

2011

A NATIONAL CHALLENGE

CELEBRATING 40 YEARS OF UNCF'S "A MIND IS A TERRIBLE THING TO WASTE"®





A NATIONAL COMMITMENT

40 years of putting minds to work.





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A LETTER FROM THE CHAIR

Dear friends of UNCF,

Although this is the first time I am addressing you as chairman of the UNCF Board of Directors, I have been a member of the board for 15 years. Over those years, I have seen UNCF grow in exciting ways. Today we award more than 10,000 scholarships each year—more than five times as many as when I joined the board—with a total value of over \$90 million, a 16-fold increase. Our Gates Millennium Scholars Program has graduation rates of 80-90 percent, much higher than the national graduation rate. The range of our support has increased as well. The UNCF/Merck Science Initiative, for example, has advanced the research and careers of more than 500 African Americans in biological science and engineering, and the UNCF Institute for Capacity Building, has helped UNCF-member institutions become stronger and more self-sustaining through technical assistance and implementation support in areas such as faculty and curriculum development, fund-raising and environmental sustainability.

One of the most important growth areas for UNCF has been the expansion of its role as a national advocate for educating students of color, from pre-school to and all the way through college. To reach President Obama's goal of regaining world leadership in college education, the country will need to increase the number of students

graduating from high school prepared for college coursework and college success. UNCF has been an active and effective presence in the media and in the policy-making and legislative communities, making the case for education for all Americans.

There couldn't be a better time for UNCF's emergence as both the nation's premiere source of financial, social and academic support for students of color and as one of its foremost influencers of education policy. The country's need for a better-educated workforce and the high priority the Obama administration has accorded to education make this a time of unprecedented opportunity for UNCF and the students and colleges that depend on us.

UNCF is poised to build on its record of success and take advantage of these opportunities for the benefit of our students and our member colleges and universities. How far our reach can extend—how many students we can help receive their college degrees, how many cutting-edge programs we can launch and sustain, how many campuses we can help reach environmental sustainability—will depend on your support. I hope we can count on you during this year as we have in the past.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Stasior', written in a cursive style.

William F. Stasior
Chair

A LETTER FROM THE PRESIDENT AND CEO

Dear friends,

There's a revolution starting in American education and UNCF is leading the way. Or maybe it would be more accurate to say that American public policy is starting to catch up with what UNCF has been saying—and doing—for almost 70 years.

From its founding, UNCF has been making the case that every American needs and deserves a college education. That idea was not universally accepted when we started reaching out to the country through our motto, "A mind is a terrible thing to waste,"® and the Ad Council-sponsored public service announcement campaign that made those words almost universally recognized.

Today, UNCF's longtime mission has become national education policy. President Barack Obama has called education the economic issue of our time and pledged the country to regain world leadership in college graduates. U.S. Secretary of Education Arne Duncan has declared that "HBCUs will—and absolutely must—play a critical leadership role in meeting this challenge." And today everyone recognizes that before they can get a good college education, students need to get a good *pre-college* education.

Now comes the hard part. Just as UNCF has delivered over the years on the promise inherent in "A mind is a terrible thing to waste,"® it must lead the country in delivering against the President's pledge to regain world leadership and UNCF's own commitment: to double the number of students graduating from UNCF-member colleges and universities by 2020.

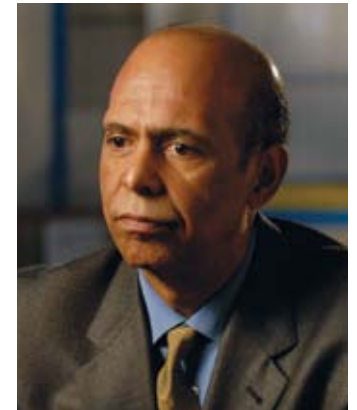
These are ambitious—even audacious—goals. But I believe that we have no choice but to pursue them and meet them. We owe it to our students, our community, our economy and our country.

Many of you have invested in our next generation by investing in UNCF and your names are listed in our "honor roll" of funders in this report. Please accept our gratitude and, more important, the gratitude of the students whose education you have made possible. Each year they depend on UNCF for help in getting a college education. And UNCF depends on you.

Sincerely,



Michael L. Lomax, Ph.D.
President and CEO



TO AND THROUGH COLLEGE: A NATIONAL COMMITMENT

Whether the subject is education, the economy or the role of Americans of color, our country stands at an intersection—an intersection from which all roads lead to UNCF.

In the national media, and in city after city across the country, education is in the headlines. Even in the contentious Washington environment, bipartisan support has led to significant increases in federal aid to college students and school systems. A former Colorado school superintendent sits in the U.S. Senate. Education reform has been the signature initiative in the administration of New York City Mayor Michael Bloomberg. The Washington, DC mayoral election revolved around reforming that city's public schools. Editorials and op-ed articles herald breakthroughs in public and public charter schools.

There's a good reason that education has moved near the top of the national agenda. America faces many economic challenges, and education addresses all of them. The next generation of doctors, nurses and other medical professionals we will all need are grade-school students today. We need them to get a strong education *before* college so they can succeed in college once they get there. The scientists and engineers who will develop sustainable solutions to our energy needs will need a rigorous academic education that begins on the first day of pre-school and doesn't end until graduation from undergraduate, graduate or professional school. And the future teachers who will educate our children and grandchildren must have deep knowledge about the subjects they will teach and the best way to teach them.

Demographic trends tell us that a lot of those future health care professionals, scientists, engineers and teachers will be people of color. The U.S. is well on its way to becoming a country in which people of color—African Americans, Hispanic Americans, Asian Americans, Native Americans and others—will outnumber what is now the majority population. Many will come from low-income families and will need help paying for college or will not have received the pre-college education they need in order to succeed at college. So ability and experience in giving low- and moderate-income students of color a good education will be at a premium.

This is UNCF's moment. No national organization can match UNCF's record of preparing young people of color for careers of success and service. More than 350,000 students have received bachelor's degrees from UNCF-member historically black colleges and universities (HBCUs). No scholarship program of its size can match the 80-90 percent graduation rates of the low-income minority recipients in UNCF's Gates Millennium Scholars Program. The pioneering UNCF/Merck Science Initiative has produced more than 500 researchers and professors in the biological sciences. And when the National Science Foundation ranked colleges—all colleges—based on the number of African American alumni who went on to get doctoral degrees in science and engineering, HBCUs took the top eight places, ahead of elite private colleges and flagship state universities.

Now, more than ever before, the nation needs precisely the capabilities in which UNCF excels. And more than ever before, UNCF-member institutions, scholarships and other programs are aligned with the nation's needs. Read the rest of the stories in this report, and see for yourself.





UNCF: EMPOWERING UNRESTRICTED POTENTIAL

A teacher in Chicago who was able to get her college degree and teaching certificate thanks to a last-dollar scholarship from the HBCU she graduated from. An Atlanta businesswoman who studied business and economics in her HBCU's business administration program. An aspiring scientist in New Jersey who got her first taste of a career in science through a federal program awarded to the college she attended.

What do they all have in common? They all got where they are today thanks to a unique UNCF fund, made up of unrestricted donations—contributions not tied to a particular program, so that member college leaders can focus on their campus's highest priorities.

Who are the generous benefactors whose unrestricted support enables the efforts of each of these 39 colleges to fulfill their unique mission and tradition? They are the companies and individuals who buy tickets and tables at events like the Maya Angelou Women Who Lead luncheon in Charlotte, the black-tie Mayor's Masked Ball in Atlanta and UNCF's annual anniversary dinner in New York. They are the people who support UNCF students while they get physically fit at a "UNCF Walk for Education" in Los Angeles, Houston or Milwaukee. They are the hundreds of thousands who contribute in response to letters from UNCF. And they are the men and women who remember UNCF's students in their wills.

It may be a \$50 on-line gift, \$100 for a good time outdoors at a walk, a \$500 dinner ticket or a sizable bequest. It all adds up—to millions of dollars each year, which is set aside in a special fund and then distributed to UNCF-member colleges and universities based on an agreed-upon formula.

Some schools use their share of the unrestricted fund to support last-dollar scholarships that can make the difference between staying in college and dropping out. Others invest in innovative academic programs that prepare their students for cutting-edge careers after graduation. And still other UNCF-member institutions leverage their share by using it to raise money for ambitious initiatives funded by corporations, foundations or the federal or state government.

It's in the best tradition of historically black colleges and universities that share a common destination—educating young people—but follow unique paths to get there.

The ways they find to help their students and the kinds of programs and initiatives they create: unrestricted. The amount of good they can do: also unrestricted.

The satisfaction that tens of thousands of UNCF supporters get from knowing they helped send a student to college? That's unrestricted too.



Unrestricted donations to UNCF support the college education of **55,000** students every year.

STUDENTS AND THE NATION NEED MORE

UNCF is Doing More

The growth and accomplishments of UNCF are historically unprecedented: 10,000 scholarships awarded each year, including a program with an 80-90 percent graduation rate. More than 350,000 graduates of UNCF-member schools. The UNCF Institute for Capacity Building—a unique institutional self-improvement initiative dedicated to making UNCF member institutions better and stronger.

But students need more. Each year, tens of thousands of promising students are forced to delay—or cancel—college plans because the schools they attended from pre-school through high school didn't prepare them for college-level coursework. Or because scholarship funds have run out. Or because no one told them that preparing for college has to start, not during junior or senior year of high school, but years before, in middle or even elementary school.

The nation needs more as well: more teachers, scientists, engineers and doctors—in other words, more college graduates. President Obama has called for the U.S. to send more students to college and to make sure they graduate. He has committed the country to regaining world leadership in the percentage of students with college degrees.

To serve students and to serve the nation, UNCF is committed to do more. In fact, it has committed to build on its record and reputation, to go beyond today's programs and initiatives to double the numbers of students graduating from its member institutions within the decade.

Take UNCF's renowned scholarship program, the Gates Millennium Scholars Program, whose recipients, all low-income students of color, have compiled average graduation rates of 80-90 percent.

How do you follow a success like that? By building on it—with the Partnership for College Completion, a joint effort of the KIPP network of charter schools, which gets students on the college track and helps them stay there; the Corporation for Enterprise Development (CFED), which will help the KIPP students, most of whom come from low- and moderate-income families, save for college; and UNCF, which will provide financial, academic and social support when PCC students are ready. Already, PCC has moved from concept to reality, thanks to a \$7.5 million grant from Citi and the Citi Foundation.

UNCF is also reaching beyond the boundaries of its programs and campuses to answer the president's challenge and double the numbers, taking its case for more—and better—education public. UNCF was in the forefront, for example, of the broad-based coalition that persuaded Congress to increase Pell Grants, the most important federal program for low-income students, an increase that will mean \$35 million to UNCF students alone, and many times that to low-income students at other colleges.

UNCF knows that for students to succeed in college, they need an improved education before they go to college. We also know that schools improve only when parents and communities demand improvement. So UNCF has joined with committed partners to help parents in communities around the country make their voices heard. UNCF President Dr. Michael Lomax joined with Joel Klein, chancellor of the New York City public school system, and Janet Murguia, president and CEO of the National Council of La Raza, a nationwide advocate for Hispanic Americans, as co-chairs of the Education Equality Project (EEP), a national education advocacy organization whose views have been published in national media like the *New York Times* and *Wall Street Journal*.

And when MacNeil/Lehrer Productions, producer of the “PBS NewsHour,” held a nationally-televised debate on whether our economy needs more college graduates, it chose Dr. Lomax to join former U.S. Secretary of Education Margaret Spellings in making the case.

The country needs more college graduates, and especially more college graduates of color. And that means that today, more than ever, the country needs UNCF.



UNCF AND MERCK

Supporting The Next Generation of American Scientists

Americans and people around the world are living better and longer lives, and much of the credit goes to revolutionary “miracle drugs” and the research discoveries that led to them. But there are many illnesses and conditions yet to conquer, including Alzheimer’s disease, AIDS and cancer. And UNCF is playing an important role in bringing cures for these and other diseases closer to reality through a ground-breaking partnership with Merck, the global pharmaceutical and research firm.

The partnership, the UNCF/Merck Science Initiative (UMSI), supports the development of the next generation of researchers in the biological sciences and engineering by giving promising African American scientists support for their studies and research projects at the undergraduate, graduate and post-doctoral levels. Since UMSI was founded 15 years ago, more than 500 promising scientists have moved through the program and gone on to advanced degrees and careers as academic or pharmaceutical industry researchers and as college professors. UMSI alumni include:

- **Dr. Donnie Eddins**, an alumnus of UNCF-member institution Talladega College, one of only two scholars to receive Merck fellowships at all three levels. Now a research scientist at Merck, Dr. Eddins’ work focuses on how to improve the mental functions of patients with dementia and Alzheimer’s disease. In 2010, Dr. Eddins received UNCF’s “Ones to Watch” award, given to alumni of UNCF colleges who have impressive records of achievement early in their careers; he was introduced at the awards ceremony by Shekeila Baccus, a student at UNCF-member institution Morris College and a new Merck undergraduate fellow whom Dr. Eddins is mentoring.

- **Dr. Danielle Gray-Singh**, who has received two UMSI fellowships, graduated from one UNCF-member institution and is now giving back as a leader at another. Dr. Gray-Singh graduated from UNCF-member institution Xavier University in New Orleans. She received her first UMSI fellowship to support her research for her Ph.D. dissertation at Tulane University and her second for post-doctoral work at Baylor College of Medicine. She has taught at Emory University, where she was instrumental in setting up their post-baccalaureate program, and at Princeton, where she was assistant dean of academic affairs and diversity. She is now chair of the biology department at UNCF-member institution Tuskegee University.
- **Dr. Milton Brown**, an alumnus of the University of Alabama-Birmingham, and the holder of both Ph.D. and M.D. degrees, established Georgetown University Medical Center’s Drug Discovery Program, whose mission is to develop lifesaving diagnostics and therapeutics through drug discovery and development.

But the impact of the UNCF/Merck program doesn’t stop there. UMSI alumni have formed the Association of UNCF/Merck Fellows (AUMF). Through AUMF, they provide scientific and mentoring support for current UMSI fellows and for high school and college students, encouraging their scientific ambitions and aspirations and multiplying the impact of the UNCF/Merck Science Initiative far beyond even the large circle of UMSI alumni.

UNCF'S GATES MILLENNIUM SCHOLARS PROGRAM

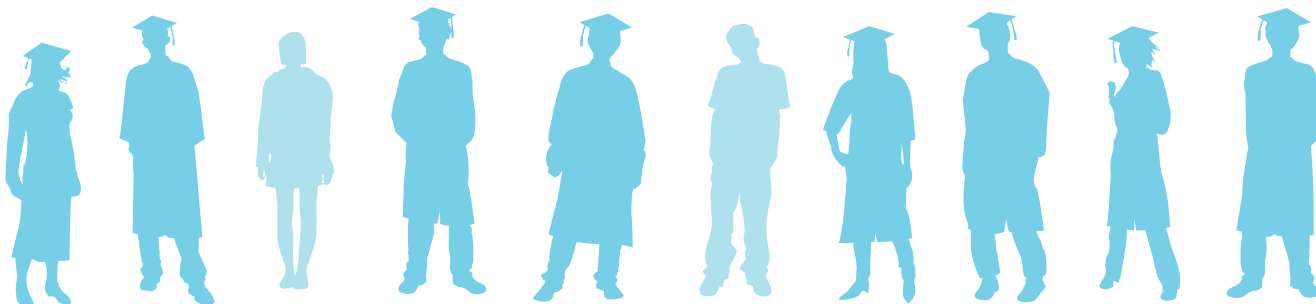
A Model of Success for Thousands of Students—and the Nation

The atmosphere was tense last spring in the auditorium of Washington, DC's Benjamin Banneker High School, where an assembly of students waited to find out which of them had been chosen to receive good-through-graduation scholarships from UNCF's Gates Millennium Scholars Program.

Their eagerness was understandable. Recipients of Gates Millennium Scholarships know that in addition to the scholarship checks they will receive from UNCF, they will get academic support, mentoring and leadership training through college graduation and, in some cases, graduate or professional education. It's a formula for success: The 14,000 low-income students of color who have received Gates Millennium Scholarships in the program's first decade have an average graduation rate of 80-90 percent, almost double the overall college graduation rates of students across the entire U.S. and comparable to the graduation rates of students from higher-income families.

The Gates Millennium Scholars formula—the idea that a scholarship has to be more than a check—and its record of success have attracted the attention of philanthropists and Washington policy makers alike. Like the rest of the country, they're looking for a model that will produce the millions of additional college graduates the country needs, many of whom will need to come from among young Americans of color, as a model for how the country can meet President's Obama's commitment to regain world leadership in college education.

The scene at Washington's Banneker High was played out in hundreds of other high schools and homes around the country, where high-achieving students waited to see if they would be among the 1,000 new Gates Millennium Scholars. Finally the envelopes were opened, the names were announced, and happy students received their award packages while proud parents and teachers beamed and classmates applauded. They were close to the end of their high school careers and on the brink of a lifetime of learning, leadership and service.



National college graduation rate: 55%

Gates Millennium
Scholars college
graduation rate:

79.9%





STUDENTS AND FAMILIES DESERVE A COLLEGE EDUCATION THEY CAN AFFORD

UNCF Has Answers

A new study by UNCF's Frederick D. Patterson Research Institute carries an encouraging message for families pinched by recession-limited resources and increasing tuition: UNCF-member colleges and universities are more than 30 percent less expensive than comparable institutions.

At a time when a college education is more important than ever, the cost of getting a college education—tuition and fees, books, dormitory rooms, meals and activity fees—keeps getting higher. But government statistics show that family income levels are flat. As the recession lingers, some families struggle to make ends meet on lower salaries and wages.

It's a problem—and not just for students and their families. The country needs to educate the next generation of teachers, scientists, engineers and entrepreneurs, just four of the fast-growing careers that require *at least* an undergraduate degree.

Families and the country need a college education they can afford. And UNCF has a solution. A new study by UNCF's Frederick D. Patterson Research Institute found that average tuition at the 39 historically black colleges and universities that are members of UNCF averages 31 percent

less than tuitions at comparable institutions. Nine UNCF-member institutions did not raise their tuition and fees at all during the two-year period of the study, while one UNCF-member institution actually reduced its tuition and fees. All comparable non-UNCF institutions in the survey increased tuition and fees by an average of \$1,700 over the same period.

The Patterson Institute, named for UNCF's founder, was re-launched this year. Its mandate: to conduct the rigorous research that UNCF and its member colleges need to pinpoint the needs of colleges and students, the demands of the economy and the job marketplace and to find which academic programs are working and which are not.

The Frederick D. Patterson Research Institute is part of UNCF's commitment to helping students get the education they need and that the nation needs them to have; and its commitment to be the kind of data-driven, outcomes-oriented, best-practices organization that our students, their families and the country deserve.

For a free copy of *Affordability of UNCF-Member Institutions*, e-mail [**affordability@uncf.org**](mailto:affordability@uncf.org)

TO SERVE A NATION

National Recognition for the Tradition of Service at HBCUs

From Dr. Martin Luther King, Jr., to Brown University President Ruth Simmons to U.S. Surgeon General Regina Benjamin—all graduates of UNCF-member institutions—the importance of service has always been a critical part of what HBCUs have taught their students.

Service has also been a key theme in the short videos on UNCF activities that punctuate **UNCF An Evening of Stars®**. Viewers of last year's tribute to Lionel Richie saw students at Spelman College cooperate with team members from presenting sponsor Target to work with youngsters at Spelman's on-campus child care center, part of the college's laboratory school. And during the previous year's **UNCF An Evening of Stars®** Tribute to Patti LaBelle, viewers watched as Target President of Community Relations Laysha Ward and a team of Target associates worked alongside students at UNCF-member school Huston-Tillotson University to repair damage to the campus's trees and shrubbery inflicted by hurricanes Katrina and Rita.

Now, the commitment to service that has always been a hallmark of UNCF-member institutions has received national recognition. The *Washington Monthly's* prestigious ranking of liberal arts colleges has given high

marks to many UNCF schools. Unlike other rankings which are based on a measures like selectivity, per-student spending and the opinions of academic peers, the *Washington Monthly* survey evaluates colleges based on three factors: social mobility (recruiting and graduating low-income students); research (producing cutting-edge scholarship and Ph.D.s); and service (encouraging students to give something back to their country).

The magazine placed 12 UNCF schools in the top half of its 2009 rankings. Morehouse College was ranked 14th, ahead of Oberlin College. Spelman finished 21st, just ahead of Bowdoin and Vassar. Fisk University was ranked 32nd, Dillard University 40th, Tougaloo College 42nd and Talladega College and Rust College 52nd and 57th, respectively. UNCF institutions Johnson C. Smith University, Lane College, Paine College, Bennett College for Women and Jarvis Christian College were also ranked in the top half of the nation's liberal arts colleges.

More than 150 years after the first HBCU was founded, the commitment of HBCUs to attracting and graduating students and preparing them for careers not only of success but service lives on. And in the *Washington Monthly* rankings, that tradition is getting the recognition it deserves.



12 UNCF colleges and universities placed in the top half of *Washington Monthly's* college ranking.





LEADING THE WAY TO ENVIRONMENTAL SUSTAINABILITY

Building Green at Minority-Serving Institutions

Historically black colleges and universities know all about doing more with less. Any institutions committed to educating students from low-income families know how to provide a quality education while getting the most out of scarce resources. UNCF is building on that foundation of experience to help its member colleges and universities make environmental sustainability a reality on their campuses through the UNCF Building Green at Minority Serving Institutions program. Thanks to support from the Kresge Foundation, UNCF is leading the way.

The green building initiative is a project of UNCF's Institute for Capacity Building, the unique 10-year, \$120 million institutional self-improvement program that helps HBCUs become academically and financially stronger and more self-sustaining. An array of like-minded organizations including Second Nature, the Thurgood Marshall College Fund, the Hispanic Association of Colleges and Universities and the American Indian Higher Education Consortium are partnering with UNCF to make the green building initiative a success.

In its first year, UNCF's Building Green Initiative has brought together more than 350 representatives of HBCUs and other minority-serving institutions with leading experts in college campus environmental sustainability to learning institutes in Atlanta, Minneapolis and San Antonio where they traded experiences and lessons-learned. The program also developed the first MSI campus-wide sustainability survey and established an intensive green facilities training series. The program will award 10 campus climate action planning mini-grants to black, tribal and Hispanic-serving institutions blazing new trails in college-campus sustainability.

The green building initiative concluded its first year to enthusiastic reviews. Dr. Beverly Daniel Tatum, president of UNCF-member institution Spelman College, credited the green building initiative with inspiring the Sustainable Spelman program. And Howard University, a program participant, credited UNCF's Building Green Initiative with "providing a great service by uniting historically black colleges and universities and other minority-serving institutions on this issue."



UNCF's Building Green learning institutes attracted leaders and faculty from **104** minority-serving colleges and universities, with a total enrollment of **552,987**.



UNCF AN EVENING OF STARS®

Music with a Mission

The moment singer-songwriter Lionel Richie stepped onto the **UNCF An Evening of Stars®** stage to receive the program's annual Award of Excellence was special—in more ways than one. Not only because of the music-industry icons who had preceded Richie over the **UNCF An Evening of Stars®**'s 32 years. Not only because Richie has written and recorded a seemingly endless string of hits, including the iconic humanitarian anthem, "We Are the World," which he co-wrote with Michael Jackson. But because, as an alumnus of UNCF-member institution Tuskegee University, Richie is a shining example of the ability of UNCF colleges and universities to prepare young men and women for careers of success and service.

A galaxy of stars—Akon, Katharine McPhee, Jesse McCartney, Ledisi and many more—turned out to perform the songs that Richie made famous and to tell a sold-out studio audience and millions of viewers around the country about UNCF's work enabling students to attend and graduate from college. James Ingram, Natalie Cole and Erica Campbell joined the legendary Stevie Wonder in a performance of Richie and Jackson's timeless "We Are the World." The program's emotional climax was a moving tribute to the King of Pop, Michael Jackson, a longtime friend of UNCF who endowed a UNCF scholarship that has helped almost 300 students attend UNCF colleges and universities. The tribute was hosted by UNCF President and CEO Dr. Michael Lomax and Laysha Ward, president of Target Community Relations, and was presented by Target.

But the undisputed star of the **UNCF An Evening of Stars®** Tribute to Lionel Richie was—who else?—Lionel Richie. He received a standing ovation for his performance of three of his most popular songs, "All Night Long," "Hello" and "Easy." And he moved many in the audience to tears with his reminiscences of his student days at Tuskegee and his heartfelt evocation of how what he learned in college enabled him to take command of his own career and manage it to his best long-term advantage.

Richie's phenomenally successful career, and all that he has given back to his school, his community and the world, speak to the strong beginning he had at Tuskegee University and to the potential of Tuskegee and all UNCF-member institutions to give students a foundation to contribute to their professions, their communities and to the United States.

The audience for **UNCF An Evening of Stars®** ranks first among all nationally syndicated, first-run original programs and for all African American TV households.







EMERGENCY AID FOR THE NEXT GENERATION OF LEADERS

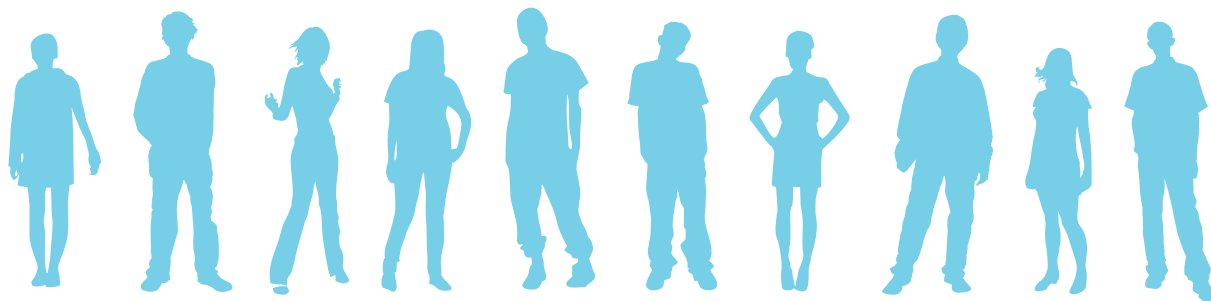
At a time when young men and women need a college degree to launch their careers—and at a time when the nation needs all the college-educated workers it can get—thousands of UNCF college seniors are at risk of having to stop their education just short of graduation day. They're the students whose graduation is threatened by the lingering recession.

It's the second year in a row that hard economic times have threatened to derail UNCF graduating seniors. It was spring of last year when, all across the UNCF network of colleges and universities, graduating seniors struggled to pay their tuition, textbook and housing bills so they could receive their diplomas on graduation day. They had seen layoffs and pay cuts slash family financial help. The credit crunch squeezed many private student loans off the market. And a falling stock market reduced the help foundations and corporations could provide.

But UNCF was there to help. More than \$7.5 million in emergency scholarship aid—from longtime UNCF partners like ExxonMobil, JPMorgan Chase, Lowe's and the Andrew Mellon Foundation and more from thousands of corporate, foundation and individual supporters—enough for more than 4,000 students to walk across the stage with their classmates and receive their college degrees.

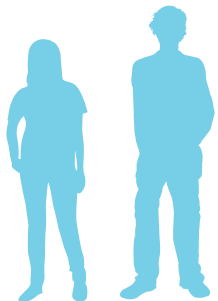
Some say the recession is ending. But unemployment is still high, squeezing the resources of students and families and once again threatening seniors' graduation plans. And once again, UNCF is committed to giving its seniors the help they need to cross the last hurdle to graduation by gathering support for the Campaign for Emergency Student Aid.

Will UNCF supporters once again come to the rescue of the seniors the nation needs? Stay tuned.



4,000

The Campaign for Emergency Student Aid has enabled more than 4,000 UNCF-supported seniors to graduate on time.



THE UNCF HBCU EMPOWER ME TOUR

Tapping into the Power of Education

Not all the classes students need to get to and through college are listed in the college catalog or taught in classrooms. Sometimes students get valuable information and insights outside of school from teachers who speak the language that young people understand.

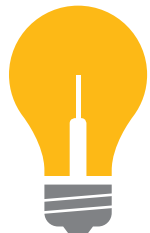
That's where the UNCF HBCU Empower Me Tour comes in: a traveling road show that provides the knowledge that students need but don't always get in class—life-skill areas like health and wellness, financial education, college readiness and entrepreneurship—from experts and celebrities who command young people's attention and respect and from sponsors like Wells Fargo, FedEx, Burger King, American Cancer Society and the U.S. Army.

Now completing its third year on the road with sponsor Wells Fargo, the UNCF HBCU Empower Me Tour added new stops to its schedule and new experts and celebrities to its lineup. In addition to HBCU campuses like Tuskegee University, Clark Atlanta University, Hampton University and Xavier University, the Empower Me Tour added stops in cities like Chicago, Los Angeles, Minneapolis and New York.

The Tour reaches out to students and families who might not be as familiar as their counterparts in HBCU college towns with how important college is, what it takes to become college-ready and the educational, cultural, financial support and enrichments that HBCUs offer.

At every UNCF HBCU Empower Me Tour stop, audiences of middle school, high school and college students heard success stories like those of entrepreneur Dr. Randal Pinkett, talk-show host Warren Ballentine, actress Tatyana Ali and comedian and Zeta Phi Beta Sorority, Inc., President Sheryl Underwood talk about what college meant to them and how what they had learned there empowered them to launch their careers and give back to young people and their communities, diversify their business interests and overcome race and gender obstacles. And they found out how they could become part of the Empower Me community by sharing their own experiences on "Empower Me TV," hosted by Malik Yoba.

Most important, they got a taste of the true breadth and depth of education—and how empowering education can be.



15,000

More than 15,000 high school and college students have attended Empower Me Tour stops.



MAJOR DONORS

CORPORATIONS

\$1,000,000 and up

Merck & Company, Inc.**
Target* **
Wachovia Wells Fargo Foundation* **

\$500,000 – \$999,999

AT&T**
Bloomberg* **
Foot Locker Foundation, Inc.
Google, Inc.
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\$100,000 – \$499,999

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\$50,000 – \$99,999

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* Includes in-kind contribution

** Includes support for sponsorships and special events

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\$25,000 – \$49,999

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BB&T Charitable Foundation
Best Buy

"My number one assignment is to know you...
I need to know you before I can teach you."

– Dr. James Mbyrukira
Chair, Department of Education
UNCF-member Oakwood University

These lists represent gifts from April 2009 to March 2010. Efforts have been taken to ensure a full and accurate listing. In the event of an inadvertent error, please alert UNCF immediately.

Black Enterprise Magazine* **
 BNY Mellon**
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 The Parades Shops/Jethro Pugh
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\$15,000 – \$24,999

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\$5,000 – \$9,999

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* Includes in-kind contribution

** Includes support for sponsorships and special events

FOUNDATIONS

\$1,000,000 and up

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The Kresge Foundation
The Andrew W. Mellon Foundation

\$100,000 - \$999,999

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“Education is the single most important issue because it is the answer to every other problem we confront.”

– Former Sen. Christopher Dodd

These lists represent gifts from April 2009 to March 2010. Efforts have been taken to ensure a full and accurate listing. In the event of an inadvertent error, please alert UNCF immediately.

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The RosaMary Foundation
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\$25,000 – \$49,999

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\$10,000 – \$24,999

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\$5,000 – \$9,999

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The World Bank Community Connections Fund

* Includes in-kind contribution

** Includes support for sponsorships and special events

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Estate of Corine E. Beverly
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CORPORATE WORKPLACE CAMPAIGNS

\$100,000 and up

AT&T
Exxon Mobile Corporation
HSBC – North America “United for Hope” Campaign
JPMorgan Chase Foundation
Wal-Mart Corporation

\$50,000 – \$99,999

PepsiCo Foundation Matching Gift Campaign

\$25,000 – \$49,999

American Express Employee Corporate Campaign
IBM Employee Campaign

\$10,000 – \$24,999

AT&T – United Way Giving Campaign
Citi – St. Louis
Edison International
Educational Testing Services
Microsoft Employee Giving Campaign
PSE&G
United Airlines
Verizon Wireless

“College prices continue to rise rapidly, while family incomes decline or at best remain stagnant. These circumstances make the role of financial aid in allowing students to enroll and succeed in college ever more important.”

– The College Board Advocacy & Policy Center

MAJOR DONORS

\$5,000 – \$9,999

Abbott Laboratories Employee Giving Campaign
Chevron Humankind
Employees Community Fund of The Boeing Company
Pfizer Matching Gift Campaign
PG&E Corporation Foundation/
Campaign for the Community
The Capital Group Companies
Charitable Foundation
The Clorox Company Foundation/
Employee Giving
Wells Fargo Community Support Campaign

GROUPS

\$50,000 and up

American Electric Power – Columbus, OH

\$25,000 – \$49,999

Allstate Giving Campaign – Norfolk, VA
Chicago Inter-Alumni Council – Chicago, IL
Regions Bank – Birmingham, AL
Washington Inter-Alumni Council – Washington, DC

\$10,000 – \$24,999

AEP for UNCF – Columbus, OH
Clark Atlanta University – Atlanta, GA
Greater NY Inter-Alumni Council – New York, NY
Jack and Jill of America – Washington, DC
Los Angeles Bridge Unit
Los Angeles Inter-Alumni Council – Long Beach, CA

\$5,000 – \$9,999

Alpha Kappa Alpha – Alpha Mu Omega Chapter, Indianapolis, IN
Alpha Kappa Alpha Sorority, Inc. – Indianapolis, IN
California Governor's Office for Women and Families – Santa Monica, CA
Citizens for Lisa Madigan – Chicago, IL
Daughters of Charity Services New Orleans – Harvey, LA
Democratic Party of Virginia – Richmond, VA
Florence Public School District – Florence, SC
The Holidays Incorporated – Davie, FL
The Junior League of Hartford – Hartford, CT
Las Vegas Metropolitan Inter-Alumni Council – Las Vegas, NV

The Metropolitan Bridge Unit – Yonkers, NY
National Football League Players Association – Washington, DC
Philomathean Club – Santa Monica, CA
Team OCLC – Dublin, OH
Tougaloo College Pre-Alumni Council – Tougaloo, MS

UNIONS

\$25,000 and up

AFSCME AFL-CIO – Washington, DC

\$10,000 – \$24,999

The New Jersey Labor Advisory Board
UNCF AFSCME Co – Trenton, NJ

CHURCHES

\$25,000 and up

Alfred Street Baptist Church – Alexandria, VA
Brook Hollow Baptist Church – Houston, TX
Brentwood Baptist Church – Houston, TX

\$10,000 – \$24,999

Christ the King Church – Milwaukee, WI
Enon Tabernacle – Germantown – Philadelphia, PA
First Baptist Church West – Charlotte, NC

* Includes in-kind contribution

** Includes support for sponsorships and special events

Fort Belvoir Chapel, Department of the Army – Fort Belvoir, VA
The Fountain of Praise – Houston, TX
Macedonia Missionary Baptist Church – Maitland, FL
Mount Zion Baptist Church – Arlington, VA
Saint Paul Baptist Church – Charlotte, NC
Silverlake Church – Pearland, TX
University Park Baptist Church – Charlotte, NC
Wheeler Avenue Baptist Church – Houston, TX
Windsor Village United Methodist Church – Houston, TX
Zion Baptist Church – Washington, DC

\$5,000 – \$9,999

Antioch Missionary Baptist Church – Beaumont, TX
Bethlehem Baptist Church – Alexandria, VA
Bolling Air Force Base, Chaplain Corps – Washington, DC
Cornerstone Baptist Church – Brooklyn, NY
Eastern Star Church – Indianapolis, IN
First Baptist Church, Denbigh – Newport News, VA

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First Baptist Church of Highland Park –
Landover, MD
First Institutional Baptist Church –
Phoenix, AZ
Fort Meade Chapel – Fort Meade, MD
Friendship Missionary Baptist Church –
Charlotte NC
Lighthouse Church of God in Christ –
Beaumont, TX
Memorial Presbyterian Church –
New York, NY
Mount Olive Baptist Church –
East Orange, NJ
New Mount Olive Baptist Church –
Fort Lauderdale, FL
Saint Paul Baptist Church –
Montclair, NJ
Trinity Baptist Church – Bronx, NY
Walker Memorial Baptist Church –
New York, NY

PUBLIC CAMPAIGNS

\$100,000 and up

Chicago Area Combined Federal
Campaign
Chicago Public School Employee
Campaign
City of Chicago Employee Campaign
City of Philadelphia Combined
Campaign
Combined Federal Campaign –
Global Impact-Overseas
Combined Federal Campaign of
Metropolitan Atlanta
Combined Federal Campaign of North
Central Texas
Combined Federal Campaign of the
National Capital Region
Maryland Charity Campaign
United Way of the National
Capital Region
United Way of SE Michigan

\$50,000 – \$99,999

Atlanta Public Schools
City of Cleveland Employees Campaign
Cleveland Board of Education –
Cleveland Municipal School District
Combined Federal Campaign –
Philadelphia Area
DeKalb County Public Schools
DeKalb School Employees Foundation
Los Angeles Area Combined Federal
Campaign
Los Angeles City Treasury, DWP
Los Angeles Unified School District
New York City CFC
Pennsylvania State Employees
Combined Appeal (SECA) Campaign
State of Georgia Charitable Campaign
State of Michigan
United Way for the Greater New
Orleans Area
United Way New York City Campaign
Winston-Salem/Forsyth County Schools

\$25,000 – \$49,999

Atlanta Housing Authority
Combined Federal Campaign of Palm
Beach County
City of Los Angeles
Combined Federal Campaign for the
Greater New Orleans Area
Combined Federal Campaign of the
Texas Gulf Coast
Cuyahoga Metropolitan
Housing Authority
Dallas Independent School District
Forth Worth Independent School District
Gateway Combined Federal Campaign
Houston Independent School District
Charitable Campaign
MARTA
North Carolina State Employees
Combined Campaign
Regional Transit Authority
Southeastern Pennsylvania
Transportation Authority
State and University Employees
Combined Appeal (SECA) – IL
United Way Campaign – Capital Region
United Way of Delaware County
United Way of Greater Cleveland
United Way of Metropolitan Chicago
University of Minnesota

“Better education is a cause behind which Americans of every ideological stripe can unite. This is education reform’s ace in the hole—the potential for building a constituency that brings parents, citizens and the business community together.”

– Dr. Michael L. Lomax

MAJOR DONORS

\$10,000 – \$24,999

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 City of Birmingham
 Combined Charities Campaign of Illinois
 Combined Federal Campaign of Cleveland
 Combined Federal Campaign of King County
 Combined Federal Campaign of San Antonio
 Cuyahoga Community College
 Detroit Public Schools
 Environmental Federation of California Federated Campaign
 Fulton School Employees
 Hawaii Pacific Area Combined Federal Campaign
 Heartland Combined Federal Campaign
 Hennepin County
 Metropolitan Arts Partnership – Combined Federal Campaign
 Metropolitan Water Reclamation District of Greater Chicago

Middle Georgia Area Combined Federal Campaign
 New Jersey State Employees Charitable Campaign
 New York Transit Authority
 Principal Combined Fund Organization – Combined Federal Campaign
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 State Employees Community Campaign
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 Truist
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 United Way of Midland
 United Way of the Capital Region UNCF/ UW Partnership
 United Way, Inc.
 University of Minnesota Disbursement Services

\$5,000 – \$9,999

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 City of Seattle
 City of St. Louis
 Clayton County Public Schools
 Combined Federal Campaign – Denver
 Combined Federal Campaign of Augusta, GA
 Combined Federal Campaign of Columbia, SC
 Combined Federal Campaign of Kitsap and Mason Counties
 Combined Federal Campaign of Nashville, TN

Combined Federal Campaign of Northwest Louisiana
 Community Health Charities – MECCA – TN
 County of Santa Clara Warrant
 County of Wayne
 CSRA of Augusta, GA
 Cuyahoga Community College Employees Campaign
 Cuyahoga County
 Florence Public School District One
 Metropolitan Transportation Authority
 Network for Good
 Northern New Jersey Combined Federal Campaign
 Saint Paul Public Schools Independent School District 625
 Savannah-Chatham Public Schools
 Southeastern Michigan Combined Federal Campaign
 Southern New Jersey Combined Federal Campaign
 St. Louis Public Schools
 State of Washington
 Texas State Employee Charitable Campaign
 Tri-Community Combined Federal Campaign of Columbus, GA
 Trident County Campaign – Charleston
 United Way Lake Area Campaign
 United Way of Allegheny
 United Way of Central Alabama
 United Way of Central Indiana, Inc. – Combined Federal Campaign
 United Way of Lake County – Combined Federal Campaign

United Way of San Diego County
 United Way of Tucson and Southern Arizona – Combined Federal Campaign
 United Way – City of Greater Kansas City, MO
 Valley of the Sun United Way
 Washington State Employee CFD

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 Thomas Clausgus
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 Clan Crawford

These lists represent gifts from April 2009 to March 2010. Efforts have been taken to ensure a full and accurate listing. In the event of an inadvertent error, please alert UNCF immediately.

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“We know the countries that out-teach us today will out-compete us tomorrow. That is why it will be the goal of this administration to ensure that every child has access to a complete and competitive education—from the day they are born to the day they begin a career.”

– President Barack Obama

UNCF OFFICE LOCATIONS

Office Hours: 9 a.m. – 5 p.m.

Atlanta

(404) 302-8623
229 Peachtree Street, NE
Suite 2350
Atlanta, GA 30303

Birmingham

(205) 322-8623
601 19th Street, North
2nd Floor
Birmingham, AL 35203

Boston

(617) 227-0937
15 Broad Street
Boston, MA 02109

Charlotte

(704) 377-8625
119 East 7th Street
Suite 1B
Charlotte, NC 28202

Chicago

(312) 845-2200
105 West Adams Street
Suite 2400
Chicago, IL 60603

Cleveland

(216) 781-8623
One Chagrin Highlands
2000 Auburn Drive
Suite 200
Cleveland, OH 44122

Columbus

(614) 221-5309
341 South Third Street
Suite 203
Columbus, OH 43215

Dallas

(972) 234-1007
501 Elm Street
Suite 700
Dallas, TX 75202

Detroit

(313) 873-1500
3031 West Grand Boulevard
Suite 531
Detroit, MI 48202

Ft. Lauderdale

(954) 527-3315
1222 South Andrews Avenue
Suite 502 A
Ft. Lauderdale, FL 33316

Houston

(713) 942-8623
723 Main Street
Suite 1010
Houston, TX 77002

Indianapolis

(317) 283-3920
3737 North Meridian Street
Suite 203
Indianapolis, IN 46208

Institute for Capacity Building

(404) 302-8607
229 Peachtree Street, NE
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Suite 675
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(414) 372-6700
600 West Walnut Street
Suite 20
Milwaukee, WI 53212

Minneapolis

(612) 338-5742
1201 Marquette Avenue
Suite 300
Minneapolis, MN 55403

New Orleans

(504) 581-3794
1100 Poydras Street
Suite 1400
New Orleans, LA 70163

New York

(212) 820-0140
120 Wall Street
9th Floor
New York, NY 10005

Newark

(973) 642-1955
9-25 Alling Street
2nd Floor
Newark, NJ 07102

Orlando

(407) 896-6940
1080 Woodcock Road
Suite 280
Orlando, FL 32803

Philadelphia

(215) 925-9044
718 Arch Street
Suite 101 - South
Philadelphia, PA 19106

Richmond

(804) 359-1581
1500 North Lombardy Street
Room 211
Richmond, VA 23220

San Francisco

(415) 956-1018
220 Montgomery Street
Suite 1120
San Francisco, CA 94104

Seattle

(206) 292-8859
701 5th Avenue
Suite 3500
Seattle, WA 98104

St. Louis

(314) 241-5958
1015 Locust Street
Suite 406
St. Louis, MO 63101

Washington

(703) 205-3504
8260 Willow Oaks
Corporate Drive
Fairfax, VA 22031

UNCF-MEMBER INSTITUTIONS

Allen University Columbia, SC

Benedict College Columbia, SC

Bennett College for Women
Greensboro, NC

Bethune-Cookman University
Daytona Beach, FL

Claflin University Orangeburg, SC

Clark Atlanta University Atlanta, GA

Dillard University New Orleans, LA

Edward Waters College Jacksonville, FL

Fisk University Nashville, TN

Florida Memorial University
Miami, FL

Huston-Tillotson University
Austin, TX

Interdenominational Theological Center
Atlanta, GA

Jarvis Christian College
Hawkins, TX

Johnson C. Smith University
Charlotte, NC

Lane College Jackson, TN

LeMoyne-Owen College
Memphis, TN

Livingstone College Salisbury, NC

Miles College Birmingham, AL

Morehouse College Atlanta, GA

Morris College Sumter, SC

Oakwood University Huntsville, AL

Paine College Augusta, GA

Paul Quinn College Dallas, TX

Philander Smith College
Little Rock, AR

Rust College Holly Springs, MS

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Raleigh, NC

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Lawrenceville, VA

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Wilberforce, OH

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Xavier University New Orleans, LA

“Students are not ready for college, colleges are not ready for students, and public policy is not yet ready to take on the complex challenge of ensuring people successfully complete college degrees and transition into rewarding careers.”

– The Center for American Progress



UNITED NEGRO COLLEGE FUND, INC.

Financial Statements and Independent Auditors' Report Years Ended March 31, 2010, and 2009

| | |
|---|----|
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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Members of United Negro College Fund, Inc.,
Fairfax, Virginia**

We have audited the accompanying statements of financial position of the **United Negro College Fund, Inc.** (UNCF) as of March 31, 2010, and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of UNCF's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year's summarized and comparative information has been derived from UNCF's 2009 financial statements and, in our report dated September 21, 2009, we expressed an unqualified opinion on those financial statements.

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 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 UNCF'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 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 financial statements referred to above present fairly, in all material respects, the financial position of the **United Negro College Fund, Inc.**, as of March 31, 2010, and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

August 16, 2010

BDO USA, LLP, a New York limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

STATEMENTS OF FINANCIAL POSITION

| MARCH 31, | 2010 | 2009 |
|--|------------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$9,948,494 | \$13,860,548 |
| Short-term investments (Note 5) | 28,055,755 | 24,344,116 |
| GMSP short-term investments (Note 5) | 22,801,036 | 10,568,612 |
| Receivable for unsettled investment trades (Notes 7 and 8) | 399,427 | 173,931 |
| Pledges receivable, net (Note 6) | 9,116,256 | 17,108,732 |
| Accrued investment income | 7,002,963 | 6,828,582 |
| Long-term investments (Note 7) | 82,003,781 | 68,433,310 |
| GMSP long-term investments (Note 8) | 858,667,192 | 835,954,995 |
| Furniture, fixtures and equipment, net (Note 10) | 3,604,955 | 3,519,860 |
| Collections (Note 11) | 6,929,250 | 6,929,250 |
| Other assets | 2,552,272 | 3,052,137 |
| Total assets | 1,031,081,381 | 990,774,073 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$5,756,660 | \$4,166,940 |
| Accrued wages, vacation and other related personnel expenses | 3,857,030 | 3,742,459 |
| Payable for unsettled investment trades (Notes 7 and 8) | 388,561 | 65,871 |
| Accrued distributions to member institutions | 3,618,724 | 5,608,101 |
| Refundable advances from donor (Note 12) | 537,299,687 | 590,059,446 |
| Note payable (Note 13) | 2,389,039 | 2,928,634 |
| Total liabilities | 553,309,701 | 606,571,451 |
| Commitments and contingencies (Note 20) | | |
| Net assets | | |
| Unrestricted: | | |
| Undesignated | 206,067 | (1,598,889) |
| Board designated - scholarships | 3,600,670 | 2,992,762 |
| Board designated - capital projects | 8,435,780 | 7,080,917 |
| Total unrestricted | 12,242,517 | 8,474,790 |
| Temporarily restricted - program services (Note 14) | 411,888,450 | 324,394,312 |
| Permanently restricted - endowment funds (Note 15) | 53,640,713 | 51,333,520 |
| Total net assets | 477,771,680 | 384,202,622 |
| Total liabilities and net assets | \$1,031,081,381 | \$990,774,073 |

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

For the year ended March 31, 2010 (with summarized financial information for 2009)

| ENDED MARCH 31, | | | | 2010 | 2009 |
|---|---------------------|------------------------|------------------------|----------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Total |
| REVENUE, GAINS AND OTHER SUPPORT | | | | | |
| Support: | | | | | |
| Contributions for grants and scholarships | - | \$102,315,991 | \$250,080 | \$102,566,071 | \$95,747,291 |
| Contributions and gifts | \$27,653,931 | 2,950,686 | - | 30,604,617 | 41,547,395 |
| Bequests and legacies | 6,502,227 | - | 2,057,113 | 8,559,340 | 7,291,454 |
| Gifts-in-kind and donated services (Note 17) | 1,956,078 | 2,367,817 | - | 4,323,895 | 9,658,861 |
| Total support | 36,112,236 | 107,634,494 | 2,307,193 | 146,053,923 | 154,245,001 |
| Investment income: | | | | | |
| Interest and dividends | 185,239 | 26,768,913 | - | 26,954,152 | 22,496,674 |
| Net unrealized and realized gains (losses) | 3,372,111 | 50,846,340 | - | 54,218,451 | (74,995,046) |
| Amortization of investment premium and discount | - | 15,021,577 | - | 15,021,577 | 18,744,978 |
| Total investment income (loss) | 3,557,350 | 92,636,830 | - | 96,194,180 | (33,753,394) |
| Net assets released from restrictions: | | | | | |
| Satisfaction of time and program restrictions | 112,777,186 | (112,777,186) | - | - | - |
| Total revenue, gains, and other support | 152,446,772 | 87,494,138 | 2,307,193 | 242,248,103 | 120,491,607 |
| EXPENSES | | | | | |
| Program services: | | | | | |
| GMSP | 75,983,257 | - | - | 75,983,257 | 72,405,509 |
| Scholarships and special projects | 30,779,225 | - | - | 30,779,225 | 29,289,062 |
| Distributions to member institutions | 12,513,029 | - | - | 12,513,029 | 20,048,723 |
| Other program services | 5,707,398 | - | - | 5,707,398 | 4,703,187 |
| Institutional services | 1,498,124 | - | - | 1,498,124 | 1,216,174 |
| Total program services | 126,481,033 | - | - | 126,481,033 | 127,662,655 |
| Supporting services: | | | | | |
| Management and general | 12,812,628 | - | - | 12,812,628 | 13,030,462 |
| Fund-raising | 9,385,384 | - | - | 9,385,384 | 9,086,906 |
| Total supporting services | 22,198,012 | - | - | 22,198,012 | 22,117,368 |
| Total expenses | 148,679,045 | - | - | 148,679,045 | 149,780,023 |
| CHANGE IN NET ASSETS | | | | | |
| Net assets, beginning of year, as previously reported | 9,372,770 | 323,496,332 | 51,333,520 | 384,202,622 | 413,491,038 |
| Transfers (Note 14) | (897,980) | 897,980 | - | - | - |
| Net assets, beginning of year, as restated | 8,474,790 | 324,394,312 | 51,333,520 | 384,202,622 | 413,491,038 |
| Net assets, end of year | \$12,242,517 | \$411,888,450 | \$53,640,713 | \$477,771,680 | \$384,202,622 |

See accompanying notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended March 31, 2010 (with summarized financial information for 2009)

| Program Services - Assistance to Member and Non-member Institutions | | | | | | |
|---|---------------------|---|--|------------------------------|---------------------------|------------------------------|
| | GMSP | Scholarships and Special Projects | Distributions to Member Institutions | Other Program Services | Institutional Services | Total Program Services |
| DISTRIBUTIONS | | | | | | |
| Capital and operational support | - | - | \$11,738,869 | - | - | \$11,738,869 |
| Distributions in-kind | - | - | 774,160 | - | - | 774,160 |
| Grants and scholarships | \$68,485,041 | \$24,369,242 | - | \$7,508 | - | 92,861,791 |
| Total distributions | 68,485,041 | 24,369,242 | 12,513,029 | 7,508 | - | 105,374,820 |
| EXPENSES BEFORE DEPRECIATION, AMORTIZATION AND BAD DEBTS | | | | | | |
| Salaries and wages | 1,676,695 | 898,708 | - | 417,552 | \$913,900 | 3,906,855 |
| Employee benefits | 474,410 | 245,286 | - | 125,555 | 251,316 | 1,096,567 |
| Advertisements and promotions | 34,502 | 616,488 | - | 837,346 | 2,091 | 1,490,427 |
| Professional fees | 1,684,835 | 969,493 | - | 214,368 | 282,625 | 3,151,321 |
| Contractual consultants | 66,136 | 836,374 | - | 67,762 | - | 970,272 |
| Office expenses | 38,948 | 6,149 | - | 4,710 | 78 | 49,885 |
| Telephone | 65,075 | 10,001 | - | 16,455 | 3,323 | 94,854 |
| Postage and shipping | 97,767 | 36,135 | - | 8,094 | 243 | 142,239 |
| Occupancy | 196,427 | 63,571 | - | 19,972 | - | 279,970 |
| Printing and publications | 368,325 | 142,162 | - | 94,674 | 20,420 | 625,581 |
| Travel | 1,336,237 | 721,771 | - | 276,096 | 17,963 | 2,352,067 |
| Meetings | 936,119 | 488,665 | - | 246,765 | 6,165 | 1,677,714 |
| Equipment rental | 22,644 | 18,834 | - | 3,816 | - | 45,294 |
| Equipment maintenance | 2,416 | 431 | - | 158 | - | 3,005 |
| Interest expense | - | - | - | - | - | - |
| Administrative support | 367,242 | 1,087,670 | - | - | - | 1,454,912 |
| Air time, production and support | - | - | - | 3,366,567 | - | 3,366,567 |
| Total expenses before depreciation, amortization and bad debts | 75,852,819 | 30,510,980 | 12,513,029 | 5,707,398 | 1,498,124 | 126,082,350 |
| Depreciation and amortization expense | 130,438 | - | - | - | - | 130,438 |
| Bad debt expense | - | 268,245 | - | - | - | 268,245 |
| Total expenses | \$75,983,257 | \$30,779,225 | \$12,513,029 | \$5,707,398 | \$1,498,124 | \$126,481,033 |

See accompanying notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES (continued)

For the year ended March 31, 2010 (with summarized financial information for 2009)

| | Supporting Services | | | Total Program Services and Supporting Services Expenses | |
|--|------------------------|--------------|---------------------------|---|---------------|
| | Management and General | Fund-Raising | Total Supporting Services | 2010 | 2009 |
| DISTRIBUTIONS | | | | | |
| Capital and operational support | - | - | - | \$11,738,869 | \$19,232,486 |
| Distributions in-kind | - | - | - | 774,160 | 3,319,067 |
| Grants and scholarships | - | - | - | 92,861,791 | 85,803,212 |
| Total distributions | - | - | - | 105,374,820 | 108,354,765 |
| EXPENSES BEFORE DEPRECIATION, AMORTIZATION AND BAD DEBTS | | | | | |
| Salaries and wages | \$3,777,969 | \$4,837,032 | \$8,615,001 | 12,521,856 | 12,317,743 |
| Employee benefits | 1,202,521 | 1,412,208 | 2,614,729 | 3,711,296 | 3,371,746 |
| Advertisements and promotions | 791,779 | 325,453 | 1,117,232 | 2,607,659 | 1,129,492 |
| Professional fees | 4,092,702 | 195,399 | 4,288,101 | 7,439,422 | 6,086,069 |
| Contractual consultants | 390,275 | 51,838 | 442,113 | 1,412,385 | 874,364 |
| Office expenses | 69,259 | 59,527 | 128,786 | 178,671 | 212,018 |
| Telephone | 276,952 | 77,235 | 354,187 | 449,041 | 336,232 |
| Postage and shipping | 114,352 | 44,895 | 159,247 | 301,486 | 233,854 |
| Occupancy | 960,653 | 637,619 | 1,598,272 | 1,878,242 | 1,858,420 |
| Printing and publications | 122,310 | 211,317 | 333,627 | 959,208 | 886,043 |
| Travel | 189,813 | 478,613 | 668,426 | 3,020,493 | 2,797,032 |
| Meetings | 122,178 | 69,042 | 191,220 | 1,868,934 | 1,126,282 |
| Equipment rental | 230,198 | 144,790 | 374,988 | 420,282 | 513,130 |
| Equipment maintenance | 102,582 | 24,149 | 126,731 | 129,736 | 296,486 |
| Interest expense | 45,065 | - | 45,065 | 45,065 | 42,110 |
| Administrative support | - | - | - | 1,454,912 | 1,464,849 |
| Air time, production and support | - | 538,100 | 538,100 | 3,904,667 | 3,928,749 |
| Total expenses before depreciation, amortization and bad debts | 12,488,608 | 9,107,217 | 21,595,825 | 147,678,175 | 145,829,384 |
| Depreciation and amortization expense | 278,149 | 278,167 | 556,316 | 686,754 | 980,676 |
| Bad debt expense | 45,871 | - | 45,871 | 314,116 | 2,969,963 |
| Total expenses | \$12,812,628 | \$9,385,384 | \$22,198,012 | \$148,679,045 | \$149,780,023 |

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

| YEAR ENDING MARCH 31, | 2010 | 2009 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$93,569,058 | \$(29,288,416) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Net unrealized and realized (gains) losses on investments | (54,218,451) | 74,995,046 |
| Amortization of investment premium and discount | (15,021,577) | (18,744,978) |
| Bad debts | 314,116 | 2,969,963 |
| Depreciation and amortization | 686,754 | 980,676 |
| Usage of gifts-in-kind and donated services | 1,212,299 | (589,456) |
| Gifts of collection items | - | (6,929,250) |
| Contributions restricted for investment in endowment funds | (2,307,193) | (2,104,105) |
| (Increase) decrease in assets: | | |
| Pledges receivable | 7,678,360 | 11,230,945 |
| Accrued investment income | (174,381) | (818,943) |
| Other assets | (712,434) | 1,457,086 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 1,589,720 | (2,134,526) |
| Cash overdraft liability | - | (1,558,414) |
| Accrued wages, vacation and other related personnel expenses | 114,571 | (551,029) |
| Accrued distributions to member institutions | (1,989,377) | (2,309,860) |
| Refundable advances from donor | (52,759,759) | (49,380,774) |
| Net cash used in operating activities | (22,018,294) | (22,776,035) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investments | (2,192,442,199) | (4,359,138,336) |
| Proceeds from sales of investments | 2,209,552,690 | 4,390,270,982 |
| Purchases of furniture, fixtures and equipment | (771,849) | (2,321,102) |
| Net cash provided by investing activities | 16,338,642 | 28,811,544 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from line of credit borrowing | 2,000,000 | - |
| Repayments of line of credit | (2,000,000) | - |
| Proceeds from note payable borrowing | - | 3,000,000 |
| Repayments of note payable | (539,595) | (71,366) |
| Contributions restricted for investment in endowment funds | 2,307,193 | 2,104,105 |
| Net cash provided by financing activities | 1,767,598 | 5,032,739 |
| (Decrease) increase in cash and cash equivalents | (3,912,054) | 11,068,248 |
| Cash and cash equivalents, beginning of year | 13,860,548 | 2,792,300 |
| Cash and cash equivalents, end of year | \$9,948,494 | \$13,860,548 |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Organization

The United Negro College Fund, Inc. (UNCF) is organized as a not-for-profit entity established to assist its 39 current member institutions of higher education to raise funds from the public for their mutual support. Member institutions participate in both the regular and capital campaigns.

All participating member institutions receive distributions of unrestricted support and revenues, net of expenses, pursuant to a formula. Support and revenue, net of expenses, raised in accordance with joint campaign agreements, is distributed 75 percent to the member institutions conducting the campaign. The remaining 25 percent is included in the regular campaign formula distribution to all member institutions.

In addition, UNCF administers grants, scholarships and other programs benefiting students, member institutions and non-member institutions, based on donor stipulations.

2. Summary of Significant Accounting Policies

Financial Accounting Standards Board (FASB) Codification — The FASB issued Accounting Standards Codification (ASC) Topic 105, *Generally Accepted Accounting Principles*, which became the single source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP) recognized by FASB. The codification is effective for interim or annual financial periods ending after September 15, 2009. The accompanying financial statements of UNCF include references to the codification.

Basis of Accounting — The accompanying financial statements of UNCF are presented in conformity with accounting principles generally accepted in the United States of America and 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 and repurchase agreements used for overnight investment purposes. All other highly liquid instruments, which are to be used for the long-term purposes of UNCF, are classified as investments. Cash and cash equivalents are valued at their carrying amount which approximates fair value due to their short maturities.

Investments — Investments are reported at fair value based on quoted market prices or, in the case of alternative investments, at estimated values provided by the fund managers or general partners based on quoted market prices, if available, or other valuation methods. Investments classified as short-term are available for operations in the next fiscal year. The cost assigned to investments received by gift is the fair value at the date the gift is received. Unrealized and realized gains and losses are included in the accompanying statements of activities.

Investment earnings are reported net of related expenses, such as custodial, commission and investment advisory fees. Such expenses amounted to \$1,899,631 and \$2,308,381 in fiscal years 2010, and 2009, respectively.

Pledges Receivable — Pledges receivable consist primarily of amounts due from unconditional promises to give by various donors. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in contributions and gifts revenue.

An allowance for uncollectible pledges receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution and nature of fund-raising activity. At March 31, 2010, and 2009, UNCF had an allowance for uncollectible pledges of \$262,851 and \$273,873, respectively.

Conditional pledges receivable are not included as support until the conditions are substantially met. As of March 31, 2010, and 2009, UNCF had received conditional promises to give totaling approximately \$1,859,000 and \$633,000, respectively.

Furniture, Fixtures and Equipment — Furniture, fixtures, and equipment are recorded at cost, or if donated, such assets are capitalized at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to 10 years. Lease-hold improvements are amortized over the lesser of the remaining life of the lease or the estimated useful life of the improvements.

UNCF capitalizes all acquisitions of furniture, fixtures and equipment over \$2,500 and when assets are sold or disposed of, the cost and corresponding accumulated depreciation and amortization are removed from the accounts with any gain or loss recognized currently. Expenditures for repairs and maintenance are charged to expense as incurred.

Capitalized Software — Certain costs to develop or obtain internal use software are capitalized in accordance with FASB ASC Topic 350-40, Accounting for the Costs of Software for Internal Use (previously known as Statement of Position (SOP) No. 98-1, Accounting for Costs of Computer Software Developed or Obtained for Internal Use).

Collection Items Acquired on or after April 1, 2008 — Accessions of collection items are capitalized at cost, if the items are purchased, or at their fair value on the accession date, if the items were contributed. Gains or losses from deaccessions of these items are reflected in the accompanying statements of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions.

Distributions to Member Institutions — UNCF accrues expenses due to member institutions and, occasionally, non-member institutions of higher education up to the amount by which support and collections of pledges, including the values attributed to gifts-in-kind, exceeds program, fund-raising and administrative expenses. Regular distributions are made three times a year and other distributions, such as capital campaign and designated gifts, are made on an on-going basis. Current-year distributions may also include amounts from net assets designated for distribution.

Refundable Advances from Donor — Refundable advances from donor result from contributions received for the Gates Millennium Scholars Program (GMSP) that, based on terms of the agreement, including the grantor's ability to cancel the grant at any time, result in program funds being received prior to recognition of the corresponding revenue. The amounts are recognized as revenue in the period for when the grant conditions are met.

Unrestricted Net Assets — Unrestricted net assets consist of undesignated and designated net assets and include gifts, grants, investment income or other resources where donors have not specified any purpose for which such resources are to be used. Undesignated net assets are funds that are currently available to support UNCF's daily operations. Designated net assets consist of unrestricted funds designated by the board of directors for scholarships and capital projects.

Temporarily Restricted Net Assets — Temporarily restricted net assets include gifts, grants, investment income or other resources where donors have specified the purposes and/or the time for which such resources are to be used, generally for capital development and scholarships. Accordingly, distributions of available resources accrue to member institutions only when donor restrictions are met, or in the case of capital campaign receipts, when the terms of the campaign program have been met. When a time and/or purpose restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS (continued)

Temporarily restricted contributions and gifts whose restrictions expire in the same year of receipt are classified as unrestricted revenues in the accompanying statements of activities.

Permanently Restricted Net Assets — Permanently restricted net assets include gifts and bequests where donors have stipulated that the principal be maintained intact. These gifts are invested by UNCF's management. Generally, there have been no permanent restrictions placed upon UNCF's investment earnings. However, the majority of the earnings are specified by the donors to support scholarships or program development. Net gains with no permanent restrictions and that are not specified by the donors to support scholarships or program development may be retained at the Board of Directors' discretion as reserves for future distribution equalization.

Endowment Net Asset Classifications — In August 2008, FASB issued ASC Topic 958-205, Reporting Endowment Funds (previously known as Staff Position No. 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds). FASB Topic ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

UNCF is subject to the State of New York's UPMIFA and has adopted FASB Topic ASC 958-205 as of April 1, 2008, as required. UNCF has interpreted the State of New York's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UNCF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Further, during the fiscal year ended March 31, 2009, UNCF reviewed all endowment funds and transferred to temporarily restricted net assets those that are subject to UPMIFA that were previously classified as unrestricted.

The associated gains and income on donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UNCF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UNCF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires UNCF to retain as a fund of perpetual duration. UNCF had no deficiencies of its restricted net assets at March 31, 2010, and 2009.

Endowment Investment and Spending Policies — Endowment assets include those assets of donor-restricted funds that UNCF must hold in perpetuity or for a donor-specified period. UNCF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments.

Preservation of capital is foremost, followed by preservation of purchasing power and growth of assets. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to attain an average annual real return (net of investment and management fees) of five percent above the Consumer Price Index (CPI). It is recognized that the real return objective will be difficult to attain in every period, but it should be attainable over the long-term.

To satisfy its long-term rate-of-return objectives, UNCF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UNCF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

UNCF's fiscal policy governs the use of resources in the various endowed funds for program expenses and administrative costs. Endowment funds are used for the specified purposes, or over the specified time period, designated by the donors. The amount of endowment funds available for use is based on the realized and unrealized cumulative investment income gains and losses in excess of the respective endowment's principal balance multiplied by five percent of the average three-year market value.

These funds are used, with respect to any endowment restrictions, to support new initiatives or new one-time or short-term (two to three years) activities, subject to the submission of a business plan that has been reviewed and endorsed by executive management and approved by UNCF's board of directors. Once approval of an initiative or activity is obtained from the board of directors, the use of the endowment funds is incorporated into the operating budget process and distributions are based on the budgeted amounts.

Revenue Recognition — Revenue is recognized during the period in which it is earned. Revenue received in advance and not yet earned is deferred to the applicable period.

Donated Services — The value of certain services provided to and/or paid on behalf of UNCF's programs that are susceptible to objective measurement or valuation have been reflected in the financial statements (see Note 17).

Additionally, a substantial number of volunteers have donated significant amounts of time to UNCF's program services and to its fund-raising campaigns. Although the value of these services is significant, UNCF does not record such value in its financial statements since the criteria for

recognition is not met in accordance with FASB ASC Topic 958-605-25, Not-For-Profit Entities—Revenue Recognition (previously known as Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made).

Expenses — Expenses are recognized by UNCF 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 programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 UNCF to concentrations of credit risk consist principally of investments, pledges receivable and certain revenue sources. UNCF places its investments at creditworthy financial institutions. By policy, these investments are kept within authorized limits designed to prevent risks caused by concentration.

Credit risk with respect to pledges receivable is generally limited, except as follows, because UNCF deals with a large number of donors and has maintained long-term relationships with these donors. At March 31, 2010, and 2009, approximately 16 percent and 31 percent of pledges receivable, respectively, were from a single corporate donor.

NOTES TO FINANCIAL STATEMENTS (continued)

There is a concentration of credit risk associated with recognition of revenues under the GMSP. Approximately 83 percent and 85 percent of UNCF's contributions revenue for scholarship purposes for fiscal years 2010, and 2009, respectively, was received from the Bill & Melinda Gates Foundation. Based on conditions placed in the restated grant agreement with the Bill & Melinda Gates Foundation, funding is not recorded in the year received, but rather as a liability (refundable advances from donor) with revenue recognized in the year in which the conditions are met. At March 31, 2010, and 2009, refundable advances were \$537,299,687 and \$590,059,446, respectively and related investments totaled \$881,468,228 and \$846,523,607, respectively (also see Note 12).

As of March 31, 2010, UNCF had no other significant concentration of credit risk, except as described in Note 4.

Fair Value Measurements — UNCF adopted FASB ASC Topic 820, Fair Value Measurements and Disclosures (previously known as SFAS No. 157, Fair Value Measurements) on April 1, 2008. The adoption did not impact the amounts reported in the financial statements, but does require additional footnote disclosures about the inputs used to develop the measurements of fair value and the effect of certain measurements reported in the accompanying statements of activities and as described in Note 9.

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

Summarized Financial Information for 2009 — The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UNCF's financial statements for the year ended March 31, 2009, from which the summarized information was derived.

3. Income Taxes

UNCF has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The IRS has also determined that UNCF is not a private foundation. UNCF is required to report and pay taxes on unrelated business income to the IRS and other local jurisdictions. There was no liability for unrelated business income taxes as of March 31, 2010, and 2009.

Additionally, on April 1, 2009, UNCF adopted the provisions of FASB ASC Topic 740-10, Income Taxes (previously known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes). Management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the year ended March 31, 2010, and, accordingly, there is no liability for unrecognized tax benefits.

UNCF files IRS Form 990 annually with the federal government and is still open to examination by taxing authorities for fiscal year 2007 and later.

4. Uninsured Cash Balances

UNCF places its cash and cash equivalents with high-credit-quality financial institutions that are federally insured for \$250,000 and for \$500,000 under the Federal Depository Insurance Corporation Act and the Securities Investor Protection Corporation (SIPC), respectively. Amounts held in excess of the FDIC limits were \$9,698,494 and \$13,610,548 at March 31, 2010, and 2009, respectively. Amounts held in excess of the SIPC limits were \$9,448,494 and \$13,360,548 at March 31, 2010, and 2009, respectively. UNCF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

5. Short-Term Investments

Short-term investments are held, invested and managed by UNCF, subject to guidelines established by UNCF, UNCF GMSP and its respective investment committees. Short-term investments, at fair value, consist of the following at March 31:

2010

| | UNCF | GMSP |
|--|---------------------|---------------------|
| Money market funds | \$27,371,976 | \$22,801,036 |
| Certificates of deposit, commercial paper and other short-term investments | 683,779 | - |
| Total | \$28,055,755 | \$22,801,036 |

2009

| | UNCF | GMSP |
|--|---------------------|---------------------|
| Money market funds | \$23,642,069 | \$10,568,612 |
| Certificates of deposit, commercial paper and other short-term investments | 702,047 | - |
| Total | \$24,344,116 | \$10,568,612 |

6. Pledges Receivable

Pledges receivable consist of the following at March 31:

| | 2010 | 2009 |
|--|--------------------|---------------------|
| Unconditional promises to give before unamortized discount and allowance for uncollectible amounts | \$9,404,242 | \$17,521,863 |
| Less: unamortized discount | 25,135 | 139,258 |
| Less: allowance for uncollectible amounts | 262,851 | 273,873 |
| Net unconditional promises to give | \$9,116,256 | \$17,108,732 |

Pledges receivable are discounted using the Federal Discount Rate at the date the pledge is made. The interest rates used in computing the discount of the estimated future cash flows range from 0.16 percent to 5.25 percent. The discount will be recognized as contributions and gifts income in fiscal years 2011 through 2013 as the discount is amortized using an effective yield over the duration of the contributions.

The expected future cash receipts for UNCF are as follows:

| | 2010 | 2009 |
|---|--------------------|---------------------|
| Amounts due in: | | |
| Less than one year | \$7,984,657 | \$12,050,229 |
| One to five years | 1,419,585 | 5,471,634 |
| Pledges receivable before discount and allowance | \$9,404,242 | \$17,521,863 |

NOTES TO FINANCIAL STATEMENTS (continued)

7. Long-Term Investments

Investments held for long-term purposes and at fair value consist of the following at March 31:

| | 2010 | 2009 |
|--|---------------------|---------------------|
| Fixed income | \$15,919,540 | \$19,014,320 |
| U.S. and global equities | 32,463,020 | 21,290,472 |
| Portfolio cash | 1,205,435 | 3,115,045 |
| Hedge funds | 20,108,309 | 17,967,445 |
| Designated equities | 3,912,314 | 2,960,715 |
| Private equities | 8,395,163 | 4,085,313 |
| Total investments held for long-term purposes | 82,003,781 | 68,433,310 |
| Receivable for unsettled investment trades | 11,372 | 24,681 |
| Payable for unsettled investment trades | (66,686) | (65,871) |
| Total investments held for long-term purposes – net of receivable and payable for unsettled investment trades | \$81,948,467 | \$68,392,120 |

UNCF's investments are accounted for on the trade date. Consequently, there are receivables and payables for unsettled trades at March 31, 2010, and 2009. These investment receivables and payables are reported separately in the accompanying statements of financial position.

Investments held for long-term purposes include investments for which the board of directors and member institutions have earmarked the proceeds from the liquidation of such investments to be utilized primarily for distribution equalization in low-income years and endowment funds for which donors have stipulated that the principal remain intact. Investments in various funds held in fixed income, U.S. and global equities, hedge funds and private equities are valued based on UNCF's share of net assets in the underlying investment portfolios. The underlying investment portfolios are valued by the respective investment managers at quoted market prices or estimated fair values for positions for which there is a limited market. Management reviews

and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of these alternative investments.

Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been reported had a ready market for such investments existed. Additionally, UNCF's hedge fund and private equity investments were out of the mandatory lock-up periods. Approximately \$6,700,000 million is in a lock-up of one year or less and approximately \$4,200,000 is in a lock-up of greater than two years. UNCF also has outstanding funding commitments, based on terms of the underlying investment agreements, amounting to approximately \$4,500,000.

8. GMSP Long-Term Investments

Investments in this portfolio are all fixed income securities, are held for long-term purposes and at fair value, and are composed of the following at March 31:

| | 2010 | 2009 |
|--|----------------------|----------------------|
| U.S. government securities | \$364,691,530 | \$349,132,174 |
| Residential mortgage-backed securities | 14,573,844 | 14,290,897 |
| Commercial mortgage-backed securities | 2,859,686 | 2,952,925 |
| Asset-backed securities | 3,045,302 | 10,040,127 |
| Corporate debt securities | 452,215,562 | 441,031,446 |
| Municipal debt securities | 11,616,849 | 12,383,872 |
| Cash and cash equivalents | 9,664,419 | 6,123,554 |
| Total investments held for long-term purposes | 858,667,192 | 835,954,995 |
| Receivable for unsettled investment trades | 388,055 | 149,250 |
| Payable for unsettled investment trades | (321,875) | - |
| Total investments held for long-term purposes – net of receivable and payable for unsettled investment trades | \$858,733,372 | \$836,104,245 |

As a dedicated defeasance portfolio, all of these securities have definite stated maturities and predictable cash flows. GMSP long-term investments are accounted for based on the trade date. Consequently, there are receivables and payables for unsettled trades at March 31, 2010, and 2009. These investment receivables and payables are reported separately in the accompanying statements of financial position.

9. Fair Value Measurements

The fair market value of a financial instrument is defined in FASB ASC Topic 825, Financial Instruments (previously known as SFAS No. 107, Disclosures about Fair Value of 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 statements of financial position for short-term investments, pledges receivable, accrued investment income, accounts payable and accrued expenses and notes payable, approximate fair value given the short-term nature of the financial instruments or conversely based a non-recurring assessment of fair value.

As indicated in Note 2, UNCF adopted FASB ASC Topic 820 on April 1, 2008. There were no financial instruments for which a retrospective application of fair value measurement was required. Therefore, the effect of adopting the provisions of FASB ASC Topic 820 is prospective from the beginning of the year.

The following methods and assumptions were used by UNCF in estimating the fair value of other financial instruments, which consist of investments. 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). UNCF 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. UNCF primarily applies the market approach for recurring fair value measurements and

endeavors to utilize the best available information. Accordingly, UNCF utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. UNCF is able to classify fair value balances based on the observability of those inputs.

UNCF’s assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. Also, the time between inception and performance of the contract may affect the fair value. The determination of fair value may, therefore, affect the timing of recognition of revenues and change in net assets.

FASB ASC Topic 820 establishes a fair value hierarchy that 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 on-going 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. This input therefore reflects UNCF’s assumptions about what market participants would use in pricing the asset or liability developed based on the best information

NOTES TO FINANCIAL STATEMENTS (continued)

available in the circumstances. This classification does not imply a lack of liquidity of the investment. UNCF has a target allocation of approximately eight percent for private equities. Further, 61 percent of the UNCF long-term portfolio has monthly or better liquidity while approximately 32 percent of this portfolio has quarterly liquidity. UNCF carefully monitors these positions as it conducts periodic reviews of both asset allocation and performance.

All short-term investments (see Note 5) and investments of GMSP (see Note 8) qualified as Level 1 investments under the FASB ASC Topic 820 hierarchy. The following table presents UNCF's other long-term investments (see Note 7) that are measured at fair value on a recurring basis as of March 31, 2010:

| | Level 1 | Level 2 | Level 3 | 2010 Totals |
|--------------------------|---------------------|----------|---------------------|---------------------|
| Investments: | | | | |
| Fixed income | \$8,352,396 | - | \$7,567,144 | \$15,919,540 |
| U.S. and global equities | 25,871,684 | - | 6,591,336 | 32,463,020 |
| Portfolio cash | 1,205,435 | - | - | 1,205,435 |
| Hedge funds | - | - | 20,108,309 | 20,108,309 |
| Designated equities | 3,912,314 | - | - | 3,912,314 |
| Private equities | - | - | 8,395,163 | 8,395,163 |
| Total | \$39,341,829 | - | \$42,661,952 | \$82,003,781 |

The following table presents UNCF's other long-term investments (see Note 7) that are measured at fair value on a recurring basis as of March 31, 2009:

| | Level 1 | Level 2 | Level 3 | 2009 Totals |
|--------------------------|---------------------|----------|---------------------|---------------------|
| Investments: | | | | |
| Fixed income | \$19,014,320 | - | - | \$19,014,320 |
| U.S. and global equities | 21,290,472 | - | - | 21,290,472 |
| Portfolio cash | 3,115,045 | - | - | 3,115,045 |
| Hedge funds | - | - | 17,967,445 | 17,967,445 |
| Designated equities | 2,960,715 | - | - | 2,960,715 |
| Private equities | - | - | 4,085,313 | 4,085,313 |
| Total | \$46,380,552 | - | \$22,052,758 | \$68,433,310 |

The following table presents UNCF's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in FASB ASC Topic 820 for the years ended March 31, 2010, and 2009, respectively:

| | 2010 | 2009 |
|---|---------------------|---------------------|
| Beginning balance | \$22,052,758 | \$26,838,300 |
| Net realized and unrealized gains (losses) | 5,823,116 | (5,355,942) |
| Net purchases, sales, issuances and settlements | 11,863,915 | 570,400 |
| Net transfers in and out of Level 3 | 2,922,163 | - |
| | \$42,661,952 | \$22,052,758 |

10. Furniture, Fixtures, and Equipment

Furniture, fixtures and equipment utilized at national headquarters and regional field offices are summarized as follows:

| | 2010 | 2009 |
|---|--------------------|--------------------|
| Furniture and fixtures | \$2,094,128 | \$2,094,128 |
| Leasehold improvements | 286,438 | 286,438 |
| Computers and equipment | 5,492,481 | 3,156,155 |
| Construction in process | 555,263 | 2,119,740 |
| Total furniture, fixtures and equipment | 8,428,310 | 7,656,461 |
| Less: accumulated depreciation/amortization | (4,823,355) | (4,136,601) |
| | \$3,604,955 | \$3,519,860 |

During fiscal year 2009, UNCF received approval from its board of directors to secure \$3 million in financing to support an investment in a new enterprise-wide donor and financial management software system in an effort to gain efficiencies in its operating environment. Accordingly, expenses related to this endeavor were capitalized in accordance with FASB ASC Topic 350-40 and reflected as construction in process at March 31, 2009.

During fiscal year 2010, the system became largely operational and therefore those related capitalized costs amounting to \$2,172,966 have been transferred to computers and equipment and will be depreciated over the assigned three-year life.

Depreciation and amortization expense for the years ended March 31, 2010, and 2009 was \$686,754 and \$980,676, respectively.

11. Collections

UNCF's collection items amounting to \$6,929,250, consisted of donated works of art as received from the Estate of Benny Andrews Foundation, Inc. UNCF maintains this art collection within a secure museum setting and will distribute the artwork to member colleges and other entities in accordance with the donor's intent. An independent appraisal was used to measure the fair value at date of gift.

12. Refundable Advances from Donor

During the fiscal year ended March 31, 2000, UNCF received a grant from the Bill & Melinda Gates Foundation (the Foundation) for \$1 billion over a 20-year period or approximately \$50 million per year to administer the GMSP. The purpose of the grant is to provide scholarships, fellowships and leadership opportunities for approximately 20,000 outstanding low-income African American, Native American, Hispanic American and Asian American students to attend the undergraduate and graduate educational institutions of their choice. This grant is conditioned on UNCF's successful annual administration of GMSP as determined by the administration agreement and the Foundation.

During the fiscal year ended March 31, 2004, the original grant agreement was restated to increase the grant amount by \$42,000,000 and eliminate the previous arrangement of annual installments, replacing it with a lump-sum payment and a series of annual payments. The cumulative payments through March 31, 2005, were \$1,042,000,000.

During the fiscal year ended March 31, 2006, the Foundation approved enhancements to the original program and awarded GMSP an additional amount not to exceed \$58,003,043, of which \$35 million was received during fiscal year 2006. The balance of \$23,003,043 was received during the fiscal year ended March 31, 2007. An additional enhancement grant of \$10,681,794 to support early outreach, male initiative, alumni development and other leadership initiatives was awarded and received as of the fiscal year ended March 31, 2007. Cumulative enhancement grant payments through March 31, 2007, were \$68,684,837.

Additionally, during the fiscal year ended March 31, 2007, the original cost estimates for GMSP were evaluated, and it was determined that additional funding would be required in order for GMSP to achieve its original objectives. Consequently, the Foundation agreed to provide additional funding up to a maximum of \$472,699,156, of which \$31,798,776 was received during the fiscal years ended March 31, 2010, and 2009, respectively.

The payment dates and amounts of future installments will be determined by the Foundation in collaboration with UNCF provided the Foundation will provide UNCF with no less than 30 days prior written notice of the date and amount of each disbursement. Notwithstanding the foregoing, the final disbursement will occur on or before December 31, 2016.

The cumulative payments received through March 31, 2010, which includes \$31,798,776 received during fiscal year 2010, total \$1,259,282,389 with additional future funding not to exceed \$324,101,604.

GMSP funds are invested and held in separate investment accounts by UNCF, and all investment gains and losses and interest and dividends earned are restricted for the purpose of the grant (see Note 8).

In accordance with FASB ASC Topic 958-605-25, revenue recognition is based on the unconditional/conditional promise to give. The restated grant agreement requires UNCF to abide by specific performance metrics. In any case for which performance metrics are not met, the grant agreement may

NOTES TO FINANCIAL STATEMENTS (continued)

be terminated, and any unspent funds, including the accumulated returns on invested assets, will be returned to the Foundation.

In addition, the agreement also outlines general conditions that stipulate (1) in the event of a modification, enlargement, frustration or the impossibility of achieving the purposes of the grant agreement and/or (2) UNCF's continued failure to perform any of its duties under the restated grant agreement and/or (3) UNCF's failure to submit an acceptable annual budget and/or (4) a significant leadership or other material change that may adversely threaten the administration and success of GMSP, the Foundation has the discretion to cancel the grant agreement, suspend any further payments outstanding under the grant agreement, and/or require that any portion of the funds, including the accumulated returns on invested assets, that were distributed but unexpended to be repaid or transferred to another administrator.

Due to the conditions placed in the restated grant agreement, the funding is treated as a conditional promise to give. Therefore, the funding received will not be recorded as revenue in the year received, but rather as a liability (refundable grant advances) with revenue being recognized in the year in which the conditions are met. Returns on GMSP investments are recognized as revenue and an increase in temporarily restricted net assets in the period such returns are generated by the underlying investments.

For the years ended March 31, 2010, and 2009, the following amounts have been received and recognized:

| | 2010 | 2009 |
|--|----------------------|----------------------|
| Beginning balance | \$590,059,446 | \$639,440,220 |
| Receipts | 31,798,776 | 31,798,776 |
| Less: income (approved 2009-2010, and 2008-2009 budgets, respectively) | 84,558,535 | 81,179,550 |
| | \$537,299,687 | \$590,059,446 |

13. Line of Credit and Note Payable

Line of Credit

In May 2008, after receiving formal board of directors' authorization, UNCF established a \$10 million revolving line of credit (LOC) with its master custodian bank, JP Morgan Chase N.A.

The interest rate on this LOC is variable and based on a spread of 100 basis points over the applicable London Inter Bank Offered Rate (LIBOR). The original LOC expired on May 31, 2009, but has been extended through November 2010. It was also re-negotiated to \$5 million and re-set based on a November one-year cycle subject to no material changes in UNCF's financial condition.

There was no balance outstanding on this LOC as of March 31, 2010, and 2009.

Note Payable

In January 2009, UNCF entered into a \$3 million master lease agreement with Chase Equipment Leasing, Inc., for a term of 60 months at an interest rate of 6.06 percent per annum to finance its investment in a new enterprise-wide donor and financial management software system (see Note 10).

Under the terms, UNCF is required to make fixed monthly installment payments of \$58,082. Unspent funds from this project were held in a Chase Equipment Leasing escrow account and were released as required to cover on-going development costs. At March 31, 2009, UNCF had drawn down the entire \$3 million from the escrow account to cover the initial software and maintenance costs associated with the new applications.

Following are the scheduled debt service principal payments in the aggregate:

| Year ending March 31, | |
|-----------------------|--------------------|
| 2011 | \$578,446 |
| 2012 | 603,867 |
| 2013 | 641,494 |
| 2014 | 565,232 |
| | \$2,389,039 |

14. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the unspent portion of temporarily restricted contributions and gifts received by UNCF.

During the year ended March 31, 2010, transfers were made between unrestricted net assets and temporarily restricted net assets. The transfers were based on a more accurate understanding of the terms and conditions of certain sources of income received by UNCF.

These contributions and gifts are available for the following purposes:

| | 2010 | 2009 |
|-----------------------------------|----------------------|----------------------|
| Scholarships and special projects | \$61,507,351 | \$60,487,152 |
| GMSP (Note 12) | 349,813,341 | 263,339,402 |
| Health and Human Services | 567,758 | 567,758 |
| | \$411,888,450 | \$324,394,312 |

Temporarily restricted net assets were released from restrictions for the following purposes:

| | 2010 | 2009 |
|-----------------------------------|----------------------|----------------------|
| Scholarships and special projects | \$36,793,929 | \$31,436,753 |
| GMSP (Note 12) | 75,983,257 | 72,405,509 |
| | \$112,777,186 | \$103,842,262 |

15. Permanently Restricted Net Assets

Permanently restricted net assets consist of endowments that are restricted for investment in perpetuity. The income from these net assets is expendable to support the following program areas:

| | 2010 | 2009 |
|-----------------------------------|---------------------|---------------------|
| Scholarships | \$43,094,672 | \$41,087,479 |
| General endowment support | 3,350,713 | 3,150,713 |
| F.D. Patterson Research Institute | 7,195,328 | 7,095,328 |
| | \$53,640,713 | \$51,333,520 |

NOTES TO FINANCIAL STATEMENTS (continued)

16. Endowment Net Asset Classifications

UNCF's endowments consist of 148 programs established for the purpose of funding scholarships. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the year ended March 31, 2010, are as follows:

| | Unrestricted | Board Designated | Temporarily Restricted | Permanently Restricted | Total |
|--|--------------|--------------------|------------------------|------------------------|---------------------|
| Net assets, beginning of year as previously reported | - | \$2,518,982 | \$3,106,884 | \$51,333,520 | \$56,959,386 |
| Transfers | - | 473,780 | 897,980 | - | 1,371,760 |
| Net assets, beginning of year as restated | - | 2,992,762 | 4,004,864 | 51,333,520 | 58,331,146 |
| Investment return: | | | | | |
| Investment income | - | 43,391 | 840,842 | - | 884,233 |
| Net realized and unrealized gains | - | 751,166 | 14,071,964 | - | 14,823,130 |
| Total investment return | - | 794,557 | 14,912,806 | - | 15,707,363 |
| Contributions | - | - | 76,805 | 2,307,193 | 2,383,998 |
| Appropriation of endowment income for expenditure | - | (186,649) | (5,655,253) | - | (5,841,902) |
| Net assets, end of year | - | \$3,600,670 | \$13,339,222 | \$53,640,713 | \$70,580,605 |

Changes in endowment net assets for the year ended March 31, 2009, are as follows:

| | Unrestricted | Board Designated | Temporarily Restricted | Permanently Restricted | Total |
|---|--------------|--------------------|------------------------|------------------------|---------------------|
| Net assets, beginning of year | \$1,988,113 | \$2,931,635 | \$9,378,628 | \$49,229,415 | \$63,527,791 |
| Net assets reclassification based on FASB ASC Topic 958-205 (1,988,113) | - | - | 1,988,113 | - | - |
| Net assets, after reclassification | - | 2,931,635 | 11,366,741 | 49,229,415 | 63,527,791 |
| Investment return: | | | | | |
| Investment income | - | 20,202 | 266,571 | - | 286,773 |
| Net realized and unrealized losses | - | (432,855) | (4,348,432) | - | (4,781,287) |
| Total investment loss | - | (412,653) | (4,081,861) | - | (4,494,514) |
| Contributions | - | - | - | 2,104,105 | 2,104,105 |
| Appropriation of endowment income for expenditure | - | - | (4,177,996) | - | (4,177,996) |
| Net assets, end of year | - | \$2,518,982 | \$3,106,884 | \$51,333,520 | \$56,959,386 |

17. Gifts-In-Kind and Donated Services

Gifts-in-kind in fiscal years 2010, and 2009 represent contributions of and promises to give computer hardware, software and works of art (see Note 11) with a fair value of \$845,033 and \$7,781,485, respectively. Of these amounts, \$774,160 and \$3,319,067 were distributed to member institutions for the years ended March 31, 2010, and 2009, respectively and are included in program services expenses.

Donated services represent certain specialized services provided to UNCF for the annual *An Evening of Stars*® and other UNCF programs and are comprised of advertising services, legal services and marketing services. For the years ended March 31, 2010, and 2009, the fair value of these specialized services amounted to \$3,478,862 and \$1,877,376, respectively.

18. Other Fund-raising Activities

Contributions

UNCF raised \$6,685,843 and \$8,910,319 in contributions from special fund raising events and incurred related direct expenses of \$2,520,025 and \$3,157,897 in fiscal years 2010, and 2009, respectively. These amounts are reported in the accompanying statements of activities as contributions and gifts, net of the related direct expenses.

Direct Mail

UNCF raised \$6,063,056 and \$6,604,908 in contributions through its direct mail campaigns and incurred related direct expenses of \$2,609,079 and \$3,490,023 in fiscal years 2010, and 2009, respectively. These amounts are reported in the accompanying statements of activities as contributions and gifts, net of the related direct expenses.

An Evening of Stars®

UNCF's *An Evening of Stars*® program is treated as a multipurpose event that has as its primary objective building brand awareness. Through the program's messaging strategy it 1) positions UNCF as the leader in minority education,

2) advocates for quality educational opportunity for all, 3) promotes UNCF's member colleges and universities and 4) makes the case for donor support throughout the year. During 2010, UNCF incurred joint costs of \$6,008,889. Of these costs, \$901,333 were allocated to fund-raising expense and \$5,107,556 were allocated to program services. During 2009, UNCF incurred joint costs of \$4,787,591. Of these costs, \$718,138 were allocated to fund-raising expense and \$4,069,453 were allocated to program services.

19. Retirement Plans

All full-time and part-time employees are eligible to participate in the retirement plan on the first day of employment. After completing one year of service, employees are eligible to receive employer contributions into the retirement plan. The plan consists of participant voluntary and contributory tax-deferred annuity plans through AXA-Equitable and Teachers Insurance and Annuity Association and/or the College Retirement Equities Funds (TIAA-CREF). UNCF provides a three percent non-contributory amount for each eligible employee. Based on the percentage an employee defers, UNCF makes an additional matching contribution of up to seven percent, totaling an overall contribution of up to 10 percent.

UNCF also has supplemental agreements with certain current and past key executives. In order to meet these obligations, UNCF maintains annuity contracts amounting to \$2,226,768 and \$2,096,302 as of March 31, 2010, and 2009, respectively and these are included within other assets on the accompanying statements of financial position. The liabilities associated with these agreements amounted to \$2,050,871 and \$2,703,061 as of March 31, 2010, and 2009, respectively and are included within accrued wages, vacation and other related personnel expenses on the accompanying statements of financial position. UNCF believes it has sufficient operating cash to account for any shortfalls between the annuity contracts and the liability owed under these agreements.

UNCF's expense related to the retirement plan and the supplemental agreements was \$940,728 and \$801,164 for 2010, and 2009, respectively.

NOTES TO FINANCIAL STATEMENTS (continued)

20. Commitments/Contingencies

Operating Leases

UNCF leases space for its national headquarters in Fairfax, VA, and 25 regional field offices at various locations throughout the United States. Generally, the leases carry renewal provisions and require UNCF to pay maintenance costs. The lease for the national headquarters expires in 2014, and the office leases for the regional locations expire at varying times through 2015. At March 31, 2010, aggregate net minimum annual rental commitments under the noncancelable operating leases, having an initial or remaining term of more than one year are as follows:

| Year ending March 31, | |
|-----------------------|--------------------|
| 2011 | \$1,712,308 |
| 2012 | 1,559,044 |
| 2013 | 1,358,568 |
| 2014 | 1,217,857 |
| 2015 | 105,401 |
| Total | \$5,953,178 |

Rent expense under these leases amounted to \$1,723,255 and \$1,629,251 for the years ended March 31, 2010, and 2009, respectively.

Other

UNCF is party to various legal actions and claims arising in the ordinary course of its business. UNCF's management believes that their ultimate disposition will not have a material adverse effect on UNCF's financial position or results of its operations.

21. Related Parties

UNCF Special Programs Corporation

On April 1, 2000, UNCF separated its government grant programs and all related activities and transferred those activities to the UNCF Special Programs Corporation (the Corporation), a separate 501(c)(3) entity.

The President and Chief Executive Officer of UNCF serves as the chairman of the board of directors of the Corporation and one other member of the board of directors of UNCF is also a board member of the Corporation. UNCF does not exercise control nor does it have an economic interest in the Corporation, as defined by FASB Topic ASC 958-810, Not-for-Profit Entities Consolidations (previously known as SOP 94-3, Reporting of Related Entities by Not-for-Profit Organizations). Therefore, UNCF did not consolidate the financial statements of the Corporation, and no government grant activities are included in UNCF's accompanying financial statements.

Other

UNCF receives contributions from donor organizations that have representatives on UNCF's Board of Directors and from board members themselves. Additionally, the sole manager appointed to assist UNCF with its bond issuance in support of its new headquarters relocation into Washington, D.C., is a voting member of the board of directors (see Note 22). Further, UNCF maintains a revolving line of credit with said manager (see Note 13).

UNCF received \$3,682,921 and \$2,650,061 in contributions from such related parties during the years ended March 31, 2010, and 2009, respectively. The contributions receivable from these related parties were \$1,722,825 and \$6,764,913 as of March 31, 2010, and 2009, respectively.

22. Subsequent Events

Risks and Uncertainties

Due to the level of uncertainty related to changes in interest rates, market volatility, and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the accompanying statements of financial position as of March 31, 2010. However, management is of the belief that the diversification of UNCF's invested assets among various asset classes (see Notes 5, 7 and 8) should mitigate the impact of dramatic change on any one class. Further, because the values of UNCF's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. These trends may also have an effect on the ability of donors to fulfill their pledges on a timely basis. Management has reviewed its contributions and gifts outstanding at March 31, 2010, and does not believe that the effects of the market conditions will have a material effect on the financial position of UNCF.

Line of Credit Financing

Subsequent to March 31, 2010, UNCF utilized approximately \$2,500,000 of its available \$5,000,000 line of credit to fund various operating activities (see Note 13).

Headquarters Relocation

The Executive Committee of the UNCF Board of Directors has authorized management to pursue a non-binding agreement to design and build a new corporate headquarters for UNCF. As such, during June 2010, UNCF entered into a purchase and sale agreement for certain commercial condominium units with a yet-to-be-constructed building to serve as its new corporate headquarters. As part of the purchase and sale agreement, UNCF provided a \$300,000 deposit which is non-refundable except for specific conditions.

The purchase price of the units will be funded by tax-exempt fixed-rate-term bonds which UNCF intends to issue by September or October 2010. As of date of this report, the financing is expected to approximate \$26,000,000 and will be considered a general unsecured obligation of UNCF. Further, negotiations with various parties are on-going related to this matter.

Management's Evaluation

In accordance with FASB ASC Topic 855, Subsequent Events (previously known as SFAS No. 165, Subsequent Events), management has evaluated any events or transactions occurring after March 31, 2010, the statement of financial position date through August 16, 2010 (the date the financial statements were available to be issued) and noted that there have been no such events or transactions which would require adjustments to or disclosure in UNCF's financial statements for the year ended March 31, 2010.

23. Supplemental Disclosure of Cash Flows Information

| March 31, | 2010 | 2009 |
|--|-----------|----------|
| Cash paid during the year for interest | \$161,833 | \$30,083 |



