United Way Worldwide and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2010 and 2009

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

United Way Worldwide
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2010 and 2009

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Independent Auditors' Report

To the Board of Trustees
United Way Worldwide and Subsidiaries
Alexandria, Virginia

We have audited the accompanying consolidated statements of financial position of **United Way Worldwide and Subsidiaries** (collectively "the Organization") as of December 31, 2010 and 2009, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 the Organization's 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **United Way Worldwide and Subsidiaries** as of December 31, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

April 28, 2011

United Way Worldwide and Subsidiaries

Consolidated Statements of Financial Position

December 31,	**2010**	2009
Assets		
Current assets:		
Cash and cash equivalents	**$ 21,652,423**	$ 34,228,150
Short-term investments	**3,285,584**	1,605,719
Custodial funds	**14,945,287**	15,336,904
Local United Way receivables, net	**1,350,353**	2,351,816
Campaign receivables		
Amounts raised on behalf of others	**15,918,899**	11,573,425
Unrestricted campaign receivables	**7,606,944**	10,763,046
Contributions receivable, net	**3,899,133**	5,968,771
Accounts receivable, net	**547,743**	1,743,887
Inventory, net	**324,756**	405,290
Notes receivable, net	**-**	445,343
Income tax receivable	**32,558**	249,304
Deferred income tax	**16,952**	3,896
Prepaid expenses and other current assets	**509,910**	650,800
Due from participating local United Ways	**195,268**	460,374
Due from affiliates	**492,941**	138,121
Total current assets	**70,778,751**	85,924,846
Noncurrent assets:		
Custodial funds	**1,525,511**	1,646,231
Notes receivable, net	**755,511**	162,040
Investments	**7,455,472**	1,035,452
Property and equipment, net	**18,912,395**	10,705,093
Contributions receivable, net	**610,000**	1,437,668
Deferred income tax	**308,898**	278,471
Other noncurrent assets	**797,548**	605,028
Total noncurrent assets	**30,365,335**	15,869,983
Total assets	**$ 101,144,086**	$ 101,794,829

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statements of Financial Position

December 31,	**2010**	2009
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 7,150,509**	$ 5,718,173
Distributions payable to local United Ways	**2,228,437**	2,099,999
Amounts raised on behalf of others	**20,371,151**	20,520,368
Advances on grants not awarded	**418,586**	1,170,704
Custodial funds	**5,574,449**	4,333,007
Current portion, liability for pension benefits	**1,349,363**	711,819
Current portion, postretirement benefits	**175,889**	180,968
Current portion of long term debt	**518,833**	1,250,000
Deferred revenue	**3,726,459**	3,498,890
Current portion of grants payable	**90,716**	131,327
Due to affiliates	**383,837**	436,717
Other current liabilities	**48,041**	39,272
Total current liabilities	**42,036,270**	40,091,244
Noncurrent liabilities:		
Custodial liability	**1,525,511**	1,646,231
Liability for pension benefits, net of current portion	**9,446,894**	10,382,868
Postretirement benefits, net of current portion	**2,181,929**	2,090,137
Long term debt, net of current portion	**2,341,000**	518,833
Grants payable, net of current portion	**793,910**	884,626
Other noncurrent liabilities	**579,897**	812,673
Total noncurrent liabilities	**16,869,141**	16,335,368
Total liabilities	**58,905,411**	56,426,612
Commitments and contingencies		
Net assets:		
Unrestricted	**24,084,361**	18,809,319
Unrestricted - Board Designated	**484,794**	484,656
Temporarily restricted	**14,052,520**	26,074,242
Permanently restricted	**3,617,000**	-
Total net assets	**42,238,675**	45,368,217
Total liabilities and net assets	**$ 101,144,086**	$ 101,794,829

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statement of Activities

Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Public support:				
Membership support, net	$ 28,222,129	$ -	$ -	$ 28,222,129
Campaign efforts of Tri-State		49,143,446		49,143,446
Less: gross amounts raised on behalf of others	-	(43,059,552)	-	(43,059,552)
Less: allowance for uncollectible pledges	-	(613,681)	-	(613,681)
Additional revenue from prior year campaigns	2,959,030	-	-	2,959,030
Contributions	28,816,673	14,641,746	3,617,000	47,075,419
Total public support	59,997,832	20,111,959	3,617,000	83,726,791
Other revenue:				
Promotional material sales	3,838,003		-	3,838,003
Program service fees	1,079,554	190,000	-	1,269,554
Investment income, net	263,174	40,293	-	303,467
Conferences	2,173,404		-	2,173,404
Miscellaneous and other	1,069,781	4,411	-	1,074,192
Total other revenue	8,423,916	234,704	-	8,658,620
Net assets released from restrictions	32,368,385	(32,368,385)	-	-
Total revenues	100,790,133	(12,021,722)	3,617,000	92,385,411
Expenses				
Program services:				
Investor Relations	38,768,393	-	-	38,768,393
Community Impact Leadership & Learning	26,540,700	-	-	26,540,700
Public Policy	1,215,773	-	-	1,215,773
Brand Leadership	8,231,088	-	-	8,231,088
Campaign and Public Relations	8,069,602	-	-	8,069,602
Promotional Material Sales	2,630,119	-	-	2,630,119
Total program services	85,455,675	-	-	85,455,675
Supporting services:				
General and administrative	7,447,892	-	-	7,447,892
Fund-raising	2,090,195	-	-	2,090,195
Total supporting services	9,538,087	-	-	9,538,087
Total expenses	94,993,762	-	-	94,993,762
Changes in net assets before non-operating items	5,796,371	(12,021,722)	3,617,000	(2,608,351)
Non-operating items				
Loss from write off of investment in Truist	-	-	-	-
Change in tax liability	5,167	-	-	5,167
Pension-related changes other than net periodic pension cost	(526,358)	-	-	(526,358)
Changes in net assets	5,275,180	(12,021,722)	3,617,000	(3,129,542)
Net assets, beginning of year	19,293,975	26,074,242	-	45,368,217
Net assets, end of year	$ 24,569,155	$ 14,052,520	$ 3,617,000	$ 42,238,675

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statement of Activities

Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
Revenues			
Public support:			
Membership support, net	$ 29,201,795	$ -	$ 29,201,795
Campaign efforts of Tri-State	-	53,524,575	53,524,575
Less: gross amounts raised on behalf of others	-	(40,588,409)	(40,588,409)
Less: allowance for uncollectible pledges	-	(1,689,877)	(1,689,877)
Additional revenue from prior year campaigns	2,322,316	-	2,322,316
Contributions	28,722,899	23,199,214	51,922,113
Total public support	60,247,010	34,445,503	94,692,513
Other revenue:			
Promotional material sales	3,764,067	-	3,764,067
Program service fees	861,903	210,000	1,071,903
Investment income, net	334,670	7,044	341,714
Conferences	1,815,719	-	1,815,719
Miscellaneous and other	670,840	-	670,840
Total other revenue	7,447,199	217,044	7,664,243
Net assets released from restrictions	29,104,643	(29,104,643)	-
Total revenues	96,798,852	5,557,904	102,356,756
Expenses			
Program services:			
Investor Relations	39,009,699	-	39,009,699
Community Impact Leadership & Learning	20,794,065	-	20,794,065
Public Policy	1,056,403	-	1,056,403
Brand Leadership	8,195,001	-	8,195,001
Campaign and Public Relations	8,710,464	-	8,710,464
Promotional Material Sales	2,880,245	-	2,880,245
Total program services	80,645,877	-	80,645,877
Supporting services:			
General and administrative	8,826,136	-	8,826,136
Fund-raising	1,002,849	-	1,002,849
Total supporting services	9,828,985	-	9,828,985
Total expenses	90,474,862	-	90,474,862
Changes in net assets before non-operating items	6,323,990	5,557,904	11,881,894
Non-operating items			
Loss from write off of investment in Truist	(4,108,515)	-	(4,108,515)
Change in tax liability	8,752	-	8,752
Pension-related changes other than net periodic pension cost	(319,470)	-	(319,470)
Changes in net assets	1,904,757	5,557,904	7,462,661
Net assets, beginning of year	17,389,218	20,516,338	37,905,556
Net assets, end of year	$ 19,293,975	$ 26,074,242	$ 45,368,217

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31,	**2010**	2009
Cash flows from operating activities		
Changes in net assets	**$ (3,129,542)**	$ 7,462,661
Adjustments to reconcile changes in net assets to net cash flows provided by operating activities:		
Depreciation and amortization	**1,546,185**	977,336
Provision for allowance for doubtful accounts	**(503,350)**	(1,750,224)
Bad debt expense	**1,442**	297,022
Provision for allowance for inventory	**(599)**	(39,573)
Inventory write-off	**25,000**	99,000
Loss on write-off of investment in Truist	**-**	4,108,515
Realized and unrealized (gain) loss on investments	**(135,149)**	11,284
Permanently restricted contributions received	**(3,617,000)**	-
Changes in assets and liabilities:		
Custodial funds	**1,633,059**	(1,840,895)
Local United Way receivables	**982,700**	(1,546,426)
Amounts raised on behalf of others	**(4,494,691)**	32,495
Campaign receivables	**3,597,359**	(1,929,849)
Contributions receivable	**3,008,597**	(4,179,704)
Accounts receivable	**1,164,266**	(104,927)
Inventory	**56,133**	310,667
Deferred income tax asset	**173,263**	(231,355)
Prepaid expenses and other current assets	**140,889**	(336,322)
Due from participating local United Ways	**265,106**	(73,855)
Due from affiliates	**(354,819)**	523,657
Other noncurrent assets	**(192,519)**	(51,184)
Accounts payable and accrued liabilities	**1,432,336**	1,045,591
Distributions payable to local United Ways	**128,438**	(265,216)
Grants payable	**(131,327)**	(77,651)
Advances on grants not awarded	**(752,118)**	983,677
Deferred revenue	**227,569**	766,353
Due to affiliates	**(52,880)**	338,836
Liability for pension benefits	**(10,743)**	(887,232)
Postretirement benefits	**(200,974)**	161,398
Deferred tax liability	**-**	(5,494)
Other liabilities	**(224,007)**	(262,321)
Net cash flows provided by operating activities	**582,624**	3,536,264
Cash flows from investing activities		
Purchase of property and equipment	**(9,753,487)**	(3,000,691)
Proceeds from sale of investments	**2,400,841**	9,190,013
Purchase of investments	**(10,365,577)**	(3,078,000)
Issuance of notes receivable	**(148,128)**	(857,383)
Proceeds from repayment of note receivable	**-**	250,000
Investment in Truist	**-**	(614,000)
Net cash flows (used in) provided by investing activities	**(17,866,351)**	1,889,939
Cash flows from financing activities		
Proceeds from borrowing	**2,341,000**	-
Repayment of debt	**(1,250,000)**	(1,171,667)
Permanently restricted contributions received	**3,617,000**	-
Forgiveness of debt	**-**	(552,670)
Net cash flows provided by (used in) financing activities	**4,708,000**	(1,724,337)
Net (decrease) increase in cash and cash equivalents	**(12,575,727)**	3,701,866
Cash and cash equivalents:		
Beginning of year	**34,228,150**	30,526,284
End of year	**$ 21,652,423**	$ 34,228,150

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2010

	Program Services							Supporting Services			
	Investor Relations	**Community Impact Leadership & Learning**	**Public Policy**	**Brand Leadership**	**Campaign and Public Relations**	**Promotional Material Sales**	**Total Program Services**	**General and Administrative**	**Fund-Raising**	**Total Supporting Services**	**Total Expenses**
Salaries	$ 5,554,137	$ 6,574,676	$ 717,955	$ 3,404,982	$ 631,474	$ 469,953	$ 17,353,177	$ 3,561,430	$ 999,185	$ 4,560,615	$ 21,913,792
Employee benefits and taxes	1,316,280	1,635,078	163,705	822,623	103,836	148,032	4,189,554	820,816	238,234	1,059,050	5,248,604
Professional fees and contract services	1,383,405	6,069,477	84,063	2,945,917	99,961	79,097	10,661,920	1,312,969	617,249	1,930,218	12,592,138
Conferences and travel	912,026	2,127,958	83,494	319,286	20,515	18,230	3,481,509	151,423	80,775	232,198	3,713,707
Subscriptions, dues, and staff development	63,453	33,936	26,498	28,160	9,441	-	161,488	100,425	5,224	105,649	267,137
Scholarships, grants, and awards	28,475,801	8,938,976	18,071	148,718	6,570,150	-	44,151,716	77,178	61,656	138,834	44,290,550
Supplies	139,317	192,007	15,739	117,057	30,933	11,461	506,514	81,972	18,978	100,950	607,464
Telephone	168,563	147,243	15,782	56,512	35,699	19,693	443,492	58,659	6,491	65,150	508,642
Postage and shipping	25,950	30,833	3,301	14,596	1,529	40,466	116,675	137,898	4,752	142,650	259,325
Occupancy	155,235	188,676	18,294	76,226	316,206	-	754,637	788,088	12,196	800,284	1,554,921
Cost of goods sold	-	-	-	-	-	1,843,187	1,843,187	-	-	-	1,843,187
Depreciation and amortization	407,325	455,503	52,558	218,992	50,539	-	1,184,917	325,832	35,436	361,268	1,546,185
Income taxes	-	-	-	-	-	-	-	(60,626)	-	(60,626)	(60,626)
Other expenses	166,901	146,337	16,313	78,019	199,319	-	606,889	91,828	10,019	101,847	708,736
Total expenses	$ 38,768,393	$ 26,540,700	$ 1,215,773	$ 8,231,088	$ 8,069,602	$ 2,630,119	$ 85,455,675	$ 7,447,892	$ 2,090,195	$ 9,538,087	$ 94,993,762

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

United Way Worldwide and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2009

	Program Services							Supporting Services			
	Investor Relations	Community Impact Leadership & Learning	Public Policy	Brand Leadership	Campaign and Public Relations	Promotional Material Sales	Total Program Services	General and Administrative	Fund-Raising	Total Supporting Services	Total Expenses
Salaries	$ 5,484,541	$ 6,398,392	$ 625,883	$ 3,424,294	$ 716,238	$ 577,964	$ 17,227,312	$ 3,983,926	$ 649,972	$ 4,633,898	$ 21,861,210
Employee benefits and taxes	1,326,692	1,509,438	151,303	833,472	141,164	187,919	4,149,988	914,358	145,672	1,060,030	5,210,018
Professional fees and contract services	1,421,913	4,672,615	92,621	2,958,907	528,748	139,577	9,814,381	2,300,332	81,153	2,381,485	12,195,866
Conferences and travel	790,992	1,517,498	45,490	296,248	32,375	29,292	2,711,895	198,162	49,148	247,310	2,959,205
Subscriptions, dues, and staff development	54,409	44,167	23,504	21,334	-	-	143,414	85,894	2,416	88,310	231,724
Scholarships, grants, and awards	28,632,205	5,612,861	2,400	118,534	6,834,294	-	41,200,294	242,500	2,557	245,057	41,445,351
Supplies	104,605	109,120	18,926	92,851	7,502	13,548	346,552	130,653	13,011	143,664	490,216
Telephone	294,875	228,097	23,818	107,207	58,136	19,119	731,252	89,863	13,471	103,334	834,586
Postage and shipping	34,487	44,800	8,041	18,058	3,987	29,788	139,161	37,370	2,505	39,875	179,036
Occupancy	191,272	200,790	21,903	94,912	323,796	-	832,673	545,361	14,602	559,963	1,392,636
Cost of goods sold	-	-	-	-	-	1,883,038	1,883,038	-	-	-	1,883,038
Depreciation and amortization	269,386	278,838	30,384	131,663	55,069	-	765,340	191,740	20,256	211,996	977,336
Income taxes	-	-	-	-	-	-	-	(272,643)	-	(272,643)	(272,643)
Other expenses	404,322	177,449	12,130	97,521	9,155	-	700,577	378,620	8,086	386,706	1,087,283
Total expenses	$ 39,009,699	$ 20,794,065	$ 1,056,403	$ 8,195,001	$ 8,710,464	$ 2,880,245	$ 80,645,877	$ 8,826,136	$ 1,002,849	$ 9,828,985	$ 90,474,862

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Organization

United Way Worldwide (UWW) is an international organization supported primarily by local United Ways (LUW's) through membership dues. UWW serves the United Way movement by being a leader in philanthropy and a mobilizer of resources, helping to shape the world's health and human services agenda and create a better quality of life for all. UWW's mission is to improve lives by mobilizing the caring power of communities around the world to advance the common good. In 2009, United Way of America changed its name to United Way Worldwide and merged with United Way International (see Note 1).

UWW's Tri-State regional office (Tri-State) is responsible for raising charitable funds from employees and companies through United Way campaigns at a group of participating companies whose employees live and/or work in the New York Tri-State region and elect to participate in this specific regional campaign. Workplace campaigns at participating companies are organized in cooperation with local participating United Ways in the Tri-State region.

United Way Store (UW Store) is a wholly owned, for-profit subsidiary of UWW. UW Store's purpose is to provide sales fulfillment services to local United Ways, UWW, and other organizations. Sales to UWW and local United Ways accounted for approximately 74% and 72% of UW Store's sales for 2010 and 2009, respectively.

United eWay (eWay) combines advanced online giving with integrated pledge processing and fund distribution services for corporate philanthropic programs. eWay is a wholly owned subsidiary of UWW. Effective June 30, 2008, eWay sold substantially all its assets and transferred certain of its liabilities to Create Hope, Inc., a for-profit Delaware corporation. eWay received a 49% preferred stock ownership with voting rights in Truist Inc. (Truist). Subsequent to the sale, eWay transferred its ownership interest to UWW. As part of the transaction in 2008, UWW wrote off its investment in eWay and recorded a loss, net of the value of the Truist stock received. During 2009, the Organization determined that the investment in Truist was impaired and wrote the investment down to $0. eWay was subsequently dissolved effective March 24, 2011.

United Way Worldwide (Asia) Limited (UWW Asia) is a wholly owned, for-profit subsidiary of UWW incorporated in Hong Kong on January 19, 2010. There has been no activity by UWW Asia since the date of its incorporation.

Consolidation Policy

The consolidated financial statements include the accounts of UWW, UW Store, eWay, and UWW Asia (collectively referred to as "the Organization"). Significant transactions between the companies, including all intercompany balances, have been eliminated in consolidation. The investment in Truist Inc., a 49% owned affiliate, is accounted for on the equity method.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents are liquid investments with original maturities at the date of purchase of three months or less and consist primarily of money market funds.

Custodial Funds – UWW

Since 1983, Congress has allocated $3.6 billion to the Department of Homeland Security's Federal Emergency Management Agency (FEMA) to provide emergency food and shelter to needy individuals throughout the country. In 1983, a national board was convened to distribute these funds through the Emergency Food and Shelter Program (EFSP), a separate congressionally authorized program of FEMA, which is not consolidated into the Organization's financial statements. UWW was appointed fiscal agent for EFSP. In addition to UWW, other members of the national board include the American Red Cross; Catholic Charities USA; the Jewish Federations of North America; the National Council of Churches of Christ in the U.S.A.; the Salvation Army; and FEMA. As fiscal agent, UWW is the custodian of the funds and is responsible for the administration and disbursement of grants as directed by the national board. UWW charged certain administrative expenses to EFSP totaling $270,000 and $182,000 for the years ended December 31, 2010 and 2009, respectively. In 2010 and 2009 approximately $200,856,000 and $296,139,000, respectively, were distributed in the form of grants to other charitable organizations. As of December 31, 2010 and 2009, undistributed balances of $5,574,449 and $3,213,390, respectively, were included in custodial funds, with a corresponding liability in the accompanying consolidated statements of financial position.

As of December 31, 2010 and 2009, UWW's custodial funds totaled $16,470,798 and $16,983,135, respectively. This total as of December 31, 2010 and 2009 included $9,370,199 and $11,003,897, respectively, designated for amounts raised on behalf of others and $0 and $1,119,617, respectively, for cash restricted for distribution to specified recipient charitable organizations. Short term custodial funds consist of cash and cash equivalents. Long term custodial funds consist of U.S. Government agency notes, common collective trusts, corporate bonds, equity securities, and U.S. Treasury notes.

UWW acts as trustee for certain planned giving investments. Annuity payments are made to the donor, and any residual restricted by the donor benefits LUW's. For the years ended December 31, 2010 and 2009, $1,525,511 and $1,646,231, respectively, of such annuities are included as noncurrent custodial assets and noncurrent custodial liabilities.

Under the Tri-State regional office distribution formula, undesignated campaign pledges from participating companies and their employees, after provision for collection losses and operating expenses, are distributed by a formula based on relative needs and geographic area in which the funds were raised. The formula distribution to local participating United Ways is recorded when the formula calculation is finalized and approved by the Finance Committee of the UWW Board of Trustees. The 2009/2010 campaign distribution is reflected in the consolidated statements of activities as distributions to participating local United Ways. Funds for each campaign year are disbursed over a twelve-month period beginning in March of the following year. Distributions payable to local United Ways include the balance of undesignated funds from the 2009/2010 campaign yet to be paid.

Local United Way Receivables

Local United Way (LUW) receivables consist of amounts due from LUW's for the use of the name and service marks owned by UWW, registration fees for conferences and other miscellaneous charges. An allowance for uncollectible local United Way receivables is provided based on management's judgment, including such factors as prior collection history.

Campaign Receivables

Campaign receivables consist of amounts due from companies and employees for charitable giving campaigns facilitated by the Tri-State regional office. The allowance for doubtful accounts is calculated based upon actual collections from previous campaigns. Once a campaign has been completed, remaining balances in campaign receivables and donor designation payable (which is shown in the consolidated statements of financial position as Amounts Raised on Behalf of Others - ARBO), net of allowances for doubtful accounts and estimated future collections or distributions, are written off through Campaign efforts revenue.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 0.36% for pledges received in 2010 and 2009. The discount will be recognized as contributions revenue in fiscal years 2011 through 2012 as the discount is amortized using an effective yield over the duration of the contributions. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Accounts Receivable

Accounts receivable consist primarily of amounts due from the sale of services or goods. The allowance method is used to determine the uncollectible amounts. An allowance for uncollectible accounts receivable is provided based on management's judgment, including such factors as prior collection history.

Inventory

Inventory consists of United Way products and campaign materials as well as other promotional materials held for sale. Inventory is stated at the lower of cost or market, and is valued using the weighted-average cost method. When inventory is determined to be excessive or obsolete, it is reduced by an allowance for estimated excess or obsolete inventory.

UW Store wrote off approximately $25,000 and $99,000 of obsolete inventory for the years ended 2010 and 2009, respectively, and had an allowance of $8,593 and $9,192 at December 31, 2010 and 2009, respectively.

Investments

Investments are reported at fair value based on quoted market prices. Investments classified as short-term are available for operations in the next fiscal year. Unrealized and realized gains and losses are included in the accompanying consolidated statements of activities. Investment earnings are reported net of related expenses, such as custodial, commission, and investment advisory fees.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes expenditures for property and equipment in excess of certain thresholds specified below. Depreciation and amortization are calculated using the straight-line method over the following useful lives for each entity:

	UWW	UW Store
Building	35 years	N/A
Furniture, equipment, and software	3-7 years	3-7 years
Leasehold improvements, and/or building improvements, and capital leases	5-15 years	The lesser of the term of the lease or the life of the asset
Capitalization threshold	$ 2,500	$ 1,000

When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

UWW has art work valued at $256,450 that is not considered to be a collection as per Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-360-25, *Works of Art, Historical Treasures and Similar Items*. The art work is included in property and equipment in the consolidated statements of financial position. The art work was appraised in 1994 and is recorded at the appraisal value. As per FASB ASC Topic 958-360-35, the art work is not depreciated.

Noncurrent Assets

Other noncurrent assets include a trademark, which was initially measured based on its fair value. UWW has one trademark that was purchased in 2008, relating to the "Born Learning" campaign which strives to help parents, care-givers and communities to create quality early learning opportunities for young children. The trademark allows UWW to brand certain products and apparel with the "Born Learning" brand.

The trademark is not amortized as it has an indefinite useful life due to the fact that the "Born Learning" campaign plans to continue until an undeterminable date in the future. Also included in noncurrent assets are the cash surrender value of life insurance contracts and the plan assets of UWW's deferred compensation plan which are stated at net asset value, which approximates the fair market value.

Impairment of Long-Lived Assets

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statements of activities, to its current fair value.

Deferred Revenue

Deferred revenue consists of training programs and conferences as well as deferred service revenue. The Organization recognizes training programs and conference revenues after programs and conferences have been completed. All unexpended training programs and conference and service revenues at year end are deferred and recognized when the related expenditures occur.

Other Noncurrent Liabilities

Other noncurrent liabilities consist of deferred rent, accrued reorganization costs and deferred compensation.

A deferred rent liability has been recorded to reflect the benefit of lease incentives included in the office space lease. The benefits of these incentives, including free rent and a tenant improvement allowance, will be recognized equally over the term of the lease.

Net Assets

Unrestricted Net Assets

Unrestricted net assets are available for use in general operations. Board designated net assets is a component of unrestricted net assets, which is a quasi-endowment, set up by the Board of Trustees for the purpose of securing the Organization's long-term financial viability.

The International Donor Advised Giving (IDAG) program is a component of unrestricted net assets and was established by the Board of Trustees. Companies, foundations and individuals contribute to IDAG to achieve their philanthropic goals outside of the United States. IDAG provides comprehensive grant-making services to ensure compliance with both US and international laws and UWW retains variance power of all contributions to IDAG.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts that are subject to donor restrictions. The Organization is permitted to use up or expend the donated assets in accordance with the donor restriction.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreement.

Revenue Recognition

UWW Membership Revenue

Membership revenue is recorded ratably over the calendar year membership term. This membership allows local United Ways to use the name owned by UWW, during the period of membership. Membership support calculations are based on a formula driven process. If any LUW does not remit its annual membership support, the LUW's ability to utilize the name can be revoked. Membership revenue is recognized net of training credits provided to the members. These training credits are recorded as deferred revenue until the credit expires or is used by the LUW, at which time the related training revenue is recognized. As of December 31, 2010 and 2009, the amount of the deferred training credit was $3,165,443 and $3,498,890, respectively.

UWW Contributions Revenue

UWW recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as unrestricted support, temporarily restricted support, or permanently restricted support. Temporarily restricted contributions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as temporarily restricted contributions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulate conditions to be met before the contribution is made are not accrued until the conditions are met. As of December 31, 2010 and 2009, UWW had received conditional promises to give totaling $5,800,000 for the renovation of the office building in Alexandria, Virginia.

Temporarily restricted campaign efforts, as shown in the consolidated statements of activities, reflects the portion of two different campaign years processed through Tri-State that were both partially recognized in 2010. The 2009/2010 campaign, distributed during 2010, consists of donations pledged primarily in 2009 by the companies and their employees. Only pledges that were supported by documentation substantiating both the donor's unconditional promise to give and the instructions on the use of those funds were recorded in 2009. The remaining promises to give for the 2009/2010 campaign were recorded in 2010 as supporting documentation became available. Similarly, for the 2010/2011 campaign only those pledges that provide both documentation supporting the unconditional promise to give and donor instructions on the use of funds were recorded at December 31, 2010.

Campaign efforts include contributions, amounts raised on behalf of others (ARBO), and amounts raised by participating companies paid directly to recipient organizations. Contributions and pledges are recognized as revenue in the period received or promised. Pledges received where the donor designates that the gift is for a specific United Way or nonprofit agency are accounted for as agency transactions. Accordingly, while such amounts raised on behalf of others are included in total campaign efforts in the accompanying consolidated financial statements they are deducted prior to reporting net distributable contributions. Amounts paid directly are contributions raised in the Tri-State region as part of the Tri-State's annual campaign.

In 2010 and 2009, unrestricted revenue includes income of $2,959,030 and $2,322,316, respectively, recorded as additional revenue from prior year campaigns and a change to the allowance for uncollectible pledges. The amounts are gains realized from better than anticipated pledge collections and a reduction in the liability amounts raised on behalf of others for the 2008/2009 and 2007/2008 Tri-State campaigns, which were closed out during 2010 and 2009, respectively. Included within the net assets released from restrictions in 2010 and 2009 are the total Tri-State 2009/2010 and 2008/2009 campaign efforts, respectively, as well as amounts raised on behalf of others and the change in allowance for uncollectible pledges.

Expenses

Expenses are recognized by the Organization during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services and Materials

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fund-raising campaigns. No amounts have been recognized in the consolidated statements of activities since jobs done by Organization volunteers do not fall into the criteria established by the Financial Accounting Standards Board in this area.

Donated materials, including software, are recorded at fair value at the date of donation.

The Organization records donated services, including advertising, at the fair market value of the services received.

Endowment

The Organization's endowment consists of one fund established for the purpose of providing home care and assisted living to the elderly poor, with specific reference to assisting older people to remain in their own homes. As required by generally accepted accounting principles, 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 Trustees has determined that an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the Organization's endowment fund. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.

The Organization classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets, generally investment income, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

When a donor expresses intent clearly in a written gift instrument, the Organization follows the donor's instructions. When a donor's intent is not so expressed, the Organization shall spend an amount from the fund that is prudent, consistent with the purposes of the fund, relevant economic factors, and the donor's intent that the fund continues in perpetuity. As a result of the determination that an enacted version of UPMIFA applies in accounting for endowment funds, the Organization follows ASC 958-205.

Investment Policy Statement

The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pool objectives and policy constraints. The asset pools in which the endowment funds are invested require current income which is the minimum needed for expenses and prudent liquidity, growth of income for planning and execution of distributions, and capital growth for long term growth and sustainability.

Spending Policy Statement

In making expenditures from endowment funds, the Executive Committee shall first comply with any restrictions or requirements in the gift instrument as to purpose and amount. Except as otherwise provided by the gift instrument, in making expenditures from endowment funds, the Executive Committee shall take into account all relevant considerations including but not limited to the long and short term needs of the Organization in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The Executive Committee shall conduct an annual analysis of the historic dollar value of the endowment funds plus an inflation factor of three percent (3%) and may spend any amount in excess of inflation-adjusted historic dollar value so long as such amount is attributable to net realized gains from any property or unrealized gains attributable to marketable securities.

In order to provide for consistent expenditures from endowment funds from year to year, the Executive Committee may elect to adopt a "take-down" schedule that would provide for expenditure of a specified percentage of the 3 year's end of year average of the Fund's market value of Donor Restricted Funds, subject to the limitations of the gift instruments and applicable state law, not to exceed the amount that could be expended under the provisions above. The Executive Committee is not required to appropriate any amount.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and 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.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, custodial funds and investments held at creditworthy financial institutions. These balances are kept within certain limits to prevent risk caused by concentration. There is also limited credit risk associated with LUW, campaign, contributions and accounts receivable. The credit risk with respect to receivables is limited because the Organization deals with a large number of LUW's, donors and customers in a wide geographic area.

Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-06, *Fair Value Measurement and Disclosures* (ASU 2010-06), which amends ASC 820-10, adding new disclosure requirements for investments measured using level 1 and 2 inputs. Separate disclosures of purchases, sales, issuances, and settlements relating to investments measured using level 3 inputs and clarification of existing fair value disclosures is now required. ASU 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Organization's adoption of ASU 2010-06 did not have a material effect on its consolidated financial statements.

Reclassifications

Certain accounts in the 2009 consolidated financial statements have been reclassified to conform with the current year consolidated financial statement presentation.

1. Merger

On July 1, 2009, United Way of America (UWA) changed its name to United Way Worldwide (UWW) and merged with United Way International (UWI). The merger was accounted for using the pooling of interests method of accounting for business combinations.

UWA's purpose was to be an exemplary leader in philanthropy and an outstanding mobilizer of resources, helping to shape the United States' health and human services agenda and create a better quality of life for all. UWI's purpose was to promote voluntary charitable services through united fundraising, fund allocation, leadership and planning activities in countries and territories outside the United States. UWW serves the United Way movement by being an exemplary leader in philanthropy and an outstanding mobilizer of resources, helping to shape the World's health and human services agenda and create a better life for all.

Summarized financial results for UWA and UWI for the six month period ended June 30, 2009 were:

	UWA	UWI
Revenue	$ 40,908,000	$ 8,881,000
Change in net assets	$ 4,227,000	$ (2,438,000)

2. Uninsured Cash and Cash Equivalents

The Organization maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. On November 9, 2010, the Federal Deposit Insurance Corporation (FDIC) Board of Directors issued a final rule to implement Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all FDIC-insured depository institutions. The separate coverage for noninterest-bearing transaction accounts became effective on December 31, 2010 and terminates on December 31, 2012. Beginning 2013, insurance coverage will revert to $250,000 per depositor at each financial institution and the non-interest bearing cash balances may again exceed federally insured limits. Accounts at federally insured institutions were insured by the FDIC up to $250,000 per bank at December 31, 2009. At December 31, 2010 and 2009, the Organization held $9,588,939 and $32,080,738, respectively, in uninsured cash and cash equivalents. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

3. Investments

Investments, at fair value, consist of the following at:

December 31,	**2010**	2009
Government agency notes	**$ 3,000,129**	$ 88,131
Corporate bonds	**2,335,731**	1,130,299
Equity securities	**1,831,455**	-
U.S. Treasury notes	**1,767,655**	13,095
Bond funds	**1,631,970**	409,646
Corporate stocks	**174,116**	-
Certificates of deposit	**-**	1,000,000
	10,741,056	2,641,171
Less: short-term investments	**3,285,584**	1,605,719
	$ 7,455,472	$ 1,035,452

Interest income, net of investment expenses, for the years ended December 31, 2010 and 2009 was $168,048 and $352,998, respectively. The realized and unrealized gain (loss) for the years ended December 31, 2010 and 2009 was $135,419 and ($11,284), respectively.

4. Custodial Funds

Custodial funds, at fair value, consist of the following at:

December 31,	**2010**	2009
Cash and cash equivalents	**$ 14,945,287**	$ 15,371,654
U.S. Government agency notes	**550,655**	285,883
Common collective trusts	**499,002**	66,606
Corporate bonds	**386,458**	433,420
Equity securities	**89,396**	521,865
U.S. Treasury notes	**-**	303,707
	16,470,798	16,983,135
Less: short-term custodial funds	**14,945,287**	15,336,904
	$ 1,525,511	$ 1,646,231

5. Fair Value Measurements

The following methods and assumptions were used by the Organization in estimating the fair value of other financial instruments, which consist of investments and custodial funds. As defined in FASB ASC Topic 820, fair value is 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 (exit price). The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Organization primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information.

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

A summary of investments and custodial fund investments summarized by input level as of December 31, 2010 is as follows:

December 31,	Level 1	Level 2	Total
Investments:			
Government agency notes	$ 3,000,129	$ -	$ 3,000,129
Corporate bonds			
Large cap	2,335,731	-	2,335,731
Equity securities			
Large cap	1,113,000	-	1,113,000
Mid cap	138,825	-	138,825
Small cap	138,433	-	138,433
International	300,659	-	300,659
Emerging markets	140,538	-	140,538
U.S. Treasury notes	1,767,655	-	1,767,655
Bond funds	835,848	796,122	1,631,970
Corporate stocks	174,116	-	174,116
Total investments	$ 9,944,934	$ 796,122	$ 10,741,056
Custodial funds:			
U.S. Government agency notes	$ 550,655	$ -	$ 550,655
Common collective trusts	-	499,002	499,002
Corporate bonds			
Large cap	386,458	-	386,458
Equity securities			
Large cap	89,396	-	89,396
Total custodial funds	$ 1,026,509	$ 499,002	$ 1,525,511

As of December 31, 2009, all investments (see Note 3) and all custodial funds (see Note 4) qualified as Level 1 investments under the FASB ASC Topic 820 hierarchy, except for the common collective trust funds included as part of the noncurrent custodial funds, which qualified as Level 2 investments. The value of common collective trust funds, amounting to $66,606 as of December 31, 2009, is based upon the market values of underlying investments.

The fair market value of a financial instrument is defined in FASB ASC Topic 825, *Financial Instruments* as "the amount at which the instrument could be exchanged in a current transaction between willing parties." The carrying amounts reported in the accompanying consolidated statements of financial position for local United Way receivables, campaign receivables, contributions receivable, accounts receivable, notes receivable and debt, approximate fair value given the short-term nature of the financial instruments or conversely are based on a non-recurring assessment of fair value.

Net Asset Value (NAV) Per Share

In accordance with ASU 2009-12, *Fair Value Measurements and Disclosures (ASC Topic 820) – Investment in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, expanded disclosures to include the class, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share or its equivalent for which fair value is not readily determinable, as of December 31, 2010.

The following table sets forth a summary of the Organization's investments with a reported NAV as of December 31, 2010:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Bond funds	$ 796,122	$ -	Daily	1

The bond funds objectives are to provide a reasonable level of current income over time and to preserve capital. The funds are invested in investment-grade, publicly traded debt securities such as bonds, U.S. government and agency securities.

6. Local United Way Receivables

Local United Way receivables consist of the following at:

December 31,	**2010**	2009
Local United Way receivables	**$ 1,392,353**	$ 2,375,053
Allowance for doubtful accounts	**(42,000)**	(23,237)
Local United Way receivables, net	**$ 1,350,353**	$ 2,351,816

Bad debt expense is determined based on management's judgment, including such factors as prior collection history. There was no bad debt expense for the years ended December 31, 2010 and 2009 related to local United Way receivables.

7. Campaign Receivables

Campaign receivables and allowance for uncollectible pledges consist of the following at:

December 31,	**2010**	2009
Amounts raised on behalf of others	**$ 15,918,899**	$ 11,573,425
Unrestricted campaign receivables	**7,606,944**	10,763,046
Total campaign receivables	**$ 23,525,843**	$ 22,336,471

	2010	2009
Campaign receivables, gross	**$ 28,647,190**	$ 27,899,076
Allowance for uncollectible pledges	**(5,121,347)**	(5,562,605)
Campaign receivables, net	**$ 23,525,843**	$ 22,336,471

8. Contributions Receivable

Contributions receivable consist of the following unconditional promises to give at:

December 31,	**2010**	2009
Amounts due in:		
Less than one year	**$ 4,039,542**	$ 6,180,473
One to five years	**610,000**	1,477,666
Total contributions receivable	**4,649,542**	7,658,139
Less: allowance for doubtful accounts	**(140,409)**	(251,700)
	4,509,133	7,406,439
Less: contributions receivable current	**3,899,133**	5,968,771
Contributions receivable – noncurrent	**$ 610,000**	$ 1,437,668

Bad debt expense related to contributions receivable totaled $0 and $297,022 for the years ended December 31, 2010 and 2009, respectively.

9. Accounts Receivable

Accounts receivable consist of the following at:

December 31,	**2010**	2009
Accounts receivable	**$ 616,524**	$ 1,782,232
Allowance for doubtful accounts	**(68,781)**	(38,345)
Total	**$ 547,743**	$ 1,743,887

Bad debt expense related to accounts receivable totaled $1,442 and $0 for the years ended December 31, 2010 and 2009.

10. Notes Receivable

On January 1, 2009, UWW made a loan to Truist for $250,000 with an interest rate of 2% per month with a maturity date of March 31, 2009 to fund cash flow needs. The note and interest was paid in full on April 3, 2009.

On August 24, 2009, UWW made a loan to Truist for $445,343 with an interest rate of prime plus 4% per annum (7.25% at December 31, 2009) and a maturity date of September 30, 2010. The loan was part of the final negotiated settlement for the sale of eWay assets and the resulting 49% ownership interest in Truist by UWW. The loan was renegotiated on December 9, 2010 and was converted into a convertible note with an interest rate of 8% per annum and a maturity date of March 31, 2012. As part of the amendment dated December 9, 2010, at any time prior to repayment in full, the principal and accrued interest may at the election of UWW be converted into validly issued, fully paid and non-assessable whole shares of the most senior equity class of shares of Truist. If this is Truist's Series E preferred stock, the conversion price shall be $0.118753 per share. The balance of the note receivable and accrued interest at December 31, 2010 was $489,331.

On December 17, 2009, UWW made a loan to Truist for $162,040 with an interest rate of 8% per annum and a maturity date of December 16, 2011. The loan was renegotiated on December 9, 2010 and was converted into a convertible note with an interest rate of 8% per annum and a maturity date of March 31, 2012. This note is one of the notes issued by Truist as part of an offering of notes that have an aggregate original principal amount of up to $700,000. This note is subordinated to Truist indebtedness to Bridge Bank National Association. At any time prior to repayment in full, the principal and accrued interest may at the election of UWW be converted into validly issued, fully paid and non-assessable whole shares of the most senior equity class of shares of Truist. If this is Truist's Series E Convertible Preferred Stock, the conversion price shall be $0.098961 per share for the first $42,214 of the principal and corresponding accrued interest. The conversion price per share shall be $0.118753 for the remainder due. If it is not Series E, then the conversion price per share shall be equal to the price per share in the related offering of such senior equity class of shares. The balance of the note receivable and accrued interest at December 31, 2010 was $175,536.

On December 9, 2010, UWW made a loan to Truist for $90,209 with an interest rate of 8% per annum and a maturity date of March 31, 2013. The note provides for funding to Truist up to a total of $171,380, upon written notice from Truist. This note is subordinated to Truist indebtedness to Bridge Bank National Association. At any time prior to repayment in full, the principal and accrued interest may at the election of UWW be converted into validly issued, fully paid and non-assessable whole shares of the most senior equity class of shares of Truist. If this is Truist's Series E Convertible Preferred Stock, the conversion price shall be $0.118753 per share for the first $28,663 of the principal and corresponding accrued interest. The conversion price per share shall be $0.098961 for the remainder due. If it is not Series E, then the conversion price per share shall be equal to the price per share in the related offering of such senior equity class of shares. The balance of the note receivable and accrued interest at December 31, 2010 was $90,644.

11. Property and Equipment

Property and equipment consists of the following at:

December 31,	**2010**	2009
Land	**$ 2,102,080**	$ 2,102,080
Building and building improvements	**24,668,878**	13,678,742
Leasehold improvements	**816,495**	816,495
Furniture, artwork, equipment, and software	**10,930,283**	8,929,880
Construction in progress	**-**	3,404,573
Less: accumulated depreciation and amortization	**(19,605,341)**	(18,226,677)
	$ 18,912,395	$ 10,705,093

Depreciation and amortization expense totaled $1,546,185 and $977,336 for the years ended December 31, 2010 and 2009, respectively.

Construction in progress was related to the construction of the new Mary Gates Learning Center. Costs associated with construction in progress were not depreciated until the Learning Center was placed in service in September 2010.

12. Investment in Truist

Truist is an affiliated company owned 49% by UWW which is accounted for on the equity method of accounting. During 2009, UWW forgave $552,670 of debt from Truist and provided additional funding to Truist, net of expenses, of $614,000. UWW recorded its share of Truist's net loss of $1,654,158 in 2009.

UWW management was uncertain of Truist's ability to operate as a going concern through the end of 2010 and has written its investment in Truist of $2,454,357 down to $0 as of December 31, 2009. The total loss from Truist recognized in 2009 was $4,108,515.

13. Debt

In October 2010, UWW's line-of-credit was amended and renewed. The expiration date on the line-of-credit was extended until August 2011. Borrowing limits on the line-of-credit were reduced to a maximum of $2,000,000. The interest rate on the line-of-credit remained at LIBOR plus 2.0%. There were no borrowings under the line-of-credit as of December 31, 2010 and 2009. UWW incurred no interest expense for the years ended December 31, 2010 and 2009.

UW Store has a $250,000 line-of-credit agreement. The interest rate on the line-of-credit is prime plus 1%, payable monthly. The line-of-credit expires on May 31, 2011. UW Store has pledged a first security interest in all of its assets as collateral on the line. There were no borrowings under the line-of-credit as of December 31, 2010 and 2009, respectively. UW Store incurred no interest expense for the years ended December 31, 2010 and 2009.

In 2008, UWW assumed the remaining balance of $3,451,000 of a term loan agreement that eWay entered into on May 18, 2004 and renegotiated the interest rate to LIBOR plus 1.3% payable monthly. The initial loan amount was $5,000,000 and had an interest rate of LIBOR plus 2.5%, payable monthly. UWW's principal repayment of approximately $88,000 per month increased to $104,000 per month in June 2009. During the years ended December 31, 2010 and 2009, the Organization made principal payments of $1,250,000 and $1,171,667, respectively. The interest rate as of December 31, 2010 and 2009 was 1.56% and 1.53%, respectively. Interest expense was $17,344 and $43,229 for the years ended December 31, 2010 and 2009, respectively. UWW was in compliance with all debt covenants as of December 31, 2010. The remaining principal of the term loan maturing May 2011 is $518,833.

On December 18, 2009, UWW agreed to a construction loan up to $6,000,000 to partially fund the renovation of its building in Alexandria, Virginia. The interest rate on the loan is LIBOR plus 2.5%. As of December 31, 2010 and 2009, $2,341,000 and $0 had been advanced on the loan. There were no principal payments made on the loan during the year ended December 31, 2010. The interest rate as of December 31, 2010 was 2.76%. Interest expense was $26,467 and $0 for the years ended December 31, 2010 and 2009, respectively. UWW was in compliance with all debt covenants as of December 31, 2010. The principal of the loan matures in accordance with the maximum amount of outstanding principal.

According to the loan agreement, the maximum amount of outstanding principal on the loan cannot exceed the following amounts:

Period	Outstanding Principal Maximum
December 18, 2009 – April 29, 2011	$ 6,000,000
April 30, 2011 – April 29, 2012	$ 4,500,000
April 30, 2012 – April 29, 2013	$ 2,700,000
April 30, 2013 – April 29, 2014	$ 1,500,000
April 30, 2014 and thereafter	$ -

14. Pension and Other Postretirement Benefits

The Organization sponsors the Pension Plan of the United Way Worldwide (UWW Plan), several Non-Qualified Plans (Non-Qualified Plans), and two Postretirement Benefit Plans (Postretirement Plans). The Non-Qualified Plans include the United Way of America Senior Vice President's Plan (Senior VP Plan), United Way of America 415 Replacement Plan (415 Replacement Plan), and the United Way of America Supplemental Employee Retirement Plan (SERP). The Postretirement Plans include the UWW Postretirement Benefit Plan and the Tri-State Postretirement Benefit Plan.

Pension Plan of United Way Worldwide

The UWW Plan (UWW Plan) is a qualified, noncontributory defined benefit pension plan, which includes UW Store and eWay, and covers employees who have reached the age of 21 and completed one year of employment. An employee's interest becomes fully vested upon the completion of three years or five years of service, depending on the date of hire, and is generally payable upon attainment of early retirement age. Contributions to the plan are based on actuarially determined amounts.

Effective July 1, 2005, the benefit levels of participants in the UWW Plan were frozen as of the effective date of the change and precluded new employees from participating in the UWW Plan.

Effective July 1, 2008, UWW assumed eWay's portion of the liability and expense of the UWW Plan.

The Defined Benefit Plan for Employees of United Way of Tri-State (Tri-State Plan) was merged into the UWW Plan effective January 1, 2008.

Effective June 30, 2006, the benefit levels of participants in the Tri-State Plan were frozen as of the effective date of the change and precluded new employees from participating in the Tri-State Plan.

The Tri-State Plan is a qualified, noncontributory defined benefit pension plan, which covers employees as of the date of hire. An employee's interest becomes fully vested upon the completion of five years of service and is generally payable upon attainment of early retirement age. Contributions to the plan are based on actuarially determined amounts.

The following is a summary of the funded status of the UWW Plan as of December 31, 2010 and 2009 and the key assumptions used by the UWW Plan's actuary. The calculations are performed based on measurement dates of December 31, 2010 and December 31, 2009 for the years ended December 31, 2010 and 2009, respectively.

Obligations and Funded Status

December 31,	**2010**	2009
Accumulated benefit obligation	**$ 34,998,707**	$ 32,808,430
Projected benefit obligation	**$ 36,690,578**	$ 34,720,798
Fair value of plan assets	**27,727,292**	25,403,708
Funded status – under funded	**(8,963,286)**	(9,317,090)
Underfunded pension liability	**$ 8,963,286**	$ 9,317,090

Items not yet recognized as a component of net periodic pension cost during the year are as follows:

Years ended December 31,	**2010**	2009
Gain due to assets	**$ (1,088,643)**	$ (2,336,026)
Loss due to change in discount rate and rate of compensation increase	**1,813,607**	1,252,757
(Gain) loss in benefit obligation	**(222,867)**	1,538,471
Total	**$ 502,097**	$ 455,202

Contributions and benefit payments made during the year were as follows:

Years ended December 31,	**2010**	2009
Employer contributions	**$ 908,188**	$ 1,284,248
Benefits paid	**$ 1,565,266**	$ 1,376,704

Net Periodic Benefit Cost

Components of net periodic benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, 2010 and 2009 were:

Years ended December 31,	**2010**	2009
Interest cost	**$ 1,944,306**	$ 1,963,289
Expected return on assets	**(1,892,019)**	(1,641,275)
Amortization of loss	**1,157,449**	1,443,439
Net periodic benefit cost	**$ 1,209,736**	$ 1,765,453

Assumptions

Weighted average assumptions used to determine the benefit obligation and net periodic pension benefit cost are as follows:

Years ended December 31,	**2010**	2009
Benefit Obligation:		
Discount rate	**5.50%**	6.00%
Rate of compensation increase	**4.50%**	5.00%
Expected return on plan assets	**8.00%**	8.00%
Net Periodic Benefit Cost:		
Discount rate	**6.00%**	6.25%
Rate of compensation increase	**5.00%**	5.00%
Expected return on plan assets	**8.00%**	8.00%

The expected long-term rate of return on assets assumption was 8.00% as of December 31, 2010 and 2009. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The expected long-term rate of return was determined by multiplying the historical rate of return for an asset class by the percentage of plan assets invested in that class and then adding the result for all classes. In general, it was based on returns for the Plans' target asset allocations.

Plan Assets

The fair value of plan assets by asset class as of December 31, 2010 and 2009 were:

December 31,	**2010**	2009
Cash	**$ 53,482**	$ -
Common collective trusts-equities	**15,252,581**	16,208,643
Common collective trusts-fixed income	**12,421,229**	9,195,065
Total	**$ 27,727,292**	$ 25,403,708

The fair market value of plan assets, consisting of common collective trusts, qualified as Level 2 investments under the FASB ASC Topic 820 hierarchy. The units held in collective trusts are valued at the unit values as reported by the UWW Plan trustee as of December 31, 2010 and 2009. The unit values are based upon the market values of underlying investments as determined periodically by the UWW Plan trustee.

The UWW Plan assets are diversified to minimize risk and maximize returns. The targeted asset allocation is 60% equities and 40% fixed income. The UWW Plan assets are managed by professional investment managers and are monitored by UWW's management, Finance Committee, and Investment and Pension Subcommittee.

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ended December 31, 2011 is $1,103,686.

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

Years ended December 31,	
2011	$ 825,577
2012	$ 1,396,558
2013	$ 2,563,939
2014	$ 1,022,248
2015	$ 1,238,918
2016 – 2020	$ 12,476,448

The UWW Plan is positioned to meet the minimum funding requirement as outlined in the Pension Protection Act of 2006. As of January 1, 2010, 89.87% of the Funding Target Liability for the UWW plan was funded. UWW plans to make contributions during 2011 for the 2010 plan year in order to achieve an 80% funding target attainment percentage as of January 1, 2011. UWW continues to monitor the funded status of its defined benefit plan and to evaluate potential strategies that ensure the plan is managed in compliance with pension laws and regulations.

United Way Worldwide Non-Qualified Plans

The Non-Qualified Plans are described below by type of plan.

The Senior VP Plan is a non-qualified, noncontributory plan established for senior vice president-grade employees and above. The Plan was designed to restore benefits eliminated by a change in the qualified plan formula required by the Tax Reform Act of 1986.

The 415 Replacement Plan is a non-qualified, noncontributory defined benefit pension plan established to restore the pension benefits lost under the qualified plan due to the limitations arising from Section 415 of the Tax Equity and Fiscal Responsibility Act of 1982.

The SERP is a non-qualified, noncontributory plan established in 2000. This plan was established to replace benefits in the qualified plan for participants affected by IRS salary limits, as well as benefit limits.

The following is a summary of the funded status of the Non-Qualified Plans as of December 31, 2010 and 2009 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2010 and December 31, 2009 for the years ended December 31, 2010 and 2009, respectively.

Obligations and Funded Status

December 31,	**2010**	2009
Projected benefit obligation	**$ 1,620,506**	$ 1,568,800
Fair value of plan assets	**81,087**	78,891
Funded status – under funded	**$ (1,539,419)**	$ (1,489,909)
Unfunded pension liability	**$ 1,539,419**	$ 1,489,909

The Organization has a segregated account specifically for funding the SERP. The balance in the account was $796,122 and $758,035 as of December 31, 2010 and 2009. This account balance is not included in the calculation of the unfunded pension liability.

Items not yet recognized as a component of net periodic pension cost as of December 31, 2010 and 2009 are as follows:

December 31,	**2010**	2009
Loss due to assets	**$ 3,877**	$ 3,591
Loss due to change in discount rate and rate of compensation increase	**94,697**	52,693
Gain due to change in retirement assumptions	**(111,389)**	-
Loss (gain) in benefit obligation	**3,272**	(98,556)
Total	**$ (9,543)**	$ (42,272)

Contributions and benefit payments made during the year were as follows:

Years ended December 31,	**2010**	2009
Employer contributions	**$ -**	$ 111,502
Benefits paid	**$ -**	$ 111,502

Net Periodic Benefit Cost

Components of net periodic benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, were:

Years ended December 31,	**2010**	2009
Interest cost	**$ 65,126**	$ 95,991
Expected return on assets	**(6,073)**	(5,889)
Amortization of net gain	**(22,976)**	(16,150)
Net periodic benefit cost	**$ 36,077**	$ 73,952

Assumptions

Weighted average assumptions used to determine the benefit obligation and net periodic benefit cost are as follows:

Years ended December 31,	**2010**	2009
Benefit Obligation:		
Discount rate	**5.50%**	6.00%
Cost of living adjustment	**3.00%**	3.00%
Expected return on plan assets	**8.00%**	8.00%
Net Periodic Benefit Cost:		
Discount rate	**5.50%**	6.25%
Cost of living adjustment	**3.00%**	3.00%
Expected return on plan assets	**8.00%**	8.00%

The expected long-term rate of return on assets assumption was 8% as of December 31, 2010 and 2009. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The expected long-term rate of return was determined by multiplying the historical rate of return for an asset class by the percentage of plan assets invested in that class and then adding the result for all classes. In general, it was based on returns for the Plans' target asset allocations.

Plan Assets

The fair value of plan assets by asset category as of December 31, were:

December 31,	**2010**	2009
Cash	**$ 81,087**	$ 78,891

The fair market value of plan assets, consisting of cash, qualified as Level 1 investments under the FASB ASC Topic 820 hierarchy.

The Non-Qualified Plan assets are managed by professional investment managers and are monitored by UWW's management, Finance Committee, and Investment and Pension Subcommittee.

Estimations of Future Activity

Expected amortization of the net actuarial loss during the year ended December 31, 2011 is $16,933.

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

Years ending December 31,	
2011	$ 20,174
2012	$ 19,734
2013	$ 440,387
2014	$ 18,742
2015	$ 18,191
2016 – 2020	$1,642,448

The Organization does not expect to make contributions to the Non-Qualified Plans in 2011.

United Way Worldwide Postretirement Benefit Plans

UWW Postretirement Benefit Plan

UWW provides health care and life insurance benefits to certain retired employees (Post Retirement Benefit Plan). Employees become eligible for benefits in meeting certain age and service requirements. Spouses of eligible participants are also eligible if they meet certain requirements. The United Way Worldwide's policy is to fund these benefits through premium reimbursements to participants. However, in conformity with FASB ASC Topic 715-60, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, the cost of providing these benefits is to be accrued over the service period of the active employee group.

Certain employees retiring from UWW on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance and medical and dental benefit coverage. These benefits are subject to deductibles, co-payment provisions, and other limitations. This plan is frozen and not open to new participants.

UWW costs are frozen at 50% of the premium rate effective when the medical and dental plans were frozen; there are no future health care costs expected, beyond this rate.

Tri-State Postretirement Benefit Plan

The Tri-State regional office provides a flat dollar amount of life insurance benefits to certain retired employees (Post Retirement Benefit Plan). Employees become eligible for benefits by meeting certain age and service requirements. However, in conformity with FASB ASC Topic 715-60, and as amended by FASB ASC Topic 715-30, the cost of providing these benefits are to be accrued over the average remaining lifetime of the retiree group.

Certain employees retiring from Tri-State on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance coverage. The life insurance amount is generally a flat $35,000 benefit with a few individuals entitled to slightly lesser amounts. This plan is frozen and not open to new participants. There are no plan assets associated with this obligation.

The following is a summary of the funded status of the Postretirement Plans as of December 31, 2010 and 2009 and the key assumptions used by the actuary. The calculations are performed based on measurement dates of December 31, 2010 and December 31, 2009 for the years ended December 31, 2010 and 2009, respectively.

Obligations and Funded Status

December 31,	**2010**	2009
Accumulated benefit obligation	**$ 2,357,818**	$ 2,271,105
Fair value of plan assets	**-**	-
Funded status – under funded	**$ (2,357,818)**	$ (2,271,105)
Unfunded pension liability	**$ 2,357,818**	$ 2,271,105

Items not yet recognized as a component of net periodic pension cost as of December 31, 2010 and 2009 are as follows:

December 31,	**2010**	2009
Loss due to change in discount rate	**$ 92,686**	$ 47,026
Gain in benefit obligation	**(58,882)**	(140,486)
Total	**$ 33,804**	$ (93,460)

Contributions and benefit payments made during the year were as follows:

Years ended December 31,	**2010**	2009
Employer contributions	**$ 86,974**	$ 180,739
Benefits paid	**$ 86,974**	$ 180,739

Net Periodic Benefit Cost

Components of net periodic postretirement benefit cost recognized as expenses in the accompanying consolidated statements of activities for the years ended December 31, were:

Years ended December 31,	**2010**	2009
Service cost	**$ 12,471**	$ 12,363
Interest cost	**127,412**	135,547
Net amortization		
Amortization of prior service cost	**25,272**	25,272
Amortization of net gain	**(55,510)**	(55,121)
Net periodic benefit cost	**$ 109,645**	$ 118,061

Assumptions

The weighted average assumptions were:

	2010	2009
Measurement date	**December 31, 2010**	December 31, 2009
Discount rate	**5.50%**	6.00%

Plan Assets

The Postretirement Plans are not funded. UWW makes contributions to the plans as benefit payments are made.

Estimations of future activity

Estimated amounts to be amortized during the year ending December 31, 2011:

	2011
Prior service cost	$ 25,272
Net actuarial gain	$ 45,707

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

Years ending December 31,	
2011	$ 175,889
2012	$ 176,772
2013	$ 188,065
2014	$ 187,202
2015	$ 191,099
2016 – 2020	$ 957,842

UWW plans to make contributions amounting to $175,889 during 2011 to the Postretirement Plan.

Tri-State Make-up Plan

Tri-State maintains an additional non-qualified benefit plan to provide employees with the benefits they are not eligible to receive under the qualified pension plan because of limits imposed by ERISA and the Internal Revenue Code. The projected benefit is estimated to be $293,552 and $287,688, which is accrued as of December 31, 2010 and 2009, respectively. Pension expense for these benefits amounted to $5,864 and $23,000 for the years ended December 31, 2010 and 2009, respectively.

Reconciliation of Defined Benefit Plan Liabilities and Expenses to the Consolidated Financial Statements:

The following table presents a reconciliation of the liabilities recognized for pension benefits to the presentation in the consolidated financial statements at:

December 31,	**2010**	2009
UWW Plan	**$ 8,963,286**	$ 9,317,090
Non-qualified plans	**1,539,419**	1,489,909
Tri-State Make-up Plan	**293,552**	287,688
Total recognized liability	**$ 10,796,257**	$ 11,094,687
Current portion, liability for pension benefits	**$ 1,349,363**	$ 711,819
Noncurrent portion, liability for pension benefits	**9,446,894**	10,382,868
Total liability for pension benefits	**$ 10,796,257**	$ 11,094,687

The following table presents a reconciliation of the components of the post retirement benefits to the presentation in the consolidated financial statements at:

December 31,	**2010**	2009
Post retirement benefit plans	**$ 2,357,818**	$ 2,271,105
Current portion, postretirement benefits	**$ 175,889**	$ 180,968
Noncurrent portion, postretirement benefits	**2,181,929**	2,090,137
Total postretirement benefits	**$ 2,357,818**	$ 2,271,105

The following table presents a reconciliation of the change in unrecognized loss recognized apart from expenses in the consolidated financial statements:

Years ended December 31,	**2010**	2009
UWW Plan	**$ 502,097**	$ 455,202
Non-Qualified Plans	**(9,543)**	(42,272)
Postretirement Plans	**33,804**	(93,460)
Total change in unrecognized loss recognized apart from expenses	**$ 526,358**	$ 319,470

Other Employee Benefit Plans

United Way 403(b) Plan

UWW offers a contributory defined contribution pension plan (IRC Section 403(b)), that provides for employer matching contributions of the employee contributions (3% to 5% of annual salary depending on years of service) plus an additional contribution of 1% to 3% depending on years of service. UWW's contributions to this plan were $1,117,162 and $1,003,926 for the years ended December 31, 2010 and 2009, respectively.

United Way Store 401(k) Plan

In 1997, UW Store approved a 401(k) plan for all employees. UW Store accrued contributions of $0 and $9,185 for the plan in 2010 and 2009, respectively.

UWW Deferred Compensation Plan

In 2005, UWW established a 457(b) eligible deferred compensation plan to provide make up benefits to highly compensated employees that would not otherwise receive their full employer match under the 403(b) plan. As of December 31, 2010 and 2009, the assets of $150,264 and $146,126, respectively, for this plan are included in other noncurrent assets in the consolidated statements of financial position. The assets are invested in cash and cash equivalents. The matching liabilities as of December 31, 2010 and 2009 of $150,264 and $146,126, respectively, for this plan are included in other noncurrent liabilities in the consolidated statements of financial position. UWW's contributions to this plan were $35,628 and $23,791 for the years ended 2010 and 2009, respectively.

Tri-State Deferred Compensation Plan

Tri-State has a deferred compensation agreement for the payment of a flexible premium annuity over the beneficiary's life with any remaining benefits to be distributed to the beneficiary's estate. As of December 31, 2010 and 2009, the assets of $190,963 and $173,958, respectively, for this plan are included in other noncurrent assets in the consolidated statements of financial position. The assets are invested in cash and cash equivalents. The fair market value of this plan was $774,288 and $757,080 for the years ended December 31, 2010 and 2009, respectively.

15. Grants Payable

The grants payable balance consists of a ten-year grant relationship with another organization that ends on September 30, 2017.

The future payments of the grants payable are as follows:

Years ending December 31,	
2011	$ 90,716
2012	98,614
2013	107,336
2014	118,114
2015	131,750
2016 and thereafter	338,096
Total grants payable	884,626
Less: current portion	90,716
Grants payable, noncurrent	$ 793,910

16. Endowment Funds

In accordance with FASB ASC Topic 958-205, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. During 2010, UWW received a $4,617,000 contribution, net of expenses, from a trust. $1,000,000 of the contribution was used during 2010 for the creation of a center on aging adults, as a specialized training and conference resource within the Mary Gates Learning Center. The remaining contribution was put in a permanent endowment for the purpose of providing home care and assisted living to the elderly poor, with specific reference to assisting older people to remain in their own homes, as directed by the donor. As of December 31, 2010, UWW had permanently restricted net assets of $3,617,000. For the year ended December 31, 2010, the permanently restricted endowment fund generated a net investment gain of $33,075 which was included in temporarily restricted net assets.

17. Board Designated Funds

UWW has board designated funds established for the purpose of securing the Organization's long-term financial viability and continuing to meet the needs of the Organization. UWW's unrestricted board designated endowment funds totaled $484,794 and $484,656 at December 31, 2010 and 2009, respectively. The board designated funds generated $138 and $1,131 of interest for the years ended December 31, 2010 and 2009, respectively.

18. Unrestricted Net Assets

Unrestricted net assets by entity at December 31 were as follows:

	2010	2009
United Way Worldwide	**$ 24,739,325**	$ 19,361,150
United Way Store	**(170,170)**	(67,175)
Total unrestricted net assets	**$ 24,569,155**	$ 19,293,975

19. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2010 and 2009 were restricted for the following purposes:

	2010	2009
Global initiative	**$ 3,066,744**	$ 814,713
Disaster response and recovery	**2,188,216**	709,968
Campaign and public relations	**2,063,301**	5,261,344
Building initiative	**2,042,466**	5,732,744
Initiative to benefit children and families	**1,478,195**	3,417,167
Training and research	**1,449,274**	2,700,503
Economic self-sufficiency	**868,213**	4,444,537
Leadership coalition	**472,513**	498,386
International support	**367,617**	2,435,528
Scholarships	**55,225**	55,269
Other	**756**	4,083
Total temporarily restricted net assets	**$ 14,052,520**	$ 26,074,242

20. Net Assets Released from Restriction

Temporarily restricted net assets released from restriction for the years ended December 31, 2010 and 2009 were:

	2010	2009
Campaign and public relations	**$ 8,807,219**	$ 10,249,199
Economic self-sufficiency	**6,083,671**	2,522,960
Initiative to benefit children and families	**5,538,040**	5,392,871
Building initiative	**5,056,278**	2,769,170
Training and research	**3,295,639**	2,830,769
Disaster response and recovery	**1,779,208**	314,556
Global initiative	**1,010,968**	778,870
International support	**565,934**	3,944,562
Leadership coalition	**215,903**	271,707
Scholarships	**9,494**	5,964
Other	**6,031**	24,015
Net assets released from restrictions	**$ 32,368,385**	$ 29,104,643

21. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying consolidated statements of activities:

Program Services

Investor Relations

Support for UWW's members and United Way system-wide programs including Global Corporate Leadership, international activities, major gifts, Alexis de Tocqueville program, planned giving, and community and public sector campaigns.

Community Impact Leadership & Learning

Grant distribution services, community building, national agencies' support, volunteer development, early childhood development, financial stability, 2-1-1 initiative, and Success by 6. Also, provides regional and technical consultative support to local United Ways, coordination of national activities at the regional level, and crisis response. Provides training programs for local United Way volunteers and staff, national conferences and organizational training.

Public Policy

Leads UWW's federal advocacy efforts on behalf of the United Way movement to promote key issues before Congress and the Administration.

Brand Leadership

Branding and promotion, public relations, research, publishing and production of campaign films and materials, production of National Football League television spots, and internal communication.

Campaign and Public Relations

Tri-State is responsible for raising charitable funds from employees and companies through United Way. Workplace campaigns at participating companies are organized in cooperation with twenty nine local participating United Ways in the Tri-State region. Tri-State is responsible for collecting and distributing pledges received in the campaigns from participating companies and their employees. Campaign efforts include contributions, amounts raised on behalf of others (ARBO), and amounts raised by participating companies paid directly to recipient organizations. Local United Ways administer campaigns in connection with other companies and such companies are not part of the campaign income of Tri-State or considered in the Tri-State distribution formula.

Promotional Material Sales

UW Store provides sales and fulfillment services of United Way branded products to LUW's and corporations running United Way campaigns. The UW Store program service costs include cost of goods sold and other selling expenses.

Supporting Services

General and Administrative

This supporting service category includes the functions necessary to secure proper administrative functioning of the Organization's governing board, maintain an adequate working environment, and manage financial responsibilities of the Organization.

Fund-raising

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support.

22. Commitments and Contingencies

Operating Leases

UWW has entered into operating lease arrangements for office space and office equipment. Office space rentals include leases for its regional offices and local storage in Alexandria, Virginia. The UWW lease for the Tri-State office space in New York City expires July 31, 2012. The space and the cost were shared on an allocable basis by eWay/Truist. An office lease on a second location that is no longer used by UWW due to the reorganization expires July 31, 2012. UWW has sublet this space to a third party through July 30, 2012, to recover approximately 60% of the total lease cost. The present value of the future lease payments on the unused location, net of proceeds from the sublease, is approximately $218,000 and $326,000 as of December 31, 2010 and 2009, respectively, and is included in accrued expenses in the consolidated statements of financial position. Leased office equipment includes the telephone system and computer components. Rent expense for the years ended December 31, 2010 and 2009 was $836,912 and $978,045, respectively.

In May 2009, the UW Store entered into a five-year operating lease for office space in Alexandria, Virginia. The lease began October 1, 2009 and expires September 30, 2014. Annual lease payments are $102,000 and increase three percent per year beginning on October 1st of each year. The previous UW Store main office lease expired November 30, 2009. Rent expense for the years ended December 31, 2010 and 2009 was $101,726 and $207,831, respectively.

Future minimum lease payments under the operating leases for the years ending December 31, are as follows:

	UWW	UW Store	Sublease Income	Total
2011	$ 1,088,970	$ 105,848	$ (209,415)	$ 985,403
2012	684,759	109,023	(124,310)	669,472
2013	118,023	112,294	-	230,317
2014	12,576	86,101	-	98,677
Total	$ 1,904,328	$ 413,266	$ (333,725)	$ 1,983,869

Undesignated Contributions

As previously described, Tri-State has commitments under the Tri-State formula to distribute undesignated contributions to local participating United Ways for the 2009/2010 campaign that are contingent upon finalization and approval of the formula calculation.

23. Donated Services and Materials

The Organization recognizes contribution revenue for certain donated services and materials received at the fair value of those items. The donations include software, postage and other materials and amount to $542,920 and $39,774 for the years ended December 31, 2010 and 2009, respectively. These donations are reflected in the consolidated statements of activities.

UWW has maintained a mutually beneficial relationship with the National Football League (NFL) where UWW underwrites the cost to produce the Public Service Announcements (PSA) for broadcast during televised NFL games. The PSA's promote volunteerism in local United Way communities and feature NFL players involved in various local United Way community volunteer activities. The NFL donates the airtime for the PSA's to run during NFL games throughout the NFL season. The value of the donated airtime is estimated to be $12,000,000 and $17,000,000 for the 2010/2011 and 2009/2010 NFL seasons, respectively.

Airtime was also donated by various contributors to promote United Way initiatives and support United Way's mission to improve lives by mobilizing the caring power of communities. The value of donated airtime to promote United Way is estimated to be $41,000,000 and $43,000,000 for 2010 and 2009, respectively. In addition, there was airtime donated by a contributor to promote the Born Learning initiative. The value of donated airtime to promote Born Learning is estimated to be $12,000,000 and $30,000,000 for 2010 and 2009, respectively.

UWW does not record the donation of the airtime as an in-kind gift because of UWW's financial inability to purchase such advertising, were it not to be donated.

24. Supplemental Disclosure of Cash Flows Information

	2010	2009
Cash paid during the year for interest	**$ 37,249**	$ 43,229
Cash paid during the year for income taxes	**$ 2,614**	$ 13,000

25. Income Taxes

UWW has received an exemption from the Internal Revenue Service (IRS) from Federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code. UWW is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

UWW received $211,059 and $201,994 in royalty income from UW Store for the years ended December 31, 2010 and 2009, respectively, and was required to file IRS Form 990-T. UWW incurred Federal and Virginia State income tax expense related to unrelated business income in the amount of $2,614 and $7,562 for the years ended December 31, 2010 and 2009, respectively. This tax expense is included in general and administrative expenses.

On January 1, 2009, the Organization adopted the provisions of FASB ASC Topic 740-10, *Income Taxes*. The implementation of FASB ASC 740-10 had no impact on the Organization's consolidated financial statements and, accordingly, no interest or penalties were accrued as of January 1, 2009. Management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the years ended December 31, 2010 and 2009, and, accordingly, there is no liability for unrecognized tax benefits.

The Organization files IRS Form 990 and 990-T annually with the Federal Government and is still open to examination by taxing authorities for fiscal year 2007 and later.

UW Store follows FASB ASC Topic 740-10, *Accounting for Income Taxes.* This statement requires the recognition of deferred tax liabilities and deferred tax assets, net of applicable valuation allowances for certain temporary differences and net operating loss carry forwards.

UW Store has a tax receivable of $32,558 and $249,304 as of December 31, 2010 and 2009, respectively, related to refunds from amended tax returns for a loss carryback related to the 2010 and 2009 tax years.

The provision for income taxes includes federal and state income taxes and those deferred as a result of temporary differences in the recognition of income and expenses for financial accounting and income tax purposes. The provision for income taxes is included the following components for the years ended December 31:

	2010	2009
Current tax provision:		
Federal	**$ (39,746)**	$ (236,262)
State	**(5,175)**	(28,463)
Total current provision	**(44,921)**	(264,725)
Deferred tax provision:		
Federal	**(13,896)**	(7,006)
State	**(1,809)**	(912)
Total deferred provision	**(15,705)**	(7,918)
Total provision for income taxes	**$ (60,626)**	$ (272,643)

Deferred income taxes result from timing differences in the recognition of revenues and expenses for tax return and financial reporting purposes. The sources of these differences and the tax effect of each at December 31 were as follows:

	2010	2009
Unfunded pension	$ 234,196	$ 267,503
Net operating loss carryover	70,332	-
Tax depreciation and amortization	4,370	10,968
Prepaid pension	(11,820)	(24,320)
Accounts receivable allowances	14,506	13,313
Other	14,266	14,903
Net deferred asset	$ 325,850	$ 282,367

The UW Store tax provision varies from the U.S. statutory federal income tax rate as a result of state taxes.

26. Subsequent Events

The Organization has evaluated subsequent events through April 28, 2011, which is the date the consolidated financial statements were available to be issued. There were no events noted that required adjustments to or disclosure in these consolidated financial statements.