

Woods Charitable Fund, Inc.

Accountants' Review Report and Financial Statements

December 31, 2010 and 2009



Woods Charitable Fund, Inc.
December 31, 2010 and 2009

Contents

Accountants' Review Report on Financial Statements and Supplementary Information.....	1
Financial Statements (Modified Cash Basis)	
Statements of Financial Position	3
Statements of Activities.....	4
Notes to Modified Cash Basis Financial Statements.....	5
Supplementary Information	
Summary of Grants Paid by Areas of Interest.....	8
Grants Paid - Year Ended December 31, 2010.....	9

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 statement of financial position of Woods Charitable Fund, Inc. as of December 31, 2010, and the related statement of activities for the year 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, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America 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 review, we are not aware of any material modifications that should be made to the accompanying 2010 financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1.

The financial statements for the year ended December 31, 2009, were audited by us, and we expressed an unqualified opinion on them in our report dated March 4, 2010, but we have not performed any auditing procedures since that date.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our review of the 2010 basic financial statements was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1. The accompanying 2010 supplementary information has been subjected to the inquiry and analytical procedures applied in the review of the 2010 basic financial

statements, and we did not become aware of any material modifications that should be made to such information. Our audit of the 2009 financial statements was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying 2009 supplementary information has been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2009 basic financial statements taken as a whole.

BKD, LLP

February 24, 2011

Woods Charitable Fund, Inc.
Statements of Financial Position
Modified Cash Basis
December 31, 2010 and 2009

Assets

	2010	2009
Cash and cash equivalents	\$ 232,371	\$ 421,427
Investment securities, at cost		
Mutual funds	3,809,866	2,972,696
Institutional funds	19,056,639	20,779,099
Partnerships and other investments	755,999	1,006,903
Program related investments	105,000	5,000
Total assets	\$ 23,959,875	\$ 25,185,125
 Unrestricted Net Assets	 \$ 23,959,875	 \$ 25,185,125

Woods Charitable Fund, Inc.
Statements of Activities
Modified Cash Basis
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Income Collected/(Loss) Realized		
Investment income (loss)		
Net realized gain/(loss) on sale of securities	\$ 593,231	\$ (6,328,703)
Interest	683	841
Dividends from mutual funds	<u>93,932</u>	<u>233,279</u>
Total investment income (loss)	<u>687,846</u>	<u>(6,094,583)</u>
Excise tax refunds	2,421	31,795
Other	<u>4,111</u>	<u>33,327</u>
Total income collected/(loss) realized	<u>694,378</u>	<u>(6,029,461)</u>
Grants and Expenses Paid		
Grants paid	<u>1,339,040</u>	<u>1,438,842</u>
Expenses paid		
Salaries and benefits	353,047	336,594
Investment advisory fees	159,807	54,803
Conferences and meetings	1,605	2,392
Legal, audit and financial services	13,709	15,246
Office expenses	6,128	19,347
Memberships and dues	10,160	10,625
Consultants	4,782	12,959
Annual report expenses	3,321	3,636
Other expenses	22,308	24,074
Excise tax payments	<u>5,721</u>	<u>4,500</u>
Total expenses paid	<u>580,588</u>	<u>484,176</u>
Total grants and expenses paid	<u>1,919,628</u>	<u>1,923,018</u>
Change in Net Assets	(1,225,250)	(7,952,479)
Net Assets, Beginning of Year	<u>25,185,125</u>	<u>33,137,604</u>
Net Assets, End of Year	<u>\$ 23,959,875</u>	<u>\$ 25,185,125</u>

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2010 and 2009

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, 2010 and 2009, 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 loss 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, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Excise 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 2010 and 2009 consisted of current year estimated payments.

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 2003.

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.

Mutual and institutional funds at December 31, 2010 and 2009 consisted of the following:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Mutual funds				
International	\$ 2,444,957	\$ 3,070,603	\$ 1,294,096	\$ 1,507,940
Real estate	1,364,909	1,497,084	1,678,600	1,531,939
Total mutual funds	<u>\$ 3,809,866</u>	<u>\$ 4,567,687</u>	<u>\$ 2,972,696</u>	<u>\$ 3,039,879</u>

Woods Charitable Fund, Inc.
Notes to Modified Cash Basis Financial Statements
December 31, 2010 and 2009

Note 2: Investments and Fair Value Disclosures - Continued

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Institutional funds				
Equity	\$ 9,855,012	\$ 13,999,562	\$ 11,554,060	\$ 13,986,174
Fixed income	4,453,674	5,393,325	4,390,697	4,903,016
International	4,747,953	6,379,693	4,834,342	5,915,708
Total institutional funds	<u>\$ 19,056,639</u>	<u>\$ 25,772,580</u>	<u>\$ 20,779,099</u>	<u>\$ 24,804,898</u>

The Fund has invested \$596,216 and \$806,826 at December 31, 2010 and 2009, respectively, in a private fund of hedge funds, for which the estimated fair value was \$75,302 and \$483,736, as determined by the Fund's management at December 31, 2010 and 2009, respectively. During 2010, the Fund sold shares of the private fund with a cost of \$210,710 at a discount resulting in a realized loss of \$92,522 on the investment. The Fund expects to liquidate the remaining balance during 2011.

The Fund has an investment in a private limited partnership with a cost of \$159,783 and \$199,977, for which a fair value was not ascertainable at December 31, 2010 and 2009, respectively.

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.

Note 3: Commitments

The Fund is committed to pay grants totaling \$1,163,170 at December 31, 2010. In addition, the Fund has supplied a stand-by letter of credit to YWCA of \$28,500 as of December 31, 2010. This letter of credit expires in May 2011. Certain of these commitments are contingent on the fulfillment of specified conditions.

Note 4: Subsequent Events

Subsequent events have been evaluated through February 24, 2011, 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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Human Services	\$ 594,120	\$ 820,000
Civic and Community	317,600	248,472
Arts and Culture	284,703	222,200
Education	<u>142,617</u>	<u>148,170</u>
Total grants paid	<u>\$ 1,339,040</u>	<u>\$ 1,438,842</u>

Woods Charitable Fund, Inc.
Grants Paid
Year Ended December 31, 2010

Human Services

Adoption Links Worldwide, Inc.	\$ 10,000
Boys & Girls Clubs of Lincoln Lancaster County	8,500
CASA for Lancaster County	12,500
Christian Heritage Children's Home	7,200
Community Action Partnership of Lancaster and Saunders Counties	30,000
Community Mental Health Center	10,000
Cultural Centers Coalition	25,000
El Centro de las Americas	25,000
Fresh Start, Inc.	10,000
Friendship Home of Lincoln	10,000
Girl Scouts-Spirit of Nebraska	20,000
Heartland Big Brothers Big Sisters	25,000
HUB Central Access Point for Young Adults	50,000
Indian Center, Inc.	10,000
KVC Behavioral Healthcare Nebraska, Inc.	24,920
Lincoln and Lancaster County Child Guidance Center	25,000
Lincoln Council on Alcoholism and Drugs, Inc.	20,000
Lincoln Housing Charities	6,000
Lincoln Lancaster County Child Advocacy Center	60,000
Lincoln YWCA	30,000
Matt Talbot Kitchen	50,000
Mourning Hope	10,000
Nebraska Advocacy Services, Inc.	10,000
Planned Parenthood of the Heartland	50,000
Voices for Children in Nebraska	30,000
Voices of Hope of Lincoln, Inc.	25,000
	<hr/>
Total Human Services	594,120
	<hr/>

Civic and Community

BryanLGH Foundation	\$ 20,000
Center for Rural Affairs	25,000
Community CROPS	10,000
Community Development Resources (CDR)	15,000
Community Justice Center	25,000
Foundation for Lincoln City Libraries	30,000
Habitat for Humanity	30,000
Lincoln Housing Charities	10,000
The Mediation Center	17,600
Nebraska Appleseed Center for Law in the Public Interest, Inc.	25,000
NeighborWorks, Lincoln	30,000
Public Interest Projects, Inc.	30,000
United Methodist Ministries	25,000
UNL-Department of Community and Regional Planning	25,000
	<hr/>
Total Civic and Community	317,600
	<hr/>

Woods Charitable Fund, Inc.
Grants Paid - Continued
Year Ended December 31, 2010

Arts and Culture

The Angels Theatre Company	\$ 5,000
Illusion Theater and School, Inc. (My Antonia Community Project)	10,000
Lincoln Community Playhouse, Inc.	30,000
Lincoln Friends of Chamber Music dba Sheldon Friends of Chamber Music	1,000
Lincoln Orchestra Association dba Lincoln's Symphony Orchestra	13,000
Lux Center for the Arts	15,000
Meadowlark Music Festival	20,000
Nebraska Cultural Endowment	20,000
Nebraska Humanities Council	10,000
Nebraska State Historical Society Foundation	10,903
Projecto Cultural dba Proyecto Cultural	3,500
Saint David's Welsh Society of Nebraska	2,000
Third Chair Chamber Players	1,000
University of Nebraska Foundation (Sheldon Arts & Humanities Extension)	100,000
UNL-Department of Clothing, Textiles and Design	8,300
UNL-International Quilt Study Center	25,000
UNL-School of Music	10,000
	<hr/>
Total Arts and Culture	284,703
	<hr/>

Education

Central Plains Center for Services	\$ 20,000
Illusion Theater and School, Inc. (Project Trust)	4,447
Lighthouse	20,000
TEAMS Educational Center	20,000
Union College	28,170
UNL-Nebr Center for Research on Children, Youth, Families and Schools	50,000
	<hr/>
Total Education	142,617
	<hr/>
Total grants paid	\$ 1,339,040
	<hr/> <hr/>