

Woods Charitable Fund, Inc.

Independent Accountants' Review Report and Financial Statements

December 31, 2013 and 2012



Woods Charitable Fund, Inc.
December 31, 2013 and 2012

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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, 2013 and 2012, 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, 2014

Woods Charitable Fund, Inc.
Statements of Financial Position
Modified Cash Basis
December 31, 2013 and 2012

Assets

	2013	2012
Cash and cash equivalents	\$ 124,315	\$ 119,807
Investment securities, at cost		
Mutual funds	-	2,802,879
Institutional funds	32,019,486	18,783,590
Partnerships and other investments	42,589	83,902
Program related investments	32,954	5,000
Total assets	\$ 32,219,344	\$ 21,795,178
Unrestricted Net Assets	\$ 32,219,344	\$ 21,795,178

Woods Charitable Fund, Inc.
Statements of Activities
Modified Cash Basis
Years Ended December 31, 2013 and 2012

	2013	2012
Income Collected		
Investment income		
Net realized gain on sale of securities	\$ 12,127,394	\$ 1,757,304
Interest	453	306
Dividends from mutual funds	24,179	90,145
Total investment income	12,152,026	1,847,755
Excise tax refunds	13,684	-
Other	265,435	10,070
Total income collected	12,431,145	1,857,825
Grants and Expenses Paid		
Grants paid	1,165,500	1,501,064
Expenses paid		
Salaries and benefits	340,218	339,168
Investment advisory fees	206,641	162,635
Conferences and meetings	2,675	3,004
Legal, audit and financial services	9,563	9,085
Office expenses	11,042	11,685
Rent expense	55,670	4,639
Memberships and dues	7,748	10,475
Consultants	11,139	8,024
Annual report expenses	2,103	2,263
Other expenses	74,680	31,916
Excise tax payments	120,000	48,898
Total expenses paid	841,479	631,792
Total grants and expenses paid	2,006,979	2,132,856
Change in Net Assets	10,424,166	(275,031)
Net Assets, Beginning of Year	21,795,178	22,070,209
Net Assets, End of Year	\$ 32,219,344	\$ 21,795,178

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2013 and 2012

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, 2013 and 2012, 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, 2013 and 2012

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 2013 and 2012 consisted of:

	2013	2012
Current year estimated payments	\$ 120,000	\$ 39,600
Payments for prior year liability	-	9,298
	\$ 120,000	\$ 48,898

In addition, in 2013 and 2012, the Fund received excise tax refunds of \$13,684 and \$0, respectively.

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 2010.

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, 2013 and 2012

Note 2: Investments and Fair Value Disclosures - Continued

Mutual and institutional funds at December 31, 2013 and 2012 consisted of the following:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Mutual funds				
Real estate	\$ -	\$ -	\$ 1,306,394	\$ 1,545,312
Commodities	-	-	1,496,485	1,338,051
Total mutual funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,802,879</u>	<u>\$ 2,883,363</u>
	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Institutional funds				
Multi-asset	\$ 29,535,956	\$ 30,092,238	\$ -	\$ -
U.S. equity	-	-	8,505,561	13,523,058
Fixed income	2,483,530	3,261,361	3,463,189	4,818,974
International and global equity	-	-	6,814,840	8,657,013
Total institutional funds	<u>\$ 32,019,486</u>	<u>\$ 33,353,599</u>	<u>\$ 18,783,590</u>	<u>\$ 26,999,045</u>

The Fund has an investment in a private limited partnership with a cost of \$42,589 and \$83,902 at December 31, 2013 and 2012, 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.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2013 and 2012

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 \$55,670 and \$4,639 for 2013 and 2012, respectively.

Future minimum lease payments at December 31, 2013, were:

2014	\$ 55,670
2015	57,135
2016	57,135
2017	58,600
2018	58,600
Later years	<u>249,050</u>
	<u><u>\$ 536,190</u></u>

Note 4: Commitments

The Fund is committed to pay grants totaling \$741,500 at December 31, 2013. Certain of these commitments are contingent on the fulfillment of specified conditions.

Note 5: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountants' Review Report, 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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Human Services	\$ 502,500	\$ 649,700
Civic and Community	297,000	573,864
Education	196,500	172,500
Arts and Culture	149,500	105,000
Other	<u>20,000</u>	<u>-</u>
Total grants paid	<u><u>\$ 1,165,500</u></u>	<u><u>\$ 1,501,064</u></u>

Woods Charitable Fund, Inc.

Grants Paid

Year Ended December 31, 2013

Human Services

Asian Community and Cultural Center	\$ 20,000
CASA for Lancaster County	15,000
Center for People in Need, Inc.	20,000
El Centro de las Americas	25,000
Family Service Association of Lincoln	20,000
Family Violence Council (Safe and Together Model)	50,000
Family Violence Council (Keepers of the Flame)	50,000
Food Bank of Lincoln, Inc.	20,000
Friendship Home of Lincoln	20,000
Good Neighbor Community Center, Inc.	20,000
Heartland Big Brothers Big Sisters	20,000
Indian Center, Inc.	35,000
Mark of Honor Youth Lodge, Inc.	20,000
Matt Talbot Kitchen and Outreach, Inc.	20,000
The Mediation Center	22,000
Mourning Hope	10,000
Northeast Family Resource Center	7,500
Outlinc, Inc.	8,000
Planned Parenthood of the Heartland	50,000
Provider's Network, Inc.	10,000
St. Monica's Home	15,000
Voices of Hope, Inc.	25,000
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Total Human Services	502,500

Civic and Community

Center for Legal Immigration Assistance	20,000
Center for Rural Affairs	20,000
City of Lincoln, Lincoln Police Department	15,000
Common Cause Education Fund dba Common Cause Nebraska	25,000
Community CROPS	10,000
Easter Seal Society of Nebraska, Inc.	15,000
Habitat for Humanity, Inc.	8,000
Legal Aid of Nebraska	25,000
Nebraska Appleseed Center for Law in the Public Interest, Inc.	25,000
Nebraskans for Civic Reform	25,000
OpenSky Policy Institute	20,000
Prairie Gold Homes, Inc.	30,000
UNL-Department of Community and Regional Planning	39,000
VolunteerLinc dba Volunteer Partners	20,000
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Total Civic and Community	297,000

Woods Charitable Fund, Inc.
Grants Paid - Continued
Year Ended December 31, 2013

Education

Bright Lights, Inc.	\$ 5,000
Educare of Lincoln, Inc.	30,000
Lincoln Public Schools (Behavior Intervention Support Team)	60,000
Lincoln Public Schools (Hear to Learn)	25,000
Lincoln Public Schools (Family Literacy Program)	10,000
Malone Community Center	11,500
Nebraska Association for the Education of Young Children, Inc.	15,000
Nebraska Wesleyan University	20,000
Spring Creek Prairie Audubon Center	<u>20,000</u>

Total Education	<u>196,500</u>
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Arts and Culture

Flatwater Shakespeare Company	15,000
Grand Island Community Foundation	10,000
Lincoln Parks and Recreation Foundation	50,000
Lux Center for the Arts	15,000
Nebraska Humanities Council dba Humanities Nebraska	20,000
Vision Maker Media	4,500
Woods Hall Craft Shop	<u>35,000</u>

Total Arts and Culture	<u>149,500</u>
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Other

Lincoln Children's Zoo	<u>20,000</u>
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Total grants paid	<u><u>\$ 1,165,500</u></u>
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