted in the United States of America and applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the *Fair Value Measurements* topic, 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 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.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuation methodology utilizes inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities 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 liability, or inputs that are derived principally from or corroborated by market data by correlation or other means. If the asset or liability has a specified (contractual) term, the input must be observable for substantially the full term of the asset or liability.

- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and 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 or liabilities. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For the years ended December 31, 2015 and 2014, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

*Common Stock and International Real Estate Trust* – The fair value is based on the closing price reported on the active market on which the individual securities are traded.

*Domestic and International Equities Mutual Funds, Domestic Bond Mutual Funds, Municipal Bond Mutual Funds, and Government Agency Mutual Funds* – The fair value for Level 1 funds is based on the closing price reported on the active market on which the individual securities are traded. The fair value for Level 2 funds is based on the net asset value of shares held by the Foundation at year end.

*Hedge Fund of Funds* – The fair value is based on the net asset value of shares held by the Foundation at year end in accordance with the *Fair Value Measurements* topic of the Codification.

The methods described above may produce a fair value calculation 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.

**Fair Value on a Recurring Basis**

The balances of assets measured at fair value on a recurring basis are as follows as of December 31, 2015:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Domestic common stock | $ 14,029,049 | $ - | $ - | $ 14,029,049 |
| International common stock | 122,766 | - | - | 122,766 |
| Domestic equities mutual fund | - | 20,941,119 | - | 20,941,119 |
| International equities mutual funds | 39,291,267 | 7,788,116 | - | 47,079,383 |
| International real estate trust | 6,262,485 | - | - | 6,262,485 |
| Domestic bond mutual funds | 8,805,611 | - | - | 8,805,611 |
| Municipal bond mutual funds | 10,122,761 | - | - | 10,122,761 |
| Government agency mutual funds | - | 8,779,382 | - | 8,779,382 |
| Domestic hedge fund of funds | - | - | 7,066,569 | 7,066,569 |
| Total | $ 78,633,939 | $ 37,508,617 | $ 7,066,569 | $ 123,209,125 |

The balances of assets measured at fair value on a recurring basis are as follows as of December 31, 2014:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Domestic common stock | $ 26,409,224 | $ - | $ - | $ 26,409,224 |
| International common stock | 703,641 | - | - | 703,641 |
| Domestic equities mutual funds | - | 11,716,565 | - | 11,716,565 |
| International equities mutual funds | 43,107,665 | 9,628,172 | - | 52,735,837 |
| International real estate trusts | 6,877,632 | - | - | 6,877,632 |
| Domestic bond mutual funds | 6,686,073 | - | - | 6,686,073 |
| Municipal bond mutual funds | 11,400,672 | - | - | 11,400,672 |
| Government agency mutual funds | - | 12,433,158 | - | 12,433,158 |
| Domestic hedge fund of funds | - | - | 7,259,533 | 7,259,533 |
| Total | $ 95,184,907 | $ 33,777,895 | $ 7,259,533 | $ 136,222,335 |

There were no transfers into or out of Level 3 investments during the years ended December 31, 2015 or 2014. Redemption of certain investments is subject to terms provided in the investment agreement, which may change depending on market conditions. The changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2015 and 2014, are summarized as follows:

| | Domestic Hedge Fund of Funds |
|---|---|
| Balance, January 1, 2014 | $ 6,885,441 |
| Unrealized gain | 374,092 |
| Balance, December 31, 2014 | 7,259,533 |
| Unrealized loss | (192,964) |
| Balance, December 31, 2015 | $ 7,066,569 |

The following table summarizes the Foundation's investments measured at fair value based on net asset value per share as of December 31, 2015:

| | Redemption Frequency | Redemption Notice Period | Fair Value | Unfunded Commitment |
|---|---|---|---|---|
| Domestic equities mutual funds | Daily | None | $ 20,941,119 | $ - |
| International equities mutual funds | Monthly | 15 Days | 7,788,116 | - |
| Government agency mutual funds | Daily | None | 8,779,382 | - |
| Domestic hedge fund of funds | Quarterly | 95 Days | 7,066,569 | - |
| | | | $ 44,575,186 | $ - |

Investment return consisted of the following for the years ended December 31:

| | 2015 | 2014 |
|---|---|---|
| Interest and dividend income | $ 2,225,374 | $ 2,775,319 |
| Net realized and unrealized gain (loss) on investment securities | (5,393,876) | 2,361,177 |
| Total | $ (3,168,502) | $ 5,136,496 |

## 5. PROPERTY AND EQUIPMENT

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

| | 2015 | 2014 |
|---|---|---|
| Office equipment and furnishings | $ 250,769 | $ 247,953 |
| Tenant improvements | 122,625 | 100,291 |
| Computer software and hardware | 87,124 | 87,331 |
| | 460,518 | 435,575 |
| Less accumulated depreciation and amortization | (308,078) | (280,336) |
| Property and equipment, net | $ 152,440 | $ 155,239 |

## 6. GRANTS PAYABLE

Grants payable are due to be paid for years subsequent to December 31, 2015, as follows:

| | |
|---|---|
| 2016 | $ 2,768,157 |
| 2017 | 674,923 |
| 2018 | 40,000 |
| Total | $ 3,483,080 |

## 7. EMPLOYEE BENEFIT PLAN

Under the Winthrop Rockefeller Foundation Retirement Plan (the "Plan"), all employees are eligible to participate and can contribute up to the maximum percentage of compensation allowed by the Internal Revenue Code with the Foundation matching 100% of the first 6% of compensation contributed by each participant. Additionally, the Foundation contributes 5% of each participant's compensation to the Plan. Such contributions are invested in variable life tax-sheltered annuities. The amount contributed to the Plan by the Foundation totaled $112,941 and $97,931 for the years ended December 31, 2015 and 2014, respectively.

## 8. DISTRIBUTION REQUIREMENT

The Internal Revenue Code provides for additional taxes, which may be imposed upon a private foundation such as the Foundation, if it fails to make qualifying distributions equal to its 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 all of the Foundation's assets not directly used in carrying out the Foundation'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 December 31, 2014, the Foundation made qualifying distributions in excess of the required distributable amount, resulting in an excess distribution carryover of $1,811,169 with $1,391,133 expiring in 2016 and $420,036 expiring in 2017. The Foundation is currently assessing the qualifying distributions made during the year ended December 31, 2015, 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.

## 9. LEASE AGREEMENTS

In September 2008, the Foundation entered into an operating lease agreement for office facilities from which to conduct its operations. These facilities are leased under a ten-year operating lease expiring in 2019. There is an option to renew the lease for two additional five-year periods at an increased monthly rental rate.

The following is a schedule of future minimum rental payments required under the above operating lease as of December 31, 2015:

| | | |
|---|---|---|
| 2016 | $ | 117,354 |
| 2017 | | 123,052 |
| 2018 | | 127,533 |
| 2019 | | 10,658 |
| Total | $ | 378,597 |

## 10. RELATED PARTIES

Certain Foundation employees and members of the Foundation’s board of directors serve on the boards or are employed by grantees of the Foundation. The Foundation awarded grants of $687,500 and $1,476,450 and made grant payments of $1,008,660 and $969,958 during the years ended December 31, 2015 and 2014, respectively, to grantees that had employees or members of the Foundation’s board of directors serving as employees or directors.

The Foundation received operating support grants of $89,000 from the Trust in both the years ended December 31, 2015 and 2014. Operating support grant receipts were expended for operations in the year received.