

The Henry Luce Foundation, Inc.

Financial Statements

December 31, 2017

The Henry Luce Foundation, Inc.

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December 31, 2017

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DONALD F. SCHERER

Independent Auditor's Report

To the Board of Directors of
The Henry Luce Foundation, Inc.

We have audited the accompanying financial statements of The Henry Luce Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risk 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Henry Luce Foundation as of December 31, 2017 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of program and administrative expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



May 24, 2018

The Henry Luce Foundation, Inc.

Statement of Financial Position

December 31, 2017

Assets

Cash	\$ 954,388
Dividends and interest receivable	231,433
Investments	885,991,423
Furniture, fixtures and leasehold improvements, net of accumulated depreciation and amortization of \$1,111,436	476,369
Other assets	<u>1,371,747</u>
	<u>\$889,025,360</u>

Liabilities and net assets

Accounts payable and accrued expenses	\$ 914,726
Grants payable	24,404,653
Postretirement medical benefits	2,470,854
Unfunded supplemental pension	679,547
Deferred federal excise tax	<u>4,045,073</u>
Total liabilities	<u>32,514,853</u>
Unrestricted - Principal Fund	697,784,271
Temporarily restricted - Clare Boothe Luce Fund	90,380,872
Permanently restricted - Clare Boothe Luce Fund	<u>68,345,364</u>
Total net assets	<u>856,510,507</u>
Total liabilities and net assets	<u>\$889,025,360</u>

See notes to financial statements

The Henry Luce Foundation, Inc.

Statement of Activities

Year Ended December 31, 2017

	Unrestricted		Temporarily	Permanently	Total
	Principal Fund	Clare Boothe Luce Fund	Restricted Clare Boothe Luce Fund	Restricted Clare Boothe Luce Fund	
Revenues, gains and other support					
Dividends, interest and partnership income	\$ 6,065,082	\$ -	\$ 6,065,082	\$ 1,513,841	\$ 7,578,923
Unrealized appreciation on investments	82,639,961	-	82,639,961	15,521,180	98,161,141
Net realized gain on sale of investments	10,357,502	-	10,357,502	5,650,285	16,007,787
Less:					
Directly reported investment counseling and custody fees	(2,899,544)	-	(2,899,544)	(665,132)	(3,564,676)
Excise tax, net of recovery	(1,768,806)	-	(1,768,806)	(439,229)	(2,208,035)
Net assets released from restrictions:					
Satisfaction of Clare Boothe Luce Fund restrictions	-	8,001,624	8,001,624	(8,001,624)	-
Total revenues, gains and other support	<u>94,394,195</u>	<u>8,001,624</u>	<u>102,395,819</u>	<u>13,579,321</u>	<u>115,975,140</u>
Expenses					
Program:					
Grants	29,219,653	7,454,317	36,673,970	-	36,673,970
Other	496,837	68,633	565,470	-	565,470
	<u>29,716,490</u>	<u>7,522,950</u>	<u>37,239,440</u>	<u>-</u>	<u>37,239,440</u>
Administrative	5,721,084	478,674	6,199,758	-	6,199,758
Total expenses	<u>35,437,574</u>	<u>8,001,624</u>	<u>43,439,198</u>	<u>-</u>	<u>43,439,198</u>
Change in net assets	58,956,621	-	58,956,621	13,579,321	72,535,942
Net assets, beginning of year	638,827,650	-	638,827,650	76,801,551	783,974,565
Net assets, end of year	<u>\$ 697,784,271</u>	<u>\$ -</u>	<u>\$ 697,784,271</u>	<u>\$ 90,380,872</u>	<u>\$ 856,510,507</u>

See notes to financial statements

The Henry Luce Foundation, Inc.
Statement of Cash Flows

Year Ended December 31, 2017

Cash flows from operating activities:	
Change in net assets	\$ 72,535,942
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	121,183
Net realized gain on sale of investments	(16,007,787)
Unrealized appreciation on investments	(98,161,141)
Changes in operating assets and liabilities:	
Decrease in dividends and interest receivable	1,751
Decrease in other assets	727,627
Increase in accounts payable and accrued expenses	299,100
Decrease in postretirement medical benefits	(145,050)
Decrease in grants payable	(2,878,557)
Increase in deferred federal excise tax	1,963,223
Net cash used by operating activities	<u>(41,543,709)</u>
Cash flows from investing activities:	
Purchases of investments	(256,917,660)
Proceeds from sales and maturities of investments	297,973,780
Net changes in cash equivalents	425,319
Purchases of furniture, fixtures, and leasehold improvements	-
Net cash provided by investing activities	<u>41,481,439</u>
Net decrease in cash	(62,270)
Cash, beginning of year	<u>1,016,658</u>
Cash, end of year	<u><u>\$ 954,388</u></u>
Supplemental disclosure:	
Federal and state taxes paid	<u><u>\$ 1,120,250</u></u>

See notes to financial statements

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

1. Organization

The Henry Luce Foundation, Inc. (the "Foundation") is a private, nonprofit organization incorporated under the Not-for-Profit Corporation Law of New York. The Foundation was formed in 1936 exclusively for charitable, religious, educational, scientific, literary and cultural purposes, as specified in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), including making contributions to organizations which qualify as exempt organizations under Section 501(c)(3) of the Code. The primary source of the Foundation's revenue is investment income.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Code. For 2017, federal excise taxes have been provided at the rate of 1% of net investment income in accordance with provisions of the Tax Reform Act of 1984. Net investment income for tax purposes includes dividends, interest and net realized gains on security transactions less related expenses. The Foundation's deferred excise tax liability at December 31, 2017, computed in accordance with current regulations, has been recorded at 2% of the unrealized appreciation on investments.

The Internal Revenue Code provides that each year the Foundation must make certain minimum qualifying distributions equal to approximately 5% of the average fair value of its assets. The minimum distribution requirements for 2017 have been met.

2. Summary of Significant Accounting Policies

Basis of Presentation

To comply with the terms of the last will and testament of Clare Boothe Luce, the Foundation established the Clare Boothe Luce Fund, which is dedicated exclusively to the funding of scholarships, fellowships and professorships in the areas of the sciences and engineering for women students and professors at educational institutions.

The last will and testament of Clare Boothe Luce provides that amounts paid in furtherance of the purposes of the Clare Boothe Luce Fund, set forth above, be paid solely from the income of such fund and that the entire income of such fund be expended in each annual fiscal period. Under section 513 of the Not-for-Profit Corporation Law of New York (N-PCL), a direction in a gift instrument that "only income" of an endowment fund may be expended - such as the direction in the last will and testament of Clare Boothe Luce - does not restrict the governing board of a not-for-profit corporation from appropriating the realized and unrealized net appreciation of such fund for expenditure in respect of the purposes for which an endowment fund is established.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets are utilized to account for revenues and gains that are unrestricted in nature.
- Temporarily restricted net assets consist of the Clare Boothe Luce Fund's investment appreciation (realized and unrealized) which have not yet been expended in accordance with the Fund's purpose.
- Permanently restricted net assets consist of the amount of the bequest from Clare Boothe Luce, which must be kept intact in perpetuity.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Management's 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Concentration of Credit Risk

Cash in financial institutions at times may be in excess of the Federal Deposit Insurance Corporation insurance limit. Management of the Foundation does not consider any such amounts to be at serious risk.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Investments

The Foundation invests using a total return approach with the primary objective being to preserve and, if possible, enhance its real (inflation-adjusted) value while providing a relatively stable (in real terms) stream of earnings for grant payments and expenses.

Investments in fixed income securities and mutual funds are carried at market value, which is generally based on the closing sales price on the last trading date in each year. The fair value of interests in limited partnerships ordinarily is the value determined by the general partner and agents based upon the valuation reported by the Fund Administrators in accordance with policies established by relevant limited partnerships.

Valuations provided to the Foundation by a limited partnership may be based upon estimated or unaudited reports, and may be subject to later adjustment or revision. Any such adjustment or revision will either increase or decrease the net asset value of the Foundation at the time the Foundation is provided with information regarding the adjustment. The Foundation does not expect to restate its previous net asset values to reflect an adjustment or revision by a limited partnership.

Realized and unrealized gains and losses are determined by a comparison of cost, determined by average cost method, with proceeds or market value, respectively.

Income and Expenses

Income is recorded when earned and expenses when incurred. For financial reporting purposes, grants are recorded at the time of approval by the Board of Directors.

Cash

For purposes of cash flows, the Foundation defines cash as cash held in checking accounts and operating money market accounts.

Fixed Assets

The Foundation capitalizes the cost of leasehold improvements and acquisitions of furniture and fixtures and depreciates and amortizes these costs using the straight-line method over the estimated useful lives or the life of the lease, whichever is shorter.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

3. Federal Excise Tax

Deferred federal excise taxes are the result of unrealized appreciation on investments being reported for financial reporting purposes in different periods than for excise tax purposes.

The excise tax expense for the year ended December 31, 2017 is comprised of the following:

Current year federal and state provisions	\$ 197,735
Prior year federal and state tax adjustments	47,077
Deferred excise tax	<u>1,963,223</u>
	<u>\$ 2,208,035</u>

Some of the Foundation's investment partnerships have underlying investments which generate "unrelated business taxable income." This income is subject to Federal and State income taxes at "for-profit" corporation income tax rates.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

4. Investments

The fair value, cost and unrealized appreciation (depreciation) of investments at December 31, 2017 were as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds, t-bills and cash held for investment	\$ 25,916,455	\$ 25,916,035	\$ 420
Equity securities:			
Commingled or mutual funds			
Global	246,303,909	204,831,735	41,472,174
Emerging markets	83,707,740	62,681,350	21,026,390
Other	6,560,834	5,255,724	1,305,110
Fixed income securities:			
Managed accounts			
U.S. government	24,540,042	25,211,237	(671,195)
Commingled or mutual funds			
Global fixed income hedge	23,906,549	27,500,000	(3,593,451)
Futures Contracts	140,478	-	140,478
Marketable alternative partnerships:			
Global	263,799,094	163,096,361	100,702,733
Liquidating	233,306	242,678	(9,372)
Non-marketable limited partnerships:			
Multi-strategy	156,194,269	130,352,218	25,842,051
Global distressed	3,727,909	882,090	2,845,819
Private equity	27,655,648	19,233,631	8,422,017
Venture	14,708,573	6,762,719	7,945,854
Natural resources	6,454,303	6,103,607	350,696
Liquidating	1,727,486	5,253,572	(3,526,086)
	<u>885,576,595</u>	<u>683,322,957</u>	<u>202,253,638</u>
Net pending trades	<u>414,828</u>	<u>414,828</u>	<u>-</u>
Total Investments	<u><u>\$885,991,423</u></u>	<u><u>\$683,737,785</u></u>	<u><u>\$202,253,638</u></u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

4. Investments (continued)

The investments, other than the liquidating non-marketable limited partnerships, are co-investments of the Henry Luce Fund and the Clare Boothe Luce Fund, which hold approximately 80% and 20% of these co-investments, respectively.

Global equity securities consists of one fund and can be redeemed monthly with 100 days' notice. Emerging markets securities consist of one fund with quarterly liquidity with 120 days' notice.

The investments listed as other in commingled or mutual funds under equity securities consist of an interest in royalties and an S&P 500 fund. The interest in royalties is valued by the Foundation using cash flows and there is only a limited secondary market for this investment. The S&P 500 fund has daily liquidity.

The global fixed income hedge is one fund with a 36 month rolling lock-up requiring 90 days' notice.

Global marketable alternative investment is a fund with quarterly liquidity with 90 days' notice.

Liquidating marketable alternative partnerships consist of funds previously under the direction of a manager who was terminated at the end of 2011. These amounts represent holdbacks on final liquidation or amounts that cannot yet be redeemed due to lockups. The Foundation anticipates these funds will be fully redeemed by the end of 2018 with some residual holdbacks and side pockets amounts to be received as the remaining investments in these funds are liquidated.

Non-marketable limited investment partnerships consist of several components. The multi-strategy investment is six funds. The first fund, valued at \$18,094,481, has annual liquidity with 180 days' notice. The second through sixth funds, valued at \$22,183,563, \$18,589,060, \$28,276,532, \$41,567,535, and \$27,483,098 are illiquid and will be redeemed at the termination of the funds, which is in approximately 10 years. The investments in global distressed, private equity, venture and natural resources were funds invested in the last nine years. They are illiquid and have terms remaining of four to six years. The liquidating partnerships represent primarily private equity investments entered into in the late 1990's and early 2000's. They are currently winding down their affairs.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

4. Investments (continued)

The unfunded commitments to these funds are as follows:

Multi-strategy	\$ 131,208,946
Global distressed	3,379,900
Private equity	5,628,248
Venture	670,000
Natural resources	560,000
	<u>\$ 141,447,094</u>

The Foundation follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based on input assumptions used in pricing assets. 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 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.

The fair value of some funds has been estimated using the Net Asset Value ("NAV") as reported by the management of the fund. FASB guidance provides for the use of the NAV as a "practical expedient" for estimating the fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation's interest in the fund.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

4. Investments (continued)

Investments are categorized as follows:

	Level 1	Level 2	Level 3	Valued Using NAV	Total
Money market funds, t-bills and cash held for investment	\$ 25,916,455	\$ -	\$ -	\$ -	\$ 25,916,455
Equity securities:					
Commingled or mutual funds					
Global	-	-	-	246,303,909	246,303,909
Emerging markets	-	-	-	83,707,740	83,707,740
Other	4,760,834	-	1,800,000	-	6,560,834
Fixed income securities:					
Managed accounts	-	-	-	-	-
U.S. government	24,540,042	-	-	-	24,540,042
Commingled or mutual funds	-	-	-	-	-
Global fixed income hedge	-	-	-	23,906,549	23,906,549
Futures Contracts	140,478	-	-	-	140,478
Marketable alternative partnerships:					
Global	-	-	-	263,799,094	263,799,094
Liquidating	-	-	-	233,306	233,306
Non-marketable limited partnerships:					
Multi-strategy	-	-	-	156,194,269	156,194,269
Global distressed	-	-	-	3,727,909	3,727,909
Private equity	-	-	-	27,655,648	27,655,648
Venture	-	-	-	14,708,573	14,708,573
Natural resources	-	-	-	6,454,303	6,454,303
Liquidating	-	-	-	1,727,486	1,727,486
	<u>55,357,809</u>	<u>-</u>	<u>1,800,000</u>	<u>828,418,786</u>	<u>885,576,595</u>
Net pending trades	414,828	-	-	-	414,828
Total Investments	<u><u>\$ 55,772,637</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,800,000</u></u>	<u><u>\$ 828,418,786</u></u>	<u><u>\$ 885,991,423</u></u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

4. Investments (continued)

This investment has been valued using historical and projected cash flows. The change in Level 3 investments is as follows:

	Beginning of Year	Capital Additions	Income	Realized Gains	Unrealized Appreciation (Depreciation)	Capital Withdrawals	End of Year
Equity securities							
Commingled							
Other	\$1,800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,800,000
Total	\$1,800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,800,000

Investment fees of certain mutual funds, commingled funds and alternative investments are not reported separately. They are included in the net income or appreciation of the investment. The approximate amount of these fees was \$18.7 million in 2017.

5. Furniture, Fixtures and Leasehold Improvements

Furniture, fixtures and leasehold improvements are as follows:

Furniture and fixtures	\$ 170,109
Leasehold improvements	1,417,696
	1,587,805
Less: accumulated depreciation and amortization	(1,111,436)
	\$ 476,369

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

6. Grants Approved and Grants Payable

The grants approved during 2017, before the change in discount of \$13,560 and grants payable at December 31, 2017 consisted of the following:

	<u>Grants Approved</u>	<u>Grants Payable</u>
Principal Fund		
American Art	\$ 6,821,000	\$ 3,000,000
Asia	4,960,500	4,243,000
Asian Studies & the Environment Initiative	2,200,000	2,821,000
HRL Initiative on Religion & International Affairs	4,530,000	2,425,000
Higher Education	1,370,000	610,000
Luce Scholars	578,039	-
Public Policy	418,000	125,000
Theology	6,380,000	4,570,000
Special Projects	1,188,000	989,000
Matching	483,673	137,360
Directors' Discretionary	288,000	-
	<u>29,217,212</u>	<u>18,920,360</u>
Total Principal Fund		
	29,217,212	18,920,360
Clare Boothe Luce Program for Women in Science and Engineering	<u>7,470,318</u>	<u>5,682,135</u>
	7,470,318	5,682,135
Total	<u>\$ 36,687,530</u>	<u>\$ 24,602,495</u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

6. Grants Approved and Grants Payable (continued)

At December 31, 2017, the unpaid grant liability is expected to be paid as follows:

Unpaid Grant Liability:

Years Ending December 31,

2018	\$ 16,125,522
2019	6,345,472
2020	1,864,778
2021	165,725
2022	100,998
	<hr/>
	24,602,495
Less: Discount to present value	<hr/> (197,842) <hr/>
	<hr/> \$ 24,404,653 <hr/>

Unpaid grants are recorded at the present value of future cash flows. The discount rate is determined during the year in which the grant is approved. At December 31, 2017, the Foundation has discounted the amount of unpaid grant liability by applying interest rate factors for grants from 1.45% to 2.21%.

7. Pensions

The Foundation has a qualified defined contribution pension plan that covers all full-time employees with a two-year vesting provision. Pension costs, representing 15% of compensation, are charged to expense currently and funded by monthly contributions. Pension expense under this plan was \$428,467.

Supplemental pension payments for former employees were \$121,000.

8. Postretirement Medical Benefits

The Foundation provides retiree medical insurance to employees retiring from the Foundation after attaining at least age 55 (age 65 if hired after January 1, 2009.) The percentage of insurance premiums paid varies with age at retirement and years of service to the Foundation.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

8. Postretirement Medical Benefits (continued)

The present value of the estimated accrued benefits at December 31, 2017 was \$2,470,854. This amount has not been separately funded by the Foundation. Health insurance costs have been projected to increase at the rate of 5.00% per annum. A discount rate of 6.00% was applied.

Actual cash paid during 2017 was \$72,236.

The actual cash costs of this plan over the next ten years are estimated to be as follows:

2018	\$	84,955
2019		89,203
2020		117,918
2021		136,548
2022		143,375
2023-2027		<u>900,495</u>
		<u>\$1,472,494</u>

9. Lease Commitments

The Foundation has a lease for primary office space for a term of fifteen years which began on October 23, 2006 and will expire on May 22, 2022. Under the terms of the lease, the Foundation maintains a letter of credit in the amount of \$46,673 in lieu of a security deposit. Rent expense for this lease during 2017 was \$822,854.

The minimum lease commitment under this lease is as follows:

2018	\$	782,247
2019		793,981
2020		805,891
2021		817,979
2022		<u>324,920</u>
		<u>\$ 3,525,018</u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

10. Endowment

At December 31, the Foundation's endowment is categorized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted funds	\$ -	\$ 90,380,872	\$ 68,345,364	\$ 158,726,236
Available for future spending and investment	727,265,187	-	-	727,265,187
Total	\$ 727,265,187	\$ 90,380,872	\$ 68,345,364	\$ 885,991,423

The changes in the endowment fund were as follows:

Balance, January 1, 2017	\$ 668,157,019	\$ 76,801,551	\$ 68,345,364	\$ 813,303,934
Revenues, gains and other support				
Dividends, interest and partnership income	6,065,082	1,513,841	-	7,578,923
Unrealized appreciation	82,639,961	15,521,180	-	98,161,141
Realized gains	10,357,502	5,650,285	-	16,007,787
Directly reported investment counseling and custody fees	(2,899,544)	(665,132)	-	(3,564,676)
Excise tax	(1,768,806)	(439,229)	-	(2,208,035)
Total revenues, gains and other support	94,394,195	21,580,945	-	115,975,140
Expenses and appropriations for spending	(35,286,027)	(8,001,624)	-	(43,287,651)
Balance, December 31, 2017	\$ 727,265,187	\$ 90,380,872	\$ 68,345,364	\$ 885,991,423

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2017

11. Subsequent Events

In connection with the preparation of these financial statements the Foundation evaluated subsequent events after the statement of financial position date of December 31, 2017 through May 24, 2018 which was the date the financial statements were available to be issued.

The Henry Luce Foundation, Inc.
Supplemental Schedule of Program and Administrative Expenses
Year Ended December 31, 2017

	Unrestricted Principal Fund	Clare Boothe Luce Fund	Total
Program expenses			
Grants	\$ 29,219,653	\$ 7,454,317	\$ 36,673,970
Other program expenses			
Luce Scholars	356,824	-	356,824
Asian Affairs	40,535	-	40,535
American Art	18,692	-	18,692
HRL Initiative on Religion and International Affairs	25,651	-	25,651
Theology	29,948	-	29,948
Other programs	25,187	68,633	93,820
Total other program expenses	496,837	68,633	565,470
Total program expenses	29,716,490	7,522,950	37,239,440
Administrative expenses			
Salaries	2,715,893	321,859	3,037,752
Pensions and related benefits	450,248	26,404	476,652
Insurance - employees' benefits	603,510	39,417	642,927
Payroll taxes	159,018	17,105	176,123
Rent	753,965	68,889	822,854
Professional fees	72,289	-	72,289
Directors' fees	370,000	5,000	375,000
Registration fees and dues	28,585	-	28,585
Travel and meetings	100,750	-	100,750
Computer, office supplies and maintenance	279,053	-	279,053
Depreciation and amortization	121,183	-	121,183
Insurance and sundry	66,590	-	66,590
Total administrative expenses	5,721,084	478,674	6,199,758
Total expenses	\$ 35,437,574	\$ 8,001,624	\$ 43,439,198