

**TO THE BOARD OF DIRECTORS  
WOODS CHARITABLE FUND, INC.**

We have audited the accompanying statements of assets, liabilities and net assets arising from cash transactions of Woods Charitable Fund, Inc. (the Fund) as of December 31, 2003 and 2002, and the related statements of income collected, deductions and expenses paid and of changes in unrestricted net assets arising from cash transactions for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities and net assets arising from cash transactions of Woods Charitable Fund, Inc. at December 31, 2003 and 2002, and its income collected, deductions and expenses paid and changes in unrestricted net assets for the years then ended, on the basis of accounting described in Note A.

Our audits were conducted for the purpose of forming an opinion on the basic cash basis financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Fund's management. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note A.

*Deloitte & Touche LLP*

DELOITTE & TOUCHE LLP  
Lincoln, Nebraska

February 9, 2004

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS  
ARISING FROM CASH TRANSACTIONS  
DECEMBER 31, 2003 AND 2002**

<b>ASSETS</b>	<b>2003</b>	<b>2002</b>
Cash (including checking, savings and money market accounts) . . . . .	\$ 55,902	\$ 154,612
Investment securities, at cost:		
Mutual funds (fair value 2003 - \$30,737,791 and 2002 - \$24,879,799) . . . . .	23,773,173	24,228,909
Partnerships and other investments . . . . .	704,271	624,203
Program related investments . . . . .	464,729	80,381
<b>Total assets . . . . .</b>	<b>\$ 24,998,075</b>	<b>\$ 25,088,105</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Unrestricted net assets . . . . .	\$ 24,998,075	\$ 25,088,105
<b>Total liabilities and net assets . . . . .</b>	<b>\$ 24,998,075</b>	<b>\$ 25,088,105</b>

*See accompanying notes to cash basis financial statements*

**STATEMENTS OF INCOME COLLECTED,  
DEDUCTIONS AND EXPENSES PAID  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
<b>Income collected:</b>		
Investment income (loss):		
Net realized gains (losses) on sale of investments . . . . .	\$ 750,249	\$ (1,259,531)
Interest:		
Money market accounts . . . . .	139	14,663
Program related investments, interest bearing . . . . .	12,022	-
Checking accounts, interest bearing . . . . .	1,511	4,028
Total interest income . . . . .	13,672	18,691
Dividends:		
Common and preferred stocks . . . . .	2,347	412,875
Mutual funds . . . . .	619,473	350,001
Total dividends . . . . .	621,820	762,876
Total investment income (loss) . . . . .	1,385,741	(477,964)
Miscellaneous income . . . . .	3,523	2,323
Total income collected . . . . .	1,389,264	(475,641)

	<b>2003</b>	<b>2002</b>
<b>Deductions:</b>		
Grants paid . . . . .	1,168,309	1,461,400
<b>Expenses paid:</b>		
Investment advisory fee . . . . .	23,191	123,762
Salary and related expenses . . . . .	235,372	221,865
Conferences and meetings . . . . .	1,687	8,639
Legal, audit and financial services . . . . .	8,275	13,284
Office expenses . . . . .	6,231	15,812
Memberships and dues . . . . .	7,487	9,916
Consultants . . . . .	2,358	3,700
Annual report expenses . . . . .	7,597	4,672
Other expenses . . . . .	18,787	15,030
Taxes:		
Foreign tax withheld at source . . . . .	—	13,404
Total expenses paid . . . . .	310,985	430,084
Total deductions and expenses paid . . .	1,479,294	1,891,484
<b>DEFICIENCY OF INCOME COLLECTED OVER DEDUCTIONS AND EXPENSES PAID</b>	<b>\$ (90,030)</b>	<b>\$ (2,367,125)</b>

See accompanying notes to cash basis financial statements.

**STATEMENTS OF CHANGES IN UNRESTRICTED  
NET ASSETS ARISING FROM CASH TRANSACTIONS  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
Unrestricted net assets, January 1	\$ 25,088,105	\$ 27,455,230
Deficiency of income collected over deductions and expenses paid . . . . .	(90,030)	(2,367,125)
<b>Unrestricted net assets, December 31. . . . .</b>	<b>\$ 24,998,075</b>	<b>\$ 25,088,105</b>

See accompanying notes to cash basis financial statements.



# Notes to Cash Basis Financial Statements

YEARS ENDED DECEMBER 31, 2003 AND 2002

## **A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Woods Charitable Fund, Inc. (the Fund) are prepared on the basis of cash transactions. Accordingly, income is recognized when received and expenses and grants are recognized when paid. Under accounting principles generally accepted in the United States of America, income would be recognized when earned and all expenses would be recognized when incurred.



Investments are carried at cost. The Fund uses the weighted average method to determine the cost of mutual funds sold and the first-in, first-out method to determine the cost of all other securities sold.

## **B. ESTIMATED FAIR VALUE OF THE FUND'S ASSETS**

Estimated fair values of publicly traded securities at December 31, 2003 and 2002 were determined from closing prices of national securities exchanges or latest bid quotation.

The Fund held an investment in a private limited partnership interest with a cost of \$704,271 and \$624,203, for which a fair value was not ascertainable at December 31, 2003 and 2002, respectively.

## **C. FEDERAL EXCISE TAX**

The Internal Revenue Service has classified the Fund as a private foundation as defined in Section 509(a) of the Internal Revenue Code. The estimated 2003 federal excise tax liability is zero.

## **D. COMMITMENTS**

The Fund is committed to pay grants aggregating \$1,339,250 at December 31, 2003. In addition, the Fund has supplied a stand-by letter of credit of \$28,500. The Fund is committed to invest an additional \$181,640 in a limited partnership interest. Certain of these commitments are contingent upon the fulfillment of specified conditions.