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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, 2023 and 2022 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, 2023 and 2022 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.



CHARLES H. REVSON FOUNDATION, INC.**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,719,355	\$ 1,489,388
Investments	188,866,352	173,075,528
Program related investment, at cost	500,000	500,000
Due from brokers	687,760	100,841
Prepaid expenses and other assets	286,044	151,211
Beneficial interest in charitable remainder trust	528,095	—
Fixed assets, net	<u>—</u>	<u>—</u>
<u>Total Assets</u>	<u>\$ 192,587,606</u>	<u>\$ 175,316,968</u>
 <u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 154,830	\$ 166,722
Post-retirement health benefit	1,065,607	1,024,817
Grants payable	3,439,148	4,439,684
Deferred excise tax payable	<u>605,701</u>	<u>343,857</u>
<u>Total Liabilities</u>	<u>5,265,286</u>	<u>5,975,080</u>
 <u>Net Assets</u>		
Net Assets without Donor Restrictions	186,794,225	169,341,888
Net Assets with Donor Restrictions	<u>528,095</u>	<u>—</u>
<u>Total Net Assets</u>	<u>187,322,320</u>	<u>169,341,888</u>
 <u>Total Liabilities and Net Assets</u>	 <u>\$ 192,587,606</u>	 <u>\$ 175,316,968</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Without Donor Restrictions</u>		
<u>Revenue</u>		
Net investment revenue (loss)	\$ 26,301,235	\$ (32,114,583)
Less:		
Excise and unrelated business income tax expense	141,778	147,567
Deferred excise tax expense (recovery)	<u>261,844</u>	<u>(574,684)</u>
<u>Total Revenue</u>	<u>25,897,613</u>	<u>(31,687,466)</u>
<u>Expenses</u>		
Program services:		
Grants authorized, net	6,156,831	8,542,657
Program support and planning	<u>1,598,314</u>	<u>1,645,522</u>
	7,755,145	10,188,179
Supporting services - administrative	531,625	538,339
Investment - administrative	<u>158,506</u>	<u>145,091</u>
<u>Total Expenses</u>	<u>8,445,276</u>	<u>10,871,609</u>
Change in Net Assets Without Donor Restrictions	<u>17,452,337</u>	<u>(42,559,075)</u>
<u>With Donor Restrictions</u>		
Contribution of Beneficial Interest	<u>528,095</u>	<u>—</u>
Change in Net Assets for Year	17,980,432	(42,559,075)
Net Assets, beginning of year	<u>169,341,888</u>	<u>211,900,963</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 187,322,320</u>	<u>\$ 169,341,888</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in Net Assets	\$ 17,980,432	\$ (42,559,075)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized gains	(1,594,361)	(4,997,438)
Change in unrealized appreciation of investments	(18,837,706)	41,344,209
Contribution of interest in charitable remainder trust	(528,095)	—
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses and other assets	(134,833)	63,842
(Decrease) increase in accounts payable and accrued expenses	(11,892)	19,178
Increase (decrease) in post-retirement health benefit	40,790	(36,112)
(Decrease) increase in grants payable	(1,000,536)	262,917
Increase (decrease) in deferred excise tax payable	<u>261,844</u>	<u>(574,684)</u>
<u>Net Cash Used In Operating Activities</u>	<u>(3,824,357)</u>	<u>(6,477,163)</u>
Cash flows from investing activities:		
Purchases of investments	(28,061,589)	(30,510,654)
Proceeds from sale of investments	32,702,832	36,463,226
(Increase) decrease in due from brokers	<u>(586,919)</u>	<u>330,671</u>
<u>Net Cash Provided By Investing Activities</u>	<u>4,054,324</u>	<u>6,283,243</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	229,967	(193,920)
Cash and cash equivalents, beginning of year	<u>1,489,388</u>	<u>1,683,308</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,719,355</u>	<u>\$ 1,489,388</u>
Supplemental Cash Flow Information:		
Unrelated business income taxes paid (net refunds)	\$ 268	\$ 77
Excise taxes paid	\$ 150,000	\$ 100,000

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

CHARLES H. REYSON FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022			
	Grants, program support and planning	Investment - administrative	Supporting services - administrative	Grants, program support and planning	Investment - administrative	Supporting services - administrative	Total
Grants	\$ 6,156,831			\$ 8,542,657			\$ 8,542,657
Salaries and related benefits	1,239,439	\$ 123,761	\$ 439,008	1,802,208	\$ 116,394	\$ 448,727	1,729,005
Occupancy	93,437	9,170	31,663	134,270	8,626	32,976	129,633
Audit and tax fees	—	14,025	18,975	—	12,113	16,387	28,500
Consultants	87,925	—	2,833	104,695	—	2,531	107,226
Direct charitable	23,185	—	—	18,394	—	—	18,394
Meetings, travel, and memberships	40,958	1,504	1,504	43,966	976	976	193,376
Insurance	9,315	1,292	10,092	20,699	1,153	9,632	18,945
Directors' honoraria	23,400	1,300	1,300	26,000	1,250	1,250	25,000
Information technology	34,948	3,505	12,343	50,796	2,496	9,684	37,248
Office supplies and services	9,578	961	3,383	13,922	1,031	4,003	15,395
Postage and delivery	912	91	322	1,325	130	503	1,936
Photocopier lease	3,006	302	1,062	4,370	296	1,147	4,413
Subscriptions and publications	3,897	—	—	3,897	—	—	2,442
NYS filing fee	1,032	103	365	1,500	100	390	1,500
Furniture and improvements	24,844	2,492	8,775	36,111	526	2,040	7,846
Legal and professional fees	2,438	—	—	2,438	—	8,093	8,093
	<u>\$ 7,755,145</u>	<u>\$ 158,506</u>	<u>\$ 531,625</u>	<u>\$ 8,445,276</u>	<u>\$ 145,091</u>	<u>\$ 538,339</u>	<u>\$ 10,871,609</u>

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

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 certificate of deposit and program related investment are stated at cost.

CHARLES H. REVSON FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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.

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 3 Investments

Investments consist of the following at December 31, 2023 and 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Short-term cash and money markets	\$ 2,266,707	\$ 2,266,707	\$ —	\$ —
Certificate of deposit *	4,000,000	4,000,000	—	—
Equity funds	77,760,841	118,975,748	83,261,595	108,832,168
Real estate fund	6,911,243	8,533,267	6,665,975	7,631,247
Fixed income funds	26,090,037	23,309,591	42,869,893	37,109,398
Corporate bonds	9,837,617	10,109,123	—	—
Alternative investments	18,424,289	21,671,916	15,540,155	19,502,715
	145,290,734	188,866,352	148,337,618	173,075,528
Program related investment	500,000	500,000	500,000	500,000
Due from brokers	687,760	687,760	100,841	100,841
	\$ 146,478,494	\$ 190,054,112	\$ 148,938,459	\$ 173,676,369

*The certificate of deposit consists of one 12-month CD with a maturity date of January 13, 2024.

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value as of December 31, 2023. Assets valued at NAV comprised approximately 11% of the Foundation's investment portfolio fair value.

	Fair Value	Level 1	Level 2	Valued at NAV
Equity funds	\$118,975,748	\$118,975,748	\$ —	\$ —
Real estate fund	8,533,267	8,533,267	—	—
Fixed income funds	23,309,591	23,309,591	—	—
Corporate bonds	10,109,123	—	10,109,123	—
Alternative investments	21,671,916	—	—	21,671,916
	182,599,645	\$150,818,606	\$ 10,109,123	\$ 21,671,916
Short-term cash and money markets	2,266,707			
Certificate of deposit	4,000,000			
	\$188,866,352			

CHARLES H. REVSON FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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. Assets valued at NAV comprised approximately 11% of the Foundation's investment portfolio fair value.

	<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 Foundation's alternative investments are diversified as follows (amounts included are as of December 31, 2023):

Makena Capital Private Endowment Product (\$3,094,941) - 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.

Commonfund (\$870,181) - 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 \$315,275 of unfunded commitments remaining at December 31, 2023.

Golub Capital Partners International 14, LP (\$9,000,000) – 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, 2023, the unfunded capital commitment totaled \$1,000,000.

Deerpath Capital Advantage VI, LP (\$4,989,660) – 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, 2023 was \$4,920,805.

CHARLES H. REVSON FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 3 Investments (continued)

Oaktree Direct Lending Fund, LP (\$3,717,134) – 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, 2023, totaled \$6,500,000.

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, 2023, the following table summarizes the composition of alternative investments by the various redemption provisions and lock-up periods.

The redemption restrictions are as follows:

	<u>Amount</u>
Fiscal period:	
2024	\$ 1,334,422
2025	618,988
2026 and thereafter	<u>19,718,506</u>
Total	<u>\$21,671,916</u>

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 twelve 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.

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 agreement, finalized and signed on February 28, 2019, was subsequently amended on August 20, 2021. The loan bears interest at 1% and has an extended maturity date of August 31, 2025. In March 2021, the Foundation reduced the interest rate to .5% for the period August 1, 2021 through December 31, 2021. The interest rate reverted back to 1% beginning January 1, 2022.

CHARLES H. REVSON FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 4 Net Investment Revenue

Net investment revenue reported on the statement of activities consists of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Dividends, interest and other partnership income	\$ 6,461,666	\$ 4,559,994
Net realized gains	1,594,359	4,997,438
Change in unrealized appreciation of investments	<u>18,837,708</u>	<u>(41,344,209)</u>
	26,893,733	(31,786,777)
Less:		
Directly reported investment expenses	<u>592,498</u>	<u>327,806</u>
Net investment revenue	<u>\$ 26,301,235</u>	<u>\$ (32,114,583)</u>

Note 5 Beneficial Interest in Charitable Remainder Trust

During 2023, the Foundation received notice that it was the beneficiary of a charitable remainder trust. As of December 31, 2023, the value of the trust was approximately \$560,000. The Foundation calculated the present value of its interest using a 6% discount rate and the life expectancy of the current beneficiary. The discounted present value of \$528,095 is reflected as net assets with donor restrictions on the statements of financial position.

CHARLES H. REVSON FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 6 Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,719,355	\$ 1,489,388
Investments, at fair value	188,866,352	173,075,528
Program related investment, at cost	500,000	500,000
Due from brokers	687,760	100,841
Beneficial interest in charitable remainder trust	528,095	—
Other receivables	<u>24,936</u>	<u>—</u>
	<u>192,326,498</u>	<u>175,165,757</u>
Less:		
Program related investment, long-term	500,000	500,000
Beneficial interest in charitable remainder trust	528,095	—
Illiquid investments	<u>21,671,916</u>	<u>19,502,715</u>
	<u>\$ 169,626,487</u>	<u>\$ 155,163,042</u>

None of the financial assets available 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 7 Fixed Assets

Fixed assets consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</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, 2023, all capitalized fixed assets are fully depreciated and still in use.

CHARLES H. REVSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 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. The commitments outstanding at December 31, 2023, net of the discount to present value, are scheduled for payment as follows:

Year ending December 31:		
2024	\$ 2,843,541	
2025	392,000	
2026	<u>250,000</u>	
	3,485,541	
Less discount to present value (at a rate of 5.5% or 6%)	<u>46,393</u>	
	<u><u>\$3,439,148</u></u>	

As of December 31, 2023, \$130,000 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 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$4,439,684	\$4,176,767
Additions:		
Grants approved, excludes returns and rescinds	6,342,494	8,454,948
Prior year grants with contractual requirement met	100,000	465,000
Deductions:		
Payments made	(7,354,920)	(8,362,324)
Grants rescinded	—	(110,867)
Current year grants with contractual requirements unmet	(130,000)	(100,000)
Decrease (increase) in discount to present value	<u>41,890</u>	<u>(83,840)</u>
Balance at end of year	<u><u>\$3,439,148</u></u>	<u><u>\$4,439,684</u></u>

CHARLES H. REVSON FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 9 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, 2023 and 2022, the Foundation had prepaid excise taxes of \$76,000 and \$22,300, 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, 2023 and 2022.

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, 2023 and 2022, the Foundation had prepaid income taxes of \$46,800 and \$90,210, 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, 2020.

Note 10 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 \$167,040 and \$153,281 for the years ended December 31, 2023 and 2022, 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
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Note 10 Retirement Benefits (continued)

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

	2023	2022
Benefit obligation at December 31	\$1,065,607	\$ 1,125,803
Accrued benefit cost recognized in the statement of financial position	\$1,065,607	\$ 1,024,817
Benefit cost	\$ 71,276	\$ 6,113
Employer contributions	\$ 30,485	\$ 42,225
Benefits paid	\$ 30,485	\$ 42,225
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 2025.

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

2024	\$ 50,704
2025	72,711
2026	76,346
2027	80,163
2028	84,172
2029 - 2033	488,356
	\$ 852,452

Note 11 Concentration of Credit Risk

The Foundation maintains cash balances in its checking and certificate of deposit accounts in excess of federally insured limits. The Foundation mitigates this risk by using a large well-established banks and has not experienced any losses on such accounts. The Foundation believes it is not exposed to any significant risk.

Note 12 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, 2023 through June 5, 2024, which was the date the financial statements were available to be issued.

CHARLES H. REVSON FOUNDATION, INC.SCHEDULE OF INVESTMENTSDECEMBER 31, 2023 AND 2022

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Short-term cash and money markets:				
Vanguard Federal Money Market	\$ 2,097,767	\$ 2,097,767	\$ —	\$ —
PIMCO short-term cash	168,940	168,940	—	—
	<u>2,266,707</u>	<u>2,266,707</u>	<u>—</u>	<u>—</u>
Certificate of deposit:				
Bank of New York - maturity January 13, 2024	4,000,000	4,000,000	—	—
Equity funds:				
Vanguard:				
S&P Small-Cap 600 Value Index Institutional Shares	4,539,198	5,152,374	5,049,409	5,101,109
S&P 500 Value Index Institutional Shares	4,377,078	5,717,061	4,713,340	5,153,801
Total Stock Market Index Fund Institutional Shares	28,570,277	61,859,890	30,699,359	54,426,337
Total International Stock Index Fund Institutional Shares	40,274,288	46,246,423	42,799,487	44,150,921
<u>Total equity funds</u>	<u>77,760,841</u>	<u>118,975,748</u>	<u>83,261,595</u>	<u>108,832,168</u>
Real estate fund:				
Vanguard:				
REIT Index Fund Institutional Shares	6,911,243	8,533,267	6,665,975	7,631,247
Fixed income funds:				
Vanguard:				
Short-Term Investment-Grade Fund Institutional Shares	6,419,624	6,115,591	10,798,216	9,983,223
Intermediate-Term Investment-Grade Fund Admiral Shares	6,311,514	5,527,244	10,372,630	8,651,866
Core Bond Fund Admiral Shares	6,333,879	5,440,595	10,270,643	8,628,288
Bond Market Index Fund Institutional Shares	7,025,020	6,226,161	11,428,404	9,846,021
<u>Total fixed income funds</u>	<u>26,090,037</u>	<u>23,309,591</u>	<u>42,869,893</u>	<u>37,109,398</u>
Corporate bonds:				
PIMCO IMA Corporate Bond Portfolio	9,837,617	10,109,123	—	—
Alternative investments:				
Funds:				
Commonfund:				
Global Distressed Investors, LLC	229,738	11,264	260,203	37,160
Limited partnerships:				
Commonfund Capital:				
International Partners VI, LP	152,105	66,119	159,909	80,819
Natural Resources Partners VII, LP	197,861	246,531	210,273	339,623
Private Equity Partners VII, LP	84,471	175,644	48,550	230,735
Venture Partners VIII, LP	325,437	370,623	370,249	482,357
Makena Capital Private Endowment Product	—	3,094,941	—	3,875,478
Golub Capital Partners International 14, LP	9,000,000	9,000,000	8,206,359	8,206,359
Deerpath Capital Advantage VI, LP	4,958,106	4,989,660	5,095,698	5,086,647
Oaktree Direct Lending Fund, LP	3,476,571	3,717,134	1,188,914	1,163,537
<u>Total alternative investments</u>	<u>18,424,289</u>	<u>21,671,916</u>	<u>15,540,155</u>	<u>19,502,715</u>
<u>Total Investments</u>	<u>145,290,734</u>	<u>188,866,352</u>	<u>148,337,618</u>	<u>173,075,528</u>
Program related investment, at cost	500,000	500,000	500,000	500,000
Due from brokers	687,760	687,760	100,841	100,841
<u>Total</u>	<u>\$ 146,478,494</u>	<u>\$ 190,054,112</u>	<u>\$148,938,459</u>	<u>\$173,676,369</u>

See accompanying independent auditor's report.