

**THE DAN AND MARGARET MADDOX
FUND, INC.
(FORMERLY THE DAN AND MARGARET MADDOX
CHARITABLE FUND, INC.)**

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2019 and 2018

And Report of Independent Auditor

THE DAN AND MARGARET MADDOX FUND, INC.

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Report of Independent Auditor

To the Board of Directors
The Dan and Margaret Maddox Fund, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of The Dan and Margaret Maddox Fund, Inc. (formerly The Dan and Margaret Maddox Charitable Fund, Inc.) (the “Fund”) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Dan and Margaret Maddox Fund, Inc. (formerly The Dan and Margaret Maddox Charitable Fund, Inc.) as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 8, toward the end of December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. During March and April 2020, there have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the Fund’s business. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction in investment balances caused by COVID-19 could result in uncertainties that could affect investment returns and have other material, adverse effects on the Fund. Our opinion is not modified with respect to this matter.

Cheng Bekeant LLP

Nashville, Tennessee
October 26, 2020

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 72,595	\$ 21,907
Investments	48,434,272	45,124,714
Furniture and equipment, net	-	374
Total Assets	<u>\$ 48,506,867</u>	<u>\$ 45,146,995</u>
NET ASSETS		
Net assets without donor restrictions	<u>\$ 48,506,867</u>	<u>\$ 45,146,995</u>
Total Liabilities and Net Assets	<u>\$ 48,506,867</u>	<u>\$ 45,146,995</u>

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Support and Revenue:		
Interest, dividends, and other investment income	\$ 810,071	\$ 1,001,426
Net realized and unrealized gains (losses) on investments	5,175,886	(2,250,744)
	<u>5,985,957</u>	<u>(1,249,318)</u>
Less investment management fees	(165,831)	(175,516)
Income tax paid on net investment income	(21,100)	(12,960)
Total Support and Revenue	<u>5,799,026</u>	<u>(1,437,794)</u>
Expenses:		
Program Services:		
Grants provided	2,069,135	2,084,440
Oversight expenses related to grants	299,269	290,680
Supporting Services:		
Management and general	70,750	88,821
Total Expenses	<u>2,439,154</u>	<u>2,463,941</u>
Change in net assets	3,359,872	(3,901,735)
Net assets without donor restrictions, beginning of year	45,146,995	49,048,730
Net assets without donor restrictions, end of year	<u>\$ 48,506,867</u>	<u>\$ 45,146,995</u>

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services	Total
Grants provided	\$ 2,069,135	\$ -	\$ 2,069,135
Compensation and benefits	237,558	28,209	265,767
Professional services	9,879	31,172	41,051
Other operations	19,246	5,619	24,865
Occupancy	11,067	1,953	13,020
Technology and equipment	8,549	1,508	10,057
Conferences and meetings	12,970	2,289	15,259
	<u>\$ 2,368,404</u>	<u>\$ 70,750</u>	<u>\$ 2,439,154</u>

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Grants provided	\$ 2,084,440	\$ -	\$ 2,084,440
Compensation and benefits	223,625	28,117	251,742
Professional services	18,050	31,962	50,012
Other operations	20,008	5,762	25,770
Anniversary celebration	-	17,863	17,863
Occupancy	10,812	1,908	12,720
Technology and equipment	9,184	1,621	10,805
Conferences and meetings	9,001	1,588	10,589
	<u>\$ 2,375,120</u>	<u>\$ 88,821</u>	<u>\$ 2,463,941</u>

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,359,872	\$ (3,901,735)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	374	1,340
Net realized and unrealized (gains) losses on investments	(5,175,886)	2,250,744
Total adjustments	(5,175,512)	2,252,084
Net cash used in operating activities	(1,815,640)	(1,649,651)
Cash flows from investing activities:		
Proceeds from sale of investments	11,608,107	7,071,504
Purchase of investments	(9,741,779)	(5,461,873)
Net cash provided by investing activities	1,866,328	1,609,631
Change in cash and cash equivalents	50,688	(40,020)
Cash and cash equivalents, beginning of year	21,907	61,927
Cash and cash equivalents, end of year	<u>\$ 72,595</u>	<u>\$ 21,907</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	<u>\$ 21,100</u>	<u>\$ 12,960</u>

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 1—Nature of activities and general

The Dan and Margaret Maddox Fund, Inc.'s (the "Fund") mission is to better our community through strategic investments in furthering wildlife conservation and in improving the lives of young people. The Fund invests in efforts that focus on education and low-income youth and support and protect wildlife habitats, especially those important for hunting and fishing. The Fund benefits 41 counties in Middle Tennessee. The legal name of the Fund was changed in October 2019 to The Dan and Margaret Maddox Fund, Inc.

The Fund does not actively solicit contributions, nor does it directly conduct charitable programs or activities. Accordingly, the Fund is considered to be a nonoperating private foundation.

Note 2—Summary of significant accounting policies

Basis of Accounting – The accompanying financial statements present the financial position and changes in net assets of the Fund on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Statement Presentation – The Fund reports information regarding its financial position and changes in net assets according to two classes (with donor restrictions and without donor restrictions), based on the existence or absence of donor-imposed restrictions. Because there were no donor-imposed restrictions during the reporting periods presented, all activities and net assets in the accompanying financial statements are reported as without donor restrictions.

Cash and Cash Equivalents – Cash and cash equivalents include demand deposits with financial institutions.

Investments – Investments include money market funds, fixed income securities, equity securities, real estate, private equity, and hedge funds and are carried at the quoted fair value of the securities on the last business day of the reporting period. Net realized and unrealized gains and losses are recognized in the statements of activities.

Furniture and Equipment – Furniture and equipment are recorded at cost at the date of purchase. The Fund's policy is to capitalize purchases with a cost of \$500 or more and an estimated useful life of greater than one year. Depreciation is calculated by the straight-line method over the estimated service life of the assets, principally three years for furniture and equipment.

Income and Excise Taxes – The Fund is exempt from federal and state income taxes under the Internal Revenue Code Section 501(c)(3). However, continued compliance with statutory rules and regulations is required to maintain this exemption. Management is not aware of any event or activity that might adversely affect the Fund's exempt status as a nonprofit organization.

The Fund may be subject to federal and state income taxes if it has net income from trade or business activities that are not substantially related to its exempt purpose or activities. For example, trade or business income reported to the Fund by "pass-through" entities is typically recognized as "unrelated business income" that is subject to regular corporate income taxation.

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

The Fund is subject to federal excise tax on its net investment income calculated for tax purposes. Based on the Fund's charitable distribution levels, the Fund qualified for the reduced 1% tax rate, rather than the statutory 2% tax rate, for both 2018 and 2019. Beginning in 2020, the statutory tax rate will be a fixed 1.39% regardless of charitable distribution level.

Net investment income subject to excise tax includes taxable investment income less allocated investment expense, plus net realized gains for the reporting period. Net realized losses and investment expenses allocated to tax-exempt income are not deductible in computing taxable net investment income. Unrealized gains and losses are also excluded from the computation of federal excise taxes currently payable or refundable.

When the Fund reports an aggregate net unrealized gain for financial statement purposes, a deferred excise tax liability is also reported when significant to recognize the estimated future consequences of a net unrealized gain. However, a deferred tax asset is not recognized when an aggregate net unrealized loss is reported to the Fund because federal tax rules prohibit using a "net capital loss" to offset other investment income. In addition, the tax rules do not allow a net capital loss to be carried forward to a future tax year.

The Fund follows guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

Grants Provided – Unconditional promises to give are recognized as grants payable and expenses in the period the grant award is approved by the Board of Directors (the "Board"). Grants provided by the Fund generally stipulate a specific purpose or use by the donee. Unconditional grants payable that are expected to be paid in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a discount rate applicable to the year in which the grant is made. There were no grants payable at December 31, 2019 or 2018.

Program and Supporting Services – Functional Allocations – The following program and supporting services are included in the accompanying financial statements:

Program Services – Includes activities carried out to fulfill the Fund's mission of providing economic support to nonprofit organizations generally having missions described in Note 1, consisting of grants made and the related oversight expenses.

Supporting Services – Includes management and general costs that relate to the overall direction of the Fund. These expenses are not identifiable with a particular program, but are indispensable to the conduct of those activities and are essential to the Fund. Specific activities include Fund oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that are allocated consist principally of compensation and benefits.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements – Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are shown at their fair values in the statements of financial position. Quoted market prices as of the last day of the year, whenever available, are used to value investments. Certain investments that do not have readily determinable fair values primarily consisting of limited partnerships are reported at estimated fair value, utilizing the practical expedient of their net asset values. These net asset values are determined by the investment managers and are reviewed by the Fund. These estimated fair values may differ from the values that would have been used had a ready market existed for these investments. Quantitative information for the valuation inputs and related sensitivities of these investments is maintained by third parties and is not reasonably available to the Fund. The Fund's interests in certain limited liability companies, limited partnerships, and trust funds are valued at fair value by multiplying the readily determinable net asset value per share times the number of shares or units owned by the Fund at the valuation date. Investment income shown in the statements of activities includes interest, dividends, and realized and unrealized gains and losses. Investment income is reported in the period earned as an increase in net assets without donor restrictions unless the uses of the assets received is limited by donor-imposed restrictions.

No changes in the valuation methodologies have been made during the period from January 1, 2018 through December 31, 2019.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Fund believes its valuation methods are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Recently Adopted Accounting Pronouncements – In January 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance revises accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The Fund evaluated the new standard and determined the accounting standard did not require a change to the Fund's practice for recording financial assets and liabilities.

Accounting Policies for Future Pronouncements – In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. Such classification affects the timing of contribution revenue and expense recognition. The standard will be effective for the fiscal year ending December 31, 2020. The Fund is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – The Fund has evaluated events and transactions that occurred between December 31, 2019 and October 26, 2020, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. See Note 8.

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)

NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 3—Liquidity and availability of financial resources

The following table reflects the Fund’s financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year. General expenditures include grants provided, oversight expenses related to grants, and management and general expenses expected to be paid in the subsequent year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 72,595	\$ 21,907
Investments	<u>48,434,272</u>	<u>45,124,714</u>
Financial assets at year-end	48,506,867	45,146,621
Less those unavailable for general expenditure within one year:		
Unfunded commitments to invest in alternative funds (Note 5)	(6,934,048)	(9,586,177)
Investments held by others not convertible to cash within the next 12 months (generally investments measured at NAV)	<u>(16,357,543)</u>	<u>(13,029,617)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 25,215,276</u></u>	<u><u>\$ 22,530,827</u></u>

As part of the Fund’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Assets of the Fund are liquidated to cover regular operating expenses of the organization and to meet annual grant making requirements as approved by the Board.

Note 4—Furniture and equipment

Furniture and equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 6,790	\$ 6,790
Less accumulated depreciation	<u>(6,790)</u>	<u>(6,416)</u>
	<u><u>\$ -</u></u>	<u><u>\$ 374</u></u>

Depreciation expense on furniture and equipment amounted to \$374 and \$1,340 for the years ended December 31, 2019 and 2018, respectively.

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 5—Investments

Investments consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Short-term investments	\$ 821,215	\$ 878,848
Fixed income investments – domestic	7,442,381	6,645,382
Equity funds:		
DTC International Equity Common Trust fund	10,782,622	8,340,886
Paloma	4,856,766	2,759,732
Vanguard INSTL Index fund	4,194,638	2,916,460
GMO Quality fund	4,044,414	2,439,129
DTC Private Equity V-Q, LP	3,743,864	3,195,027
Winston Global Fund LTD	2,964,137	6,101,247
DTC Private Equity IV-Q, LP	2,674,238	2,617,304
Vanguard Extended Market Index fund	1,827,322	1,227,741
DTC Private Equity VI-Q, LP	1,324,951	600,000
Lazard Emerging Markets Core Equity fund	-	1,723,813
Tortoise MLP & Pipeline fund	-	1,005,960
UBS E-Tracs Alerian MLP Index fund	-	815,631
Other:		
Metropolitan Real Estate Partners SCIF	1,960,630	2,642,023
AEW Partners Fund VIII Feeder	1,321,493	656,056
Metropolitan Real Estate Partners Global V, LP	475,601	547,364
Metropolitan Real Estate SCIF Flowers	-	12,111
	<u>\$ 48,434,272</u>	<u>\$ 45,124,714</u>

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)

NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 5—Investments (continued)

The following table summarizes the Fund’s major categories of assets measured at fair value on a recurring basis on the statements of financial position, by the Accounting Standards Codification (“ASC”) 820 valuation hierarchy (as described above), as of December 31, 2019:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Short-term investments	\$ 821,215	\$ 821,215	\$ -	\$ -
Fixed income investments – domestic*	7,442,381	2,584,961	4,857,420	-
Equity funds:				
DTC International Equity Common Trust fund*	10,782,622	-	10,782,622	-
Vanguard INSTL Index fund	4,194,638	4,194,638	-	-
GMO Quality fund	4,044,414	4,044,414	-	-
Vanguard Extended Market Index fund	1,827,322	1,827,322	-	-
	<u>29,112,592</u>	<u>13,472,550</u>	<u>15,640,042</u>	<u>-</u>
Investments measured using NAV:				
Paloma	4,856,766	-	-	-
DTC Private Equity V-Q, LP	3,743,864	-	-	-
Winston Global Fund LTD	2,964,137	-	-	-
DTC Private Equity IV-Q, LP	2,674,238	-	-	-
Metropolitan Real Estate Partners SCIF	1,960,630	-	-	-
DTC Private Equity VI-Q, LP	1,324,951	-	-	-
AEW Partners Fund VIII Feeder	1,321,493	-	-	-
Metropolitan Real Estate Partners Global V, LP	475,601	-	-	-
	<u>\$ 48,434,272</u>	<u>\$ 13,472,550</u>	<u>\$ 15,640,042</u>	<u>\$ -</u>

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)

NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 5—Investments (continued)

The following table summarizes the Fund's major categories of assets measured at fair value on a recurring basis on the statements of financial position, by the ASC 820 valuation hierarchy (as described above), as of December 31, 2018:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Short-term investments	\$ 878,848	\$ 878,848	\$ -	\$ -
Fixed income investments – domestic*	6,645,382	3,123,265	3,522,117	-
Equity funds:				
DTC International Equity Common Trust fund*	8,340,886	-	8,340,886	-
Vanguard INSTL Index fund	2,916,460	2,916,460	-	-
GMO Quality fund	2,439,129	2,439,129	-	-
Lazard Emerging Markets Core Equity fund	1,723,813	1,723,813	-	-
Vanguard Extended Market Index fund	1,227,741	1,227,741	-	-
Tortoise MLP & Pipeline fund	1,005,960	1,005,960	-	-
UBS E-Tracs Alerian MLP Index fund	815,631	815,631	-	-
	25,993,850	14,130,847	11,863,003	-
Investments measured using NAV:				
Winston Global Fund LTD	6,101,247	-	-	-
Paloma	2,759,732	-	-	-
Metropolitan Real Estate Partners SCIF	2,642,023	-	-	-
DTC Private Equity IV-Q, LP	2,617,304	-	-	-
DTC Private Equity V-Q, LP	3,195,027	-	-	-
DTC Private Equity VI-Q, LP	600,000	-	-	-
Metropolitan Real Estate Partners Global V, LP	547,364	-	-	-
AEW Partners Fund VIII Feeder	656,056	-	-	-
Metropolitan Real Estate SCIF Flower	12,111	-	-	-
	<u>\$ 45,124,714</u>	<u>\$ 14,130,847</u>	<u>\$ 11,863,003</u>	<u>\$ -</u>

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)

NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 5—Investments (continued)

Investments identified previously by asterisk (*) include units of ownership in certain common trust funds owned by the Diversified Trust Company (“DTC”). The Fund values these investments as Level 2 because the specific units held do not have quoted prices and are not traded on an active market. However, the underlying investments of these common trust funds, collectively per DTC’s audited financial statement, are comprised of Level 1 marketable securities and Level 2 observable inputs as follows:

As of December 31:	Level 1	Level 2	Level 3
2019	77%	23%	0%
2018	78%	22%	0%

The Fund’s investments measured at net asset value are more fully described below:

Winston Global Fund LTD has an investment objective to invest in a diversified group of long/short equity hedge funds balanced across investment styles, sector orientations, and market capitalizations. Generally, shares may be redeemed quarterly with 95-days’ notice.

Paloma International Ltd. is a multi-strategy hedge fund with particular focus on quantitative and relative value strategies, with (currently) 24 underlying portfolio managers and trading teams across a broad group of strategies and asset classes. The Fund holds Class A shares in Paloma, which may be redeemed annually (as of December 31) with 90-days’ notice.

Metropolitan Real Estate Partners Secondaries & Co-Investments Fund (“SCIF”) has an investment objective to invest in secondary private real estate partnership opportunities and direct private real estate co-investments, diversified across property type, geography, operational need, and vintage year. The Fund’s commitment to Metropolitan Real Estate Partners SCIF is expected to be called down over a period of 1 to 3 years, and the anticipated lifecycle of the partnership is 5 to 10 years. Opportunities for withdrawal/redemption and transferability of interests are restricted. There is currently no secondary market for the interests and none is expected to develop. At December 31, 2019, the Fund’s unfunded commitment to Metropolitan Real Estate Partners SCIF totaled \$471,033.

DTC Private Equity IV-Q, LP has an investment objective to invest in a diversified group of private equity funds balanced across investment categories (venture, buyout, and special situations), industries, and geographic focus. The Fund’s commitment to DTC Private Equity IV-Q, LP is expected to be called down over a period of 4 to 7 years, and the anticipated lifecycle of the partnership is 10 to 12 years. There is no redemption process for existing commitments to the partnership, and generally there is no ready market in which to liquidate such private equity investments. At December 31, 2019, the Fund’s unfunded commitment to DTC Private Equity IV-Q, LP totaled \$240,000.

DTC Private Equity V-Q, LP has an investment objective to invest in a diversified group of private equity funds balanced across investment categories (venture, buyout, and special situations), industries, and geographic focus. The Fund’s commitment to DTC Private Equity V-Q, LP is expected to be called down over a period of 4 to 7 years, and the anticipated lifecycle of the partnership is 10 to 12 years. There is no redemption process for existing commitments to the partnership, and generally there is no ready market in which to liquidate such private equity investments. At December 31, 2019, the Fund’s unfunded commitment to DTC Private Equity V-Q, LP totaled \$1,512,000.

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)
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Note 5—Investments (continued)

DTC Private Equity VI-Q, LP has an investment objective to invest in a diversified group of private equity funds balanced across investment categories (venture, buyout, and special situations), industries, and geographic focus. The Fund's commitment to DTC Private Equity VI-Q, LP is expected to be called down over a period of 4 to 7 years, and the anticipated lifecycle of the partnership is 10 to 12 years. There is no redemption process for existing commitments to the partnership, and generally there is no ready market in which to liquidate such private equity investments. At December 31, 2019, the Fund's unfunded commitment to DTC Private Equity VI-Q, LP totaled \$3,650,000.

Metropolitan Real Estate Partners Global V, LP has an investment objective to invest, via two underlying Metropolitan Real Estate Partners funds, in a group of private real estate managers diversified across property type, geography, operational expertise, and vintage year. The Fund's commitment to Metropolitan Real Estate Partners Global V, LP is expected to be called down over a period of 1 to 3 years, and the anticipated lifecycle of the partnership is 7 to 10 years. Opportunities for withdrawal/redemption and transferability of interests are restricted. There is currently no secondary market for the interests and none is expected to develop. At December 31, 2019, the Fund's unfunded commitment to Metropolitan Real Estate Partners Global V, LP totaled \$65,457.

AEW Partners Fund VIII, LP is the eighth in a series of real estate opportunity funds sponsored by AEW Capital Management, LP with the objective of providing investors with attractive risk-adjusted returns from direct investments in real estate and real estate related companies. The Fund's commitment to AEW Partners Fund VIII, LP is expected to be called down over a period of 3 years from its final closing (early 2018), and the anticipated lifecycle of the partnership is 5 to 10 years. Opportunities for withdrawal/redemption and transferability of interests are restricted. There is currently no secondary market for the interests and none is expected to develop. At December 31, 2019, the Fund's unfunded commitment to AEW Partners Fund VIII, LP totaled \$995,558.

Pursuant to Section 4.4(c) of the MREP SCIF partnership agreement, the General Partner created an alternative investment vehicle ("AIV") of MREP SCIF called MREP SCIF Flowers, LP to acquire and hold Project Flowers, a retail condominium investment in Brisbane, Australia. The AIV was formed to maximize tax efficiency for all non-Australian investors and fits into one of MREP SCIF's two overarching investment objectives, namely to invest in direct private real estate co-investment opportunities. The Fund's commitment to MREP SCIF Flowers was called down all at once. Opportunities for withdrawal/redemption and transferability of interests are restricted. There is currently no secondary market for the interests and none is expected to develop. This investment vehicle made its final distribution to investors in June of 2019 and was closed. At December 31, 2019, the Fund's unfunded commitment to MREP SCIF Flowers was \$-0-.

THE DAN AND MARGARET MADDOX FUND, INC. (FORMERLY THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.)

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Note 6—Grants

A schedule of unconditional grants authorized and payable for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Grants authorized and payable, beginning of year	\$ -	\$ -
Grants approved during the year	2,069,135	2,084,440
Grants paid during the year	<u>(2,069,135)</u>	<u>(2,084,440)</u>
Grants authorized and payable, end of year	<u>\$ -</u>	<u>\$ -</u>

During 2017, the Fund established The Dan and Margaret Maddox Donor Advised Fund (“Donor Advised Fund”) with Vanguard Charitable. The Fund granted \$100,000 and \$50,000 to the Donor Advised Fund during the years ended December 31, 2019 and 2018, respectively. Such amounts are included in the grants provided within the statements of activities.

Note 7—Annual minimum distribution requirement

Private foundations and trusts are required to annually disburse a minimum amount of qualifying distributions (i.e., grants and related expenses) to avoid a 30% penalty imposed by the Internal Revenue Code on any undistributed portion. The distributable amount is generally equal to 5% of the average fair value of investment and other assets that are not designated and utilized for specific charitable purposes, as defined in the Internal Revenue Code. Substantially all of the Fund’s assets are included in the calculation base. For purposes of avoiding the 30% penalty, a private foundation or trust is deemed to have satisfied its annual requirement for a given year if the minimum amount is fully distributed by the end of the succeeding year.

Excess qualifying distributions may be carried over to reduce future minimum distributions for a period of five years. A summary of the activity involving the Fund’s carryovers is as follows: Undistributed income for the year ended December 31, 2018 required to be distributed in 2019 amounted to approximately \$520,000. Undistributed income for the year ended December 31, 2019 required to be distributed in 2020 amounted to approximately \$474,000.

Note 8—Subsequent events

Late in December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen. It is not currently possible to predict how long these conditions will last and what the ultimate financial impact will be to the Fund. However, during 2020 the Fund has experienced increased volatility in the fair value of its investments as a result of COVID 19. Other financial impacts could occur though such potential impacts are unknown at this time.