Woods Charitable Fund, Inc.

A Report for the Year 1998
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About the Foundation

Woods Charitable Fund is a private philanthropic foundation created by Frank H. Woods and Nelle Cochrane Woods and their three sons. It was incorporated in Nebraska in 1941 and Frank Woods provided major endowment in 1952 before his death that year. In 1955 the Fund received one-third of the net residuary estate of Nelle C. Woods. Through the years, the family-owned Sahara Enterprises has contributed to foundation assets.

For over fifty years the Fund made grants in Lincoln, Nebraska and Chicago, Illinois. Until the early 1980's, it operated as a family foundation under the leadership of trustees Frank H. Woods, Jr. and Thomas C. Woods, Jr. Frank Woods from Chicago and Tom Woods from Lincoln had many business and personal ties in both cities. Their deaths in 1980 and 1989 respectively, brought changes which included: expanding the board beyond family members to acknowledge both the benefits of new viewpoints and the fewer family members in the two cities available for board membership; bringing on staff; and introducing more targeted grant programs.

At the end of 1993, Woods Charitable Fund underwent a major restructuring that institutionalized in two separate foundations the different grant programs of the Fund in Chicago and Lincoln. Woods Charitable Fund now operates in Lincoln only and a second foundation, Woods Fund of Chicago, was created by transferring part of the original foundation's assets to the new foundation. Both foundations currently operate with local representative boards and are able to respond to the issues, opportunities and creative leadership in their respective communities.

The Fund's reports and Treasury Form 990-PF are on file at the Foundation Center in New York City and Washington, D.C. as well as in the office of the Secretary of State in Lincoln, Nebraska.

FOUNDERS
Frank H. Woods (1868 - 1952)
Nelle C. Woods (1870 - 1950)
Thomas C. Woods (1895 - 1958)
Henry C. Woods (1895 - 1968)
Frank H. Woods, Jr. (1905 - 1980)
Everyday, Lincoln’s human services case managers and program managers place themselves on the line to help people solve problems, offering care, wisdom and insight to those in need. They influence those they work with directly and, indeed, all of us by their good example. This annual report honors the many individuals who work closely with people in need by recognizing four who are exceptional from agencies Woods has supported this year. Hats off!

- Nancy Bowen, PhD. 
  Client Advocate and Counselor, Rape/Spouse Abuse Crisis Center
  Nancy works with survivors of domestic violence, sexual assault and incest. She counsels abuse survivors and advocates for them as they work with other organizations. Nancy is a licensed psychologist so she supervises the counseling activities of staff, volunteers and graduate student interns. In addition, Nancy is RSACC’s property manager.

- Melissa Dorssom
  Outreach Worker, DayWatch
  Melissa helps homeless or near homeless clients at DayWatch access housing, employment, food stamps, medical assistance and entitlements. When it’s appropriate, she refers them to community services based on their needs.

- James G. Jones, Junior
  Director of the Youth Violence Alternatives Project, Lincoln Action Program
  James developed this youth crime intervention and prevention program and now works directly with youth to provide law and justice education, victim assistance field training and victim sensitivity training. He also supervises other staff and volunteers who assist the program.

- Lorena Pulgarin
  Education Coordinator, Hispanic Community Center
  Lorena’s responsibilities at the Hispanic Community Center include planning, organizing and coordinating educational and recreational activities for Latino students and their families. She also recruits, supervises and trains volunteers and AmeriCorps members to work with tutoring, after school programs, scouting activities and the SALSA summer school program.

Look for their faces throughout the report and read their thoughts about what motivates them to do this demanding, complex work.
Joel Gajardo and Marilyn Johnson Farr
Complete Board Terms

Two other important people deserve praise and recognition. Both Marilyn Johnson Farr and Joel Gajardo completed terms of office with Woods Charitable Fund's board of directors at the end of 1998.

*When Marilyn joined the Woods board she was employed as an Assistant Professor of Education at Doane College following a long and illustrious teaching career with Lincoln Public Schools. Marilyn brought extensive experience in education, administration and human behavior to this board. She faithfully reminded us that multiple experiences and viewpoints must be considered as we evaluate community issues and needs. Her warmth and humor made our meetings more fun and her clarity and direct approach guided us.

*Joel Gajardo was employed as Executive Director of the Hispanic Community Center and a consultant on Latin American Issues with the United Methodist Church's Board of Global Ministries in New York when he

became a member of the Woods Charitable Fund board of directors. Joel brought to the board both a scholarly background that included the disciplines of philosophy, theology, ethics and anthropology and his extensive experience in education, world affairs and social welfare. He conscientiously reminded us to take the high road, to question the status quo and to persevere. He helped us see expansively. He embraced and encouraged us and enlivened our meetings.

We appreciate both Marilyn's and Joel's outstanding abilities and achievements and we gratefully acknowledge their generous contribution of time and expertise to Woods. The foundation has been enriched by their gifts.

In 1998, the Fund awarded grants to 49 outstanding tax-exempt organizations. We invite you to review them and learn more about their efforts in our community.

Thomas C. Woods, III
President

Pam Baker
Executive Director

DIRECTORS
Thomas C. Woods, III
President, Treasurer
Joel Gajardo
Vice President
Marilyn Johnson-Farr
Marjorie Woods
Thomas D. Potter
Avery L. Woods

OFFICERS
Michael J. Tavlin
Assistant Treasurer

STAFF
Pam Baker
Secretary, Executive Director
Joan Stolle
Administrative Coordinator
PREFERRED

Every day, I get to see the miracle of the resilience of the mind, body and spirit.

Woods Charitable Fund, Inc. Grant Program

PURPOSE

Through grants made to eligible organizations, Woods Charitable Fund seeks to strengthen the community by improving opportunities and life outcomes for all people in Lincoln, Nebraska. Woods supports members of the nonprofit sector who are exploring creative alternatives and promoting more just, effective approaches to meet community needs.

The Fund supports a broad range of activities which include but are not limited to the Special Interests described below. We are interested in reviewing plans for pilot projects and innovative programs as well as sustained growth for organizations whose work coincides with the purposes of the foundation. The foundation funds both direct services and policy programs.

The Fund looks forward to opportunities to review proposals joining partners (academic, community, government, business, public service, religious) to explore ways to integrate perspectives and talents toward common goals. We support projects that involve coalition building, public education and advocacy to effect positive social change and improve opportunities for all citizens.

SPECIAL INTERESTS

Children, Youth and Families

A significant cornerstone in community life is the family. Its power to mold and develop mentally healthy, secure, loving members determines Woods' interest in supporting projects to strengthen families and provide opportunities for youth to achieve their full potential. This is a broad category and may include either direct service or policy programs focused on child care, single parenthood, the elderly, family planning, shelter, troubled families as well as others. The areas of youth and family violence have been identified as primary community concerns and the Fund will give special consideration to programs that address those issues.

Education

Our educational systems face the challenge of preparing individuals for a rapidly changing society. Today, more than ever before, education touches the lives of people of all ages - students at all levels, newcomers learning a second language and culture, adults retraining to handle new job responsibilities. The Fund looks forward to opportunities to review proposals from existing educational institutions and from creative new programs to meet the challenge.
Community Development and Housing

To sustain or increase its vitality, a community must consistently nurture its development, particularly as that development impacts lower income citizens. The Fund supports projects that empower less advantaged Lincoln residents to participate in the economic system and that foster community participation and responsibility thus joining people to solve problems and improve opportunities for all. Woods recognizes the growing need in Lincoln for affordable housing and supports programs that expand its availability. Advocacy groups, neighborhood, citizen and community organizations are avenues to promote citizen involvement and strengthen neighborhoods.

The need for individuals to achieve self-sufficiency, including assistance to enable people to earn an adequate income, has also been identified as a primary community concern. The Fund encourages submission of proposals that suggest creative approaches to address this concern.

Arts and Humanities

Visual art, literature, dance, theater and music are cornerstones of a community’s aesthetic and ethical being. They can bind people through shared experience and understanding. They stimulate thought, communication and creativity. Woods supports programs in the arts and humanities that will enhance or develop the common aesthetic spirit through education, creation or performance. Programs that connect the arts and humanities with nontraditional participants are of special interest to the Fund.

Please read “To Apply for a Grant” before contacting the Fund.
To Apply for a Grant

FUNDING LIMITATIONS AND RESTRICTIONS

While grants are made primarily in Lincoln, Nebraska, the Fund will consider grant applications from other locations in the context of their impact on Lincoln. While the Fund makes grants in diverse fields, the following areas are not eligible for grant review:

- Individual needs
- Funding for endowments
- Scholarships, Fellowships
- Fundraising benefits or program advertising
- Programs for individual schools
- Religious programs
- Residential care and medical clinics
- Recreation programs
- Capital projects in health care institutions
- Medical and scientific research

College and university proposals are reviewed only if they directly involve faculty and/or students in applied projects of benefit and concern to the community.

Applicants generally should be organizations described in Section 501(c)(3) of the Internal Revenue Code and have a written ruling from the IRS that they also qualify under Section 509(a)(1), (2) or (3) of the Code (publicly supported organizations and their affiliates). Occasionally the Fund considers proposals from 501(c)(3) organizations that are private, operating foundations. In exceptional cases, the Fund will consider fiscal agent and expenditure responsibility grants.

YOU SHOULD KNOW BEFORE APPLYING

- Contact the Fund in writing or by telephone with a summary request and budget information and staff can help you decide whether it is worth your time and expense to proceed with a full proposal.
- Many excellent proposals cannot be funded because there are absolute limits to the number of proposals the Fund can study thoroughly and support.
- The Fund requests a statement describing the multicultural impact that your project or organization may have.
- If your organization receives a grant, you will be asked to sign a grant agreement form requiring written reports (usually at six-month intervals) on use of the grant in relation to the original proposal objectives and program results. A selected number of grantees may be asked to participate in a post-grant evaluation to study program accomplishments in more depth.

TO APPLY FOR A GRANT

FIRST, please read the Fund's guidelines, procedures and timetable.

SECOND, contact the Fund with a 2-page summary request and budget or a phone call to determine if it is worth your time and expense to proceed with a full proposal.

THIRD, if the Fund requests a full proposal, please complete a Lincoln/Lancaster

<table>
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<tr>
<th>TIMETABLE</th>
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<tr>
<td><strong>SUBMISSION DATES:</strong></td>
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<tr>
<td>March 1 - 15 .... June</td>
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<tr>
<td>June 1 - 15 .... September</td>
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<tr>
<td>September 1 - 15 .... December</td>
</tr>
<tr>
<td><strong>Proposals that arrive well before the deadline have a better chance for careful review.</strong></td>
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</table>
County Grantmakers Common Application Form, available from the Woods Charitable Fund office together with the requested attachments, submit it according to the timeline at left. Proposals not clearly within the Fund's priority areas but not clearly ineligible are screened by the Fund's board members. If at least one board member seeks board meeting discussion of the proposal, it can be considered for funding.

Applicants should direct inquiries to:

Pam Baker
Woods Charitable Fund, Inc.
P.O. Box 81309
Lincoln, NE 68501
(402)474-0707
www.woodscharitable.org

Summary of Grants Paid by Areas of Interest

YEAR ENDED DECEMBER 31, 1998

CHILDREN, YOUTH & FAMILIES ............... $317,000
COMMUNITY DEVELOPMENT
& HOUSING .................................. 40,000
EDUCATION .................................... 75,500
ARTS AND HUMANITIES ...................... 99,900
GENERAL ...................................... 168,000

TOTAL GRANTS PAID ......................... $700,400
Woods Charitable Fund Grant Program

**ARTS & HUMANITIES**

**ART OMAHA** .......................................................... 5,000
Start-up support for *Always/Never Coming Home*, interactive storytelling performances for schools and public audiences in Lincoln

**LINCOLN MUNICIPAL BAND ASSOCIATION, INC.** ................. 18,000
First and second payments of a three-year $25,000 grant for staff providing administrative and fund development services for five collaborating Lincoln non-profit performing arts organizations sharing office space and staff resources

**LINCOLN MUSIC TEACHERS ASSOCIATION** .................... 900
Technical assistance for planning and fund development for this organization that offers the LessonLink project, providing free individual music lessons with a private music teacher for low-income students

**LINCOLN ORCHESTRA ASSOCIATION** ............................ 25,000
Second payment of a four-year $65,000 award to plan and implement a “Performance Partnership” with Lincoln Public Schools providing opportunities for high school instrumental music students to practice and perform with Lincoln Symphony Orchestra musicians

**MID-AMERICA ARTS ALLIANCE** ................................. 15,000
Second payment of a two-year $25,000 planning grant to conduct research and develop a business plan and curriculum for an “Enterprise Institute” to prepare nonprofit organizations, to create new ways to generate operating support, including for profit business development

**NEBRASKA HUMANITIES COUNCIL** ...................... 15,000
First payment of a three-year $45,000 general operating grant to enable the Council to stabilize funding for Humanities Council programs

**OPERA OMAHA** .................................................. 5,000
For the broadcast and documentation of the opera “Eric Hermannson’s Soul” on Nebraska Educational Television, making it available to all Nebraskans and accessible to scholars, students and others

**UNIVERSITY OF NEBRASKA** .................................... 5,000
Final payment of a three-year $15,000 grant for the Young Rep Company, part of Nebraska Repertory Theatre's Young People's Outreach Program, to develop the skills and talents of students through work experience with theater professionals

**UNIVERSITY OF NEBRASKA FOUNDATION** .................. 6,000
First and second payments of a three-year $10,000 award for the Artists Diversity Residency Program bringing artists from diverse cultures to Lincoln for extended stays to work with community members and University of Nebraska students

**UNIVERSITY OF NEBRASKA FOUNDATION** ............... 5,000
For the Great Plains Music and Dance Festival showcasing performances of diverse ethnic and cultural groups from the Great Plains

**Total Arts & Humanities** ....................................... 99,900
COMMUNITY DEVELOPMENT & HOUSING

COMMUNITY ORGANIZING INITIATIVE IN NEBRASKA ............. 20,000
Fiscal agent: Interchurch Ministries of Nebraska
Second-year support for the on-site work of a professional organizer to build institutionally based community organizing initiatives in Lincoln and southeast Nebraska

HEART OF LINCOLN PROJECT ........................................... 20,000
Fiscal agent: Neighborhood Housing Services of Lincoln, Inc.
General support for Heart of Lincoln, a project to increase home ownership in Lincoln’s older neighborhoods

Total Community Development & Housing ............. $40,000

CHILDREN, YOUTH & FAMILIES

ADOPTION LINKS WORLDWIDE, INC. ....................... 2,000
For recruitment of adoptive families in the Lincoln/Lancaster County area to increase the number of permanent homes for international and U.S. born ethnic minority children

CAPITAL SPORTS FOUNDATION, INC. .............................. 5,000
Second-year support for the Youth Empowered by Sports (Y.E.S.) program involving low income and at-risk children in soccer and basketball activities which emphasize positive mentoring and build self-esteem

CHARLIE BROWN’S KIDS ........................................... 2,000
To expand the outreach and public relations campaign for this organization which offers grief support for children and teens who have experienced the death of a parent

DAY WATCH, INC. ................................................... 3,000
For technical assistance to develop an operational fund development plan for this day shelter for homeless people
Support for staff salaries ......................................... 15,000

FRIENDSHIP HOME OF LINCOLN ............................... 25,000
To help purchase and renovate a new shelter facility and renovate the existing one for women and children experiencing domestic violence

HEARTLAND BIG BROTHERS-BIG SISTERS ..................... 10,000
Toward a staff position to supervise social work student interns working to increase the number of child/adult mentoring relationships

HISPANIC COMMUNITY CENTER ............................. 20,000
Final payment of a three-year $60,000 grant for the operation of the Center which works to enhance the quality of life for Hispanic people in Lincoln and develop linkages between the Hispanic community and the greater community
For the Center’s education endowment* .................... 10,000
For general operations* ........................................... 7,000

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INDIAN CENTER, INC. .................................................. 15,000
For Youth Development and Cultural Education programs targeting American
Indian youth ages 8-17

Siding for the Indian Center, Inc. building .................................. 1,300
For technical assistance for development of a strategic plan .......... 6,700

LINCOLN ACTION PROGRAM, INC. .................................. 2,500
To support the Youth Violence Alternatives Project, a comprehensive
prevention/intervention program for youth ages 14-17 who are at-risk of
anti-social behavior or have been involved with the Juvenile Justice System

LINCOLN AREA AGENCY ON AGING .................................. 10,000
First payment of a three-year $20,000 grant for the Foster Grandparent
Program providing opportunities for income eligible individuals, 60 years of
age and older, to work one-on-one with children in Lincoln schools

LINCOLN LANCASTER COUNTY CHILD GUIDANCE CENTER ... 15,000
For technical assistance in development planning and partial support for a
development director staff position for the Center which provides mental
health services for children, youth and families in Lincoln

LINCOLN LANCASTER COUNTY FAMILY
RESOURCE CENTERS, INC. ........................................... 15,000
For operating support during the development of an integrated fundraising
plan for Lincoln’s family resource centers which bring parenting training and
support and family services to neighborhoods

LINCOLN MEDICAL EDUCATION FOUNDATION, INC. .......... 40,000
Second payment of a five-year $200,000 grant for the construction and
development of the Center for Family Care project which helps low-income families become self-sufficient while developing positive and healthy lifestyles

LINCOLN/LANCASTER COUNTY CHILD ADVOCACY CENTER ... 25,000
For start-up costs and operating expense for the Center, whose mission is to
reduce trauma suffered by child abuse victims during investigations and to
increase the number of successful prosecutions of child abusers

M.A.D. DADS OF LINCOLN, INC. ...................................... 3,000
For the G.I.R.L.S. (Genuine Individuals Reaching Levels of Success)
program providing community involvement, positive role models and skill
building activities for young women

NEBRASKA FRIENDS OF FOSTER CHILDREN FOUNDATION ... 5,000
To support the work of Friends of Foster Children in Nebraska, an
organization that provides support for the miscellaneous needs of children in
out-of-home care

PEOPLE FIRST OF NEBRASKA, INC. ................................. 5,000
Second payment of a two-year $15,000 grant for an organizational analysis
to develop a stronger, more effective structure for this statewide, grassroots
self-advocacy organization for people with developmental disabilities
PEOPLE'S CITY MISSION ........................................ 20,000
Renewal support for the Activities Coordinator position in the
Family/Women's Shelter at this shelter for homeless people

PROJECT YOUTH OF LINCOLN, INC. .......................... 12,000
Second payment of a three-year $36,000 grant for an assistant to the director
of this organization which provides recreational and constructive discussion
activities for children and youth
General operating support* .................................... 2,500

RAPE SPOUSE ABUSE CRISIS CENTER, INC. ............... 25,000
For building renovation for this Center which provides crisis intervention,
advocacy and prevention services for victims of domestic violence, sexual
assault and incest

ST. MONICA'S HOME ........................................... 5,000
Partial support for salaries for staff to supervise and direct client treatment for
this agency providing substance abuse treatment and resocialization services
for women and their children

VOICES FOR CHILDREN IN NEBRASKA ....................... 10,000
Renewal operating support for this statewide organization that advocates for
the well-being of children in Nebraska

Total Children, Youth and Families .................................. $317,000

EDUCATION

FIRST-PLYMOUTH PRESCHOOL ................................. 3,000
*Fiscal agent: First-Plymouth Congregational Church
For ethnic minority student scholarships at this multicultural preschool

LINCOLN CHILDREN'S MUSEUM .................................. 11,500
Second payment of a two-year $23,000 grant to partially fund a
membership/marketing staff position and staff support

LINCOLN LITERACY COUNCIL .................................. 11,500
Renewal support to expand staff, increase salaries and provide employee
benefits for eligible staff

LINCOLN PUBLIC SCHOOLS FOUNDATION ...................... 15,000
To support a new summer educational program for high needs middle
school students

NEBRASKA HUMAN RESOURCES
RESEARCH FOUNDATION, INC. ................................. 7,500
Second payment of a two-year $15,000 grant to increase cultural diversity
experiences for students at the post-secondary and elementary levels by using
tutoring teams composed of international and U.S. college students in
elementary classrooms

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UNION COLLEGE ........................................... 15,000
First payment of a three-year $36,000 grant to purchase technological
resources for the Teaching Learning Center and offer community education
on the use and impact of assistive technology for the learning disabled

UNIVERSITY OF NEBRASKA ............................ 12,000
Support for the extended planning phase of an early childhood research
project to develop a visual-spatial learning program

Total Education ........................................... $75,500

GENERAL

COMMUNITY SERVICES FUND OF NEBRASKA .......... 2,000
For technical assistance for strategic planning for this organization serving
nineteen member agencies in Lancaster County

FOLSOM CHILDREN'S ZOO AND BOTANICAL GARDENS ... 40,000
Final payment of a $100,000 grant toward construction of the Discovery
Center, part of the ReZOOvation campaign to revitalize Zoo facilities,
exhibits and grounds

FOOD BANK OF LINCOLN, INC. .......................... 27,000
To purchase computer hardware, software and technical support to
implement the "Enterprise Project," a nationally standardized information
system, so that more food can be distributed to recipient charities and people
in need at a lower cost

THE LINCOLN COMMUNITY FOUNDATION, INC. .... 50,000
Final payment of a two-year $100,000 grant for renovation of the
Lincoln Foundation Garden and the Lincoln Center for Community
Services Building

LINCOLN LANCASTER MEDIATION CENTER ............. 4,000
Renewal support to provide technical assistance to tax-exempt organizations
in Lincoln to establish or improve collaborative efforts

NEBRASKA APPLESEED CENTER FOR
LAW IN THE PUBLIC INTEREST, INC. ................. 20,000
First payment of a two-year $40,000 general operating grant for this legal
reform organization dedicated to furthering the public interest in Nebraska
law and finding remedies to systemic injustices

QUINN CHAPEL A.M.E. CHURCH .......................... 20,000
For capital projects of the Quinn Chapel *

URBAN LEAGUE OF NEBRASKA, INC. ................. 5,000
To conduct the State of Black Nebraska survey to discover the priority
problems faced by African Americans in Nebraska and to include a Lincoln
interview component

Total General ........................................... $168,000

Total Grants Paid ...................................... $700,400

*Grants designated by retiring board members.
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, 1998 and 1997, and the related statements of income collected and expenses paid and 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 generally accepted auditing standards. 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 A to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 1998 and 1997, and its income collected and expenses paid and changes in unrestricted net assets for the years then ended, on the basis of accounting described in Note A.

Deloitte & Touche LLP

February 10, 1999
Woods Charitable Fund, Inc.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS ARISING FROM CASH TRANSACTIONS
DECEMBER 31, 1998 and 1997

ASSETS

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<tr>
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<th>1998</th>
<th>1997</th>
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<tr>
<td>Cash (including savings accounts and money market accounts)</td>
<td>$1,509,634</td>
<td>$1,905,685</td>
</tr>
<tr>
<td>Investment securities, at cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common and preferred stocks (fair value 1998—$29,818,000 and 1997—$25,920,000)</td>
<td>19,401,265</td>
<td>16,542,470</td>
</tr>
<tr>
<td>Program related investments</td>
<td>40,000</td>
<td>30,000</td>
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<tr>
<td>Total assets</td>
<td>$20,950,899</td>
<td>$18,478,155</td>
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LIABILITIES AND NET ASSETS

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<th>1998</th>
<th>1997</th>
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<tbody>
<tr>
<td>Unrestricted net assets</td>
<td>20,950,899</td>
<td>18,478,155</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$20,950,899</td>
<td>$18,478,155</td>
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See accompanying notes to cash basis financial statements.

STATEMENTS OF INCOME COLLECTED AND EXPENSES PAID
YEARS ENDED DECEMBER 31, 1998 and 1997

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net realized gains on sale of stocks</td>
<td>$2,899,176</td>
<td>$3,711,696</td>
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<tr>
<td>Interest:</td>
<td></td>
<td></td>
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<tr>
<td>Money market accounts</td>
<td>65,953</td>
<td>63,048</td>
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<tr>
<td>Checking accounts, interest bearing</td>
<td>3,950</td>
<td>3,344</td>
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<tr>
<td>Total interest income</td>
<td>69,903</td>
<td>66,392</td>
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<tr>
<td>Dividends:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common and preferred stock</td>
<td>642,584</td>
<td>280,556</td>
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<tr>
<td>Total investment income</td>
<td>3,611,663</td>
<td>4,058,644</td>
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<tr>
<td>Miscellaneous income</td>
<td>23,356</td>
<td>34,692</td>
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<tr>
<td>Total income</td>
<td>3,635,019</td>
<td>4,093,336</td>
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Deductions:
Grants paid .................................. 700,400  

Expenses paid:
Investment advisory fee .......................... 159,784  
Salary and related expenses ...................... 115,649  
Conferences and meetings ........................ 9,856  
Legal, audit and financial services ................. 16,345  
Rental and telephone expense ....................... 835  
Memberships and dues ................................ 3,155  
Sundry expenses .................................. 4,645  
Taxes:
Excise tax payments ................................. 130,061  
Foreign tax withheld at source ..................... 21,545  
Total expenses paid ................................ 461,875  

Total deductions and expenses paid .......... 1,162,275  

EXCESS OF INCOME COLLECTED
OVER DEDUCTIONS AND EXPENSES PAID ........ $2,472,744  

See accompanying notes to cash basis financial statements.

STATEMENTS OF CHANGES IN UNRESTRICTED
NET ASSETS ARISING FROM CASH TRANSACTIONS
YEARS ENDED DECEMBER 31, 1998 and 1997

Unrestricted net assets, January 1 ................. $18,478,155  
Excess of income collected over expenses paid ........ 2,472,744  
Unrestricted net assets, December 31 ............ $20,950,899  

See accompanying notes to cash basis financial statements.
NOTES TO CASH BASIS FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 and 1997

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The financial statements of Woods Charitable Fund, Inc. (the Fund) are prepared on the basis of cash transactions. Accordingly, income is recognized when received and expenses and grants are recognized when paid. Under generally accepted accounting principles, income would be recognized when earned and all expenses would be recognized when incurred.

Investments are carried at cost. The Fund uses the specific identification method for determining cost of securities sold.

B. HISTORICAL INFORMATION
Woods Charitable Fund, Inc. was incorporated in the State of Nebraska on November 7, 1941, as a charitable corporation not for pecuniary gain. On September 15, 1961, the Articles of Incorporation were amended to qualify the Fund under the Nebraska Nonprofit Corporation Act of 1959.

Historically, Woods Charitable Fund, Inc. has operated in Chicago, Illinois and Lincoln, Nebraska, cities of differing sizes and needs. To enhance the efficiency and responsiveness of the charitable programs in each city, a Plan of Reorganization was entered into on October 15, 1993, whereby the administration of the grant-making programs was divided into two separate organizations, each with its own governing board and its own endowment. Woods Charitable Fund, Inc. continues as the Lincoln, Nebraska organization while a new corporation, Woods Fund of Chicago, is operating in Chicago, Illinois.

C. ESTIMATED FAIR VALUE OF THE FUND'S ASSETS
Estimated fair values at December 31, 1998 and 1997 were determined from closing prices of national securities exchanges or latest bid quotation.

The estimated total fair market value of the Fund's assets, including cash, (excluding program related investments) at December 31, 1998 and 1997 is $31,328,000 and $27,825,000, 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 estimated 1998 federal excise tax liability is $70,000, against which estimated excise tax payments of $70,000 have been made, excise tax payments of $60,061 were made in the current year relating to prior years.

E. COMMITMENTS
The Fund is committed to pay grants aggregating $831,500 at December 31, 1998. In addition, the Fund has supplied a stand-by letter of credit of $28,500. Certain of these commitments are contingent upon the fulfillment of specified conditions.
Woods Charitable Fund, Inc. began featuring the work of a local artist on its 1995 annual report cover. Believing there are many ways to support the arts, we use the Fund’s annual report cover to draw attention to visual arts and highlight the work of a community artist.

About the Artist

Lincoln artist, Leora Platte, has been painting works of art since 1973 and has paintings and murals in private and corporate collections throughout the United States. She earned a Bachelor of Arts degree from Nebraska Wesleyan University and completed a year of graduate work in Painting at Cranbrook Academy of Art in Bloomfield Hills, Michigan. She has studied independently with teachers at Wesleyan and the University of Nebraska.

Leora began a commercial art career in the advertising department of Miller & Paine, a Lincoln department store, and later developed a home-based business painting signs and providing a variety of advertising services under the name Landmark Graphics. In 1989, she decided to devote her work to painting art. Leora’s painting, featured on the cover of the Woods Charitable Fund 1998 report, like other Leora Platte paintings, contains delightful stories. It connects Leora to one of the Fund’s recent grantees:

Lincoln Medical Education Foundation

The cover piece is displayed in the medical clinic of the Lincoln Family Practice Program, one of several divisions of the Lincoln Medical Education Foundation, a Lincoln non-profit organization that provides basic, graduate and continuing medical education programs and health care services in Lincoln and Nebraska. In 1997, LMEF received a major grant from Woods Charitable Fund toward the construction and development of the Center for Family Care project.

To see more of Leora’s work, visit her website at: www.geocities.com/soho/cafe\3898

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