

# **Woods Charitable Fund, Inc.**

Accountants' Review Report and Financial Statements

December 31, 2012 and 2011



**Woods Charitable Fund, Inc.**  
**December 31, 2012 and 2011**

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## Independent 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, 2012 and 2011, 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 26, 2013

**Woods Charitable Fund, Inc.**  
**Statements of Financial Position**  
**Modified Cash Basis**  
**December 31, 2012 and 2011**

**Assets**

	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 119,807	\$ 212,261
Investment securities, at cost		
Mutual funds	2,802,879	3,952,399
Institutional funds	18,783,590	17,684,968
Partnerships and other investments	83,902	115,581
Program related investments	5,000	105,000
Total assets	<b>\$ 21,795,178</b>	<b>\$ 22,070,209</b>
<b>Unrestricted Net Assets</b>	<b>\$ 21,795,178</b>	<b>\$ 22,070,209</b>

**Woods Charitable Fund, Inc.**  
**Statements of Activities**  
**Modified Cash Basis**  
**Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Income Collected</b>		
Investment income		
Net realized gain on sale of securities	\$ 1,757,304	\$ 25,003
Interest	306	550
Dividends from mutual funds	<u>90,145</u>	<u>173,055</u>
Total investment income	<u>1,847,755</u>	<u>198,608</u>
Other	<u>10,070</u>	<u>24,932</u>
Total income collected	<u>1,857,825</u>	<u>223,540</u>
<b>Grants and Expenses Paid</b>		
Grants paid	<u>1,501,064</u>	<u>1,462,749</u>
Expenses paid		
Salaries and benefits	339,168	357,517
Investment advisory fees	162,635	171,640
Conferences and meetings	3,004	2,646
Legal, audit and financial services	9,085	10,293
Office expenses	11,685	7,573
Rent expense	4,639	-
Memberships and dues	10,475	10,010
Consultants	8,024	10,339
Annual report expenses	2,263	2,865
Other expenses	31,916	21,892
Excise tax payments	<u>48,898</u>	<u>55,682</u>
Total expenses paid	<u>631,792</u>	<u>650,457</u>
Total grants and expenses paid	<u>2,132,856</u>	<u>2,113,206</u>
<b>Change in Net Assets</b>	(275,031)	(1,889,666)
<b>Net Assets, Beginning of Year</b>	<u>22,070,209</u>	<u>23,959,875</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 21,795,178</u></u>	<u><u>\$ 22,070,209</u></u>

**Woods Charitable Fund, Inc.**  
**Notes to Modified Cash Basis Financial Statements**  
**December 31, 2012 and 2011**

**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, 2012 and 2011, 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, 2012 and 2011**

**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 2012 and 2011 consisted of:

	<b>2012</b>	<b>2011</b>
Current year estimated payments	\$ 39,600	\$ 30,400
Payments for prior year liability	9,298	25,282
	\$ 48,898	\$ 55,682

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 2005.

**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.

**Woods Charitable Fund, Inc.**  
**Notes to Modified Cash Basis Financial Statements**  
**December 31, 2012 and 2011**

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

Mutual and institutional funds at December 31, 2012 and 2011 consisted of the following:

	<b>2012</b>		<b>2011</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Mutual funds				
International	\$ -	\$ -	\$ 2,581,892	\$ 2,511,882
Real estate	1,306,394	1,545,312	1,370,507	1,360,560
Commodities	1,496,485	1,338,051	-	-
Total mutual funds	<u>\$ 2,802,879</u>	<u>\$ 2,883,363</u>	<u>\$ 3,952,399</u>	<u>\$ 3,872,442</u>
	<b>2012</b>		<b>2011</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Institutional funds				
U.S. equity	\$ 8,505,561	\$ 13,523,058	\$ 8,905,452	\$ 12,866,663
Fixed income	3,463,189	4,818,974	4,189,154	5,393,058
International and global equity	6,814,840	8,657,013	4,590,362	5,411,201
Total institutional funds	<u>\$ 18,783,590</u>	<u>\$ 26,999,045</u>	<u>\$ 17,684,968</u>	<u>\$ 23,670,922</u>

The Fund has an investment in a private limited partnership with a cost of \$83,902 and \$115,581 at December 31, 2012 and 2011, 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: Operating Leases**

The Fund entered into a lease agreement for its office space under a noncancelable ten year operating lease, which expires in 2022. The Fund is responsible for a prorata share of increases in direct building operating expenses over the lease term. Rent expense totaled \$4,639 for 2012.

Future minimum lease payments at December 31, 2012, were:

2013	\$ 55,670
2014	55,670
2015	57,135
2016	57,135
2017	58,600
Later years	<u>307,650</u>
	<u>\$ 591,860</u>



**Woods Charitable Fund, Inc.**  
**Notes to Modified Cash Basis Financial Statements**  
**December 31, 2012 and 2011**

**Note 4: Commitments**

The Fund is committed to pay grants totaling \$722,500 at December 31, 2012. Certain of these commitments are contingent on the fulfillment of specified conditions.

**Note 5: Subsequent Events**

Subsequent events have been evaluated through March 26, 2013, 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, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Human Services</b>	\$ 649,700	\$ 574,487
<b>Arts and Culture</b>	105,000	335,592
<b>Civic and Community</b>	573,864	320,000
<b>Education</b>	<u>172,500</u>	<u>232,670</u>
Total grants paid	<u>\$ 1,501,064</u>	<u>\$ 1,462,749</u>

**Woods Charitable Fund, Inc.**  
**Grants Paid**  
**Year Ended December 31, 2012**

**Human Services**

Asian Community and Cultural Center	\$ 20,000
CEDARS Youth Services	20,000
Center for People in Need, Inc.	5,000
CenterPointe, Inc.	15,000
El Centro de las Americas	5,000
Family Violence Council	50,000
Food Bank of Lincoln, NE	42,500
Girl Scouts-Spirit of Nebraska	20,000
Good Neighbor Community Center, Inc.	20,000
Heartland Big Brothers Big Sisters	25,000
Lincoln Lancaster County Child Advocacy Center	20,000
Lincoln and Lancaster County Child Guidance Center	20,000
Lincoln Lancaster County Human Services Federation, Inc.	59,000
Lincoln Medical Education Partnership	20,000
Malone Community Center	25,000
Matt Talbot Kitchen and Outreach, Inc.	25,000
The Mediation Center	23,600
Mourning Hope	15,000
Nebraska Association of Behavioral Health Organizations (NABHO)	10,000
Nebraska Domestic Violence Sexual Assault Coalition, Inc.	30,000
Northeast Family Resource Center	7,500
Planned Parenthood of the Heartland, Inc.	50,000
Provider's Network, Inc.	25,000
Released and Restored, Inc.	20,000
Saint Monica's Home	30,000
TeamMates Mentoring Program (Lincoln)	5,000
United Way of Lincoln and Lancaster County (General Operation)	7,100
UNL Center on Children, Families and the Law	15,000
Voices for Children in Nebraska	20,000
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Total Human Services	649,700
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**Civic and Community**

BryanLGH Foundation	20,000
Center for Legal Immigration Assistance	25,000
Community Action of Nebraska, Inc.	22,564
Community Development Resources	100,000
Community Justice Center	25,000
Interfaith Housing Coalition	15,000
Legal Aid of Nebraska	30,000
Lincoln Community Foundation, Inc. (Give to Lincoln Project)	10,000
Lincoln Community Foundation, Inc. (Community Index and Website)	10,000
Lincoln Housing Charities	1,000
Lutheran Family Services of Nebraska, Inc.	16,300

**Woods Charitable Fund, Inc.**  
**Grants Paid - Continued**  
**Year Ended December 31, 2012**

**Civic and Community - Continued**

Nebraska Appleseed Center for Law in the Public Interest, Inc.	\$ 47,500
The Nebraska Lawyers Foundation	20,000
Nebraskans for Civic Reform	25,000
NeighborWorks, Lincoln	108,000
OpenSky Policy Institute	30,000
United Way of Lincoln and Lancaster County (Women in Philanthropy Growth Program)	8,500
UNL Department of Community and Regional Planning	37,500
VolunteerLinc	<u>22,500</u>
Total Civic and Community	<u>573,864</u>

**Education**

Boys and Girls Clubs of Lincoln Lancaster County	10,000
Lincoln Community Learning Centers	7,500
Lincoln Literacy Council	75,000
Lincoln Public Schools	60,000
Nebraska Association for the Education of Young Children, Inc.	<u>20,000</u>
Total Education	<u>172,500</u>

**Arts and Culture**

The Angels Theatre Company, Inc.	20,000
Flatwater Shakespeare Company	15,000
Lincoln Community Playhouse, Inc.	20,000
Lux Center for the Arts	15,000
Meadowlark Music Festival	5,000
Nebraska Brass, Inc.	5,000
UNL School of Music	5,000
Willa Cather Pioneer Memorial and Educational Foundation	<u>20,000</u>
Total Arts and Culture	<u>105,000</u>

Total grants paid	<u><u>\$ 1,501,064</u></u>
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