

Jewish United Fund of Metropolitan Chicago

Financial Report
December 31, 2010

Contents

Independent Auditor's Report	1 – 2
------------------------------	-------

Financial Statements	
Statement of financial position	3 – 4
Statement of activities	5 – 6
Statement of operating expenses and other revenue	7 – 8
Statement of cash flows	9
Notes to financial statements	10 – 26



Independent Auditor's Report

To the Board of Directors
Jewish United Fund of Metropolitan Chicago

We have audited the accompanying statement of financial position of Jewish United Fund of Metropolitan Chicago (an Illinois not-for-profit corporation) as of December 31, 2010, and the related statements of activities, operating expenses and other revenue and of cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the 2009 financial statements and, in our report dated June 9, 2010, we expressed a qualified opinion on those financial statements for the effects of not consolidating the financial statements of Jewish Federation of Metropolitan Chicago (Jewish Federation).

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The guidance on reporting of related entities by not-for-profit organizations requires not-for-profit organizations with a controlling financial interest in another not-for-profit organization to consolidate that other organization. The Jewish United Fund of Metropolitan Chicago meets the definition of having a "controlling financial interest" in the Jewish Federation through a common board of directors and officers and through its financial support of the Jewish Federation. Accordingly, accounting principles generally accepted in the United States of America require that the Jewish United Fund of Metropolitan Chicago consolidate the Jewish Federation. As of June 30, 2010, we have audited the financial statements of the Jewish Federation and issued an unqualified opinion thereon dated December 14, 2010. Such financial statements had total assets of \$674,796,963, net assets of \$562,891,186 and for the year ended June 30, 2010, an increase in net assets of \$13,353,377. Summarized financial information of the Jewish Federation as of and for the year ended June 30, 2010, is presented in Note 1 of the financial statements.

Management of the organizations believes that it is not practicable to consolidate the Jewish Federation because the Jewish Federation is required by certain funding sources to maintain a June 30 fiscal year-end and the Jewish United Fund of Metropolitan Chicago is required to retain its December 31 year-end to coincide with its personal contributors' tax year-ends. Accordingly, compliance with the guidance on reporting of related entities by not-for-profit organizations would require the Jewish Federation to undergo two separate audits each year, which would cause a financial and administrative burden on the organizations thereby negatively impacting their ability to fulfill their charitable mission. Based on the foregoing, management has determined that the cost of consolidating the Jewish Federation outweighs the benefits obtained therefrom and, accordingly, has not consolidated the Jewish Federation in the accompanying financial statements.

In our opinion, except for the effects of not consolidating the financial statements of the Jewish Federation as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Jewish United Fund of Metropolitan Chicago as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Chicago, Illinois
June 14, 2011

Jewish United Fund of Metropolitan Chicago

Statement of Financial Position

December 31, 2010 (With Comparative Totals for 2009)

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	Undesignated	Board Designated			2010	2009
Assets						
Cash and cash equivalents	\$ 13,587,349	\$ 61,236	\$ 2,506,133	\$ -	\$ 16,154,718	\$ 11,042,530
Investments in securities		54,335,747		10,454,310	64,790,057	59,831,392
Subscribers' pledges outstanding (net of allowance for uncollectible pledges)	11,817,913		34,283,152		46,101,065	50,432,307
Interfund accounts	7,413,656	(9,001,389)		1,587,733	-	-
Due from Jewish Federation of Metropolitan Chicago					-	551,053
Due from JFMC Facilities Corporation	697,756				697,756	417,282
Sundry receivables	491,105				491,105	572,971
Amount due from participating employers for pension benefits	13,254,077				13,254,077	12,524,275
Other investments	5,008,538			37,500	5,046,038	4,617,324
Prepaid expenses, deposits and sundry assets	2,373,757				2,373,757	3,187,238
Property and equipment (at cost, net of accumulated depreciation)	10,159,347	2,275,604			12,434,951	9,496,984
	<u>\$ 64,803,498</u>	<u>\$ 47,671,198</u>	<u>\$ 36,789,285</u>	<u>\$ 12,079,543</u>	<u>\$ 161,343,524</u>	<u>\$ 152,673,356</u>

See Notes to Financial Statements.

Jewish United Fund of Metropolitan Chicago

Statement of Financial Position (Continued)

December 31, 2010 (With Comparative Totals for 2009)

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	Undesignated	Board Designated			2010	2009
Liabilities and Net Assets (Deficit)						
Liabilities						
Allocations payable to beneficiaries	\$ 53,456,274	\$ -	\$ -	\$ -	\$ 53,456,274	\$ 43,869,107
Accounts payable	746,409				746,409	1,562,027
Accrued expenses and other liabilities	2,964,577				2,964,577	2,610,562
Deferred income	892,195				892,195	854,100
Liability for pension benefits	21,067,585				21,067,585	20,068,496
Due to Jewish Federation of Metropolitan Chicago	18,481,305				18,481,305	19,725,716
	<u>97,608,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,608,345</u>	<u>88,690,008</u>
Net assets (deficit)						
Unrestricted						
Undesignated	(32,804,847)				(32,804,847)	(30,126,081)
Designated for the following purposes						
Campaign endowment		45,855,835			45,855,835	41,619,690
Retirement benefits		(521,476)			(521,476)	(911,032)
Karl Perl Charitable Trust		2,336,839			2,336,839	-
Temporarily restricted						
Future years' campaigns			36,789,285		36,789,285	41,321,228
Permanently restricted						
Campaign endowment				12,079,543	12,079,543	12,079,543
	<u>(32,804,847)</u>	<u>47,671,198</u>	<u>36,789,285</u>	<u>12,079,543</u>	<u>63,735,179</u>	<u>63,983,348</u>
	<u>\$ 64,803,498</u>	<u>\$ 47,671,198</u>	<u>\$ 36,789,285</u>	<u>\$ 12,079,543</u>	<u>\$ 161,343,524</u>	<u>\$ 152,673,356</u>

See Notes to Financial Statements.

Jewish United Fund of Metropolitan Chicago

Statement of Activities

Year Ended December 31, 2010 (With Comparative Totals for 2009)

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	
	Undesignated	Board Designated			2010	2009
Revenue						
Contributions						
Current year regular campaign						
Pledges received in current year	\$ 37,285,699	\$ -	\$ -	\$ -	\$ 37,285,699	\$ 45,044,574
Transfer of current year campaign pledges received and recorded in prior year (below)	41,321,228	-	-	-	41,321,228	33,391,966
	78,606,927	-	-	-	78,606,927	78,436,540
Less initial allowance for uncollectible pledges	(3,488,060)	-	-	-	(3,488,060)	(4,427,196)
	75,118,867	-	-	-	75,118,867	74,009,344
Adjustments to current year regular campaign						
Collections on campaigns previously closed	400,143	-	-	-	400,143	242,459
Adjustments on closing of prior years' campaigns	5,273,536	-	-	-	5,273,536	1,751,189
Total current year regular campaign	80,792,546	-	-	-	80,792,546	76,002,992
Pledges received in current year for future years' campaigns			36,789,285		36,789,285	41,321,228
Transfer of current year campaign pledges received and recorded in prior year (above)			(41,321,228)		(41,321,228)	(33,391,966)
			(4,531,943)		(4,531,943)	7,929,262
	80,792,546	-	(4,531,943)	-	76,260,603	83,932,254
Grant from Jewish Federation of Metropolitan Chicago						
Legacies and bequests		2,194,306			2,194,306	2,457,560
Total support	80,792,546	2,194,306	(4,531,943)	-	78,454,909	88,889,814
Other revenue						
Investment income (loss) (net of interest expense)	(672,496)	558,776			(113,720)	(1,706,891)
Net income on investment transactions		6,260,425			6,260,425	6,115,165
Income from trusts and foundations	4,268,395	2,493,083			6,761,478	4,224,519
Fees from campaign and administrative programs	3,139,332				3,139,332	2,830,957
Fees from departmental services	2,492,937				2,492,937	2,055,142
JUF News revenue	710,253				710,253	751,163
Transfer from board designated assets	332,965	(332,965)			-	-
Total other revenue	10,271,386	8,979,319			19,250,705	14,270,055
Total revenue	91,063,932	11,173,625	(4,531,943)	-	97,705,614	103,159,869

See Notes to Financial Statements.

Jewish United Fund of Metropolitan Chicago

Statement of Activities (Continued)

Year Ended December 31, 2010 (With Comparative Totals for 2009)

	Unrestricted				Total	
	Undesignated	Board Designated	Temporarily Restricted	Permanently Restricted	2010	2009
Expenses						
Allocations to beneficiary organizations						
Jewish Federation of Metropolitan Chicago	\$ 33,447,278	\$ -	\$ -	\$ -	\$ 33,447,278	\$ 31,256,567
Jewish Federations of North America	37,746,063				37,746,063	34,516,101
Other organizations	416,036				416,036	611,111
Distribution of Campaign Endowment income to current year's campaign		4,054,841			4,054,841	4,786,124
Total allocations and distributions	<u>71,609,377</u>	<u>4,054,841</u>	<u>-</u>	<u>-</u>	<u>75,664,218</u>	<u>71,169,903</u>
Operating expenses						
Administration	3,663,173				3,663,173	3,654,246
Information systems and mailroom	4,828,195				4,828,195	4,832,194
Planning and allocations	606,524				606,524	558,679
Campaign	9,518,996				9,518,996	10,260,734
Communications	2,239,277				2,239,277	2,409,179
	<u>20,856,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,856,165</u>	<u>21,715,032</u>
Jewish Community Relations Council	930,071				930,071	992,031
Total operating expenses	<u>21,786,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,786,236</u>	<u>22,707,063</u>
Total expenses	<u>93,395,613</u>	<u>4,054,841</u>	<u>-</u>	<u>-</u>	<u>97,450,454</u>	<u>93,876,966</u>
Increase (decrease) in net assets before other items	(2,331,681)	7,118,784	(4,531,943)	-	255,160	9,282,903
Pension-related changes other than pension expense	(332,965)				(332,965)	2,375,205
Karl Perl Trust Charitable Trust	(14,120)	(156,244)			(170,364)	
Increase (decrease) in net assets	<u>(2,678,766)</u>	<u>6,962,540</u>	<u>(4,531,943)</u>	<u>-</u>	<u>(248,169)</u>	<u>11,658,108</u>
Net assets (deficit)						
Beginning of year	<u>(30,126,081)</u>	<u>40,708,658</u>	<u>41,321,228</u>	<u>12,079,543</u>	<u>63,983,348</u>	<u>52,325,240</u>
End of year	<u>\$(32,804,847)</u>	<u>\$ 47,671,198</u>	<u>\$ 36,789,285</u>	<u>\$ 12,079,543</u>	<u>\$ 63,735,179</u>	<u>\$ 63,983,348</u>

See Notes to Financial Statements.

Jewish United Fund of Metropolitan Chicago

**Statement of Operating Expenses and Other Revenue
Year Ended December 31, 2010 (With Comparative Totals for 2009)**

	Departments								Total	
	Administration	Information Systems and Mailroom	Planning and Allocations	Campaign	Communications	Total	Jewish Community Relations Council	Unallocated Other	2010	2009
Operating expenses										
Salaries	\$ 1,833,256	\$ 2,421,999	\$ 109,595	\$ 2,872,369	\$ 1,291,817	\$ 8,529,036	\$ 591,922	\$ -	\$ 9,120,958	\$ 9,515,415
Net periodic pension expense	496,402	299,784	75,732	346,984	171,421	1,390,323	77,750		1,468,073	1,840,316
Payroll taxes and employee benefits	342,872	344,508	15,746	404,142	185,441	1,292,709	84,368		1,377,077	1,242,058
	<u>2,672,530</u>	<u>3,066,291</u>	<u>201,073</u>	<u>3,623,495</u>	<u>1,648,679</u>	<u>11,212,068</u>	<u>754,040</u>	<u>-</u>	<u>11,966,108</u>	<u>12,597,789</u>
Professional fee and service payments	295,867	27,094	315,846	276,275	34,094	949,176	2,428	77,509	1,029,113	1,024,745
Temporary help	3,091	-	132	62,373	-	65,596	1,327		66,923	88,969
Postage and shipping	11,668	32,881	1,695	225,228	72,346	343,818	502		344,320	378,016
Outside printing	9,133	1	2,893	316,257	180,621	508,905	3,168		512,073	584,501
Telephone	29,714	78,478	6,367	159,707	27,405	301,671	13,974		315,645	314,671
Office supplies and other related expenses	10,276	55,162	5,199	43,755	1,301	115,693	1,383	56	117,132	138,937
Information technology	22,956	599,660	2,380	241,002	44,069	910,067	9,459		919,526	870,694
Occupancy	187,041	395,567	27,109	604,816	154,412	1,368,945	57,086	41,156	1,467,187	1,491,733
Transportation and travel	26,446	8,485	15,593	100,413	11,744	162,681	7,571	640	170,892	181,002
Conferences, conventions and meetings	99,991	18,453	5,870	43,363	3,746	171,423	18,753		190,176	191,523
Insurance	98,714	-	1,086	-	-	99,800	-	4,015	103,815	101,452
Advertising	-	-	-	90,056	9,081	99,137	2,061		101,198	87,890
Missions	-	-	-	1,301,232	-	1,301,232	65		1,301,297	1,228,084
Events	-	-	519	1,858,681	553	1,859,753	44,593		1,904,346	2,029,804
Photography	-	-	-	8,647	28,509	37,156	-		37,156	38,105
Miscellaneous	35,850	1,837	3,034	42,850	4,781	88,352	10,457	8,581	107,390	188,363
	<u>3,503,277</u>	<u>4,283,909</u>	<u>588,796</u>	<u>8,998,150</u>	<u>2,221,341</u>	<u>19,595,473</u>	<u>926,867</u>	<u>131,957</u>	<u>20,654,297</u>	<u>21,536,278</u>
Depreciation of equipment	159,896	544,286	17,728	520,846	17,936	1,260,692	3,204	38,407	1,302,303	1,170,785
	<u>\$ 3,663,173</u>	<u>\$ 4,828,195</u>	<u>\$ 606,524</u>	<u>\$ 9,518,996</u>	<u>\$ 2,239,277</u>	<u>\$ 20,856,165</u>	<u>\$ 930,071</u>	<u>\$ 170,364</u>	<u>\$ 21,956,600</u>	<u>\$ 22,707,063</u>

See Notes to Financial Statements.

Jewish United Fund of Metropolitan Chicago

**Statement of Operating Expenses and Other Revenue (Continued)
Year Ended December 31, 2010 (With Comparative Totals for 2009)**

	Departments							Unallocated Other	Total	
	Administration	Information Systems and Mailroom	Planning and Allocations	Campaign	Communications	Total	Jewish Community Relations Council		2010	2009
Other revenue										
Investment loss (net of interest expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (113,720)	\$ (113,720)	\$ (1,706,891)
Net income on investment transactions						-		6,260,425	6,260,425	6,115,165
Income from trusts and foundations						-		6,761,478	6,761,478	4,224,519
Fees from programs	79,286		1,370	3,009,374		3,090,030	49,302		3,139,332	2,830,957
Fees from services	572,966	1,313,487	410,890	77,582	42,862	2,417,787	75,150		2,492,937	2,055,142
JUF News revenue					710,253	710,253			710,253	751,163
	<u>\$ 652,252</u>	<u>\$ 1,313,487</u>	<u>\$ 412,260</u>	<u>\$ 3,086,956</u>	<u>\$ 753,115</u>	<u>\$ 6,218,070</u>	<u>\$ 124,452</u>	<u>\$ 12,908,183</u>	<u>\$ 19,250,705</u>	<u>\$ 14,270,055</u>

See Notes to Financial Statements.

Jewish United Fund of Metropolitan Chicago

Statement of Cash Flows

Year Ended December 31, 2010 (With Comparative Totals for 2009)

	2010	2009
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (248,169)	\$ 11,658,108
Depreciation	1,302,303	1,170,785
Net income on investment transactions	(6,327,853)	(6,115,165)
Karl Perl Charitable Trust	(2,314,011)	
Changes in:		
Subscribers' pledges outstanding	4,331,242	(6,219,830)
Due from JFMC Facilities Corporation	(280,474)	(35,995)
Sundry receivables, prepaid expenses, deposits and sundry assets	(316,848)	63,111
Amount due from participating employers' for pension benefits	(729,802)	4,307,485
Allocations payable to beneficiaries	9,587,167	(10,139,461)
Accounts payable	(815,616)	(168,244)
Accrued expenses and other liabilities	354,015	181,522
Deferred income	38,095	300,927
Liability for pension benefits	999,089	(6,127,628)
Due from Jewish Federation of Metropolitan Chicago	551,053	8,742,695
Net cash provided by (used in) operating activities	6,130,191	(2,381,690)
Cash Flows from Investing Activities		
Proceeds from sale of securities	4,122,269	4,786,124
Purchases of securities	(2,753,081)	(2,919,312)
Capital expenditures	(714,066)	(927,301)
Increase in other investments	(428,714)	(306,423)
Net cash provided by investing activities	226,408	633,088
Cash Flows from Financing Activities		
Decrease in due to Jewish Federation of Metropolitan Chicago	(1,244,411)	(4,538,135)
Net cash used in financing activities	(1,244,411)	(4,538,135)
Increase (decrease) in cash and cash equivalents	5,112,188	(6,286,737)
Cash and cash equivalents:		
Beginning of year	11,042,530	17,329,267
End of year	\$ 16,154,718	\$ 11,042,530
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ 755,921	\$ 1,818,216
Supplemental Disclosure of Noncash Operating and Investing Activities		
Reclassification of deferred project costs to additions to property and equipment	\$ 1,212,195	\$ -

See Notes to Financial Statements.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Major accounting policies followed by Jewish United Fund of Metropolitan Chicago (Jewish United Fund) are as follows:

General: The financial statements have been prepared in conformity with accounting principles applicable to nonprofit organizations except for the effects of not consolidating the financial statements of the Jewish Federation of Metropolitan Chicago (Jewish Federation - see below).

The guidance on reporting of related entities by not-for-profit organizations requires not-for-profit organizations with a controlling financial interest in another not-for-profit organization to consolidate that other organization. The Jewish United Fund meets the definition of "controlling financial interest" in the Jewish Federation through a common board of directors and officers and through its financial support of the Jewish Federation (see Note 2). Accordingly, generally accepted accounting principles require that the Jewish United Fund consolidate the Jewish Federation. Management of the organizations believe that it is not practicable to consolidate the Jewish Federation because the Jewish Federation is required by certain funding sources to maintain a June 30 fiscal year-end and the Jewish United Fund is required to retain its December 31 year-end to coincide with its personal contributors' tax year-ends. Accordingly, compliance with the guidance on reporting of related entities by not-for-profit organizations would require the Jewish Federation to undergo two separate audits each year, which would cause a financial and administrative burden on the organizations thereby negatively impacting their ability to fulfill their charitable mission. Based on the foregoing, management has determined that the cost of consolidating the Jewish Federation outweighs the benefits obtained therefrom and, accordingly, has not consolidated the Jewish Federation in the accompanying financial statements.

Summarized financial information of the Jewish Federation as of and for the year ended June 30, 2010 consists of:

	<u>In Thousands</u>
Assets	
Cash and cash equivalents	\$ 3,322
Investments in marketable securities	564,064
Loans and amounts due from Jewish United Fund (net)	14,224
Other loans receivable	15,914
Other assets	77,273
	<u>\$ 674,797</u>
Liabilities	
Bonds payable	\$ 10,925
Bank loans payable	17,685
Funds held on behalf of others	26,196
Other liabilities	57,100
	<u>111,906</u>
Net assets	
Unrestricted	
Designated by the governing board for the following:	
Long-term investments	361,764
Donor advised funds	85,008
Land, building and equipment	(4,629)
Temporarily restricted	61,756
Permanently restricted	58,992
	<u>562,891</u>
	<u>\$ 674,797</u>

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue	
Allocation from Jewish United Fund	\$ 30,141
Other public support	43,054
Other revenue (including net investment income)	54,586
	<u>127,781</u>
Expenses	
Appropriations and distributions and grants	102,294
Other expenses	12,134
	<u>114,428</u>
Increase in net assets	<u>\$ 13,353</u>

If the financial statements of the organizations were to be consolidated, the major items that would be eliminated on consolidation would be the annual allocation from the Jewish United Fund to the Jewish Federation and the interagency loan, together with interest thereon (see Notes 2 and 6).

As described in Note 4, the Jewish United Fund charges the Jewish Federation directly for its share of common expenses. Such expenses, which are not reflected as expenses of the Jewish United Fund, would not be eliminated on consolidation.

In addition, the Karl Perl Charitable Trust (Trust) is a separate nonprofit organization which was funded by a donor to support the broad charitable purpose of the Jewish United Fund. The Trust is organized solely for charitable purposes and is operated for the benefit of the Jewish United Fund. It qualifies as a supporting organization under Section 509(a)(3) of the Internal Revenue Code. The Jewish United Fund has both control of the board of directors and an economic interest in the Karl Perl Charitable Trust, and accordingly, has consolidated the Karl Perl Charitable Trust into the Jewish United Fund's financial statements. The Trust owns approximately 2,000 acres of farmland in Minnesota and earns income from leasing of the property.

Basis of presentation: The financial statements are presented in accordance with the guidance on financial statements of not-for-profit organizations, which establishes standards for general-purpose external financial statements issued by nonprofit organizations. It requires that net assets and related revenue, expenses, gains and losses be classified into three classes of net assets - unrestricted, temporarily restricted and permanently restricted, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed restrictions including the carrying value of all physical properties (land, buildings and equipment). Items that affect (i.e., increase or decrease) this net asset category includes pledges received, program service fees and all expenses associated with the core activities of the organization. In addition to these activities, changes in this category of net assets include certain types of board designated funds, investment income and restricted contributions whose donor-imposed restrictions were met during the fiscal period.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that may or will be met either by actions of the organization or the passage of time. Items that affect this net asset category are pledges restricted by donors for future years' campaigns that are reflected as temporarily restricted contributions on the statement of activities and, to the extent unpaid at year-end, as subscribers' pledges outstanding on the statement of financial position. In the subsequent year, a transfer is recorded to unrestricted net assets and included as revenue of the current year's campaign when the time restriction is fulfilled.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Permanently restricted net assets: Net assets restricted by donors to be invested in perpetuity. Investment income, including realized and unrealized gains on such assets, is recorded directly in unrestricted income unless specifically restricted by the donor.

Revenue recognition: Current year regular campaign revenue consists of pledges received in the current year, transfers of current year campaign pledges received and recorded as temporarily restricted in the prior year, and the final adjustments on prior years' campaigns. In addition, legacies, bequests and grants are recorded as received on the cash basis of accounting, and collections received on "closed" campaigns are included with contribution income in the year received.

Service fees collected for programs, events and missions supporting future years' campaigns is deferred until the applicable campaign year. Other program service fee revenue is recognized when the program takes place.

Allowance for uncollectible pledges: Provision is made for estimated losses on collection of unpaid subscribers' pledges at the end of each campaign year and, in subsequent years, charges are made to the "Allowance for Uncollectible Pledges" for uncollectible pledge adjustments. Any adjustment in the allowance account in a year succeeding a campaign year is charged or credited to contribution income of the adjustment year. The allowance account for a regular campaign year is closed at the end of the second year following its conclusion.

Cash and cash equivalents: Cash equivalents are defined as all highly liquid investments purchased with an original maturity of three months or less. The Jewish United Fund maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Jewish United Fund has not experienced any losses in such accounts. Management believes that the Jewish United Fund is not exposed to any significant credit risk on cash and cash equivalents.

Investments in securities: The Jewish United Fund investments are all invested in the pooled endowment portfolio of the Jewish Federation. The Federation's pooled endowment portfolio is comprised of various types of investments including: mutual funds, equity and debt securities, alternative investments, and other investment vehicles. Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value. Alternative investments and other investment vehicles are valued at fair value based on the applicable percentage ownership of the investment funds' net assets as of year-end, as determined by the Jewish Federation. In determining fair value, the Jewish Federation utilizes valuations and other information provided by fund managers or the general partners of investment partnerships. The underlying investment funds value securities and other financial instruments substantially on a mark-to-market or fair value basis of accounting. The estimated fair values of certain investments of the underlying investment funds are determined by the investment manager or sponsor of the respective fund. The fair value of the Jewish Federation's alternative investments generally represents the amount expected to be received if the Jewish Federation were to liquidate its alternative investments, excluding any redemption charges that may apply. Accordingly, the estimated fair values of the alternative investments may differ significantly from the values that would have been used had a ready market existed for these investments.

The difference between the aggregate market values of investments in marketable securities as of the end of the year and their market values at the beginning of the year for investments then owned, or the cost of acquisitions during the year and the net gain or losses on dispositions of investments are reflected as net income or loss on investment transactions.

Life Insurance policies received as contributions: Cash surrender value of insurance policies on the lives of individuals, where ownership of the policies has been assigned to the Jewish United Fund as contributions, is reflected as an investment in the policies (see Note 7).

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is recorded at cost or, if donated, at fair value at the time of donation. Provisions for depreciation of property and equipment are computed on the straight-line method over the estimated useful lives of the assets which range from five to seven years for equipment and furniture, three to ten years for software, and three years for vehicles (see Note 8).

Allocations payable to beneficiaries: Amounts approved by the Board of Directors to be paid to beneficiary organizations are included in allocations payable to beneficiaries if unpaid at year-end. Adjustments are periodically made to allocations payable based on Board action.

Functional expenses: Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, they are allocated to the respective areas on the basis of ratios estimated by management.

Estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments: The fair value of the Jewish United Fund's other assets and liabilities that qualify as financial instruments under the guidance on disclosures about fair value of financial instruments approximates the carrying amounts presented in the statement of financial position based on the short term nature of the other assets and liabilities. The carrying amounts reflected in the statement of financial position for pledges receivable and related party receivables and payables approximate their respective fair values, as management has estimated the fair values by discounting expected cash flows using interest rates that management believes are approximately equal to the interest rate currently available for similar financing arrangements.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation without affecting prior year net asset balances.

Income taxes: The Jewish United Fund, an Illinois not-for-profit corporation, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

The Jewish United Fund has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Jewish United Fund may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Jewish United Fund and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2010, there were no unrecognized tax benefits identified or recorded as liabilities.

The Jewish United Fund files forms 990 in the U.S. federal jurisdiction and the State of Illinois. The Jewish United Fund is no longer subject to examination by the Internal Revenue Service for years before 2007.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent events: The Jewish United Fund has evaluated subsequent events for potential recognition and/or disclosure through June 14, 2011, the date the financial statements were available to be issued.

Note 2. Nature of Activities

The Jewish United Fund conducts fund-raising activities by means of annual calendar year campaigns, and makes allocations to beneficiary organizations, primarily the Jewish Federation and the Jewish Federations of North America (JFNA).

Allocations made by the Jewish United Fund (Unrestricted Net Assets - Undesignated) to beneficiary organizations from the 2010 campaigns consist of:

	Jewish Federation of Metropolitan Chicago	Jewish Federations of North America	Other Organizations	Total
Regular campaign	\$ 32,648,930	\$ 29,297,516	\$ -	\$ 61,946,446
Israel emergency campaign		4,000,000		4,000,000
Other grants (paid through allocations)	798,348	4,448,547	416,036	5,662,931
	<u>\$ 33,447,278</u>	<u>\$ 37,746,063</u>	<u>\$ 416,036</u>	<u>\$ 71,609,377</u>

The regular campaign allocation to the Jewish Federation is to substantially cover its budgeted operating deficit for the fiscal year ended on June 30, 2010, as adjusted for any deficit or surplus for the prior fiscal year.

Allocations payable to beneficiaries at December 31, 2010 consist of:

JFNA - unpaid balance of regular campaign allocation for 2010	\$ 26,100,637
Jewish Federation - unpaid balance of allocation for the beneficiary's fiscal year end June 30, 2010	26,141,265
Other beneficiaries	1,214,372
	<u>\$ 53,456,274</u>

Note 3. Subscribers' Pledges Outstanding

Subscribers' pledges outstanding at December 31, 2010, net of allowances for uncollectible pledges, consist of:

Future years' campaigns	\$ 34,283,152
Current year's regular campaign	14,520,452
Prior year's regular campaign	4,666,435
	<u>53,470,039</u>
Allowances	(7,368,974)
	<u>\$ 46,101,065</u>

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 4. Operating Expenses

Pursuant to an arrangement between the Jewish United Fund and the Jewish Federation (which operate from common premises and, in many instances, utilize the same personnel), the Jewish United Fund makes expenditures of all common expenses and charges the Jewish Federation for its share thereof. Such common expenses are allocated among the two organizations based, in part, on specific identification of certain expenses and, in part, by allocating other expenses on previously determined ratios.

For the year ended December 31, 2010, the Jewish United Fund has charged the Jewish Federation for such expenses in the net amounts of \$2,968,326. The operating expenses of the Jewish United Fund reflected in the statement of operating expenses and other revenue are stated net of such allocated charges.

The Jewish United Fund leases office space (at 30 South Wells Street, Chicago, Illinois) from the JFMC Facilities Corporation for which it pays rentals in accordance with the annual office budget. Total rentals paid to the JFMC Facilities Corporation in 2010 were \$1,426,031, which amount is reflected on the statement of operating expenses and other revenue.

Note 5. Fair Value Measurements and Investments in Securities

The guidance on fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the guidance on fair value measurements as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the guidance on fair value measurements are described below:

Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The type of investments included in Level 1 include listed equities and listed derivatives.

Level 2. Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3. Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 5. Fair Value Measurements and Investments in Securities (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Jewish United Fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by the Jewish United Fund to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

Investment transactions and related income: The Jewish United Fund records security transactions on a trade date basis. Realized gains and losses on investment transactions and change in unrealized appreciation and depreciation on investments are reported as net income or loss on investment transactions in the statement of activities. Interest income is recognized under the accrual basis. Dividend income is recognized on the ex-dividend date.

The Jewish United Fund's investment in securities, as reported on the statement of financial position, are invested in the pooled endowment portfolio of the Jewish Federation and other investments (see Note 7) and are classified as Level 3 in the fair value hierarchy.

The following table presents a reconciliation of activity for the Level 3 financial instruments invested in the pooled endowment portfolio of the Jewish Federation:

Balance, January 1, 2010	\$ 59,831,392
Realized and unrealized gains on investment transactions	
Net realized gain on investments	2,524,536
Net change in unrealized gain on investments	3,803,317
Purchase of investment securities	2,753,081
Sale of investment securities	(4,122,269)
Balance, December 31, 2010	<u>\$ 64,790,057</u>

The Jewish United Fund, as an investor in the Jewish Federation pooled endowment portfolio, enters into transactions with a variety of securities and derivative financial instruments, including exchange-traded futures and options contracts. These derivative financial instruments may have market and/or credit risk in excess of the amounts recorded in the statement of assets and liabilities.

Concentration of credit risk: The Jewish United Fund currently invests all of its funds (except for cash and cash equivalents) in the pooled endowment portfolio of the Jewish Federation. In the event the Jewish Federation does not fulfill its obligations, the Jewish United Fund may be exposed to risk. This risk of default depends on the creditworthiness of the counterparty to these transactions. The Jewish Federation attempts to minimize this credit risk by monitoring the creditworthiness of its counterparties.

Market risk of investment in pooled endowment portfolio: Market risk arises primarily from changes in the market value of financial instruments. Theoretically, the exposure is equal to the notional value of contracts purchased and unlimited on such contracts sold short.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 5. Fair Value Measurements and Investments in Securities (Continued)

Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the overall exposure to market risk. The Jewish Federation attempts to control the pooled endowment portfolio's exposure to market risk through various analytical monitoring techniques.

Credit risk: Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. Within the pooled investment fund, the Jewish Federation's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Jewish Federation has a gain. Exchange-traded financial instruments generally do not give rise to significant counterparty exposure due to the cash settlement procedures for daily market movements and the margin requirements of individual exchanges.

Investment in other limited partnerships: The money managers of underlying investment partnerships in which the Jewish Federation invests, may utilize derivative instruments with off-balance-sheet risk. The Jewish United Fund's exposure to risk is limited to the amount of its investment.

As of December 31, 2010, the pooled investment funds of the Jewish Federation were invested as follows:

	Percentage of Total Pooled Fund	Approximate Hierarchy Level within the Pooled Fund
State of Israel bonds	1 %	2
Alternative investments		
Absolute return hedge funds	21	3
Real asset funds (real estate, energy and natural resources)	14	3
Private equity and fund-of-funds	13	3
Mutual funds and other investment vehicles		
Domestic equity - large capitalization	13	1
Domestic equity - small capitalization	7	1
International equity	18	1
Fixed income	13	1
	<u>100 %</u>	

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 6. Due from/to Jewish Federation and JFMC Facilities Corporation

Amounts due from/to the Jewish Federation and JFMC Facilities Corporation as of December 31, 2010, consist of:

Amounts due from/to JFMC Facilities Corporation

Payroll	\$ 842,649
Other operating expenses	(144,893)
	<u>\$ 697,756</u>

Amounts due to Jewish Federation

Advance for fiscal year 2011 allocations	\$ 31,152
--	-----------

Loan for internally developed software, bearing interest at 3.15%, payable over a 23-year period beginning in July 2011 after the Resource Development loans have been paid in full.	4,631,474
--	-----------

Loans payable to meet fiscal obligations under Resource Development Plan are as follows:

\$10,000,000 unsecured term loan, bearing interest at the fixed rate of 7.04%, with a maturity of May 31, 2011, payments of interest and principal are made quarterly based on an 18-year amortization schedule;	487,328
--	---------

\$10,000,000 unsecured term loan, bearing interest at a fixed rate of 8.36%, payments of interest and principal are made quarterly based on a 17-year amortization schedule with a maturity of May 31, 2011;	540,932
--	---------

\$9,250,000 unsecured term loan, bearing interest at 7%, and principal in the amount of \$165,179 is payable quarterly with the final payment due on June 30, 2011;	330,358
---	---------

\$8,000,000 term loan, bearing interest at 7.775% with a maturity of June 30, 2011, payments of interest and principal are made semi-annually based on a 15-year amortization schedule;	388,851
---	---------

\$1,250,000 unsecured loan, bearing interest at 7%, and principal in the amount of \$46,296 is payable semi-annually with the final payment due on June 30, 2011;	71,190
---	--------

Loans to meet operating needs of Jewish United Fund

\$12,000,000 unsecured line of credit, bearing interest at LIBOR plus 1.00% payable monthly, renewable annually.	12,000,000
	<u>\$ 18,481,285</u>

Interest expense related to the above borrowings for the year ended December 31, 2010 was \$754,523.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 6. Due from/to Jewish Federation and JFMC Facilities Corporation (Continued)

Approximate scheduled principal maturities of the fixed elements of the loans are as follows:

2011	\$ 13,887,835
2012	141,619
2013	146,145
2014	150,816
2015	155,636
Thereafter	3,968,102
	<u>\$ 18,450,153</u>

To hedge a portion of its exposure to floating interest rates on the aforementioned loans, the Federation, acting as the agent for Jewish United Fund, has entered into several interest rate swap agreements with JP Morgan, Goldman Sachs, and Bank of America for notional amounts ranging from \$8,000,000 to \$15,000,000. In connection with the swap arrangements, the Federation has agreed to pay a fixed rate of interest equal to a blended average rate of approximately 6.0 percent, with the counterparty paying a floating rate based on 68 percent of LIBOR. The swap arrangements expire in June 2011 and management does not intend to renew them.

Note 7. Other Investments

Other investments at December 31, 2010 consist of:

State of Israel Notes and Coupon and Savings Bonds	\$ 477,720
Investment in insurance policies	4,420,254
Other investments (no current quoted market value - carried at fair value at time of receipt)	148,064
	<u>\$ 5,046,038</u>

State of Israel notes and bonds (received from subscribers and donors, being held pending assignment and transfer to JFNA, in part payment of allocations thereto or being held until maturity) are reflected at face amounts, plus accrued interest.

The Jewish United Fund received, as contributions, assignments of the ownership (and designations as beneficiary) of insurance policies on the lives of several subscribers in the face value of approximately \$7,500,000. The investment in the policies represents the cash surrender value.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 8. Property and Equipment

Computer software and equipment of the Jewish United Fund, stated at acquisition cost, at December 31, 2010 consists of:

Data processing equipment and software	\$ 13,257,334
Land	1,986,131
Buildings and improvements	683,161
Office equipment and furniture	151,302
Mailroom equipment	288,144
Other	198,781
	<hr/>
	16,564,853
Accumulated depreciation	(4,129,902)
	<hr/>
	<u>\$ 12,434,951</u>

Provision for depreciation of equipment for the year December 31, 2010 amounted to \$1,302,303. Fully depreciated equipment (whether or not continued in use) is written off against the respective accumulated depreciation account.

Note 9. Defined Benefit Plan

Jewish United Fund is the sponsoring employer of the Federation Employees' Retirement Income Plan (FERIP), which is treated as a multi-employer plan for accounting purposes. FERIP is a noncontributory defined benefit trustee plan which covers substantially all of the organizations' employees who have performed one year of service. Participating employers in FERIP include: Jewish Federation of Metropolitan Chicago, JFMC Facilities Corporation, Chicago Board of Rabbis, CJE Senior Life, Jewish Child & Family Services, Jewish Community Centers of Chicago and Jewish Vocational Service (participating employers). FERIP provides defined benefits based on years of service and final average salary. Jewish United Fund and the participating employers' contribute to FERIP annually as determined by the plan's actuary.

In accordance with the guidance on employers' accounting for defined benefit pension and other postretirement plans, the liability for pension benefits reflects the total underfunded position of FERIP (the difference between the fair value of plan assets and the projected benefit obligation). To account for the participating employers' portion of the pension liability and corresponding expense, Jewish United Fund records an asset and reduces the pension expense which is allocated to operating expenses of the various departments. As of December 31, 2010, this asset and corresponding decrease in pension expense totaled \$13,254,077. In addition, the Jewish United Fund maintains a board designated investment for retirement benefits which totaled \$6,892,180 at December 31, 2010 to fund possible future liabilities of FERIP and is included in the Retirement Benefits section of net assets at December 31, 2010.

Plan contributions and the actuarial present value of accumulated plan benefits are prepared based on certain assumptions pertaining to interest rates, inflation rates, mortality rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements. The fair value of plan assets is subject to the market volatility of the underlying investments.

The measurement date used to determine benefit obligations and fair value of plan assets was December 31, 2010.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 9. Defined Benefit Plan (Continued)

Information relative to Jewish United Fund's benefit obligations for FERIP (including all participating employers) are presented below:

Obligations and funded status:

Fair value of plan assets	\$ 56,993,314
Projected benefit obligation	78,060,899
Funded status (of which \$13,254,077 pertains to the participating employers)	<u>\$ (21,067,585)</u>

Amounts reported on the statement of financial position consist of:

Amounts due from participating employers for pension benefits	\$ 13,254,077
Liability for pension benefits	(21,067,585)
Net liability	<u>\$ (7,813,508)</u>

Amounts recognized on the statement of activities as a change in unrestricted net assets:

Pension expense recognized in operations (of which \$2,715,530 pertains to the participating employers)	\$ 4,183,603
Amounts recognized on the statement of activities as pension-related changes other than pension expense (of which (\$97,418) pertains to the participating employers)	235,547
	<u>\$ 4,419,150</u>

Amounts not yet recognized as components of pension expense included in unrestricted net assets:

Net loss	<u>\$ 14,400,645</u>
----------	----------------------

Amounts recognized for the year:

2010 employer contributions (of which \$1,888,310 pertains to the participating employers)	<u>\$ 3,420,061</u>
Benefits paid during 2010 (of which \$1,973,286 pertains to the participating employers)	<u>\$ 2,609,082</u>

Weighted-average assumptions used in computing obligations and net periodic pension cost:

Discount rate	5.75 %
Rate of compensation increases	2.50
Expected return of plan assets	7.50

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 9. Defined Benefit Plan (Continued)

The Jewish United Fund's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation and liability structure over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive review of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

FERIP's weighted-average asset allocation at the end of the year, by asset category, is as follows:

Asset category	
Equity securities	32 %
Fixed income securities	48
Cash and cash equivalents	6
Other	14
	<u>100 %</u>

The Jewish United Fund's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions and achieve asset returns that meet or exceed the plan's actuarial assumptions and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The Jewish United Fund's overall investment strategy is to achieve a mix of approximately 65-75 percent of investments for long-term growth and 25-35 percent for near-term benefit payments with a wide diversification of asset types, fund strategies, and fund managers. The target allocations for plan assets are between 25-35 percent equity securities, 50 percent corporate bonds and U.S. Treasury securities, and between 15-25 percent to all other types of investments. Equity securities primarily include investments in large-cap and small-cap companies primarily located in the United States and developing and emerging international markets. Fixed income securities include corporate bonds and U.S. Treasury Securities with a very long duration. Other types of investments include limited partnerships and act as diversifiers and return enhancers. The investment policy is periodically reviewed by Jewish United Fund. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

Expected required employer contributions for 2011 (of which \$3,302,000 pertains to the participating employers)

\$ 5,585,000

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 9. Defined Benefit Plan (Continued)

The following benefit payments, which reflect future service, are expected to be paid:

2011	\$ 3,619,369
2012	3,984,529
2013	4,383,754
2014	4,617,440
2015	4,967,870
2016 - 2020	29,817,336
	<u>\$ 51,390,298</u>

The fair values of the Federation Employees' Retirement Income Plan assets at December 31, 2010, by asset category, are as follows:

Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash	\$ 3,573,011	\$ -	\$ -	\$ 3,573,011
Equity securities:				
U.S. large-cap growth	6,007,985			6,007,985
U.S. small-cap growth	3,165,829			3,165,829
International mid-cap growth	3,158,145			3,158,145
International large-cap growth	2,541,990			2,541,990
Emerging markets growth	3,448,768			3,448,768
Fixed income securities:				
U.S. treasuries and corporate bonds	21,860,709			21,860,709
Foreign obligations	5,769,474			5,769,474
Multi-strategy hedge funds			7,323,976	7,323,976
Private equity funds			143,427	143,427
Total	<u>\$ 49,525,911</u>	<u>\$ -</u>	<u>\$ 7,467,403</u>	<u>\$ 56,993,314</u>

In addition to sponsoring the FERIP, the Jewish United Fund is an employer participant in Federation Employees' Retirement Savings Trust Plan of the Jewish Federation of Metropolitan Chicago and Participating Employers (FERST).

FERST is a noncontributory defined contribution trustee plan, employer contributions to which are computed on the basis of a percentage of salary. The plans cover substantially all of the organization's employees.

Gross contributions provided by the Jewish United Fund (determined on the basis of salaries of participating employees) amounted to approximately \$137,000 for 2010.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 10. Self-Insurance Programs and Retirement Plans

The Jewish United Fund participates with the Jewish Federation and its affiliated agencies in self-insurance programs for health and dental insurance. Contributions by the Jewish United Fund for such coverage (made to the Jewish Federation as custodian for these programs) amounted to approximately \$883,000. All self-insurance programs include specific and aggregate stop loss insurance policies.

Note 11. Prior Year Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Jewish United Fund's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Note 12. Endowment Net Assets

The Jewish United Fund's endowment consists of donor-restricted funds established for a variety of purposes. In addition, its endowment includes funds designated by the Board of Directors to function as endowments. These funds are categorized as board-designated. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Jewish United Fund has interpreted the Illinois Prudent Uniform Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Jewish United Fund classified 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 Jewish United Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Jewish United Fund considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purpose of the Jewish United Fund and the donor-restricted endowment fund;
- 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 Jewish United Fund; and
- 7) The investment policies of the Jewish United Fund.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 12. Endowment Net Assets (Continued)

Endowment Composition

The Jewish United Fund's endowment net asset composition by type of fund is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ (1,587,733)	\$ -	\$ 12,079,543	\$ 10,491,810
Board-designated	47,443,568			47,443,568
	<u>\$ 45,855,835</u>	<u>\$ -</u>	<u>\$ 12,079,543</u>	<u>\$ 57,935,378</u>

Changes in Endowment Net Assets

The changes in endowment net assets for the Jewish United Fund were as follows for the year ended December 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 41,619,690	\$ -	\$ 12,079,543	\$ 53,699,233
Investment return				
Investment income	333,201	99,118		432,319
Income on investment activity (realized and unrealized)	4,540,548	1,123,813		5,664,361
	<u>4,873,749</u>	<u>1,222,931</u>	<u>-</u>	<u>6,096,680</u>
Contributions	<u>2,194,306</u>			<u>2,194,306</u>
Other changes				
Appropriation of endowment assets for expenditure	1,222,931	(1,222,931)		-
Distributions	(4,054,841)			(4,054,841)
Endowment net assets, end of year	<u>\$ 45,855,835</u>	<u>\$ -</u>	<u>\$ 12,079,543</u>	<u>\$ 57,935,378</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires the Jewish United Fund to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$1,587,733 at December 31, 2010. This deficiency resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Jewish United Fund of Metropolitan Chicago

Notes to Financial Statements

Note 12. Endowment Net Assets (Continued)

Return Objectives and Risk Parameters

The Fund has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to its programs while ensuring that the original value of the endowment contributions is preserved. Assets are invested in a manner intended to achieve an annualized long-term average nominal return of 8 percent. Actual returns in any given year will vary significantly from the targeted amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Jewish United Fund relies on a total return strategy in which returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Jewish United Fund's policy is to invest 100 percent of the endowment in the pooled endowment portfolio of the Jewish Federation (Note 5).

Spending Policy

The Jewish United Fund has a policy of appropriating an estimate of expenditures each year as part of a formal, annual budget. Changes to appropriations are also approved during the year as unexpected needs arise.