

Woods Charitable Fund, Inc.

Independent Accountant's Review Report and Financial Statements

December 31, 2022 and 2021



Woods Charitable Fund, Inc.
December 31, 2022 and 2021

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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, 2022 and 2021, 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 also is 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.

We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

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.

Supplementary Information

The accompanying supplementary information listed in the table of contents 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.

FORVIS, LLP

Lincoln, Nebraska
March 28, 2023

Woods Charitable Fund, Inc.
Statements of Financial Position
Modified Cash Basis
December 31, 2022 and 2021

Assets

	2022	2021
Cash and cash equivalents	\$ 240,129	\$ 128,697
Investment securities, at cost		
Mutual funds	26,662,889	27,828,408
Private equity investments	60,000	-
Total assets	\$ 26,963,018	\$ 27,957,105
Net Assets Without Donor Restrictions	\$ 26,963,018	\$ 27,957,105

Woods Charitable Fund, Inc.
Statements of Activities
Modified Cash Basis
Years Ended December 31, 2022 and 2021

	2022	2021
Income Collected		
Investment income		
Net realized gain on sale of securities	\$ 470,564	\$ 520,711
Investment advisory fees	(56,518)	(63,842)
Interest	3,742	1,877
Dividends	835,434	1,458,537
Total investment income, net	1,253,222	1,917,283
Excise tax refunds	-	12,660
Other	26,344	97
Total income collected	1,279,566	1,930,040
Grants and Expenses Paid		
Grants paid	1,547,000	1,710,000
Expenses paid		
Salaries and benefits	560,962	529,078
Conferences and meetings	2,188	785
Legal, audit and financial services	11,911	14,425
Office expenses	8,594	9,254
Rent expense	66,556	64,274
Memberships and dues	5,725	5,725
Consultants	14,134	4,687
Annual report expenses	3,634	2,307
Other expenses	27,496	27,112
Excise tax payments	25,453	11,975
Total expenses paid	726,653	669,622
Total grants and expenses paid	2,273,653	2,379,622
Change in Net Assets	(994,087)	(449,582)
Net Assets, Beginning of Year	27,957,105	28,406,687
Net Assets, End of Year	\$ 26,963,018	\$ 27,957,105

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021, 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 and investments in private equity funds would be carried at net asset value (NAV).

Investment return includes dividend, interest and other investment income, and realized gains and losses on investments. 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.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2022 and 2021

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 2022 and 2021 were \$25,453 and \$11,975, respectively. In addition, in 2021, the Fund received excise tax refunds of \$12,660.

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.

Investments at December 31, 2022 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds		
High-yield bond	\$ 1,418,640	\$ 1,293,329
Corporate bond	1,633,929	1,311,139
International large growth	6,278,552	4,954,986
International large value	4,668,920	5,126,764
Intermediate core bond	3,883,081	3,217,216
International bond	755,519	626,618
Equity index	8,024,248	9,607,440
Private Equity Investments	<u>60,000</u>	<u>77,803</u>
	<u>\$ 26,722,889</u>	<u>\$ 26,215,295</u>

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2022 and 2021

Note 2: Investments and Fair Value Disclosures - Continued

Investments at December 31, 2021 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds		
High-yield bond	\$ 1,526,027	\$ 1,602,343
Corporate bond	1,583,904	1,499,114
International large growth	5,453,954	6,334,386
International large value	5,109,382	6,543,084
Intermediate core bond	3,755,612	3,623,395
International bond	763,857	732,312
Equity index	<u>9,635,672</u>	<u>14,622,204</u>
	<u>\$ 27,828,408</u>	<u>\$ 34,956,838</u>

The Fund's holdings in the private equity investments noted below can be redeemed at any time with 30 days written notice. The following table summarizes the fair value measurement of private equity investments calculated at NAV per share (or its equivalent) as of December 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>
HarbourVest - 2021	\$ 50,000	\$ 51,942	\$ 1,950,000
HarbourVest - 2022	<u>10,000</u>	<u>25,861</u>	1,990,000
	<u>\$ 60,000</u>	<u>\$ 77,803</u>	

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 2032. The Fund is responsible for a pro-rata share of increases in direct building operating expenses over the lease term. Rent expense totaled \$66,556 and \$64,274 for 2022 and 2021, respectively.

Future minimum lease payments at December 31, 2022, were:

2023	\$ 55,670
2024	56,783
2025	57,919
2026	59,077
2027	60,259
Thereafter	<u>319,862</u>
	<u>\$ 609,570</u>

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2022 and 2021

Note 4: Commitments

The Fund is committed to pay grants in the future totaling \$780,000 as of December 31, 2022. Certain of these commitments are contingent on the fulfillment of specified conditions.

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

2023		\$ 725,000	
2024		55,000	
		\$ 780,000	
		\$ 780,000	

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, 2022 and 2021, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 240,129	\$ 128,697
Investment securities, at cost		
Mutual funds	26,662,889	27,828,408
	\$ 26,903,018	\$ 27,957,105

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.

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2022 and 2021

Note 7: Subsequent Events

Subsequent events have been evaluated through March 28, 2023, 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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Arts and Culture	\$ 67,500	\$ 100,000
Civic and Community	580,500	585,000
Education	257,500	320,000
Human Services	<u>641,500</u>	<u>705,000</u>
Total grants paid	<u>\$ 1,547,000</u>	<u>\$ 1,710,000</u>

Woods Charitable Fund, Inc.
Grants Paid
Year Ended December 31, 2022

Arts and Culture

Flatwater Shakespeare Company	\$ 7,500
Lincoln Arts Council	20,000
Lincoln Crossroads Festival (aka Lincoln Crossroads Music Festival)	10,000
Nebraska Cultural Endowment (aka NCE)	10,000
Nebraska Humanities Council (dba Humanities Nebraska)	20,000
	67,500
Total Arts and Culture	67,500

Civic and Community

ACLU Nebraska Foundation, Inc.	20,000
Center for Legal Immigration Assistance (aka CLIA)	60,000
Civic Nebraska (Capitol Experience Day)	20,000
Civic Nebraska (Collective Impact Lincoln Phase 2)	300,000
Community Crops	10,000
Cultural Centers of Lincoln	10,000
Give Nebraska	4,000
Karen Society of Nebraska, Inc.	6,500
Legal Aid of Nebraska	110,000
Nebraska Appleseed Center for Law in the Public Interest, Inc.	25,000
Outline, Inc. (aka OutNebraska)	15,000
	580,500
Total Civic and Community	580,500

Education

History Nebraska Foundation	20,000
Lincoln Literacy Council (aka LLC) (Breakthrough 3.0 Bridgeway to a Better Life)	135,000
Lincoln Literacy Council (aka LLC) (Transition of executive director position)	15,000
Lincoln Public Schools	40,000
National Audubon Society, Inc. (for Spring Creek Prairie Audubon Center)	15,000
Nebraska Children and Families Foundation (aka Nebraska Children)	15,000
Roots of Justice (fiscal sponsor: Nebraska Appleseed Center for Law in the Public Interest, Inc.)	17,500
	257,500
Total Education	257,500

Woods Charitable Fund, Inc.
Grants Paid - Continued
Year Ended December 31, 2022

Human Services

Big Brothers Big Sisters Lincoln (Recruitment Specialist position)	\$ 20,000
Big Brothers Big Sisters Lincoln (Staff support for community-based mentoring)	4,500
Bridges to Hope	10,000
County of Lancaster, Health and Human Services	4,000
Family Violence Council (Breakthrough 4.0 Safe & Healthy Families Initiative)	300,000
**Food Bank of Lincoln, Inc.	12,500
Fresh Start, Inc.	45,000
Friendship Home of Lincoln	25,000
Girl Scouts-Spirit of Nebraska	15,000
Lincoln YWCA (aka YWCA Lincoln)	20,000
Lutheran Family Services of Nebraska, Inc. (aka LFS)	20,000
**Malone Community Center	12,500
Mental Health Association of Nebraska	25,000
MENTOR Nebraska	8,000
Planned Parenthood of the Heartland, Inc. (aka Planned Parenthood North Central States)	10,000
Rabble Mill (aka The Bay)	20,000
St. Monica's Home (aka St. Monica's)	30,000
United Way of Lincoln and Lancaster County	10,000
Visionary Youth	15,000
Voices of Hope Lincoln, Inc.	15,000
Willard Community Center Corp. (aka Willard Community Center)	20,000
Total Human Services	<u>641,500</u>
Total Grants Paid	<u><u>\$ 1,547,000</u></u>

** Indicates Director/Officers/Staff/Honorary Awards