

**THE HENRY LUCE FOUNDATION, INC.**  
New York, New York

**FINANCIAL STATEMENTS**  
December 31, 2024 and 2023

THE HENRY LUCE FOUNDATION, INC.  
New York, New York

FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
The Henry Luce Foundation, Inc.  
New York, New York

***Opinion***

We have audited the financial statements of The Henry Luce Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, 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.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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



Crowe LLP

New York, New York  
September 10, 2025

THE HENRY LUCE FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2024 and 2023

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|   | <u>2024</u>                        | <u>2023</u>                        |
|---|------------------------------------|------------------------------------|
| <b>ASSETS</b>                               |                                    |                                    |
| Cash  | \$ 3,181,418                       | \$ 6,021,311                       |
| Investments                                 | 1,112,470,137                      | 1,066,686,135                      |
| Property and equipment, net                 | 1,593,219                          | 1,659,071                          |
| Operating lease right of use of asset       | 11,111,225                         | 11,741,274                         |
| Beneficial interest in trust held by others | 927,239                            | 776,161                            |
| Other assets                                | <u>2,923,212</u>                   | <u>3,988,475</u>                   |
| <br>Total assets                            | <br><u><u>\$ 1,132,206,450</u></u> | <br><u><u>\$ 1,090,872,427</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>           |                                    |                                    |
| Liabilities                                 |                                    |                                    |
| Accounts payable and accrued expenses       | \$ 2,162,590                       | \$ 2,113,181                       |
| Grants payable, net                         | 35,222,845                         | 26,725,719                         |
| Deferred federal excise tax                 | 5,163,384                          | 4,772,541                          |
| Operating lease liability                   | <u>12,443,191</u>                  | <u>13,063,782</u>                  |
| <br>Total liabilities                       | <br>54,992,010                     | <br>46,675,223                     |
| Net assets                                  |                                    |                                    |
| Without donor restrictions                  | 869,590,402                        | 846,390,488                        |
| With donor restrictions                     | <u>207,624,038</u>                 | <u>197,806,716</u>                 |
| <br>Total net assets                        | <br><u><u>1,077,214,440</u></u>    | <br><u><u>1,044,197,204</u></u>    |
| <br>Total liabilities and net assets        | <br><u><u>\$ 1,132,206,450</u></u> | <br><u><u>\$ 1,090,872,427</u></u> |

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See accompanying notes to financial statements.

THE HENRY LUCE FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2024 (with comparative total for 2023)

|  | Without Donor Restrictions |                        |                       | With Donor Restrictions |                        |                      |                       | Total 2024              | Total 2023              |
|--|----------------------------|------------------------|-----------------------|-------------------------|------------------------|----------------------|-----------------------|-------------------------|-------------------------|
|  | Principal Fund             | Clare Boothe Luce Fund | Total                 | Principal Fund          | Clare Boothe Luce Fund | Endowment            | Total                 |                         |                         |
| <b>Revenues</b>  |                            |                        |                       |                         |                        |                      |                       |                         |                         |
| Dividends, interest, and partnership income, net               | \$ 8,318,113               | \$ -                   | \$ 8,318,113          | \$ -                    | \$ 1,983,967           | \$ -                 | \$ 1,983,967          | \$ 10,302,080           | \$ 7,395,372            |
| Net realized gain on investments                               | 54,106,503                 | -                      | 54,106,503            | -                       | 12,905,035             | -                    | 12,905,035            | 67,011,538              | 54,823,661              |
| Unrealized gain on investments                                 | 22,703,279                 | -                      | 22,703,279            | -                       | 5,414,997              | -                    | 5,414,997             | 28,118,276              | 16,099,135              |
| Change in value of beneficial interest in trust held by others | -                          | -                      | -                     | 151,078                 | -                      | -                    | 151,078               | 151,078                 | 868                     |
| Excise and income taxes  | (1,085,842)                | -                      | (1,085,842)           | -                       | (258,985)              | -                    | (258,985)             | (1,344,827)             | (1,264,208)             |
| Net assets released from restrictions                          | -                          | 10,378,770             | 10,378,770            | -                       | (10,378,770)           | -                    | (10,378,770)          | -                       | -                       |
| Total revenues   | 84,042,053                 | 10,378,770             | 94,420,823            | 151,078                 | 9,666,244              | -                    | 9,817,322             | 104,238,145             | 77,054,828              |
| <b>Expenses</b>  |                            |                        |                       |                         |                        |                      |                       |                         |                         |
| Program services   |                            |                        |                       |                         |                        |                      |                       |                         |                         |
| Grants   | 47,824,241                 | 9,796,797              | 57,621,038            | -                       | -                      | -                    | -                     | 57,621,038              | 48,012,564              |
| Program  | 6,752,677                  | 27,169                 | 6,779,846             | -                       | -                      | -                    | -                     | 6,779,846               | 5,069,910               |
| Total program expenses   | 54,576,918                 | 9,823,966              | 64,400,884            | -                       | -                      | -                    | -                     | 64,400,884              | 53,082,474              |
| Management and general   | 6,265,221                  | 554,804                | 6,820,025             | -                       | -                      | -                    | -                     | 6,820,025               | 5,290,539               |
| Total expenses   | 60,842,139                 | 10,378,770             | 71,220,909            | -                       | -                      | -                    | -                     | 71,220,909              | 58,373,013              |
| <b>Change in net assets</b>                                    | 23,199,914                 | -                      | 23,199,914            | 151,078                 | 9,666,244              | -                    | 9,817,322             | 33,017,236              | 18,681,815              |
| Net assets, beginning of year                                  | 846,390,488                | -                      | 846,390,488           | 776,161                 | 128,685,191            | 68,345,364           | 197,806,716           | 1,044,197,204           | 1,025,515,389           |
| <b>Net assets, end of year</b>                                 | <u>\$ 869,590,402</u>      | <u>\$ -</u>            | <u>\$ 869,590,402</u> | <u>\$ 927,239</u>       | <u>\$ 138,351,435</u>  | <u>\$ 68,345,364</u> | <u>\$ 207,624,038</u> | <u>\$ 1,077,214,440</u> | <u>\$ 1,044,197,204</u> |

See accompanying notes to financial statements.

THE HENRY LUCE FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023

|  | Without Donor Restrictions |                        |                       | With Donor Restrictions |                        |                      |                       | Total 2023              |
|--|----------------------------|------------------------|-----------------------|-------------------------|------------------------|----------------------|-----------------------|-------------------------|
|  | Principal Fund             | Clare Boothe Luce Fund | Total                 | Principal Fund          | Clare Boothe Luce Fund | Endowment            | Total                 |                         |
| <b>Revenues</b>  |                            |                        |                       |                         |                        |                      |                       |                         |
| Dividends, interest, and partnership income, net               | \$ 6,048,431               | \$ -                   | \$ 6,048,431          | \$ -                    | \$ 1,346,941           | \$ -                 | \$ 1,346,941          | \$ 7,395,372            |
| Net realized gain on investments                               | 44,628,380                 | -                      | 44,628,380            | -                       | 10,195,281             | -                    | 10,195,281            | 54,823,661              |
| Unrealized gain on investments                                 | 13,105,198                 | -                      | 13,105,198            | -                       | 2,993,937              | -                    | 2,993,937             | 16,099,135              |
| Change in value of beneficial interest in trust held by others | -                          | -                      | -                     | 868                     | -                      | -                    | 868                   | 868                     |
| Excise and income taxes  | (1,020,106)                | -                      | (1,020,106)           | -                       | (244,102)              | -                    | (244,102)             | (1,264,208)             |
| Net assets released from restrictions                          | -                          | 9,763,441              | 9,763,441             | -                       | (9,763,441)            | -                    | (9,763,441)           | -                       |
| Total revenues   | 62,761,903                 | 9,763,441              | 72,525,344            | 868                     | 4,528,616              | -                    | 4,529,484             | 77,054,828              |
| <b>Expenses</b>  |                            |                        |                       |                         |                        |                      |                       |                         |
| Program services   |                            |                        |                       |                         |                        |                      |                       |                         |
| Grants   | 39,056,666                 | 8,955,898              | 48,012,564            | -                       | -                      | -                    | -                     | 48,012,564              |
| Program  | 4,810,040                  | 259,870                | 5,069,910             | -                       | -                      | -                    | -                     | 5,069,910               |
| Total program expenses   | 43,866,706                 | 9,215,768              | 53,082,474            | -                       | -                      | -                    | -                     | 53,082,474              |
| Management and general   | 4,742,866                  | 547,673                | 5,290,539             | -                       | -                      | -                    | -                     | 5,290,539               |
| Total expenses   | 48,609,572                 | 9,763,441              | 58,373,013            | -                       | -                      | -                    | -                     | 58,373,013              |
| <b>Change in net assets</b>                                    | 14,152,331                 | -                      | 14,152,331            | 868                     | 4,528,616              | -                    | 4,529,484             | 18,681,815              |
| Net assets, beginning of year                                  | 832,238,157                | -                      | 832,238,157           | 775,293                 | 124,156,575            | 68,345,364           | 193,277,232           | 1,025,515,389           |
| <b>Net assets, end of year</b>                                 | <u>\$ 846,390,488</u>      | <u>\$ -</u>            | <u>\$ 846,390,488</u> | <u>\$ 776,161</u>       | <u>\$ 128,685,191</u>  | <u>\$ 68,345,364</u> | <u>\$ 197,806,716</u> | <u>\$ 1,044,197,204</u> |

See accompanying notes to financial statements.

THE HENRY LUCE FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2024

|  | Principal Fund       |                      |                         |                     |                     |                        |  |                             |                     |                                 | Clare Boothe Luce Fund             |                        |                           |                      | Grand<br>Total       |
|--|----------------------|----------------------|-------------------------|---------------------|---------------------|------------------------|--|-----------------------------|---------------------|---------------------------------|------------------------------------|------------------------|---------------------------|----------------------|----------------------|
|  | American<br>Art      | Asia                 | Indigenous<br>Knowledge | Luce<br>Scholars    | Public<br>Policy    | Religion &<br>Theology | Democracy,<br>Ethics and<br>Public Trust | HLF S.T.E.M.<br>Convergence | Other<br>Programs   | Total<br>Grants and<br>Programs | Total<br>Management<br>and General | Grants and<br>Programs | Management<br>and General | Total                |                      |
| Grants                                       | \$ 9,528,041         | \$ 11,473,317        | \$ 10,320,070           | \$ 623,299          | \$ 949,036          | \$ 7,053,459           | \$ 4,021,053                             | \$ 2,605,541                | \$ 1,250,425        | \$ 47,824,241                   | -                                  | \$ 9,796,797           | -                         | \$ 9,796,797         | \$ 57,621,038        |
| Salaries, benefits and taxes                 | 526,013              | 460,500              | 487,350                 | 500,058             | 42,023              | 443,641                | 156,785                                  | 98,464                      | -                   | 2,714,834                       | 3,510,709                          | -                      | 425,404                   | 425,404              | 6,650,947            |
| Lease costs                                  | 86,413               | 102,718              | 71,209                  | 84,579              | 2,038               | 66,033                 | 17,568                                   | 11,005                      | -                   | 441,563                         | 614,268                            | -                      | 85,476                    | 85,476               | 1,141,307            |
| Professional fees                            | -                    | -                    | -                       | 8,041               | -                   | -                      | -  | -                           | -                   | 8,041                           | 567,868                            | 5,486                  | -                         | 5,486                | 581,395              |
| Directors' fees and expenses                 | -                    | -                    | -                       | -                   | -                   | -                      | -  | -                           | -                   | -                               | 369,167                            | -                      | 5,000                     | 5,000                | 374,167              |
| Registration fees and dues                   | 265                  | 2,185                | 2,625                   | 300                 | 1,947               | 470                    | 206                                      | -                           | -                   | 7,998                           | 42,556                             | -                      | 480                       | 480                  | 51,034               |
| Travel and meetings                          | 18,297               | 48,008               | 66,385                  | 216,865             | 25,927              | 30,126                 | 7,004                                    | 6,157                       | -                   | 418,769                         | 231,351                            | 1,683                  | -                         | 1,683                | 651,803              |
| Computer, office supplies and<br>maintenance | 28,483               | 33,702               | 23,445                  | 82,319              | 665                 | 21,558                 | 5,735                                    | 3,653                       | -                   | 199,560                         | 390,077                            | -                      | 28,402                    | 28,402               | 618,039              |
| Depreciation and amortization                | 10,059               | 11,957               | 8,289                   | 9,846               | 237                 | 7,687                  | 2,045                                    | 1,281                       | -                   | 51,401                          | 71,504                             | -                      | 9,950                     | 9,950                | 132,855              |
| Special event and outside<br>services        | -                    | -                    | -                       | 1,961,690           | -                   | -                      | -  | 271,029                     | -                   | 884,627                         | 174,139                            | -                      | -                         | -                    | 1,058,766            |
| Insurance and sundry                         | 747                  | 10,815               | 108,918                 | 419,740             | 355                 | 836                    | 1,318                                    | 17,268                      | -                   | 559,997                         | 272,542                            | -                      | 92                        | 92                   | 832,631              |
| Program evaluation and honoraria             | 10,000               | 58,500               | 1,200                   | 45,595              | -                   | -                      | -  | 2,500                       | -                   | 117,795                         | 21,040                             | 20,000                 | -                         | 20,000               | 158,835              |
|  | <u>680,277</u>       | <u>728,385</u>       | <u>769,421</u>          | <u>3,329,033</u>    | <u>73,192</u>       | <u>570,351</u>         | <u>190,661</u>                           | <u>411,357</u>              | <u>-</u>            | <u>5,404,585</u>                | <u>6,265,221</u>                   | <u>27,169</u>          | <u>554,804</u>            | <u>581,973</u>       | <u>12,251,779</u>    |
| Total expenses                               | <u>\$ 10,208,318</u> | <u>\$ 12,201,702</u> | <u>\$ 11,089,491</u>    | <u>\$ 3,952,332</u> | <u>\$ 1,022,228</u> | <u>\$ 7,623,810</u>    | <u>\$ 4,211,714</u>                      | <u>\$ 3,016,898</u>         | <u>\$ 1,250,425</u> | <u>\$ 53,228,826</u>            | <u>\$ 6,265,221</u>                | <u>\$ 9,823,966</u>    | <u>\$ 554,804</u>         | <u>\$ 10,378,770</u> | <u>\$ 69,872,817</u> |

See accompanying notes to financial statements.



THE HENRY LUCE FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2023

|   | Principal Fund      |                      |                      |                     |                     |                     |                                    |                          |                   |                           |                              | Clare Boothe Luce Fund |                        |                     | Grand Total          |
|---|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|------------------------------------|--------------------------|-------------------|---------------------------|------------------------------|------------------------|------------------------|---------------------|----------------------|
|   | American Art        | Asia                 | Indigenous Knowledge | Luce Scholars       | Public Policy       | Religion & Theology | Democracy, Ethics and Public Trust | HLF S.T.E.M. Convergence | Other Programs    | Total Grants and Programs | Total Management and General | Grants and Programs    | Management and General | Total               |                      |
| Grants                                    | \$ 7,867,592        | \$ 9,315,976         | \$ 5,835,515         | \$ 372,708          | \$ 1,368,657        | \$ 7,086,602        | \$ 3,909,844                       | \$ 2,574,528             | \$ 725,244        | \$ 39,056,666             | \$ -                         | \$ 8,955,898           | \$ -                   | \$ 8,955,898        | \$ 48,012,564        |
| Salaries, benefits and taxes              | 535,293             | 586,422              | 492,949              | 540,668             | 56,490              | 383,780             | 217,451                            | 101,586                  | -                 | 2,914,639                 | 2,777,022                    | -                      | 415,139                | 415,139             | 6,106,800            |
| Lease costs                               | 90,278              | 98,900               | 83,136               | 91,184              | 9,527               | 64,725              | 36,673                             | 17,132                   | -                 | 491,555                   | 503,525                      | -                      | 70,013                 | 70,013              | 1,065,093            |
| Professional fees                         | -                   | -                    | -                    | -                   | -                   | -                   | -                                  | -                        | -                 | -                         | 258,442                      | 17,325                 | -                      | 17,325              | 275,767              |
| Directors' fees and expenses              | -                   | -                    | -                    | -                   | -                   | -                   | -                                  | -                        | -                 | -                         | 346,250                      | -                      | 5,000                  | 5,000               | 351,250              |
| Registration fees and dues                | 311                 | 778                  | 1,765                | 1,294               | 1,361               | 250                 | 892                                | 1,324                    | -                 | 7,975                     | 49,457                       | 1,675                  | -                      | 1,675               | 59,107               |
| Travel and meetings                       | 121,923             | 79,897               | 53,152               | 384,626             | 35,842              | 26,956              | 21,698                             | 22,793                   | -                 | 746,887                   | 265,833                      | 73,846                 | 4,253                  | 78,099              | 1,090,819            |
| Computer, office supplies and maintenance | 54,215              | 59,394               | 49,926               | 54,760              | 5,721               | 38,870              | 22,024                             | 10,289                   | -                 | 295,199                   | 302,380                      | -                      | 42,046                 | 42,046              | 639,625              |
| Depreciation and amortization             | 17,891              | 19,600               | 16,476               | 18,070              | 1,888               | 12,827              | 7,268                              | 3,395                    | -                 | 97,415                    | 102,541                      | -                      | 11,120                 | 11,120              | 211,076              |
| Insurance and sundry                      | 130                 | 143                  | 120                  | 132                 | 14                  | 93                  | 53                                 | 25                       | -                 | 710                       | 137,416                      | -                      | 102                    | 102                 | 138,228              |
| Program evaluation and honoraria          | 8,000               | 104,750              | -                    | 138,910             | -                   | 4,000               | -                                  | -                        | -                 | 255,660                   | -                            | 167,024                | -                      | 167,024             | 422,684              |
|   | <u>828,041</u>      | <u>949,884</u>       | <u>697,524</u>       | <u>1,229,644</u>    | <u>110,843</u>      | <u>531,501</u>      | <u>306,059</u>                     | <u>156,544</u>           | <u>-</u>          | <u>4,810,040</u>          | <u>4,742,866</u>             | <u>259,870</u>         | <u>547,673</u>         | <u>807,543</u>      | <u>10,360,449</u>    |
| Total expenses                            | <u>\$ 8,695,633</u> | <u>\$ 10,265,860</u> | <u>\$ 6,533,039</u>  | <u>\$ 1,602,352</u> | <u>\$ 1,479,500</u> | <u>\$ 7,618,103</u> | <u>\$ 4,215,903</u>                | <u>\$ 2,731,072</u>      | <u>\$ 725,244</u> | <u>\$ 43,866,706</u>      | <u>\$ 4,742,866</u>          | <u>\$ 9,215,768</u>    | <u>\$ 547,673</u>      | <u>\$ 9,763,441</u> | <u>\$ 58,373,013</u> |

See accompanying notes to financial statements.

THE HENRY LUCE FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
Years Ended December 31, 2024 and 2023

|   | <u>2024</u>                | <u>2023</u>                |
|---|----------------------------|----------------------------|
| <b>Cash flows from operating activities</b>   |                            |                            |
| Change in net assets  | \$ 33,017,236              | \$ 18,681,815              |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                            |                            |
| Depreciation and amortization   | 132,855                    | 211,076                    |
| Deferred federal excise tax   | 390,843                    | 224,422                    |
| Net realized gains  | (67,011,538)               | (54,823,661)               |
| Unrealized appreciation on investments  | (28,118,276)               | (16,099,135)               |
| Changes in operating assets and liabilities:  |                            |                            |
| Beneficial interest in trust held by others   | (151,078)                  | (868)                      |
| Operating lease right of use asset and liability, net                                   | 9,458                      | 795,271                    |
| Other assets  | 1,065,263                  | (592,328)                  |
| Accounts payable and accrued expenses   | 49,409                     | (950,550)                  |
| Grants payable  | 8,497,126                  | 2,389,491                  |
| Net cash used in operating activities   | <u>(52,118,702)</u>        | <u>(50,164,467)</u>        |
| <b>Cash flows from investing activities</b>   |                            |                            |
| Purchase of property and equipment  | (67,003)                   | (123,704)                  |
| Purchases of investments  | (494,302,025)              | (306,773,479)              |
| Proceeds from sales of investments and redemptions                                      | <u>543,647,837</u>         | <u>360,918,161</u>         |
| Net cash provided by investing activities   | <u>49,278,809</u>          | <u>54,020,978</u>          |
| <b>Change in cash</b>   | (2,839,893)                | 3,856,511                  |
| Cash, beginning of year   | <u>6,021,311</u>           | <u>2,164,800</u>           |
| <b>Cash, end of year</b>  | <u><u>\$ 3,181,418</u></u> | <u><u>\$ 6,021,311</u></u> |
| <b>Supplemental disclosures of cash flow information</b>                                |                            |                            |
| Cash paid for excise and other taxes  | \$ 952,408                 | \$ 1,488,630               |

See accompanying notes to financial statements.

## NOTE 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 net assets of the Foundation are comprised of net assets without donor restrictions and net assets with donor restrictions. The Principal Fund was created from the assets donated without donor restrictions from Henry Luce or from his estate. To provide guidance on the grant making from the Principal Fund, the Board passed a policy that specified that the grants spending target for each year is 5.0% of the average year-end unrestricted fund balance for the preceding five years (excepting the year of calculation).

Significant restricted assets were contributed to the Foundation from the estate of Clare Boothe Luce, the wife of Henry Luce. 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 to the funding of scholarships, fellowships and professorships in the areas of the sciences and engineering as well as funding programs to support individuals studying or working in these fields.

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.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). GAAP requires, among other things, that the financial statements report changes in and total of each net asset classes, based upon donor restrictions, as applicable. Net assets are classified as without donor restrictions or with donor restrictions as described below:

*Without donor restrictions* - are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Foundation.

*With donor restrictions* - are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by actions of Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

The Foundation’s net assets with donor restrictions are comprised of two categories:

1. Time or purpose restriction – These assets are donor restricted for either a specific purpose or a future time period. They also include the Clare Boothe Luce Fund’s investment appreciation (realized and unrealized) which has not yet been expended in accordance with the Fund’s purpose
2. Endowment restriction – These assets were restricted by the bequest from Clare Boothe Luce, which must be kept intact in perpetuity.

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(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Cash: Cash consists of bank deposits in accounts that are federally insured up to \$250,000 per financial institution.

Concentration of Credit Risk: Cash in financial institutions at times may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. It is the Foundation's policy to monitor the financial strength of the banks that hold its deposits on an ongoing basis. At December 31, 2024 and 2023, the Foundation maintains an account with a financial institution with balances exceeding the FDIC limit.

Investments: Investments are reported at fair value, changes in unrealized gains and losses reflected in the statements of activities as part of net unrealized gain (loss) on investments. Realized gains and losses resulting from sales of securities are calculated on an adjusted cost based on the trade date for publicly traded investments or upon closing of the transaction for private investments. Dividend and interest income are accrued when earned. Fair value of equity securities and mutual funds is based upon published quotations. Alternative investments and global equity funds are valued at net asset value per unit or percentage of ownership as reported by the funds.

Investments, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Beneficial Interest in Trust Held by Others: The Foundation is a remainder beneficiary of a charitable remainder unitrust. The income beneficiary is to receive, first from income and, to the extent that income is insufficient, from principal, a total annuity each year equal to a percentage of the net fair market value of the trust assets as of the first day of the trust year. Upon the death of the beneficiary, the remaining principal is to be distributed to the Foundation. An asset for the beneficial interest in trust held by others has been recognized at the present value of the expected future cash flow payments discounted at a rate of 7.50% and 8.50% at December 31, 2024 and 2023, respectively.

Property and Equipment: Property, equipment and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Items with a cost of \$20,000 and an estimated useful life of greater than one year are capitalized. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of their estimated useful lives or the term of the lease. Routine maintenance and repairs are expensed as incurred.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

|                        |              |
|------------------------|--------------|
| Furniture and fixtures | 3 - 10 years |
| Leasehold improvements | 3 - 25 years |

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(Continued)

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-lived Asset Impairment: The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment loss was recognized during the years ended December 31, 2024 and 2023.

Grants Payable, Net and Grant Related Activities: Grants payable and grant related activities are recorded in the accompanying financial statements when the Foundation has an obligation to transfer assets to a grantee, normally when a grant contract is executed. Grants are recorded based on the present value of estimated future cash flows, discounted at an average annual market rate of interest in the year of approval.

Leases, Right of Use of Assets and Lease Liabilities: At the inception of an arrangement, the Foundation determines if an arrangement is a lease based on all relevant facts and circumstances. Leases are classified as operating or finance leases at the lease commencement date. Operating leases are included in operating right-of-use (“ROU”) assets and operating lease liabilities in the consolidated statements of financial position. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the statements of financial position.

ROU assets represent the Foundation’s right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Foundation’s obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the implicit lease interest rate or, when unknown, the Foundation’s incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Foundation will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less (“short-term leases”) are not recorded on the accompanying statements of financial position.

Variable lease payments consist primarily of common area maintenance, utilities, and taxes, which are not included in the recognition of ROU asset and related lease liability. Variable lease payments and short-term lease expenses were immaterial to the Foundation’s financial statements for the year ended December 31, 2024. The Foundation’s lease agreement does not contain material restrictive covenants.

Taxes: The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under IRC Sec. 501(a), as evidenced by a determination letter received from the Internal Revenue Service (IRS) dated October 13, 1937.

The Foundation is subject to federal excise tax on its net realized investment income. Additionally, certain of the Foundation’s partnership investments generate unrelated business income, which is subject to federal and state income taxes. A provision for federal and state taxes is accrued. Deferred excise taxes are recorded on the unrealized gain on investments (see Note 3).

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(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As a private foundation, no provision for federal income taxes is recorded in the accompanying consolidated financial statements. In accordance with U.S. generally accepted accounting principles, the Foundation recognizes the income tax benefits, if any, of uncertain tax positions only when the position is “more likely than not” to be sustained assuming examination by federal taxing authorities. Management has analyzed the Foundation’s tax positions taken on federal income tax returns subject to possible examination by federal taxing authorities (years ended December 31, 2020 through 2023) and concluded the Foundation did not require a provision for any uncertain tax positions as of December 31, 2024 and 2023.

Functional Allocation of Expenses: The costs of providing the Foundation’s programs and supporting services have been summarized on a functional basis on the accompanying statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Grants and grant related activities, net are allocated solely to program services. Operating expenses, other than salaries, benefits and taxes, are allocated to the program services, management and general categories benefited based direct salaries and wages attributable to the function. Salaries, benefits and taxes are based on the estimates of time and effort. There were no fund raising costs during the years ended December 31, 2024 and 2023.

Reclassifications: Certain reclassifications have been made to present last year’s financial statements on a basis comparable to the current year’s financial statements. These reclassifications had no effect on the change in net assets or total net assets.

**NOTE 3 – FEDERAL EXCISE TAX**

The Foundation is exempt from federal income taxes under Section 501(a) of the Code. Under IRS regulations the Foundation was subject to an excise tax rate of 1.39% on its net realized investment income for the years ended December 31, 2024 and 2023. Additionally, some of the Foundation’s investment partnerships have underlying investments that generate unrelated business income, which is subject to Federal and state income taxes.

Deferred excise taxes arise primarily from the unrealized tax basis gains on investments and are calculated at the effective rate expected to be paid by the Foundation. The total deferred federal excise tax liability was \$5,163,384 and \$4,772,541 at December 31, 2024 and 2023, respectively

For the years ended December 31, 2024 and 2023, the expenses for excise taxes and income taxes are comprised of the following:

|   | <u>2024</u>         | <u>2023</u>         |
|---|---------------------|---------------------|
| Current year federal and state provisions | \$ 953,984          | \$ 1,040,431        |
| Deferred excise tax                       | <u>390,843</u>      | <u>223,777</u>      |
| Total                                     | <u>\$ 1,344,827</u> | <u>\$ 1,264,208</u> |

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(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES**

Composition: Investments presented in the accompanying financial statements are as follows at December 31:

|  | <u>2024</u>             | <u>2023</u>             |
|--|-------------------------|-------------------------|
| Money market funds, treasury bills<br>and cash held for investment | \$ 17,886,190           | \$ 7,606,771            |
| Fixed income securities  |                         |                         |
| Managed accounts   |                         |                         |
| U.S. government  | 63,844,032              | 61,092,624              |
| Global derivatives   | -                       | 10,631,397              |
| Fund of funds  |                         |                         |
| Hedge funds - multi strategy                                       | 406,981,754             | 397,847,008             |
| Private equity funds - multi-strategy                              | 619,861,719             | 587,433,091             |
| Other investments  |                         |                         |
| Interest in royalties  | 3,800,000               | 2,000,000               |
| Non-marketable private partnership<br>investments in liquidation   | <u>96,442</u>           | <u>75,244</u>           |
| Total Investments  | <u>\$ 1,112,470,137</u> | <u>\$ 1,066,686,135</u> |

Interest and dividends and realized and unrealized gains and losses, net of fees, on investments are comprised of the following for the years ended December 31:

|  | <u>2024</u>           | <u>2023</u>          |
|--|-----------------------|----------------------|
| Dividends, interest, and partnership income, net     | \$ 10,302,080         | \$ 7,395,372         |
| Net realized gain on investments                     | 67,011,538            | 54,823,661           |
| Unrealized gain on investments                       | <u>28,118,276</u>     | <u>16,099,135</u>    |
| Total realized and unrealized gain<br>on investments | <u>95,129,814</u>     | <u>70,922,796</u>    |
| Total investment income, net                         | <u>\$ 105,431,894</u> | <u>\$ 78,318,168</u> |

Investment fees for custodial and management services for the years ended December 31, 2024 and 2023, were \$3,694,660 and \$2,834,661, respectively. Investment fees are presented in the net realized gain on investments in the statements of activities.

The investments are co-investments of the Principal Fund and the Clare Boothe Luce Fund, which hold approximately 81% and 19% of the total investments, respectively for the years ended December 31, 2024 and 2023.

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**NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)**

Fair Value Measurements: Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

GAAP establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1: Based upon quoted prices in active markets that the Foundation has the ability to access for identical assets and liabilities. Market price data is obtained from exchange or dealer markets. The Foundation does not adjust the quoted price for such assets and liabilities.

Level 2: Based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Level 3: Based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. There have been no significant changes in the valuation techniques employed during the years ended December 31, 2024 and 2023.

For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, or appraisals.

For other investments for which there is no active market, generally referred to as alternative investments, fair values are initially based on valuations determined by the investment managers using audited net asset values ("NAV") as of their most recent audited financial statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through December 31<sup>st</sup>. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV.

Transfers of investments between different levels of the fair value hierarchy are recorded at the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2024 and 2023, there were no transfers between levels.

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(Continued)



THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES** (Continued)

Fair Value Hierarchy Tables: The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements at December 31, 2024 and 2023:

|  | 2024                 |                |                     |                         |
|--|----------------------|----------------|---------------------|-------------------------|
|  | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u>      | <u>Total</u>            |
| Money market funds, treasury bills<br>and cash held for investment | \$ 17,886,190        | \$ -           | \$ -                | \$ 17,886,190           |
| Fixed income securities  |                      |                |                     |                         |
| Managed accounts   |                      |                |                     |                         |
| U.S. government  | 63,844,031           | -              | -                   | 63,844,031              |
| Other investments  |                      |                |                     |                         |
| Interest in royalties  | -                    | -              | 3,800,000           | 3,800,000               |
| Beneficial interest in charitable trust                            | -                    | -              | 927,239             | 927,239                 |
|  | <u>\$ 81,730,221</u> | <u>\$ -</u>    | <u>\$ 4,727,239</u> | <u>86,457,460</u>       |
| Investments reported at net asset value                            |                      |                |                     |                         |
| Fund of funds  |                      |                |                     |                         |
| Hedge funds - multi strategy                                       |                      |                |                     | 406,981,754             |
| Private equity funds - multi-strategy                              |                      |                |                     | 619,861,719             |
| Other investments  |                      |                |                     |                         |
| Non-marketable private partnership<br>investments in liquidation   |                      |                |                     | 96,442                  |
| Total Investments and Beneficial Interest                          |                      |                |                     | <u>\$ 1,113,397,375</u> |

(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)**

|  | 2023                 |                      |                     |                         |
|--|----------------------|----------------------|---------------------|-------------------------|
|  | Level 1              | Level 2              | Level 3             | Total                   |
| Money market funds, treasury bills<br>and cash held for investment | \$ 7,606,771         | \$ -                 | \$ -                | \$ 7,606,771            |
| Fixed income securities  |                      |                      |                     |                         |
| Managed accounts   |                      |                      |                     |                         |
| U.S. government  | 61,092,624           | -                    | -                   | 61,092,624              |
| Global derivatives   | -                    | 10,631,397           | -                   | 10,631,397              |
| Other investments  |                      |                      |                     |                         |
| Interest in royalties  | -                    | -                    | 2,000,000           | 2,000,000               |
| Beneficial interest in charitable trust                            | -                    | -                    | 776,161             | 776,161                 |
|  | <u>\$ 68,699,395</u> | <u>\$ 10,631,397</u> | <u>\$ 2,776,161</u> | 82,106,953              |
| Investments reported at net asset value                            |                      |                      |                     |                         |
| Fund of funds  |                      |                      |                     |                         |
| Hedge funds - multi strategy                                       |                      |                      |                     | 397,847,008             |
| Private equity funds - multi-strategy                              |                      |                      |                     | 587,433,091             |
| Other investments  |                      |                      |                     |                         |
| Non-marketable private partnership<br>investments in liquidation   |                      |                      |                     | <u>75,244</u>           |
| Total Investments and Beneficial Interest                          |                      |                      |                     | <u>\$ 1,067,462,296</u> |

Information on Levels 2 and 3 Assets and Assets Using NAV: Additional information as of December 31, 2024 and 2023 is provided below for investments classified as either Level 2 or 3 in the fair value hierarchy or valued using the NAV:

|  | December 31, 2024       |                       |                           |  |                         |
|--|-------------------------|-----------------------|---------------------------|--|-------------------------|
|  | Fair Value              | Unfunded Commitments  | Expected Liquidation Term | Redemption Terms   | Redemption Restrictions |
| <u>Level 3 Investments</u>                         |                         |                       |                           |  |                         |
| Interest in royalties                              | \$ 3,800,000            | \$ -                  | 1 year                    | None   | None                    |
| Assets held in trust by others                     | <u>927,239</u>          | <u>-</u>              | 3-4 years                 | Upon death of trust beneficiary  | None                    |
|  | <u>4,727,239</u>        | <u>-</u>              |                           |  |                         |
| <u>Investments valued using NAV</u>                |                         |                       |                           |  |                         |
| Hedge funds - multi strategy                       | \$ 406,981,754          | \$ -                  | Ongoing                   | 100 days and 90 days notice unless current investment manager is acting on Foundation's behalf | None                    |
| Private equity funds - multi strategy              | 619,861,719             | 234,080,165           | 1-10 years                | See discussion below   | See discussion below    |
| Non-marketable private partnerships in liquidation | <u>96,442</u>           | <u>-</u>              | 1-3 years                 | upon liquidation   | None                    |
| Total fund of funds                                | <u>\$ 1,026,939,915</u> | <u>\$ 234,080,165</u> |                           |  |                         |

(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)**

|  | December 31, 2023     |                       |                           |  |                         |
|--|-----------------------|-----------------------|---------------------------|--|-------------------------|
|  | Fair Value            | Unfunded Commitments  | Expected Liquidation Term | Redemption Terms   | Redemption Restrictions |
| <u>Level 2 Investments</u>                         |                       |                       |                           |  |                         |
| Global derivatives                                 | \$ 10,631,397         | \$ -                  | Daily                     | None   | None                    |
| <u>Level 3 Investments</u>                         |                       |                       |                           |  |                         |
| Interest in royalties                              | 2,000,000             | -                     | 1 year                    | None   | None                    |
| Assets held in trust by others                     | 776,161               | -                     | 3-4 years                 | Upon death of trust beneficiary  | None                    |
|  | <u>2,776,161</u>      | <u>-</u>              |                           |  |                         |
| <u>Investments valued using NAV</u>                |                       |                       |                           |  |                         |
| Hedge funds - multi strategy                       | \$ 397,847,008        | \$ -                  | Ongoing                   | 100 days and 90 days notice unless current investment manager is acting on Foundation's behalf | None                    |
| Private equity funds - multi strategy              | 587,433,091           | 292,991,486           | 1-10 years                | See discussion below   | See discussion below    |
| Non-marketable private partnerships in liquidation | 75,244                | -                     | 1-3 years                 | upon liquidation   | None                    |
| Total fund of funds                                | <u>\$ 985,355,343</u> | <u>\$ 292,991,486</u> |                           |  |                         |

The following are descriptions of the valuation methods and inputs used by the Foundation to estimate the fair values of investments and other financial instruments:

**Money market, treasury bills and cash held for investment:** The value of the money market funds are based on quoted prices in active markets (Level 1 inputs). The fair value of treasury bills are generally classified within Level 1 of the fair value hierarchy because they are estimated to approximate deposit account balances, payable on demand, as no discount for credit quality or liquidity were determined to be applicable.

**Fixed income:** Investments in fixed income securities are carried at market value, which is generally based on the closing sales price on the last trading date in each year.

**Global derivatives (Level 2):** The value of these investments are determined by an outside firm using models designed for valuing derivatives based on contract terms and market information.

**Interest in royalties (Level 3):** The interest in royalties are valued by the Foundation using discounted cash flows in 2023. Results from recent transactions were used to determine the value in 2024.

**Beneficial interest in trust held by others (Level 3):** This is valued based on the estimated future cash flow from the liquidation of the trust calculated using the life expectancies of the beneficiary.

**Fund of funds - Hedge funds – multi strategy:** This category is comprised of two private partnership interests which invest in domestic and international equities employing a variety of investment strategies. One investment requires 100-days notice and the other 90-days for redemptions. In each case, the notice requirement is waived if the current investment manager is acting in its capacity as the Foundation's investment manager, in which case monthly redemptions without notice are available.

**Fund of funds – Private equity funds – multi strategy:** The amount presented is comprised of 18 private partnership investments that employ a wide variety of strategies such as venture capital investments, private equity investments, investments in natural resources, and investments in distressed situations. Two funds with a total value of \$16,725,327 at December 31, 2024 permit annual redemptions with 180-days' notice. The other funds, with a total value of \$603,136,392, have no investor-directed liquidity. Distributions are only available upon the dissolution of the partnership or as distributions are made available from the partnership.

(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES** (Continued)

Level 3 Valuation Process and Activity: Fair value determinations for Level 3 measurements of securities are the responsibility of Foundation management. Management estimates the fair value using discounted expected future cash flows.

There were no purchases for Level 3 investments for the years ended December 31, 2024 and 2023, respectively. There were no transfers in or out of Level 3 investments.

Rollforward of Level III investment assets for the years ended December 31:

|                                    | <u>Interest in<br/>Royalties</u> | <u>Beneficial Interest<br/>in Charitable Trust</u> | <u>Total</u>        |
|------------------------------------|----------------------------------|--|---------------------|
| Beginning balance, January 1, 2023 | \$ 2,000,000                     | \$ 775,293   | \$ 2,775,293        |
| Unrealized appreciation            | <u>-</u>                         | <u>868</u>   | <u>868</u>          |
| Ending balance, December 31, 2023  | 2,000,000                        | 776,161  | 2,776,161           |
| Unrealized appreciation            | <u>1,800,000</u>                 | <u>151,078</u>                                     | <u>1,951,078</u>    |
| Ending balance, December 31, 2024  | <u>\$ 3,800,000</u>              | <u>\$ 927,239</u>                                  | <u>\$ 4,727,239</u> |

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

|   | <u>2024</u>         | <u>2023</u>         |
|---|---------------------|---------------------|
| Furniture and fixtures                          | \$ 934,579          | \$ 934,579          |
| Leasehold improvements                          | <u>1,198,987</u>    | <u>1,131,985</u>    |
|   | 2,133,567           | 2,066,564           |
| Less: accumulated depreciation and amortization | <u>(540,348)</u>    | <u>(407,493)</u>    |
|   | <u>\$ 1,593,219</u> | <u>\$ 1,659,071</u> |

Depreciation expense for property and equipment for the years ended December 31, 2024 and 2023 was \$132,855 and \$211,076, respectively.

(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 6 – LEASES**

The Foundation leases office space from third-party lessor under a noncancellable lease. The Foundation's lease agreement ends on August 27, 2038, and does not contain renewal options, termination provisions, nor any restrictive financial covenants. The lease requires fixed payments plus variable payments for the Foundation's proportionate share of the building's property taxes, insurance and common area charges for maintenance and security. The fixed lease rate is \$85,106 per month rising to \$92,007 per month in May 2027 and to \$98,907 in May 2032. The variable lease payments are not included in the lease payments used to determine the lease liability and are recognized as period expenses as incurred. As an inducement to enter into the lease, the Foundation received 15.4 months of free rent at the beginning of the lease and is not responsible for the payment of taxes or common area maintenance charges (i.e. the variable charges) during the period of free rent.

The Foundation's lease agreement does not provide an implicit rate, so the Foundation uses an estimated incremental borrowing rate, which is derived from third-party information available at the lease commencement date, in determining the present value of lease payments. The rate used is the risk-free rate.

The following table summarizes the details for the Foundation's operating leases recorded on the statements of financial position as of December 31, 2024 and 2023:

|                                       | <u>2024</u>   | <u>2023</u>   |
|---------------------------------------|---------------|---------------|
| Operating right of use asset          | \$ 11,111,225 | \$ 11,741,274 |
| Operating lease liability             | \$ 12,443,191 | \$ 13,063,782 |
| Weighted average remaining lease term | 13.67 years   | 14.67 years   |
| Weighted average discount rate        | 2.95%         | 2.95%         |

The following table summarizes maturities of the Foundation's operating lease liabilities as of December 31, which reconciles to total lease liabilities included on the Foundation's statements of financial position.

|                      |                      |
|----------------------|----------------------|
| 2025                 | \$ 1,021,274         |
| 2026                 | 1,021,274            |
| 2027                 | 1,076,478            |
| 2028                 | 1,104,080            |
| 2029                 | 1,104,080            |
| Thereafter           | 10,080,369           |
| Total lease payments | 15,407,555           |
| Imputed interest     | (2,964,364)          |
|                      | <u>12,443,191</u>    |
| Lease liability      | <u>\$ 12,443,191</u> |

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(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 7 – GRANTS APPROVED AND GRANTS PAYABLE**

Grants payable and grant related activities are recorded on a discounted present value basis. The discount rate is determined during the year in which the grant is approved. At December 31, 2024 and 2023, the Foundation has discounted the amount of unpaid grant payable by applying interest rate factors for grants from 0.25% to 4.79%. At December 31, the grant contracts and discount were as follows:

|                           | <u>2024</u>          | <u>2023</u>          |
|---------------------------|----------------------|----------------------|
| Grant contracts           | \$ 35,876,260        | \$ 27,063,963        |
| Discount to present value | <u>(653,415)</u>     | <u>(338,244)</u>     |
| Grants payable            | <u>\$ 35,222,845</u> | <u>\$ 26,725,719</u> |

The grants approved during 2024, before the discount to present value of \$653,415 and grants payable at December 31 consisted of the following:

|                                    | <u>2024</u>                |                           |
|------------------------------------|----------------------------|---------------------------|
|                                    | <u>Grants<br/>Approved</u> | <u>Grants<br/>Payable</u> |
| Principal fund                     |                            |                           |
| American Art                       | \$ 9,566,516               | \$ 4,517,499              |
| Asia                               | 11,570,000                 | 9,066,000                 |
| Democracy, Ethics and Public Trust | 4,030,000                  | 1,470,838                 |
| Indigenous Knowledge               | 10,428,800                 | 7,787,500                 |
| Luce Scholars                      | 623,299                    | -                         |
| Public Policy                      | 951,000                    | 275,000                   |
| Religion and Theology              | <u>7,100,000</u>           | <u>4,010,000</u>          |
|                                    | 44,269,615                 | 27,126,837                |
| Other programs                     |                            |                           |
| HLF Stem Convergence               | 2,608,589                  | 1,316,586                 |
| Special Projects                   | 482,000                    | -                         |
| Matching Grants                    | 448,000                    | 83,249                    |
| Directors' Discretionary Grants    | <u>320,833</u>             | <u>5,833</u>              |
| Total other programs               | <u>3,859,422</u>           | <u>1,405,668</u>          |
| Total principal fund               | 48,129,037                 | 28,532,505                |
| Clare Boothe Luce Fund             | <u>9,807,582</u>           | <u>7,343,755</u>          |
| Total                              | <u>\$ 57,936,619</u>       | <u>\$ 35,876,260</u>      |

(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – GRANTS APPROVED AND GRANTS PAYABLE (Continued)**

The grants approved during 2023, before the discount to present value of \$338,244 and grants payable at December 31 consisted of the following:

|  | 2023                 |                      |
|--|----------------------|----------------------|
|  | Grants<br>Approved   | Grants<br>Payable    |
| Principal fund   |                      |                      |
| American Art   | \$ 7,862,868         | \$ 1,975,000         |
| Asia   | 9,297,500            | 7,723,500            |
| Democracy, Ethics and Public Trust                       | 3,905,000            | 2,025,000            |
| Indigenous Knowledge                                     | 5,827,920            | 3,175,000            |
| Luce Scholars  | 372,708              | -                    |
| Public Policy  | 1,367,700            | 400,000              |
| Religion and Theology                                    | 7,075,000            | 4,850,000            |
|  | <u>35,708,696</u>    | <u>20,148,500</u>    |
| Other programs   |                      |                      |
| HLF Stem Convergence                                     | 2,573,440            | 455,000              |
| HRL Initiative on Religion and International Affairs (wa | -                    | -                    |
| Special Projects   | 32,000               | -                    |
| Matching Grants  | 402,950              | 117,528              |
| Directors' Discretionary Grants                          | 290,000              | 5,000                |
| Total other programs                                     | <u>3,298,390</u>     | <u>577,528</u>       |
| Total principal fund                                     | 39,007,086           | 20,726,028           |
| Clare Boothe Luce Fund                                   | <u>9,006,812</u>     | <u>6,337,935</u>     |
| Total  | <u>\$ 48,013,898</u> | <u>\$ 27,063,963</u> |

At December 31, 2024, the unpaid grant liability is expected to be paid as follows:

Years ending December 31,

|      |                      |
|------|----------------------|
| 2025 | \$ 20,313,310        |
| 2026 | 9,212,677            |
| 2027 | 4,178,450            |
| 2028 | 1,577,823            |
| 2029 | <u>594,000</u>       |
|      | <u>\$ 35,876,260</u> |

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THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 8 – RETIREMENT PLAN**

The Foundation has a qualified defined contribution retirement plan that covers all full-time employees with a two-year vesting provision. Retirement plan costs, representing 15% of compensation, are charged to expense currently and funded by semi-monthly contributions. At December 31, 2024 and 2023, retirement expense under this plan was \$627,252 and \$612,946, respectively. The Foundation also has a 457(b) plan that covers the President and other members of senior management. The President's contribution is funded annually by the Foundation and the other covered employees are responsible for funding their own contributions. At December 31, 2024 and 2023, the Foundation's 457(b) expense under this plan was \$23,000 and \$22,500, respectively.

**NOTE 9 – POSTRETIREMENT MEDICAL BENEFITS**

The Foundation provides retiree medical insurance reimbursements to employees hired prior to 2024 retiring from the Foundation after attaining at least age 55 (age 65 if hired on or after January 1, 2008) if the employee meets the minimum years of service requirement. The percentage of insurance premiums paid varies with age at retirement and years of service to the Foundation. The plan was closed to employees hired after 2023.

The present value of the estimated accrued benefits at December 31, 2024 and 2023 was \$1,427,660 and \$1,234,439, respectively, and is included in the accounts payable and accrued expenses in the statements of financial position. This amount has not been separately funded by the Foundation. A discount rate of 6.0% was applied in 2024 and 2023.

Actual cash paid during 2024 and 2023 was \$100,153 and \$80,901, respectively.

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

|           |    |                         |
|-----------|----|-------------------------|
| 2025      | \$ | 102,050                 |
| 2026      |    | 102,050                 |
| 2027      |    | 113,050                 |
| 2028      |    | 135,050                 |
| 2029      |    | 135,050                 |
| 2030-2034 |    | <u>717,750</u>          |
|           | \$ | <u><u>1,305,000</u></u> |

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THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 10 – LIQUIDITY AND AVAILABILITY**

The Foundation's financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statements of financial position as of December 31 comprise:

|                        | <u>2024</u>          | <u>2023</u>          |
|------------------------|----------------------|----------------------|
| Cash                   | \$ 3,181,418         | \$ 6,021,311         |
| Investments            | <u>1,112,470,137</u> | <u>1,066,686,135</u> |
| Total financial assets | 1,115,651,555        | 1,072,707,446        |

Less amounts not available for general expenditure within one year:

|   |                       |                       |
|---|-----------------------|-----------------------|
| Investments with liquidity horizons greater than one year | (623,758,161)         | (589,508,335)         |
| Distributions from restricted funds within one year       | <u>(10,650,000)</u>   | <u>(10,650,000)</u>   |
| Financial assets not available to be used within one year | <u>(634,408,161)</u>  | <u>(600,158,335)</u>  |
|   | <u>\$ 481,243,394</u> | <u>\$ 472,549,111</u> |

As part of the Foundation's liquidity management, the Foundation invests its financial assets to be available as general expenditures, liabilities, and other obligations come due.

**NOTE 11 – NET ASSETS AND ENDOWMENT**

Net assets with donor restrictions at December 31 consist of the following:

|  | <u>2024</u>           | <u>2023</u>           |
|--|-----------------------|-----------------------|
| <u>With donor restrictions of a temporary nature:</u>        |                       |                       |
| Principal Fund   | \$ 927,239            | \$ 776,161            |
| Clare Boothe Luce fund                                       | <u>138,351,435</u>    | <u>128,685,191</u>    |
|  | 139,278,674           | 129,461,352           |
| <br><u>With donor restrictions to be kept in perpetuity:</u> |                       |                       |
| Clare Boothe Luce fund                                       | <u>68,345,364</u>     | <u>68,345,364</u>     |
|  | <u>\$ 207,624,038</u> | <u>\$ 197,806,716</u> |

Net assets released due to satisfaction of time or purpose restrictions in the years ended December 31 were as follows:

|                     | <u>2024</u>          | <u>2023</u>         |
|---------------------|----------------------|---------------------|
| Grants and programs | \$ 9,823,966         | \$ 9,215,768        |
| Administrative      | <u>554,804</u>       | <u>547,673</u>      |
|                     | <u>\$ 10,378,770</u> | <u>\$ 9,763,441</u> |

(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

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**NOTE 11 – NET ASSETS AND ENDOWMENT** (Continued)

Endowment: The Foundation's net asset classification is comprised of two components, a with donor restrictions fund referred to as the Clare Boothe Luce Fund, and a Principal Fund, which has its origin from the without donor restrictions gifts to the Foundation from its founder, Henry Luce.

The Foundation adopted standards regarding net asset classification of endowment funds and enhanced disclosures for all endowment funds as required by US GAAP. The information provided below regarding the Foundation's interpretation of the relevant law and the composition of the endowment and similar funds has been included to comply with the disclosure requirements of the standard.

During September 2010, New York State enacted the Prudent Management of Institutional Funds Act (NYPMIFA). The Board of Directors of the Foundation has interpreted NYPMIFA requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. At December 31, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity the value of initial of the original bequest to the Foundation. Income earned from these investments is available for expenditure according to restrictions imposed by donors and consideration of the appropriation for expenditure criteria by the Foundation pursuant to the NYPMIFA. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

The Foundation classifies as with donor restrictions net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to the donor restricted endowment fund are also classified as with donor restrictions net assets until the amounts are expended by the Foundation in a manner consistent with the donor's intent

Endowment net asset composition by type of fund as of December 31 is as follows:

|                        | 2024                          |                            |                |
|------------------------|-------------------------------|----------------------------|----------------|
|                        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total          |
| Donor restricted funds | \$ -                          | \$ 206,696,799             | \$ 206,696,799 |
| Total                  | \$ -                          | \$ 206,696,799             | \$ 206,696,799 |

  

|                        | 2023                          |                            |                |
|------------------------|-------------------------------|----------------------------|----------------|
|                        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total          |
| Donor restricted funds | \$ -                          | \$ 197,030,555             | \$ 197,030,555 |
| Total                  | \$ -                          | \$ 197,030,555             | \$ 197,030,555 |

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(Continued)

THE HENRY LUCE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 11 – NET ASSETS AND ENDOWMENT** (Continued)

Changes in the endowment net assets for the years ended December 31 is as follows:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total          |
|---|-------------------------------|----------------------------|----------------|
| Endowment net assets, January 1, 2023                                 | \$ -                          | \$ 192,501,939             | \$ 192,501,939 |
| Investment return, net  | -                             | 14,292,057                 | 14,292,057     |
| Appropriation of endowment assets<br>pursuant to spending-rate policy | -                             | (9,763,441)                | (9,763,441)    |
| Endowment net assets, December 31, 2023                               | -                             | 197,030,555                | 197,030,555    |
| Investment return, net  | -                             | 20,045,014                 | 20,045,014     |
| Appropriation of endowment assets<br>pursuant to spending-rate policy | -                             | (10,378,770)               | (10,378,770)   |
| Endowment net assets, December 31, 2024                               | \$ -                          | \$ 206,696,799             | \$ 206,696,799 |

Endowment Investment and Spending: Endowment funds are maintained in a pooled diversified investment portfolio. Interest, dividends, and realized and unrealized gains and losses in the various investments are allocated to the funds in proportion to the donor-restricted and Principal Fund share in the endowment. The Clare Boothe Luce fund was established by Clare Boothe Luce to provide annual funding for a group of institutions specified by Ms. Luce in her will and for grants that meet the donor's restrictions. Five (5) percent of the June 30th fund balance is annually distributed from the Foundation's endowed funds for grant making and operations.

Return Objectives and Risk Parameters: The Foundation has adopted endowment investment and spending policies that aim to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's investment allocation.

Strategies Employed for Achieving Investment Objectives: To achieve its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Foundation targets a diversified asset allocation comprised of publicly traded equities and debt instruments as well as significant private investments to achieve its long-term objectives within prudent risk constraints.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to December 31, 2024, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2024. Management has performed their analysis through September 10, 2025, the date the financial statements were available to be issued.