

**COMBINED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**UNITED WAY OF METROPOLITAN CHICAGO, INC.
AND MEMBER UNITED WAYS
June 30, 2010 and 2009**

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	3
COMBINED FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES.....	5
STATEMENTS OF CASH FLOWS	7
STATEMENTS OF FUNCTIONAL EXPENSES.....	8
NOTES TO COMBINED FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
SUPPLEMENTAL CAMPAIGN AND OTHER INFORMATION.....	31
COMBINING STATEMENT OF FINANCIAL POSITION	32
COMBINING STATEMENT OF ACTIVITIES	33



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of Metropolitan Chicago, Inc.

Audit • Tax • Advisory

Grant Thornton LLP
175 W Jackson Boulevard, 20th Floor
Chicago, IL 60604-2687

T 312.856.0200

F 312.565.4719

www.GrantThornton.com

We have audited the accompanying combined statements of financial position of United Way of Metropolitan Chicago, Inc. (“UWMC”) and its Member United Way organizations (collectively, “MUWs”) as of June 30, 2010 and 2009, and the related combined statements of activities, cash flows and functional expenses for the years then ended. These combined financial statements are the responsibility of UWMC’s and MUWs’ management. 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 established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UWMC’s and MUWs’ internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of UWMC and MUWs of June 30, 2010 and 2009, and the combined changes in their net assets, their cash flows and their functional expenses for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits of the combined financial statements referred to above were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements, and the combining statements are not intended to present the financial position and changes in net assets of the individual organizations. The supplementary information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Chicago, Illinois
November 15, 2010

A handwritten signature in black ink that reads "Grant Thornton LLP".

United Way of Metropolitan Chicago
COMBINED STATEMENTS OF FINANCIAL POSITION
(dollars in thousands)
June 30

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,140.7	\$ 9,622.6
Short-term investments	1,827.1	2,498.4
Pledges receivable, short term, net	16,888.6	17,462.0
Other receivables and prepaid expenses	<u>577.4</u>	<u>457.7</u>
Total current assets	29,433.8	30,040.7
INVESTMENTS	2,648.5	2,000.3
PROPERTY AND EQUIPMENT, NET	6,998.4	7,299.5
PLEDGES RECEIVABLE, LONG TERM, NET	305.9	648.2
DEFERRED LOAN COSTS, NET	<u>175.3</u>	<u>186.6</u>
TOTAL ASSETS	<u><u>\$ 39,561.9</u></u>	<u><u>\$ 40,175.3</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 559.1	\$ 770.1
Designation and pledge processing payables	5,002.8	4,737.7
Bonds payable, current portion	<u>175.0</u>	<u>175.0</u>
Total current liabilities	5,736.9	5,682.8
Non-current liabilities		
Bonds payable, net of current portion	2,850.0	3,025.0
Obligations for retirement benefits	8,091.7	6,343.0
Obligation under capital lease	<u>59.3</u>	<u>82.1</u>
Total non-current liabilities	<u>11,001.0</u>	<u>9,450.1</u>
Total liabilities	16,737.9	15,132.9
NET ASSETS		
Unrestricted - undesignated	(490.1)	(1,597.3)
Unrestricted - Board designated	<u>1,897.8</u>	<u>1,913.3</u>
Unrestricted - total	1,407.7	316.0
Temporarily restricted	18,308.2	21,653.1
Permanently restricted	<u>3,108.1</u>	<u>3,073.3</u>
Total net assets	<u>22,824.0</u>	<u>25,042.4</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 39,561.9</u></u>	<u><u>\$ 40,175.3</u></u>

The accompanying notes are an integral part of these statements.

United Way of Metropolitan Chicago
COMBINED STATEMENT OF ACTIVITIES
(dollars in thousands)
Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and other revenue				
Public support				
Current year campaign	\$ 32,891.8	\$ 19,093.5		\$ 51,985.3
Special events	51.7	6.0		57.7
Amounts designated to other organizations	(12,097.3)			(12,097.3)
Provision for uncollectible pledges		(2,623.4)		(2,623.4)
Net from current campaign	20,846.2	16,476.1		37,322.3
Contributions received for future campaigns		261.0		261.0
Collections from, and adjustments to, prior years' campaigns	1,934.0			1,934.0
Net assets released from restrictions				
Contributions received in prior years for current campaign	425.3	(425.3)		
Prior-year UWMC campaign	18,727.9	(18,727.9)		
Net campaign revenue	41,933.4	(2,416.1)		39,517.3
Other public support				
Donated services and equipment	7.9			7.9
Designations from other United Ways	594.2			594.2
Grants and other contributions	1,055.0	51.7		1,106.7
Endowment contributions			\$ 22.8	22.8
Other	51.2			51.2
Net assets released from restrictions	1,026.5	(1,026.5)		
Total other public support	2,734.8	(974.8)	22.8	1,782.8
Total public support	44,668.2	(3,390.9)	22.8	41,300.1
Other revenue				
Interest and other income	762.4	46.0		808.4
Administrative fees (pledge and designations processing)	369.9			369.9
Total other revenue	1,132.3	46.0		1,178.3
Total public support and other revenue	45,800.5	(3,344.9)	22.8	42,478.4
Distributions, allocations and expenses				
Program services				
Allocations to agencies	29,640.0			29,640.0
Grants and other distributions	1,579.7			1,579.7
Other program services	3,526.4			3,526.4
Total program services	34,746.1			34,746.1
Support services				
Management and general	4,100.0			4,100.0
Fundraising	4,727.3			4,727.3
Total support services	8,827.3			8,827.3
Total distributions, allocations and expenses	43,573.4			43,573.4
Change in net assets before pension-related change and transfer of net assets	2,227.1	(3,344.9)	22.8	(1,095.0)
Pension-related change other than net periodic pension cost	(1,123.4)			(1,123.4)
Transfer of net assets	(12.0)		12.0	
Change in net assets	1,091.7	(3,344.9)	34.8	(2,218.4)
Net assets, beginning of year	316.0	21,653.1	3,073.3	25,042.4
Net assets, end of year	<u>\$ 1,407.7</u>	<u>\$ 18,308.2</u>	<u>\$ 3,108.1</u>	<u>\$ 22,824.0</u>

The accompanying notes are an integral part of this statement.

United Way of Metropolitan Chicago
COMBINED STATEMENT OF ACTIVITIES
(dollars in thousands)
Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and other revenue				
Public support				
Current year campaign	\$ 36,110.3	\$ 20,421.1		\$ 56,531.4
Special events	119.1			119.1
Amounts designated to other organizations	(13,107.7)			(13,107.7)
Provision for uncollectible pledges		(3,450.0)		(3,450.0)
Net from current campaign	23,121.7	16,971.1		40,092.8
Contributions received for future campaigns		425.3		425.3
Collections from, and adjustments to, prior years' campaigns	1,205.2		\$ (4.6)	1,200.6
Net assets released from restrictions				
Contributions received in prior years for current campaign	604.5	(604.5)		
Prior-year UWMC campaign	21,030.6	(21,030.6)		
Net campaign revenue	45,962.0	(4,238.7)	(4.6)	41,718.7
Other public support				
Donated services and equipment	190.2			190.2
Designations from other United Ways	692.7			692.7
Grants and other contributions	431.7	178.6		610.3
Endowment contributions	100.0		76.7	176.7
Other	28.9			28.9
Net assets released from restrictions	1,277.0	(1,277.0)		
Total other public support	2,720.5	(1,098.4)	76.7	1,698.8
Total public support	48,682.5	(5,337.1)	72.1	43,417.5
Other revenue				
Interest and other income	109.1	11.1		120.2
Administrative fees (pledge and designations processing)	476.6			476.6
Total other revenue	585.7	11.1		596.8
Total public support and other revenue	49,268.2	(5,326.0)	72.1	44,014.3
Distributions, allocations and expenses				
Program services				
Allocations to agencies	42,382.8			42,382.8
Grants and other distributions	641.3			641.3
Other program services	3,663.1			3,663.1
Total program services	46,687.2			46,687.2
Support services				
Management and general	4,262.5			4,262.5
Fundraising	5,438.6			5,438.6
Total support services	9,701.1			9,701.1
Total distributions, allocations and expenses	56,388.3			56,388.3
Change in net assets before pension-related change and transfer of net assets	(7,120.1)	(5,326.0)	72.1	(12,374.0)
Pension-related change other than net periodic pension cost	(6,336.6)			(6,336.6)
Transfer of net assets	(741.1)		741.1	
Change in net assets	(14,197.8)	(5,326.0)	813.2	(18,710.6)
Net assets, beginning of year	14,513.8	26,979.1	2,260.1	43,753.0
Net assets, end of year	\$ 316.0	\$ 21,653.1	\$ 3,073.3	\$ 25,042.4

The accompanying notes are an integral part of this statement.

United Way of Metropolitan Chicago, Inc.
COMBINED STATEMENTS OF CASH FLOWS
(dollars in thousands)
Years Ended June 30

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ (2,218.4)	\$ (18,710.6)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	352.3	378.4
Loss on disposition of fixed assets		1.8
Realized and unrealized investment (gains) losses	(201.6)	265.5
Contributions restricted for long-term purposes	(314.7)	(481.8)
Provision for uncollectible pledges, total	1,786.0	3,786.8
Changes in operating assets and liabilities		
Pledges receivable	(870.3)	1,751.9
Other receivables and prepaid expenses	(119.7)	(55.4)
Designation and pledge processing payables	265.1	(261.0)
Accounts payable and accrued expenses	(211.0)	(40.8)
Obligations for retirement benefits	1,748.7	6,216.8
Net cash provided by (used in) operating activities	216.4	(7,148.4)
Cash flows from investing activities		
Sales of short-term investments	1,620.0	3,511.7
Purchases of short-term investments	(948.7)	(2,931.7)
Purchases of property and equipment	(39.9)	(183.9)
Sales of investments	77.7	
Purchases of investments	(524.3)	(642.6)
Net cash used in investing activities	184.8	(246.5)
Cash flows from financing activities		
Contributions restricted for long-term purposes	314.7	481.8
Repayment of long-term bonds payable	(175.0)	(175.0)
Principal payments under capital lease obligation	(22.8)	(15.8)
Net cash provided by financing activities	116.9	291.0
Net change in cash and cash equivalents	518.1	(7,103.9)
Cash and cash equivalents, beginning of year	9,622.6	16,726.5
Cash and cash equivalents, end of year	\$ 10,140.7	\$ 9,622.6
Supplemental data: interest paid	\$ 16.8	\$ 50.1

The accompanying notes are an integral part of these statements.

United Way of Metropolitan Chicago, Inc.
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
(dollars in thousands)
Years Ended June 30

	Other Program Services								Support Services							
	Direct Services		Consultation and Technical Assistance		Fund Distribution		Total Other Program Services		Management and General		Fundraising		Total Support Services		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Salaries	\$ 591.9	\$ 660.4	\$ 762.9	\$ 887.8	\$ 674.1	\$ 710.8	\$ 2,028.9	\$ 2,259.0	\$ 1,921.0	\$ 2,195.4	\$ 2,864.6	\$ 3,152.1	\$ 4,785.6	\$ 5,347.5	\$ 6,814.5	\$ 7,606.5
Defined contribution plan	6.1	26.5	8.4	42.8	6.9	34.4	21.4	103.7	23.3	119.7	29.3	149.8	52.6	269.5	74.0	373.2
Defined benefit plan (frozen)									577.4	(119.8)			577.4	(119.8)	577.4	(119.8)
Other employee benefits	64.5	59.1	90.6	93.3	83.0	80.4	238.1	232.8	245.0	266.6	304.0	325.6	549.0	592.2	787.1	825.0
Payroll taxes	51.7	44.0	64.4	61.7	64.7	60.1	180.8	165.8	195.9	195.6	250.3	248.1	446.2	443.7	627.0	609.5
Total salaries and related expenses	714.2	790.0	926.3	1,085.6	828.7	885.7	2,469.2	2,761.3	2,962.6	2,657.5	3,448.2	3,875.6	6,410.8	6,533.1	8,880.0	9,294.4
Staff development	2.7	2.6	3.1	2.3	0.2	0.6	6.0	5.5	4.1	7.2	0.9	6.4	5.0	13.6	11.0	19.1
Professional fees	66.6	100.6	145.6	138.1	118.5	117.4	330.7	356.1	510.9	557.1	337.1	434.5	848.0	991.6	1,178.7	1,347.7
Office supplies and expenses	2.6	4.3	12.3	12.2	3.9	6.1	18.8	22.6	13.8	20.3	18.9	30.5	32.7	50.8	51.5	73.4
Telephone	6.9	13.2	12.5	15.7	20.8	19.9	40.2	48.8	57.1	69.1	49.1	72.4	106.2	141.5	146.4	190.3
Postage and related expenses	1.5	2.2	2.8	3.6	4.4	5.5	8.7	11.3	13.3	17.3	55.3	102.0	68.6	119.3	77.3	130.6
Occupancy	39.9	42.6	56.8	57.4	50.1	57.6	146.8	157.6	144.3	164.0	200.4	242.8	344.7	406.8	491.5	564.4
Equipment rental and maintenance	5.4	4.6	20.6	11.6	9.4	6.0	35.4	22.2	39.0	35.7	19.2	31.2	58.2	66.9	93.6	89.1
Printing and publications	15.9	2.9	135.8	74.4	3.3	6.4	155.0	83.7	37.2	29.8	133.4	344.2	170.6	374.0	325.6	457.7
Employee business expenses	13.9	20.6	8.7	11.5	6.3	8.6	28.9	40.7	14.4	13.3	48.4	52.9	62.8	66.2	91.7	106.9
Meetings and events	1.4	4.5	7.0	9.5	2.7	6.1	11.1	20.1	3.7	5.7	9.1	12.8	12.8	18.5	23.9	38.6
Memberships	2.0	1.8	1.9	2.8	3.4	3.5	7.3	8.1	2.2	1.9	3.3	3.3	5.5	5.2	12.8	13.3
Dues - United Way of America	43.9		61.5		41.3		146.7		163.3	533.0	206.6		369.9	533.0	516.6	533.0
Interest	1.5	3.9	2.1	5.0	1.4	3.7	5.0	12.6	5.6	15.8	7.2	22.5	12.8	38.3	17.8	50.9
Insurance and miscellaneous	4.8	5.1	6.8	6.9	4.8	5.2	16.4	17.2	17.8	18.8	48.8	40.4	66.6	59.2	83.0	76.4
Total expenses before provision for depreciation and amortization	923.2	998.9	1,403.8	1,436.6	1,099.2	1,132.3	3,426.2	3,567.8	3,989.3	4,146.5	4,585.9	5,271.5	8,575.2	9,418.0	12,001.4	12,985.8
Depreciation and amortization	29.8	29.0	41.9	37.5	28.5	28.8	100.2	95.3	110.7	116.0	141.4	167.1	252.1	283.1	352.3	378.4
Total functional expenses	\$ 953.0	\$ 1,027.9	\$ 1,445.7	\$ 1,474.1	\$ 1,127.7	\$ 1,161.1	\$ 3,526.4	\$ 3,663.1	\$ 4,100.0	\$ 4,262.5	\$ 4,727.3	\$ 5,438.6	\$ 8,827.3	\$ 9,701.1	\$ 12,353.7	\$ 13,364.2

The accompanying notes are an integral part of these statements.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)
June 30, 2010 and 2009

NOTE A - NATURE OF ORGANIZATION AND RELATED-PARTY TRANSACTIONS

United Way of Metropolitan Chicago, Inc. (“UWMC”) is an Illinois non-profit philanthropic corporation whose mission is to improve lives in the metropolitan Chicago area by mobilizing caring people to invest in the community where resources are needed the most. UWMC and the following seven Member United Ways (“MUWs”) (collectively referred to as the “Organization”) raise funds through community-wide campaigns:

- South-Southwest Suburban United Way (“South-Southwest”)
- West Suburban United Way (“West”)
- United Way of Oak Park, River Forest and Forest Park (“OP-RF”)
- Northwest Suburban United Way (“Northwest”)
- North Suburban United Way (“North”)
- United Way of the North Shore (“North Shore”)
- United Way of the DuPage Area, Inc. (“DuPage”)

In April 2010, North and North Shore agreed to merge, effective July 1, 2010. The new organization will be known as North Shore United Way. In June 2010, West, OP-RF and DuPage agreed to merge, effective July 1, 2010. The new organization will be known as United Way of DuPage/West Cook and it will include the Leyden Proviso service area that was part of UWMC.

Effective September 30, 2008, DuPage and the Naperville United Way (“Naperville”) merged with DuPage as the surviving entity. DuPage assumed all assets and liabilities of Naperville. Effective October 1, 2008, Northwest and the Far Northwest Suburban United Way (“Far Northwest”) merged with Northwest as the surviving entity. Northwest assumed all assets and liabilities of Far Northwest. For financial statement presentation purposes, the combination of the entities is shown on a combined basis as of July 1, 2008, and is treated in a manner similar to a pooling of interests.

The Organization provides leadership by assessing and prioritizing critical human care needs in the metropolitan Chicago region through a network of services and by monitoring results to ensure desired outcomes are met. UWMC and the MUWs together conduct a single, combined campaign (“UWMC Campaign”) each year to raise support for charitable organizations in the Chicago metropolitan community. The campaign begins in late summer and lasts approximately eighteen months through the end of the subsequent calendar year.

The Organization is dependent upon undesignated contributions from corporate and individual donors for support. The level of such contributions can be affected by economic conditions. A portion of the funds raised is allocated to agencies based upon the actions of the Board of Directors, and other funds are designated to agencies by donors. A decrease in undesignated contributions may adversely affect UWMC’s ability to provide services and allocate funds to its agencies.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE A - NATURE OF ORGANIZATION AND RELATED-PARTY TRANSACTIONS - Continued

UWMC and the MUWs are, individually, Illinois not-for-profit corporations, and exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

UWMC provides finance, accounting, information systems, human resources and other administrative support to the MUWs. UWMC acts as agent for the MUWs in processing pledges, receiving cash on pledges, and paying MUW agency allocations and expenses. In exchange for this support, UWMC receives reimbursement from each MUW. UWMC received \$387.0 from the MUWs to reimburse UWMC for its support during fiscal years 2010 and 2009. Cash receipt and payment activities and the support reimbursement arrangement together result in intercompany receivables and payables throughout each fiscal year.

UWMC had the following amounts receivable from and payable to the MUWs at June 30:

	<u>2010</u>	<u>2009</u>
Intercompany receivables from MUWs	\$ 508.1	\$ 846.5
Intercompany payables to MUWs	<u>(228.7)</u>	<u>(525.8)</u>
	<u>\$ 279.4</u>	<u>\$ 320.7</u>

All intercompany transactions have been eliminated in the combined financial statements.

OP-RF and the Community Chest of Oak Park and River Forest (Community Chest), an Illinois not-for-profit corporation, share the same Board officers and a key employee. The Community Chest is not part of the Organization, does not hold assets for OP-RF and does not perform significant functions for OP-RF. During each of the fiscal years ended June 30, 2010 and 2009, the Community Chest made contributions to OP-RF and reimbursed OP-RF for certain support services and OP-RF paid rent and a share of the utilities to the Community Chest. All transactions were not material to these financial statements.

Several companies managed by members of the Organization's Boards of Directors traditionally conduct UWMC campaigns in the ordinary course of business. In addition, the Organization receives contributions directly from members of the UWMC Board of Directors as well as directors of the MUWs. Such amounts, received from the directors, are not material to these financial statements.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the accounts of UWMC and the MUWs. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2009 combined financial statements have been reclassified to conform to the 2010 presentation.

Credit Risk Concentration and Fair Value of Financial Instruments

Financial instruments, which potentially subject UWMC to concentrations of credit risk, consist primarily of cash and cash equivalents, short-term investments and pledges receivable. UWMC's investment policy is intended to limit its exposure to credit risk. UWMC maintains cash in bank deposit accounts, which at times may exceed Federally insured limits. UWMC has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

New Accounting Pronouncements

In 2009, the Financial Accounting Standards Board ("FASB") approved the Accounting Standards Codification ("ASC") as the single source of authoritative non-government U.S. generally accepted accounting principles ("GAAP"). The ASC does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature relating to a single topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the ASC will be considered non-authoritative. Adoption of the ASC by the Organization did not have a significant impact on its financial statements.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncements - continued

Effective June 30, 2010, the Organization adopted amended accounting guidance as it relates to fair value measurement (the initial authoritative guidance was adopted July 1, 2008 by the Organization) for investments in pooled funds and its interest in the collective pension master trust. The new guidance affects how the Organization measures the fair value of investments in certain entities that do not have a quoted market price but calculate net asset value (“NAV”) per share or its equivalent. As a practical expedient, the amendments permit, but do not require, the Organization to measure the fair value of an investment in an investee within the scope of the amendments based on the investee’s NAV per share or its equivalent. As a result of applying the practical expedient, the fair value of investments in pooled funds and the collective pension master trust were determined based on the NAV beginning with the June 30, 2010 valuation. Adoption of this amended guidance did not have a material impact on the fair value determination of applicable investments; however, it did require additional disclosures in Note D to the financial statements.

In December 2008, the FASB released a standard that requires enhanced disclosures about the plan assets of defined benefit pension and other postretirement benefit plans. These disclosures include how investment allocation decisions are made, the factors pertinent to understanding investment policies and strategies, the fair value of each major category of plan assets for pension plans and other postretirement benefit plans separately, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs on changes in plan assets and significant concentrations of risk within plan assets. The Organization adopted this standard as of June 30, 2010, and has included the required disclosures in Note F to the financial statements.

Revenue Recognition

Donors generally pledge or give a majority of their contributions during the first six to nine months of each annual UWMC campaign. The Organization recognizes revenue at fair value in the period the pledge is received or, in the absence of a pledge, when cash is received from the donor. The Organization considers all support as unrestricted unless specifically restricted by the donor.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Long-term, unconditional promises to give are discounted using a risk-adjusted rate. As payments are received, the corresponding discount is amortized and recorded in “Current year campaign.”

UWMC performs support services for other United Way organizations in the Midwest essentially under cost-reimbursement contracts. The cost reimbursement is recognized ratably as services are performed based upon contractually agreed-upon rates. The cost reimbursement offsets the associated expenses of performing these services in the combined statement of activities.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions Designated to Other Organizations

Donor organizations and individuals participating in such entities' UWMC campaigns may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported as part of the current year UWMC campaign, and are deducted as "Amounts designated to other organizations" to arrive at net campaign revenue. Amounts designated are recorded as "Designations payable" until paid to the designated charitable organizations. Processing fees of up to 8% of amounts designated, subject to certain limitations, are recorded as administrative fee revenue and collected through receipt of the designated amounts.

Donated Services and Equipment

Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance non-financial assets or require specialized skills and would typically need to be purchased if not provided by donation.

Distributions and Allocations

The Board of Directors approves allocations to social service agencies for each fiscal year period extending from July 1 to June 30. Since UWMC campaigns are conducted for a calendar year, the Organization funds a portion of the current year and subsequent year allocations, utilizing funds available from the current year UWMC campaign. The Board approves the allocations on a basis which is contingent upon actual and estimated future cash availability. Accordingly, allocations are recorded in the combined financial statements when the allocation is deemed unconditional as of the financial statement date.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, money market funds, and other highly liquid short-term investments with original maturities of three months or less and are carried at cost plus accrued interest, which approximates fair value.

Pledges Receivable

Pledges receivable, recorded at net realizable value, consists principally of uncollected campaign pledges received from companies and their employees. The Organization determines an allowance for uncollectible pledges by considering a number of factors, including length of time a pledge is past due, previous loss history, and the consideration of the general economy for the geographic region as a whole.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges Receivable - continued

Allowances are provided for pledge amounts estimated by management to be uncollectible. As of June 30 of each fiscal year, a final accounting is made of the prior year's campaign. Pledges receivable related to the prior campaign that have not been collected are generally considered uncollectible and are written off. Subsequent collections of amounts written off are recorded when received, in "Collections from, and adjustments to, prior years' campaigns."

Investments

Investments consist of certificates of deposit and institutional equity, fixed income and commodity-linked funds. Certificates of deposit with original maturities of greater than three months and less than eighteen months are classified as "Short-term investments." Investments are carried at the quoted market value of the securities. Realized gains and losses are based on specific identification of the security sold. Interest, dividends, gains and losses related to these funds are recorded as "Interest and other income."

Property and Equipment

Buildings are carried at cost and depreciated using the straight-line method over 40 years. Furniture, equipment and software are carried at cost and depreciated on the straight-line method, principally over five years. Equipment is capitalized if it has a cost of \$500 or more and a useful life when acquired of more than one year.

Deferred Bond Costs

In 2002, deferred bond costs of \$282.8 were incurred from the issuance of bonds. These costs consisted of loan origination, appraisal and legal fees and are amortized over 25 years. The current portion of the deferred bond costs is included in "Other receivables and prepaid expenses." Accumulated amortization was \$96.2 and \$84.8 at June 30, 2010 and 2009, respectively.

Pledge Processing

Certain major corporations (clients) have contracts with UWMC to process their regional and national pledge processing activities, including processing of amounts that are not part of the local UWMC campaign. Clients remit employee contributions and the corresponding distribution information to UWMC. UWMC consolidates and reconciles the information for a given client and distributes funds according to the clients' instructions. Funds received in this manner are recorded as pledge processing payables until such distributions are completed. In return for these services, UWMC receives contractually agreed-upon pledge processing fees.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Classification of Net Assets

Net assets and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets not subject to donor-imposed restrictions.
- Temporarily restricted net assets - Net assets subject to donor-imposed restrictions as to purpose that may or will be met by actions of UWMC or the MUWs, or that expire by the passage of time. A time restriction is implied in an unconditional promise to give when it is scheduled to be paid in future periods, as with payroll deductions.
- Permanently restricted net assets - Net assets subject to donor-imposed restrictions requiring the assets, or corpus, to be maintained permanently by UWMC or the MUWs.

When donor-imposed time restrictions expire or a donor-imposed purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the combined statements of activities as net assets released from restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

The net appreciation of interest, dividends and realized and unrealized gains and losses recognized on donor-restricted endowment funds is classified as temporarily restricted net assets to be spent as directed by the Boards of Directors of UWMC, Northwest or DuPage. Unrealized losses that cause the fair value of a donor-restricted endowment fund to fall below the level that the donor requires the Organization to maintain are classified within unrestricted net assets. Net earnings and appreciation that restore these losses are also reflected within unrestricted net assets.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE C - PLEDGES RECEIVABLE, NET

The following table summarizes pledges receivable, short term, net as of June 30:

	<u>2010</u>	<u>2009</u>
Campaign beginning in 2008		\$ 20,264.5
Campaign beginning in 2009	\$ 19,072.7	30.0
Campaign beginning in 2010	16.1	
Current portion of long-term, unconditional promises to give	<u>423.2</u>	<u>617.5</u>
Total	19,512.0	20,912.0
Less allowance for uncollectible pledges	<u>(2,623.4)</u>	<u>(3,450.0)</u>
Pledges receivable, short term, net	<u>\$ 16,888.6</u>	<u>\$ 17,462.0</u>

Pledges receivable, long term, net represents long-term, unconditional promises to give received from certain individuals and corporations that are due in one to two years. The discount rate used was 1.80% and 2.50% at June 30, 2010 and 2009, respectively. The following table summarizes the balances as of June 30:

	<u>2010</u>	<u>2009</u>
Gross long-term pledges receivable	\$ 738.2	\$ 1,290.0
Less current portion	(423.2)	(617.5)
Less unamortized discount	<u>(9.1)</u>	<u>(24.3)</u>
Pledges receivable, long term, net	<u>\$ 305.9</u>	<u>\$ 648.2</u>

NOTE D - INVESTMENTS

Long-term investments are maintained as endowment and deferred compensation funds for the benefit of UWMC, DuPage and Northwest. In addition, the MUWs hold certificates of deposits as short-term investments. UWMC investments are comprised of institutional equity, fixed income and commodity-linked funds. Commodity-linked funds are mutual funds having futures contracts or options and can participate in price moves of underlying commodities. Long-term investments held for DuPage are in pooled investment accounts consisting of equity funds, fixed income funds, commodity-linked funds, hedge funds and real estate funds. Northwest's long-term investments are comprised of institutional equity and fixed income funds.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE D – INVESTMENTS – Continued

The Organization’s endowment investment strategy is to preserve, protect and grow the endowment assets to generate sufficient earnings to be used to meet obligations arising from planned activities. These goals are to be accomplished by achieving a long-term rate of return on the investments that ensures growth of the assets and by diversifying a portfolio among various asset classes with the goal of reducing return volatility among various securities issuers. The asset classes include domestic and international equity stocks, fixed income securities and alternative investments such as hedge funds, private equity, commodities and real estate.

Total investments at June 30 and net investment return are summarized as follows:

	<u>2010</u>	<u>2009</u>
Endowment	\$ 2,566.1	\$ 2,000.3
Deferred compensation	82.4	
Total investments	<u>\$ 2,648.5</u>	<u>\$ 2,000.3</u>

	<u>2010</u>	<u>2009</u>
Money-market funds	\$ 165.8	\$ 69.4
Equity securities	1,193.1	887.3
Fixed income securities	469.7	344.9
Commodity-linked funds	35.9	
Pooled funds	784.0	698.7
Total investments by type	<u>\$ 2,648.5</u>	<u>\$ 2,000.3</u>

	<u>2010</u>	<u>2009</u>
Investment income	\$ 124.4	\$ 106.4
Unrealized gains (losses)	136.8	(156.1)
Realized gains (losses)	64.8	(109.4)
Net investment return	<u>\$ 326.0</u>	<u>\$ (159.1)</u>

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE D – INVESTMENTS – Continued

The fair value of investments is based on observable inputs such as quoted prices in active markets, or other than quoted prices in active markets, that are observable either directly or indirectly. Fair value is measured as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tiered fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs, such as quoted prices in active markets;
- Level 2 – Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which requires the Organization to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Organization uses third-party providers to determine the fair values of its investments. The third-party providers receive market prices from a variety of industry standard data providers with reasonable levels of price transparency.

Investments with values based on quoted market prices in active markets are classified by the Organization as Level 1 and include certificates of deposit, money market securities, mutual funds and commodity-linked funds. The mutual funds legally and contractually redeem their outstanding shares at net asset value.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as Level 2 by the Organization and include fixed income securities and pooled investment funds that are valued at the redemption value of units held based on the underlying assets and liabilities. Investments participating in the pool include marketable equity securities, fixed income securities, hedge funds, real estate funds and commodities funds. The pooled investment funds may be redeemed at their redemption value at or near the reporting date.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE D – INVESTMENTS – Continued

The following table summarizes investments measured at fair value as of June 30, 2010 and 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
June 30, 2010			
Money-market funds	\$ 165.8		\$ 165.8
Equity securities	1,193.1		1,193.1
Fixed income securities	469.7		469.7
Commodity-linked funds	35.9		35.9
Pooled funds		\$ 784.0	784.0
Total investments	<u>\$ 1,864.5</u>	<u>\$ 784.0</u>	<u>\$ 2,648.5</u>
June 30, 2009			
Money-market funds	\$ 69.4		\$ 69.4
Equity securities	887.3		887.3
Fixed income securities	344.9		344.9
Pooled funds		\$ 698.7	698.7
Total investments	<u>\$ 1,301.6</u>	<u>\$ 698.7</u>	<u>\$ 2,000.3</u>

The pooled funds recorded at NAV as of June 30, 2010, are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Pooled funds	\$ 784.0	\$ -	annually	90 days
Total	<u>\$ 784.0</u>	<u>\$ -</u>		

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE E - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at June 30 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Land	\$ 800.1	\$ 800.1
Buildings	8,394.6	8,394.6
Office equipment and software	<u>2,288.8</u>	<u>2,248.9</u>
Total property and equipment	11,483.5	11,443.6
Accumulated depreciation	<u>(4,485.1)</u>	<u>(4,144.1)</u>
Property and equipment, net	<u><u>\$ 6,998.4</u></u>	<u><u>\$ 7,299.5</u></u>

NOTE F – POSTRETIREMENT BENEFITS

UWMC sponsors a defined contribution retirement plan covering all of its eligible employees. UWMC matches, subject to IRS limitations, 10% of an employee’s contribution up to a maximum equaling 3% of an employee’s gross pay. UWMC also makes a basic contribution of 1% of gross pay to the plan for all employees with at least one year of service. The cost of this plan was \$74.0 and \$373.2 in fiscal years 2010 and 2009, respectively. Effective July 1, 2010, the UWMC match was changed to 30% of an employee’s contribution up to a maximum equaling 3% of an employee’s gross pay and the basic contribution was modified to 0%.

UWMC provides a deferred compensation plan that allows certain officers to defer portions of their compensation. As of June 30, 2010, the deferred income obligation of \$82.4 is included in “Obligations for retirement benefits.” The related plan assets of \$82.4 are included in “Investments” as of June 30, 2010.

UWMC also maintains a non-contributory defined benefit pension plan which was frozen effective December 31, 2003, and covers eligible employees up to that date. Payments are made to eligible retired employees based on earnings, age and years of service. The plan’s funding policy is to contribute amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as UWMC may determine to be appropriate. A contribution of \$34.5 was made in fiscal year 2010. No contribution was made in fiscal year 2009. UWMC expects to make a contribution of \$426.5 to the defined benefit pension plan in fiscal year 2011.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE F – POSTRETIREMENT BENEFITS – Continued

The components of net periodic pension cost (income) for the fiscal years ended June 30 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Interest cost	\$ 1,344.7	\$ 1,408.1
Expected return on plan assets	(1,243.3)	(1,659.0)
Administrative expenses	80.0	
Amortization of actuarial loss	<u>396.0</u>	<u>131.1</u>
	<u>\$ 577.4</u>	<u>\$ (119.8)</u>

The components of the pension-related change other than net periodic pension cost (income) for the fiscal years ended June 30 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Actuarial loss	\$ 1,519.4	\$ 6,467.7
Amortization of actuarial loss	<u>(396.0)</u>	<u>(131.1)</u>
	<u>\$ 1,123.4</u>	<u>\$ 6,336.6</u>

Amounts that have not yet been recognized as a component of net periodic pension cost (income) consist of a net actuarial loss of \$12,840.3 and \$11,716.9 at June 30, 2010 and 2009, respectively.

The estimated actuarial loss that will be amortized from unrestricted net assets into net period pension cost through June 30, 2011, is \$453.3.

The following table summarizes the weighted-average assumptions used in determining pension costs for the fiscal years ended June 30:

	<u>2010</u>	<u>2009</u>
Discount rate	6.15%	6.75%
Expected return on plan assets	8.00%	8.00%

The weighted-average discount rate used in determining the benefit obligation was 5.15% and 6.15% at June 30, 2010 and 2009, respectively.

The discount rate is determined as of the measurement date based upon the discounting of future expected cash flows using the Citigroup Pension Discount Curve, a high-quality corporate bond interest rate.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE F – POSTRETIREMENT BENEFITS – Continued

The expected long-term rate of return on plan assets assumption is based upon a building block approach. The expected long-term rate of inflation and risk premiums for the various asset categories are based on the current investment environment. General historical market returns and inflation rates are used in the development of the long-term expected inflation rates and risk premiums. The target allocation of assets is used to develop a composite rate of return assumption.

The following summarizes the changes in the projected benefit obligation, the fair value of plan assets and the funded status at June 30:

	<u>2010</u>	<u>2009</u>
Change in projected benefit obligation		
Beginning of year	\$ 22,687.4	\$ 21,660.4
Interest cost	1,344.7	1,408.1
Actuarial loss	2,563.9	1,198.6
Administrative expenses assumed	80.0	
Benefits paid	<u>(1,628.7)</u>	<u>(1,579.7)</u>
End of year	<u>\$ 25,047.3</u>	<u>\$ 22,687.4</u>
	<u>2010</u>	<u>2009</u>
Change in fair value of plan assets		
Beginning of year	\$ 16,344.4	\$ 21,534.2
Actual return on plan assets	2,287.8	(3,610.1)
Organization contributions	34.5	
Benefits paid	<u>(1,628.7)</u>	<u>(1,579.7)</u>
End of year	<u>\$ 17,038.0</u>	<u>\$ 16,344.4</u>
Funded status, end of year		
Fair value of plan assets	\$ 17,038.0	\$ 16,344.4
Less projected benefit obligation	<u>25,047.3</u>	<u>22,687.4</u>
Funded status	<u>\$ (8,009.3)</u>	<u>\$ (6,343.0)</u>

The funded status obligation is included in “Obligations for retirement benefits.”

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE F – POSTRETIREMENT BENEFITS – Continued

The Organization’s overall investment strategy is to achieve a mix of long-term growth and near-term benefit payments. The assets are to be broadly diversified in terms of securities and security types so as to limit the potential impact of a large loss from any single security or type of security. The target asset allocations are as follows: domestic equity securities, 47.5%, international equity securities, 7.5%, hedge funds, 25% and fixed income and cash securities, 20%.

The objective within each asset class is to be fully diversified, benchmarking performance to indices such as the Wilshire 5000, the MSCI All Country World ex-US Index, and the Barclays Aggregate Bond Index. Asset allocations are rebalanced whenever total equity or total fixed income falls outside of their target allocations by more than 2½%. Cash and equivalents are held at minimum levels, with typically less than three months of expected benefit payments maintained.

The plan’s assets are maintained in a separate, collective master trust created for the benefit of the Organization and other participating agencies and represent the Organization’s share of the net assets of the trust. The assets of the trust consist primarily of money-market funds, equity securities, fixed income securities and hedge funds.

The Organization uses a third-party provider to determine the fair values of the master trust assets. The third-party provider receives market prices from a variety of industry standard data providers with reasonable levels of price transparency. Automated transmissions of prices are received on a daily basis to facilitate current pricing. When automated pricing is not available for a particular security, alternate pricing sources are utilized. Securities are either priced daily, weekly or on the last business day of each month. Equity securities and fixed income and cash securities are valued either based on quoted market prices in active markets or are valued based on alternative pricing sources supported by observable inputs. Hedge funds are priced daily and/or monthly using alternative pricing sources with unobservable inputs.

The Organization uses a three-tiered fair value hierarchy to measure the fair value of these investments. The Organization’s share of the master trust assets is classified as a Level 3 asset because of liquidity constraints. The Organization would not be able to redeem its interest in the master trust at its NAV equivalent at or near the reporting date.

The fair value of the Organization’s investment in the collective trust at June 30, 2010 by asset category is as follows:

	<u>Level 3</u>
Investment in a collective trust	<u>\$ 17,038.0</u>
Total pension investments	<u><u>\$ 17,038.0</u></u>

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE F – POSTRETIREMENT BENEFITS – Continued

The following table presents the Organization’s activity for pension assets measured at Level 3 for the year ended June 30, 2010:

	Investment in a collective trust
Beginning of year	\$ 16,344.4
Total return	2,287.8
Purchases, sales and settlements, net	<u>(1,594.2)</u>
Endowment net assets, end of year	<u>\$ 17,038.0</u>

The total gains or losses for the year ended June 30, 2010 included in “Total return” that are attributable to the change in unrealized gains and losses relating to assets held at the reporting date are \$2,210.0.

As of June 30, 2010, the Organization has an unfunded commitment to the collective master trust of \$8,009.3 as its pension liability is not fully funded. The Organization, as sponsor of the pension plan, may terminate the pension plan or the master trust at any time. The Organization may not redeem its investment in the master trust unless it terminates its participation in the plan by transferring its share of the assets to another qualified pension plan. Such a transfer requires no less than six months’ notice.

The following table presents the benefits expected to be paid under UWMC’s defined benefit plan in each of the next five fiscal years, and in the aggregate for the five years thereafter, as of June 30, 2010:

2011	\$ 1,642.0
2012	1,596.5
2013	1,601.1
2014	1,627.8
2015	1,624.9
2016 - 2020	8,335.2

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE G – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets include contributions or grants subject to donor-imposed restrictions as to purpose that may or will be met by actions of the Organization, or that expire by the passage of time. The following table summarizes temporarily restricted net assets as of June 30:

	<u>2010</u>	<u>2009</u>
Pledges receivable, time restricted for use in future periods	\$ 16,663.6	\$ 18,929.5
Cash contributions received for future campaigns	244.8	395.3
Purpose-restricted contributions	1,357.6	2,328.3
Endowment net investment return	42.2	
Total temporarily restricted net assets	<u>\$ 18,308.2</u>	<u>\$ 21,653.1</u>

Permanently restricted net assets included contributions to endowment funds that are subject to donor-imposed restrictions that cannot be released from restriction by expiration of time or fulfillment of purpose. The following table summarizes permanently restricted net assets as of June 30:

	<u>2010</u>	<u>2009</u>
Pledges receivable, net	\$ 530.9	\$ 811.7
Endowment funds	2,538.9	2,212.2
Restricted cash to be invested in endowments	38.3	49.4
Total permanently restricted net assets	<u>\$ 3,108.1</u>	<u>\$ 3,073.3</u>

The Organization's endowment consists of donor-restricted endowment funds maintained by UWMC, Northwest and DuPage. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE G – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS – Continued

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds.
2. The purposes of the Organization and the donor-restricted endowment funds.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

During fiscal year 2009, a donor-restricted endowment fund at Northwest was initially funded with a bequest of \$12.0. The amount was initially recognized as an unrestricted non-endowment contribution. In fiscal year 2010, the amount was transferred to permanently restricted net assets and has been reflected in the fiscal year 2010 statement of activities as a “Transfer of net assets.”

During fiscal year 2009, the Organization reviewed the endowment fund held by DuPage and determined that \$741.1 should be permanently restricted according to donor-imposed restrictions. This change was reflected in the fiscal year 2009 statement of activities as a “Transfer of net assets.”

The following table summarizes the donor-restricted endowment net asset composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds - UWMC	\$ (15.0)		\$ 1,784.9	\$ 1,769.9
Endowment funds - Northwest			12.2	12.2
Endowment funds - DuPage		\$ 42.2	741.8	784.0
Total	<u>\$ (15.0)</u>	<u>\$ 42.2</u>	<u>\$ 2,538.9</u>	<u>\$ 2,566.1</u>

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE G – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS – Continued

During the year ended June 30, 2010, the Organization had the following endowment-related activities:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (211.9)		\$ 2,212.2	\$ 2,000.3
Investment return				
Investment income	53.8			53.8
Net appreciation	143.1	\$ 42.2		185.3
Contributions			314.7	314.7
Transfer of net assets			12.0	12.0
Endowment net assets, end of year	<u>\$ (15.0)</u>	<u>\$ 42.2</u>	<u>\$ 2,538.9</u>	<u>\$ 2,566.1</u>

The following table summarizes the donor-restricted endowment net asset composition by type of fund as of June 30, 2009:

	Unrestricted	Permanently Restricted	Total
Endowment funds - UWMC	\$ (169.5)	\$ 1,471.1	\$ 1,301.6
Endowment funds - DuPage	(42.4)	741.1	698.7
Total	<u>\$ (211.9)</u>	<u>\$ 2,212.2</u>	<u>\$ 2,000.3</u>

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE G – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS – Continued

During the year ended June 30, 2009, the Organization had the following endowment-related activities:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 655.3	\$ 967.9	\$ 1,623.2
Investment return			
Investment income	37.4		37.4
Net depreciation	(265.5)		(265.5)
Contributions	102.0	503.2	605.2
Transfer of net assets	(741.1)	741.1	
Endowment net assets, end of year	<u>\$ (211.9)</u>	<u>\$ 2,212.2</u>	<u>\$ 2,000.3</u>

NOTE H - BONDS PAYABLE

On April 1, 2002, UWMC entered into a loan agreement for \$5,465.0 of tax-exempt variable rate demand revenue bonds, due April 1, 2027, to finance building improvements at its Chicago, Illinois headquarters office building. The bonds were issued under an indenture of trust which requires the bonds to be supported by a letter of credit at all times. The letter of credit expires April 1, 2012. The bonds are secured by UWMC's headquarters office building and all rights therein.

The interest rate was 0.45% and 0.40% at June 30, 2010 and 2009, respectively. During fiscal year 2010, the interest rate ranged from 0.14% to 0.50%. The loan agreement requires maintaining a ratio of debt to net assets of less than three to one. UWMC was in compliance with this covenant at June 30, 2010. Bond principal payments of \$175.0 are due in each of the next five fiscal years, with \$2,150 due thereafter.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE I – OBLIGATION UNDER CAPITAL LEASE

In June 2008, UWMC entered into a capital lease arrangement, with an interest rate of 7.81%, for telecommunications equipment. The equipment is included in the asset class of “office equipment and software.” The equipment, net of accumulated amortization of \$47.2 and \$23.6 at June 30, 2010 and 2009, respectively, was \$70.7 and \$94.3 at June 30, 2010 and 2009, respectively. The current portion of the obligation under capital lease is included in “Accounts payable and accrued expenses.” The amortization of the capital lease asset is included in “Depreciation and amortization.”

The following table represents the future minimum lease payments for each of the next four fiscal years and the present value of the net minimum lease payments as of June 30, 2010:

2011	\$ 28.4
2012	28.4
2013	28.4
2014	<u>7.0</u>
Total minimum lease payments	92.2
Interest payments	<u>(10.1)</u>
Present value of net minimum lease payments	<u><u>\$ 82.1</u></u>

NOTE J – LINE OF CREDIT

UWMC maintains an uncommitted line of credit of \$2,000.0 in the event operating funds are needed. Interest on any outstanding balance is charged at the prime rate of interest as determined by the lender. Borrowings are secured by UWMC assets. The line of credit is reviewed annually by the lender. There were no borrowings under this line of credit as of June 30, 2010 and 2009, respectively.

United Way of Metropolitan Chicago, Inc. and Member United Ways
NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED
(dollars in thousands)
June 30, 2010 and 2009

NOTE K – LEASE COMMITMENTS

UWMC has an operating lease agreement for a facility in Oak Brook, Illinois expiring in 2013. In addition, three MUWs have formal lease agreements for office space expiring through 2011. The following table represents the rent expected to be paid under the lease agreements in each of the next four fiscal years:

	<u>UWMC</u>	<u>MUWs</u>	<u>Total</u>
2011	\$ 48.5	\$ 17.9	\$ 66.4
2012	42.0		42.0
2013	42.0		42.0
2014	7.0		7.0
	<u>\$ 139.5</u>	<u>\$ 17.9</u>	<u>\$ 157.4</u>

Rent expense was \$174.3 and \$175.9 in fiscal years 2010 and 2009, respectively.

NOTE L – SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2010 financial statements for subsequent events through November 15, 2010, the date the financial statements were issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

United Way of Metropolitan Chicago, Inc.
SUPPLEMENTAL CAMPAIGN AND OTHER INFORMATION
(dollars in thousands)
June 30, 2010 and 2009

Results of UWMC Campaign

For fiscal years 2010 and 2009, total pledges recorded in the accompanying combined statements of activities for the annual UWMC campaign were as follows:

	<u>2010</u>	<u>2009</u>
Pledges received in current year for campaign year	\$ 52,042.8	\$ 56,617.4
Pledges received in prior year for campaign year	<u>425.3</u>	<u>844.5</u>
	<u>\$ 52,468.1</u>	<u>\$ 57,461.9</u>

Contributions Designated to Other Organizations

Funds raised through the Combined Federal Campaign are assessed a 2% administrative fee. Amounts designated to other organizations are distributed based upon a proportionate share of receipts.

Community Investment

Net funds collected from the campaign are distributed to MUWs upon the approval of the Board of Directors based on the finance committee recommendation.

The following table summarizes the Organization's community investment as a result of its campaign and other activities for fiscal years ended June 30:

	<u>2010</u>	<u>2009</u>
Allocations to agencies:		
Education	\$ 9,923.5	\$ 15,628.0
Income	4,342.4	4,882.5
Health	<u>15,374.1</u>	<u>21,872.3</u>
	29,640.0	42,382.8
Amounts designated to other organizations	12,097.3	13,107.7
Grants and other distributions	<u>1,579.7</u>	<u>641.3</u>
Total community investment	<u>\$ 43,317.0</u>	<u>\$ 56,131.8</u>

United Way of Metropolitan Chicago, Inc.
COMBINING STATEMENT OF FINANCIAL POSITION
(dollars in thousands)
June 30, 2010

ASSETS	South- Southwest	West	OP - RF	Northwest	North	North Shore	DuPage	Total MUWs	UWMC	Combined UWMC
CURRENT ASSETS										
Cash and cash equivalents	\$ 163.8	\$ 148.2	\$ 15.7	\$ 260.6	\$ 48.9	\$ 83.3	\$ 744.2	\$ 1,464.7	\$ 8,676.0	\$ 10,140.7
Short-term investments	243.7			564.9	237.1	178.8	602.6	1,827.1		1,827.1
Pledges receivable, short term, net	85.8	48.2	19.0	401.2	63.0	48.1	494.2	1,159.5	15,729.1	16,888.6
Other receivables and prepaid expenses	3.8			1.3	1.2		0.2	6.5	570.9	577.4
Total current assets	497.1	196.4	34.7	1,228.0	350.2	310.2	1,841.2	4,457.8	24,976.0	29,433.8
INVESTMENTS				12.2			784.0	796.2	1,852.3	2,648.5
INTERCOMPANY DUE FROM (TO)	112.0	(79.2)	71.3	45.4	(87.4)	(135.9)	(205.6)	(279.4)	279.4	
PROPERTY AND EQUIPMENT, NET				86.1	0.3			86.4	6,912.0	6,998.4
PLEDGES RECEIVABLE, LONG TERM, NET									305.9	305.9
DEFERRED LOAN COSTS, NET									175.3	175.3
TOTAL ASSETS	<u>\$ 609.1</u>	<u>\$ 117.2</u>	<u>\$ 106.0</u>	<u>\$ 1,371.7</u>	<u>\$ 263.1</u>	<u>\$ 174.3</u>	<u>\$ 2,419.6</u>	<u>\$ 5,061.0</u>	<u>\$34,500.9</u>	<u>\$39,561.9</u>
LIABILITIES AND NET ASSETS										
LIABILITIES										
Current liabilities										
Accounts payable and accrued expenses	\$ 9.9	\$ 24.9	\$ 3.4	\$ 27.7	\$ 7.8	\$ 1.9	\$ 27.7	\$ 103.3	\$ 455.8	\$ 559.1
Designation and pledge processing payables									5,002.8	5,002.8
Bonds payable, current portion									175.0	175.0
Total current liabilities	9.9	24.9	3.4	27.7	7.8	1.9	27.7	103.3	5,633.6	5,736.9
Non-current liabilities										
Bonds payable, net of current portion									2,850.0	2,850.0
Obligations for retirement benefits									8,091.7	8,091.7
Obligation under capital lease									59.3	59.3
Total non-current liabilities									11,001.0	11,001.0
Total liabilities	9.9	24.9	3.4	27.7	7.8	1.9	27.7	103.3	16,634.6	16,737.9
NET ASSETS	599.2	92.3	102.6	1,344.0	255.3	172.4	2,391.9	4,957.7	17,866.3	22,824.0
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 609.1</u>	<u>\$ 117.2</u>	<u>\$ 106.0</u>	<u>\$ 1,371.7</u>	<u>\$ 263.1</u>	<u>\$ 174.3</u>	<u>\$ 2,419.6</u>	<u>\$ 5,061.0</u>	<u>\$34,500.9</u>	<u>\$39,561.9</u>

United Way of Metropolitan Chicago, Inc.
COMBINING STATEMENT OF ACTIVITIES
(dollars in thousands)
Year Ended June 30, 2010

	South-Southwest	West	OP - RF	Northwest	North	North Shore	DuPage	Total MUWs	UWMC	Elimination entries	Combined UWMC
Public support and other revenue											
Public support											
Current year campaign	\$ 236.7	\$ 194.7	\$ 216.3	\$ 1,159.6	\$ 309.8	\$ 916.9	\$ 2,083.3	\$ 5,117.3	\$ 46,868.0		\$ 51,985.3
Special events	12.4	0.8	0.2	29.0		4.1	11.2	57.7			57.7
Amounts designated to other organizations	(3.2)	(32.2)	(4.9)	(77.3)	(1.0)	(5.7)	(164.8)	(289.1)	(16,027.0)	\$ 4,218.8	(12,097.3)
Provision for uncollectible pledges	(10.3)	(7.9)	(4.8)	(47.2)	(8.4)	(6.3)	(81.3)	(166.2)	(2,457.2)		(2,623.4)
Net from current campaign	235.6	155.4	206.8	1,064.1	300.4	909.0	1,848.4	4,719.7	28,383.8	4,218.8	37,322.3
Designations from UWMC	729.6	131.0	365.0	1,291.8	132.0	326.4	1,243.0	4,218.8		(4,218.8)	
Long-term unconditional promises to give									4.2		4.2
Contributions received for future campaigns									261.0		261.0
Collections from, and adjustments to, prior years' campaigns	27.0	5.3	79.7	43.9	0.2	13.5	78.4	248.0	1,681.8		1,929.8
Net campaign revenue	992.2	291.7	651.5	2,399.8	432.6	1,248.9	3,169.8	9,186.5	30,330.8		39,517.3
Other public support											
Donated services and equipment				1.5			0.2	1.7	6.2		7.9
Designations from other United Ways	22.1	2.9	13.0	45.3	8.6	12.0	85.2	189.1	405.1		594.2
Grants and other contributions			318.5	15.0		157.6		491.1	615.6		1,106.7
Endowment contributions				0.5			0.7	1.2	21.6		22.8
Other	(2.1)					25.0	(0.3)	22.6	28.6		51.2
Intercompany grant	631.0	200.4		20.6	4.0	4.5	187.5	1,048.0	(1,048.0)		
Total other public support	651.0	203.3	331.5	82.9	12.6	199.1	273.3	1,753.7	29.1		1,782.8
Total public support	1,643.2	495.0	983.0	2,482.7	445.2	1,448.0	3,443.1	10,940.2	30,359.9		41,300.1
Other revenue											
Interest and other income	6.2	3.6	0.1	26.6	10.1	2.8	93.4	142.8	665.6		808.4
Administrative fees (pledge and designation processing)									369.9		369.9
Total other revenue	6.2	3.6	0.1	26.6	10.1	2.8	93.4	142.8	1,035.5		1,178.3
Total public support and other revenue	1,649.4	498.6	983.1	2,509.3	455.3	1,450.8	3,536.5	11,083.0	31,395.4		42,478.4
Distributions, allocations and expenses											
Program services											
Allocations to agencies	1,629.3	464.9	510.2	2,023.1	483.3	1,076.1	3,714.8	9,901.7	19,738.3		29,640.0
Grants and other distributions		0.1		9.0	0.1	174.7		183.9	1,395.8		1,579.7
Other program services	87.1	57.5	56.0	107.8	50.6	79.2	67.3	505.5	3,020.9		3,526.4
Total program services	1,716.4	522.5	566.2	2,139.9	534.0	1,330.0	3,782.1	10,591.1	24,155.0		34,746.1
Support services											
Management and general	119.5	35.0	46.9	150.6	42.6	74.5	227.4	696.5	3,403.5		4,100.0
Fundraising	90.5	49.6	51.2	189.9	48.4	67.5	274.4	771.5	3,955.8		4,727.3
Total support services	210.0	84.6	98.1	340.5	91.0	142.0	501.8	1,468.0	7,359.3		8,827.3
Total distributions, allocations and expenses	1,926.4	607.1	664.3	2,480.4	625.0	1,472.0	4,283.9	12,059.1	31,514.3		43,573.4
Change in net assets before pension-related change	(277.0)	(108.5)	318.8	28.9	(169.7)	(21.2)	(747.4)	(976.1)	(118.9)		(1,095.0)
Pension-related change other than net periodic pension cost									(1,123.4)		(1,123.4)
Change in net assets	(277.0)	(108.5)	318.8	28.9	(169.7)	(21.2)	(747.4)	(976.1)	(1,242.3)		(2,218.4)
Net assets, beginning of year	876.2	200.8	(216.2)	1,315.2	425.0	193.6	3,139.2	5,933.8	19,108.6		25,042.4
Net assets, end of year	\$ 599.2	\$ 92.3	\$ 102.6	\$ 1,344.1	\$ 255.3	\$ 172.4	\$ 2,391.8	\$ 4,957.7	\$ 17,866.3		\$ 22,824.0