

# **Woods Charitable Fund, Inc.**

Accountants' Review Report and Financial Statements

December 31, 2011 and 2010



**Woods Charitable Fund, Inc.**  
**December 31, 2011 and 2010**

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## Accountants' Review Report on Financial Statements and Supplementary Information

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

We have reviewed the accompanying modified cash basis statements of financial position of Woods Charitable Fund, Inc. as of December 31, 2011 and 2010, and the related statements of activities for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of fund 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1.

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1. 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 inquiry and analytical procedures applied in the reviews of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

*BKD, LLP*

March 6, 2012

**Woods Charitable Fund, Inc.**  
**Statements of Financial Position**  
**Modified Cash Basis**  
**December 31, 2011 and 2010**

**Assets**

	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 212,261	\$ 232,371
Investment securities, at cost		
Mutual funds	3,952,399	3,809,866
Institutional funds	17,684,968	19,056,639
Partnerships and other investments	115,581	755,999
Program related investments	105,000	105,000
Total assets	\$ 22,070,209	\$ 23,959,875
 <b>Unrestricted Net Assets</b>	 <b>\$ 22,070,209</b>	 <b>\$ 23,959,875</b>

**Woods Charitable Fund, Inc.**  
**Statements of Activities**  
**Modified Cash Basis**  
**Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Income Collected</b>		
Investment income		
Net realized gain on sale of securities	\$ 25,003	\$ 593,231
Interest	550	683
Dividends from mutual funds	<u>173,055</u>	<u>93,932</u>
Total investment income	<u>198,608</u>	<u>687,846</u>
Excise tax refunds	-	2,421
Other	<u>24,932</u>	<u>4,111</u>
Total income collected	<u>223,540</u>	<u>694,378</u>
<b>Grants and Expenses Paid</b>		
Grants paid	<u>1,462,749</u>	<u>1,339,040</u>
Expenses paid		
Salaries and benefits	357,517	353,047
Investment advisory fees	171,640	159,807
Conferences and meetings	2,646	1,605
Legal, audit and financial services	10,293	13,709
Office expenses	7,573	6,128
Memberships and dues	10,010	10,160
Consultants	10,339	4,782
Annual report expenses	2,865	3,321
Other expenses	21,892	22,308
Excise tax payments	<u>55,682</u>	<u>5,721</u>
Total expenses paid	<u>650,457</u>	<u>580,588</u>
Total grants and expenses paid	<u>2,113,206</u>	<u>1,919,628</u>
<b>Change in Net Assets</b>	(1,889,666)	(1,225,250)
<b>Net Assets, Beginning of Year</b>	<u>23,959,875</u>	<u>25,185,125</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 22,070,209</u></u>	<u><u>\$ 23,959,875</u></u>

**Woods Charitable Fund, Inc.**  
**Notes to Modified Cash Basis Financial Statements**  
**December 31, 2011 and 2010**

**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 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, 2011 and 2010, 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 mutual and 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, 2011 and 2010**

**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 2011 and 2010 consisted of:

	<b>2011</b>	<b>2010</b>
Current year estimated payments	\$ 30,400	\$ 3,300
Payments for prior year liability	25,282	-
Prior year refunds applied to current year taxes	-	2,421
	\$ 55,682	\$ 5,721

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 2004.

**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.

Mutual and institutional funds at December 31, 2011 and 2010 consisted of the following:

	<b>2011</b>		<b>2010</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Mutual funds				
International	\$ 2,581,892	\$ 2,511,882	\$ 2,444,957	\$ 3,070,603
Real estate	1,370,507	1,360,560	1,364,909	1,497,084
Total mutual funds	\$ 3,952,399	\$ 3,872,442	\$ 3,809,866	\$ 4,567,687

**Woods Charitable Fund, Inc.**  
**Notes to Modified Cash Basis Financial Statements**  
**December 31, 2011 and 2010**

**Note 2: Investments and Fair Value Disclosures - Continued**

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Institutional funds				
Equity	\$ 8,905,452	\$ 12,866,663	\$ 9,855,012	\$ 13,999,562
Fixed income	4,189,154	5,393,058	4,453,674	5,393,325
International	4,590,362	5,411,201	4,747,953	6,379,693
Total institutional funds	<u>\$ 17,684,968</u>	<u>\$ 23,670,922</u>	<u>\$ 19,056,639</u>	<u>\$ 25,772,580</u>

At December 31, 2010, the Fund had invested \$596,216 in a private fund of hedge funds, for which the estimated fair value was \$75,302, as determined by the Fund's management at December 31, 2010. During 2010, the Fund sold shares of the private fund with a cost of \$210,710 at a discount resulting in a realized loss of \$92,522 on the investment. During 2011, the Fund sold the remaining shares with a cost of \$596,216 at a discount resulting in a realized loss of \$521,242 on the investment.

The Fund has an investment in a private limited partnership with a cost of \$115,581 and \$159,783 at December 31, 2011 and 2010, respectively, for which a fair value was not ascertainable.

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 \$885,000 at December 31, 2011. Certain of these commitments are contingent on the fulfillment of specified conditions.

**Note 4: Subsequent Events**

Subsequent events have been evaluated through March 6, 2012, 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, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Human Services</b>	\$ 574,487	\$ 594,120
<b>Arts and Culture</b>	335,592	284,703
<b>Civic and Community</b>	320,000	317,600
<b>Education</b>	<u>232,670</u>	<u>142,617</u>
Total grants paid	<u>\$ 1,462,749</u>	<u>\$ 1,339,040</u>

# Woods Charitable Fund, Inc.

## Grants Paid

Year Ended December 31, 2011

### Human Services

Asian Community and Cultural Center	\$ 25,000
CASA for Lancaster County	15,000
CEDARS Youth Services	20,000
Center for People in Need, Inc.	20,000
CenterPointe, Inc.	20,000
Community Action Partnership of Lancaster and Saunders Counties	30,000
El Centro de las Americas	25,000
Family Service Association of Lincoln	20,000
Foster Care Closet	10,000
Friendship Home of Lincoln	5,000
Girl Scouts-Spirit of Nebraska	20,000
Good Neighbor Community Center	20,000
Indian Center, Inc.	50,000
Lincoln and Lancaster County Child Guidance Center	25,000
Lincoln Lancaster County Child Advocacy Center	55,000
Lincoln Lancaster County Human Services Federation, Inc.	3,614
Lincoln Medical Education Partnership	3,373
Lincoln YWCA	25,000
Malone Community Center	25,000
Northeast Family Resource Center	25,000
Planned Parenthood of the Heartland, Inc.	12,500
Saint Monica's Home	60,000
Voices for Children in Nebraska	30,000
Voices of Hope	30,000
Total Human Services	<u>574,487</u>

### Arts and Culture

Angels Theatre Company, Inc.	20,000
Flatwater Shakespeare Company	15,000
Friends of Arts Are Basic	10,000
Friends of Lied	20,000
Lincoln Arts Council	30,000
Lincoln Association for the Traditional Arts	5,335
Lincoln Community Playhouse	25,000
Lincoln Municipal Band Association, Inc.	20,000
Lincoln Orchestra Association dba Lincoln's Symphony Orchestra	20,000
Meadowlark Music Festival	10,000
Nebraska Art Association	7,500
Nebraska Cultural Endowment	20,000
Nebraskans for the Arts, Inc.	10,000
Third Chair Chamber Players, Inc. dba Nebraska Chamber Players	2,757
University of Nebraska Foundation (Sheldon Arts & Humanities Extension)	100,000
Willa Cather Pioneer Memorial and Educational Foundation	20,000
Total Arts and Culture	<u>335,592</u>

**Woods Charitable Fund, Inc.**  
**Grants Paid - Continued**  
**Year Ended December 31, 2011**

**Civic and Community**

ACLU Nebraska Foundation, Inc.	\$ 15,000
Bryan/LGH Foundation	20,000
Center for Legal Immigration Assistance	25,000
Center for Rural Affairs	20,000
Community CROPS	10,000
Community Development Resources (CDR)	10,000
Community Development Resources (CDR)	5,000
Community Justice Center	25,000
Habitat for Humanity	15,000
Legal Aid of Nebraska	25,000
Lincoln Community Foundation	10,000
Lincoln Housing Charities	5,000
Nebraska Appleseed Center for Law in the Public Interest	30,000
Nebraska Housing Developers Association	10,000
Nebraskans for Civic Reform (Fiscal Agent Nebraska Appleseed Center for Law in the Public Interest)	35,000
Public Interest Projects, Inc.	30,000
Seniors Foundation	20,000
United Way of Lincoln/Lancaster County	10,000
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Total Civic and Community	320,000

**Education**

Boys and Girls Clubs of Lincoln Lancaster County	10,000
Bright Lights, Inc.	4,500
Foundation for Lincoln Public Schools	35,000
Lighthouse	20,000
Lincoln Literacy Council	30,000
Nebraska Association for the Education of Young Children	20,000
Nebraska Wesleyan University	10,000
Southeast Community College Educational Foundation	12,500
Union College	28,170
UNL-African American and African Studies Program	2,500
UNL-Department of Child, Youth and Family Studies	10,000
UNL-Nebr Center for Research on Children, Youth, Families and Schools	50,000
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Total Education	232,670
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Total grants paid	\$ 1,462,749