THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.

FINANCIAL STATEMENTS

December 31, 2013 and 2012

THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.

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FRASIERDEAN HOWARDCPAs

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Dan and Margaret Maddox Charitable Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities 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 audit 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.

Frasier, Dean & Howard, PLLC • 3310 West End Avenue, Suite 550 • Nashville, Tennessee 37203-1089 • 615.383.6592 • *fax* 615.383.7094 • www.fdhcpa.com

We believe that 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 Charitable Fund, Inc. as of December 31, 2013 and 2012, 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.

Frasier, Dean & Howard, PLLC

July 22, 2014

THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 125,467	$ 125,040
Investments	48,134,645	46,162,705
Furniture and equipment, net	730	1,110
TOTAL ASSETS	$ 48,260,842	$ 46,288,855

LIABILITIES AND NET ASSETS

	2013	2012
LIABILITIES:		
Accounts payable	$ 16,000	$ 15,000
Grants payable	753,600	180,914
TOTAL LIABILITIES	769,600	195,914
NET ASSETS - Unrestricted	47,491,242	46,092,941
TOTAL LIABILITIES AND NET ASSETS	$ 48,260,842	$ 46,288,855

See accompanying notes to financial statements.

THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	**2012**
SUPPORT AND REVENUE:		
Interest, dividends and other investment income	$ 852,882	$ 882,678
Net realized and unrealized gains on investments	3,738,608	3,328,431
	4,591,490	4,211,109
Less: Investment management fees	(190,032)	(189,314)
Less: Income taxes on net investment income	(25,000)	(53,237)
TOTAL SUPPORT AND REVENUE	4,376,458	3,968,558
EXPENSES:		
Program services:		
Grants provided	2,701,550	1,891,700
Oversight expenses related to grants	195,672	229,243
Supporting services:		
Management and general	80,935	125,349
TOTAL EXPENSES	2,978,157	2,246,292
CHANGE IN NET ASSETS	1,398,301	1,722,266
NET ASSETS - BEGINNING OF YEAR	46,092,941	44,370,675
NET ASSETS - END OF YEAR	$ 47,491,242	$ 46,092,941

See accompanying notes to financial statements.

THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,398,301	$ 1,722,266
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	380	261
Net realized and unrealized gains on investments	(3,738,608)	(3,328,431)
Increase (decrease):		
Accounts payable	1,000	(10,891)
Grants payable	572,686	(169,079)
TOTAL ADJUSTMENTS	(3,164,542)	(3,508,140)
NET CASH USED IN OPERATING ACTIVITIES	(1,766,241)	(1,785,874)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of furniture and equipment	-	(1,142)
Proceeds from sale of investments	13,707,699	12,181,198
Purchase of investments	(11,941,031)	(10,333,124)
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,766,668	1,846,932
INCREASE IN CASH AND CASH EQUIVALENTS	427	61,058
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	125,040	63,982
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 125,467	$ 125,040
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 25,000	$ 53,237

See accompanying notes to financial statements.

THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 – NATURE OF ACTIVITIES AND GENERAL

In 1968, Dan Maddox established the Maddox Foundation to facilitate the philanthropic vision of Dan and Margaret Maddox until their tragic deaths in a boating accident in 1998.

Subsequent to their deaths, the Maddox Foundation was moved to Mississippi. Litigation was filed in Tennessee to return the Maddox Foundation to Middle Tennessee. On May 18, 2007, a Settlement and Asset Distribution Agreement (the "Agreement") was approved by Judge Randy Kennedy. The Agreement required $55 million in assets be transferred to The Dan and Margaret Maddox Charitable Trust (the "Trust") and the Trust assumed obligations to satisfy the Tennessee commitments which included $867,200 in grants payable. Such assumed obligations were paid in full during 2010. On September 8, 2008, Judge Randy Kennedy, appointed a community board of 14 Trustees to oversee the work of the Dan and Margaret Maddox Charitable Trust.

Effective January 1, 2010, the Trust changed its organizational structure from a charitable trust to a nonprofit corporation. This change was approved by Judge Kennedy on November 24, 2009. The name of the nonprofit corporation is The Dan and Margaret Maddox Charitable Fund, Inc. (the "Fund"). All assets and liabilities of the Trust were transferred to the Fund.

The Fund's mission is to honor Dan and Margaret Maddox's charitable intent by making a positive difference in the lives of young people and by promoting the conservation of wildlife resources. The Fund provides grants in the areas of education, socio-economically needy youth and wildlife habitat conservation, including hunting and fishing. 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.

Financial Statement Presentation

The Fund reports information regarding its financial position and changes in net assets according to three classes (unrestricted, temporarily restricted and permanently restricted), based on the existence or absences 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 unrestricted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and hedge funds and are carried at the quoted fair market 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. The excise tax rate is normally 2%.

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 to recognize the estimated future consequences of a net unrealized

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income and Excise Taxes (Continued)

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 fifty percent likely of being realized upon ultimate settlement. The Fund does not believe there are any uncertain tax positions at December 31, 2013 and 2012. For the years ended December 31, 2013 and 2012, the Fund did not have any significant accrued interest or penalties related to income tax liabilities. The Fund files an income tax return in the U.S. federal jurisdiction. The Fund's U.S. federal income tax returns for years prior to 2010 are closed.

Grants Payable

Unconditional promises to give are recognized as grants payable and expenses in the period the grant award is approved by the Board of Directors. 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 risk-free rate applicable to the year in which the grant is made. The discount is not considered material and thus is not recorded at December 31, 2013 and 2012.

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, 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 organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing and other administrative activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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;
- 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (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.

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

> *Investments in securities* - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and certain other products, such as mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

No changes in the valuation methodologies have been made during the period from January 1, 2012 through December 31, 2013.

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.

Events Occurring After Reporting Date

The Fund has evaluated events and transactions that occurred between December 31, 2013 and July 22, 2014, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in financial statements. The Fund is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

THE DAN AND MARGARET MADDOX CHARITABLE FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 3 – FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31:

	2013	2012
Furniture and equipment	$ 1,142	$ 1,142
Less accumulated depreciation	(412)	(32)
	$ 730	$ 1,110

Depreciation expense on furniture and equipment amounted to $380 and $261 for the years ended December 31, 2013 and 2012, respectively.

NOTE 4 – INVESTMENTS

Investments consisted of the following at December 31:

	2013	2012
Short-term investments	$ 365,887	$ 412,266
Fixed income investments – domestic	11,770,207	13,636,453
Equities:		
Small/Mid Cap U.S. Equity fund	1,397,696	1,278,758
FPA Crescent Fund I	417,370	648,039
International Equity Common Trust fund	4,774,257	4,746,478
Gateway Fund Y	728,479	1,272,668
UBS E-Tracs Alerian MLP Index fund	1,490,138	262,533
Equity Opportunity fund	2,971,087	3,264,316
JP Morgan Alerian MLP Index fund	1,479,724	2,193,912
Vanguard DIV Appreciation	1,978,661	1,797,465
Vanguard INSTL Index fund	1,720,594	1,712,462
Vanguard MSCI Emerging Markets ETF	817,698	885,078
Fintan Investments LTD	4,284,240	4,150,497
Winston Global Fund LTD	9,218,796	8,213,866
DTC Private Equity IV, LP	480,000	150,000
Whitebox Tactical Opportunity fund	422,755	-
Other:		
Pimco All Asset fund	970,920	1,290,792
Metro Real Estate Partners Global V, LP	496,136	247,122
BBCCFQ	2,350,000	-
	$ 48,134,645	$ 46,162,705

NOTE 4 – INVESTMENTS (CONTINUED)

The following table sets forth the Fund's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2013:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments in securities:				
Short-term investments	$ 365,887	$ 365,887	$ -	$ -
Fixed income investments–domestic*	11,770,207	7,007,372	4,762,835	-
Equities:				
Small/Mid Cap U.S. Equity fund*	1,397,696	-	1,397,696	-
FPA Crescent Fund I	417,370	417,370	-	-
International Equity Common Trust fund*	4,774,257	-	4,774,257	-
Gateway Fund Y	728,479	728,479	-	-
UBS E-Tracs Alerian MLP Index	1,490,138	1,490,138	-	-
Equity Opportunity fund*	2,971,087	-	2,971,087	-
JP Morgan Alerian MLP Index	1,479,724	1,479,724	-	-
Vanguard DIV Appreciation	1,978,661	1,978,661	-	-
Vanguard INSTL Index fund	1,720,594	1,720,594	-	-
Vanguard MSCI Emerging Markets ETF	817,698	817,698	-	-
Fintan Investments LTD	4,284,240	-	-	4,284,240
Winston Global Fund LTD	9,218,796	-	-	9,218,796
DTC Private Equity IV, LP	480,000	-	-	480,000
Whitebox Tactical Opportunity	422,755	422,755	-	-
Other:				
Pimco All Asset fund	970,920	970,920	-	-
Metro Real Estate Partners	496,136	-	-	496,136
BBCCFQ	2,350,000	-	-	2,350,000
Total investment in securities	$ 48,134,645	$ 17,399,598	$ 13,905,875	$ 16,829,172

The following table sets forth the Fund's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2012:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments in securities:				
Short-term investments	$ 412,266	$ 412,266	$ -	$ -
Fixed income investments–domestic*	13,636,453	9,493,950	4,142,503	-

NOTE 4 – INVESTMENTS (CONTINUED)

Investments in securities (continued):				
Equities:				
Small/Mid Cap U.S. Equity fund*	1,278,758	-	1,278,758	-
International Equity Common Trust fund*	4,746,478	-	4,746,478	-
Equity Opportunity fund*	3,264,316	-	3,264,316	-
JP Morgan Alerian MLP Index	2,193,912	2,193,912	-	-
Vanguard DIV Appreciation	1,797,465	1,797,465	-	-
Vanguard INSTL Index fund	1,712,462	1,712,462	-	-
Vanguard MSCI Emerging Markets ETF	885,078	885,078	-	-
FPA Crescent Fund I	648,039	648,039	-	-
Gateway Fund Y	1,272,668	1,272,668	-	-
UBS E-Tracs Alerian MLP Index	262,533	262,533	-	-
Fintan Investments LTD	4,150,497	-	-	4,150,497
Winston Global Fund LTD	8,213,866	-	-	8,213,866
DTC Private Equity IV, LP	150,000	-	-	150,000
Other:				
Pimco All Asset fund	1,290,792	1,290,792	-	-
Metro Real Estate Partners	247,122	-	-	247,122
Total investment in securities	$ 46,162,705	$ 19,969,165	$ 13,432,055	$ 12,761,485

Investments identified above 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 the Diversified Trust Company'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
2013	72%	28%	0%
2012	79%	21%	0%

The Fund's Level 3 investments are in hedge funds of funds valued at estimated fair value, and private equity and real estate funds of funds valued at estimated fair value of paid-in capital net of any distributions back to the Fund.

NOTE 4 – INVESTMENTS (CONTINUED)

Fintan Investments LTD has an investment strategy to trade in securities and invest in pooled investment vehicles that employ a diversified mix of strategies. Generally, shares may be redeemed on the last business day of each year, or at the discretion of the Directors, with 100 days' prior written notice.

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.

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 4-7 years, and the anticipated lifecycle of the partnership is 10-12 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, 2013, the Fund's unfunded commitment to DTC Private Equity IV-Q, LP totaled $2,520,000.

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 1-3 years, and the anticipated lifecycle of the partnership is 7-10 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, 2013, the Fund's unfunded commitment to Metropolitan Real Estate Partners Global V, LP totaled $803,867.

Lending Club's Broad Based Consumer Credit Fund (Q), LP ("BBCCFQ") has an investment objective to invest directly in tens of thousands of unsecured, fully amortizing loans to individuals issued with three or five year maturities. Investors in BBCCFQ own proportional shares of all outstanding loans in the platform, receiving a proportional share of the aggregate income and principal payments made by the underlying borrowers each month. The Fund elected to receive its share of monthly aggregate income payments in cash, while its share of monthly aggregate principal payments is reinvested back into the platform, thereby maintaining the Fund's original $2,350,000 investment in BBCCFQ. Generally, invested capital may be redeemed monthly with 30 days' notice. Redemption requests (partial or full) are handled as follows. On a monthly basis, BBCCFQ makes available 1% of the total balance of the platform for investors to withdraw, in addition to any incoming cash from new investments. The 1% is separate from the income an investor may be

NOTE 4 – INVESTMENTS (CONTINUED)

receiving on a monthly basis. In the event that liquidity for all requested redemptions is not available because aggregate withdrawal requests are greater than the 1% (plus incoming cash from new investments) offered, each redeeming investor is issued their pro rata share of the available liquidity for that initial month, and the same process repeats the following month.

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	2013	2012
Fair value, beginning of year	$ 12,761,485	$ 11,474,671
Net realized and unrealized gains	1,460,137	958,714
Purchases, sales, issuances and settlements, net	2,607,550	328,100
Transfers in and out of Level 3 valuation hierarchy	-	-
Fair value, end of year	$ 16,829,172	$ 12,761,485

NOTE 5 – GRANTS

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

	2013	2012
Grants authorized and payable – beginning of period	$ 180,914	$ 349,993
Grants approved during the period	2,701,550	1,891,700
Grants paid during the period	(2,128,864)	(2,060,779)
Grants authorized and payable – end of year	$ 753,600	$ 180,914

Grants authorized and payable consisted of the following as of December 31:

	2013	2012
Payable in less than one year	$ 107,000	$ 180,914
Payable in one to five years	646,600	-
Total grants authorized and payable	$ 753,600	$ 180,914

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 15% 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 15% 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, 2012 required to be distributed in 2013 amounted to approximately $47,000. Undistributed income for the year ended December 31, 2013 required to be distributed in 2014 amounts to approximately $90,000.

NOTE 7 – RELATED PARTY TRANSACTIONS

Beginning January 1, 2010, the Fund began renting office space from Nashville Management Group ("NMG") at the market rate of $350 per month. NMG is owned by a member of the board of directors.

NOTE 8 – CONTINGENT CONTRIBUTION

In 2007, the Davidson County Probate Court adopted a Settlement Agreement that provides that the Fund would enter into a pledge agreement for a donor advised fund with The Community Foundation of Middle Tennessee ("CFMT")."

The Fund offered a written donor advised fund agreement to CFMT that the Fund believes complied with the Settlement Agreement and CFMT refused to accept the Fund's proposal. CFMT contends that the donor advised fund must be a permanent endowment and the Fund disagrees. CFMT brought a motion for instructions asking the Court to instruct the parties as to the proper interpretation of the Settlement Agreement. The Court denied the motion. CFMT has not taken any other action and counsel has advised that the matter be viewed as concluded.