

Woodward

Trust

The Board of Trustees of

The Woodward High School of the City of Cincinnati

A trust established in 1827 for the educational benefit
of financially-needy students residing within the City of Cincinnati

P.O. Box 42 8541
Cincinnati, OH 45242

e-mail: WoodwardTrust@hotmail.com
Website: www.WoodwardTrust.org

Roger K. Smith
Executive Director
Phone (513) 293-4621

202302461

November 1, 2023

Melissa Autry, Clerk of Council
City Hall
801 Plum Street, Room 380
Cincinnati, OH 45202

Dear Ms. Autry,

The Woodward Trust was created in 1827 and has, during the 196 years since, provided immeasurable benefit and advantage to countless Cincinnati students and families. Our underlying trust agreement requires us to provide an annual report to City Council. Attached is our “**2023 Annual Report**” for City Council.

Please coordinate the appropriate distribution of this Annual Report to the Council members and the Mayor, and ensure that their receipt is appropriately “of record” in order that we may properly document compliance with our trust requirements. We can, if you or the City Council wish, meet with any member of Council or appear at a Council session to present or discuss our report.

If you have any questions, please feel free to contact us.

Sincerely,

Roger K. Smith

CLERK OF COUNCIL

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A trust established in 1827 for the educational benefit
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2023 ANNUAL REPORT

(for the fiscal year ended July 31, 2023)

to Cincinnati City Council

BOARD OF TRUSTEES

Larry E. Kissel, Esq., President
Jeanne M. Golliher, Secretary/Treasurer
Darielle Daniels, Trustee
Margaret A. Hilvert, Esq., Trustee
Sandra D. Mosley, Trustee

Roger K. Smith, C.P.A., Executive Director

This report is made pursuant to Section 6 of the trust agreement formally known as "The Woodward High School of the city of Cincinnati" (Woodward Trust). The Board of Trustees respectfully submits the following as the Annual Report of the Trust for the period.

Background

The **Woodward Trust** was established in 1827 when William Woodward and his wife, Abigail Cutter, donated 4 acres of land in the Over-the-Rhine neighborhood of Cincinnati. The income from this property was to provide money to benefit underprivileged children residing in the City of Cincinnati – specifically to allow children whose parents were unable to pay to attend school. Woodward’s vision was to offer a primary education to all children of Cincinnati regardless of the financial means available to a child’s family. His vision of education pre-dated the Ohio public school system and, to further his goals, he established Woodward Free Grammar School and, later, Woodward High School and Woodward College (now part of the University of Cincinnati), each originally located on the site at 13th and Sycamore Streets.

Mr. Woodward’s vision and legacy continue today through the work of the Woodward Trust. While Cincinnati Public Schools (CPS) no longer charge students to attend, Woodward Trust remains exclusively for the educational benefit of needy Cincinnati students. The Trust provides grants to assist the underprivileged children of Cincinnati in ways such as purchasing school supplies, supporting educational field trips and providing scholarships to CPS graduates attending the University of Cincinnati.

The **Board of Trustees of the Woodward High School of the City of Cincinnati** is a non-profit organization created and maintained to administer donated and endowed funds for the benefit of Cincinnati children. The Trust is exempt from taxes under section 501c(3) of the Internal Revenue Code. The Trust is managed by a five-member Board of Trustees who serve without compensation. Under the terms of the original Woodward Trust document, three of the trustees are appointed by the Cincinnati City Council (3-year term) and two trustees are appointed by the Hamilton County Court of Common Pleas (7-year term).

Woodward Trust has an investment portfolio comprised of donated and accumulated funds (arising from the original Woodward Trust as well as other, subsequent trusts, estates, bequests and gifts) and also owns land (mostly that originally donated by William Woodward) in the Over-the-Rhine neighborhood of Cincinnati which it leases to third parties.

We have an informational website at **www.WoodwardTrust.org**.

Grants

Woodward Trust made \$132,500 in grants for the educational benefit of needy children in Cincinnati. The Trustees identify and support a variety of worthy and effective programs encompassing three need components – 1. Immediate Need, 2. Educational Benefit, and 3. Systemic Change (efforts aimed at eliminating the need for 1. and 2.). All grant requests are considered and approved annually; new grant opportunities are always welcomed.

The following are brief descriptions of our major grants for this period.

➤ **Assistance League**

The Operation School Bell Program of the Assistance League of Greater Cincinnati provides uniform clothes, shoes, jackets and hygiene supplies for needy Cincinnati students.

➤ **Project Connect**

A CPS-coordinated program providing year-round direct and collaborative support and programming for CPS students experiencing homelessness.

➤ **Extra-Curricular Enhancement Programs**

Adventure Crew, Cincinnati Shakespeare Company, iSPACE, Clifton Cultural Arts Center and others provide hands-on extra-curricular activities designed to enhance development of “at risk” and other needy Cincinnati students.

➤ **Collaborative & Academic Enhancement Programs**

Breakthrough Cincinnati, Elementz, Girls Health Period, WordPlay Cincy and others provide hands-on tutoring, classroom support and other direct academic enhancements for “at risk” and other needy Cincinnati students.

➤ **Student Assistance Programs**

Woodward Trust provides funding for needy Cincinnati Public School (CPS) K-12 students to obtain school supplies, clothing, calculators and other similar items as well as educational field trips and fees for college applications and testing.

Assets

Securities Portfolio

As of July 31, 2023, Woodward Trust has \$2.49 million in a well-diversified, conservative portfolio of marketable securities and funds on which it earned \$56,000 in interest and dividends during the period. The portfolio realized \$279,000 in net gain on sales during the year, excluding \$179,000 in unrealized losses during the year, holding \$554,000 in net unrealized gains in its investment portfolio at year-end.

The Trust employs Park National Bank to manage and maintain our investments. Park National Bank charges a fee of 50 BPs (0.50%) of assets under their management.

Real Estate

Woodward Trust owns, without lien or liability, real estate valued at \$5.58 million (as of 7/31/23) by the Hamilton County Auditor. This property, roughly four acres in the Over-the-Rhine neighborhood of Cincinnati, is currently leased to 19 tenants for \$117,000 per year. Under the terms of the original trust, the properties may not be sold, gifted or otherwise disposed of by the Trust. Most of the properties are under 99-year, renewable ground leases. The vast majority of our tenants pay their rent timely.

Routine billing, collection and other property management functions are performed by our Executive Director. We utilize the services of Beckman Weil & Shepardson LLC for legal matters, including seriously delinquent tenants.

In addition to coverages required of its tenants, Woodward Trust also maintains liability insurance coverage of \$1 million on its properties through J.R. Schiff & Co.

Income & Expenses

The trustees' primary responsibility is to effectively balance the ability to maximize grants while simultaneously preserving the assets of the trust in perpetuity. The trustees also understand that the Trust's function has a counter-cyclical component, with a larger need arising when the economy is weaker. Accordingly, no set formula or proportion is utilized. Each giving year is assessed individually in the context of recent history, current opportunities and prospects for the foreseeable future.

Our portfolio has produced aggregate positive returns across recent years, but these have varied widely between years:

<u>Return</u>	
\$ 155,000 [6.7%]	fye 7/31/23
\$ (131,000) [-5.1%]	fye 7/31/22
\$ 537,000 [24.6%]	fye 7/31/21
\$ 134,000 [6.6%]	fye 7/31/20
\$ 100,000 [4.7%]	fye 7/31/19

This variability caused the trustees to continue to temper the Trust's giving when 2022-2023 grants were approved, but the market subsequently produced slightly more than the anticipated return for the year. Given the continued uncertainties in the market, and the at-times wide market swings, the trustees remain cautiously optimistic about the next year.

For this 2022-2023 school year, the trustees approved operating grants of \$134,500, or 5.4% of monetary assets at the beginning of this year. The Trust actually spent \$136,000 in beneficence during the year ended July 31, 2023 and ended the year with \$19,000 less in beneficence expenses than investment income. This operation is buffered by the significant excess for 2020-2021 (net of the 2021-2022 shortfall) and by the \$554,000 in market gain currently retained, unrealized, in the investment portfolio, which supports the Trust's counter-cyclical role to meet a *larger* need in a *weaker* economy.

For the upcoming 2023-2024 school year, the trustees remained cautious in anticipation of a potentially significant market downturn. They approved operating grants of \$103,000, or 4.0% of monetary assets at the beginning of this school year.

The Trust operates on a school year basis, with most grants drawn and used well prior to the July 31 fiscal year end. Unused grants would usually expire at that date, except those which had properly utilized funds, but not yet requested draw, accruing for payment after that date.

Management & General Expenses are comprised of both Revenue Support costs and Overhead costs. Revenue Support costs (those needed to generate income, such as investment advisor fees, 990-PF excise tax and legal support on property management) were \$24,000, or 11.8% of total expenses. Overhead costs (those not directly related to grants or income; including the costs of our part-time Executive Director, audit and website) were \$45,000, or 22.0% of total expenses.

Administration

➤ **Trustees**

The appointed trustees continue to serve without exception.

During this fiscal year, we requested that Cincinnati City Council reappoint **Sandra Mosley** to her seventh term as trustee, which will expire 3/31/28. As of this date, that appointment is still pending.

➤ **Meetings**

The trustees formally met four times during the period, supplemented by monthly financial and administrative reporting from the Executive Director. Resolution of significant matters arising between meetings is often handled by e-mail or conference call.

➤ **Audit & Form 990**

The Trust's financials are audited biennially, with this being an "on" year. The audit for the fiscal years ended 7/31/22 and 7/31/23 will commence in late 2023.

Our most recently completed examination was a routine audit of the Trust's finances for the fiscal years ended 7/31/20 and 7/31/21 conducted by Flynn & Company CPAs Inc., resulting in a clean* opinion.

** The audit opinion is qualified due to carrying our land at the current Hamilton County Auditor's Land Value rather than its historical value at the time of its donation (which is unknown since this occurred in 1827.)*

Woodward Trust files IRS Form 990-PF (Return of Private Foundation) on an annual basis. That form is available at www.Guidestar.org and upon request.

Woodward Trust Balance Sheets

	<u>7/31/2023</u> (Biennial Audit Pending)	<u>7/31/2022</u> (Biennial Audit Pending)
<u>ASSETS</u>		
Cash and Equivalents	\$ 95,989	\$ 155,985
Rents Receivable	\$ 5,824	\$ 5,906
Investments (at Fair Market Value)	\$ 2,463,668	\$ 2,330,349
Prepaid Assets	\$ 1,179	\$ 1,514
Land (Restricted Asset at FMV)	\$ 5,576,860	\$ 5,576,860
Total Assets	\$ 8,143,520	\$ 8,070,515
<i>Memorandum Amounts:</i>		
Marketable Securities (at Cost)	\$ 1,909,915	\$ 1,597,628
Net Appreciation in Investments	\$ 553,752	\$ 732,721
Funds Drawn from Investments	\$ 60,000	\$ 110,000
 <u>LIABILITIES</u>		
Accounts Payable & Accrued Expenses	\$ 16,000	\$ 8,500
Prepaid Rent	\$ 11,076	\$ 12,145
Custodial Funds	\$ 1,042	\$ 1,042
Total Liabilities	\$ 28,118	\$ 21,687
 <u>TRUST EQUITY</u>		
Unrestricted Trust Equity	\$ 442,321	\$ 375,748
Board-Designated Trust Equity	\$ 1,953,556	\$ 1,953,556
Donor-Restricted Trust Equity	\$ 5,719,524	\$ 5,719,524
Total Trust Equity	\$ 8,115,401	\$ 8,048,828
Total Liabilities & Trust Equity	\$ 8,143,520	\$ 8,070,515

Woodward Trust Income Statements

	<u>2023</u> (Year ended 7/31/23) (Biennial Audit Pending)	<u>2022</u> (Year ended 7/31/22) (Biennial Audit Pending)
<u>REVENUE</u>		
Dividends & Interest	\$ 55,542	\$ 43,984
Gain (Loss) on Sale of Investments	\$ 278,836	\$ 130,772
Investment Income	\$ 334,378	\$ 174,756
Contributions	\$ --	\$ 250
Rental Income	\$ 117,080	\$ 107,264
Realized Revenue	\$ 451,458	\$ 282,270
Change in Unrealized Gains & Losses on Investments	\$ (178,968)	\$ (305,381)
Change in Value of Land	\$ --	\$ --
Total Revenue	\$ 272,490	\$ (23,111)
<u>EXPENSES</u>		
<i>Beneficence</i>		
Direct Grants	\$ 132,500	\$ 124,900
Beneficence Support	\$ 3,901	\$ 4,754
Total Beneficence	\$ 136,401	\$ 129,654
<i>Property Costs</i>		
Legal & Insurance	\$ 5,115	\$ 1,049
Other Property Costs	\$ --	\$ --
	\$ 5,115	\$ 1,049
<i>Investment Costs</i>		
Advisor Fees	\$ 11,593	\$ 12,694
<i>Trust & Overhead</i>		
Contracted Services:		
Executive Director	\$ 30,000	\$ 28,150
Branding & Website	\$ 5,000	
Audit	\$ 5,000	\$ 3,300
Taxes	\$ 6,083	\$ 3,500
Other (Trust & Overhead)	\$ 6,786	\$ 6,512
	\$ 52,869	\$ 41,462
Total Expenses	\$ 205,978	\$ 184,859
Change in Net Assets	\$ 66,512	\$ (207,970)
Net Assets – Start of Year	\$ 8,048,828	\$ 8,256,798
Net Assets – End of Year	\$ 8,115,340	\$ 8,048,828