

**THE DAN AND MARGARET  
MADDOX FUND, INC.**

**FINANCIAL STATEMENTS**

*As of and for the Years Ended December 31, 2021 and 2020*

*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

### Opinion

We have audited the accompanying financial statements of The Dan and Margaret Maddox Fund, Inc. (the "Fund") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2021 and 2020, 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. 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 Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Fund'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 Fund'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.

*Cherry Bekaert LLP*

Nashville, Tennessee  
October 21, 2022

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

*DECEMBER 31, 2021 AND 2020*

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	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 51,063	\$ 94,138
Investments	57,426,174	49,869,259
Furniture and equipment, net	600	960
<b>Total Assets</b>	<u>\$ 57,477,837</u>	<u>\$ 49,964,357</u>
<b>LIABILITIES</b>		
Grants payable	\$ 1,193,500	\$ 366,000
<b>NET ASSETS</b>		
Net assets without donor restrictions	<u>56,284,337</u>	<u>49,598,357</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 57,477,837</u>	<u>\$ 49,964,357</u>

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

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Support and Revenue:		
Interest, dividends, and other investment income	\$ 644,532	\$ 608,693
Net realized and unrealized gains on investments	9,274,517	3,416,064
	<u>9,919,049</u>	<u>4,024,757</u>
Less investment management fees	(171,714)	(159,382)
Income tax paid on net investment income	(32,200)	(10,102)
Total Support and Revenue	<u>9,715,135</u>	<u>3,855,273</u>
Expenses:		
Program Services:		
Grants provided	2,634,486	2,396,830
Oversight expenses related to grants	316,017	299,204
Supporting Services:		
Management and general	78,652	67,749
Total Expenses	<u>3,029,155</u>	<u>2,763,783</u>
Change in net assets	6,685,980	1,091,490
Net assets without donor restrictions, beginning of year	<u>49,598,357</u>	<u>48,506,867</u>
Net assets without donor restrictions, end of year	<u>\$ 56,284,337</u>	<u>\$ 49,598,357</u>

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

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2021*

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	<b>Program Services</b>	<b>Supporting Services</b>	<b>Total</b>
Grants provided	\$ 2,634,486	\$ -	\$ 2,634,486
Compensation and benefits	252,762	27,128	279,890
Professional services	21,293	42,518	63,811
Other operations	13,937	4,061	17,998
Occupancy	11,781	2,079	13,860
Technology and equipment	10,406	1,836	12,242
Conferences and meetings	5,838	1,030	6,868
	<u>\$ 2,950,503</u>	<u>\$ 78,652</u>	<u>\$ 3,029,155</u>

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

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2020*

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	<b>Program Services</b>	<b>Supporting Services</b>	<b>Total</b>
Grants provided	\$ 2,396,830	\$ -	\$ 2,396,830
Compensation and benefits	245,542	27,878	273,420
Professional services	8,832	29,787	38,619
Other operations	17,028	5,179	22,207
Occupancy	10,982	1,938	12,920
Technology and equipment	8,635	1,523	10,158
Conferences and meetings	8,185	1,444	9,629
	<u>\$ 2,696,034</u>	<u>\$ 67,749</u>	<u>\$ 2,763,783</u>

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



**THE DAN AND MARGARET MADDOX FUND, INC.**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 6,685,980	\$ 1,091,490
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	360	120
Net realized and unrealized gains on investments	(9,274,517)	(3,416,064)
Change in operating assets and liabilities:		
Grants payable	827,500	366,000
Total adjustments	<u>(8,446,657)</u>	<u>(3,049,944)</u>
Net cash flows from operating activities	<u>(1,760,677)</u>	<u>(1,958,454)</u>
 <b>Cash flows from investing activities:</b>		
Acquisition of furniture and equipment	-	(1,080)
Proceeds from sale of investments	5,817,643	4,556,237
Purchase of investments	<u>(4,100,041)</u>	<u>(2,575,160)</u>
Net cash flows from investing activities	<u>1,717,602</u>	<u>1,979,997</u>
 Change in cash and cash equivalents	(43,075)	21,543
Cash and cash equivalents, beginning of year	<u>94,138</u>	<u>72,595</u>
Cash and cash equivalents, end of year	<u>\$ 51,063</u>	<u>\$ 94,138</u>
 <b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	<u>\$ 32,200</u>	<u>\$ 10,102</u>

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

# THE DAN AND MARGARET MADDOX FUND, INC.

## NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2021 AND 2020

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### Note 1—Nature of activities and general

The Dan and Margaret Maddox Fund, Inc.'s (the "Fund") mission is to better our community through partnerships that improve the lives of young people and further wildlife conservation. The Fund invests in efforts that focus on education, youth, and wildlife conservation. The Fund benefits 41 counties in Middle Tennessee.

The Fund does not actively solicit contributions, nor does it directly conduct charitable programs or activities. Accordingly, the Fund is considered to be a non-operating 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 Fund is subject to federal excise tax on its net investment income calculated for tax purposes at 1.39% of net investment income.

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.

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**NOTES TO THE FINANCIALS STATEMENTS**

DECEMBER 31, 2021 AND 2020

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**Note 2—Summary of significant accounting policies (continued)**

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.

*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.

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 allocated based on time and effort 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.

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**NOTES TO THE FINANCIALS STATEMENTS**

DECEMBER 31, 2021 AND 2020

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**Note 2—Summary of significant accounting policies (continued)**

*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 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 ("NAV"). NAVs 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 NAV 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 are limited by donor-imposed restrictions.

No changes in the valuation methodologies have been made during the period from January 1, 2020 through December 31, 2021.

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**NOTES TO THE FINANCIALS STATEMENTS**

DECEMBER 31, 2021 AND 2020

**Note 2—Summary of significant accounting policies (continued)**

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.

*Contributions* – The Fund follows the provisions of Accounting Standards Update 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.

*Subsequent Events* – The Fund has evaluated events and transactions that occurred between December 31, 2021 and October 21, 2022, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**Note 3—Liquidity and availability of financial resources**

The following table reflects the Fund’s financial assets as of December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 51,063	\$ 94,138
Investments	57,426,174	49,869,259
Financial assets at year-end	57,477,237	49,963,397
Less those unavailable for general expenditure within one year:		
Unfunded commitments to invest in alternative funds (Note 5)	(2,193,469)	(4,662,468)
Investments held by others not convertible to cash within the next 12 months (generally investments measured at NAV)	(22,002,893)	(17,274,667)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 33,280,875</u>	<u>\$ 28,026,262</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.

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**NOTES TO THE FINANCIALS STATEMENTS**

DECEMBER 31, 2021 AND 2020

**Note 4—Furniture and equipment**

Furniture and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 7,869	\$ 7,869
Less accumulated depreciation	(7,269)	(6,909)
	<u>\$ 600</u>	<u>\$ 960</u>

Depreciation expense on furniture and equipment amounted to \$360 and \$120 for the years ended December 31, 2021 and 2020, respectively.

**Note 5—Investments**

Investments consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Short-term investments	\$ 1,596,259	\$ 1,277,581
Fixed income investments – domestic	6,609,168	6,195,195
Equity funds:		
DTC International Equity Common Trust fund	7,651,256	8,746,993
Vanguard INSTL Index fund	5,492,375	4,973,280
Paloma	5,487,145	4,964,488
GMO Quality fund	7,165,008	4,551,205
DTC Private Equity V-Q, LP	6,196,444	4,258,338
Winston Global Fund LTD	3,068,997	2,827,074
Vanguard Extended Market Index fund	2,500,837	2,384,253
DTC Private Equity VI-Q, LP	4,674,487	2,362,843
DTC Private Equity IV-Q, LP	2,947,392	2,334,194
Vanguard FTSE All Word fund	1,339,381	1,639,011
Other:		
Metropolitan Real Estate Partners SCIF	1,389,028	1,515,352
AEW Partners Fund VIII Feeder	912,167	1,414,647
Metropolitan Real Estate Partners Global V, LP	396,230	424,805
	<u>\$ 57,426,174</u>	<u>\$ 49,869,259</u>

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**NOTES TO THE FINANCIALS STATEMENTS**

DECEMBER 31, 2021 AND 2020

**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, 2021:

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Short-term investments	\$ 1,596,259	\$ 1,596,259	\$ -	\$ -
Fixed income investments – domestic*	6,609,168	1,473,865	5,135,303	-
Equity funds:				
DTC International Equity Common Trust fund*	7,651,256	-	7,651,256	-
Vanguard FTSE All World	1,339,381	1,339,381	-	-
Vanguard INSTL Index fund	5,492,375	5,492,375	-	-
GMO Quality fund	7,165,008	7,165,008	-	-
Vanguard Extended Market Index fund	2,500,837	2,500,837	-	-
	<u>32,354,284</u>	<u>19,567,725</u>	<u>12,786,559</u>	<u>-</u>
Investments measured using NAV:				
Paloma	5,487,145	-	-	-
DTC Private Equity V-Q, LP	6,196,444	-	-	-
Winston Global Fund LTD	3,068,997	-	-	-
DTC Private Equity IV-Q, LP	2,947,392	-	-	-
Metropolitan Real Estate Partners SCIF	1,389,028	-	-	-
DTC Private Equity VI-Q, LP	4,674,487	-	-	-
AEW Partners Fund VIII Feeder	912,167	-	-	-
Metropolitan Real Estate Partners Global V, LP	396,230	-	-	-
	<u>\$ 57,426,174</u>	<u>\$ 19,567,725</u>	<u>\$ 12,786,559</u>	<u>\$ -</u>

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, 2020:

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Short-term investments	\$ 1,277,581	\$ 1,277,581	\$ -	\$ -
Fixed income investments – domestic*	6,195,195	1,356,321	4,838,874	-
Equity funds:				
DTC International Equity Common Trust fund*	8,746,993	-	8,746,993	-
Vanguard FTSE All World	1,639,011	1,639,011	-	-
Vanguard INSTL Index fund	4,973,280	4,973,280	-	-
GMO Quality fund	4,551,205	4,551,205	-	-
Vanguard Extended Market Index fund	2,384,253	2,384,253	-	-
	<u>29,767,518</u>	<u>16,181,651</u>	<u>13,585,867</u>	<u>-</u>
Investments measured using NAV:				
Paloma	4,964,488	-	-	-
DTC Private Equity V-Q, LP	4,258,338	-	-	-
Winston Global Fund LTD	2,827,074	-	-	-
DTC Private Equity IV-Q, LP	2,334,194	-	-	-
Metropolitan Real Estate Partners SCIF	1,515,352	-	-	-
DTC Private Equity VI-Q, LP	2,362,843	-	-	-
AEW Partners Fund VIII Feeder	1,414,647	-	-	-
Metropolitan Real Estate Partners Global V, LP	424,805	-	-	-
	<u>\$ 49,869,259</u>	<u>\$ 16,181,651</u>	<u>\$ 13,585,867</u>	<u>\$ -</u>

**THE DAN AND MARGARET MADDOX FUND, INC.**  
**NOTES TO THE FINANCIALS STATEMENTS**

DECEMBER 31, 2021 AND 2020

**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:

<b><u>As of December 31,</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
2021	75%	25%	0%
2020	75%	25%	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. Currently there are 26 underlying funds in this portfolio. Generally, shares may be redeemed quarterly with 75-days’ notice.

Paloma International Ltd. is a multi-strategy hedge fund with particular focus on quantitative and relative value strategies, with (currently) 23 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, 2021, 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, 2021, the Fund’s unfunded commitment to DTC Private Equity IV-Q, LP totaled \$0-.

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, 2021, the Fund’s unfunded commitment to DTC Private Equity V-Q, LP totaled \$162,000.



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**Note 5—Investments (continued)**

The Fund's investments measured at net asset value are more fully described below (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, 2021, the Fund's unfunded commitment to DTC Private Equity VI-Q, LP totaled \$1,050,000.

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, 2021, the Fund's unfunded commitment to Metropolitan Real Estate Partners Global V, LP totaled \$63,794.

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, 2021, the Fund's unfunded commitment to AEW Partners Fund VIII, LP totaled \$446,642.

**Note 6—Grants**

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

	<u>2021</u>	<u>2020</u>
Grants authorized and payable, beginning of year	\$ 366,000	\$ -
Grants approved during the year	2,634,486	2,396,830
Grants paid during the year	<u>(1,806,986)</u>	<u>(2,030,830)</u>
Grants authorized and payable, end of year	<u>\$ 1,193,500</u>	<u>\$ 366,000</u>

Outstanding grants payable will be disbursed as follows:

	<u>2021</u>	<u>2020</u>
Payable in less than one year	\$ 1,193,500	\$ 366,000
Payable in one to five years	-	-
Total grants authorized and payable	<u>\$ 1,193,500</u>	<u>\$ 366,000</u>

During 2017, the Fund established The Dan and Margaret Maddox Donor Advised Fund ("Donor Advised Fund") with Vanguard Charitable. The Fund granted \$0- and \$30,000 to the Donor Advised Fund during the years ended December 31, 2021 and 2020, respectively. Such amounts are included in the grants provided within the statements of activities.

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**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, 2020 required to be distributed in 2021 amounted to approximately \$427,000. Undistributed income for the year ended December 31, 2021 required to be distributed in 2022 amounted to approximately \$916,000.