

Woods Charitable Fund, Inc.

Accountants' Report and Financial Statements

December 31, 2008 and 2007



Woods Charitable Fund, Inc.
December 31, 2008 and 2007

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Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying modified cash basis statements of financial position of Woods Charitable Fund, Inc. as of December 31, 2008 and 2007, and the related statements of activities 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 described in Note 1, these financial statements were prepared on the basis of modified 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, the financial statements referred to above present fairly, in all material respects, the financial position of Woods Charitable Fund, Inc. as of December 31, 2008 and 2007, and the changes in its net assets for the years then ended, on the basis of accounting described in Note 1.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information 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 procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

/s/ BKD, LLP

February 17, 2009

Woods Charitable Fund, Inc.
Statements of Financial Position
Modified Cash Basis
December 31, 2008 and 2007

Assets

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 1,619,506	\$ 284,903
Investment securities, at cost		
Mutual funds	29,692,967	30,158,694
Partnerships and other investments	1,825,131	3,954,596
Program related investments	<u>-</u>	<u>171,679</u>
Total assets	<u>\$ 33,137,604</u>	<u>\$ 34,569,872</u>

Liabilities and Net Assets

Liabilities	\$ -	\$ -
Unrestricted net assets	<u>33,137,604</u>	<u>34,569,872</u>
Total liabilities and net assets	<u>\$ 33,137,604</u>	<u>\$ 34,569,872</u>

Woods Charitable Fund, Inc.
Statements of Activities
Modified Cash Basis
Years Ended December 31, 2008 and 2007

	2008	2007
Income Collected		
Investment income		
Net realized gains (losses) on sale of securities	\$ (101,275)	\$ 2,253,094
Interest		
Program related investments, interest bearing	2,922	16,207
Cash accounts, interest bearing	5,917	15,254
Total interest income	8,839	31,461
Dividends from mutual funds	561,201	4,984,950
Other	18,307	649
Total investment income collected	487,072	7,270,154
Grants and Expenses Paid		
Grants paid	1,442,003	1,469,988
Expenses paid		
Salaries and benefits	327,208	314,562
Investment advisory fees	29,391	31,455
Conferences and meetings	7,586	5,969
Legal, audit and financial services	14,770	11,935
Office expenses	5,325	5,315
Memberships and dues	11,498	12,318
Consultants	8,642	2,556
Annual report expenses	4,791	5,476
Other expenses	24,983	19,285
Excise tax payments	43,143	130,500
Total expenses paid	477,337	539,371
Total grants and expenses paid	1,919,340	2,009,359
Change in Net Assets	(1,432,268)	5,260,795
Net Assets, Beginning of Year	34,569,872	29,309,077
Net Assets, End of Year	\$ 33,137,604	\$ 34,569,872

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2008 and 2007

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 mission and principal activities are to strengthen the community by improving opportunities and life outcomes for all people in Lincoln, Nebraska through grants made to eligible organizations. The Fund supports members of the nonprofit sector who are exploring creative alternatives and promoting more just, effective approaches to meet community needs. 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 liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, 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, 2008 and 2007, cash equivalents consisted primarily of money market funds.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2008 and 2007

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

Investments and Investment Return

Investments are carried at cost unless the Fund has determined a permanent decline in value. As of December 31, 2008 and 2007, there are no investments which the Fund has determined to be permanently impaired. 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 loss 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 mutual funds sold and the first-in, first-out method to determine the cost of all other securities sold.

Excise Taxes

The Fund is classified as a private foundation as defined in Section 509(a) of the Internal Revenue Code and a similar provision of state law. Excise tax payments consisted of:

	2008	2007
Current year estimated payments	\$ 37,000	\$ 130,500
Payments for prior year liability	6,143	-
	\$ 43,143	\$ 130,500

Note 2: Investments and Fair Value Disclosures

Fair value is the estimated amount at which financial assets or liabilities 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.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2008 and 2007

Note 2: Investments and Fair Value Disclosures - Continued

Mutual funds at December 31, 2008 and 2007 consisted of the following:

2008	Cost	Fair Value
Equity mutual funds	\$ 15,147,161	\$ 10,750,579
Fixed income mutual funds	4,262,071	4,025,785
International mutual funds	8,603,386	5,602,822
Real estate mutual funds	1,680,349	1,132,119
Total mutual funds	<u>\$ 29,692,967</u>	<u>\$ 21,511,305</u>
2007		
Equity mutual funds	\$ 13,912,416	\$ 17,710,939
Fixed income mutual funds	3,147,714	3,009,399
International mutual funds	11,017,914	13,588,457
Real estate mutual funds	2,080,650	2,322,517
Total mutual funds	<u>\$ 30,158,694</u>	<u>\$ 36,631,312</u>

The Fund has invested \$1,615,542 and \$3,700,000 at December 31, 2008 and 2007, respectively, in a private fund of hedge funds, for which the estimated fair value was \$1,322,887 and \$3,865,372, as determined by the Fund's management at December 31, 2008 and 2007, respectively. The Fund has an investment in a private limited partnership with a cost of \$209,589 and \$254,596, for which a fair value was not ascertainable at December 31, 2008 and 2007, respectively.

Program related investments consist of loans issued to qualifying agencies which require repayment of principal and interest (if applicable) in accordance with the terms of the related agreement. All program related investments were repaid in full in 2008.

Current Economic Conditions

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets and constraints on liquidity. The financial statements have been prepared using values and information currently available to the Fund.

In addition, given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Fund's ability to maintain sufficient liquidity. As a result of the current economic conditions, the fair value of the Funds' mutual funds and hedge funds declined by approximately 8% as of January 31, 2009.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2008 and 2007

Note 3: Commitments

The Fund is committed to pay grants totaling \$1,286,332 at December 31, 2008. In addition, the Fund has supplied a stand-by letter of credit to YWCA of \$28,500 as of December 31, 2008. This letter of credit expires in May 2011. The Fund is committed to invest an additional \$50,700 in a limited partnership as of December 31, 2008. Certain of these commitments are contingent on the fulfillment of specified conditions.

Supplementary Information

Woods Charitable Fund, Inc.
Summary of Grants Paid by Areas of Interest
Years Ended December 31, 2008 and 2007

Human Services	\$ 698,802	\$ 768,388
Civic and Community	294,151	223,000
Arts and Culture	276,950	250,600
Education	<u>172,100</u>	<u>228,000</u>
Total grants paid	<u><u>\$ 1,442,003</u></u>	<u><u>\$ 1,469,988</u></u>

Woods Charitable Fund, Inc.

Grants Paid

Year Ended December 31, 2008

Human Services

Adoption Links Worldwide, Inc.	\$ 15,525
Asian Community and Cultural Center	20,000
Center for People in Need, Inc. (Public Policy)	30,000
Center for People in Need, Inc. (Capital Grant, Warehouse)	40,000
Center for People in Need, Inc. (General Operation)	5,000
CenterPointe, Inc.	35,700
City of Lincoln, Lincoln Area Agency on Aging	15,000
Cultural Centers Coalition	35,000
Families Inspiring Families	20,000
Family Service Association of Lincoln	50,000
Food Bank of Lincoln, Inc.	5,000
Friendship Home of Lincoln	5,000
Girl Scouts - Homestead Council	25,000
Good Neighbor Community Center, Inc.	20,000
Houses of Hope of Nebraska, Inc.	75,000
Indian Center, Inc.	20,000
Lincoln and Lancaster County Child Guidance Center	35,000
Lincoln Medical Education Partnership	5,000
Lincoln YWCA	10,000
Malone Community Center	5,000
Matt Talbot Kitchen	30,000
Nebraska Appleseed Center for Law in the Public Interest, Inc.	40,077
Northeast Family Resource Center (Administrative and Capacity Building)	15,000
Northeast Family Resource Center (Parents as Partners Project)	10,000
Planned Parenthood of Nebraska and Council Bluffs, Inc.	55,000
Region V Systems	5,000
St. Monica's Home	22,500
UNL-Center on Children, Families and the Law	30,000
UNL-Public Policy Center	20,000
Total Human Services	<u>698,802</u>

Civic and Community

Center for Rural Affairs	20,000
EndowNebraska	10,000
Goodwill Industries Serving Southeast Nebraska, Inc.	24,000
Leadership Lincoln, Inc.	10,000
Lincoln Parks and Recreation Foundation	14,370
NeighborWorks, Lincoln	110,000
People's City Mission	10,000
Sunrise Communications, Inc.	40,000
The Mediation Center	15,000
United Methodist Ministries	25,000
VolunteerLinc dba Volunteer Partners	15,781
Total Civic and Community	<u>294,151</u>

Woods Charitable Fund, Inc.
Grants Paid - Continued
Year Ended December 31, 2008

Arts and Culture

City of Lincoln, Department of Parks and Recreation	\$ 20,000
Flatwater Shakespeare Company	20,000
Friends of Arts Are Basic	20,000
Friends of Haydon, Inc.	14,500
Lincoln Arts Council	20,450
Lincoln Municipal Band Association, Inc.	20,000
Lincoln Orchestra Association dba Lincoln's Symphony Orchestra	30,000
Lux Center for the Arts	15,000
Nebraska Humanities Council	20,000
The Loft at the Mill	22,000
UNL-Department of Art and Art History	5,000
UNL-International Quilt Study Center	45,000
UNL-Lied Center for Performing Arts	<u>25,000</u>
Total Arts and Culture	<u>276,950</u>

Education

Bright Lights, Inc.	20,500
Informal Educators	3,000
Lincoln Children's Zoo	15,000
Lincoln Literacy Council	89,600
Madonna Foundation	10,000
Malaika Foundation	7,500
Union College	6,500
YMCA of Lincoln	<u>20,000</u>
Total Education	<u>172,100</u>
Total grants paid	<u><u>\$ 1,442,003</u></u>