

Woods Charitable Fund, Inc.

Independent Accountant's Review Report
and Financial Statements

December 31, 2019 and 2018

Woods Charitable Fund, Inc.
December 31, 2019 and 2018

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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, 2019 and 2018, 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 engagements 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 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 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 2, 2020

Woods Charitable Fund, Inc.

Statements of Financial Position

Modified Cash Basis

December 31, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 148,060	\$ 227,912
Investment securities, at cost		
Institutional funds	22,622,588	24,203,089
Program related investment	<u>26,000</u>	<u>32,000</u>
Total assets	<u>\$ 22,796,648</u>	<u>\$ 24,463,001</u>
Net Assets Without Donor Restrictions	<u>\$ 22,796,648</u>	<u>\$ 24,463,001</u>

Woods Charitable Fund, Inc.
Statements of Activities
Modified Cash Basis
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Income Collected		
Investment income		
Net realized gain on sale of securities	\$ 734,525	\$ 785,057
Investment advisory fees	(253,026)	(272,370)
Interest	3,515	1,946
	<u>485,014</u>	<u>514,633</u>
Total investment income, net		
Excise tax refunds	28,039	18,890
Other	14,649	65
	<u>527,702</u>	<u>533,588</u>
Total income collected		
Grants and Expenses Paid		
Grants paid	<u>1,529,200</u>	<u>1,636,500</u>
Expenses paid		
Salaries and benefits	491,812	470,504
Conferences and meetings	2,422	923
Legal, audit and financial services	11,128	10,757
Office expenses	6,280	11,770
Rent expense	67,740	55,656
Memberships and dues	7,225	6,550
Consultants	10,813	16,254
Annual report expenses	2,049	1,410
Other expenses	24,680	23,877
Excise tax payments	40,706	64,890
	<u>664,855</u>	<u>662,591</u>
Total expenses paid		
Total grants and expenses paid	<u>2,194,055</u>	<u>2,299,091</u>
Change in Net Assets	(1,666,353)	(1,765,503)
Net Assets, Beginning of Year	<u>24,463,001</u>	<u>26,228,504</u>
Net Assets, End of Year	<u>\$ 22,796,648</u>	<u>\$ 24,463,001</u>

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018

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 2019 and 2018 were \$40,706 and \$64,890, respectively. In addition, in 2019 and 2018, the Fund received excise tax refunds of \$28,039 and \$18,890, 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. 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.

Institutional funds at December 31, 2019 and 2018 consisted of the following:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Multi-asset	\$ 15,969,878	\$ 24,792,154	\$ 17,398,167	\$ 22,476,851
Real estate equity	2,500,000	2,898,588	2,500,000	2,763,991
Core bond	1,950,301	3,122,104	2,102,513	3,058,266
Fixed income	2,202,409	2,447,803	2,202,409	2,269,892
	<u>\$ 22,622,588</u>	<u>\$ 33,260,649</u>	<u>\$ 24,203,089</u>	<u>\$ 30,569,000</u>

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.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2019 and 2018

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 \$67,740 and \$55,656 for 2019 and 2018, respectively.

Future minimum lease payments at December 31, 2019, were:

2020	\$ 61,530
2021	62,995
2022	<u>64,460</u>
	<u>\$ 188,985</u>

Note 4: Commitments

The Fund is committed to pay grants in the future totaling \$370,000 as of December 31, 2019. Certain of these commitments are contingent on the fulfillment of specified conditions.

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

2020	\$ 320,000
2021	<u>50,000</u>
	<u>\$ 370,000</u>

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2019 and 2018

Note 5: Liquidity and Availability

The Fund's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprise the following:

	2019	2018
Cash and cash equivalents	\$ 148,060	\$ 227,912
Investment securities, at cost		
Institutional funds	22,622,588	24,203,089
Program related investment	26,000	32,000
	\$ 22,796,648	\$ 24,463,001

As part of the Fund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due.

Note 6: Significant Estimates and Concentrations

Investments

The Fund invests in various investment 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 changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 7: Subsequent Events

There has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments which has resulted in a substantial decline in the value of our investment portfolio.

Subsequent events have been evaluated through April 2, 2020, 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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Arts and Culture	\$ 91,000	\$ 143,000
Civic and Community	836,500	822,500
Education	178,600	250,000
Human Services	418,100	421,000
Miscellaneous	<u>5,000</u>	<u>-</u>
Total grants paid	<u>\$ 1,529,200</u>	<u>\$ 1,636,500</u>

Woods Charitable Fund, Inc.
Grants Paid
Year Ended December 31, 2019

Arts and Culture

Families Inspiring Families	\$ 10,000
Flatwater Shakespeare Company	15,000
Lincoln Arts Council	25,000
Nebraska Cultural Endowment	6,000
University of Nebraska - Lincoln, Lied Center for Performing Arts	25,000
Vision Maker Media	10,000
	91,000
Total Arts and Culture	91,000

Civic and Community

Center for Legal Immigration Assistance (Breakthrough #2, Project UPLIFT)	40,000
Center for Rural Affairs	20,000
Civic Nebraska (Breakthrough #1, Collective Impact Lincoln)	400,000
Civic Nebraska (Civic Health program manager)	25,000
Duluth Superior Area Community Foundation, Inc.	7,000
Leadership Lincoln, Inc.	15,000
Legal Aid of Nebraska (Breakthrough #2, Project UPLIFT))	160,000
Legal Aid of Nebraska (Housing Justice Project)	25,000
Lincoln Lancaster County Habitat for Humanity, Inc.	20,000
The Mediation Center	9,500
Nebraska Civic Engagement Table	30,000
Nebraska Domestic Violence Sexual Assault Coalition	10,000
OpenSky Policy Institute	10,000
South of Downtown Community Development Organization	30,000
Stand for Schools	15,000
Sunrise Communications, Inc. dba KZUM Radio	20,000
	836,500
Total Civic and Community	836,500

Woods Charitable Fund, Inc.
Grants Paid - Continued
Year Ended December 31, 2019

Education

Bright Lights, Inc.	\$ 5,100
Foundation for Lincoln Public Schools	10,000
Girls Code Lincoln	5,000
Girls Incorporated of Omaha	15,000
Inclusive Communities	8,500
Lincoln Community Learning Centers (Fiscal Sponsor Lincoln Community Foundation, Inc.)	60,000
Lincoln Housing Charities	5,000
Lincoln Public Schools (STEM Ecosystem project)	5,000
Lincoln Public Schools (TCA Summer Academy)	30,000
Nebraska Children and Families Foundation	15,000
Nebraska Human Resources Research Foundation, Inc.	<u>20,000</u>
 Total Education	 <u>178,600</u>

Human Services

Bridges to Hope	16,600
CASA for Lancaster County	15,000
Cause Collective	10,000
Center for People in Need, Inc.	6,000
CenterPointe, Inc.	10,000
City of Lincoln, Lincoln Police Department	25,000
Disability Rights Nebraska	40,000
El Centro De Las Americas	14,000
Food Bank of Lincoln, Inc. (General Operating)	6,000
Food Bank of Lincoln, Inc. (High School Food Markets)	20,000
HopeSpoke	35,000
Lincoln Medical Education Partnership	15,000
Madonna Foundation	27,500
Mourning Hope	50,000
Planned Parenthood of the Heartland, Inc.	20,000
Released and Restored, Inc.	55,000
The Set Me Free Project	20,000
Willard Community Center Corp	13,000
YWCA of Lincoln	<u>20,000</u>
 Total Human Services	 <u>418,100</u>

Miscellaneous

Young Nonprofit Professionals Network - Lincoln (ynpnLNK) (Fiscal Sponsor Nonprofit Hub Foundation)	<u>5,000</u>
 Total Miscellaneous	 <u>5,000</u>
 Total grants paid	 <u><u>\$ 1,529,200</u></u>