

WOODS FUND OF CHICAGO
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017



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**WOODS FUND OF CHICAGO
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Woods Fund of Chicago
Chicago, Illinois

We have audited the accompanying financial statements of the Woods Fund of Chicago, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and functional expenses for the year ended December 31, 2018, and the statement of activities for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Woods Fund of Chicago as of December 31, 2018 and 2017, and its revenue and expenses for the years then ended, in accordance with the basis of accounting as described in Note 1.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, in 2018, Woods Fund of Chicago adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Basis of Accounting

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



CliftonLarsonAllen LLP

Oak Brook, Illinois
September 16, 2019

**WOODS FUND OF CHICAGO
STATEMENTS OF FINANCIAL POSITION (CASH BASIS)
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
Cash and Temporary Cash Investments	\$ 1,038,002	\$ 2,303,482
Investments:		
Mutual and Hedge Funds, at Cost	48,070,983	47,194,367
Partnership Interests, at Cost	5,095,955	5,844,367
Total Assets	\$ 54,204,940	\$ 55,342,216
NET ASSETS		
Net Assets Without Donor Restrictions	\$ 54,131,416	\$ 55,067,896
Net Assets With Donor Restrictions	73,524	274,320
Total Net Assets	\$ 54,204,940	\$ 55,342,216

See accompanying Notes to Financial Statements.

**WOODS FUND OF CHICAGO
STATEMENTS OF ACTIVITIES (CASH BASIS)
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
REVENUES, GAINS, AND LOSSES WITHOUT DONOR RESTRICTIONS		
Investment Income:		
Interest on Cash and Temporary Cash Investments	\$ 12,844	\$ 2,973
Dividends	572,692	589,764
Realized Gain (Loss) on Sale of Hedge and Mutual Funds	255,924	(759,749)
Realized Gain on Partial Liquidation of Partnership Interests	1,615,301	836,070
Capital Gains Distributions	432,088	205,151
Other Income:		
Class Action Settlements	2,910	4,818
Net Assets Released from Donor Restrictions	527,154	652,069
Total Revenues, Gains, and Losses	3,418,913	1,531,096
 EXPENSES		
Operating and Administrative Expenses		
Compensation of Officers, Directors, and Key Employees	319,538	295,697
Other Employee Salaries and Wages	317,233	258,840
Employee Benefits	161,546	144,323
Legal Fees	1,138	2,177
Other Professional Fees	62,475	71,480
Taxes	22,492	38,741
Occupancy	104,894	101,633
Travel, Conferences, and Meetings	40,119	44,076
Printing and Publications	-	12,500
Other Operating and Administrative Expenses	68,784	42,035
Kellogg Initiative	428,904	10,207
Total Operating and Administrative Expenses	1,527,123	1,021,709
Contributions, Gifts, and Grants Paid	2,828,270	3,276,673
Total Expenses and Disbursements	4,355,393	4,298,382
Decrease in Net Assets Without Donor Restrictions	(936,480)	(2,767,286)
 REVENUE WITH DONOR RESTRICTIONS		
Contributions - Community Engagement Project for Police Accountability	-	550,000
Contributions - Truth, Racial Healing, and Transformation	326,358	371,820
Net Assets Released from Donor Restrictions	(527,154)	(652,069)
Increase (Decrease) in Net Assets With Donor Restrictions	(200,796)	269,751
 CHANGE IN NET ASSETS	(1,137,276)	(2,497,535)
Net Assets - Beginning of Year	55,342,216	57,839,751
 NET ASSETS - END OF YEAR	\$ 54,204,940	\$ 55,342,216

See accompanying Notes to Financial Statements.

WOODS FUND OF CHICAGO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	Program Services		Total Program Services	Management and General	Total	
	Grant Making	Truth, Racial Healing and Transformation			2018	2017
Grants	\$ 2,730,020	\$ 98,250	\$ 2,828,270	\$ -	\$ 2,828,270	\$ 3,276,673
Compensation of Officers, Directors, and Key Employees	-	-	-	319,537	319,537	295,697
Other Employee Salaries and Wages	-	-	-	317,233	317,233	258,840
Employee Benefits	-	-	-	161,546	161,546	144,323
Legal Fees	-	-	-	1,138	1,138	2,177
Accounting Fees	-	-	-	29,118	29,118	29,400
Other Professional Fees	-	273,743	273,743	32,221	305,964	42,081
Taxes	-	-	-	22,492	22,492	38,741
Occupancy	-	-	-	104,894	104,894	101,633
Travel, Conferences, and Meetings	-	151,194	151,194	40,119	191,313	44,076
Printing and Publications	-	-	-	-	-	12,500
Kellogg Initiative	-	-	-	-	-	10,207
Miscellaneous Expenses	-	3,967	3,967	69,921	73,888	42,034
Total	<u>\$ 2,730,020</u>	<u>\$ 527,154</u>	<u>\$ 3,257,174</u>	<u>\$ 1,098,219</u>	<u>\$ 4,355,393</u>	<u>\$ 4,298,382</u>

See accompanying Notes to Financial Statements.

**WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Woods Fund of Chicago (the Fund) was created pursuant to a Plan of Reorganization for Woods Charitable Fund, Inc. (Charitable Fund) and was incorporated in the state of Illinois on November 16, 1993, as a charitable corporation not for pecuniary gain. In accordance with the Asset Transfer Agreement, 70% of the market value of assets of the Charitable Fund was allocated to the Fund. The Fund is a grant-making foundation whose goal is to increase opportunities for less-advantaged people and communities in the metropolitan area, including the opportunity to shape decisions affecting them. The Fund works primarily as a funding partner with nonprofit organizations. The Fund supports nonprofits in their important roles of engaging people in civic life, addressing the causes of poverty and other challenges facing the region, promoting more effective public policies, reducing racism and other barriers to equal opportunity, and building a sense of community and common ground. The Fund's primary sources of revenue are investment income and realized gains. The Fund's fiscal year ends on December 31. Significant accounting policies followed by the Fund are presented below.

Basis of Accounting

The financial statements of the Fund have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Financial Statement Presentation

The Fund is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions are available to finance the general operations of the Fund. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Fund, the environment in which it operates and the purposes specified in the articles of incorporation. Net assets without donor restrictions include net assets subject to designations that may be imposed or removed at the discretion of the Fund's board of directors.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations, either by purpose and/or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity and the income earned thereon used in accordance with the donor's stated purpose. The Fund has no net assets of a perpetual nature as of December 31, 2018 and 2017.

**WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporary Cash Investments

The Fund considers all highly liquid investments to be temporary cash investments. The Fund's temporary cash investments consist of money market funds.

Investments

Investments in marketable equity securities and partnerships are stated at cost. The Fund evaluates partnership interests yearly for impairment.

Refunds from Grants Awarded to Other Funds

Unexpended balances of grants awarded by the Fund are required to be returned to the Fund. Grant refunds to the Fund are recorded when received.

Income Taxes

The Fund has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 (IRC) as an organization described in Section 501(c)(3) of the IRC. The Fund is a private foundation as described in Section 509(a) and qualifies for the charitable contribution deduction under Section 170(b). It is subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income, including realized gains, as defined by the IRC. Current excise taxes were provided at 2% for 2018 and 2017. The Fund is also liable for any taxes on unrelated business net income.

The Fund determined that it was not required to record a liability related to uncertain tax positions.

Functional Allocation of Expenses

The Fund is a grant-making entity, which supports nonprofits in their important roles of engaging people in civic life, addressing the causes of poverty and other challenges facing the region, promoting more effective public policies, reducing racism and other barriers to equal opportunity, and building a sense of community and common ground. Grants paid and consulting services are directly charged to program services. All other expenses are charged to management and general.

Reclassifications

Certain reclassifications have been made to the December 31, 2017 financial statement amounts in order to conform to the December 31, 2018 presentation. These reclassifications have had no impact on the total assets, net assets, or changes in net assets previously reported.

**WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In 2018, the Fund adopted Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes to the financial statements about a not-for-profit entity’s liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional expenses. The ASU has been applied retrospectively to all periods presented, except for the presentation of the statement of functional expenses for the year ended December 31, 2017. Adoption of the standard resulted in no changes to the total previously reported net assets.

NOTE 2 LIQUIDITY

As part of the Fund’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Fund utilizes a minimum 5% spending threshold for grants awarded annually.

The following reflects the Fund’s financial assets as of the statement of financial position date based on the cash basis of accounting:

	2018	2017
Financial Assets, as of December 31:		
Cash and Cash Equivalents	\$ 1,038,002	\$ 2,303,482
Investments in Mutual and Hedge Funds, at Cost	48,070,983	47,194,367
Total Financial Assets	49,108,985	49,497,849
Less:		
Donor Restricted Funds	(73,524)	(274,320)
Total Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	\$ 49,035,461	\$ 49,223,529

**WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 3 INVESTMENTS

The Fund's investments are carried at cost. Fair values at December 31, 2018 and 2017 were determined as follows:

- Investments in mutual and hedge funds at net asset value.
- Partnership interests by the Fund's partnership equity, plus its allocated portion of income, expense, and unrealized appreciation or depreciation of partnership assets.

The total fair value of the Fund's investments, cash, and temporary cash investments at December 31, 2018 and 2017 is \$62,483,240 and \$68,066,108, respectively.

Mutual and Hedge Funds

Investments in mutual and hedge funds are stated at cost. Fair values and unrealized appreciation at December 31, 2018 and 2017 are summarized as follows:

<u>December 31, 2018</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual Funds	\$ 39,052,184	\$ 42,463,074	\$ 3,410,890
Hedge Funds	9,018,799	9,039,211	20,412
Total	<u>\$ 48,070,983</u>	<u>\$ 51,502,285</u>	<u>\$ 3,431,302</u>

<u>December 31, 2017</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual Funds	\$ 38,175,568	\$ 45,236,451	\$ 7,060,883
Hedge Funds	9,018,799	9,451,356	432,557
Total	<u>\$ 47,194,367</u>	<u>\$ 54,687,807</u>	<u>\$ 7,493,440</u>

The following summarizes the investment return, which includes interest on cash and temporary cash investments and investments:

	<u>2018</u>	<u>2017</u>
Interest Income	\$ 12,844	\$ 2,973
Dividends	572,692	589,764
Net Realized Gains	1,871,225	76,321
Capital Gains Distributions	432,088	205,151
Total Investment Return	<u>\$ 2,888,849</u>	<u>\$ 874,209</u>
Management Fee, Included in Net Realized Gains	<u>\$ 155,205</u>	<u>\$ 161,239</u>

**WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 3 INVESTMENTS (CONTINUED)

Partnership and Member Interests

During the year ended December 31, 2018 and 2017, the Fund was a limited partner in nine partnerships. These investments require certain capital commitments and are stated at cost. The fair value of these investments is computed as the value of the Fund's equity, plus its allocated portion of income, expense, and unrealized appreciation, or depreciation of assets as determined by each individual entity.

Fair value of partnership and member interests presented on the following page is as of the most recent information available. Fair value of Oaktree Real Estate Debt Fund II and CBRE Strategic Partners U.S. Value 7, L.P., is as of December 31, 2018 audited information. Fair value of Private Equity Core Fund II, L.P., Private Equity Core Fund III, L.P., Aberdeen International Partners, L.P., Aberdeen U.S. Private Equity III, LP, Aberdeen Real Asset Partners, L.P. and Warburg Pincus Private Equity XII, is as of December 31, 2018 unaudited information. Fair value of Neighborhood Rejuvenation Partners, L.P. is shown at a nominal value due to the uncertainty of realizing value on the underlying assets.

WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 3 INVESTMENTS (CONTINUED)

	Neighborhood Rejuvenation Partners, L.P.	Private Equity Core Fund (QP) II, L.P.	Private Equity Core Fund (QP) III, L.P.	Aberdeen International Partners, L.P.	Aberdeen U.S. Private Equity III (INV), L.P.	Aberdeen Real Assets Partners, L.P.	CBRE Strategic Partners U.S. Value 7, L.P.	Warburg Pincus Private Equity XII	Oaktree Real Estate Debt Fund II	Total
Investment at December 31, 2016	\$ 1	\$ 105,424	\$ 143,457	\$ 4,475	\$ 147,429	\$ 355,233	\$ 3,376,267	\$ 987,250	\$ -	\$ 5,119,536
Capital Contributions	-	-	31,450	-	-	-	314,571	1,677,500	504,000	2,527,521
Withdrawals and Distributions	-	(105,424)	(174,907)	(4,475)	(147,429)	(119,665)	(1,208,440)	(42,350)	-	(1,802,690)
Investment at December 31, 2017	1	-	-	-	-	235,568	2,482,398	2,622,400	504,000	5,844,367
Capital Contributions	-	5,940	9,805	20,000	46,000	18,500	99,325	1,223,750	816,000	2,239,320
Withdrawals and Distributions	-	(5,940)	(9,805)	(20,000)	(46,000)	(112,698)	(2,581,723)	(141,477)	(70,089)	(2,987,732)
Investment at December 31, 2018	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,370</u>	<u>\$ -</u>	<u>\$ 3,704,673</u>	<u>\$ 1,249,911</u>	<u>\$ 5,095,955</u>
Gain on Partnership Interests (Distributions in Excess of Basis)	<u>\$ -</u>	<u>\$ 193,050</u>	<u>\$ 468,056</u>	<u>\$ 215,416</u>	<u>\$ 342,097</u>	<u>\$ -</u>	<u>\$ 396,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,615,301</u>
Initial Capital Commitment	<u>\$ 1,000,000</u>	<u>\$ 1,650,000</u>	<u>\$ 1,850,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,300,000</u>	<u>\$ 1,850,000</u>	<u>\$ 4,000,000</u>	<u>\$ 5,500,000</u>	<u>\$ 4,000,000</u>	<u>\$ 23,150,000</u>
Capital Contributed to Date as of December 31, 2018	<u>\$ 1,000,000</u>	<u>\$ 1,589,115</u>	<u>\$ 1,796,720</u>	<u>\$ 980,000</u>	<u>\$ 2,300,000</u>	<u>\$ 1,766,750</u>	<u>\$ 4,000,000</u>	<u>\$ 3,888,500</u>	<u>\$ 1,320,000</u>	<u>\$ 18,641,085</u>
Unfunded Commitment	<u>\$ -</u>	<u>\$ 60,885</u>	<u>\$ 53,280</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 83,250</u>	<u>\$ -</u>	<u>\$ 1,611,500</u>	<u>\$ 2,680,000</u>	<u>\$ 4,508,915</u>
Valuation Date	N/A	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	
Fair Value	<u>\$ -</u>	<u>\$ 244,284</u>	<u>\$ 1,058,758</u>	<u>\$ 608,578</u>	<u>\$ 1,060,999</u>	<u>\$ 405,752</u>	<u>\$ 1,095,058</u>	<u>\$ 4,318,672</u>	<u>\$ 1,287,376</u>	<u>\$ 10,079,477</u>
Redemption Frequency	The Fund cannot redeem its limited partnership interest in any form, including a sale, transfer, exchange, assignment, pledge, gift, encumbrance, swap or other disposition, without the written consent of the General Partner.									

**WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Subject to Expenditure for Specific Purpose:		
W.K. Kellogg Foundation Grant - Truth, Racial Healing & Transformation	<u>\$ 73,524</u>	<u>\$ 274,320</u>

Net assets released from donor restrictions consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Subject to Expenditure for Specific Purpose:		
Community Engagement Project for Police Accountability	\$ -	\$ 554,569
W.K. Kellogg Foundation Grant - Truth, Racial Healing & Transformation	<u>527,154</u>	<u>97,500</u>
Total Net Assets Released from Restriction	<u>\$ 527,154</u>	<u>\$ 652,069</u>

NOTE 5 OPERATING LEASES

The Fund leased its office facilities under an operating lease which commenced on January 1, 2011, and expires on May 31, 2021. Under this lease, the Fund is required to share building operating and maintenance costs and taxes. A cash security deposit of \$11,600 was paid in lieu of a letter of credit during 2013 and recorded as additional rent expense given cash basis. The deposit is expected to be returned upon conclusion of the lease agreement. Future minimum rental payments under existing lease agreements for the years ended December 31 are summarized as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 89,606
2020	87,632
2021	<u>36,474</u>
Total	<u>\$ 213,712</u>

Total rent and equipment lease expense was \$99,184 and \$93,010 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 NONCONTRIBUTORY RETIREMENT PLAN

The Fund sponsors a simplified employee pension (SEP) plan qualified under Section 408(k) of the IRC. The plan is available to all employees 21 years of age and older who have performed at least one year of service in the immediately preceding five years. Contributions are at the discretion of the Fund. During the years ended December 31, 2018 and 2017, the Fund made contributions in the amount of \$41,760 and \$25,700, respectively.

**WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 7 GRANTS AUTHORIZED BUT UNPAID

Total grants authorized but unpaid at December 31, 2018 and 2017 were \$340,000 and \$563,500, respectively.

NOTE 8 RELATED PARTY TRANSACTIONS

The board of directors (board members) are compensated for their involvement on the board. During the current year, some board members opted to waive their fees. For the years ended December 31, 2018 and 2017, total fees for all directors were \$5,000 and \$7,500, respectively. These fees are considered to be part of ordinary expenses of the Fund and are included in "Compensation of Officers, Directors, and Key Employees" in the statements of activities (cash basis).

NOTE 9 CONCENTRATIONS OF CREDIT RISK

The Fund maintains its cash in one commercial bank located in Chicago, Illinois. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, the Fund's cash balances may exceed federally insured limits; however, the Fund has not experienced any losses in such account and limits its exposure to credit risk by maintaining its cash in highly reputable institutions.

NOTE 10 COMMUNITY ENGAGEMENT PROJECT FOR POLICE ACCOUNTABILITY

In 2016, the Fund entered into an initiative with five other foundations to create a roadmap for real and lasting transparency, respectful engagement, accountability, and change in the relationship between the Chicago Police Department and surrounding communities. As part of the initiative, the five foundations made contributions to the Fund. The Fund then disbursed those funds in a manner previously agreed upon by the Fund and contributing foundations. The Fund had discretion over the amounts paid to these organizations. The Fund recognized revenue with restriction for funds received from the foundations and releases from restriction when issuing grants to the participating organizations. In 2017, the Fund received \$550,000 for this initiative and incurred \$554,569 in grants paid or expenses related to operating the initiative. As of December 31, 2017, all funds received for this program had been expended. No additional amounts were received during the year ended December 31, 2018.

**WOODS FUND OF CHICAGO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 11 W.K. KELLOGG FOUNDATION GRANT TO SUPPORT TRUTH, RACIAL HEALING & TRANSFORMATION

On June 5, 2017, the Fund was awarded a \$1,500,000 grant from the W.K. Kellogg Foundation to support strong trust-building and rigorous truth-telling for the proliferation of healing, dissemination of new narratives, and development of cutting edge research on racial bias and inequality fueling transformation that drives the Truth, Racial Healing & Transformation (TRHT). The Fund has discretion over the amounts paid to sub-grantees. In 2018 and 2017, the Fund received \$326,358 and \$294,320 for this initiative and incurred \$527,154 and \$20,000 in grants paid or expenses related to operating the initiative, respectively. In addition to the funding received by third parties, Woods Fund contributed \$77,500 in 2017. This amount is included in contributions and expenses incurred related to the initiative. The fund has \$73,524 and \$274,320 of unspent funds for this program, which are included in net assets with donor restrictions as of December 31, 2018 and 2017, respectively.

NOTE 12 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 16, 2019, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2018, but prior to September 16, 2019, that provided additional evidence about conditions that existed at December 31, 2018, have been recognized in the financial statements for the year ended December 31, 2018. Events or transactions that provided evidence about conditions that did not exist at December 31, 2018, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2018.

In August 2019, the Fund entered into a shared services arrangement with an unrelated third party, which commences on the later of March 1, 2020 or the date work is substantially complete on the premises, through August 31, 2033.

Future minimum rental payments under existing lease agreements for the years ended December 31 are summarized as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ -
2020	100,000
2021	123,000
2022	126,690
2023	130,491
Thereafter	<u>1,570,178</u>
Total	<u><u>\$ 2,050,359</u></u>

