

The Henry Luce Foundation, Inc.

Financial Statements

December 31, 2015

The Henry Luce Foundation, Inc.

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December 31, 2015

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OWEN J. FLANAGAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS
60 EAST 42ND STREET, SUITE 1536
NEW YORK, NEW YORK 10165

OWEN J. FLANAGAN, CPA
(1925-1998)

KEVIN C. SUNKEL, CPA
JOHN L. CORCORAN, CPA
MEREDITH A.F. KORN, CPA

(212) 682-2783
FACSIMILE (212) 697-5843
WWW.OJFLANAGAN.COM

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS

DONALD F. SCHERER

Independent Auditor's Report

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

We have audited the accompanying financial statements of The Henry Luce Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Henry Luce Foundation as of December 31, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

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

Quinn J. Flanagan + Co.

May 25, 2016

The Henry Luce Foundation, Inc.

Statement of Financial Position

December 31, 2015

2015

Assets

Cash	\$	1,141,459
Dividends and interest receivable		252,300
Investments		825,176,106
Furniture, fixtures and leasehold improvements, net of accumulated depreciation and amortization of \$904,177		723,951
Other assets		<u>601,495</u>
	\$	<u>827,895,311</u>

Liabilities and net assets

Accounts payable and accrued expenses	\$	603,828
Grants payable		22,417,978
Postretirement medical benefits		2,551,998
Unfunded supplemental pension		679,547
Deferred federal excise tax		<u>1,728,998</u>
Total liabilities		<u>27,982,349</u>
Unrestricted - Principal Fund		652,686,979
Temporarily restricted - Clare Boothe Luce Fund		78,880,619
Permanently restricted - Clare Boothe Luce Fund		<u>68,345,364</u>
Total net assets		<u>799,912,962</u>
Total liabilities and net assets	\$	<u>827,895,311</u>

See notes to financial statements.

The Henry Luce Foundation, Inc.

Statement of Activities

Year Ended December 31, 2015

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	Principal Fund	Clare Boothe Luce Fund	Clare Boothe Luce Fund	Clare Boothe Luce Fund		
Revenues, gains (losses) and other support						
Dividends, interest and partnership income	\$ 3,425,858	\$ -	\$ 3,425,858	\$ 807,354	\$ -	\$ 4,233,212
Unrealized depreciation on investments	(74,146,197)	-	(74,146,197)	(17,159,499)	-	(91,305,696)
Net realized gain on sale of investments	73,452,394	-	73,452,394	16,927,480	-	90,379,874
Less:						
Directly reported investment counseling and custody fees	(2,834,180)	-	(2,834,180)	(648,267)	-	(3,482,447)
Excise tax, net of recovery	526,663	-	526,663	120,729	-	647,392
Net assets released from restrictions:						
Satisfaction of Clare Boothe Luce Fund restrictions	-	8,109,754	8,109,754	(8,109,754)	-	-
Total revenues, gains (losses) and other support	<u>424,538</u>	<u>8,109,754</u>	<u>8,534,292</u>	<u>(8,061,957)</u>	<u>-</u>	<u>472,335</u>
Expenses						
Program:						
Grants	32,088,261	7,546,678	39,634,939	-	-	39,634,939
Other	480,739	53,453	534,192	-	-	534,192
	<u>32,569,000</u>	<u>7,600,131</u>	<u>40,169,131</u>	<u>-</u>	<u>-</u>	<u>40,169,131</u>
Administrative	5,548,044	509,623	6,057,667	-	-	6,057,667
Total expenses	<u>38,117,044</u>	<u>8,109,754</u>	<u>46,226,798</u>	<u>-</u>	<u>-</u>	<u>46,226,798</u>
Change in net assets	(37,692,506)	-	(37,692,506)	(8,061,957)	-	(45,754,463)
Net assets, beginning of year	690,379,485	-	690,379,485	86,942,576	68,345,364	845,667,425
Net assets, end of year	<u>\$ 652,686,979</u>	<u>\$ -</u>	<u>\$ 652,686,979</u>	<u>\$ 78,880,619</u>	<u>\$ 68,345,364</u>	<u>\$ 799,912,962</u>

See notes to financial statements

The Henry Luce Foundation, Inc.

Statement of Cash Flows

Year Ended December 31, 2015

Cash flows from operating activities:

Change in net assets	\$ (45,754,463)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	129,247
Net realized gain on sale of investments	90,379,874
Unrealized depreciation on investments	(91,305,696)
Changes in operating assets and liabilities:	
Increase in dividends and interest receivable	(42,569)
Increase in other assets	(51,577)
Increase in accounts payable and accrued expenses	48,929
Increase in postretirement medical benefits	87,514
Decrease in unfunded supplemental pension	(75,686)
Increase in grants payable	2,395,086
Decrease in deferred federal excise tax	(1,826,113)

Net cash used by operating activities (46,015,454)

Cash flows from investing activities:

Purchases of investments	(332,358,647)
Proceeds from sales and maturities of investments	380,777,335
Net changes in cash equivalents	(1,824,766)
Purchases of furniture, fixtures, and leasehold improvements	(3,457)

Net cash provided by investing activities 46,590,465

Net increase in cash 575,011

Cash, beginning of year 566,448

Cash, end of year \$ 1,141,459

Supplemental disclosure:

Federal and state taxes paid \$ 1,120,250

See notes to financial statements

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

1. Organization

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

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Code. For 2015, federal excise taxes have been provided at the rate of 1% of net investment income in accordance with provisions of the Tax Reform Act of 1984. Net investment income for tax purposes includes dividends, interest and net realized gains on security transactions less related expenses. The Foundation's deferred excise tax liability at December 31, 2015, computed in accordance with current regulations, has been recorded at 2% of the unrealized appreciation on investments.

The Internal Revenue Code provides that each year the Foundation must make certain minimum qualifying distributions equal to approximately 5% of the average fair value of its assets. The minimum distribution requirements for 2015 have been met.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

2. Summary of Significant Accounting Policies (continued)

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

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

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

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Concentration of Credit Risk

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

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Investments

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

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

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

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

Income and Expenses

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

Cash

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

Fixed Assets

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

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

3. Federal Excise Tax

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

The excise tax expense for the year ended December 31, 2015 is comprised of the following:

Current year provision (including prior year tax adjustments)	\$ 1,178,721
Deferred excise tax recovery	<u>(1,826,113)</u>
	<u>\$ (647,392)</u>

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

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

4. Investments

The fair value, cost and unrealized appreciation (depreciation) of investments at December 31, 2015 were as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds and cash held for investment	\$ 15,743,309	\$ 15,743,309	\$ -
Equity securities:			
Commingled or mutual funds			
Global	300,460,532	287,652,128	12,808,404
Emerging markets	67,134,883	60,613,378	6,521,505
Other	6,272,674	5,604,736	667,938
Fixed income securities:			
Managed accounts			
U.S. government	24,595,963	24,443,943	152,020
Commingled or mutual funds			
Global fixed income hedge	25,787,586	27,500,000	(1,712,414)
Futures Contracts	59,820	-	59,820
Marketable alternative partnerships:			
Global	230,012,728	160,996,909	69,015,819
Liquidating	440,498	440,868	(370)
Non-marketable limited partnerships:			
Multi-strategy	95,327,343	92,971,077	2,356,266
Global distressed	5,650,292	1,779,618	3,870,674
Private equity	25,280,417	18,258,335	7,022,082
Venture	16,322,965	8,222,878	8,100,087
Natural resources	6,487,677	6,473,751	13,926
Liquidating	5,599,419	28,025,296	(22,425,877)
Total Investments	<u>\$825,176,106</u>	<u>\$738,726,226</u>	<u>\$ 86,449,880</u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

4. Investments (continued)

The investments, other than the liquidating non-marketable limited partnerships, are co-investments of the Henry Luce Fund and the Clare Boothe Luce Fund, which hold approximately 81% and 19% of these co-investments, respectively.

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

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

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

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

Liquidating marketable alternative partnerships consist of funds previously under the direction of a manager who was terminated at the end of 2011. These amounts represent holdbacks on final liquidation or amounts that cannot yet be redeemed due to lockups. The Foundation anticipates these funds will be fully redeemed by the end of 2016 with some residual holdbacks and side pockets amounts to be received as the remaining investments in these funds are liquidated.

Non-marketable limited investment partnerships consist of several components. The multi-strategy investment is five funds. The first fund, valued at \$22,019,231, has annual liquidity with 180 days' notice. The second through fifth funds, valued at \$16,804,233, \$16,457,922, \$22,833,017, and \$17,212,940, are illiquid and will be redeemed at the termination of the funds, which is in approximately 10 years. The investments in global distressed, private equity, venture and natural resources were funds invested in the last nine years. They are illiquid and have terms remaining of four to six years. The liquidating partnerships represent primarily private equity investments entered into in the late 1990's and early 2000's. They are currently winding down their affairs.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

4. Investments (continued)

The unfunded commitments to these funds are as follows:

Multi-strategy	\$ 92,894,952
Global distressed	3,379,900
Private equity	11,261,998
Venture	1,110,000
Natural resources	<u>1,325,000</u>
	<u>\$ 109,971,850</u>

The Foundation follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based on input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The fair value of some funds has been estimated using the Net Asset Value (“NAV”) as reported by the management of the fund. FASB guidance provides for the use of the NAV as a “practical expedient” for estimating the fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation’s interest in the fund. Its classification within level 2 or 3 is based on the Foundation’s ability to redeem its interest in the near term.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

4. Investments (continued)

Investments are categorized as follows:

	Level 1	Level 2	Level 3	Total
Money market funds and cash held for investment	\$ 15,743,465			\$ 15,743,465
Equity securities:				
Commingled or mutual funds				
Global		\$ 300,460,532		300,460,532
Emerging markets		67,134,883		67,134,883
Other	4,472,674		\$ 1,800,000	6,272,674
Fixed income securities:				
Managed accounts				
U.S. government	24,595,807			24,595,807
Commingled or mutual funds				
Global fixed income hedge			25,787,586	25,787,586
Futures Contracts	59,820			59,820
Marketable alternative partnerships:				
Global			230,012,728	230,012,728
Liquidating			440,498	440,498
Non-marketable limited partnerships:				
Multi-strategy			95,327,343	95,327,343
Global distressed			5,650,292	5,650,292
Private equity			25,280,417	25,280,417
Venture			16,322,965	16,322,965
Natural resources			6,487,677	6,487,677
Liquidating			5,599,419	5,599,419
Total Investments	\$ 44,871,766	\$ 367,595,415	\$ 412,708,925	\$ 825,176,106

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

4. Investments (continued)

The change in Level 3 investments is as follows:

	Beginning of Year	Capital Additions	Income	Realized Gains	Unrealized Appreciation (Depreciation)	Capital Withdrawals	End of Year
Equity securities							
Commingled							
Other	\$ 1,800,000	\$ -	\$ -	\$ -	-	\$ -	\$ 1,800,000
Fixed income securities							
Commingled							
Global fixed income hedge	25,912,450	-	-	-	(124,864)	-	25,787,586
Marketable alternative partnerships:							
Global	210,996,478	25,200,000	-	5,496,909	6,019,341	(17,700,000)	230,012,728
Liquidating	580,076	4,542	-	96,330	2,005	(242,455)	440,498
Non-marketable limited partnerships:							
Multi-strategy	67,030,220	39,993,763		5,979,601	(3,226,132)	(14,450,109)	95,327,343
Global distressed	8,395,295	-	337,359	189,645	(292,107)	(2,979,900)	5,650,292
Private equity	22,468,683	2,831,250	(346,270)	2,353,085	1,226,830	(3,253,161)	25,280,417
Venture	15,760,127	630,000	(251,766)	1,376,527	654,375	(1,846,298)	16,322,965
Natural resources	6,858,307	285,000	(232,870)	152,531	(470,071)	(105,220)	6,487,677
Liquidating	7,820,361	-	-	998,203	(783,319)	(2,435,826)	5,599,419
Total	<u>\$ 367,621,997</u>	<u>\$ 68,944,555</u>	<u>\$ (493,547)</u>	<u>\$ 16,642,831</u>	<u>\$ 3,006,057</u>	<u>\$ (43,012,969)</u>	<u>\$ 412,708,925</u>

Investment fees of certain mutual funds, commingled funds and alternative investments are not reported separately. They are included in the net income or appreciation of the investment. The approximate amount of these fees was \$14.4 million in 2015.

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

5. Furniture, Fixtures and Leasehold Improvements

Furniture, fixtures and leasehold improvements are as follows:

Furniture and fixtures	\$ 1,417,697
Leasehold improvements	<u>210,431</u>
	1,628,128
Less: accumulated depreciation and amortization	<u>(904,177)</u>
	<u>\$ 723,951</u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

6. Grants Approved and Grants Payable

The grants approved during 2015, before the change in discount of \$74,214 and grants payable at December 31, 2015 consisted of the following:

	<u>Grants Approved</u>	<u>Grants Payable</u>
Principal Fund		
American Art	\$ 7,348,750	\$ 3,075,000
Asia	6,317,000	4,026,000
Asian Studies & the Environment Initiative	2,201,000	1,911,000
HRL Initiative on Religion & International Affairs	4,398,000	3,036,037
Higher Education	1,318,000	289,000
Luce Scholars	605,709	-
Public Policy	413,000	125,000
Theology	6,802,000	3,570,000
Special Projects	2,087,500	1,000,000
Matching	422,180	107,539
Directors' Discretionary	240,000	-
Total Principal Fund	<u>32,153,139</u>	<u>17,139,576</u>
Clare Boothe Luce Program for Women in Science and Engineering	<u>7,556,014</u>	<u>5,449,456</u>
Total	<u>\$ 39,709,153</u>	<u>\$ 22,589,032</u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

6. Grants Approved and Grants Payable (continued)

At December 31, 2015, the unpaid grant liability is expected to be paid as follows:

Unpaid Grant Liability:

Years Ending December 31,

2016	\$ 12,582,189
2017	7,026,681
2018	2,065,162
2019	850,000
2020	<u>65,000</u>
	22,589,032
Less: Discount to present value	<u>(171,054)</u>
	<u>\$ 22,417,978</u>

Unpaid grants are recorded at the present value of future cash flows. The discount rate is determined during the year in which the grant is approved. At December 31, 2015, the Foundation has discounted the amount of unpaid grant liability by applying interest rate factors for grants from 0.7% to 1.78%.

7. Pensions

The Foundation has a qualified defined contribution pension plan that covers all full-time employees with a two-year vesting provision. Pension costs, representing 15% of compensation, are charged to expense currently and funded by monthly contributions. Pension expense under this plan was \$398,058.

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

8. Postretirement Medical Benefits

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

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

8. Postretirement Medical Benefits (continued)

The present value of the estimated accrued benefits at December 31, 2015 was \$2,551,998. This amount has not been separately funded by the Foundation. Health insurance costs have been projected to increase at the rate of 5.00% per annum. A discount rate of 6.00% was applied.

Actual cash paid during 2015 was \$67,512.

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

2016	\$	73,081
2017		88,285
2018		92,699
2019		97,334
2020		128,942
2021-2025		<u>786,457</u>
		<u>\$1,266,796</u>

9. Lease Commitments

The Foundation has a lease for primary office space for a term of fifteen years which began on October 23, 2006 and will expire on May 22, 2022. Under the terms of the lease, the Foundation maintains a letter of credit in the amount of \$46,673 in lieu of a security deposit. Rent expense for this lease during 2015 was \$759,710.

The minimum lease commitment under this lease is as follows:

2016	\$	696,414
2017		745,708
2018		782,247
2019		793,981
2020		805,891
2021-2022		<u>1,142,899</u>
		<u>\$ 4,967,140</u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

10. Endowment

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted funds	\$ -	\$ 78,880,619	\$ 68,345,364	\$ 147,225,983
Available for future spending and investment	677,950,123	-	-	677,950,123
Total	<u>\$ 677,950,123</u>	<u>\$ 78,880,619</u>	<u>\$ 68,345,364</u>	<u>\$ 825,176,106</u>

The changes in the endowment fund were as follows:

Balance, January 1, 2015	\$ 715,556,265	\$ 86,942,576	\$ 68,345,364	\$ 870,844,205
Revenues, gains and other support				
Dividends, interest and partnership income	3,425,858	807,354	-	4,233,212
Unrealized appreciation	(74,146,197)	(17,159,499)	-	(91,305,696)
Realized gains	73,452,394	16,927,480	-	90,379,874
Directly reported investment counseling and custody fees	(2,834,180)	(648,267)	-	(3,482,447)
Excise tax	526,663	120,729	-	647,392
Total revenues, gains and other support	424,538	47,797	-	472,335
Expenses and appropriations for spending	(38,030,680)	(8,109,754)	-	(46,140,434)
Balance, December 31, 2015	<u>\$ 677,950,123</u>	<u>\$ 78,880,619</u>	<u>\$ 68,345,364</u>	<u>\$ 825,176,106</u>

The Henry Luce Foundation, Inc.

Notes to Financial Statements

December 31, 2015

11. Subsequent Events

In connection with the preparation of these financial statements the Foundation evaluated subsequent events after the statement of financial position date of December 31, 2015 through May 25, 2016 which was the date the financial statements were available to be issued.

The Henry Luce Foundation, Inc.
Supplemental Schedule of Program and Administrative Expenses
Year Ended December 31, 2015

	Unrestricted Principal Fund	Clare Boothe Luce Fund	Total
Program expenses			
Grants	<u>\$ 32,088,261</u>	<u>\$ 7,546,678</u>	<u>\$ 39,634,939</u>
Other program expenses			
Luce Scholars	343,745		343,745
Asian Affairs	43,706		43,706
American Art	18,495		18,495
HRL Initiative on Religion and International Affairs	35,375		35,375
Theology	29,854		29,854
Other programs	<u>9,564</u>	<u>53,453</u>	<u>63,017</u>
Total other program expenses	<u>480,739</u>	<u>53,453</u>	<u>534,192</u>
Total program expenses	<u>32,569,000</u>	<u>7,600,131</u>	<u>40,169,131</u>
Administrative expenses			
Salaries	2,560,032	305,713	2,865,745
Pensions and related benefits	564,265	44,593	608,858
Insurance - employees' benefits	554,459	77,523	631,982
Payroll taxes	152,055	15,907	167,962
Rent	698,823	60,887	759,710
Professional fees	125,162		125,162
Directors' fees	320,000	5,000	325,000
Registration fees and dues	30,926		30,926
Travel and meetings	115,798		115,798
Computer, office supplies and maintenance	231,798		231,798
Depreciation and amortization	129,247		129,247
Insurance and sundry	<u>65,479</u>		<u>65,479</u>
Total administrative expenses	<u>5,548,044</u>	<u>509,623</u>	<u>6,057,667</u>
Total expenses	<u>\$ 38,117,044</u>	<u>\$ 8,109,754</u>	<u>\$ 46,226,798</u>