

Woods Charitable Fund, Inc.

Independent Accountant's Review Report
and Financial Statements

December 31, 2016 and 2015



Woods Charitable Fund, Inc.
December 31, 2016 and 2015

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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, 2016 and 2015, 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

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

BKD, LLP

Lincoln, Nebraska
April 3, 2017

Woods Charitable Fund, Inc.
Statements of Financial Position
Modified Cash Basis
December 31, 2016 and 2015

Assets

	2016	2015
Cash and cash equivalents	\$ 97,563	\$ 215,853
Investment securities, at cost		
Institutional funds	26,693,740	28,259,039
Partnership	10,252	10,402
Program related investment	-	7,000
Total assets	\$ 26,801,555	\$ 28,492,294
Unrestricted Net Assets	\$ 26,801,555	\$ 28,492,294

Woods Charitable Fund, Inc.
Statements of Activities
Modified Cash Basis
Years Ended December 31, 2016 and 2015

	2016	2015
Income Collected		
Investment income		
Net realized gain on sale of securities	\$ 237,774	\$ 249,014
Interest	284	675
Total investment income	238,058	249,689
Excise tax refunds	40,103	67,295
Other	28,818	117
Total income collected	306,979	317,101
Grants and Expenses Paid		
Grants paid	1,137,700	1,360,000
Expenses paid		
Salaries and benefits	419,117	414,747
Investment advisory fees	272,923	291,391
Conferences and meetings	1,068	1,335
Legal, audit and financial services	11,105	10,325
Office expenses	8,991	9,710
Rent expense	58,827	59,673
Memberships and dues	4,825	8,290
Consultants	13,613	6,828
Annual report expenses	1,674	1,197
Other expenses	22,772	22,979
Excise tax payments	45,103	90,000
Total expenses paid	860,018	916,475
Total grants and expenses paid	1,997,718	2,276,475
Change in Net Assets	(1,690,739)	(1,959,374)
Net Assets, Beginning of Year	28,492,294	30,451,668
Net Assets, End of Year	\$ 26,801,555	\$ 28,492,294

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2016 and 2015

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. Additionally, the Fund carries its investments at cost and does not adjust these balances for changes in fair value, which may be material. 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, 2016 and 2015, 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, 2016 and 2015

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 2016 and 2015 were \$45,103 and \$90,000, respectively. In addition, in 2016 and 2015, the Fund received excise tax refunds of \$40,103 and \$67,295, 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, 2016 and 2015

Note 2: Investments and Fair Value Disclosures - Continued

Institutional funds at December 31, 2016 and 2015 consisted of the following:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Multi-asset	\$ 24,559,514	\$ 29,449,390	\$ 26,035,159	\$ 27,856,453
Fixed income	2,134,226	3,091,107	2,223,880	3,111,291
	<u>\$ 26,693,740</u>	<u>\$ 32,540,497</u>	<u>\$ 28,259,039</u>	<u>\$ 30,967,744</u>

The Fund has an investment in a private limited partnership with a cost of \$10,252 and \$10,402 at December 31, 2016 and 2015, 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 required 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 \$58,827 and \$59,673 for 2016 and 2015, respectively.

Future minimum lease payments at December 31, 2016, were:

2017	\$ 58,600
2018	58,600
2019	60,065
2020	61,530
2021	62,995
Thereafter	<u>64,460</u>
	<u>\$ 366,250</u>

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2016 and 2015

Note 4: Commitments

The Fund is committed to pay grants in the future totaling \$531,500 as of December 31, 2016. 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Arts and Culture	\$ 146,700	\$ 288,500
Civic and Community	196,000	270,000
Education	290,000	132,000
Human Services	505,000	416,500
Miscellaneous	<u>-</u>	<u>253,000</u>
Total grants paid	<u>\$ 1,137,700</u>	<u>\$ 1,360,000</u>

Woods Charitable Fund, Inc.
Grants Paid
Year Ended December 31, 2016

Arts and Culture

Colonel Mustard Amateur Attic Theatre Company	\$ 5,000
Fiesta Mexicana of the Heartlands	5,700
Flatwater Shakespeare Company	12,500
Hear Nebraska, Inc.	20,000
Lincoln Arts Council	20,000
Lincoln Orchestra Association	10,000
Lux Center for the Arts	25,000
Meadowlark Music Festival	10,000
Mid-America Arts Alliance	8,000
Nebraska Art Association	5,000
Nebraska Brass, Inc.	2,500
Nebraska Writers Collective	15,000
University of Nebraska-Lincoln, Great Plains Art Museum	<u>8,000</u>
 Total Arts and Culture	 <u>146,700</u>

Civic and Community

ACLU Nebraska Foundation, Inc.	5,000
Leadership Lincoln, Inc.	20,000
Legal Aid of Nebraska	25,000
Lincoln Community Foundation, Inc.	1,000
Nebraska Appleseed Center for Law in the Public Interest, Inc.	30,000
Nebraska Bicycling Alliance	10,000
Nebraskans for Civic Reform	20,000
Neighborhoods, Inc. (dba NeighborWorks Lincoln)	30,000
OpenSky Policy Institute	15,000
Sunrise Communications, Inc. (dba KZUM Radio)	20,000
VolunteerLinc	<u>20,000</u>
 Total Civic and Community	 <u>196,000</u>

Education

Bright Lights, Inc.	8,000
Dimensions Educational Research Foundation	50,000
Educare of Lincoln, Inc.	20,000
Lincoln Children's Museum	1,000
Lincoln Housing Charities	4,500
Lincoln Literacy Council	30,000
Lincoln Public Schools (Community LINKS programs)	94,000
Nebraska Human Resources Research Foundation, Inc.	20,000
Northeast Family Resource Center	12,500
Spring Creek Prairie Audubon Center	20,000
UNL Nebraska Center for Research on Children, Youth, Families and Schools	<u>30,000</u>
 Total Education	 <u>290,000</u>

Woods Charitable Fund, Inc.
Grants Paid - Continued
Year Ended December 31, 2016

Human Services

Asian Community and Cultural Center	\$ 25,000
Boys and Girls Clubs of Lincoln Lancaster County	10,000
CASA for Lancaster County	12,500
Cedars Youth Services, Inc.	30,000
Center for People in Need, Inc.	20,000
Community Action Partnership of Lancaster and Saunders Counties	10,000
Food Bank of Lincoln, Inc.	20,000
Fresh Start, Inc.	19,000
Girl Scouts-Spirit of Nebraska	20,000
Heartland Big Brothers-Big Sisters	30,000
Karen Society of Nebraska, Inc.	5,000
Lincoln Bike Kitchen	8,000
Lincoln Lancaster County Child Advocacy Center	10,000
Lincoln Lancaster County Human Services Federation, Inc.	10,000
Lincoln YWCA	25,000
Lutheran Family Services of Nebraska, Inc.	25,000
Malone Community Center (Culler Summer Investments program)	10,000
Malone Community Center (General operating)	20,000
Malone Community Center (Out-of-School program coordinator position)	20,000
Matt Talbot Kitchen & Outreach, Inc.	27,500
Mourning Hope	15,000
Outlinc, Inc.	6,000
Planned Parenthood of the Heartland, Inc.	20,000
TeamMates Mentoring Program	5,000
University of Nebraska-Lincoln, Center on Children, Families and the Law	12,000
University of Nebraska-Lincoln, Department of Psychology	25,000
Voices for Children in Nebraska	10,000
Voices of Hope Lincoln, Inc.	35,000
Wellbeing Initiative, Inc.	20,000
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Total Human Services	505,000
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Total grants paid	\$ 1,137,700
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