

THE DAN AND MARGARET MADDOX FUND, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2023 and 2022

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, 2023 and 2022, 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, 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. 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 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 31, 2024

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

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 40,575	\$ 273,575
Investments	55,314,717	51,754,753
Total Assets	<u>\$ 55,355,292</u>	<u>\$ 52,028,328</u>
NET ASSETS		
Net assets without donor restrictions	\$ 55,355,292	\$ 52,028,328
Total Net Assets	<u>\$ 55,355,292</u>	<u>\$ 52,028,328</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Support and Revenue:		
Interest, dividends, and other investment income	\$ 817,903	\$ 679,314
Net realized and unrealized gains (losses) on investments	4,908,259	(3,562,055)
	5,726,162	(2,882,741)
Less investment management fees	(115,758)	(163,593)
Income tax paid on net investment income	(55,105)	(98,970)
Total Support and Revenue	<u>5,555,299</u>	<u>(3,145,304)</u>
Expenses:		
Program Services:		
Grants	1,751,463	666,970
Oversight expenses related to grants	397,720	360,275
	2,149,183	1,027,245
Supporting Services:		
Management and general	79,152	83,460
Total Expenses	<u>2,228,335</u>	<u>1,110,705</u>
Change in net assets	3,326,964	(4,256,009)
Net assets without donor restrictions, beginning of year	52,028,328	56,284,337
Net assets without donor restrictions, end of year	<u>\$ 55,355,292</u>	<u>\$ 52,028,328</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, 2023

	Program Services	Supporting Services	Total
Grants	\$ 1,751,463	\$ -	\$ 1,751,463
Compensation and benefits	302,042	30,560	332,602
Professional services	9,233	33,563	42,796
Other operations	30,990	5,244	36,234
Occupancy	13,161	2,322	15,483
Technology and equipment	33,627	5,934	39,561
Conferences and meetings	8,667	1,529	10,196
	<u>\$ 2,149,183</u>	<u>\$ 79,152</u>	<u>\$ 2,228,335</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, 2022

	Program Services	Supporting Services	Total
Grants	\$ 666,970	\$ -	\$ 666,970
Compensation and benefits	270,970	28,720	299,690
Professional services	19,993	42,787	62,780
Other operations	34,873	5,876	40,749
Occupancy	12,526	2,210	14,736
Technology and equipment	12,039	2,125	14,164
Conferences and meetings	9,874	1,742	11,616
	<u>\$ 1,027,245</u>	<u>\$ 83,460</u>	<u>\$ 1,110,705</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,326,964	\$ (4,256,009)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	-	600
Net realized and unrealized (gains) losses on investments	(4,908,259)	3,562,055
Change in operating assets and liabilities:		
Grants payable	-	(1,193,500)
Net cash flows from operating activities	<u>(1,581,295)</u>	<u>(1,886,854)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	98,179,756	7,468,076
Purchases of investments	<u>(96,831,461)</u>	<u>(5,358,710)</u>
Net cash flows from investing activities	<u>1,348,295</u>	<u>2,109,366</u>
Change in cash and cash equivalents	(233,000)	222,512
Cash and cash equivalents, beginning of year	<u>273,575</u>	<u>51,063</u>
Cash and cash equivalents, end of year	<u>\$ 40,575</u>	<u>\$ 273,575</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	<u>\$ 55,105</u>	<u>\$ 98,970</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, 2023 AND 2022

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 protect the natural environment. 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 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 and highly liquid investments with an original maturity of three months or less.

Investments – Investments include cash equivalents, mutual funds, equity securities, fixed income securities, common trust funds, and private funds and are carried at the quoted fair value of the securities or net asset value per share. Interest, dividends, other investment income and net realized and unrealized gains and losses are reported in the statements of activities in the period earned as net assets without donor restrictions unless the uses of the assets received are limited by donor-imposed restrictions.

Contributions – Contributions are recognized as revenue when an unconditional promise to give is made or when cash is received, if an unconditional promise does not exist. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

Grants – 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 donor. 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.

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

DECEMBER 31, 2023 AND 2022

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 which are allocated on the basis of estimates of time and effort.

Income and Excise Taxes – The Fund is exempt from federal and state income taxes under the Internal Revenue Code Section 501(c)(3). 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. 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 is subject to federal excise tax on its net investment income calculated for tax purposes at 1.39% of net investment income for the years ended December 31, 2023 and 2022. 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.

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 at the measurement date.

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 an asset or liability has a specific (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.

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

DECEMBER 31, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

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.

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 and such differences could be material.

Subsequent Events – The Fund has evaluated subsequent events through October 31, 2024, the date the financial statements were available to be issued.

Note 3—Liquidity and availability of financial resources

The following table reflects the Fund's financial assets as of December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 40,575	\$ 273,575
Investments	<u>55,314,717</u>	<u>51,754,753</u>
Financial assets at year-end	55,355,292	52,028,328
Less those unavailable for general expenditure within one year:		
Investments held by others not convertible to cash within the next twelve months	<u>(15,876,120)</u>	<u>(16,991,775)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 39,479,172</u>	<u>\$ 35,036,553</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 Fund and to meet annual grant making requirements as approved by the Board of Directors.

Investments held by others not convertible to cash within the next twelve months are comprised of private investment funds with redemption restrictions.

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

DECEMBER 31, 2023 AND 2022

Note 4—Investments and fair value

Investments consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash equivalents in investment portfolio	\$ 1,090,990	\$ -
Mutual funds	2,687,120	14,594,261
U.S. equity securities	10,527,097	-
International equity securities	9,799,984	-
Fixed income securities	12,532,861	-
Common trust funds:		
DTC International Equity Common Trust fund*	-	4,067,725
DTC US Core Equity Common Trust fund*	-	4,396,407
DTC Short Duration Fixed Income Common Trust fund*	-	727,019
DTC Core Fixed Income Common Trust fund*	-	2,735,935
Private funds:		
DTC Private Equity IV, L.P.	2,222,254	2,814,823
DTC Private Equity V-Q, L.P.	5,589,966	6,002,211
DTC Private Equity VI-Q, L.P.	5,728,250	5,698,063
Paloma International Limited	-	5,495,962
Winston Global Fund, Ltd.	2,800,545	2,745,669
AEW Partners Fund VIII Feeder, L.P.	547,209	616,131
Metropolitan Real Estate Partners SCIF	1,375,730	1,431,222
Metropolitan Real Estate Partners Global V, L.P.	412,711	429,325
	<u>\$ 55,314,717</u>	<u>\$ 51,754,753</u>

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 reported at quoted market prices.

The Fund has placed funds for investment with investment managers that measure the fair value of those investments at net asset value per share. These investments primarily consisting of private, limited liability companies, limited partnerships and common trust funds. The investment managers have established, for accounting purposes, an initial unit value for an accounting unit of the participants' accounts based on the participants' net assets divided by the unit value. At all times, the total value of the participants' net assets, divided by the total of all participants' units, will equal the unit value. The unit value of the net assets will be determined on the valuation date. 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 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. No changes in the valuation methodologies have been made during the years ended December 31, 2023 and 2022.

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

DECEMBER 31, 2023 AND 2022

Note 4—Investments and fair value (continued)

The following table summarizes the Fund's fair value hierarchy for its investments measured at fair value on a recurring basis as of December 31, 2023:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents in investment portfolio	\$ 1,090,990	\$ 1,090,990	\$ -	\$ -
Mutual funds	2,687,120	2,687,120	-	-
U.S. equity securities	10,527,097	10,527,097	-	-
International equity securities	9,799,984	9,799,984	-	-
Fixed income securities	12,532,861	12,532,861	-	-
Investments measured using NAV:				
DTC Private Equity IV, L.P.	2,222,254	-	-	-
DTC Private Equity V-Q, L.P.	5,589,966	-	-	-
DTC Private Equity VI-Q, L.P.	5,728,250	-	-	-
Winston Global Fund, Ltd.	2,800,545	-	-	-
AEW Partners Fund VIII Feeder, L.P.	547,209	-	-	-
Metropolitan Real Estate Partners SCIF	1,375,730	-	-	-
Metropolitan Real Estate Partners Global V, L.P.	412,711	-	-	-
	<u>\$ 55,314,717</u>	<u>\$ 36,638,052</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the Fund's fair value hierarchy for its investments measured at fair value on a recurring basis as of December 31, 2022:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds	\$ 14,594,261	\$ 14,594,261	\$ -	\$ -
Investments measured using NAV:				
DTC International Equity Common Trust fund*	4,067,725	-	-	-
DTC US Core Equity Common Trust fund*	4,396,407	-	-	-
DTC Short Duration Fixed Income Common Trust fund*	727,019	-	-	-
DTC Core Fixed Income Common Trust fund*	2,735,935	-	-	-
DTC Private Equity IV, L.P.	2,814,823	-	-	-
DTC Private Equity V-Q, L.P.	6,002,211	-	-	-
DTC Private Equity VI-Q, L.P.	5,698,063	-	-	-
Paloma International Limited	5,495,962	-	-	-
Winston Global Fund, Ltd.	2,745,669	-	-	-
AEW Partners Fund VIII Feeder, L.P.	616,131	-	-	-
Metropolitan Real Estate Partners SCIF	1,431,222	-	-	-
Metropolitan Real Estate Partners Global V, L.P.	429,325	-	-	-
	<u>\$ 51,754,753</u>	<u>\$ 14,594,261</u>	<u>\$ -</u>	<u>\$ -</u>

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

DECEMBER 31, 2023 AND 2022

Note 4—Investments and fair value (continued)

Investments identified with an asterisk (*) above include units of ownership in certain common trust funds owned by the Diversified Trust Company (“DTC”). These funds are valued at net asset value (“NAV”). In accordance with the terms of each fund agreement, the net asset values of the funds are determined as of the middle and end of each month. Units are issued and redeemed only at these times based on the respective NAV per unit. There were no unfunded commitments related to these investments as of December 31, 2022. The underlying investments of these common trust funds, collectively per DTC’s audited financial statements, are comprised of Level 1 marketable securities and Level 2 observable inputs as follows:

<u>As of December 31,</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2022	86%	14%	0%

In accordance with Accounting Standards Codification Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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

- DTC Private Equity IV, L.P. 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, L.P. 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, 2023, the Fund’s unfunded commitment to DTC Private Equity IV, L.P. totaled \$1,020,000.
- DTC Private Equity V-Q, L.P. 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, L.P. 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, 2023, the Fund’s unfunded commitment to DTC Private Equity V-Q, L.P. totaled \$1,836,000.
- DTC Private Equity VI-Q, L.P. 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, L.P. 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, 2023, the Fund’s unfunded commitment to DTC Private Equity VI-Q, L.P. totaled \$1,450,000.
- Paloma International Limited (“Paloma”) is a multi-strategy hedge fund with particular focus on quantitative and relative value strategies, with multiple underlying portfolio managers and trading teams across a broad group of strategies and asset classes. The Fund held Class A shares in Paloma, which may be redeemed annually (as of December 31) with 90-days’ notice. This investment was redeemed in April 2023.
- 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 75 days’ notice. At December 31, 2023, the Fund had no unfunded commitment related to this investment.

THE DAN AND MARGARET MADDOX FUND, INC.

NOTES TO THE FINANCIALS STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 4—Investments and fair value (continued)

- AEW Partners Fund VIII Feeder, L.P. (“AEW”) is the eighth in a series of real estate opportunity funds sponsored by AEW Capital Management, L.P. AEW operates in a master-feeder structure in which the master fund holds direct investments in real estate and real estate related companies. The Fund’s commitment to AEW was 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, 2023, the Fund’s unfunded commitment to AEW totaled approximately \$447,000.
- Metropolitan Real Estate Partners Secondaries & Co-Investments Fund, L.P. (“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, 2023, the Fund’s unfunded commitment to SCIF totaled approximately \$368,000.
- Metropolitan Real Estate Partners Global V, L.P. 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, L.P. 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, 2023, the Fund’s unfunded commitment to Metropolitan Real Estate Partners Global V, L.P. totaled approximately \$64,000.

Note 5—Donor advised fund

During 2017, the Fund established The Dan and Margaret Maddox Donor Advised Fund (“Donor Advised Fund”) with Vanguard Charitable. The Fund made grants totaling \$10,000 to the Donor Advised Fund during the year ended December 31, 2023. The Fund did not make any grants to the Donor Advised Fund during the year ended December 31, 2022.

Note 6—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, 2023 required to be distributed in 2024 amounted to approximately \$1,730,000. Undistributed income for the year ended December 31, 2022 required to be distributed in 2023 amounted to approximately \$1,317,000.