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Cover image:
Courtesy of Jun Kaneko
Untitled (#89-10-51), 1989

Officers, Directors, and Staff

STEPHEN SANDS
President
Premium Protein Products, LLC
Chief Executive Officer

SUSAN UGAI
Vice President
Attorney at Law

MICHAEL J. TAVLIN
Treasurer
Speedway Motors, Inc.
Chief Financial Officer

A. EUGENE CRUMP
Associate General Counsel
University of Nebraska

LYNN ROPER
Merrill Lynch
1st Vice President & Resident Manager

AVERY WOODS
Artist
Community Volunteer

DONNA W. WOODS
Community Volunteer

PAM BAKER
Secretary
Executive Director

JOAN STOLLE
Operations and Information Manager

THOMAS C. WOODS, IV
Program Officer
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. The resources that made these gifts possible resulted from business interests in the telecommunications and coal industries in Nebraska and Illinois, namely Lincoln Telephone & Telegraph and Sahara Coal Company.

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. in Chicago and Thomas C. Woods, Jr. in Lincoln. Both men 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.
The Sheldon Memorial Art Gallery reopened its doors to visitors in February, 2003, after undergoing a major renovation the preceding year. The loss of access to the Sheldon for that time made its reclamation all the dearer to us. It has been restored and returned to the community and we know its value on a deeper level. This report is dedicated to the Sheldon’s renewal and to the artistic beauty and educational services that the Sheldon Memorial Art Gallery offers to Lincoln and Nebraska.

Renewal and rebirth are important themes for 2003, a year that saw nonprofit organizations rising from the economic struggles of the past two years by reinventing themselves and building new alliances to support their programs and services. They have reexamined their work and determined, in some instances, to streamline programs and operations or to attract more resources to their efforts. Woods Charitable Fund has been fortunate to participate in some of these renewal processes.

During the past two years, Third Chair Chamber Players has examined its strengths and weaknesses and developed a marketing and outreach plan to expand its audience while moving to a new performance space. The new approaches are growing the organization.

The Lincoln Arts Council has reevaluated its purpose and this year, while staging a major public art project, has spent time building its organizational capacity through planning, expanding staff and developing local and national support.

The Mediation Center has built in time and support for its new executive director to transition into the community while formulating business and marketing plans to move the organization to a new level of operation.

Nebraska Appleseed Center for Law in the Public Interest, Inc. added a key position to its legal/administrative staff this year to strengthen its management capacity and expand its efforts to secure equal justice for all Nebraskans.
The Folsom Children’s Zoo and Botanical Gardens and the Lincoln Children’s Museum took steps this year to welcome new Americans to their buildings and grounds. Their approaches will “open their gates” and, in the long term, build new support for their programs.

The Nebraska Children & Families Foundation and seven collaborating agencies, including St. Monica’s, Centerpointe, the Capital Humane Society, the Alzheimer’s Association, Lincoln Arts Council, InterAsset and the Rape-Spouse Abuse Crisis Center, have partnered to develop interactive websites to reach a broader spectrum of donors, constituents, volunteers and the people they serve.

The Rape-Spouse Abuse Crisis Center is implementing a comprehensive, multidimensional 24-month fund development plan that will allow the organization to sustain its work and grow to serve the larger urban community that Lincoln is becoming.

During a time when foundation and not-for-profit leadership has been under scrutiny, we use this opportunity to share information about Woods Charitable Fund and make our operations as transparent as possible. We continue to believe that your understanding of Fund activities and intentions helps all of us discover how we may work together and build the most productive partnerships.

Congratulations to the Sheldon. It’s good to have it back and available to us all. We encourage you to read on about Sheldon’s renewal and then plan a visit to relish the exceptional building and art collection.

We also draw your attention to the projects and good works of the tax exempt organizations Woods Charitable Fund supported in 2003. Read on!

Steve Sands  Pam Baker
President  Executive Director
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

Human Services

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 Fund will give special consideration to programs and initiatives designed to prevent youth and family violence.

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.
Civic and Community

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 has been identified as a primary community concern. The Fund encourages submission of proposals that suggest creative approaches to helping people escape poverty and become work ready.

Arts and Culture

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.

Focus Area

The Fund will give special consideration to programs and initiatives designed to: (1) support organizations that haven’t traditionally served refugees and immigrants but seek to integrate them into their client bases and work forces; (2) expand English language education for new Americans; (3) help develop community acceptance and appreciation for new Americans; and (4) extend research and planning concerning immigrants and refugees in Lincoln.

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

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

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.

Requests for support of technology must be from organizations whose emphasis is in the Fund’s special interest areas. Requests must define the need for the technology, provide compelling evidence that it is appropriate for the task and is cost-effective. Furthermore, the proposal must demonstrate the technology’s impact on the organization’s mission.

The Fund will consider requests for:

- Technical assistance for technology evaluation and/or planning
- Information/Technology staff
- Computer software
- Technological training
- Fund development using technology
- Marketing using technology

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.

Woods does not accept applications from organizations: (1) that have had proposals approved or declined in the preceding 12 months; or (2) that are recipients of active, multi-year grants. This policy does not apply when organizations are involved in collaborative proposals.
What you should know before applying

- We accept applications only from non-profit organizations that have communicated with us and have been asked to complete an application form.

- Contact the Fund by telephone or by sending a 2-page letter of intent, including budget information by mail, facsimile or e-mail. Then Woods 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.

- If your organization receives a grant, you will be asked to sign a grant agreement form requiring written reports 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 following guidelines, procedures and timetable.

Second, contact the Fund by telephone or by sending a 2-page letter of intent, including a budget, by mail, facsimile or e-mail 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 County Grantmakers Common Application Form, available from the Woods Charitable Fund office or as a Rich Text Format document at www.woodscharitable.org. Together with the requested attachments, submit a single paper copy according to the timetable below. Proposals not clearly within the Fund’s priority areas but not clearly ineligible are screened for funding consideration by the Fund’s board members.

The staff at Woods Charitable Fund, Inc. is pleased to consult with applicants at any time during the process to help strengthen their proposals.

Applicants should direct inquiries to:
Pam Baker
pbaker@woodscharitable.org
or Tom Woods
twoods@woodscharitable.org
Woods Charitable Fund, Inc.
P.O. Box 81309
Lincoln, NE  68501
(402) 436-5971
www.woodscharitable.org

TIMETABLE

<table>
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<tr>
<th>Submission Dates</th>
<th>Board Meeting</th>
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<tr>
<td>March 1-15. . . June</td>
<td></td>
</tr>
<tr>
<td>June 1-15. . . September</td>
<td></td>
</tr>
<tr>
<td>September 1-15. . December</td>
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</tbody>
</table>

In cases of extreme emergency, Woods will consider proposals of $10,000 or less outside the set timetable.
Payments in 2003

HUMAN SERVICES

Boy Scouts of America, Cornhusker Council ................................................. $10,000
Final payment of a three-year $30,000 grant for Youth at Risk Scouting, serving over
500 "at risk" elementary school children with esteem-building, academic help and
gang and drug resistance programs

CASA for Lancaster County ................................................................. 15,000
Toward the position of Volunteer Coordinator for this organization providing
advocacy for abused and neglected children whose cases are moving through the
legal system

Cedars Youth Services, Inc. ................................................................. 60,000
Final payment of a three-year $180,000 grant for a pilot project to provide equitable
salaries and tuition reimbursement for teachers in five early childhood development
centers in Lincoln and evaluate the impact on staff retention and satisfaction

Center for People in Need, Inc. ......................................................... 10,000
To develop a database facilitating communication between organizations working
with legislative issues affecting low-income and under-represented people

Christian Heritage Children’s Home .................................................. 50,000
Final payment of a three-year $150,000 grant to support Caring for Kids capital
campaign to purchase land and construct two homes for abused, neglected and
adjudicated youth in Lincoln

Cornhusker Place of Lincoln Lancaster County, Inc. ............................. 50,000
First payment of a $100,000 grant toward expansion and renovation of the Civil
Protective Custody Unit providing safe shelter and services to people brought to the
facility under the influence of alcohol and drugs

DayWatch, Inc. ................................................................. 20,000
Second-year support for the salary of a bi-lingual outreach worker at this shelter for
homeless and near homeless people

Fresh Start, Inc. ......................................................... 20,000
Second-year support for staff salaries and employee health insurance benefits for
this shelter for homeless women without dependents

Friendship Home of Lincoln ......................................................... 20,000
Second payment of a $41,500 grant for general operation of this shelter for women
and children who experience domestic violence
Hispanic Community Center .................................................. $40,000
Final payment of a four-year $150,000 grant for the Changing Trends/America Reads Programs (renamed Adelante) to increase school success for minority children

Indian Center, Inc. .............................................................. 10,000
Renewal support for the Commodity Supplemental Food Program distributing food to 1,300 low-income children and elderly residents of Lincoln and Lancaster County

Lincoln Action Program
Toward the purchase of property adjacent to Lincoln Action Program’s facilities for office, storage and parking expansion for this organization providing services and support for low-income people .................................................. 50,000
Third-year matching funds for AmeriCorps members providing family support and literacy services for low-income children and families through the Head Start program .................................................. 10,000

Lincoln and Lancaster County Child Guidance Center ........................................ 50,000
Third-year support for the C.F. Star project, a comprehensive partnership network integrating the outpatient behavioral/mental health and family support services of four partner agencies in Lincoln - Child Guidance Center, Lincoln Medical Education Foundation, Lutheran Family Services and Family Service Association

Lincoln Interfaith Council .................................................. 10,000
Second-year support for the African Multi-Cultural Community Center serving newcomer refugee/immigrant populations residing in Lincoln

Lincoln/Lancaster County Human Services Federation, Inc. ................................. 84
For technical assistance to revise the Federation’s strategic plan

Lutheran Family Services .................................................. 10,000
Toward the agency’s capital needs campaign to relocate and build the capacity of the Southeast Regional Office

The Meeting Place ............................................................ 3,000
For building renovation of this organization’s facility used by nonprofit groups practicing 12-step recovery programs
HUMAN SERVICES (continued)

Nebraska Children & Families Foundation
Final payment of a two-year challenge grant for operational and programmatic expenses in Lincoln and Lancaster County .................................................. $11,000

For the Digital Community Initiative, a collaborative website development project creating on-line donation capacity for eight tax-exempt organizations in Lincoln/Lancaster County .................................................. 40,000

OASIS, Inc. ........................................................................................................... 5,000
Second-year funding to present educational workshops for legal offenders and to develop the OASIS Secure Website aimed at providing restorative justice alternatives for victims and perpetrators of crime

Rape-Spouse Abuse Crisis Center, Inc. .............................................................. 20,000
Technical assistance to implement a comprehensive resource development plan for this agency which serves victims of domestic violence and sexual assault and their families

St. Monica’s Home ............................................................................................... 15,000
Toward a specialized Project Mother & Child program, in collaboration with Friendship Home, providing both shelter from domestic abuse and substance abuse treatment for women with young children

UNL-Center on Children, Families and the Law .............................................. 10,000
Toward the Nebraska Family Impact Seminar which provides state policymakers with non-partisan, solution-based research on family issues

UNL-Department of Educational Psychology
Second payment of a three-year $126,000 grant for the Family Potential Center to expand counseling services to low income, culturally diverse and underserved communities, a collaborative project with Lincoln Action Program ............. 42,000

For the Bullying Prevention project to provide local schools with individualized assessment of bullying rates and preventive solutions for the problem of school bullying, a partnership with Rape-Spouse Abuse Crisis Center, Family Violence Council and Lincoln Public Schools ........................................... 5,000

UNL-Department of Psychology ..................................................................... 27,975
Final payment of a three-year $93,500 grant to provide on-site mental health services at the Child Advocacy Center, serving child abuse victims and non-offending family members

TOTAL HUMAN SERVICES ......................................................................... $614,059
EDUCATION

Arc of Nebraska, Inc. .................................................. $12,000
To train and certify literacy tutors to work with adults with developmental disabilities

Folsom Children’s Zoo and Botanical Gardens .......................... 25,000
Funding for Opening Our Gates, an outreach and educational program aimed at attracting nontraditional visitors, including new Americans, and making their zoo experience culturally comfortable

Foundation for Lincoln Public Schools ...................................... 100,000
Renewal support of the 21st Century Community Learning Center project to develop an infrastructure and promote an integrated delivery system of educational and supportive services to children, families and neighborhood residents in local public schools

Junior Achievement, Inc. .................................................. 5,000
Final payment of a two-year $10,000 challenge grant for the In-School Free Enterprise-based Economic Education program offered in Lincoln’s public and private schools

Lincoln Children’s Museum .................................................. 5,000
Funding for a diversification and cultural competency enhancement plan involving the Museum’s board, staff, volunteers and community partners

Lincoln Literacy Council .................................................. 35,000
Renewal support for culture-specific literacy training for refugee women from Southern Sudan

Southeast Community College ............................................... 20,000
To develop a Newcomers Educational Center (NEC) serving adult English Language Learners, developing curriculum for special classes and providing cultural competency workshops for instructors

UNL-Department of Special Education and Communication Disorders .......... 10,000
First payment toward the Great Plains Institute of Reading and Writing project providing service, training and research for Lincoln area children, adolescents and adults experiencing difficulty with reading and writing

TOTAL EDUCATION .................................................. $212,000
CIVIC AND COMMUNITY

Christmas in April * Lincoln, Inc. (dba Rebuilding Together) ................. $3,750
First payment of a two-year grant for the position of Construction Manager to increase the organization’s building capacity and improve housing conditions for elderly, low-income residents in Lincoln and Lancaster County

EndowNebraska (Fiscal Agent Nebraska Community Foundation) ........... 3,000
To support lobbying efforts to expand state income tax based incentives for charitable giving in Nebraska and research to determine the impact of such credit on state revenues

Leadership Lincoln, Inc. ........................................................................... 25,000
Final payment of a two-year $50,000 grant for general operation of the YouthInspire Foundation, dedicated to improving the community through youth serving youth as volunteers and philanthropists

Lincoln Lancaster Mediation Center .......................................................... 10,000
Toward the salary and benefits of the new Executive Director for the Center which provides strategies for collaborative conflict resolution and consensus building

Nebraska Appleseed Center for Law in the Public Interest, Inc. ............. 25,000
First payment of a $45,000 grant to add a program director position and increase the Center’s advocacy capacity

Nebraskans for Public Television, Inc. ......................................................... 30,000
For the New Nebraskans and Culture and Dating Violence segments of Nebraska Connects, a 12-segment televised panel discussion program

Neighborhoods, Inc. .................................................................................. 50,000
Second partial payment of a five-year $1,000,000 grant to develop and implement a plan to increase affordable housing in Lincoln, a collaborative project with the Lincoln Urban Development Department and University of Nebraska College of Architecture

Self Employment Loan Fund of Lincoln (dba Community Development Resources) . 15,000
First payment of a grant to provide bridge funding to complete the design of a 5-year Business and Capitalization Plan and to offer a Finance and Business Training Program for tax-exempt organizations while providing a full service business development program for small and emerging businesses in Lincoln, Nebraska

United Methodist Ministries ....................................................................... 14,500
Renewal funding for Equity-In-Nebraska, a project to advance the legal rights of impoverished victims of injustice through public education and litigation

VolunteerLinc (dba Volunteer Partners) ..................................................... 25,000
Third-year support toward employee salaries for this agency which provides a community-wide volunteer resource center

TOTAL CIVIC AND COMMUNITY ............................................................... $201,250
ARTS AND CULTURE

The 7th Street Loft ............................................................... $6,500
For general operating support during the renovation and move into the Loft’s new
community arts space

Friends of Mary Riepma Ross Film Theatre, Inc. ................................. 3,500
For a multi-cultural, multi-generational film-making workshop, Abuelita-
The Grandmother Project, for youth to explore inter-generational communication

Lincoln Arts Council .............................................................. 3,000
To involve all Lincoln Public Schools sixth grade students in Lincoln’s inaugural city-
wide public art project, Tour de Lincoln, by providing a small-scale bike model for
each student to transform into a 3-D original design

Lincoln Municipal Band Association, Inc. ....................................... 20,000
To stabilize and broaden educational outreach projects in Lincoln schools, a collabora-
tion including Lincoln Municipal Band, Nebraska Brass, Nebraska Jazz Orchestra
and Nebraska Trumpet Ensemble

Lincoln Orchestra Association ................................................... 30,000
Final payment of a three-year $90,000 grant for the Performance Partnership pro-
viding opportunities for high school instrumental music students within Lincoln
Public Schools to practice and perform with Lincoln Symphony Orchestra musicians

Meadowlark Music Festival ....................................................... 25,000
Final payment of a three-year $75,000 grant for the Festival’s staff, including mar-
keting/promotions consultants, to ensure the future financial independence of the
Festival

Mid-America Arts Alliance ...................................................... 10,000
For the Managing Change seminar, an educational program for leaders of arts
and cultural organizations to gain strategic business skills needed in today’s
challenging operating environment

Nebraska Art Association ......................................................... 27,500
Second payment of a three-year $81,500 matching grant for a Development Director
at the Sheldon Memorial Art Gallery and Sculpture Garden

Nebraska Humanities Council ................................................. 10,000
Funding for general operations and core programming as the Council moves toward
economic stabilization and raises matching support to qualify for a major National
Endowment for the Humanities grant
ARTS AND CULTURE (continued)

Third Chair Chamber Players, Inc. ................................................................. $3,500
Second-year support for technical assistance to develop an organizational strategy
for marketing, board development and audience base growth

UNL-University Health Center ................................................................. 2,000
Renewal support to help fund the 2004 production of The Vagina Monologues in
conjunction with V-Day, a global effort to stop violence against women

TOTAL ARTS AND CULTURE ................................................................. $141,000

PROGRAM RELATED INVESTMENTS

Family Service Association of Lincoln ..................................................... $350,000
A five-year loan to assist Family Service with debt reduction and financial
reorganization

Heartland Big Brothers-Big Sisters ......................................................... 50,000
A five-year, no interest loan to stabilize cash flow for the agency’s adult/child
mentor matching program

TOTAL PROGRAM RELATED INVESTMENTS ....................................... $400,000

TOTAL GRANTS/PROGRAM RELATED INVESTMENTS PAID ................ $1,568,309
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, 2003 and 2002, and the related statements of income collected, deductions and expenses paid and of 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 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 discussed 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 accounting principles generally accepted in the United States of America.

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, 2003 and 2002, and its income collected, deductions and expenses paid and changes in unrestricted net assets for the years then ended, on the basis of accounting described in Note A.

Our audits were conducted for the purpose of forming an opinion on the basic cash basis financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Fund’s management. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note A.

DELOITTE & TOUCHE LLP
Lincoln, Nebraska
February 9, 2004
### STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
### ARISING FROM CASH TRANSACTIONS
#### DECEMBER 31, 2003 AND 2002

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2003</th>
<th>2002</th>
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<tbody>
<tr>
<td>Cash</td>
<td>$ 55,902</td>
<td>$ 154,612</td>
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<tr>
<td>Investment securities, at cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds (fair value 2003 - $30,737,791 and 2002 - $24,879,799)</td>
<td>$ 23,773,173</td>
<td>$ 24,228,909</td>
</tr>
<tr>
<td>Partnerships and other investments</td>
<td>$ 704,271</td>
<td>$ 624,203</td>
</tr>
<tr>
<td>Program related investments</td>
<td>$ 464,729</td>
<td>$ 80,381</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 24,998,075</strong></td>
<td><strong>$ 25,088,105</strong></td>
</tr>
</tbody>
</table>

| LIABILITIES AND NET ASSETS | | |
| Unrestricted net assets | $ 24,998,075 | $ 25,088,105 |
| **Total liabilities and net assets** | **$ 24,998,075** | **$ 25,088,105** |

*See accompanying notes to cash basis financial statements*

### STATEMENTS OF INCOME COLLECTED, DEDUCTIONS AND EXPENSES PAID
### YEARS ENDED DECEMBER 31, 2003 AND 2002

<table>
<thead>
<tr>
<th>Income collected:</th>
<th>2003</th>
<th>2002</th>
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<tbody>
<tr>
<td>Investment income (loss):</td>
<td></td>
<td></td>
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<tr>
<td>Net realized gains (losses) on sale of investments</td>
<td>$ 750,249</td>
<td>$(1,259,531)</td>
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<tr>
<td>Interest:</td>
<td></td>
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<tr>
<td>Money market accounts</td>
<td>$ 139</td>
<td>$ 14,663</td>
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<tr>
<td>Program related investments, interest bearing</td>
<td>$ 12,022</td>
<td>–</td>
</tr>
<tr>
<td>Checking accounts, interest bearing</td>
<td>$ 1,511</td>
<td>$ 4,028</td>
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<tr>
<td><strong>Total interest income</strong></td>
<td><strong>$ 13,672</strong></td>
<td><strong>$ 18,691</strong></td>
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<tr>
<td>Dividends:</td>
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<tr>
<td>Common and preferred stocks</td>
<td>$ 2,347</td>
<td>$ 412,875</td>
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<td>Mutual funds</td>
<td>$ 619,473</td>
<td>$ 350,001</td>
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<td><strong>Total dividends</strong></td>
<td><strong>$ 621,820</strong></td>
<td><strong>$ 762,876</strong></td>
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<tr>
<td><strong>Total investment income (loss)</strong></td>
<td><strong>$ 1,385,741</strong></td>
<td><strong>$(477,964)</strong></td>
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<td>Miscellaneous income</td>
<td>$ 3,523</td>
<td>$ 2,323</td>
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<tr>
<td><strong>Total income collected</strong></td>
<td><strong>$ 1,389,264</strong></td>
<td><strong>$(475,641)</strong></td>
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## Deductions:

<table>
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<th>Description</th>
<th>2003</th>
<th>2002</th>
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<td>Grants paid</td>
<td>1,168,309</td>
<td>1,461,400</td>
</tr>
</tbody>
</table>

## Expenses paid:

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment advisory fee</td>
<td>23,191</td>
<td>123,762</td>
</tr>
<tr>
<td>Salary and related expenses</td>
<td>235,372</td>
<td>221,865</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>1,687</td>
<td>8,639</td>
</tr>
<tr>
<td>Legal, audit and financial services</td>
<td>8,275</td>
<td>13,284</td>
</tr>
<tr>
<td>Office expenses</td>
<td>6,231</td>
<td>15,812</td>
</tr>
<tr>
<td>Memberships and dues</td>
<td>7,487</td>
<td>9,916</td>
</tr>
<tr>
<td>Consultants</td>
<td>2,358</td>
<td>3,700</td>
</tr>
<tr>
<td>Annual report expenses</td>
<td>7,597</td>
<td>4,672</td>
</tr>
<tr>
<td>Other expenses</td>
<td>18,787</td>
<td>15,030</td>
</tr>
<tr>
<td><strong>Taxes:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign tax withheld at source</td>
<td>–</td>
<td>13,404</td>
</tr>
<tr>
<td><strong>Total expenses paid</strong></td>
<td>310,985</td>
<td>430,084</td>
</tr>
<tr>
<td><strong>Total deductions and expenses paid</strong></td>
<td>1,479,294</td>
<td>1,891,484</td>
</tr>
</tbody>
</table>

### DEFICIENCY OF INCOME COLLECTED

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OVER DEDUCTIONS AND EXPENSES PAID</strong></td>
<td>$ (90,030)</td>
<td>$ (2,367,125)</td>
</tr>
</tbody>
</table>

*See accompanying notes to cash basis financial statements.*

### STATEMENTS OF CHANGES IN UNRESTRICTED NET ASSETS ARISING FROM CASH TRANSACTIONS

#### YEARS ENDED DECEMBER 31, 2003 AND 2002

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets, January 1</td>
<td>$ 25,088,105</td>
<td>$ 27,455,230</td>
</tr>
<tr>
<td>Deficiency of income collected over deductions and expenses paid</td>
<td>(90,030)</td>
<td>(2,367,125)</td>
</tr>
<tr>
<td><strong>Unrestricted net assets, December 31</strong></td>
<td>$ 24,998,075</td>
<td>$ 25,088,105</td>
</tr>
</tbody>
</table>

*See accompanying notes to cash basis financial statements.*
YEARS ENDED DECEMBER 31, 2003 AND 2002

A. BASIS OF PRESENTATION AND 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 accounting principles generally accepted in the United States of America, income would be recognized when earned and all expenses would be recognized when incurred.

Investments are carried at cost. 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.

B. ESTIMATED FAIR VALUE OF THE FUND’S ASSETS

Estimated fair values of publicly traded securities at December 31, 2003 and 2002 were determined from closing prices of national securities exchanges or latest bid quotation.

The Fund held an investment in a private limited partnership interest with a cost of $704,271 and $624,203, for which a fair value was not ascertainable at December 31, 2003 and 2002, respectively.

C. 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 2003 federal excise tax liability is zero.

D. COMMITMENTS

The Fund is committed to pay grants aggregating $1,339,250 at December 31, 2003. In addition, the Fund has supplied a stand-by letter of credit of $28,500. The Fund is committed to invest an additional $181,640 in a limited partnership interest. Certain of these commitments are contingent upon the fulfillment of specified conditions.
The Sheldon Memorial Art Gallery reopened in February, 2003, after a $5.1 million state-funded building renovation. The building, its programs and collection reflect the foresight and vision of Lincoln’s arts advocates who forged a successful partnership between the University of Nebraska-Lincoln, the Nebraska Art Association and the Lincoln community.

When the Sheldon was planned, one of the few stipulations of the Sheldon bequest, which provided the funding, was that it be designed by an internationally-renowned architect. Its place as a signature building in Philip Johnson’s distinguished career was affirmed last year when the Sheldon was featured in a major monograph prepared with the architect’s assistance.

With thanks to the Nebraska Art Association, the Sheldon is now home to works by famous American artists including Edward Hopper, Georgia O’Keeffe, Jackson Pollock and Theodore Robinson. Visitors can experience the artistic treasures at the Sheldon but that’s not all. They can also learn about art by participating in the Gallery’s educational programs designed for all ages from children and youth to adults.

The building renovation put the Sheldon in good repair and increased its capacity to store and secure its collections. It also qualifies the museum to host national touring exhibitions and develop exhibitions with loans from private collections and other museums.

In the coming year, the Lincoln community can look forward to opportunities to view new media and invitational exhibitions at the Sheldon. School groups and students can tour with docent guides. Visitors can meet and learn from recognized artists, art historians and critics.

We look forward to welcoming you to the Gallery.

Janice Driesbach, Director, Sheldon Memorial Art Gallery and Sculpture Garden

Learn more about the Sheldon Memorial Art Gallery at www.sheldonartgallery.org
Jun Kaneko, a native of Nagoya, Japan, has lived and maintained his studio in Omaha, Nebraska since 1990. He came to Nebraska via several stops in the United States, including Los Angeles, California, where he arrived to study painting. Kaneko’s focus was drawn to sculptural ceramics when he was exposed, as a student, to the experimental work of Peter Voulkos. Since then, Kaneko has created an impressive body of ceramics, including his massive dangos (Japanese for round form), which defy the technical limits of his medium. The rich colors and masterful variations in his glazes reflect his background as a painter.

Jun Kaneko taught at Scripps College, the Rhode Island School of Design and Cranbrook Academy of Art and made his first large-scale ceramics during visits to Omaha in 1982 and 1983. His work is included in more than forty museum collections, including that of the Sheldon Memorial Gallery in Lincoln. In addition to his work with ceramics, this prolific and versatile artist paints, draws and works with glass.

Peter Voulkos, artist and Professor of Art, Emeritus at the University of California, Berkeley, said Kaneko’s “works are enigmatic and elusive, simultaneously restrained and powerful, Eastern and Western, static and alive, intellectual and playful, technical and innovative.”
A cutline for this photo of a handsome young man would be wonderful!