Metropolitan Family Services

Audited Financial Statements
June 30, 2011

Contents

McGladrey

Independent Auditor's Report

To the Board of Directors
Metropolitan Family Services
Chicago, Illinois

We have audited the accompanying Statements of Financial Position of Metropolitan Family Services (the Agency) as of June 30, 2011 and 2010, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Metropolitan Family Services at June 30, 2011 and 2010, 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.

McGladrey & Pullen, LLP

Chicago, Illinois
November 14, 2011

Metropolitan Family Services

Statements of Financial Position
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	**$ 728,781**	$ 199,023
Receivables:		
Government grants	**4,155,453**	3,956,245
Fund raising pledges (net of allowance)	**258,453**	381,302
Other	**214,228**	207,887
Investments	**39,007,780**	33,941,206
Beneficial interest in irrevocable perpetual trusts	**13,265,694**	12,810,613
Prepaid expenses	**226,333**	226,561
Bond issuance costs, less accumulated amortization 2011 $106,153; 2010 $97,474	**153,526**	162,205
Property and equipment, less accumulated depreciation 2011 $14,711,519; 2010 $14,142,506	**16,791,228**	17,261,028
Total assets	**$ 74,801,476**	$ 69,146,070
Liabilities		
Line of credit	**$ 1,360,000**	$ 800,000
Accounts payable and accrued expenses	**2,679,084**	3,149,320
Accrued pension expense	**6,398,501**	7,409,178
Notes payable	**1,271,284**	1,431,955
Bonds payable	**12,700,000**	12,700,000
Deferred revenue	**713,838**	155,362
Funds held in custody for others	**101,984**	162,987
Interest rate swap	**1,903,209**	2,364,560
Total liabilities	**27,127,900**	28,173,362
Net Assets		
Unrestricted	**(4,883,964)**	(5,998,788)
Temporarily restricted	**33,725,354**	28,594,391
Permanently restricted	**18,832,186**	18,377,105
Total net assets	**47,673,576**	40,972,708
Total liabilities and net assets	**$ 74,801,476**	$ 69,146,070

See Notes to Financial Statements.

Metropolitan Family Services

Statements of Activities
Years Ended June 30, 2011 and 2010

	2011			
	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total Agency
Operating:				
Public support:				
MFS Annual Campaign	$ 4,511,171	$ 284,066	$ -	$ 4,795,237
United Way of Metropolitan Chicago	1,860,604	-	-	1,860,604
Government grants	17,401,669	-	-	17,401,669
In-kind contributions	11,064	-	-	11,064
Total public support	23,784,508	284,066	-	24,068,574
Revenue:				
Program service fees	6,474,862	-	-	6,474,862
Endowment payout	1,999,493	-	-	1,999,493
Income allocations from trusts	547,687	-	-	547,687
Rent and other income	144,980	-	-	144,980
Net assets released from restrictions	219,677	(219,677)	-	-
Total revenue	9,386,699	(219,677)	-	9,167,022
Total public support and revenue	33,171,207	64,389	-	33,235,596
Expenses:				
Program	26,820,488	-	-	26,820,488
Management and general	4,731,940	-	-	4,731,940
Fund raising	1,388,284	-	-	1,388,284
In-kind contributions	11,064	-	-	11,064
Total expenses before depreciation and amortization and net periodic benefit cost	32,951,776	-	-	32,951,776
Operating surplus	219,431	64,389	-	283,820
Other changes from operating activities:				
Depreciation and amortization	(577,692)	-	-	(577,692)
Net periodic benefit cost not included in operating expenses	(142,669)	-	-	(142,669)
Change in net assets from operating activities	(500,930)	64,389	-	(436,541)
Nonoperating revenue (expenses):				
Public support and revenue (expenses):				
Bequests	1,057	-	-	1,057
Loss on sale of property and equipment	-	-	-	-
Net investment gains	-	5,066,574	455,081	5,521,655
Pension related changes other than net periodic pension cost	1,153,346	-	-	1,153,346
Change in fair value of interest rate swap	461,351	-	-	461,351
Change in net assets from nonoperating activities	1,615,754	5,066,574	455,081	7,137,409
Increase (decrease) in net assets	1,114,824	5,130,963	455,081	6,700,868
Net assets at beginning of year	(5,998,788)	28,594,391	18,377,105	40,972,708
Net assets at end of year	$ (4,883,964)	$ 33,725,354	$ 18,832,186	$ 47,673,576

See Notes to Financial Statements.

2010			
Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total Agency
$ 3,903,943	$ 219,677	$ -	$ 4,123,620
2,505,841	-	-	2,505,841
16,376,202	-	-	16,376,202
16,863	-	-	16,863
22,802,849	219,677	-	23,022,526
6,437,751	-	-	6,437,751
2,592,050	-	-	2,592,050
643,292	-	-	643,292
189,556	-	-	189,556
175,735	(175,735)	-	-
10,038,384	(175,735)	-	9,862,649
32,841,233	43,942	-	32,885,175
25,942,213	-	-	25,942,213
4,565,216	-	-	4,565,216
1,280,755	-	-	1,280,755
16,863	-	-	16,863
31,805,047	-	-	31,805,047
1,036,186	43,942	-	1,080,128
(676,064)	-	-	(676,064)
(420,559)	-	-	(420,559)
(60,437)	43,942	-	(16,495)
95,583	-	-	95,583
(5,464)		-	(5,464)
-	2,017,630	938,337	2,955,967
(384,978)	-	-	(384,978)
(758,681)	-	-	(758,681)
(1,053,540)	2,017,630	938,337	1,902,427
(1,113,977)	2,061,572	938,337	1,885,932
(4,884,811)	26,532,819	17,438,768	39,086,776
$ (5,998,788)	$ 28,594,391	$ 18,377,105	$ 40,972,708

Metropolitan Family Services

Statement of Functional Expenses
Year Ended June 30, 2011

	Programs						
	Mental Health	Child and Youth Development	Counseling	Older Adults	Parent Development	Economic Stability	Legal Aid
Salaries	$ 3,586,137	$ 4,532,652	$ 1,822,863	$ 1,221,862	$ 1,381,753	$ 2,090,353	$ 873,657
Payroll taxes and benefits	1,020,884	1,277,576	544,941	344,540	437,126	692,948	252,938
Professional fees	343,449	194,316	51,850	34,021	3,432	25,612	37,953
Financial assistance	191,094	-	6,008	6,018	41,440	56,047	-
Occupancy	594,497	488,567	361,520	209,288	256,783	423,863	159,348
Equipment rental and maintenance	23,409	33,166	23,591	21,072	9,703	31,487	13
Other program expenses	242,333	672,513	142,560	74,594	222,231	261,029	64,147
Telephone	109,862	101,796	50,382	35,929	46,957	79,967	17,027
	6,111,665	7,300,586	3,003,715	1,947,324	2,399,425	3,661,306	1,405,083
Depreciation and amortization allocation	103,777	155,089	49,929	32,939	41,411	63,567	23,937
Net periodic benefit cost not included in operating expenses	28,534	24,254	17,120	9,987	8,560	8,560	5,707
	$ 6,243,976	$ 7,479,929	$ 3,070,764	$ 1,990,250	$ 2,449,396	$ 3,733,433	$ 1,434,727

See Notes to Financial Statements.

Programs				Support Services				
Violence Prevention Intervention	EAN	Public Policy	Total Program	Management and General	Fund Raising	Total Support Services	In-Kind Contributions	2011 Total Agency
$ 353,821	$ 174,657	$ 26,727	$ 16,064,482	$ 2,848,763	$ 756,423	$ 3,605,186	$ -	$ 19,669,668
108,985	39,154	3,802	4,722,894	573,788	195,666	769,454	-	5,492,348
370	106,678	7,500	805,181	715,687	104,403	820,090	-	1,625,271
-	-	-	300,607	-	61,276	61,276	-	361,883
69,667	28,621	3,112	2,595,266	310,030	129,435	439,465	-	3,034,731
1,700	3,899	-	148,040	25,098	9,765	34,863	-	182,903
21,634	16,971	1,002	1,719,014	219,187	112,505	331,692	11,064	2,061,770
9,518	12,520	1,046	465,004	39,387	18,811	58,198	-	523,202
565,695	382,500	43,189	26,820,488	4,731,940	1,388,284	6,120,224	11,064	32,951,776
9,860	6,209	750	487,468	70,056	20,168	90,224	-	577,692
2,853	1,427	1,427	108,429	21,400	12,840	34,240	-	142,669
$ 578,408	$ 390,136	$ 45,366	$ 27,416,385	$ 4,823,396	$ 1,421,292	$ 6,244,688	$ 11,064	$ 33,672,137

Metropolitan Family Services

Statement of Functional Expenses
Year Ended June 30, 2010

	Programs						
	Mental Health	Child and Youth Development	Counseling	Older Adults	Parent Development	Economic Stability	Legal Aid
Salaries	$ 3,548,848	$ 3,813,717	$ 2,111,706	$ 1,232,749	$ 1,079,562	$ 1,663,161	$ 932,064
Payroll taxes and benefits	976,789	1,100,467	582,302	333,108	337,111	544,626	263,528
Professional fees	338,880	159,869	69,359	29,202	3,196	22,092	24,000
Financial assistance	156,945	7,039	9,425	13,304	37,789	115,083	-
Occupancy	585,113	479,167	390,582	224,140	229,569	387,630	173,263
Equipment rental and maintenance	29,361	65,647	13,016	11,604	14,262	15,293	499
Other program expenses	253,172	999,041	162,263	80,411	273,520	167,347	58,570
Telephone	148,947	147,750	80,517	53,200	58,837	98,675	31,772
	6,038,055	6,772,697	3,419,170	1,977,718	2,033,846	3,013,907	1,483,696
Depreciation and amortization allocation	130,500	151,758	73,496	42,641	44,254	65,658	32,155
Net periodic benefit cost not included in operating expenses	84,111	71,495	50,467	29,439	25,234	25,234	16,822
	$ 6,252,666	$ 6,995,950	$ 3,543,133	$ 2,049,798	$ 2,103,334	$ 3,104,799	$ 1,532,673

See Notes to Financial Statements.

Programs				Support Services				
Violence Prevention Intervention	EAN	Public Policy	Total Program	Management and General	Fund Raising	Total Support Services	In-Kind Contributions	2010 Total Agency
$ 403,691	$ 154,798	$ 146,397	$ 15,086,693	$ 2,976,218	$ 719,435	$ 3,695,653	$ -	$ 18,782,346
111,045	29,226	18,428	4,296,630	571,792	179,728	751,520	-	5,048,150
1,981	100,043	30,100	778,722	414,248	94,772	509,020	-	1,287,742
1,603	-	-	341,188	-	15,370	15,370	8,333	364,891
79,672	28,485	9,587	2,587,208	335,990	127,370	463,360	-	3,050,568
2,179	4,199	-	156,060	32,514	20,386	52,900	5,000	213,960
26,452	16,961	6,042	2,043,779	175,893	97,040	272,933	3,530	2,320,242
16,157	13,806	2,272	651,933	58,561	26,654	85,215	-	737,148
642,780	347,518	212,826	25,942,213	4,565,216	1,280,755	5,845,971	16,863	31,805,047
14,170	7,241	4,258	566,131	85,587	24,346	109,933	-	676,064
8,411	4,206	4,206	319,625	63,084	37,850	100,934	-	420,559
$ 665,361	$ 358,965	$ 221,290	$ 26,827,969	$ 4,713,887	$ 1,342,951	$ 6,056,838	$ 16,863	$ 32,901,670

Metropolitan Family Services

Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	**$ 6,700,868**	$ 1,885,932
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Loss on disposal of property and equipment	**-**	5,464
Investment (gain) from endowment	**(455,081)**	(938,337)
Depreciation and amortization	**577,692**	676,064
Net realized (gain) loss on investments	**(18,212)**	1,022,635
Net unrealized (gain) on investments	**(6,449,048)**	(4,918,249)
Investment gain from endowment	**455,081**	938,337
Changes in operating assets and liabilities:		
Receivables	**(82,699)**	(719,364)
Prepaid expenses	**228**	(60,564)
Accounts payable, accrued expenses, and other	**(1,942,265)**	2,188,368
Deferred revenue	**558,476**	134,362
Funds held in custody for others	**(61,003)**	26,753
Net cash (used in) provided by operating activities	**(715,963)**	241,401
Cash Flows from Investing Activities		
Proceeds from the sale of investments	**5,806,835**	12,842,035
Proceeds from the sale of property and equipment	**-**	217,448
Purchases of investments	**(4,861,230)**	(11,902,388)
Additions to property and equipment, net	**(99,213)**	(512,602)
Net cash provided by investing activities	**846,392**	644,493
Cash Flows from Financing Activities		
Net activity on line of credit	**560,000**	(450,000)
Payments on notes payable	**(160,671)**	(352,895)
Net cash provided by (used in) financing activities	**399,329**	(802,895)
Increase in cash and cash equivalents	**529,758**	82,999
Cash and cash equivalents at beginning of year	**199,023**	116,024
Cash and cash equivalents at end of year	**$ 728,781**	$ 199,023
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	**$ 717,544**	$ 648,970

See Notes to Financial Statements.

Note 1. Agency

Metropolitan Family Services (Agency), a not-for-profit Illinois corporation, is a nonsectarian human services agency located in metropolitan Chicago. The Agency was organized to provide a wide range of programs and services to strengthen low and moderate-income individuals, families, and communities.

Note 2. Summary of Significant Accounting Policies

Accounting policies: The Agency follows accounting standards established by the Financial Accounting Standards Board (the FASB) to ensure consistent reporting of financial condition, results of operations, and cash flows. References to Generally Accepted Accounting Principles (GAAP) in these footnotes are to the FASB *Accounting Standards Codification,* sometimes referred to as the Codification or ASC.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair value of financial instruments: The estimated fair values of the Agency's short-term instruments, including receivables and payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

Cash: It is usual and customary for the Agency to have cash on deposit in financial institutions exceeding the federally insured limit. The carrying amount reported for cash approximate fair value.

Cash equivalents: All investments with a remaining maturity of three months or less at the time of purchase are reported as cash equivalents. The carrying amount reported for cash equivalents approximates their fair values.

Investments: At June 30, 2011 and 2010, all investments, including the invested assets of the irrevocable perpetual trusts, are carried at fair value. Realized gains and losses are determined based on the average cost method.

Receivables: The carrying amount reported for receivables approximates their fair values due to their relatively short maturity period.

Beneficial interest in irrevocable perpetual trusts: The Agency is an income beneficiary of certain irrevocable perpetual trusts established by donors and administered by certain third-party agencies. Income allocations from such trusts have no restriction on their use and are recognized as revenue when received from the third-party agencies. The Agency's beneficial interest in the assets of irrevocable perpetual trusts is carried at fair value in its statement of financial position based on the fair value of the underlying trust assets.

Amortization of bond issuance costs: Bond issuance costs are those costs associated with the issuance of the Agency's debt. These costs are amortized using the straight-line method over the life of the bonds (29 years).

Note 2. Summary of Significant Accounting Policies (Continued)

Derivative financial instruments: The Agency has an interest rate swap agreement with the objective of minimizing the variability of cash flows. This derivative financial instrument is recognized as either asset or liability at fair value in the statement of financial position with the changes in the fair value reported on the statement of activities. This instrument is classified on the statement of financial position as interest rate swap and the change in the fair value is recorded on the statement of activities. For the years ended June 30, 2011 and 2010, the Agency recognized a gain of $461,351 and a loss of $758,681, respectively, on the instrument.

Deferred revenue: The Agency records all grant money received as revenue when expenses relating to the grants have occurred. All grants for which revenue has been received but expenses have not been incurred are recorded as deferred revenue.

Accounts payable and accrued expenses*:* The carrying amounts for accounts payable and accrued expenses approximates their fair values due to their relatively short maturity period.

Notes payable: The carrying amount for notes payable approximates their fair values.

Bonds payable: The carrying value of the Agency's debt approximates fair value based on the quoted market prices for the same or similar issues or on the current rates offered to the Agency for debt of the same remaining maturities with similar collateral requirements.

Interest rate swap: All interest rate swap agreements are recognized as either assets or liabilities at their fair value in the statement of financial position with the changes in the fair value reported in the current period earnings. These instruments are classified on the balance sheet as derivative financial instruments and the change in the fair value is recorded on the statement of activities, in change in fair value of derivative financial instruments.

Property and equipment: Property and equipment are carried at cost, except donated assets which are recorded at fair value at date of donation. All purchases in excess of $5,000 are capitalized, while lesser amounts are charged to expense. Assets retired or otherwise disposed of are removed from the accounts at their net carrying amount. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets or terms of the related leases (40 years for buildings, 5 years for furniture and equipment, and 2-7 years for leasehold improvements).

Unrestricted net assets: Unrestricted net assets are resources whose use has no limitations imposed by either management of the Agency or outside donors.

Restricted net assets: Temporarily restricted net assets are resources whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of amounts held in perpetuity. Earnings on the investment of permanently or temporarily restricted net assets are included in unrestricted revenue and support unless restricted by donors.

Contributions: Unconditional promises of others to give cash and other assets are recorded at fair value at the date the promise is made and reported as increases in either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the contributions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose for which the contributions were restricted is fulfilled), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Agency reports the support as unrestricted. In the absence of donor-imposed restrictions on the use of the assets, contributions of long-lived assets are reported as increases in unrestricted net assets.

Note 2. Summary of Significant Accounting Policies (Continued)

In-kind contributions: The Agency received contributions of goods and services from outside corporations in the amount of $11,064 and $16,863 during the years ended June 30, 2011 and 2010, respectively. The receipt and subsequent distribution of these goods and services are shown as revenues and expenditures in the financial statements.

Tax status: The Agency is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the Agency's statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Generally, years beginning after 2007 are still open to federal taxing jurisdictions. When and if applicable, potential interest and penalty costs are accrued as incurred, with expenses recognized in nonoperating expenses in the statements of activities. As of June 30, 2011 and 2010 and for the years then ended, there are no material unrecognized/derecognized tax benefits or tax penalties or interest.

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

Note 3. Fair Value Disclosures

The Fair Value Measurements and Disclosures Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Agency uses various methods including market, income and cost approaches and sets out a fair value hierarchy. Based on these approaches, the Agency often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Agency is required to provide the following information according to the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability.

Note 3. Fair Value Disclosures (Continued)

The three levels of the fair value hierarchy under the Topic are described below:

> Level 1. Unadjusted quoted prices in active markets, such as the New York Stock Exchange, for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
>
> Level 2. Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
>
> Level 3. Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds and funds of hedge funds.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the highest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

In determining the appropriate levels, the Agency performs a detailed analysis of the assets and liabilities that are subject to *Fair Value Measurements and Disclosures* Topic of the Codification. At each reporting period, all assets and liabilities, for which the fair value measurement is based on unobservable inputs, are classified as Level 3.

For the fiscal years ended June 30, 2011 and 2010, the application of valuation techniques applied to similar assets and liabilities has been consistent, and there are no unfunded commitments at June 30, 2011 and 2010 requiring fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities and Beneficial Interests in Perpetual Trusts:

The fair value of investment securities and beneficial interests in perpetual trusts are based on quoted market prices, when available, provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument. Alternative investments held by the Agency for risk management purposes are traded in over-the-counter markets where quoted market prices are not readily available. For those investments, the Agency measures fair value using assumptions and projections, which includes extensive due diligence by the Agency's investment consultant. The Agency classifies such beneficial interests in perpetual trusts and alternative investments as Level 3.

Note 3. Fair Value Disclosures (Continued)

Interest Rate Swap:

The valuation of this instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the interest rate swap. This analysis reflects the contractual terms of the interest rate swap, including the period to maturity, and used observable market-based inputs, including the SIFMA index. The fair value estimate is classified as Level 2.

The following tables present the Agency's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010:

	2011				
	Total	Level 1	Level 2	Level 3	Redemptions Permitted
Assets:					
Equity securities:					
U.S. equities	$ 5,825,029	$ 5,825,029	$ -	$ -	Daily
Non-U.S. equities	4,488,359	4,488,359	-	-	Daily
Global equities	13,564,578	13,564,578	-	-	Daily
Fixed income securities:	-				
U.S. fixed income	7,616,154	7,616,154	-	-	Daily
Non-U.S. fixed income	405,986	405,986	-	-	Daily
Alternative investments:	-				
Hedge fund of funds (a)	4,076,542	-	-	4,076,542	Quarterly
Real estate fund (b)	3,031,132	-	-	3,031,132	Quarterly
Beneficial interest in	-				
perpetual trusts (c)	13,265,694	-	-	13,265,694	N/A
	$ 52,273,474	$ 31,900,106	$ -	$ 20,373,368	
Liability:					
Interest-rate swap	$ 1,903,209	$ -	$ 1,903,209	$ -	

(a) This category includes investments in hedge funds that invest primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments to meet growth strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(b) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this category have been estimated using the net asset value of the Agency's ownership interest.

(c) This category includes investments in equities, fixed income securities, real estate funds, and hedge funds. The fair value of these investments are based on quoted market prices provided by recognized broker dealers.

Note 3. Fair Value Disclosures (Continued)

	2010				
	Total	Level 1	Level 2	Level 3	Redemptions Permitted
Assets:					
Equity securities:					
U.S. equities	$ 4,592,350	$ 4,592,350	$ -	$ -	Daily
Non-U.S. equities	4,376,150	4,376,150	-	-	Daily
Global equities	11,808,659	11,808,659	-	-	Daily
Fixed income securities:					
U.S. fixed income	7,931,547	7,931,547	-	-	Daily
Non-U.S. fixed income	423,234	423,234	-	-	Daily
Alternative investments:					
Hedge fund of funds (a)	3,669,962	-	-	3,669,962	Quarterly
Real estate fund (b)	1,139,304	-	-	1,139,304	Quarterly
Beneficial interest in perpetual trusts	12,810,613	-	-	12,810,613	N/A
	$ 46,751,819	$ 29,131,940	$ -	$ 17,619,879	
Liability:					
Interest-rate swap	$ 2,364,560	$ -	$ 2,364,560	$ -	

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Net Alternative Investments	
	2011	2010
Balance, beginning of year	$ 17,619,879	$ 15,816,037
Total net gains included in:		
Net investment gains	1,293,142	1,311,841
Purchases of investment securities	1,460,347	492,001
Balance, end of year	$ 20,373,368	$ 17,619,879
Net unrealized gains included in changes in net assets for the year relating to assets and liabilities held at year-end	$ 1,293,142	$ 1,311,841

Note 4. Investments and Beneficial Interest in Irrevocable Perpetual Trusts

Total returns on investment assets, excluding income allocations from irrevocable perpetual trusts, held during 2011 and 2010 are summarized as follows:

2011	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest income	$ 588,397	$ -	$ 588,397
Net realized gain	18,212	455,081	473,293
Net unrealized gain	6,449,048		6,449,048
Total return on investments	7,055,657	455,081	7,510,738
Investment return designated for:			
Endowment payout	(2,096,000)	-	(2,096,000)
Investment return less amounts designated for endowment payout	$ 4,959,657	$ 455,081	$ 5,414,738

2010	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest income	$ 701,949	$ -	$ 701,949
Net realized (loss)	(1,022,635)	-	(1,022,635)
Net unrealized gain	4,918,249	938,337	5,856,586
Total return on investments	4,597,563	938,337	5,535,900
Investment return designated for:			
Endowment payout	(2,390,000)	-	(2,390,000)
Investment return less amounts designated for endowment payout	$ 2,207,563	$ 938,337	$ 3,145,900

Note 4. Investments and Beneficial Interest in Irrevocable Perpetual Trusts (Continued)

The Agency invests in a professionally managed portfolio of mutual funds and alternative investments. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The Agency is also a designated income beneficiary of certain irrevocable perpetual trusts. The terms of the trust agreements provide that the Agency, as an income beneficiary, is to receive its beneficial interest in the income of the trust assets as earned in perpetuity. Such trust assets are held and invested in perpetuity by the third-party trustees, which are financial institutions.

At June 30, 2011 and 2010, the assets of the irrevocable trusts are principally invested in marketable equity securities and bonds and notes. During 2011 and 2010, income allocations received by the Agency from irrevocable perpetual trusts amounted to approximately $558,097 and $665,409, respectively, and the Agency's beneficial interest in the net unrealized (depreciation) appreciation in the fair value of the irrevocable trusts' assets amounted to $ 455,081 and $ 938,337, respectively.

Note 5. Endowment Funds

The Agency's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

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

Note 5. Endowment Funds (Continued)

The Agency's endowment net asset composition by type of fund is as follows for the years ended June 30, 2011 and 2010:

	2011		
	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 18,832,186	$ 18,832,186
Board designated	33,441,288	-	33,441,288
Total Funds	$ 33,441,288	$ 18,832,186	$ 52,273,474

	2010		
	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 18,377,105	$ 18,377,105
Board designated	28,374,714	-	28,374,714
Total Funds	$ 28,374,714	$ 18,377,105	$ 46,751,819

Note 5. Endowment Funds (Continued)

The changes in endowment net assets for the Agency were as follows for the years ended June 30, 2011 and 2010:

	2011		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year			
Investments	$ 28,374,714	$ 5,566,492	$ 33,941,206
Perpetual trusts	-	12,810,613	12,810,613
Total beginning net assets	28,374,714	18,377,105	46,751,819
Investment return:			
Dividends and interest income	598,807	-	598,807
Net realized/unrealized gain (loss)	6,467,260	455,081	6,922,341
Total investment return	7,066,067	455,081	7,521,148
Appropriation of endowment assets for expenditure:			
Operating expense	(1,999,493)	-	(1,999,493)
Net investment gains	5,066,574	455,081	5,521,655
Endowment net assets, end of year			
Investments	33,441,288	5,566,492	39,007,780
Perpetual trusts	-	13,265,694	13,265,694
Total ending net assets	$ 33,441,288	$ 18,832,186	$ 52,273,474

Note 5. Endowment Funds (Continued)

	2010		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year			
Investments	$ 26,357,084	$ 5,566,492	$ 31,923,576
Perpetual trusts	-	11,872,276	11,872,276
Total beginning net assets	26,357,084	17,438,768	43,795,852
Investment return:			
Dividends and interest income	714,066	-	714,066
Net realized/unrealized gain (loss)	3,895,614	938,337	4,833,951
Total investment return	4,609,680	938,337	5,548,017
Appropriation of endowment assets for expenditure:			
Operating expense	(2,592,050)	-	(2,592,050)
Net investment gains	2,017,630	938,337	2,955,967
Endowment net assets, end of year			
Investments	28,374,714	5,566,492	33,941,206
Perpetual trusts	-	12,810,613	12,810,613
Total ending net assets	$ 28,374,714	$ 18,377,105	$ 46,751,819

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires the Agency to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2011 and 2010.

Note 5. Endowment Funds (Continued)

The Agency has adopted investment and spending policies for endowment assets as follows:

Investment Policy

The investment policy of the MFS Endowment is to achieve the highest rate of return possible within an acceptable range of risk and volatility. Based on that objective, the current assumptions are that long-term returns net of expenses will average 8 percent and long-term inflation will average 3 percent.

The MFS Investment Committee has the responsibility to establish the policies that guide the specific investments of the endowment assets. The policies describe the degree of investment risk and diversification that the committee deems appropriate.

The committee, in consultation with its investment consultant, monitors the performance of investment managers and adds, replaces, or eliminates managers as needed.

The Agency's current asset allocations is 17 percent U.S. equities, 18 percent international equities and emerging markets, 20 percent global equities, 20 percent fixed income, 15 percent hedge funds, and 10 percent real estate.

Spending Policy

Endowment spending is set annually by the Board after considering the funding needs of current Agency operations and the desire to preserve the long-term purchasing power of the Endowment. Distributions are authorized by the Board based on recommendations of the Investment and Finance Committees.

Note 6. Fund Raising Pledges Receivable

Pledges receivable are recorded at fair value, net of an allowance of $200,812 at June 30, 2011 and 2010. As of June 30, pledges are summarized as follows:

	2011	2010
Less than 1 year	$ 131,811	$ 195,790
1 to 5 years	126,642	185,512
	$ 258,453	$ 381,302

Note 7. Property and Equipment

Property and equipment are summarized as follows at June 30:

	2011	2010
Land	$ 2,791,623	$ 2,791,623
Buildings and improvements	19,159,362	19,069,792
Leasehold improvements	1,706,686	1,706,686
Furniture and equipment	7,845,076	7,835,433
	31,502,747	31,403,534
Less: Accumulated depreciation	14,711,519	14,142,506
	$ 16,791,228	$ 17,261,028

Note 8. Short-Term Debt

As of June 30, 2011 and 2010, the Agency has a revolving credit line in the amount of $5,000,000 and $3,000,000, respectively. Interest is accrued monthly either at prime rate or the LIBOR rate plus 75 basis points. The weighted average interest rate at June 30, 2011 and 2010 was 2.04 percent and 2.77 percent, respectively. The covenants of the revolving credit line are substantially the same as those of the Illinois Development Finance Authority Variable Rate Demand Revenue Bonds described in Note 9. The balance outstanding on the line of credit was $1,360,000 at June 30, 2011 and $800,000 at June 30, 2010. The line of credit expires on October 6, 2012.

Note 9. Long-Term Debt

Long-term debt is summarized as follows at June 30:

	2011	2010
Notes payable:		
Term loan due August 12, 2010	$ -	$ 105,000
Term loan due September 12, 2012	407,500	457,500
Purchase money note and bank financing, due November 30, 2016	800,000	800,000
Promissory note due March 1, 2020	63,784	69,455
Notes payable	$ 1,271,284	$ 1,431,955
Bonds payable:		
Illinois Development Finance Authority Variable Rate Demand Revenue Bonds, Series 1999, maturing in the aggregate principal amount on January 1, 2029. The bonds are supported by a letter of credit agreement which expires March 15, 2012.	$ 12,700,000	$ 12,700,000

Note 9. Long-Term Debt (Continued)

Purchase Money Note and Bank Financing

During 1992, the Agency acquired by means of assignment, a 100 percent beneficial interest in a certain land trust representing certain property previously leased by the Agency from the seller in exchange for a limited guaranty. The Agency renewed this agreement in December 2006. Under this agreement, the Agency is required to make scheduled monthly interest payments of $6,400 for the period of November 1, 2002 through November 30, 2006 and $6,667 for the period of December 1, 2006 through November 30, 2016.

In connection with the guaranty and pursuant to the terms of the purchase agreement, the Agency has agreed to reimburse and indemnify the seller and provide for timely monthly debt service in connection with the existing $400,000 bank financing and certain other costs associated with the property and to deliver to the seller a $400,000 purchase money note due November 30, 2016. The bank financing and purchase money note are secured by a first and second mortgage and collateral assignment of beneficial interest, respectively.

Subsequent to December 1, 2010, and prior to November 30, 2016, the seller may exercise its option to repurchase the property for an amount based on the related option agreement, resulting principally in the release of the Agency from substantially all liability under the bank financing and purchase money note. If the seller's repurchase option is not exercised prior to November 30, 2016, the Agency may exercise its option to cause the seller to repurchase the property for the aforementioned amount.

Promissory Note

In 2003, the Agency borrowed $95,000 from the Illinois Facilities Fund as part of the financing arranged by the City of Chicago for a new childcare center. The loan is in the form of a promissory note which bears interest at 5 percent and is payable in monthly installments, ranging from $439 to $749, until maturity.

Note 9. Long-Term Debt (Continued)

Illinois Development Finance Authority Variable Rate Demand Revenue Bonds

In March 1999, the Illinois Development Finance Authority (Authority) on behalf of the Agency issued its Variable Rate Demand Revenue Bonds, Series 1999, in the principal amount of $12,700,000 pursuant to an Indenture of Trust dated as of March 1, 1999, between the Authority and the Trustee. The proceeds of the Series 1999 bonds were used to finance all or a portion of the cost of acquisition, construction, renovation, expansion, restoration, and equipping of certain facilities of the Agency and to reimburse the Agency for certain capital projects, provide a portion of the interest on the bonds, and pay certain expenses incurred in connection with the Issuance of the bonds. All other proceeds will be invested by the Trustee as provided in the Indenture.

The Series 1999 Bonds bear interest at a variable interest rate determined on a weekly basis. Interest rates ranged from 0.23 percent to 0.44 percent during 2011 and from 0.14 percent to 0.40 percent during 2010. The Series 1999 Bonds are convertible at the option of the Agency to another variable rate mechanism, as provided in the Indenture of Trust, dated March 1, 1999.

The Agency has a letter of credit agreement with a bank under the terms of which the bank agrees to make liquidity loans to the Agency in the amount necessary to purchase the variable rate demand direct obligations if not remarketed. The maximum amount of the liquidity loans would be principal ($12,700,000 at June 30, 2011) plus accrued interest. The letter of credit expires March 15, 2012 and carries an interest rate of 1.50 percent.

The terms of the long-term debt agreement require, among other things, the maintenance of specific financial ratios and place limitations on additional indebtedness and pledging of assets.

On October 21, 2005, the Agency entered into an interest rate swap agreement (swap agreement) with a non-amortizing notional amount of $12,700,000 with an objective to minimize the variability of cash flows. Under the terms of the swap agreement, the Agency receives monthly payments based upon a variable rate of interest and makes monthly payments based upon a fixed rate of 3.5 percent through November 1, 2015 and 3.85 percent thereafter through January 1, 2029. The variable rate of interest is based on the USD-LIBOR-BBA (0.19 percent and 0.33 percent at June 30, 2011 and 2010, respectively). Although the derivative is an interest rate hedge, the Agency has chosen not to account for the derivatives as “cash-flow” hedge instruments, as defined by accounting principles generally accepted in the United States of America, and therefore the gain or loss on the derivative is recognized in the statement of activities as a component of non-operating revenue (expense) in the period of change.

Net interest paid or received under the swap agreement is included in interest expense. The net differential paid by the Agency as a result of the swap agreement amounted to $385,485 and $421,130 for the years ended June 30, 2011 and 2010, respectively. The change in fair value of the swap agreement was an unrealized gain of $461,352 and an unrealized loss of $758,681 in 2011 and 2010, respectively.

At June 30, 2011 and 2010, the Agency’s total long-term debt outstanding was $13,971,284 and $14,131,955, respectively. The total fair value of all of the interest rate swap agreements was $1,903,209 and $2,364,560 at June 30, 2011 and 2010, respectively.

Note 9. Long-Term Debt (Continued)

The following table provides information regarding the interest rate swap and its effects on the statements of financial position at June 30:

	2011		2010	
Derivatives not designated as hedging instruments	Statement of Financial Position	Fair Value	Statement of Financial Position	Fair Value
Liability derivatives				
Interest rate swap	Interest Rate Swap	$ 1,903,209	Interest Rate Swap	$ 2,364,560

The following table provides information regarding the interest rate swap and its effect on the statements of activities for the years ended June 30:

	2011		2010	
Derivatives not designated as hedging instruments	Statement of Activities Location	Gain	Statement of Activities Location	(Loss)
Interest rate swap (Loss) recognized in net income	Change in fair value of interest rate swap	$ 461,352	Change in fair value of interest rate swap	$ (758,681)

The total interest expense for the year is composed of the following elements:

	2011	2010
Interest expense	$ 717,544	$ 648,970
Change in fair value of swap agreement	(461,352)	758,681
Total interest expense	$ 256,192	$ 1,407,651

Interest expense is reported within the financial statements as follows:

	2011	2010
Operating:		
Program expenses	$ 717,544	$ 648,970
Nonoperating:		
Change in fair value of interest rate swap	(461,352)	758,681
	$ 256,192	$ 1,407,651

Note 10. Restricted Net Assets

Restricted Net Assets

Temporarily restricted net assets, other than endowments, are available for the following purposes at June 30:

	2011	2010
Community services	$ 197,111	$ 183,262
Financial assistance	86,955	36,415
	$ 284,066	$ 219,677

Permanently restricted net assets are restricted as follows at June 30:

	2011	2010
Beneficial interest in irrevocable perpetual trusts invested in perpetuity by third-party trustees, the income from which is expendable to support any of the activities of the Agency.	$ 13,265,694	$ 12,810,613
Agency endowment invested in perpetuity by the Agency, the income from which is expendable to support any of the activities of the Agency.	5,391,475	5,391,475
Agency endowment invested in perpetuity by the Agency, the income from which is expendable to support specific programs as restricted by the donor.	175,017	175,017
	$ 18,832,186	$ 18,377,105

Note 11. Pension Plan

Substantially all full-time employees of the Agency participated in a trusteed, noncontributory, defined-benefit pension plan (Plan).

The Agency implemented a partial plan freeze as of December 31, 2008 for all staff aged 52 and younger. There were no changes to the benefits of those employees aged 53 and older.

Note 11. Pension Plan (Continued)

A summary of the changes in the projected benefit obligation and plan assets and the resulting funded status of the defined-benefit pension plan are as follows at June 30:

	2011	2010
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 17,635,814	$ 15,202,770
Service cost	374,570	426,459
Interest cost	907,567	932,944
Actuarial losses	803,080	1,568,648
Benefits paid	(505,903)	(495,007)
Projected benefit obligation at year-end	$ 19,215,128	$ 17,635,814
Accumulated benefit obligation	$ 18,454,634	$ 16,977,049
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 10,226,636	$ 8,599,129
Actual return on plan assets	1,995,050	1,271,256
Contributions	1,100,844	851,258
Benefits paid	(505,903)	(495,007)
Fair value of plan assets at year-end	$ 12,816,627	$ 10,226,636
Fair value of plan assets	$ 12,816,627	$ 10,226,636
Benefit obligations	19,215,128	17,635,814
Funded status (plan assets less benefit obligations)	$ (6,398,501)	$ (7,409,178)
Amounts recognized on statement of financial position consist of pension liability	$ 6,398,501	$ 7,409,178

The Projected Benefit Obligation is the actuarial present value of benefits under the plan formula, based on employee service to date and expected future compensation levels.

The Accumulated Benefit Obligation is the actuarial present value of benefits earned to date, based on current and past compensation levels.

Note 11. Pension Plan (Continued)

	2011	2010
Cumulative amounts recognized in changes from non-operating activities:		
Beginning cumulative amount	$ 5,631,996	$ 5,247,018
Current year amount recognized in changes from non-operating activities	(1,153,346)	384,978
Ending cumulative amounts	$ 4,478,650	$ 5,631,996
Components of cumulative amounts recognized in changes from non-operating activities:		
Unrecognized actuarial (gain) loss	$ 4,365,856	$ 5,491,214
Unrecognized prior service cost	112,794	140,782
	$ 4,478,650	$ 5,631,996
Components of net periodic benefit cost:		
Service cost	$ 374,570	$ 426,459
Interest cost	907,567	932,944
Expected return on plan assets	(679,710)	(660,439)
Net amortization and deferrals	641,086	572,853
Net periodic benefit cost	$ 1,243,513	$ 1,271,817

The net periodic benefit cost is presented on the statement of functional expenses as follows:

	2011	2010
Net periodic benefit cost in excess of contributions	$ 142,669	$ 420,559
Contributions, included in "payroll taxes and benefits"	1,100,844	851,258
	$ 1,243,513	$ 1,271,817

The net pension cost was calculated using the June 30, 2010 census data asset information as of June 30, 2010, and a measurement date of June 30, 2010.

Estimated service cost that will be amortized into periodic benefit cost in the next fiscal year at both June 30, 2011 and 2010 is $27,988.

Note 11. Pension Plan (Continued)

Assumptions

Pension costs are determined based on actuarial valuations that reflect appropriate assumptions as of the measurement date, ordinarily the beginning of each year. The funded status of the plans is determined using appropriate assumptions as of each year-end. A summary of the major assumptions follows:

	2011	2010
Funded status:		
Discount rate	5.30%	5.30%
Future salary increases	3.00%	0.00%
Pension cost:		
Discount rate	5.30%	5.30%
Return on assets in plans	6.70%	6.70%
Future salary increases	3.00%	3.00%

Plan Assets

The Agency invests the defined benefit plan assets in a professionally managed portfolio of equity and debt securities. The Agency's target asset allocation is approximately 30 percent fixed income and 70 percent equity securities. Each year this asset allocation strategy is reviewed to determine the percentage of the fund that is allocated to equity and debt securities. The expected rate of return is based on both historical returns as well as the outlook for future returns given the current economic conditions.

The fair values of the Agency's pension plan assets at June 30, 2011 and 2010 by asset category are as follows:

	2011			
	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash	$ 12,817	$ 12,817	$ -	$ -
Equity securities:				
U.S. equities	5,472,700	5,472,700	-	-
Non-U.S. equities	1,307,296	1,307,296	-	-
Global equities	1,294,479	1,294,479	-	-
Fixed income securities:				
U.S. fixed income securities	4,165,404	4,165,404	-	-
Non-U.S. fixed income securities	563,931	563,931	-	-
	$ 12,816,627	$ 12,816,627	$ -	$ -

Note 11. Pension Plan (Continued)

	2010			
	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash	$ 16,633	$ 16,633	$ -	$ -
Equity securities:				
U.S. equities	1,308,310	1,308,310	-	-
Non-U.S. equities	4,348,673	4,348,673	-	-
Global equities	684,778	684,778	-	-
Fixed income securities:				
U.S. fixed income securities	3,404,053	3,404,053	-	-
Non-U.S. fixed income securities	464,189	464,189	-	-
	$ 10,226,636	$ 10,226,636	$ -	$ -

The asset allocation for the Agency's pension plan by asset category is as follows:

	2011	2010
Equity securities	62 %	60 %
Debt securities	37	38
Cash	1	2
Total	100 %	100 %

Contributions

The Agency expects to contribute $1,258,986 to the pension plan during the year ending June 30, 2012.

Estimated Future Benefit Payments

Estimated future benefit payments are as follows:

Year ending June 30:	
2012	$ 1,025,524
2013	1,036,087
2014	939,167
2015	2,106,445
2016	1,378,575
2017-2021	6,223,215
Total	$ 12,709,013

Note 12. Operating Leases

The Agency occupies office space used in its activities under operating leases expiring through March 2017. In 2011 and 2010, total rental expense recognized under all operating leases amounted to approximately $1,080,954 and $1,151,702, respectively. Future minimum annual lease commitments under non-cancelable operating leases at June 30, 2011, for each of the next six years in the period ending June 30, 2017, and thereafter, are summarized as follows:

Year ending June 30:	
2012	$ 951,761
2013	829,116
2014	779,801
2015	790,018
2016	800,309
2017	37,337
Total	$ 4,188,342

Note 13. Fiduciary Arrangements

Included in cash and funds held in custody for others at June 30, 2011 and 2010, are $101,984 and $162,987 of funds held by Metropolitan Family Services on behalf of certain clients to cover their third-party obligations.

Note 14. Supporting Agencies

The Agency received approximately $6,283,276 and $6,227,513 from State of Illinois Agencies in 2011 and 2010, respectively, in addition to federal funding of approximately $11,118,393 and $10,148,689. A significant reduction in the level of this support, if this were to occur, could have a significant effect on the Agency's programs and activities. Of the amount received, approximately $4,060,397 and $3,959,067 was received from the Department of Children and Family Services (DCFS) in 2011 and 2010, respectively. Of the amount received, approximately $2,222,879 and $2,286,446 was received from the Department of Human Services (DHS) in 2011 and 2010, respectively.

The Agency had a receivable balance of approximately $4,155,453 and $3,956,245 in 2011 and 2010, respectively, from federal and state granting agencies.

This support is subject to review and final determination by the granting agencies. The Agency does not anticipate any significant adjustment upon final review and determination.