

**Woods Charitable Fund, Inc.**

Independent Accountant's Review Report  
and Financial Statements

December 31, 2017 and 2016



**Woods Charitable Fund, Inc.**  
**December 31, 2017 and 2016**

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## Independent Accountant's Review Report

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

We have reviewed the accompanying financial statements of Woods Charitable Fund, Inc. (the Fund) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Fund's 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's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

***Other Matter***

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*BKD, LLP*

Lincoln, Nebraska  
April 17, 2018

**Woods Charitable Fund, Inc.**  
**Statements of Financial Position**  
**Modified Cash Basis**  
**December 31, 2017 and 2016**

**Assets**

	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 162,102	\$ 97,563
Investment securities, at cost		
Institutional funds	25,925,592	26,693,740
Partnership	810	10,252
Program related investment	140,000	-
Total assets	\$ 26,228,504	\$ 26,801,555
<b>Unrestricted Net Assets</b>	<b>\$ 26,228,504</b>	<b>\$ 26,801,555</b>

**Woods Charitable Fund, Inc.**  
**Statements of Activities**  
**Modified Cash Basis**  
**Years Ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Income Collected</b>		
Investment income		
Net realized gain on sale of securities	\$ 1,864,049	\$ 237,774
Interest	705	284
Total investment income	1,864,754	238,058
Excise tax refunds	35,858	40,103
Other	11,262	28,818
Total income collected	1,911,874	306,979
<b>Grants and Expenses Paid</b>		
Grants paid	1,586,800	1,137,700
Expenses paid		
Salaries and benefits	442,630	419,117
Investment advisory fees	285,196	272,923
Conferences and meetings	3,050	1,068
Legal, audit and financial services	9,575	11,105
Office expenses	5,555	8,991
Rent expense	60,672	58,827
Memberships and dues	5,825	4,825
Consultants	6,593	13,613
Annual report expenses	2,129	1,674
Other expenses	24,342	22,772
Excise tax payments	52,558	45,103
Total expenses paid	898,125	860,018
Total grants and expenses paid	2,484,925	1,997,718
<b>Change in Net Assets</b>	(573,051)	(1,690,739)
<b>Net Assets, Beginning of Year</b>	26,801,555	28,492,294
<b>Net Assets, End of Year</b>	\$ 26,228,504	\$ 26,801,555

**Woods Charitable Fund, Inc.**  
**Notes to Modified Cash Basis Financial Statements**  
**December 31, 2017 and 2016**

**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. Additionally, the Fund carries its investments at cost and does not adjust these balances for changes in fair value, which may be material. 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, 2017 and 2016, 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 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, 2017 and 2016**

**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 2017 and 2016 were \$52,558 and \$45,103, respectively. In addition, in 2017 and 2016, the Fund received excise tax refunds of \$35,858 and \$40,103, respectively.

**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, 2017 and 2016**

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

Institutional funds at December 31, 2017 and 2016 consisted of the following:

	<b>2017</b>		<b>2016</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Multi-asset	\$ 18,585,191	\$ 26,302,628	\$ 24,559,514	\$ 29,449,390
Real estate equity	2,500,000	2,585,057	-	-
Core bond	2,310,280	3,376,862	-	-
Fixed income	2,530,121	2,548,915	2,134,226	3,091,107
	<u>\$ 25,925,592</u>	<u>\$ 34,813,462</u>	<u>\$ 26,693,740</u>	<u>\$ 32,540,497</u>

The Fund has an investment in a private limited partnership with a cost of \$810 and \$10,252 at December 31, 2017 and 2016, respectively, for which a fair value was not ascertainable.

Program related investments consist of non-interest bearing loans issued to qualifying agencies which require repayment of principal in accordance with the terms of the related agreement.

**Note 3: Operating Leases**

The Fund entered into a lease agreement for its office space under a noncancelable ten year operating lease, which expires in 2022. The Fund is responsible for a pro-rata share of increases in direct building operating expenses over the lease term. Rent expense totaled \$60,672 and \$58,827 for 2017 and 2016, respectively.

Future minimum lease payments at December 31, 2017, were:

2018	\$ 58,600
2019	60,065
2020	61,530
2021	62,995
2022	<u>64,460</u>
	<u>\$ 307,650</u>

**Woods Charitable Fund, Inc.**  
**Notes to Modified Cash Basis Financial Statements**  
**December 31, 2017 and 2016**

**Note 4: Commitments**

The Fund is committed to pay grants in the future totaling \$1,302,000 as of December 31, 2017. Certain of these commitments are contingent on the fulfillment of specified conditions.

These future grant payments are scheduled to be made as follows:

2018	\$ 757,000
2019	<u>545,000</u>
	<u><u>\$1,302,000</u></u>

**Note 5: Subsequent Events**

Subsequent events have been evaluated through April 17, 2018, 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, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Arts and Culture</b>	\$ 119,500	\$ 146,700
<b>Civic and Community</b>	602,000	196,000
<b>Education</b>	235,050	290,000
<b>Human Services</b>	590,250	505,000
<b>Miscellaneous</b>	40,000	-
Total grants paid	\$ 1,586,800	\$ 1,137,700

# Woods Charitable Fund, Inc.

## Grants Paid

Year Ended December 31, 2017

### Arts and Culture

Flatwater Shakespeare Company	\$ 12,500
Hear Nebraska	15,000
Lincoln Friends of Chamber Music, Inc.	7,000
Lux Center for the Arts	15,000
Nebraska Brass, Inc.	5,000
Nebraska Writers Collective	10,000
University of Nebraska-Lincoln, Lied Center for the Performing Arts	10,000
University of Nebraska-Lincoln, Nebraska Repertory Theatre	15,000
Vision Maker Media	20,000
Youth Actors Academy of Lincoln, Inc.	10,000
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Total Arts and Culture	119,500

### Civic and Community

ACLU Nebraska Foundation, Inc.	15,000
Center for Legal Immigration Assistance	35,000
Center for Rural Affairs	15,000
Common Cause Nebraska Education Fund	12,000
Leadership Lincoln, Inc.	10,000
Lincoln Lancaster County Habitat for Humanity, Inc.	20,000
Nebraska Civic Engagement Table	30,000
Nebraska Bicycling Alliance	10,000
Nebraskans for Civic Reform (Breakthrough Initiative)	375,000
Neighborhoods, Inc. (dba NeighborWorks Lincoln)	30,000
South of Downtown Community Development Organization	30,000
VolunteerLinc	20,000
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Total Civic and Community	602,000

### Education

Cedars Youth Services, Inc.	20,000
Lincoln Children's Museum	1,000
Lincoln Literacy Council	30,000
Lincoln Public Schools (Community LINKS programs)	94,000
Lincoln Public Schools (Fruit and Fiber program at Lincoln High School)	3,250
Nebraska Association for the Education of Young Children (dba Nebr AEYC)	16,800
Nebraska Human Resources Research Foundation, Inc.	20,000
Nebraska Humanities Council	20,000
UNL Nebraska Center for Research on Children, Youth, Families and Schools	30,000
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Total Education	235,050

**Woods Charitable Fund, Inc.**  
**Grants Paid - Continued**  
**Year Ended December 31, 2017**

**Human Services**

Asian Community and Cultural Center	\$	20,000
Bay Lincoln		34,000
The Bridge Behavioral Health, Inc.		15,000
Bridges to Hope		5,000
Center for People in Need, Inc.		10,000
Camp Summergold, Inc.		7,500
CASA for Lancaster County		10,000
City of Lincoln, Lincoln Police Department		25,000
Community Action Partnership of Lancaster and Saunders Counties		10,000
Disability Rights Nebraska		40,000
Girl Scouts-Spirit of Nebraska		20,000
Good Neighbor Community Center, Inc.		40,000
Guidance to Success Youth Club		9,500
Karen Society of Nebraska, Inc.		3,500
Lincoln and Lancaster County Child Guidance Center, Inc.		45,000
Lincoln Lancaster County Child Advocacy Center		55,000
Lincoln Lancaster County Human Services Federation, Inc.		10,000
Lincoln Medical Education Partnership		7,250
Lutheran Family Services of Nebraska, Inc.		20,000
Malone Community Center		25,000
Matt Talbot Kitchen & Outreach, Inc.		27,500
Nebraska Children and Families Foundation		15,000
Outlinc, Inc.		5,000
Released and Restored, Inc.		30,000
St. Monica's Home		20,000
The HUB Central Access Point for Young Adults		20,000
University of Nebraska-Lincoln, Department of Psychology		16,000
Willard Community Center Corporation		30,000
YWCA of Lincoln		15,000
		590,250
Total Human Services		590,250

**Miscellaneous**

Nonprofit Hub Foundation		40,000
		40,000
Total Miscellaneous		40,000
Total grants paid	\$	1,586,800