

Woods Charitable Fund, Inc.

Independent Accountant's Review Report
and Financial Statements

December 31, 2015 and 2014



Woods Charitable Fund, Inc.
December 31, 2015 and 2014

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Independent Accountant's Review Report

Board of Directors
Woods Charitable Fund, Inc.
Lincoln, Nebraska

We have reviewed the accompanying financial statements of Woods Charitable Fund, Inc. (the Fund) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Fund's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Other Matter

Supplementary Information

Our reviews were made for the purpose of expressing limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with the modified cash basis of accounting. The accompanying supplementary information is the representation of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and we did not become aware of any material modifications that should be made to such information. We have not audited the supplementary information and, accordingly, we do not express an opinion on such information.

BKD, LLP

Lincoln, Nebraska
March 31, 2016

Woods Charitable Fund, Inc.
Statements of Financial Position
Modified Cash Basis
December 31, 2015 and 2014

Assets

	2015	2014
Cash and cash equivalents	\$ 215,853	\$ 43,896
Investment securities, at cost		
Institutional funds	28,259,039	30,378,446
Partnership	10,402	8,372
Program related investment	7,000	20,954
Total assets	\$ 28,492,294	\$ 30,451,668
Unrestricted Net Assets	\$ 28,492,294	\$ 30,451,668

Woods Charitable Fund, Inc.
Statements of Activities
Modified Cash Basis
Years Ended December 31, 2015 and 2014

	2015	2014
Income Collected		
Investment income		
Net realized gain on sale of securities	\$ 249,014	\$ 201,812
Interest	675	461
Total investment income	249,689	202,273
Excise tax refunds	67,295	88,997
Other	117	8,379
Total income collected	317,101	299,649
Grants and Expenses Paid		
Grants paid	1,360,000	1,205,000
Expenses paid		
Salaries and benefits	414,747	393,974
Investment advisory fees	291,391	282,761
Conferences and meetings	1,335	847
Legal, audit and financial services	10,325	9,353
Office expenses	9,710	9,682
Rent expense	59,673	56,098
Memberships and dues	8,290	7,710
Consultants	6,828	14,174
Annual report expenses	1,197	1,320
Other expenses	22,979	18,406
Excise tax payments	90,000	68,000
Total expenses paid	916,475	862,325
Total grants and expenses paid	2,276,475	2,067,325
Change in Net Assets	(1,959,374)	(1,767,676)
Net Assets, Beginning of Year	30,451,668	32,219,344
Net Assets, End of Year	\$ 28,492,294	\$ 30,451,668

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Woods Charitable Fund, Inc. (the “Fund”) is a private philanthropic foundation incorporated in the State of Nebraska in 1941. The Fund’s purpose is to improve the quality of life in Lincoln, Nebraska by expanding prosperity and justice, advancing diverse and balanced participation of community residents and stimulating creativity and ingenuity. The Fund’s revenues and other support are derived principally from earnings on investments.

Method of Accounting

The Fund’s accounts are maintained on a modified cash basis, and the statements of activities reflect only cash received and disbursed. Therefore, receivables and payables, long-lived assets, accrued income and expenses and amortization and depreciation, which may be material, are not reflected in the accompanying financial statements. The statements are not intended to present the financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements on the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Fund considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2015 and 2014, cash equivalents consisted primarily of money market funds.

Investments and Investment Return

Investments are carried at cost. Under accounting principles generally accepted in the United States of America, investments in equity securities having a readily determinable fair value and in all debt securities would be carried at fair value.

Investment return includes dividend, interest and other investment income, and realized gains and losses on investments. Net profits or losses of limited partnership interests are reported as investment income upon allocation to the Fund’s capital account. The Fund uses the weighted average method to determine the cost of institutional funds sold and the first-in, first-out method to determine the cost of all other securities sold.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Income Taxes

The Fund is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Fund is subject to federal income tax on any unrelated business taxable income. The Fund is classified as a private foundation as defined in Section 509(a) of the Internal Revenue Code. As a private foundation, the Fund is also subject to excise tax on net investment income. Excise tax payments made in 2015 and 2014 were \$90,000 and \$68,000, respectively. In addition, in 2015 and 2014, the Fund received excise tax refunds of \$67,295 and \$88,997, respectively.

Note 2: Investments and Fair Value Disclosures

Fair value is the estimated amount at which financial assets could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Fund does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

Fair value is based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the Fund's financial statements.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2015 and 2014

Note 2: Investments and Fair Value Disclosures - Continued

Institutional funds at December 31, 2015 and 2014 consisted of the following:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Multi-asset	\$ 26,035,159	\$ 27,856,453	\$ 28,044,912	\$ 30,132,561
Fixed income	<u>2,223,880</u>	<u>3,111,291</u>	<u>2,333,534</u>	<u>3,249,784</u>
	<u>\$ 28,259,039</u>	<u>\$ 30,967,744</u>	<u>\$ 30,378,446</u>	<u>\$ 33,382,345</u>

The Fund has an investment in a private limited partnership with a cost of \$10,402 and \$8,372 at December 31, 2015 and 2014, respectively, for which a fair value was not ascertainable.

Program related investments consist of a non-interest bearing loan issued to a qualifying agency which requires repayment of principal in accordance with the terms of the related agreement.

Note 3: Operating Leases

The Fund entered into a lease agreement for its office space under a noncancelable ten year operating lease, which expires in 2022. The Fund is responsible for a pro-rata share of increases in direct building operating expenses over the lease term. Rent expense totaled \$59,673 and \$56,098 for 2015 and 2014, respectively.

Future minimum lease payments at December 31, 2015, were:

2016	\$ 57,135
2017	58,600
2018	58,600
2019	60,065
2020	61,530
Thereafter	<u>127,455</u>
	<u>\$ 423,385</u>

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2015 and 2014

Note 4: Commitments

The Fund is committed to pay grants totaling \$462,500 at December 31, 2015. Certain of these commitments are contingent on the fulfillment of specified conditions.

Note 5: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountant's Review Report, which is the date the financial statements were available to be issued.

Supplementary Information

Woods Charitable Fund, Inc.
Summary of Grants Paid by Areas of Interest
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Arts and Culture	\$ 288,500	\$ 364,500
Civic and Community	270,000	172,500
Education	132,000	217,500
Human Services	416,500	425,500
Miscellaneous	<u>253,000</u>	<u>25,000</u>
Total grants paid	<u>\$ 1,360,000</u>	<u>\$ 1,205,000</u>

Woods Charitable Fund, Inc.
Grants Paid
Year Ended December 31, 2015

Arts and Culture

Friends of the Haymarket Theatre	\$ 20,000
Hear Nebraska	20,000
Lincoln Community Playhouse, Inc.	20,000
Lincoln Orchestra Association	10,000
Lux Center for the Arts	25,000
Museum of Nebraska Art (MONA)	15,000
Nebraska Art Association (Sheldon Museum of Art)	100,000
Nebraska Jazz Orchestra, Inc.	7,500
Northeast Family Resource Center	5,000
Ruth Davidson Hahn & Company	1,000
University of Nebraska-Lincoln (UNL) International Quilt Study Center & Museum	15,000
Vision Maker Media	5,000
Willa Cather Pioneer Memorial and Education Foundation	15,000
Woods Hall Craft Shop	<u>30,000</u>

Total Arts and Culture 288,500

Civic and Community

Center for Legal Immigration Assistance	50,000
Center for Rural Affairs	20,000
Common Cause Education Fund (Nebraska)	20,000
Community CROPS	15,000
Community Development Resources (CDR)	100,000
Legal Aid of Nebraska	10,000
The Mediation Center	15,000
Nebraskans for Civic Reform	20,000
OpenSky Policy Institute	<u>20,000</u>

Total Civic and Community 270,000

Education

Lincoln Housing Charities	5,000
Lincoln Public Schools (Community LINKS programs)	32,000
Lincoln Public Schools (Family Literacy Program)	10,000
The Madonna Foundation	5,000
Spring Creek Prairie Audubon Center	20,000
UNL Nebraska Center for Research on Children, Families, Youth and Schools	20,000
YMCA of Lincoln	<u>40,000</u>

Total Education 132,000

Woods Charitable Fund, Inc.
Grants Paid - Continued
Year Ended December 31, 2015

Human Services

Asian Community and Cultural Center	\$ 25,000
Boys and Girls Clubs of Lincoln and Lancaster County	20,000
Bridge Behavioral Health, Inc.	25,000
CenterPointe, Inc.	8,000
Disability Rights Nebraska	20,000
El Centro de las Americas	10,000
Family Health Services	10,000
Food Bank of Lincoln, Inc.	20,000
Good Neighbor Community Center	20,000
Heartland Big Brothers Big Sisters	10,000
Lincoln and Lancaster County Child Guidance Center, Inc.	45,000
Lincoln Lancaster County Child Advocacy Center	20,000
Nebraska Children and Families Foundation	15,000
Nebraska Domestic Violence Sexual Assault Coalition, Inc.	4,500
Produce from the Heart (fiscal agent: Center for People in Need, Inc.)	30,000
Seniors Foundation	20,000
St. Monica's Home	20,000
Tabitha Foundation	15,000
TeamMates Mentoring Program	10,000
UNL Department of Psychology	24,000
Voices for Children in Nebraska	10,000
Voices of Hope Lincoln, Inc.	35,000
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Total Human Services	416,500
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Miscellaneous

Foundation for Lincoln City Libraries	18,000
Friends of Woods Tennis, Inc. (fiscal agent: Lincoln Parks & Recreation Foundation)	200,000
Nonprofit Hub Foundation	35,000
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Total Miscellaneous	253,000
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Total grants paid	\$ 1,360,000
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