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

FINANCIAL STATEMENTS
December 31, 2025 and 2024

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FINANCIAL STATEMENTS
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CONTENT

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, 2025 and 2024, 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, 2025 and 2024, 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.

(Continued)

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

Crowe LLP

New York, New York
September 10, 2026

THE HENRY LUCE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash	$ 5,572,643	$ 3,181,418
Investments	1,220,906,600	1,112,470,137
Property and equipment, net	1,475,940	1,593,219
Operating lease right-of-use asset	10,461,438	11,111,225
Beneficial interest in trust held by others	965,021	927,239
Other assets	2,207,661	2,923,212
Total assets	$ 1,241,589,303	$ 1,132,206,450
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 4,189,568	$ 2,162,590
Grants payable, net	41,693,234	35,222,845
Deferred federal excise tax	6,942,076	5,163,384
Operating lease liability	11,802,863	12,443,191
Total liabilities	64,627,741	54,992,010
Net assets		
Without donor restrictions	946,913,938	869,590,402
With donor restrictions	230,047,624	207,624,038
Total net assets	1,176,961,562	1,077,214,440
Total liabilities and net assets	$ 1,241,589,303	$ 1,132,206,450

See accompanying notes to financial statements.

THE HENRY LUCE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025 (with comparative total for 2024)

	Without Donor Restrictions			With Donor Restrictions					
	Principal Fund	Clare Boothe Luce Fund	Total	Principal Fund	Clare Boothe Luce Fund	Endowment	Total	Total 2025	Total 2024
Revenues									
Dividends, interest, and partnership income, net	$ 5,663,098	$ -	$ 5,663,098	$ -	$ 1,349,688	$ -	$ 1,349,688	$ 7,012,786	$ 10,302,080
Net realized gain on investments	53,092,625	-	53,092,625	-	12,653,580	-	12,653,580	65,746,205	67,011,538
Unrealized gain on investments	81,593,119	-	81,593,119	-	19,446,111	-	19,446,111	101,039,230	28,118,276
Change in value of beneficial interest in trust held by others	-	-	-	37,782	-	-	37,782	37,782	151,078
Excise and income taxes	(2,269,637)	-	(2,269,637)	-	(540,923)	-	(540,923)	(2,810,560)	(1,344,827)
Net assets released from restrictions	-	10,522,652	10,522,652	-	(10,522,652)	-	(10,522,652)	-	-
Total revenues	138,079,205	10,522,652	148,601,857	37,782	22,385,804	-	22,423,586	171,025,443	104,238,145
Expenses									
Program services									
Grants	48,789,495	10,172,933	58,962,428	-	-	-	-	58,962,428	57,621,038
Program	5,022,897	57,522	5,080,419	-	-	-	-	5,080,419	6,779,846
Total program expenses	53,812,392	10,230,455	64,042,847	-	-	-	-	64,042,847	64,400,884
Management and general	6,943,277	292,197	7,235,474	-	-	-	-	7,235,474	6,820,025
Total expenses	60,755,669	10,522,652	71,278,321	-	-	-	-	71,278,321	71,220,909
Change in net assets	77,323,536	-	77,323,536	37,782	22,385,804	-	22,423,586	99,747,122	33,017,236
Net assets, beginning of year	869,590,402	-	869,590,402	927,239	138,351,435	68,345,364	207,624,038	1,077,214,440	1,044,197,204
Net assets, end of year	$ 946,913,938	$ -	$ 946,913,938	$ 965,021	$ 160,737,239	$ 68,345,364	$ 230,047,624	$ 1,176,961,562	$ 1,077,214,440

See accompanying notes to financial statements.

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

	Without Donor Restrictions			With Donor Restrictions				
	Principal Fund	Clare Boothe Luce Fund	Total	Principal Fund	Clare Boothe Luce Fund	Endowment	Total	Total 2024
Revenues								
Dividends, interest, and partnership income, net	$ 8,318,113	$ -	$ 8,318,113	$ -	$ 1,983,967	$ -	$ 1,983,967	$ 10,302,080
Net realized gain on investments	54,106,503	-	54,106,503	-	12,905,035	-	12,905,035	67,011,538
Unrealized gain on investments	22,703,279	-	22,703,279	-	5,414,997	-	5,414,997	28,118,276
Change in value of beneficial interest in trust held by others	-	-	-	151,078	-	-	151,078	151,078
Excise and income taxes	(1,085,842)	-	(1,085,842)	-	(258,985)	-	(258,985)	(1,344,827)
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
Expenses								
Program services								
Grants	47,824,241	9,796,797	57,621,038	-	-	-	-	57,621,038
Program	6,752,677	27,169	6,779,846	-	-	-	-	6,779,846
Total program expenses	54,576,918	9,823,966	64,400,884	-	-	-	-	64,400,884
Management and general	6,265,221	554,804	6,820,025	-	-	-	-	6,820,025
Total expenses	60,842,139	10,378,770	71,220,909	-	-	-	-	71,220,909
Change in net assets	23,199,914	-	23,199,914	151,078	9,666,244	-	9,817,322	33,017,236
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
Net assets, end of year	$ 869,590,402	$ -	$ 869,590,402	$ 927,239	$ 138,351,435	$ 68,345,364	$ 207,624,038	$ 1,077,214,440

See accompanying notes to financial statements.

THE HENRY LUCE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025

	Principal Fund											Clare Boothe Luce Fund			
	American Art	Asia	Indigenous Knowledge	Luce Scholars	Public Policy	Religion & Theology	Democracy and Civic Life	Women in STEM	Other Programs	Total Grants and Programs	Total Management and General	Grants and Programs	Management and General	Total	Grand Total
Grants	$ 8,496,389	$ 9,833,806	$ 7,492,834	$ 553,433	$ 3,851,557	$ 8,297,844	$ 5,988,564	$ 3,193,329	$ 1,081,739	$ 48,789,495	$ -	$ 10,172,933	$ -	$ 10,172,933	$ 58,962,428
Salaries, benefits and taxes	283,549	450,298	498,388	368,010	20,746	536,132	242,558	297,237	-	2,696,918	3,744,873	-	200,906	200,906	6,642,697
Lease costs	114,948	77,191	77,191	52,894	1,676	77,191	35,673	67,978	-	504,742	630,587	-	72,902	72,902	1,208,231
Professional fees	-	-	-	-	-	-	-	-	-	-	740,037	-	-	-	740,037
Directors' fees and expenses	-	-	-	-	-	-	-	-	-	-	334,583	-	-	-	334,583
Registration fees and dues	885	2,445	7,258	3,000	-	3,511	-	1,004	-	18,103	49,733	-	-	-	67,836
Travel and meetings	11,248	63,769	121,860	193,995	-	34,473	4,311	54,488	-	484,144	282,334	29,522	-	29,522	796,000
Computer, office supplies and maintenance	516	93	256	54,316	-	235	-	43	-	55,459	673,489	-	-	-	728,948
Depreciation and amortization	19,534	13,118	13,118	8,989	285	13,118	6,062	11,552	-	85,776	107,161	-	12,389	12,389	205,326
Special event and project costs	-	-	-	911,845	-	-	-	-	-	911,845	-	-	-	-	911,845
Insurance and sundry	26,850	4,285	59,438	55,656	-	518	39	566	-	147,352	371,730	-	6,000	6,000	525,082
Evaluation and honoraria	10,000	58,758	300	49,500	-	-	-	-	-	118,558	8,750	28,000	-	28,000	155,308
	467,530	669,957	777,809	1,698,205	22,707	665,178	288,643	432,868	-	5,022,897	6,943,277	57,522	292,197	349,719	12,315,893
Total expenses	$ 8,963,919	$ 10,503,763	$ 8,270,643	$ 2,251,638	$ 3,874,264	$ 8,963,022	$ 6,277,207	$ 3,626,197	$ 1,081,739	$ 53,812,392	$ 6,943,277	$ 10,230,455	$ 292,197	$ 10,522,652	$ 71,278,321

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			
	American Art	Asia	Indigenous Knowledge	Luce Scholars	Public Policy	Religion & Theology	Democracy and Civic Life	Women in STEM	Other Programs	Total Grants and Programs	Total Management and General	Grants and Programs	Management and General	Total	Grand 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										-					
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 project costs	-	-	-	1,961,690	-	-	-	271,029	-	2,232,719	174,139	-	-	-	2,406,858
Insurance and sundry	747	10,815	108,918	419,740	355	836	1,318	17,268	-	559,997	272,542	-	92	92	832,631
Evaluation and honoraria	10,000	58,500	1,200	45,595	-	-	-	2,500	-	117,795	21,040	20,000	-	20,000	158,835
	680,277	728,385	769,421	3,329,033	73,192	570,351	190,661	411,357	-	6,752,677	6,265,221	27,169	554,804	581,973	13,599,871
Total expenses	$ 10,208,318	$ 12,201,702	$ 11,089,491	$ 3,952,332	$ 1,022,228	$ 7,623,810	$ 4,211,714	$ 3,016,898	$ 1,250,425	$ 54,576,918	$ 6,265,221	$ 9,823,966	$ 554,804	$ 10,378,770	$ 71,220,909

See accompanying notes to financial statements.

THE HENRY LUCE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 99,747,122	$ 33,017,236
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	205,326	132,855
Deferred federal excise tax	1,778,692	390,843
Net realized gains	(65,746,205)	(67,011,538)
Unrealized appreciation on investments	(101,039,230)	(28,118,276)
Changes in operating assets and liabilities:		
Beneficial interest in trust held by others	(37,782)	(151,078)
Operating lease right of use asset and liability, net	9,459	9,458
Other assets	715,551	1,065,263
Accounts payable and accrued expenses	2,026,978	49,409
Grants payable	6,470,389	8,497,126
Net cash from operating activities	(55,869,700)	(52,118,702)
Cash flows from investing activities		
Purchase of property and equipment	(88,047)	(67,003)
Purchases of investments	(578,884,247)	(494,302,025)
Proceeds from sales of investments and redemptions	637,233,219	543,647,837
Net cash from investing activities	58,260,925	49,278,809
Change in cash	2,391,225	(2,839,893)
Cash, beginning of year	3,181,418	6,021,311
Cash, end of year	$ 5,572,643	$ 3,181,418
Supplemental disclosures of cash flow information		
Cash paid for excise and other taxes	$ 1,031,859	$ 952,408

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 the 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 the 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, and must be kept intact in perpetuity.

(Continued)

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 the 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, 2025 and 2024, 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 6.75% and 7.50% at December 31, 2025 and 2024, respectively.

Property, Equipment, and Leasehold Improvements: 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 their estimated useful lives. 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 classification of property, equipment, and leasehold improvement are as follows:

Furniture, fixtures, and software	3 - 10 years
Leasehold improvements	3 - 25 years

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, 2025 and 2024.

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, 2025. 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 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).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 through 2024) and concluded the Foundation did not require a provision for any uncertain tax positions as of December 31, 2025 and 2024.

Functional Allocation of Expenses: The costs of the Foundation's programs and operations 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 on direct salaries and wages attributable to the function. Allocations of salaries, benefits and taxes are based on the estimates of time and effort. There were no fundraising costs during the years ended December 31, 2025, and 2024.

Accounting Pronouncements Issued but Not Yet Adopted: The Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2025-06, Intangibles—Goodwill* and *Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. The ASU simplifies the accounting for internal-use software by replacing the existing project stage model with a principles-based approach that focuses on management authorization and the probability of project completion.

This guidance is effective for the Foundation for fiscal years beginning after December 15, 2027, with early adoption permitted. The Foundation has internal-use software arrangements within the scope of this guidance. Management is currently evaluating the impact this ASU will have on its financial statements.

NOTE 3 – FEDERAL EXCISE TAX

The Foundation is exempt from federal income taxes under Section 501(a) of the Code. The Foundation was subject to a Federal excise tax rate of 1.39% on its net investment income for the years ended December 31, 2025 and 2024. 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 gains on investments and differences between the accounting for realized gains in the financial statements and tax reporting. Deferred taxes are calculated at the effective rate expected to be paid by the Foundation. The total deferred federal excise tax liability was $6,942,076 and $5,163,384 at December 31, 2025 and 2024, respectively

(Continued)

NOTE 3 – FEDERAL EXCISE TAX (Continued)

For the years ended December 31, 2025 and 2024, the expenses for excise taxes and income taxes are comprised of the following:

	2025	2024
Current year federal and state provisions	$ 1,031,868	$ 953,984
Deferred excise tax	1,778,692	390,843
Total	$ 2,810,560	$ 1,344,827

NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES

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

	2025	2024
Money market funds, treasury bills and cash held for investment	$ 29,918,036	$ 17,886,190
Fixed income securities		
Managed accounts		
U.S. government	57,864,327	63,844,032
Global derivatives	2,596,740	-
Fund of funds		
Hedge funds - multi strategy	421,555,729	406,981,754
Private equity funds - multi-strategy	705,519,400	619,861,719
Other investments		
Interest in royalties	3,372,000	3,800,000
Non-marketable private partnership investments in liquidation	80,368	96,442
Total investments	$ 1,220,906,600	$ 1,112,470,137

(Continued)

NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)

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:

	2025	2024
Dividends, interest, and partnership income, net	$ 7,012,786	$ 10,302,080
Net realized gain on investments	65,746,205	67,011,538
Unrealized gain on investments	101,039,230	28,118,276
Total realized and unrealized gain on investments	166,785,435	95,129,814
Total investment income, net	$ 173,798,221	$ 105,431,894

Investment fees for custodial and management services for the years ended December 31, 2025 and 2024, were $5,788,963 and $3,694,660, 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, 2025 and 2024.

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.

(Continued)

NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)

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, 2025 and 2024.

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 31st. 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, 2025 and 2024, there were no transfers between levels.

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, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Money market funds, treasury bills				
and cash held for investment	$ 29,918,036	$ -	$ -	$ 29,918,036
Fixed income securities				
Managed accounts				
U.S. government	57,864,327	-	-	57,864,327
Global derivatives	-	2,596,740		2,596,740
Other investments				
Interest in royalties	-	-	3,372,000	3,372,000
Beneficial interest in charitable trust	-	-	965,021	965,021
	$ 87,782,363	$ 2,596,740	$ 4,337,021	94,716,124
Investments reported at net asset value				
Fund of funds				
Hedge funds - multi strategy				421,555,729
Private equity funds - multi-strategy				705,519,400
Other investments				
Non-marketable private partnership				
investments in liquidation				80,368
Total investments and beneficial interest				$ 1,221,871,621

(Continued)

NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds, treasury bills and cash held for investment	$ 17,886,190	$ -	$ -	$ 17,886,190
Fixed income securities				
Managed accounts				
U.S. government	63,844,032	-	-	63,844,032
Other investments				
Interest in royalties	-	-	3,800,000	3,800,000
Beneficial interest in charitable trust	-	-	927,239	927,239
	$ 81,730,222	$ -	$ 4,727,239	86,457,461
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 investments in liquidation				96,442
Total investments and beneficial interest				$ 1,113,397,376

Information on Level 3 Assets and Assets Using NAV: Additional information as of December 31, 2025 and 2024 is provided below for investments classified as Level 3 in the fair value hierarchy or valued using the NAV:

	December 31, 2025				
	Fair Value	Unfunded Commitments	Expected Liquidation Term	Redemption Terms	Redemption Restrictions
Level 3 Investments					
Interest in royalties	$ 3,372,000	$ -	1 year	None	None
Assets held in trust by others	965,021	-	3-4 years	Upon death of trust beneficiary	None
	$ 4,337,021	$ -			
Investments valued using NAV					
Hedge funds - multi strategy	$ 421,555,729	$ -	Ongoing	100 days and 90 days notice unless current investment manager is acting on Foundation's behalf	None
Private equity funds - multi strategy	705,519,400	207,443,684	1-15 years	See discussion below	See discussion below
Non-marketable private partnerships in liquidation	80,368	-	1-3 years	Upon liquidation	None
Total fund of funds	$ 1,127,155,497	$ 207,443,684			

NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)

	December 31, 2024				
	Fair Value	Unfunded Commitments	Expected Liquidation Term	Redemption Terms	Redemption Restrictions
Level 3 Investments					
Interest in royalties	$ 3,800,000	$ -	1 year	None	None
Assets held in trust by others	927,239	-	3-4 years	Upon death of trust beneficiary	None
	$ 4,727,239	$ -			
Investments valued using NAV					
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	1-15 years	See discussion below	See discussion below
Non-marketable private partnerships in liquidation	96,442	-	1-3 years	Upon liquidation	None
Total fund of funds	$ 1,026,939,915	$ 234,080,165			

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): Fair value is estimated using a market approach based on prices observed in recent orderly transactions involving the same or comparable royalty interests. Management evaluates the relevance of those transactions, including their comparability and proximity to the measurement date, and adjusts the observed prices, when necessary, for differences in contractual terms, the expected duration and performance of the royalty stream, and current market conditions.

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 expectancy 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.

NOTE 4 – INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)

Fund of funds – Private equity funds – multi strategy: The amount presented is comprised of 16 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. One fund with a total value of $22,312,651 at December 31, 2025 permits annual redemptions with 180-days' notice. The other funds, with a total value of $683,206,749, have no investor-directed liquidity and distributions are only available upon the dissolution of the partnership or as distributions are made available from the partnership.

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 the sales results of recent transactions.

There were no purchases for Level 3 investments for the years ended December 31, 2025 and 2024, respectively. There were no transfers in or out of Level 3 investments.

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

	Interest in Royalties	Beneficial Interest in Charitable Trust	Total
Beginning balance, January 1, 2024	$ 2,000,000	$ 776,161	$ 2,776,161
Unrealized gains	1,800,000	151,078	1,951,078
Ending balance, December 31, 2024	3,800,000	927,239	4,727,239
Unrealized (losses) gains	(428,000)	37,782	(390,218)
Ending balance, December 31, 2025	$ 3,372,000	$ 965,021	$ 4,337,021

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2025	2024
Furniture and fixtures	$ 953,549	$ 934,579
Leasehold improvements	1,268,065	1,198,988
	2,221,614	2,133,567
Less: accumulated depreciation and amortization	(745,674)	(540,348)
	$ 1,475,940	$ 1,593,219

Depreciation and amortization expense for property and equipment for the years ended December 31, 2025 and 2024 was $205,326 and $132,855, respectively.

(Continued)

NOTE 6 – LEASES

The Foundation leases office space from a 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 was 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 maintains a letter of credit of $170,212 in lieu of a security deposit.

The rate implicit in the Foundation's lease was not readily determinable. Accordingly, the Foundation used an estimated incremental borrowing rate to determine the present value of the lease payments. The incremental borrowing rate was determined using third-party market information available at the lease commencement date.

The following table summarizes the details for the Foundation's operating leases recorded on the statements of financial position as of December 31, 2025 and 2024:

	2025	2024
Operating right of use asset	$ 10,461,438	$ 11,111,225
Operating lease liability	$ 11,802,863	$ 12,443,191
Weighted average remaining lease term	12.67 years	13.67 years
Weighted average discount rate	3.14%	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.

2026	$ 1,021,275
2027	1,076,478
2028	1,104,080
2029	1,104,080
2030	1,104,080
Thereafter	8,976,289
Total lease payments	14,386,282
Imputed interest	(2,583,419)
Lease liability	$ 11,802,863

(Continued)

NOTE 7 – GRANTS APPROVED AND GRANTS PAYABLE

Grants payable 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, 2025 and 2024, 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:

	2025	2024
Grant contracts	$ 42,233,045	$ 35,876,260
Discount to present value	(539,811)	(653,415)
Grants payable	$ 41,693,234	$ 35,222,845

The grants approved during 2025, before the discount to present value of $539,811 and grants payable at December 31 consisted of the following:

	2025	
	Grants Approved	Grants Payable
Principal fund		
American Art	$ 8,480,000	$ 5,371,668
Asia	9,770,600	9,374,000
Democracy and Civic Life	5,980,000	3,006,669
Indigenous Knowledge	7,445,000	7,242,500
Luce Scholars	553,433	-
Public Policy	3,850,000	1,600,000
Religion and Theology	8,280,000	6,522,500
Women in STEM	3,193,329	1,320,833
	47,552,362	34,438,170
Other programs		
Special Projects	436,500	2,000
Matching Grants	388,572	206,471
Directors' Discretionary Grants	256,667	73,167
Total other programs	1,081,739	281,638
Total principal fund	48,634,101	34,719,808
Clare Boothe Luce Fund	10,214,722	7,513,237
Total	$ 58,848,823	$ 42,233,045

(Continued)

NOTE 7 – GRANTS APPROVED AND GRANTS PAYABLE (Continued)

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

	2024	
	Grants Approved	Grants Payable
Principal fund		
American Art	$ 9,566,516	$ 4,517,499
Asia	11,570,000	9,066,000
Democracy and Civic Life	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	7,100,000	4,010,000
	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	320,833	5,833
Total other programs	3,859,422	1,405,668
Total principal fund	48,129,037	28,532,505
Clare Boothe Luce Fund	9,807,582	7,343,755
Total	$ 57,936,619	$ 35,876,260

At December 31, 2025, the unpaid grant liability is expected to be paid as follows:

2026	$ 28,132,149
2027	9,333,784
2028	3,433,112
2029	1,334,000
	$ 42,233,045

(Continued)

NOTE 8 – RETIREMENT PLAN

The Foundation has a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code that covers all full-time employees with a two-year vesting provision. Retirement plan costs, representing 15% of compensation, are charged to current year expense. At December 31, 2025 and 2024, retirement expense under this plan was $585,967 and $627,252, 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, 2025 and 2024, the Foundation's 457(b) expense under this plan was $5,875 and $23,000, respectively.

NOTE 9 – POSTRETIREMENT MEDICAL BENEFITS

The Foundation provides retiree medical insurance reimbursements to employees hired prior to 2024 and who retired from the Foundation after attaining at least age 55 (age 65 if hired on or after January 1, 2008) if the employee meets the required minimum years of service. 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, 2025 and 2024 was $1,371,025 and $1,427,660, respectively, and is included in accrued expenses in the statements of financial position. The liability has not been separately funded by the Foundation. A discount rate of 6.0% was applied in 2025 and 2024.

Actual cash paid during 2025 and 2024 was $99,366 and $100,153, respectively.

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

2026	$ 102,050
2027	113,050
2028	135,050
2029	135,050
2030	145,750
Thereafter	698,500
	$ 1,329,450

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:

	2025	2024
Cash	$ 5,572,643	$ 3,181,418
Investments	1,220,906,600	1,112,470,137
Total financial assets	1,226,479,243	1,115,651,555
Less amounts not available for general expenditure within one year:		
Investments with liquidity horizons greater than one year	(708,971,768)	(623,758,161)
Distributions from restricted funds within one year	(11,035,000)	(10,650,000)
Financial assets not available to be used within one year	(720,006,768)	(634,408,161)
	$ 506,472,475	$ 481,243,394

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:

	2025	2024
With donor restrictions of a temporary nature:		
Principal Fund	$ 965,021	$ 927,239
Clare Boothe Luce fund	160,737,239	138,351,435
	161,702,260	139,278,674
With donor restrictions to be kept in perpetuity:		
Clare Boothe Luce fund	68,345,364	68,345,364
	$ 230,047,624	$ 207,624,038

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

	2025	2024
Grants and programs	$ 10,230,455	$ 9,823,966
Administrative	292,197	554,804
	$ 10,522,652	$ 10,378,770

(Continued)

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 (which is referred to as the "endowment"), 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, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity the value of the original bequest to the Foundation from the estate of Clare Boothe Luce. 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:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	$ -	$ 229,082,603	$ 229,082,603
Total	$ -	$ 229,082,603	$ 229,082,603

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	$ -	$ 206,696,799	$ 206,696,799
Total	$ -	$ 206,696,799	$ 206,696,799

(Continued)

NOTE 11 – NET ASSETS AND ENDOWMENT (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2024	$ -	$ 197,030,555	$ 197,030,555
Investment return, net	-	20,045,014	20,045,014
Appropriation of endowment assets pursuant to spending-rate policy	-	(10,378,770)	(10,378,770)
Endowment net assets, December 31, 2024	-	206,696,799	206,696,799
Investment return, net	-	32,908,456	32,908,456
Appropriation of endowment assets pursuant to spending-rate policy	-	(10,522,652)	(10,522,652)
Endowment net assets, December 31, 2025	$ -	$ 229,082,603	$ 229,082,603

Endowment Investment and Spending: Endowment funds are maintained in a diversified investment portfolio pooled with the assets of the Principal Fund. 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 investments. 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 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 earn at least the rate of spending by the Foundation plus the rate of inflation.

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 utilizes 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.

(Continued)

NOTE 11 – NET ASSETS AND ENDOWMENT (Continued)

Underwater Endowments: The governing body of the Foundation has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of:

a) the original value of initial and subsequent gift amounts donated to the fund, and

b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted NYPMIFA to permit not spending from underwater funds in accordance with the prudent measures required under the law.

On December 31, 2025 and 2024, the Foundation had no underwater funds.

NOTE 12 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2025, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2025. Management has performed their analysis through September 10, 2026, the date the financial statements were available to be issued.