THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.,
SUPPORTING ORGANIZATION, AND SUBSIDIARIES
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

NASHVILLE, TENNESSEE

CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

DECEMBER 31, 2024 AND 2023

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.,
SUPPORTING ORGANIZATION, AND SUBSIDIARIES
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NASHVILLE, TENNESSEE

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DECEMBER 31, 2024 AND 2023

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DECEMBER 31, 2024 AND 2023

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THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.

BOARD OF DIRECTORS AND BOARD OF TRUSTEES

DECEMBER 31, 2024

KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Board of Trustees
The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries
Nashville, Tennessee

REPORT ON THE AUDITS OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government 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, internal omissions, misrepresentations or the override of internal control. Misstatements 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

OTHER INFORMATION

Management is responsible for the other information included in the consolidated financial statements. The other information comprises the board of directors and board of trustees on page i but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

SUPPLEMENTARY INFORMATION

Our audits were conducted for the purposes of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards on pages 30-31, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee Audit Manual are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2025 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

KraftCPAs PLLC

Nashville, Tennessee
July 31, 2025

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.,
SUPPORTING ORGANIZATION, AND SUBSIDIARIES
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash	$ 57,066,461	$ 48,948,721
Other receivables	1,230,194	484,992
Investments	715,172,956	549,013,169
Beneficial interest in lead trusts	59,298,129	65,941,846
Property available for sale	1,103,008	1,103,008
Property and equipment - at cost, less accumulated depreciation	17,211,076	17,518,063
TOTAL ASSETS	$ 851,081,824	$ 683,009,799
LIABILITIES		
Accounts payable and accrued expenses	$ 531,648	$ 252,342
Grants payable	154,921	-
Line of credit	-	65,055
Note payable, net	6,731,234	7,500,000
Agency funds liability	21,028,053	15,871,806
TOTAL LIABILITIES	28,445,856	23,689,203
NET ASSETS		
Without donor restrictions:		
Board-directed	29,028,619	27,922,056
Field-of-interest	123,025,636	103,562,992
Designated	47,075,901	40,977,459
Scholarship	25,228,562	22,705,673
Donor-advised	517,226,727	396,053,709
Supporting organization, undesignated	19,490,730	-
Total net assets without donor restrictions	761,076,175	591,221,889
With donor restrictions:		
Charitable lead trusts	59,298,129	65,941,846
Certain bequests	2,261,664	2,156,861
Total net assets with donor restrictions	61,559,793	68,098,707
TOTAL NET ASSETS	822,635,968	659,320,596
TOTAL LIABILITIES AND NET ASSETS	$ 851,081,824	$ 683,009,799

See accompanying notes to consolidated financial statements.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC., SUPPORTING ORGANIZATION, AND SUBSIDIARIES
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Contributions of financial assets	$ 182,719,376	$ -	$ 182,719,376	$ 136,568,254	$ -	$ 136,568,254
Contributions of nonfinancial assets	1,075,000	-	1,075,000	15,000	-	15,000
Government grants	32,419,376	-	32,419,376	11,120,153	-	11,120,153
Fundraising events	1,957,435	-	1,957,435	2,860,100	-	2,860,100
Less: direct benefits to donors	(473,524)	-	(473,524)	(649,231)	-	(649,231)
Investment income, net	56,410,540	242,865	56,653,405	52,193,907	248,255	52,442,162
Change in value of beneficial interest in lead trusts	-	(705,712)	(705,712)	-	4,279,423	4,279,423
Other	33,109	-	33,109	282,901	-	282,901
Net assets released resulting from satisfaction of donor restrictions	6,076,067	(6,076,067)	-	6,427,077	(6,427,077)	-
TOTAL SUPPORT AND REVENUE	280,217,379	(6,538,914)	273,678,465	208,818,161	(1,899,399)	206,918,762
EXPENSES						
Program services	101,689,529	-	101,689,529	80,976,496	-	80,976,496
Supporting services:						
Management and general	6,420,690	-	6,420,690	2,317,144	-	2,317,144
Fundraising	2,252,874	-	2,252,874	4,056,872	-	4,056,872
TOTAL EXPENSES	110,363,093	-	110,363,093	87,350,512	-	87,350,512
CHANGE IN NET ASSETS	169,854,286	(6,538,914)	163,315,372	121,467,649	(1,899,399)	119,568,250
NET ASSETS:						
Beginning of year	591,221,889	68,098,707	659,320,596	469,754,240	69,998,106	539,752,346
End of year	$ 761,076,175	$ 61,559,793	$ 822,635,968	$ 591,221,889	$ 68,098,707	$ 659,320,596

See accompanying notes to consolidated financial statements.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC., SUPPORTING ORGANIZATION, AND SUBSIDIARIES
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
		SUPPORTING SERVICES				SUPPORTING SERVICES		
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL FUNCTIONAL EXPENSES	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL FUNCTIONAL EXPENSES
Grants	$ 99,098,724	$ -	$ -	$ 99,098,724	$ 77,784,266	$ -	$ -	$ 77,784,266
Compensation	901,088	2,233,130	783,554	3,917,772	1,433,967	882,441	1,360,430	3,676,838
Other employee benefits	146,670	363,486	127,539	637,695	226,608	139,451	214,987	581,046
Payroll taxes	66,462	164,711	57,793	288,966	105,600	64,985	100,185	270,770
Events and meetings	218,263	540,913	189,794	948,970	-	11,214	1,110,173	1,121,387
Professional fees	703,093	1,742,449	611,386	3,056,928	413,612	401,447	401,447	1,216,506
Marketing	81,969	203,142	71,278	356,389	254,845	247,350	247,350	749,545
Office expenses	55,042	136,407	47,862	239,311	70,508	68,434	68,434	207,376
Information technology	99,706	247,097	86,701	433,504	185,428	179,974	179,974	545,376
Bank and credit card fees	76,648	189,953	66,650	333,251	52,910	51,355	51,355	155,620
Professional development	21,303	52,793	18,524	92,620	35,307	7,846	35,307	78,460
Insurance coverage	13,427	33,275	11,675	58,377	32,622	31,663	31,663	95,948
Depreciation	81,126	201,052	70,545	352,723	88,013	85,423	85,423	258,859
Membership and subscriptions	24,333	60,303	21,159	105,795	25,421	24,674	24,674	74,769
Building expenses and maintenance	43,349	107,430	37,695	188,474	118,573	60,405	44,744	223,722
Business and auction sales taxes	12,719	31,521	11,060	55,300	-	-	1,871	1,871
Gift cards and gifts	6,976	17,289	6,066	30,331	8,855	984	39,357	49,196
Interest expense	38,631	95,739	33,593	167,963	61,301	59,498	59,498	180,297
Indirect expenses	-	-	-	-	78,660	-	-	78,660
Fundraising events:								
Food and beverages	-	-	332,639	332,639	-	-	300,541	300,541
Venue rental	-	-	124,819	124,819	-	-	261,895	261,895
Entertainment	-	-	16,066	16,066	-	-	86,795	86,795
TOTAL FUNCTIONAL EXPENSES	$ 101,689,529	$ 6,420,690	$ 2,726,398	$ 110,836,617	$ 80,976,496	$ 2,317,144	$ 4,706,103	$ 87,999,743
Less expenses netted against revenues on the consolidated statements of activities - direct benefits to donors	-	-	(473,524)	(473,524)	-	-	(649,231)	(649,231)
TOTAL EXPENSES REPORTED UNDER PROGRAM AND SUPPORTING SERVICES	$ 101,689,529	$ 6,420,690	$ 2,252,874	$ 110,363,093	$ 80,976,496	$ 2,317,144	$ 4,056,872	$ 87,350,512

See accompanying notes to consolidated financial statements.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.,
SUPPORTING ORGANIZATION, AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	$ 163,315,372	$ 119,568,250
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	352,723	258,859
Amortization of debt issuance costs	10,400	-
Noncash contributions of investments	(110,565,022)	(22,856,556)
Net realized and unrealized gain on investments	(48,250,839)	(88,093,830)
Change in value of beneficial interest in lead trusts	705,712	(4,279,423)
Distributions received from lead trusts	5,938,005	6,265,747
Decrease (increase) in:		
Other receivables	(745,202)	(81,961)
Increase (decrease) in:		
Accounts payable and accrued expenses	279,306	(923,682)
Grants payable	154,921	(460,815)
Deferred revenue	-	(28,371)
Agency funds liability	5,156,247	1,703,400
TOTAL ADJUSTMENTS	(146,963,749)	(108,496,632)
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,351,623	11,071,618
INVESTING ACTIVITIES		
Purchases of property and equipment	(45,736)	(1,341,365)
Proceeds from sale of investments	297,422,782	206,880,556
Purchase of investments	(304,766,708)	(210,218,155)
NET CASH (USED IN) INVESTING ACTIVITIES	(7,389,662)	(4,678,964)
FINANCING ACTIVITIES		
Change in line of credit	(65,055)	65,055
Payments on note payable	(311,203)	-
Payments of debt issuance costs	(467,963)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(844,221)	65,055
INCREASE IN CASH	8,117,740	6,457,709
CASH - BEGINNING OF YEAR	48,948,721	42,491,012
CASH - END OF YEAR	$ 57,066,461	$ 48,948,721
CASH PAID FOR		
Interest	$ 157,563	$ 180,298

See accompanying notes to consolidated financial statements.

NOTE 1 - ORGANIZATION AND GENERAL

The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries (collectively, the “Foundation”) is a charitable organization whose purpose is to be a leader, catalyst and resource for philanthropy by building and holding a permanent and growing endowment for the Middle Tennessee community’s changing needs and opportunities. The Foundation provides flexible and cost-effective ways for civic-minded individuals, families and companies to contribute to their community. The assets of the Foundation are devoted to charitable uses of a public nature primarily benefiting the residents of Middle Tennessee in fields such as social services, education, health, the environment and the arts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of The Nashville Catalyst Fund, a supporting organization formed as a Tennessee non-profit public benefit corporation on April 8, 2024 (the “Supporting Organization”). The Supporting Organization offers flexible financing for the development and preservation of affordable housing within Nashville and Davidson County. The Foundation has both an economic interest in the Supporting Organization and control of the Supporting Organization through the appointment of a majority of the governing board members, or voting controls of the governing board. This provides the basis for consolidations of the Supporting Organization’s financial statements. All inter-organizational transactions and accounts have been eliminated upon consolidation.

The consolidated financial statements also include the accounts of The Community Foundations of Middle Tennessee Properties, Nonprofit LLC, a single-member limited liability company formed to hold real estate donated to the Foundation and Childcare Tennessee, Nonprofit LLC, a single-member limited liability company formed to ensure the accessibility and sustainability of quality childcare programs serving the children and families of Tennessee. Both are subsidiaries of The Community Foundation of Middle Tennessee, Inc. All inter-organizational transactions and accounts have been eliminated upon consolidation.

The consolidated financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Foundation reports information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the Board of Directors and Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Generally, contributions made to the Foundation are recorded as contributions without donor restrictions. The Bylaws of the Foundation include a variance power providing the Board of Directors the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organization if in the sole judgment of the Board of Directors such restriction or conditions becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community.

Notwithstanding the classification as net assets without donor restrictions, the Foundation consistently follows the policy of respecting donor's grant-making preferences.

The Foundation classifies net assets without donor restrictions in the accompanying consolidated financial statements into the following charitable funds, which reflect the intentions of the donors making the gifts:

Board-Directed - The Board of Directors and Board of Trustees are responsible for approving distributions of income and, where permitted, principal, solely for those charitable purposes established by the Foundation.

Field-of-Interest - The donor may designate a functional area or field of interest, within which specific projects or beneficiaries are selected by the Foundation's Board.

Designated - Represents funds given by a donor who is committed to a specific charitable organization(s). The Foundation gives the donor assurance that the spirit of the gift is protected, and the assets given are prudently managed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (continued)

Scholarship - Scholarships or loans can be provided so that deserving young people can get an education they might not otherwise receive. Through these funds the donor can, for example, specify the schools the young people are to come from or the ones they are to attend.

Donor-Advised - The donor has the privilege of making recommendations relating to distributions. Such recommendations are taken into consideration by the Board when grants are decided upon but are advisory only and non-binding.

The Foundation classifies net assets with donor restrictions as follows in the accompanying consolidated financial statements:

Charitable Lead Trusts - Donors establish and fund a trust with specific distributions to be made to the Foundation over a specified period based on the provisions outlined in the trust agreements. Upon termination of a trust, the remainder of the trust assets is paid to the donor or to beneficiaries designated by the donor.

Certain Bequests - Donors stipulate that the principal is to be invested in perpetuity by the Foundation. Income from the invested funds may be restricted to a specific field of interest and, therefore, is classified as net assets with donor restrictions until applicable restrictions are met.

Contributions and Support

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Donated marketable securities are recorded at their fair value at the date of contribution based on their quoted market price.

Any gifts of equipment, facilities or materials are reported as net assets without donor restrictions unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as net assets with donor restrictions. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support (continued)

Grants awarded by federal, state and other sponsors are generally considered nonreciprocal transactions restricted by sponsors for certain purposes. Grant revenue is recognized when the conditions upon which it depends are substantially met, which primarily is when qualifying expenses occur. Payments received in advance of conditions being met are recorded as deferred revenue on the consolidated statements of financial position.

Fundraising event revenues are generated from sponsorships, ticket sales, donations, silent and online auction proceeds and sales of items at events held during the year and revenues are recognized when the events occur, which is the completion of the Foundation's performance obligation. Some of these revenues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the amount paid and the exchange element.

Contributions of Nonfinancial Assets

Donated facilities and materials are recorded as gifts in the period received at fair value if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance nonfinancial assets or the donated service requires specialized skills, were performed by a donor who possesses such skills, and would have been purchased by the Foundation if not donated. Such services are recognized at fair value as support and expense in the period the services are performed and primarily include professional services.

A number of unpaid volunteers have made significant contributions of their time to assist the Foundation in implementing various programs. The value of contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Investments

Investments are carried at fair value (money market funds and other short-term investments, corporate bonds, equities, government securities, and mutual funds - generally at quoted market prices; investment partnership interests, private equity funds and hedge funds - based on net asset value). Investments in property without a readily determinable fair value are carried at cost. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are recognized currently in the consolidated statements of activities as investment income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Lead Trusts

A charitable lead trust is an arrangement in which a donor establishes and funds a trust that provides for specific distributions to be made to the Foundation over a specified period. When a gift of this nature is received and the Foundation is not the trustee, a donor-restricted contribution is recognized in the period in which the trust is established. The contribution and related beneficial interest are measured at the present value of the expected future cash inflows, using the interest rate for U.S. Treasury bonds of similar terms at the time the trust is established as the discount rate. The discount rate is revised at each measurement date to reflect current market conditions. Distributions from the trust are reflected as a reduction in the beneficial interest and a reclassification from net assets with donor restrictions to net assets without donor restrictions. Accretion of the discount and revaluations of expected future cash flows based on changes in investment returns and discount rates used are recognized on the consolidated statement of cash flows as adjustments to the beneficial interest in lead trusts and changes in the value of beneficial interest in lead trusts in the consolidated statements of activities under net assets with donor restrictions.

Property and Equipment

Property and equipment are stated at acquisition cost, or at estimated fair value at date of gift, if donated, less accumulated depreciation. The Foundation’s policy is to capitalize purchases with a cost of $10,000 or more and an estimated useful life greater than one year. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (building - 39 years; furniture, fixtures and equipment - 5 to 7 years). When depreciable assets are sold, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized.

When property and equipment is classified as available for sale, depreciation and amortization are no longer recorded and the property and equipment is reported at the lower of its carrying value or fair value less cost to sell.

Grants Payable

Unconditional promises to give are recognized as grants payable and expenses in the period the grant award is approved by the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Funds Liability

The Foundation maintains certain funds to benefit other nonprofit agencies. Such funds are pooled with other funds for investment. A pro-rata share of the investment income or loss and a fee retained by the Foundation are debited or credited to each agency fund each year.

Fair Value Measurements

The Foundation classifies its assets and liabilities measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available) and Level 3 (valued based on significant unobservable inputs).

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 used 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:

Money market funds, short-term investments and equities - These investments are valued at the closing price reported on the active market on which the individual funds are traded.

Corporate bonds, government securities and certain international bond and mutual funds - Securities for which quotations are readily available in active markets are valued at the most recent quote in the principal market in which such securities are normally traded. These investments also include securities valued on the basis of information provided by pricing services that employ valuation models reflecting such factors as benchmark yields, reported trades, broker/dealer quotes, bid/offer data and other relevant elements.

Mutual funds (excluding certain international bond and mutual funds included in level 2 valuation hierarchy) - Investments in these funds are valued using the net asset value per unit as quoted in active markets at the valuation date.

Partnership interests and private equity funds - These investments are valued at the Foundation's capital account balance as reported by the fund's general partner. The capital account balance represents the net asset value of the Foundation's share in the fund, which approximates fair value.

Hedge funds - Hedge funds are reported at the net asset value (or its equivalent) of the Foundation's share in the fund as calculated in the fund's audited financial statements, which approximates fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

Beneficial interest in lead trusts - The measurement of the Foundation's beneficial interest in charitable lead trusts was determined at the date of the gift and is adjusted annually for the change in present value of the estimated future cash flows. The valuation is based on the term of the trust or the actuarial life expectancy of the donor.

Agency funds liability - The value of the agency funds liability is determined based on the fair value of underlying investments held by the Foundation on behalf of participating agencies.

There have been no changes in the methodologies used at December 31, 2024 and 2023.

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 Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized on a straight-line basis, which approximates the effective interest method, in an apportioned amount based upon the terms of the related debt facility. During 2024, the Supporting Organization capitalized $467,963 in debt issuance costs related to the obtaining of available credit lines. Amortization of the debt issuance costs is reported in the interest expense on the statement of functional expenses and amounted to $10,400 for the year ended December 31, 2024. Unamortized debt issuance costs were $457,963 at December 31, 2024. Annual amortization expense is expected to be $170,744 in 2025, $142,552 in 2026, $134,115 in 2027, $2,575 in 2028 and 2029 and $5,002 thereafter.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying consolidated financial statements:

Program Services - includes grants and the cost of activities carried out to fulfill the Foundation's mission to provide support to nonprofit organizations.

Supporting Services

Management and General - relates to the overall direction of the Foundation. These expenses are not identifiable with a particular program or event or with fundraising 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.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include creation and distribution of fundraising materials.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses allocated based on estimates of time and effort include compensation, other employee benefits, payroll taxes, events and meetings, professional fees, marketing, office expenses, information technology, bank and credit card fees, professional development, insurance coverage, membership and subscriptions, business and auction sales taxes, and gift cards and gifts. Building expenses and maintenance and depreciation are allocated based on a square-footage basis.

Income Taxes

The Foundation qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Foundation pays tax on unrelated business income from certain activities. These activities and the related tax were insignificant in 2024 and 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

The Foundation files U.S. Federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. The Community Foundation of Middle Tennessee Properties, Nonprofit LLC and Childcare Tennessee, Nonprofit LLC are disregarded entities for tax purposes and any activities of the subsidiaries are included in the Form 990 filed by the Foundation. In addition, the Foundation files a Tennessee state income tax return.

The Nashville Catalyst Fund is classified as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the IRC. It is recognized under the IRC as a supporting organization of The Community Foundation of Middle Tennessee, Inc. The Nashville Catalyst Fund files a U.S. Federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Foundation's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying consolidated financial statements.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred between December 31, 2024 and July 31, 2025, the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets available for general expenditures at December 31:

	2024	2023
Financial assets at year end:		
Cash	$ 57,066,461	$ 48,948,721
Other receivables	1,230,194	484,992
Investments	715,172,956	549,013,169
Total financial assets	773,469,611	598,446,882
Less amounts not available to be used for general expenditures within one year:		
Agency funds liability	(21,028,053)	(15,871,806)
Assets limited to use:		
Field-of-interest	(123,025,636)	(103,562,992)
Designated	(47,075,901)	(40,977,459)
Scholarship	(25,228,562)	(22,705,673)
Donor-advised	(517,226,727)	(396,053,709)
Certain bequests	(2,261,664)	(2,156,861)
Financial assets not available to be used for general expenditures within one year	(735,846,543)	(581,328,500)
Financial assets available to meet general expenditures over the next twelve months	$ 37,623,068	$ 17,118,382

Included in amounts restricted by donor with time or purpose restrictions are the Foundation's bequests. Income from the donor-restricted bequests is subject to an annual spending rate of approximately 5% as described in Note 11. Donor-restricted bequests are not available for general expenditure.

General expenditures do not include amounts to be given as grants.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Surplus cash from the prior year is invested in a reserve account.

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Foundation's cash balances generally exceed statutory limits. The Foundation has not experienced any losses in such accounts and management considers this to be a normal business risk.

The Foundation also maintains investment balances at various brokerage and investment companies. These investments consist of money market funds and other short-term investments, equites, various mutual funds, stocks, bonds and alternative investments. Generally, they are not insured by the FDIC or any other government agency and are subject to investment risk, including the risk of loss of principal. Investors are provided limited protection by the Securities Investor Protection Corporation ("SIPC"), a nonprofit membership corporation funded by its member securities broker dealers. SIPC covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms up to $500,000 per broker (including $250,000 of cash).

NOTE 5 - INVESTMENTS

Foundation investments are generally pooled. Segregated accounts are created at the Foundation's discretion, generally at the request of the donor or due to the nature of the gift.

Investments consisted of the following as of December 31:

	2024	2023
Investments at fair value		
Money market funds and other short-term investments	$ 107,365,390	$ 43,299,497
Corporate bonds	50,779,753	53,363,261
Equities securities	192,350,725	130,633,370
Government securities	21,761,858	3,379,548
Mutual funds	139,861,405	128,316,396
Alternative investments	201,033,832	189,076,104
	713,152,963	548,068,176
Investments at cost		
Property	2,019,993	944,993
	$ 715,172,956	$ 549,013,169

NOTE 6 - CHARITABLE LEAD TRUSTS

The Foundation is named beneficiary of various irrevocable charitable lead trusts. The Foundation is not the trustee and does not exercise control over the trusts' assets; therefore, the Foundation recognizes a receivable for its beneficial interest in those assets in the period the trust is created, with a corresponding credit to contributions with donor restrictions, based on the present value of the expected future cash inflows. The trust instruments provide for distributions to be made to the Foundation in amounts ranging from four to twenty-one percent of the trust assets each year for periods of two years or more. Total cash distributions received by the Foundation from these trusts amounted to $5,938,005 and $6,265,747 for the years ended December 31, 2024 and 2023, respectively.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2024	2023
Land	$ 6,917,030	$ 6,917,030
Building	9,987,763	9,987,763
Furniture, fixtures and equipment	1,026,610	980,874
	17,931,403	17,885,667
Less accumulated depreciation	(720,327)	(367,604)
	$ 17,211,076	$ 17,518,063

Depreciation expense recognized on property and equipment amounted to $352,723 and $258,859 for the years ended December 31, 2024 and 2023, respectively.

During 2023, the Foundation made available for sale its former office building. It is presented on the consolidated statements of financial position as property available for sale, valued at the lower of the carrying value or fair value less cost in the amount of $1,103,008 at December 31, 2024.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Foundation has a 403(b) Plan covering eligible employees age 21 years or older who have been employed by the Foundation for at least one year and have worked more than 20 hours a week or are reasonably expected to work 1,000 hours of service during the year. The Foundation contributed approximately $81,000 and $94,000 to the plan during 2024 and 2023, respectively.

NOTE 9 - AVAILABLE CREDIT LINES AND NOTE PAYABLE

On December 9, 2024, the Supporting Organization entered into a Revolving Credit Agreement ("Senior Facility") with six financial institution lenders. The facility provides up to $48,000,000 in revolving borrowings through December 9, 2027 (the "origination termination date"). The lenders have no obligations to make loans on or after the origination termination date. Borrowings under the agreement bear interest at a variable rate equal to the secured overnight financing rate for a one-month tenor ("SOFR") (with a floor of 0.00%) plus 2.50%. Interest payments are due quarterly. The facility is secured by the assets of the Supporting Organization, including a first lien on program-related loans. The Senior Facility matures on December 9, 2031. As of December 31, 2024, the full amount remained available and undrawn.

On December 9, 2024, the Supporting Organization also entered into mezzanine loan agreements with three companies ("Mezzanine Lenders"). The Mezzanine Lenders have provided a combined total of $8,000,000 of loans that are unsecured, subordinated to the Senior Facility and governed by a Subordination and Intercreditor Agreement dated December 9, 2024. The Supporting Organization may request draws on the mezzanine loans at any time during the 24-month credit period, which can be extended an additional 12 months. The principal balance of the loan accrues interest at the fixed rate of 2.00% per annum and the mezzanine loans mature on December 9, 2031. There were no outstanding draws under the mezzanine loans at December 31, 2024.

The Supporting Organization incurred debt issuance costs related to these available credit lines totaling $467,963 which is reported as a contra liability in accordance with GAAP.

The Foundation had a $2,000,000 non-revolving line of credit facility that expired in February 2024. The line of credit bore interest at the Bloomberg Short-Term Bank Yield Daily Floating Rate plus 0.4%. Outstanding borrowings under the line of credit were $65,055 as of December 31, 2023. The Foundation paid off the line of credit during 2024.

NOTE 9 - AVAILABLE CREDIT LINES AND NOTE PAYABLE (CONTINUED)

Note payable consists of the following at December 31:

	2024	2023
Term note payable to a bank with the original principal balance of $7,500,000 in March 2022, that bears interest at a fixed rate of 2.19%. The term note payable was due in interest-only payments through March 2024. Commencing March 2024, the note payable is due in monthly principal installments of $31,250 until March 2032 when the remaining principal balance is due in full.	$ 7,188,797	$ 7,500,000
	7,188,797	7,500,000
Less unamortized debt issuance costs	(457,963)	-
	$ 6,730,834	$ 7,500,000

Future principal maturities of the term not payable are as follows:

Year Ending December 31,	
2025	$ 375,000
2026	375,000
2027	375,000
2028	375,000
2029	375,000
Thereafter	5,313,797
	$ 7,188,797

NOTE 10 - FAIR VALUE MEASUREMENTS

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

2024	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Financial Assets:				
Investments:				
Money market funds and other short-term investments	$ 107,365,390	$ 107,365,390	$ -	$ -
Corporate bonds	50,779,753	-	50,779,753	-
Equity securities	192,350,725	192,350,725	-	-
Government securities	21,761,858	-	21,761,858	-
Mutual funds	139,861,405	112,481,505	27,379,900	-
Total investments in the fair value hierarchy	512,119,131	412,197,620	99,921,511	-
Partnership interests	76,634,532			
Private equity	4,030,600			
Hedge funds	120,368,700			
Total investments measured at net asset value (a)	201,033,832			
Total investments at fair value	713,152,963	412,197,620	99,921,511	-
Beneficial interest in lead trusts	59,298,129	-	59,298,129	-
Total Financial Assets	$ 772,451,092	$ 412,197,620	$ 159,219,640	$ -
Financial Liabilities:				
Agency funds liability	$ (21,028,053)	$ -	$ (21,028,053)	$ -

NOTE 10 - FAIR VALUE MEASUREMENTS (CONTINUED)

2023	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Financial Assets:				
Investments:				
Money market funds and other short-term investments	$ 43,299,497	$ 43,299,497	$ -	$ -
Corporate bonds	53,363,261	-	53,363,261	-
Equity securities	130,633,370	130,633,370	-	-
Government securities	3,379,548	-	3,379,548	-
Mutual funds	128,316,396	86,469,011	41,847,385	-
Total investments in the fair value hierarchy	358,992,072	260,401,878	98,590,194	-
Partnership interests	77,053,141			
Private equity	9,561,749			
Hedge funds	102,461,214			
Total investments measured at net asset value (a)	189,076,104			
Total investments at fair value	548,068,176	260,401,878	98,590,194	-
Beneficial interest in lead trusts	65,941,846	-	65,941,846	-
Total Financial Assets	$ 614,010,022	$ 260,401,878	$ 164,532,040	$ -
Financial Liabilities:				
Agency funds liability	$ (15,871,806)	$ -	$ (15,871,806)	$ -

(a) In accordance with Accounting Standards Codification Subtopic 820-10, certain investments that were measured at fair value using the net asset value per share (or the equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the investments at fair value presented in Note 5.

NOTE 10 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value of investments in certain entities that calculate net asset value per share (or its equivalent) are as follows:

	Fair Value 2024	Fair Value 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice
Partnership interests	$ 76,634,532	$ 77,053,141	$ 6,685,405	monthly, quarterly, bi-annually	30-180 days
Private equity	$ 4,030,600	$ 9,561,749	$ 20,462,950	daily, quarterly, bi-annually	30-90 days
Hedge funds	$ 120,368,700	$ 102,461,214	$ -	quarterly, annually	30-90 days

A summary of the investment strategies for significant investments follows:

Partnership interests

The Foundation holds an investment with a fair value of approximately $11,317,000 in 2024 ($10,307,000 in 2023) in Davidson Kempner Institutional Partners, L.P. The investment objective of the fund is to achieve capital appreciation through event-driven investments which seek to exploit situations in which announced or anticipated events create inefficiencies in the pricing of investments.

The Foundation holds an investment with a fair value of approximately $3,058,000 in 2024 ($3,470,000 in 2023) in Whiteoak Capital Partners. The investment objective of the fund is the earning of substantial current income by lending and investing in a diversified portfolio of fixed income securities.

The Foundation holds an investment with a fair value of approximately $7,521,000 in 2024 ($9,375,000 in 2023) in American Strategic Value Realty Fund. The investment objective of the fund is to offer institutional investors the opportunity to participate in a real estate investment strategy that targets enhanced yield and value-added return opportunities, with a secondary goal of diversification to reduce overall investment risk.

The Foundation holds an investment with a fair value of approximately $27,436,000 in 2024 ($24,604,000 in 2023) in Thornburg International Equity Fund. The investment objective of the fund is to provide investors with long-term capital appreciation by investing in equity and debt securities of all types using a fundamental approach to uncover promising businesses with sound fundamentals in primarily the developed international markets of Europe and the Asia Pacific region.

NOTE 10 - FAIR VALUE MEASUREMENTS (CONTINUED)

Partnership interests (continued)

The Foundation holds an investment with a fair value of approximately $7,316,000 in 2024 ($8,182,000 in 2023) in Intercontinental Real Estate Corporation. The investment objective of the fund is to invest in a pool of real estate assets that are diversified by geography and property type, with a focus on yield-driven investments and value-added investments.

The Foundation holds an investment with a fair value of approximately $10,075,000 in 2024 ($8,539,000 in 2023) in Pointer Offshore, Ltd. The investment objective of the fund is to trade and invest in various securities, private investment companies and other investments.

The Foundation holds an investment with a fair value of approximately $6,555,000 in 2024 ($6,005,000 in 2023) in Brookfield Super-Core Infrastructure Partners. The investment objective of the fund is to invest in its high-quality, core infrastructure businesses that reflect a lower-risk strategy that aims to deliver stable performance.

Private equity funds

The Foundation holds an investment with a fair value of approximately $1,064,000 in 2024 ($1,828,000 in 2023) in Strategic Value Special Situations Feeder Fund III, L.P. The investment objective of the fund is to generate capital appreciation through global investments in a range of distressed financial and other assets.

The Foundation holds an investment with a fair value of approximately $580,000 in 2024 ($2,754,000 in 2023) in Monogram Capital Partners The investment objective of the fund is to generate capital appreciation through investment in consumer and retail brands.

Hedge funds

The Foundation holds an investment with a fair value of approximately $82,882,000 in 2024 ($75,065,000 in 2023) in Courage Special Situations Onshore Fund, Ltd. The investment objective of the fund is to achieve significant capital gains while minimizing risks associated with the broad security markets.

The Foundation holds an investment with a fair value of approximately $14,946,000 in 2024 ($15,742,000 in 2023) in Courage Credit Opportunities Offshore Fund IV, L.P. The investment objective of the fund is to achieve investment returns while emphasizing distressed investments in financially troubled companies, including those of companies that may be or have become involved in reorganization or bankruptcy proceedings.

NOTE 10 - FAIR VALUE MEASUREMENTS (CONTINUED)

Hedge funds (continued)

The Foundation holds an investment with a fair value of approximately $12,194,000 in 2024 ($11,169,000 in 2023) in Ironwood Institutional Multi-Strategy Fund LLC. The investment objective of the fund is capital appreciation with limited variability of returns.

In addition to the above funds, the Foundation invests in approximately 40 other investments in certain entities that calculate net asset value per share or its equivalent (ranging in value up to approximately $2,000,000) which engage in multi-strategy approaches for both domestic and international investments in public and private companies and other objectives.

Estimated Fair Value of Other Financial Instruments

The Foundation estimates that the fair value of all other financial instruments at December 31, 2024 and 2023, does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying consolidated statements of financial position. The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies.

NOTE 11 - CERTAIN BEQUESTS

The Foundation's endowment consists of five permanently restricted bequests for donor-restricted funds established for a variety of purposes including support for public education, the acquisition of affordable housing, children, animals and the performing arts. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's donor-restricted endowment funds are subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act ("SUPMIFA").

Interpretation of applicable law - The Board of Directors and Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 11 - CERTAIN BEQUESTS (CONTINUED)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of the investments
- The investment policies of the Foundation

Spending policy - The Foundation has a policy of appropriating for distribution each year a payout range of 4% to 6% of total fund assets as determined annually by the Investment and Finance Committee. This payout will approximate 5% but may be adjusted by the committee at its sole discretion.

Investment return objective, risk parameters and strategies - The Foundation holds the assets in endowment funds to apply income there, both for long-term development purposes as well as for responding to current and changing charitable needs in Middle Tennessee. These circumstances require a growing asset base as well as a growing annual return on that base and dictate the following general philosophy guiding the Foundation's investments:

- Primary emphasis shall be placed on safety of principal by minimizing risks from either market or credit factors; and

- Moderate growth of principal and total return will be expected consistent with maintaining safety of principal.

The objective of the Foundation's investment management is to earn a real total rate of return averaging at least 4% per annum measured over a full market cycle (usually three to five years). The total fund objective is to compare favorably with the upper end performance (that is, the top 40%) of balanced fund managers, averaged over a full market cycle.

Investments of the Foundation are diversified to prevent adverse effects of any given investment from unduly penalizing the overall portfolio performance. Diversification is interpreted to include different types, characteristics and numbers of investments.

Asset allocation between equities, fixed income instruments and alternative investments is one method of diversification of investments of endowment funds. The portfolio is structured to consist of 40% to 80% equity securities, 60% to 20% fixed income securities, and up to 20% in alternative investment strategies.

NOTE 11 - CERTAIN BEQUESTS (CONTINUED)

A schedule of endowment net asset composition by type of fund as of December 31 follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Accumulated investment gains	$ -	$ 299,747	$ 299,747
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,961,917	1,961,917
Total endowment funds	$ -	$ 2,261,664	$ 2,261,664

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Accumulated investment gains	$ -	$ 194,944	$ 194,944
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,961,917	1,961,917
Total endowment funds	$ -	$ 2,156,861	$ 2,156,861

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SUPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies total approximately $33,000 and $50,000 at December 31, 2024 and 2023.

NOTE 11 - CERTAIN BEQUESTS (CONTINUED)

A schedule of changes in endowment net assets follows for the years ended December 31:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2024	$ -	$ 2,156,861	$ 2,156,861
Investment income	-	20,566	20,566
Net appreciation (realized and unrealized)	-	222,299	222,299
Amounts appropriated for expenditure	-	(138,062)	(138,062)
Endowment net assets, December 31, 2024	$ -	$ 2,261,664	$ 2,261,664

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2023	$ -	$ 2,069,936	$ 2,069,936
Investment income	-	44,268	44,268
Net appreciation (realized and unrealized)	-	203,988	203,988
Amounts appropriated for expenditure	-	(161,331)	(161,331)
Endowment net assets, December 31, 2023	$ -	$ 2,156,861	$ 2,156,861

NOTE 12 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

During the year ended December 31, 2024, the Foundation received donated property. The donated property is recorded in the consolidated financial statements as a contribution of nonfinancial assets at the estimated fair value at the date of receipt based on similar real estate values, which was approximately $1,075,000. The property is held in the Foundation's investments.

During the years ended December 31, 2024 and 2023, the Foundation received in-kind contributions in the form of professional services totaling approximately $0 and $15,000, respectively, based on the fair value of similar professional services. Such services were utilized for the Foundation's management and general activities and are recognized at fair value as support and expense in the period the services were performed.

SUPPLEMENTARY INFORMATION

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC. AND SUBSIDIARIES
SUPPORTING ORGANIZATION, AND SUBSIDIARIES
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2024

GRANT DESCRIPTION	ASSISTANCE LISTING NUMBER		GRANT NUMBER	GRANT PERIOD	EXPENDITURES
U.S. Department of Health and Human Services					
Passed Through Tennessee Department of Human Services					
CCDF Cluster:					
Child Care and Development Block Grant	93.575	*	65809	3/20/2020 - 9/30/2024	$ 119,155
Child Care and Development Block Grant	93.575	*	72122	10/1/2021 - 9/30/2024	6,592,956
Child Care and Development Block Grant	93.575	*	72363	10/1/2021 - 9/30/2024	4,212,510
Child Care and Development Block Grant	93.575	*	83883	10/1/2024 - 9/30/2025	708,804
Total U.S. Department of Health and Human Services, CCDF Cluster and ALN 93.575					11,633,425
TOTAL EXPENDITURES OF FEDERAL AWARDS					$ 11,633,425

*Considered a major program under Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200

See Notes to the Schedule of Expenditures of Federal Awards on page 31.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity, of The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries (the "Foundation") under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Foundation has elected not to use the de mininis indirect costs as allowed under the Uniform Guidance (the de minimis indirect cost rate was 10-percent from January 1, 2024 – September 30, 2025 and 15-percent from October 1, 2024 – December 31, 2024).

NOTE 3 - SUBRECIPIENTS

The Foundation does not pass any federal awards through to subrecipients.

OTHER REPORTS

KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors and Board of Trustees
The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated July 31, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

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REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KraftCPAs PLLC

Nashville, Tennessee
July 31, 2025

KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors and Board of Trustees
The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries
Nashville, Tennessee

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited The Community Foundation of Middle Tennessee, Inc., Supporting Organization, and Subsidiaries (the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2024. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

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RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KraftCPAs PLLC

Nashville, Tennessee
July 31, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ yes	x no
• Significant deficiency(ies) identified?	____ yes	x none reported
Noncompliance material to financial statements noted?	____ yes	x no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	____ yes	x no
• Significant deficiency(ies) identified?	____ yes	x none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	x no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.575	CCDF Cluster: Child Care and Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	x yes	____ no

Section II - Financial Statement Findings

Prior year - There were no prior year findings.

Current year - There were no current year findings.

Section III - Federal Award Findings and Questioned Costs

Prior year - There were no prior year findings.

Current year - There were no current year findings.