Independent Auditors' Report:

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, 2005 and 2004, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and 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 described in Note B to the financial statements, these financial statements were prepared on the basis of cash transactions, 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, 2005 and 2004, 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 B.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Lincoln, Nebraska
February 22, 2006

Financial Statements:

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS ARISING FROM CASH TRANSACTIONS DECEMBER 31, 2005 AND 2004

ASSETS	2005	2004
Cash (including checking, savings and money market accounts)	$ 125,627	$ 67,252
Investment securities, at cost:		
Mutual funds (fair value of $33,649,007 for 2005, and $33,483,913 for 2004)	24,118,325	24,057,806
Partnerships and other investments	1,867,925	701,466
Program related investments	395,919	416,177
Total assets	$ 26,507,796	$ 25,242,701
LIABILITIES AND NET ASSETS		
Unrestricted net assets	$ 26,507,796	$ 25,242,701
Total liabilities and net assets	$ 26,507,796	$ 25,242,701

See accompanying notes to cash basis financial statements

STATEMENTS OF INCOME COLLECTED, DEDUCTIONS AND EXPENSES PAID YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
Income collected:		
Investment income:		
Net realized gains on sale of investments	$ 696,743	$ 652,703
Interest:		
Program related investments, interest bearing	19,832	20,180
Checking accounts, interest bearing	4,968	1,298
Total interest income	24,800	21,478
Dividends from mutual funds	2,276,154	1,345,392
Other	–	12,037
Total investment income	2,997,697	2,031,610
Donations	200	
Total income collected	2,997,897	2,031,610
Deductions:		
Grants paid	1,353,740	1,436,511
Expenses paid:		
Salary and related expenses	265,182	252,524
Investment advisory fee	26,719	26,048
Conferences and meetings	9,629	3,927
Legal, audit and financial services	9,550	8,909
Office expenses	11,837	2,655
Memberships and dues	9,489	8,450
Consultants	3,395	1,459
Annual report expenses	5,301	4,416
Other expenses	17,995	21,485
Taxes:		
Excise tax payments	19,965	20,600
Total expenses paid	379,062	350,473
Total deductions and expenses paid	1,732,802	1,786,984
INCOME COLLECTED OVER DEDUCTIONS AND EXPENSES PAID	$ 1,265,095	$ 244,626

See accompanying notes to cash basis financial statements.

STATEMENTS OF CHANGES IN UNRESTRICTED NET ASSETS ARISING FROM CASH TRANSACTIONS YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
Unrestricted net assets, January 1	$ 25,242,701	$ 24,998,075
Income collected over deductions and expenses paid	1,265,095	244,626
Unrestricted net assets, December 31	$ 26,507,796	$ 25,242,701

See accompanying notes to cash basis financial statements.

YEARS ENDED
DECEMBER 31, 2005
AND 2004

A. NATURE OF OPERATIONS

Woods Charitable Fund, Inc. (the “Fund”) is a private philanthropic foundation incorporated in the state of Nebraska in 1941. Through grants made to eligible organizations, the Fund seeks to strengthen the community by improving opportunities and life outcomes for all people in Lincoln, Nebraska. The Fund supports members of the nonprofit sector who are exploring creative alternatives and promoting more just, effective approaches to meet community needs.

B. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund are prepared on the basis of cash transactions which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 (“GAAP”), income would be recognized when earned and all expenses would be recognized when incurred. The financial statements also do not include certain information about cash flows that would be included in a presentation in conformity with GAAP.

Investments are carried at cost unless the Fund has determined a permanent decline in value. As of December 31, 2005 and 2004, there are no investments which the Fund has determined to be permanently impaired. 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. Under GAAP, not-for-profit organizations would record investments in equity securities with readily determinable fair values and all investments in debt securities at fair value.

C. ESTIMATED FAIR VALUE OF INVESTMENT SECURITIES

Estimated fair values of publicly traded securities and mutual funds at December 31, 2005 and 2004 were determined from closing prices of national securities exchanges, latest bid quotation or published net asset values.

During 2005, the Fund invested $1,500,000 in a private fund of hedge funds, for which the estimated fair value at December 31, 2005 was $1,539,120 as determined by the Fund’s management. The Fund held an investment in a private limited partnership interest with a cost of $367,925 and $701,466, for which a fair value was not ascertainable at December 31, 2005 and 2004, respectively.

D. 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 total estimated 2005 federal excise tax liability is $60,000. The Fund made estimated excise tax payments of $10,500 in 2005 related to 2005. The Fund paid $9,465 in excise tax during 2005 related to 2004. The Fund made estimated tax payments of $10,600 in 2004 related to 2004. The Fund paid $10,000 in excise tax during 2004 related to 2003.

E. COMMITMENTS

The Fund is committed to pay grants aggregating $870,049 at December 31, 2005. In addition, the Fund has supplied a stand-by letter of credit to YWCA of $28,500 as of December 31, 2005. This letter of credit expires in May 2011. The Fund is committed to invest an additional $74,640 in a limited partnership interest as of December 31, 2005. Certain of these commitments are contingent upon the fulfillment of specified conditions.