

OWEN J. FLANAGAN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS
60 EAST 42ND STREET, SUITE 1400
NEW YORK, NEW YORK 10165

OWEN J. FLANAGAN, CPA
(1925-1996)

KEVIN C. SUNKEL, CPA
JOHN L. CORCORAN, CPA
LAUREN A. REALE, CPA

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

MEMBERS OF AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors of the
Charles H. Revson Foundation, Inc.**

Opinion

We have audited the accompanying financial statements of the Charles H. Revson Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Charles H. Revson Foundation, Inc. as of December 31, 2022 and 2021 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 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.

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 after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investments 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.

Owen J. Flanagan & Co.

October 6, 2023

CHARLES H. REVSON FOUNDATION, INC.**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,489,388	\$ 1,683,308
Investments (Note 3)	173,075,528	215,374,871
Program related investment, at cost (Note 3)	500,000	500,000
Due from brokers (Note 3)	100,841	431,512
Prepaid expenses and other assets (Note 8)	151,211	215,053
Fixed assets, net (Note 6)	—	—
<u>Total Assets</u>	<u>\$ 175,316,968</u>	<u>\$ 218,204,744</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 166,722	\$ 147,544
Post-retirement health benefit (Note 9)	1,024,817	1,060,929
Grants payable (Note 7)	4,439,684	4,176,767
Deferred excise tax payable (Note 8)	<u>343,857</u>	<u>918,541</u>
<u>Total Liabilities</u>	<u>5,975,080</u>	<u>6,303,781</u>
<u>Net Assets without Donor Restriction</u>	<u>169,341,888</u>	<u>211,900,963</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 175,316,968</u>	<u>\$ 218,204,744</u>

The accompanying notes are an integral part of these financial statements.

CHARLES H. REVSON FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Revenue</u>		
Net investment (loss) revenue (Note 4)	\$ (32,114,583)	\$ 27,491,394
Less:		
Excise and unrelated business income tax expense (Note 8)	147,567	170,051
Deferred excise tax (recovery) expense (Note 8)	<u>(574,684)</u>	<u>201,296</u>
<u>Total Revenue</u>	<u>(31,687,466)</u>	<u>27,120,047</u>
<u>Expenses</u>		
Program services:		
Grants authorized, net (Note 7)	8,542,657	9,636,225
Program support and planning	<u>1,645,522</u>	<u>1,537,643</u>
	10,188,179	11,173,868
Supporting services - administrative	538,339	507,511
Investment - administrative	<u>145,091</u>	<u>139,838</u>
<u>Total Expenses</u>	<u>10,871,609</u>	<u>11,821,217</u>
Change in Net Assets	(42,559,075)	15,298,830
Net Assets, beginning of year	<u>211,900,963</u>	<u>196,602,133</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 169,341,888</u>	<u>\$ 211,900,963</u>

The accompanying notes are an integral part of these financial statements.

CHARLES H. REVSON FOUNDATION, INC.**STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in Net Assets	\$ (42,559,075)	\$ 15,298,830
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized gains	(4,997,438)	(9,148,418)
Change in unrealized appreciation of investments	41,344,209	(14,481,748)
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses and other assets	63,842	(20,443)
Increase in accounts payable and accrued expenses	19,178	13,942
(Decrease) increase in post-retirement health benefit	(36,112)	156,416
Increase in grants payable	262,917	2,374,149
(Decrease) increase in deferred excise tax payable	<u>(574,684)</u>	<u>201,296</u>
<u>Net Cash Used In Operating Activities</u>	<u>(6,477,163)</u>	<u>(5,605,976)</u>
Cash flows from investing activities:		
Purchases of investments	(30,510,654)	(28,692,592)
Proceeds from sale of investments	36,463,226	33,487,847
Decrease in due from brokers	<u>330,671</u>	<u>1,697,428</u>
<u>Net Cash Provided By Investing Activities</u>	<u>6,283,243</u>	<u>6,492,683</u>
<u>Net (Decrease) Increase in Cash and Cash Equivalents</u>	<u>(193,920)</u>	<u>886,707</u>
Cash and cash equivalents, beginning of year	<u>1,683,308</u>	<u>796,601</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,489,388</u>	<u>\$ 1,683,308</u>
Supplemental Cash Flow Information:		
Unrelated business income taxes paid (net refunds)	\$ 77	\$ -
Excise taxes paid	\$ 100,000	\$ 180,000

The accompanying notes are an integral part of these financial statements.

CHARLES H. REVSON FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Grants, program support and planning	Investment - administrative	Supporting services - administrative	Total	Grants, program support and planning	Investment - administrative	Supporting services - administrative	Total
Grants	\$ 8,542,657			\$ 8,542,657	\$ 9,636,225			\$ 9,636,225
Salaries and related benefits	1,163,884	\$ 116,394	\$ 448,727	1,729,005	1,203,920	\$ 111,378	\$ 391,212	1,706,510
Occupancy	88,031	8,626	32,976	129,633	87,369	7,936	27,547	122,852
Audit and tax fees	—	12,113	16,387	28,500	—	11,900	16,100	28,000
Consultants	104,695	—	2,531	107,226	106,400	—	42,687	149,087
Direct charitable	18,394	—	—	18,394	7,821	—	—	7,821
Meetings, travel, and memberships	191,424	976	976	193,376	19,621	661	661	20,943
Insurance	8,160	1,153	9,632	18,945	7,024	972	8,452	16,448
Directors' honoraria	22,500	1,250	1,250	25,000	27,000	1,500	1,500	30,000
Information technology	25,068	2,496	9,684	37,248	29,585	2,724	9,596	41,905
Office supplies and services	10,361	1,031	4,003	15,395	10,017	921	3,249	14,187
Postage and delivery	1,303	130	503	1,936	1,465	135	475	2,075
Photocopier lease	2,970	296	1,147	4,413	3,380	311	1,096	4,787
Subscriptions and publications	2,442	—	—	2,442	4,099	—	—	4,099
NYS filing fee	1,010	100	390	1,500	1,059	97	344	1,500
Furniture and improvements	5,280	526	2,040	7,846	14,156	1,303	4,592	20,051
Legal and professional fees	—	—	8,093	8,093	14,727	—	—	14,727
	<u>\$ 10,188,179</u>	<u>\$ 145,091</u>	<u>\$ 538,339</u>	<u>\$ 10,871,609</u>	<u>\$ 11,173,868</u>	<u>\$ 139,838</u>	<u>\$ 507,511</u>	<u>\$ 11,821,217</u>

The accompanying notes are an integral part of these financial statements.

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 Organization

Charles H. Revson Foundation, Inc. (the "Foundation") was established by Charles H. Revson in 1956. Through the Foundation, he made grants during his lifetime to organizations serving Israel and the North American Jewish community, medical and cultural institutions, and schools and universities, particularly in New York City. Upon his death in 1975, Charles H. Revson funded the Foundation from his estate. The Foundation makes special project grants in primarily four program areas: biomedical research, education, Jewish life, and urban affairs. The Foundation is classified as a private foundation under the provisions of Section 509(a) of the Internal Revenue Code (the Code) and is exempt from federal income tax under Section 501(c)(3) of the Code.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Cash Equivalents

The Foundation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Fixed Assets and Depreciation

Fixed assets purchased over \$100,000 are capitalized and stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Office condominium and improvements are depreciated over 20 years and furniture and fixtures are depreciated over 10 years.

Investment Valuation

The primary source of revenue for the Foundation is derived from its investment activities. Investments are stated at fair value. The fair value of equity, real estate and fixed income funds is valued at level 1. The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. FASB guidance provides for the use of NAV as a "Practical Expedient" for estimating 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 therein. The program related investment is stated at cost.

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 Summary of Significant Accounting Policies (continued)

Fair Value Measurements

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 upon the 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. Investments valued using the NAV as a practical expedient are excluded from the fair value hierarchy as prescribed under FASB guidance.

Allocation of Expenses

The financial statements report certain categories of expenses, such as occupancy, meetings, travel, memberships, and various other office expenses that are attributable to one or more program or supporting functions of the Foundation. These expenses are allocated based on estimated time and use. In addition, salary and related benefit costs are allocated based on time and effort of staff. Other expenses incurred are allocated directly to the applicable program or administrative service.

Accounting Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 Investments

Investments consist of the following at December 31, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity funds	\$ 83,261,595	\$ 108,832,168	\$ 87,565,103	\$ 143,834,789
Real estate fund	6,665,975	7,631,247	8,044,290	12,872,074
Fixed income funds	42,869,893	37,109,398	52,490,068	52,404,606
Alternative investments	<u>15,540,155</u>	<u>19,502,715</u>	<u>1,193,291</u>	<u>6,263,402</u>
	148,337,618	173,075,528	149,292,752	215,374,871
Program related investment	500,000	500,000	500,000	500,000
Due from brokers	<u>100,841</u>	<u>100,841</u>	<u>431,512</u>	<u>431,512</u>
	<u>\$ 148,938,459</u>	<u>\$ 173,676,369</u>	<u>\$ 150,224,264</u>	<u>\$ 216,306,383</u>

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 3 Investments (continued)

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value as of December 31, 2022. At December 31, 2022, assets valued at NAV comprised approximately 11% of the Foundation's investment portfolio fair value.

	<u>2022</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Valued at NAV</u>
Equity funds	\$ 108,832,168	\$ 108,832,168	\$ —
Real estate fund	7,631,247	7,631,247	—
Fixed income funds	37,109,398	37,109,398	—
Alternative investments	<u>19,502,715</u>	<u>—</u>	<u>19,502,715</u>
	<u>\$ 173,075,528</u>	<u>\$ 153,572,813</u>	<u>\$ 19,502,715</u>

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value as of December 31, 2021. At December 31, 2021, assets valued at NAV comprised approximately 3% of the Foundation's investment portfolio fair value.

	<u>2021</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Valued at NAV</u>
Equity funds	\$ 143,834,789	\$ 143,834,789	\$ —
Real estate fund	12,872,074	12,872,074	—
Fixed income funds	52,404,606	52,404,606	—
Alternative investments	<u>6,263,402</u>	<u>—</u>	<u>6,263,402</u>
	<u>\$ 215,374,871</u>	<u>\$ 209,111,469</u>	<u>\$ 6,263,402</u>

The Foundation's alternative investments are diversified as follows (amounts included are as of December 31, 2022):

Makena (\$3,875,478) - the long-term goal of the portfolio is focused on maximizing risk-adjusted returns with the goal of long-term capital appreciation. This is to be achieved by optimizing the portfolio across a multitude of diverse return-oriented asset classes encompassing all forms of alternative investing.

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 3 Investments (continued)

Commonfund (\$1,170,694) - seeks to achieve long-term capital appreciation through venture capital investments (Commonfund Capital Venture Partners VIII, LP); through investing in performing restructured debt, stressed debt, distressed debt, and other debt investments (Commonfund Global Distressed Investors, LLC); by engaging in private transactions in energy services and in natural resources-related industries including oil and natural gas, timber, power infrastructure, alternative energy, mining, and metals (Commonfund Capital Natural Resources Partners VII, LP); through a multi-manager program of international private equity investments, principally outside the United States (Commonfund Capital International Partners VI, LP); through a multi-manager program of private equity investments principally within the United States (Commonfund Capital Private Equity Partners VII, LP). These investments have \$316,550 of unfunded commitments remaining at December 31, 2022.

Golub Capital Partners (\$8,206,359) – through its leveraged portfolio of carefully selected, high-quality, senior-secured and second lien loans in US middle market companies, GCP seeks to achieve attractive returns with lower risk. As of December 31, 2022, the unfunded capital commitment totaled \$2,000,000.

Deerpath Capital (\$5,086,647) – seeks to achieve a high level of current income with strong downside protection primarily through investing in middle market loans. The unfunded capital commitment remaining at December 31, 2022 was \$4,920,805.

Oaktree Capital (\$1,163,537) – seeks to achieve long-term capital appreciation and current income through investing in a diversified portfolio of private lending opportunities to medium-sized companies across industries. The unfunded commitment as of December 31, 2022, totaled \$8,800,000.

The alternative investments valued at NAV contain various redemption restrictions and written notice requirements. In addition, certain of these investments were restricted by initial lock-up periods. As of December 31, 2022, the following table summarizes the composition of alternative investments by the various redemption provisions and lock-up periods.

The redemption restrictions are as follows:

	Amount
Fiscal period:	
2023	\$ 2,604,621
2024	1,123,889
2025 and thereafter	15,774,205
Total	\$ 19,502,715

The Foundation requested a full redemption of its investment in Makena at the end of 2012. The Foundation received approximately 35% of the fund value at the beginning of 2014 and has received quarterly distributions thereafter. Makena has estimated that it will continue to make quarterly distributions with the balance to be distributed over the course of the next five years. The entire fair value of the investment has been included in the restricted liquidity category based on Makena deeming its distribution schedule an estimate.

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 3 Investments (continued)

In 2017, the Foundation elected to participate in a revised liquidation process offered by the manager in order to expedite the full redemption of the fund. Additionally in 2021, the Foundation elected a second option to accelerate liquidity as demand for selling side pocket assets at NAV arises.

Program Related Investment - In March 2018, the Board approved a program related investment loan in the amount of \$500,000 subject to certain contingencies. The purpose of the loan is to help finance down payments for the purchase of vacant properties or buildings in New York City which will be used to provide supportive and low-income housing. The loan agreement was finalized and signed on February 28, 2019. The loan bears interest at 1% and matures on February 28, 2024. In March 2021, the Foundation agreed to reduce the interest rate to .5% from August 1, 2021 through December 31, 2021 and reverted back to 1% beginning January 1, 2022.

Note 4 Net Investment Revenue

Net investment revenue reported on the statement of activities consists of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Dividends, interest and other partnership income	\$ 4,559,994	\$ 4,234,452
Net realized gains	4,997,438	9,148,418
Change in unrealized appreciation of investments	<u>(41,344,209)</u>	<u>14,481,748</u>
	(31,786,777)	27,864,618
Less:		
Directly reported investment expenses	<u>327,806</u>	<u>373,224</u>
Net investment revenue	<u>\$ (32,114,583)</u>	<u>\$ 27,491,394</u>

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 5 Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditures within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,489,388	\$ 1,683,308
Investments, at fair value	173,075,528	215,374,871
Program related investment, at cost	500,000	500,000
Due from brokers	100,841	431,512
Other receivables	<u>-</u>	<u>21,754</u>
	175,165,757	218,011,445
Less:		
Program related investment, long-term	500,000	500,000
Illiquid investments	<u>19,502,715</u>	<u>6,263,402</u>
	<u>\$ 155,163,042</u>	<u>\$ 211,248,043</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures. In order to maintain spending power and the original corpus of the Foundation, the Board of Directors appropriates approximately 5 to 5.5% of the prior 36-month average asset value for annual budgeting purposes.

Note 6 Fixed Assets

Fixed assets consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office condominium and improvements	\$ 2,941,984	\$ 2,941,984
Furniture and fixtures	<u>296,567</u>	<u>296,567</u>
	3,238,551	3,238,551
Less accumulated depreciation	<u>(3,238,551)</u>	<u>(3,238,551)</u>
Fixed assets, net	<u>\$ —</u>	<u>\$ —</u>

As of December 31, 2022, all capitalized fixed assets are fully depreciated and still in use.

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 7 Grants Payable

Grants authorized are recognized when approved by the Foundation's Board of Directors. Grants payable represent amounts authorized but scheduled for future payment. Grants to be paid in more than one year are discounted to present value using the one-year LIBOR USD rate. The commitments outstanding at December 31, 2022, net of the discount to present value, are scheduled for payment as follows:

Year ending December 31:	
2023	\$ 3,527,967
2024	500,000
2025	250,000
2026	<u>250,000</u>
	4,527,967
Less discount to present value (at a rate of 5.5%)	<u>88,283</u>
	<u>\$ 4,439,684</u>

As of December 31, 2022, \$100,000 of contingent grants have been awarded with contractual requirements that have not been met at year-end and are therefore not reflected in these financial statements.

The changes in grants payable during 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 4,176,767	\$ 1,802,618
Additions:		
Grants approved, excludes returns and rescinds	8,454,948	10,061,314
Prior year grants with contractual requirement met	465,000	—
Deductions:		
Payments made	(8,362,324)	(7,384,702)
Grants rescinded	(110,867)	—
Current year grants with contractual requirements unmet	(100,000)	(300,000)
Increase in discount to present value	<u>(83,840)</u>	<u>(2,463)</u>
Balance at end of year	<u>\$ 4,439,684</u>	<u>\$ 4,176,767</u>

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 8 Investment Income Taxes

As a private foundation, the Foundation is subject to a federal excise tax of 1.39% on its net investment income, as defined, for tax purposes. At December 31, 2022 and 2021, the Foundation had prepaid excise taxes of \$22,300 and \$46,800, respectively, which were included in prepaid expenses and other assets.

Deferred federal excise taxes arise from differences between the cost and fair value of investments and is calculated at the 1.39% tax rate as of December 31, 2022 and 2021.

Some of the Foundation's investment partnerships have underlying investments which generate unrelated business taxable income. This income is subject to Federal and various state income taxes at for-profit corporate income tax rates. At December 31, 2022 and 2021, the Foundation had prepaid income taxes of \$90,210 and \$113,200, respectively, which was included in prepaid expenses and other assets.

The Foundation's tax liability recorded in the financial statements for the current year is based on realized investment income, which contains estimates provided by the investment managers. The tax expense is adjusted to the actual expense per the tax returns, in the following year.

The Foundation has not entered into any uncertain tax positions that would require financial statement recognition. It is no longer subject to audits by the applicable taxing jurisdictions prior to periods ending December 31, 2019.

Note 9 Retirement Benefits

Pension Plan

The Foundation maintains a 403(b) retirement plan for its employees. Under this plan, the Foundation has elected to contribute 15% of each eligible employee's annual compensation. Employees may also make elective contributions under the plan. The Foundation's expense under this plan was \$153,281 and \$78,210 for the years ended December 31, 2022 and 2021, respectively.

Post-retirement Health Benefit

For employees hired prior to 2020, the Foundation pays for the post-retirement health costs of employees who attain the age of 55, provide 10 years of service, and retire from the Foundation. Current retirees continue to receive this benefit. The plan is not currently funded.

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 9 Retirement Benefits (continued)

Net periodic post-retirement health benefit cost included the following:

	<u>2022</u>	<u>2021</u>
Benefit obligation at December 31	\$ 1,125,803	\$ 1,251,586
Accrued benefit cost recognized in the statement of financial position	\$ 1,024,817	\$ 1,060,929
Benefit cost	\$ 6,113	\$ 196,513
Employer contributions	\$ 42,225	\$ 40,098
Benefits paid	\$ 42,225	\$ 40,098

Weighted average assumption used to determine health benefit obligation at December 31:

Discount rate	5%	5%
---------------	----	----

For measurement purposes, a 5.0% annual rate of increase in the per capita cost of covered healthcare benefits was assumed beginning in 2024.

The expected benefit payments over the next ten years are as follows:

2023	\$ 48,103
2024	67,482
2025	72,477
2026	76,101
2027	79,906
2028 - 2032	<u>463,605</u>
	<u>\$ 807,674</u>

Note 10 Concentration of Credit Risk

The Foundation maintains cash balances in its checking account in excess of federally insured limits. The Foundation mitigates this risk by using a large well-established bank and has not experienced any losses on such account. As of December 31, 2022, the uninsured balance is \$1,239,238. The Foundation believes it is not exposed to any significant risk.

Note 11 Subsequent Events

In connection with the preparation of the financial statements, the Foundation evaluated subsequent events after the statement of financial position date of December 31, 2022 through October 6, 2023, which was the date the financial statements were available to be issued.

CHARLES H. REVSON FOUNDATION, INC.**SCHEDULE OF INVESTMENTS****DECEMBER 31, 2022 AND 2021**

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Equity funds:				
Vanguard:				
S&P Small-Cap 600 Value Index Institutional Shares	\$ 5,049,409	\$ 5,101,109	\$ 5,367,635	\$ 6,216,789
S&P 500 Value Index Institutional Shares	4,713,340	5,153,801	5,787,086	6,845,585
Total Stock Market Index Fund Institutional Shares	30,699,359	54,426,337	33,840,114	76,782,350
Total International Stock Index Fund Institutional Shares	42,799,487	44,150,921	42,570,268	53,990,065
<u>Total equity funds</u>	<u>83,261,595</u>	<u>108,832,168</u>	<u>87,565,103</u>	<u>143,834,789</u>
Real estate fund:				
Vanguard:				
REIT Index Fund Institutional Shares	6,665,975	7,631,247	8,044,290	12,872,074
Fixed income funds:				
Vanguard:				
Short-Term Investment-Grade Fund Institutional Shares	10,798,216	9,983,223	13,744,991	13,724,217
Intermediate-Term Investment-Grade Fund Admiral Shares	10,372,630	8,651,866	12,469,869	12,344,205
Core Bond Fund Admiral Shares	10,270,643	8,628,288	12,436,746	12,288,367
Bond Market Index Fund Institutional Shares	11,428,404	9,846,021	13,838,462	14,047,817
International Bond Index Fund Institutional Shares	—	—	—	—
<u>Total fixed income funds</u>	<u>42,869,893</u>	<u>37,109,398</u>	<u>52,490,068</u>	<u>52,404,606</u>
Alternative investments:				
Funds:				
Commonfund:				
Global Distressed Investors, LLC	260,203	37,160	319,360	51,034
Limited partnerships:				
Commonfund Capital:				
International Partners VI, LP	159,909	80,819	157,606	126,023
Natural Resources Partners VII, LP	210,273	339,623	389,510	470,160
Private Equity Partners VII, LP	48,550	230,735	35,432	450,852
Venture Partners VIII, LP	370,249	482,357	291,383	679,851
Makena Capital Private Endowment Product	—	3,875,478	—	4,485,482
Golub Capital Partners International 14, LP	8,206,359	8,206,359	—	—
Deerpath Capital Advantage VI, LP	5,095,698	5,086,647	—	—
Oaktree Direct Lending Fund, LP	1,188,914	1,163,537	—	—
<u>Total alternative investments</u>	<u>15,540,155</u>	<u>19,502,715</u>	<u>1,193,291</u>	<u>6,263,402</u>
<u>Total Investments</u>	<u>148,337,618</u>	<u>173,075,528</u>	<u>149,292,752</u>	<u>215,374,871</u>
Program related investment, at cost	500,000	500,000	500,000	500,000
Due from brokers	100,841	100,841	431,512	431,512
<u>Total</u>	<u>\$ 148,938,459</u>	<u>\$ 173,676,369</u>	<u>\$ 150,224,264</u>	<u>\$ 216,306,383</u>

See accompanying independent auditor's report.