

Woods Charitable Fund, Inc.

Accountants' Report and Financial Statements

December 31, 2009 and 2008



Woods Charitable Fund, Inc.
December 31, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008, 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

March 4, 2010

Woods Charitable Fund, Inc.
Statements of Financial Position
Modified Cash Basis
December 31, 2009 and 2008

Assets

	2009	2008
Cash and cash equivalents	\$ 421,427	\$ 1,619,506
Investment securities, at cost		
Mutual funds	2,972,696	29,692,967
Institutional funds	20,779,099	-
Partnerships and other investments	1,006,903	1,825,131
Program related investments	5,000	-
Total assets	\$ 25,185,125	\$ 33,137,604

Liabilities and Net Assets

Liabilities	\$ -	\$ -
Unrestricted net assets	25,185,125	33,137,604
Total liabilities and net assets	\$ 25,185,125	\$ 33,137,604

Woods Charitable Fund, Inc.
Statements of Activities
Modified Cash Basis
Years Ended December 31, 2009 and 2008

	2009	2008
Income Collected/(Loss) Realized		
Investment income (loss)		
Net realized losses on sale of securities	\$ (6,328,703)	\$ (101,275)
Interest	841	8,839
Dividends from mutual funds	233,279	561,201
Total investment income (loss)	(6,094,583)	468,765
Excise tax refunds	31,795	-
Other	33,327	18,307
Total income collected/(loss) realized	(6,029,461)	487,072
Grants and Expenses Paid		
Grants paid	1,438,842	1,442,003
Expenses paid		
Salaries and benefits	336,594	327,208
Investment advisory fees	54,803	29,391
Conferences and meetings	2,392	7,586
Legal, audit and financial services	15,246	14,770
Office expenses	19,347	5,325
Memberships and dues	10,625	11,498
Consultants	12,959	8,642
Annual report expenses	3,636	4,791
Other expenses	24,074	24,983
Excise tax payments	4,500	43,143
Total expenses paid	484,176	477,337
Total grants and expenses paid	1,923,018	1,919,340
Change in Net Assets	(7,952,479)	(1,432,268)
Net Assets, Beginning of Year	33,137,604	34,569,872
Net Assets, End of Year	\$ 25,185,125	\$ 33,137,604

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2009 and 2008

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 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, 2009 and 2008, cash equivalents consisted primarily of money market funds.

The financial institutions holding the Fund’s cash accounts are participating in the FDIC’s Transaction Account Guarantee Program. Under that program, through June 30, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

Effective October 3, 2008, the FDIC’s insurance limits increased to \$250,000. The increase in federally insured limits is currently set to expire December 31, 2013. At December 31, 2009, the Funds’ cash accounts did not exceed federally insured limits.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2009 and 2008

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, 2009 and 2008, 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 and institutional funds sold and the first-in, first-out method to determine the cost of all other securities sold.

Excise 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 consisted of:

	2009	2008
Current year estimated payments	\$ 4,500	\$ 37,000
Payments for prior year liability	-	6,143
	\$ 4,500	\$ 43,143

The Fund files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Fund is no longer subject to U.S. federal examinations by tax authorities for years before 2002.

During 2009, the Fund adopted the provisions of Accounting Standards Codification 740, *Income Taxes* 740-10-65. As part of the implementation of this standard, management evaluated its current tax positions under the more-likely-than-not recognition threshold criteria and determined the adoption of this standard had no material impact on the financial statements of the Fund.

Subsequent Events

Subsequent events have been evaluated through March 4, 2010, which is the date the financial statements were available to be issued.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2009 and 2008

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. 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.

Mutual and institutional funds at December 31, 2009 and 2008 consisted of the following:

	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Mutual funds				
Equity	\$ -	\$ -	\$ 15,147,161	\$ 10,750,579
Fixed income	-	-	4,262,071	4,025,785
International	1,294,096	1,507,940	8,603,386	5,602,822
Real estate	1,678,600	1,531,939	1,680,349	1,132,119
	<u>\$ 2,972,696</u>	<u>\$ 3,039,879</u>	<u>\$ 29,692,967</u>	<u>\$ 21,511,305</u>
Institutional funds				
Equity	\$ 11,554,060	\$ 13,986,174	\$ -	\$ -
Fixed income	4,390,697	4,903,016	-	-
International	4,834,342	5,915,708	-	-
	<u>\$ 20,779,099</u>	<u>\$ 24,804,898</u>	<u>\$ -</u>	<u>\$ -</u>

The Fund has invested \$806,926 and \$1,615,542 at December 31, 2009 and 2008, respectively, in a private fund of hedge funds, for which the estimated fair value was \$483,736 and \$1,322,887, as determined by the Fund's management at December 31, 2009 and 2008, respectively. The Fund has an investment in a private limited partnership with a cost of \$199,977 and \$209,589, for which a fair value was not ascertainable at December 31, 2009 and 2008, respectively.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2009 and 2008

Note 2: Investments and Fair Value Disclosures - Continued

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.

Note 3: Commitments

The Fund is committed to pay grants totaling \$1,318,940 at December 31, 2009. In addition, the Fund has supplied a stand-by letter of credit to YWCA of \$28,500 as of December 31, 2009. 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, 2009. 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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Human Services	\$ 820,000	\$ 768,388
Civic and Community	233,472	223,000
Arts and Culture	222,200	250,600
Education	148,170	228,000
Miscellaneous	<u>15,000</u>	<u>-</u>
Total grants paid	<u>\$ 1,438,842</u>	<u>\$ 1,469,988</u>

Woods Charitable Fund, Inc.

Grants Paid

Year Ended December 31, 2009

Human Services

Arc of Lincoln-Lancaster County	\$ 25,000
Asian Community and Cultural Center	15,000
Boys and Girls Clubs of Lincoln Lancaster County	5,000
CASA for Lancaster County	12,500
Center for People in Need, Inc. (general operations)	1,666
Center for People in Need, Inc. (job skills training program)	20,000
Center for People in Need, Inc. (warehouse capital campaign)	40,000
CenterPointe, Inc.	12,500
Cultural Centers Coalition (Development Coordinator position)	15,000
Cultural Centers Coalition (co-location feasibility study)	30,000
El Centro de las Americas	25,000
Families Inspiring Families	20,000
Family Service Association of Lincoln	30,000
Food Bank of Lincoln, Inc.	1,668
Fresh Start, Inc.	20,000
Friendship Home of Lincoln	15,000
Good Neighbor Community Center, Inc.	10,000
Heartland Big Brothers Big Sisters	10,000
Houses of Hope of Nebraska, Inc.	75,000
Lincoln Action Program, Inc.	30,000
Lincoln Lancaster County Child Advocacy Center	60,000
Lutheran Family Services of Nebraska	25,000
Malone Community Center	1,666
Matt Talbot Kitchen & Outreach	50,000
Nebraska Association for the Education of Young Children, Inc.	20,000
Nebraska State Bar Foundation	10,000
Partners in Recovery Foundation	5,000
Planned Parenthood of Nebraska and Council Bluffs, Inc.	50,000
Seniors Foundation	15,000
St. Monica's Home	95,000
State of Nebraska, Region V Systems	5,000
UNL-Public Policy Center	10,000
Voices for Children in Nebraska	30,000
Voices of Hope Lincoln, Inc.	30,000
Total Human Services	<u>820,000</u>

Civic and Community

Center for Rural Affairs	\$ 25,000
Community CROPS	15,000
Community Development Resources	20,000
Community Services Fund of Nebraska	6,000
Heritage Nebraska	10,000
Legal Aid of Nebraska	25,000
Lincoln Housing Charities	10,000
Lincoln Lancaster County Human Services Federation, Inc.	3,500
The Mediation Center	17,600

Woods Charitable Fund, Inc.
Grants Paid - Continued
Year Ended December 31, 2009

Civic and Community - Continued

Nebraska Appleseed Center for Law in the Public Interest, Inc.	\$ 43,832
State of Nebraska-Nebraska Department of Correctional Services	6,750
United Way of Lincoln and Lancaster County	5,000
Updowntowners	15,000
VolunteerLinc dba Volunteer Partners	30,790
	30,790
Total Civic and Community	233,472

Arts and Culture

The Angels Company	\$ 2,200
Flatwater Shakespeare Company	10,000
Friends of Arts Are Basic	20,000
Friends of Haydon, Inc.	15,000
Friends of Lied	5,000
Friends of the Haymarket Theatre	6,000
Friends of the Mary Riepma Ross Film Theatre	7,000
Lincoln Community Playhouse, Inc.	20,000
Nebraska Art Association	8,000
Nebraska Center for the Book	1,500
Nebraska Cultural Endowment	20,000
TADA Productions, Inc.	12,500
University of Nebraska Foundation	50,000
UNL-African American and African Studies Program	5,000
UNL-International Quilt Study Center	25,000
UNL-Nebraska Repertory Theatre	15,000
	15,000
Total Arts and Culture	222,200

Education

Bright Lights, Inc.	\$ 7,500
Lighthouse	20,000
Lincoln Literacy Council	64,000
Nebraska Wesleyan University	8,500
Union College	28,170
YMCA of Lincoln	20,000
	20,000
Total Education	148,170

Miscellaneous

Lincoln City Libraries	\$ 10,000
Lincoln Parks and Recreation Foundation	5,000
	5,000
	15,000
Total grants paid	\$ 1,438,842