WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Financial Statements and Schedules

For the Years Ended June 30, 2010 and 2009
(With Independent Auditor's Report Thereon)

Blackman Kallick

Blackman Kallick, LLP
10 South Riverside Plaza
9th Floor
Chicago, IL 60606

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

OMB Circular A-133 Report

Contents

	Page
Independent Auditor's Report	1
Statements of Financial Position as of June 30, 2010 and 2009	2
Statements of Activities for the Years Ended June 30, 2010 and 2009	3-4
Statements of Cash Flows for the Years Ended June 30, 2010 and 2009	5
Notes to Financial Statements	6-29

Blackman Kallick

Blackman Kallick, LLP
10 South Riverside Plaza, 9th Floor
Chicago, IL 60606

Phone 312-207-1040

Independent Auditor's Report

Board of Trustees
Window to the World Communications, Inc.
Chicago, Illinois

We have audited the accompanying statements of financial position of **Window To The World Communications, Inc.** (A Private Nonprofit Corporation) (WWCI) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of **WWCI'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 **Window To The World Communications, Inc.** as of June 30, 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.

Blackman Kallick, LLP

November 22, 2010

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Statements of Financial Position

June 30, 2010 and 2009

Assets		**2010**		**2009**
Current assets:				
Cash and cash equivalents	$	1,142,117	$	2,409,242
Accounts receivable, net		1,526,862		3,781,604
Program rights and other assets		695,569		1,059,185
Total current assets		3,364,548		7,250,031
Cash held on behalf of Chicago News Cooperative		341,071		-
Long-term pledges receivable, net		191,696		279,473
Beneficial interest in trust		664,768		649,000
Noncurrent program rights and other assets		257,296		368,320
Investments		26,599,528		23,497,000
Property and equipment, net		21,916,703		24,308,756
Federal Communications Commission license		327,123		327,123
Total assets	**$**	**53,662,733**	**$**	**56,679,703**
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	$	3,250,135	$	3,692,316
Severance liability		2,050,197		119,322
Accrued vacation		1,251,137		1,241,070
Deferred revenue		1,706,808		2,106,530
Total current liabilities		8,258,277		7,159,238
Fiscal agent liabilities for Chicago News Cooperative		341,071		-
Long-term bonds payable		21,300,000		21,300,000
Long-term interest rate swap		2,156,685		1,509,668
Long-term deferred revenue and accrued expenses		1,025,136		1,078,101
Total liabilities		33,081,169		31,047,007
Net assets:				
Unrestricted:				
Operating		(9,229,660)		(2,970,559)
Board-designated endowment		20,896,087		19,283,101
Total unrestricted		11,666,427		16,312,542
Temporarily restricted		5,358,375		5,904,411
Permanently restricted		3,556,762		3,415,743
Total net assets		20,581,564		25,632,696
Total liabilities and net assets	**$**	**53,662,733**	**$**	**56,679,703**

See accompanying notes to financial statements.

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Statement of Activities

Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities:				
Revenue and public support:				
Direct public support and program service revenue:				
Viewer and listener marketing	$ 14,344,146	$ —	$ —	$ 14,344,146
TV and radio underwriting/advertising	6,971,282	—	—	6,971,282
National TV production contracts	5,966,047	—	—	5,966,047
Development and special events	4,428,873	—	—	4,428,873
Web and print sponsorship/advertising	284,463	—	—	284,463
Net assets released from restrictions	769,979	(769,979)	—	—
	32,764,790	(769,979)	—	31,994,811
Government grants:				
U.S. Department of Education grant	9,899,875	—	—	9,899,875
Federal and state grants	4,347,756	—	—	4,347,756
	14,247,631	—	—	14,247,631
Program licensing and facilities rental	2,303,910	—	—	2,303,910
Corporate support from board-designated endowment	1,125,000	—	—	1,125,000
Miscellaneous	439,951	—	—	439,951
	3,868,861	—	—	3,868,861
Total revenue and public support	50,881,282	(769,979)	—	50,111,303
Expenses:				
Program:				
Develop, acquire and deliver local content	20,566,794	—	—	20,566,794
U.S. Department of Education project	9,879,350	—	—	9,879,350
National TV productions	5,898,667	—	—	5,898,667
Sales and syndication	4,633,518	—	—	4,633,518
Corporate communications	544,047	—	—	544,047
	41,522,376	—	—	41,522,376
Supporting services:				
Member development	7,212,340	—	—	7,212,340
Business support	4,312,656	—	—	4,312,656
Fundraising and special events	1,944,509	—	—	1,944,509
	13,469,505	—	—	13,469,505
Total expenses	54,991,881	—	—	54,991,881
Decrease in net assets from operating activities before severance and other income (expenses)	(4,110,599)	(769,979)	—	(4,880,578)
Severance and other income (expenses) :				
Severance	(2,144,434)	—	—	(2,144,434)
Investment income, net of transfers and expenses	2,255,935	207,795	—	2,463,730
Interest rate swap loss	(647,017)	—	—	(647,017)
Endowment giving	—	16,148	141,019	157,167
(Decrease) increase in net assets from severance and other income (expenses)	(535,516)	223,943	141,019	(170,554)
(Decrease) increase in net assets	(4,646,115)	(546,036)	141,019	(5,051,132)
Net assets, beginning of year	16,312,542	5,904,411	3,415,743	25,632,696
Net assets, end of year	$ 11,666,427	$ 5,358,375	$ 3,556,762	$ 20,581,564

See accompanying notes to financial statements.

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Statement of Activities

Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities:				
Revenue and public support:				
Direct public support and program service revenue:				
Viewer and listener marketing	$ 14,520,231	$ —	$ —	$ 14,520,231
TV and radio underwriting/advertising	7,488,055	—	—	7,488,055
National TV production contracts	8,837,365	—	—	8,837,365
Development and special events	4,834,203	—	—	4,834,203
Other	125,199	—	—	125,199
Net assets released from restrictions	613,129	(613,129)	—	—
	36,418,182	(613,129)	—	35,805,053
Government grants:				
U.S. Department of Education grant	10,311,775	—	—	10,311,775
Federal and state grants	4,653,579	—	—	4,653,579
	14,965,354	—	—	14,965,354
Program licensing and facilities rental	2,327,938	—	—	2,327,938
Net gain on sales of assets	2,762,431	—	—	2,762,431
Corporate support from board-designated endowment	1,173,000	—	—	1,173,000
Miscellaneous	509,531	—	—	509,531
	6,772,900	—	—	6,772,900
Total revenue and public support	58,156,436	(613,129)	—	57,543,307
Expenses:				
Program:				
Develop, acquire and deliver local content	21,636,825	—	—	21,636,825
U.S. Department of Education project	10,333,019	—	—	10,333,019
National TV productions	8,578,831	—	—	8,578,831
Sales and syndication	4,946,405	—	—	4,946,405
Corporate communications	608,875	—	—	608,875
	46,103,955	—	—	46,103,955
Supporting services:				
Member development	7,219,970	—	—	7,219,970
Business support	4,403,597	—	—	4,403,597
Fundraising and special events	2,021,164	—	—	2,021,164
	13,644,731	—	—	13,644,731
Total expenses	59,748,686	—	—	59,748,686
Decrease in net assets from operating activities before severance and other income (expenses)	(1,592,250)	(613,129)	—	(2,205,379)
Severance and other income (expenses):				
Severance	(181,672)	—	—	(181,672)
Investment loss, net of transfers and expenses	(5,610,605)	(476,585)	—	(6,087,190)
Interest rate swap loss	(1,194,917)	—	—	(1,194,917)
Endowment giving	—	—	182,750	182,750
(Decrease) increase in net assets from severance and other income (expenses)	(6,987,194)	(476,585)	182,750	(7,281,029)
(Decrease) increase in net assets	(8,579,444)	(1,089,714)	182,750	(9,486,408)
Net assets, beginning of year	24,891,986	6,994,125	3,232,993	35,119,104
Net assets, end of year	**$ 16,312,542**	**$ 5,904,411**	**$ 3,415,743**	**$ 25,632,696**

See accompanying notes to financial statements.

WINDOW TO THE WORLD COMMUNICATIONS, INC.
(A Private Nonprofit Corporation)

Statements of Cash Flows

Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Decrease in net assets	$ (5,051,132)	$ (9,486,408)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization of property and equipment	2,992,493	3,179,112
Decrease in interest rate swap agreement	647,017	1,194,917
Net loss (gain) on sales of assets	2,103	(2,762,431)
Gifts restricted for long-term investment	(141,019)	(182,750)
Net realized gain on sale of investments	(123,741)	(387,885)
Net change in unrealized (gain) loss on investments	(3,118,869)	5,512,779
Changes in current assets and liabilities:		
Accounts receivable, net	2,254,742	(1,328,486)
Program rights and other assets	363,616	(292,688)
Accounts payable and accrued expenses	(321,026)	552,071
Severance liability	1,930,875	49,754
Accrued vacation	10,067	35,294
Deferred revenue	(399,722)	945,722
Changes in noncurrent assets and liabilities:		
Cash held on behalf of Chicago News Cooperative	(341,071)	—
Fiscal agent liabilities for Chicago News Cooperative	341,071	—
Pledges receivable, net	87,777	143,884
Beneficial interest in trust	(15,768)	209,870
Program rights and other assets	111,024	146,617
Accrued expenses and deferred rent	(52,965)	(261,025)
Net cash used in operating activities	(824,528)	(2,731,653)
Cash flows from investing activities:		
Purchases of property and equipment	(724,198)	(3,776,900)
Proceeds from disposals of property and equipment	500	3,148,620
Purchases of investments	(4,416,525)	(6,689,752)
Sales of investments	4,556,607	7,378,902
Net cash (used in) provided by investing activities	(583,616)	60,870
Cash flows from financing activities:		
Borrowings under line of credit	3,900,000	8,000,000
Repayments of line of credit	(3,900,000)	(8,000,000)
Gifts restricted for long-term investment	141,019	182,750
Net cash provided by financing activities	141,019	182,750
Net decrease in cash and cash equivalents	(1,267,125)	(2,488,033)
Cash and cash equivalents, beginning of year	2,409,242	4,897,275
Cash and cash equivalents, end of year	**$ 1,142,117**	**$ 2,409,242**

See accompanying notes to financial statements.

(1) Organization

Window To The World Communications, Inc. (WWCI) is a private nonprofit corporation. WWCI owns and operates WTTW, a public TV station and a national TV production center, and WFMT, a commercial FM radio station and radio network. WWCI's mission is to provide distinctive and diverse programming to Chicago and national audiences through broadcast, production, online and other media.

A significant portion of WWCI's funding comes from viewers, listeners, government grants, foundations, corporations, board members and other major gifts.

(2) Summary of Significant Accounting Policies

The accompanying WWCI financial statements have been prepared on the accrual basis of accounting. Significant accounting policies followed in the preparation of these financial statements are described below.

(a) Basis of Presentation

WWCI's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related activity (revenue, expenses, gains and losses) are classified as follows:

Permanently restricted – net assets that are subject to donor-imposed restrictions which require that they be maintained permanently by WWCI. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and only the income be made available for general operations.

Temporarily restricted – net assets that are subject to donor-imposed restrictions that will be met either by actions of WWCI and/or the passage of time. Items that affect this net asset category are restricted gifts and investment income whose use is limited to specific purposes by the donor. These amounts are reclassified to unrestricted net assets when such restrictions have been met, have expired or when specific assets have been depreciated.

Unrestricted – net assets that are not subject to donor-imposed restrictions, and include the carrying value of physical properties (land, buildings and equipment). Items that affect this net asset category include program service revenue and related expenses associated with the core media activities of WWCI. In addition to these exchange transactions, changes in this category of net assets include certain types of philanthropic support (i.e., unrestricted gifts and restricted gifts whose donor-imposed restrictions were met during the fiscal year), and unrestricted investment earnings (losses) on endowments.

Public support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

(b) ***Direct Public Support and Program Service Revenue***

Direct public support (contributions) and program service revenue is derived from various revenue sources which includes, but is not limited to: viewer and listener marketing, TV and radio underwriting/advertising, national TV production contracts and development.

Contributions, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. An allowance for uncollectible pledges receivable is provided based upon management's judgment and analysis regarding such factors as the creditworthiness of the donor, prior collection history, type of contribution and nature of fundraising activity. Contributions received with donor-imposed restrictions are reported as revenue of the temporarily and permanently restricted net asset classes. Conditional promises are recorded when donor stipulations are substantially met.

Viewer and listener marketing revenue consists of memberships (individual pledges) from on-air pledge drives and direct mail/telemarketing contributions.

TV and radio program underwriting/advertising revenue is recorded on a pro rata basis over the related broadcast period.

National TV production contract revenue is recognized on an estimated percentage-of-completion basis.

Development revenue consists of corporate, foundation and individual contributions.

(c) ***In-kind Gifts***

WTTW received in-kind contributions primarily related to national TV production contracts from various production companies. The fair value of in-kind contributions amounted to $4,291,395 and $6,865,437 in 2010 and 2009, respectively, and is recorded by WTTW based upon reasonable amounts estimated by the respective production companies. There is a corresponding expense in national TV productions expense.

(d) ***Federal and State Grants***

Revenue from the U.S. Department of Education grant, the Corporation for Public Broadcasting (CPB) grant and the State of Illinois grant is recognized as unrestricted grant revenue as expenses are incurred on the underlying projects.

(e) ***Sale of Asset***

In fiscal year 2005, WTTW entered into an agreement with Chicago TV station CBS2 to sell WTTW's analog channel and related equipment. In fiscal year 2009 WTTW received $3,000,000 for the analog channel and related equipment. The gain from the transaction is recorded in net gain on sales of assets.

(f) ***Operations***

Operating results in the statements of activities reflect all operating transactions increasing or decreasing unrestricted net assets except those related to endowed gifts. Changes in the value of charitable trusts held by others, changes in the value of temporarily restricted net assets and earnings on endowment and board-designated funds have been reflected in other income (expenses) with the exception of board-approved transfers for operations.

(g) ***Severance and Other Income (Expenses)***

During fiscal year 2010, WWCI recognized expenses of $2,144,434 as a result of severance benefits related to early retirements and job eliminations. During fiscal year 2009, WWCI recognized expenses of $181,672 as a result of severance benefits related to job eliminations.

(h) ***Conditional Asset Retirement Obligations***

GAAPUSA states that companies must accrue for costs related to legal obligations to perform certain activities in connection with the retirement, disposal or abandonment of assets. The obligation to perform the asset retirement activity is not conditional even thought the timing or method may be conditional.

WWCI has identified asbestos removal as a conditional asset retirement obligation. Asbestos removal was estimated using site-specific quotes that amounted to $70,450 and were recorded as a liability and as an increase to the asset in fiscal year 2006. The capitalized portion is depreciated over the remaining useful life of the asset. WWCI believes that the most reasonable remaining useful life should be consistent with the depreciation policy. Amortization of $4,400 is recorded annually through 2011.

(i) ***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, cash in banks and money market accounts with original maturities of three months or less, except that such instruments purchased with endowment assets are classified as investments. WWCI maintains its cash and cash equivalents with Bank of America and although amounts in bank deposit accounts may exceed federally insured limits at times, WWCI believes that it is not exposed to any significant credit risk on cash and cash equivalents.

(j) ***Fair Value Measurements***

During 2009, WWCI adopted the new GAAPUSA guidance on fair value measurements and disclosures for all financial assets and liabilities carried at fair value. The new guidance defined fair value, established a framework for measuring fair value and expanded disclosures about fair value measurements. In 2010, WWCI adopted the guidance for nonrecurring fair value measurements of nonfinancial assets and liabilities, which guidance had been previously deferred. The adoption of this guidance had no material effect on WWCI's financial statements.

In September 2009, the Financial Accounting Standards Board (FASB) issued new guidance regarding the use of net asset value per share provided by the investee as a practical expedient to estimate the fair value of alternative investment. WWCI's adoption of this new guidance had no material effect on its financial statements, but did result in additional, or changed, disclosures.

(k) ***Endowment***

GAAPUSA addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA was enacted in Illinois effective June 30, 2009. A key component of UPMIFA is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

(l) ***Investments***

Investments in securities with readily determinable values are reported at fair value, based primarily on quotations obtained from national securities exchanges. Alternative investments, consisting primarily of hedge funds, are recorded at the fair value reported by the investment managers, administrators and brokers. Generally, hedge fund fair value is determined by independent market prices on the primary trading market or model driven pricing models from independent, recognized sources. In the absence of market prices or pricing models, fair values are determined in good faith in accordance with guidelines approved by the fund directors. WWCI's investments consist primarily of cash and cash equivalents, U.S. equity funds, fixed income funds, international equity funds and alternative investments which primarily include absolute return funds and hedged equity funds. The cost of securities sold is determined on the first-in, first-out method.

Investment income, gains and losses, and any investment-related expenses are recorded as changes in unrestricted net assets in the statements of activities, unless their use is temporarily or permanently restricted by explicit donor stipulation or law. If there are no donor stipulations or laws, investment losses on donor-restricted investments reduce temporarily restricted net assets. This reduction is limited to net investment appreciation before the loss occurs. Any remaining loss reduces unrestricted net assets. All WWCI board designated endowment gains and losses are being recognized in unrestricted net assets.

WWCI's investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments may occur in the near term and may materially affect the amounts reported in the financial statements.

(m) ***Depreciation***

Under WWCI's capitalization policy, costs of acquiring property and equipment for purchases exceeding $1,000 are capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The useful lives used are as follows: building, 60 years or the remaining life of the lease; technical equipment and furniture and fixtures, 5 to 10 years; and leasehold improvements, the lesser of the remaining life of the lease or the useful life of the leasehold improvements.

(n) ***FCC License***

The cost of the WFMT license issued by the Federal Communications Commission (FCC) to WWCI has not been amortized since December 31, 1970. WWCI assesses the asset annually for impairment and believes there has been no decrease in the value of this license.

(o) ***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 disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(p) ***Financial Instruments***

In March 2008, the FASB issued guidance on disclosures in the Derivatives and Hedging Topic of GAAPUSA. This guidance amends and expands the previous disclosure requirements for derivative instruments and hedging activities to provide more qualitative and quantitative information on how and why an entity uses derivative instruments, how derivative instruments are accounted for and how derivative instruments affect an entity's financial position, financial performance and cash flows. WWCI adopted the disclosures requirements as of July 1, 2009 on a prospective basis. The adoption had no impact on WWCI's financial statements, other than the additional disclosures.

WWCI's primary financial instruments consist of cash, investments, beneficial interest in trust, interest rate swap and bonds payable. The carrying value of these instruments approximate their fair values, as disclosed further in this note and in Notes 4, 10 and 11.

(q) Beneficial Interest in Trust

WWCI is the income beneficiary under a trust, the corpus of which is not controlled by WWCI. In the absence of donor-imposed conditions, WWCI recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits. Beneficial interest in trust is stated at fair value.

(r) Income Taxes

WWCI received a determination letter from the Internal Revenue Service in December 1957 indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from Federal and state income taxes. No provision for income taxes was required for the fiscal years ended June 30, 2010 and 2009, other than as described in Note 8.

WWCI's adoption of the Income Tax Topic regarding uncertain tax positions of GAAPUSA on July 1, 2009 had no effect on its financial position as management believes WWCI has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. WWCI would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. WWCI is no longer subject to examination by federal, state or local tax authorities for periods before 2007. Prior to adoption of the Income Tax Topic, WWCI accounted for tax positions under a contingent loss model, requiring recognition of a tax liability when it was both (1) probable that it had been incurred as of year-end and (2) the amount could be reasonably estimated.

(s) Recent Accounting Pronouncements

In January 2010, the FASB issued new guidance "Improving Disclosures about Fair Value Measurements," which amended ASC Topic 820 and requires entities to separately present purchases, sales, issuances and settlements in their reconciliation of Level 3 fair value measurements on a gross basis rather than on a net basis, and which clarifies existing disclosure requirements provided by ASC 820 regarding the level of disaggregation and the inputs and valuation techniques used to measure fair value for measurements that fall within either Level 2 or Level 3 of the fair value hierarchy. This guidance is effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010. Management is currently assessing the impact of the adoption.

(t) Subsequent Events

WWCI has evaluated subsequent events through the date of issuance of these financial statements.

(3) Receivables

Receivables consist of the following as of June 30:

	2010	2009
Current:		
Trade (net of allowance for doubtful accounts of $143,000 and $128,000 as of June 30, 2010 and 2009, respectively)	$ 944,025	$ 1,666,558
State of Illinois grant	-	1,299,596
Contracts	582,837	550,023
Pledges (net of allowance for doubtful accounts of $37,500 and $11,000 as of June 30, 2010 and 2009, respectively)	-	265,427
Total current receivables, net	**$ 1,526,862**	**$ 3,781,604**
Long-term pledges (net of allowance for doubtful accounts of $10,000 and $15,000 as of June 30, 2010 and 2009, respectively)	**$ 191,696**	**$ 279,473**

Pledges receivable are for the Campaign for Network Chicago, which was launched in 2000.

Pledges receivable are stated at fair value net of a discount of approximately $36,000, reflecting the time value of money using the ten-year Treasury bill rate as of June 30, 2004 of 4.62%. Gross pledges receivable are expected to be collected as follows:

Year ending June 30:	
2011	$ 37,500
2012	37,500
2013	37,500
2014	37,500
2015	37,500
Thereafter	87,500
	$ 275,000

(4) Fair Value Measurements

GAAPUSA 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. GAAPUSA describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach, each of which include multiple valuation techniques. The standard does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Financial assets and liabilities carried at fair value are classified in one of the three categories based upon the inputs to the valuation technique:

- Level 1 – Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

- Level 3 – Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own judgment of the assumptions a market participant would use in pricing the asset or liability.

The following table sets forth by level within the fair value hierarchy WWCI's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2010 and 2009. As required by GAAPUSA, assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement. WWCI's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect their placement within the fair value hierarchy levels.

		Recurring Fair Value Measurements at Reporting Date Using:		
Description	Fair Values as of June 30, 2010	Quoted Prices in Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Assets:				
U.S. equity funds:				
Large cap	$ 6,861,927	$ 6,861,927	$ -	$ -
Small cap	810,243	810,243	-	-
Total U.S. equity funds	7,672,170	7,672,170	-	-
Fixed income funds	2,849,718	2,849,718	-	-
International equity funds	2,806,186	2,806,186	-	-
Alternative investments:				
Absolute return	8,148,888	-	1,660,551	6,488,337
International equity	2,699,792	-	2,699,792	-
Hedged equity	1,326,512	-	1,326,512	-
Domestic equity	823,155	-	823,155	-
Private equity	125,941	-	-	125,941
Total alternative investments	13,124,288	-	6,510,010	6,614,278
Beneficial interest in trust	664,768	-	664,768	-
	$ 27,117,130	$ 13,328,074	$ 7,174,778	$ 6,614,278
Liabilities:				
Derivative liablities	$ 2,156,685	$ -	$ 2,156,685	$ -

WINDOW TO THE WORLD COMMUNICATIONS, INC.

(A Private Nonprofit Corporation)

Notes to Financial Statements

Years Ended June 30, 2010 and 2009

Description	Fair Values as of June 30, 2009	Recurring Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Assets:				
U.S. equity funds:				
Large cap	$ 6,619,591	$ 6,619,591	$ -	$ -
Small cap	882,766	882,766	-	-
Total U.S. equity funds	7,502,357	7,502,357	-	-
Fixed income funds	2,262,310	2,262,310	-	-
International equity funds	3,385,925	3,385,925	-	-
Alternative investments:				
Absolute return	7,092,623	-	-	7,092,623
Hedged equity	1,216,805	-	-	1,216,805
Domestic equity	1,075,583	-	1,075,583	-
Private equity	142,141	-	-	142,141
Total alternative investments	9,527,152	-	1,075,583	8,451,569
Beneficial interest in trust	649,000	-	649,000	-
	$ 23,326,744	**$ 13,150,592**	**$ 1,724,583**	**$ 8,451,569**
Liabilities:				
Derivative liablities	**$ 1,509,668**	$ -	**$ 1,509,668**	$ -

Not included in the above tables is $147,166 and $819,256 in cash and cash equivalents as shown in Note 5 as of June 30, 2010 and 2009, respectively.

The following section describes the valuation techniques used by WWCI to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

Level 1

Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2

Estimated fair values for absolute return, international equity, hedged equity and domestic equity investments were based on net asset value per share of the funds with redemption restrictions less than 90 days.

Beneficial interest in trust is stated at fair value. The fair value is based on the percentage of the trust designated to WWCI, applied to the fair value of the trust, which is based primarily on quoted market prices. Changes in the fair value of the underlying trust assets, as determined by the trustees that hold and manage these assets, are recognized in the statements of activities in the period in which they occur.

The derivative instrument consists solely of interest rate swaps that are not traded on an exchange and are recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, credit curves, measure of volatility and correlations of such inputs. Valuation adjustments may be made in the determination of fair value, which was obtained from an independent third-party advisor.

Level 3

Estimated fair value of absolute return funds were based on net asset value per share of the funds with redemption restrictions longer than 90 days.

The fair value of WWCI's investments in a private equity partnership generally represents the amount WWCI would expect to receive if it were to liquidate its investment in the investment partnership excluding any redemption charges that may apply. In circumstances where the investment partnerships' net asset values were deemed to differ from fair value due to liquidity or other factors, net asset values would be adjusted accordingly to reflect liquidity reserves. As of June 30, 2010, WWCI determined that there were no liquidity issues.

The following table presents a reconciliation of the beginning and ending balances recorded for instruments classified as Level 3 in the fair value hierarchy as of June 30, 2010 and 2009.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Absolute Return	Hedged Equities	Private Equities	Total
Assets:				
Beginning balance, June 30, 2009	$ 7,092,623	$ 1,216,805	$ 142,141	$ 8,451,569
Reclassification to Level 2*	(1,444,410)	(1,216,805)	-	(2,661,215)
Total gains or losses (realized and unrealized) included in change in net assets	840,122	-	(6,612)	833,510
Purchases, issuances and settlements (net)	2	-	(9,588)	(9,586)
Ending balance, June 30, 2010	**$ 6,488,337**	**$ -**	**$ 125,941**	**$ 6,614,278**
Total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 assets still held as of June 30, 2010	**$ 799,674**	**$ -**	**$ (3,289)**	**$ 796,385**

* See the adoption of new guidance in Note 2, fair value measurements, regarding the use of net asset value per share as practical expedient to estimate the fair value of an alternative investment. The reclassification to Level 2 is a result of the adoption of this new guidance.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Absolute Return	Hedged Equities	Private Equities	Total
Assets:				
Beginning balance, June 30, 2008	$ 9,829,727	$ 1,609,883	$ -	$ 11,439,610
Total gains or losses (realized and unrealized) included in change in net assets	(439,223)	(393,078)	(40,115)	(872,416)
Purchases, issuances and settlements (net)	(2,297,881)	-	182,256	(2,115,625)
Ending balance, June 30, 2009	**$ 7,092,623**	**$ 1,216,805**	**$ 142,141**	**$ 8,451,569**
Total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 assets still held as of June 30, 2009	**$ (882,078)**	**$ (393,078)**	**$ (40,115)**	**$ (1,315,271)**

Level 3 gains and losses (realized and unrealized) included in the changes in net assets for the period above are reported in investment income, net of transfers and expenses in the statement of activities. Level 3 unrealized gains and losses that are included in the changes in net assets that are still held as of June 30, 2010 for the period above are reported in investment income, net of transfers and expenses in the statement of activities.

WINDOW TO THE WORLD COMMUNICATIONS, INC.

(A Private Nonprofit Corporation)

Notes to Financial Statements

Years Ended June 30, 2010 and 2009

The following table summarizes fair value measurements of investments in other investment funds that calculate net asset value per share (or its equivalent) as of June 30, 2010:

Description	Fair Values as of June 30, 2010	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Assets:				
Alternative investments:				
Absolute return (a)	$ 6,488,337	$ -	Annually	45-90 days
Absolute return (a)	1,660,551		Quarterly	65 days
International equity (b)	2,699,792	-	Daily, monthly	5 -30 days
Hedged equity (c)	1,326,512	-	Quarterly	65 days
Domestic equity (d)	823,155	-	Monthly	24th of each
Private equity (e)	125,941	-	N/A	N/A
Total alternative investments	**$ 13,124,288**	$ -		

(a) This category includes multi-strategy absolute return investment focused on analyzing the probability-adjusted returns of individual securities and assets capturing the alpha in mispriced securities across conventional and alternative financial strategies. Management initiates long and short positions targeting solid absolute risk-adjusted returns. One of the investments in this category includes less liquid assets which may be restricted from immediate redemption until the asset is realized. As of June 30, 2010, all of the investments in this category have passed their initial lock up periods. The fair values of the funds in this category have been estimated using the net asset value per share of the investments.

(b) This category includes investments primarily in Asia and Latin America's emerging markets debt and equity securities. As of June 30, 2010, all of the investments in this category have passed their initial lock up periods. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(c) This category includes investments in hedge funds that invest in both long and short positions, primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stakes, and from a net long position to a net short position. The investments dominate exposure in the U.S. market, but will also take advantage of investment opportunities in Europe, Asia and Emerging Markets. As of June 30, 2010, all of the investments in this category have passed their initial lock up periods. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(d) This category includes investments in U.S. small capital common stocks. As of June 30, 2010, all of the investments in this category have passed their initial lock up periods. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(e) This category includes a private equity fund that is in liquidation. The investment is not redeemable. Investors can expect cash distributions on a regular basis as the fund winds down. The term for the liquidation of the investments in the portfolio ranges from 5 to 7 years. As of June 30, 2010 the fair values of the investments in this category have been estimated using the value provided by the fund manager.

(5) Investments

Long-term investments are summarized as follows as of June 30:

	2010		2009	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash and cash equivalents	$ 147,166	$ 147,166	$ 819,256	$ 819,256
U.S. equity funds:				
Dodge & Cox Fund	3,912,777	3,363,744	3,712,049	2,774,642
Harbor Fund	3,239,178	3,498,183	3,951,954	3,844,949
Longleaf Partners	1,021,442	810,243	1,498,162	882,766
Total U.S. equity funds:	8,173,397	7,672,170	9,162,165	7,502,357
Fixed income funds	2,612,860	2,849,718	2,192,643	2,262,310
International equity funds	3,010,924	2,806,186	3,994,584	3,385,925
Alternative investments:				
Absolute return	5,447,163	8,148,888	5,406,712	7,092,623
International equity	2,600,000	2,699,792	-	-
Hedged equity	1,091,813	1,326,512	1,091,813	1,216,805
Domestic equity	837,744	823,155	1,257,323	1,075,583
Private equity	169,344	125,941	182,256	142,141
Total alternative investments	10,146,064	13,124,288	7,938,104	9,527,152
Total long-term investments	**$ 24,090,411**	**$ 26,599,528**	**$ 24,106,752**	**$ 23,497,000**

Investment return for the years ended June 30, 2010 and 2009 is as follows:

	2010	2009
Interest and dividends	$ 585,419	$ 660,409
Realized gain (loss) - investments	22,986	(93,738)
Realized gain - alternative investments	100,755	481,623
Total realized gain	123,741	387,885
Change in unrealized gain (loss) - investments	1,745,461	(3,844,520)
Change in unrealized gain (loss) - alternative investments	1,389,177	(1,878,129)
Total change in unrealized gain (loss)	3,134,638	(5,722,649)
Fund management expenses	(255,068)	(239,835)
Total return on investments	3,588,730	(4,914,190)
Board approved transfer (See Note 12)	(1,125,000)	(1,173,000)
Investment income (loss), net of transfers and expenses	**$ 2,463,730**	**$ (6,087,190)**

The total return on investments includes a board-designated endowment investment gain (loss) amounting to $1,623,695 and ($3,953,356) in fiscal years 2010 and 2009, respectively.

Change in unrealized gain (loss) – investments in the above table includes $15,768 and ($209,870) of gain and losses from the beneficial interest in trust for the years ended June 30, 2010 and 2009, respectively.

(6) Property and Equipment

The following is a summary of property and equipment balances stated at historical cost as of June 30:

	2010	2009
Technical equipment	$ 29,186,721	$ 28,848,828
Building and leasehold improvements	22,448,067	22,331,691
Furniture, fixtures, and other assets	8,255,884	8,219,126
Deposits and construction-in-progress	332,879	230,842
Total property and equipment	60,223,551	59,630,487
Less accumulated depreciation and amortization	(38,306,848)	(35,321,731)
Net property and equipment	**$ 21,916,703**	**$ 24,308,756**

Construction-in-progress represents the accumulated costs of assets not yet placed in service. As of June 30, 2010 and 2009, these amounts relate to new equipment and improvements of existing facilities.

(7) Liens on Property and Equipment

WTTW acquired a portion of its technical equipment with the proceeds of grants received from the Public Telecommunications Facilities Program (PTFP). These grants provide that liens be placed upon this equipment for a ten-year period. The liens expire on various dates through 2020. In the event this equipment is sold within the ten-year period, PTFP is entitled to receive a pro rata portion of the proceeds based upon the percentage of the original purchase price that it funded. WTTW has no intentions to sell any of this equipment within the ten-year period.

(8) Income Taxes

WWCI's management believes it will have an unrelated business income net operating loss of approximately $1,154,000 for tax purposes for the year ended June 30, 2010 and that its unrelated business income net operating loss carryforward as of June 30, 2010 will be approximately $6,327,000. This amount is available to offset future unrelated business income. The carryforward amounts expire on various dates through 2031. Deferred income tax assets related to the unrelated business net operating loss carryforwards were fully offset by a valuation allowance as of June 30, 2010 and 2009.

(9) Line of Credit

WWCI has an unsecured line of credit agreement with Bank of America to support working capital requirements. This agreement as of June 30, 2010 permits borrowings of up to $5,000,000. Outstanding borrowings bear interest at the current LIBOR (0.349% as of June 30, 2010) plus 2.0%. The agreement expires June 30, 2011. As of June 30, 2010 and 2009, WWCI had no borrowings outstanding under this line of credit. WWCI is subject to certain covenants relating to the bonds in Note 10 that are also applicable to this line. As of June 30, 2010, all covenants have been met with the exception of the debt service covenant. Bank of America has subsequently issued a waiver of this covenant violation.

(10) Bonds Payable

The Illinois Development Finance Authority issued Variable Development Bonds on behalf of WWCI primarily to acquire, construct, renovate and equip WWCI's broadcasting and production facilities. The 1994 Series A and B bonds were issued on November 9, 1994 with a due date of November 1, 2014. The 2000 Series bonds were issued on September 14, 2000 with a due date of August 1, 2015. The bonds were initially issued as floating rate instruments and continue to be so as of June 30, 2010. The floating rate is established by the remarketing agent on a weekly basis and the carrying value of the bonds outstanding as of June 30, 2010 and 2009, approximates fair value.

Bonds payable as of June 30, 2010 and 2009, consist of the following amounts due to the Illinois Development Finance Authority:

	Issued & Outstanding Balance		Floating Rate	
	2010	**2009**	**2010**	**2009**
1994 Series A (nontaxable)	$ 6,000,000	$ 6,000,000	0.25%	0.35%
1994 Series B (taxable)	1,600,000	1,600,000	0.70%	2.42%
2000 Series (nontaxable)	13,700,000	13,700,000	0.27%	0.35%
	$ 21,300,000	**$ 21,300,000**		

With the issuance of the Series 2000 bonds, WWCI entered into an irrevocable direct-pay letter of credit facility with Bank of America (the credit provider) in order to guarantee payment of principal and interest on the Series 1994A, Series 1994B and Series 2000 bonds as they become due. As of June 30, 2010, the outstanding letter of credit totaled $21,492,890. In June 2010, WWCI extended the letter of credit facility to August 31, 2011 with respect to the 1994 Series and September 14, 2011 with respect to the 2000 Series.

In the event that the remarketing agent is unable to remarket the bonds, the bonds become a demand note under the letter of credit issued by Bank of America. If the letter of credit cannot be renewed, and an alternative letter of credit cannot be obtained, the bonds require immediate payment.

WWCI is subject to certain bond covenants relating to the Series 1994A, Series 1994B and Series 2000 bonds. As of June 30, 2010, all bond covenants have been met with the exception of the debt service covenant. Bank of America has subsequently issued a waiver of this covenant violation.

(11) Interest Rate Swaps

On August 11, 2005, January 1, 2009 and January 2, 2009, WWCI entered into interest rate swap agreements to manage its exposure on its Variable Development Demand Bonds. The agreements exchange a variable rate of interest payment equal to 70% of one month London Interbank Offered Rate (LIBOR) for an escalating interest rate capped at a fixed rate. The agreements mature on August 1, 2015, August 3, 2015 and October 1, 2014, respectively.

WWCI has capped its market risk to fixed rates as follows under the three swap agreements:

- 3.49% on $10,000,000 of the Series 2000 Bonds
- 3.29% on $3,700,000 of the Series 2000 and $6,000,000 of the Series 1994 A Bonds
- 4.67% on $1,600,000 of the Series 1994 B Bonds

By using derivative financial instruments to hedge exposures to changes in interest rates, WWCI exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of the derivative contract is positive, the counterparty owes WWCI, which creates credit risk for WWCI. When the fair value of a derivative contract is negative, WWCI owes the counterparty, if WWCI terminated the contract. The counterparty for these swap agreements is JP Morgan Chase Bank, N.A. (Bank), a high-quality counterparty.

Market risk is the adverse effect on the value of financial instruments that result from a change in interest rates. The market risk associated with the interest rate contracts is managed by establishing parameters that limit the types and degree of market risk that may be undertaken.

The change in fair value on the interest rate swap agreements is reflected in severance and other income (expenses). See Note 4 for valuation techniques. The liability values for these instruments amounts to $2,156,685 and $1,509,668, which approximates fair value as of June 30, 2010 and 2009, respectively, and is recorded as long-term interest rate swap in the statements of financial position. Interest expense related to the swap agreements amounted to $696,703 and $419,458 for the years ended June 30, 2010 and 2009, respectively.

(12) Endowment

WWCI's endowment consists of ten individual funds and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAPUSA, net assets associated with endowment funds are classified and reported based on existences or absences of donor-imposed restrictions.

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

1) The duration and preservation of the fund
2) The purposes of the donor-restricted endowment funds
3) General economic conditions
4) The expected total return from income and appreciation of investments
5) Other resources of the organization
6) The investment policy of WWCI

WWCI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WWCI must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Four percent of the average fair value of the investments held by WWCI for the prior 12 quarters is available for operations. The board approved a 4% operating transfer totaling $1,125,000 in 2010 and $1,173,000 in 2009. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. WWCI expects its endowment funds to provide an absolute return measured over a three-year period of the greater of 8% or CPI plus 5%. This is consistent with WWCI's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. WWCI's investment objective is to increase purchasing power while reducing, to the greatest extent possible, the possibility of loss over a three-year cycle. A secondary objective is to have sufficient degree of flexibility in order to meet unanticipated demands and changing environments. Diversification of assets will ensure that adverse or unexpected results from one security or security class will not have a detrimental impact on the entire portfolio. Actual returns in any given year may vary from this amount.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires WWCI to retain as a fund of perpetual duration. In accordance with GAAPUSA, deficiencies of this nature are reported in unrestricted net assets and were $0 and $19,125 as of June 30, 2010 and 2009, respectively. The fiscal year 2009 deficiencies resulted from unfavorable market fluctuations. There were no such deficiencies as of June 30, 2010.

Endowment net asset composition by type of fund as of June 30, 2010, is comprised of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 211,827	$ 3,556,762	$ 3,768,589
Board-designated endowment funds	20,896,087	-	-	20,896,087
Total endowment funds	**$ 20,896,087**	**$ 211,827**	**$ 3,556,762**	**$ 24,664,676**

Endowment net asset composition by type of fund as of June 30, 2009, is comprised of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (19,125)	$ 19,799	$ 3,415,743	$ 3,416,417
Board-designated endowment funds	19,283,101	-	-	19,283,101
Total endowment funds	**$ 19,263,976**	**$ 19,799**	**$ 3,415,743**	**$ 22,699,518**

Changes in endowment net assets for the fiscal year ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 19,263,976	$ 19,799	$ 3,415,743	$ 22,699,518
Investment return:				
Investment income	506,645	41,604	-	548,249
Net appreciation (realized and unrealized)	2,627,983	150,424	-	2,778,407
Total investment return	3,134,628	192,028	-	3,326,656
Contributions	-	-	141,019	141,019
Appropriation of endowment assets for expenditure	(377,517)	-	-	(377,517)
Annual appropriation of board-designated endowment funds to operations	(1,125,000)	-	-	(1,125,000)
Endowment net assets, end of year	**$ 20,896,087**	**$ 211,827**	**$ 3,556,762**	**$ 24,664,676**

Changes in endowment net assets for the fiscal year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 24,409,457	$ 286,514	$ 3,232,993	$ 27,928,964
Investment return:				
Investment income	540,676	28,522	-	569,198
Net depreciation (realized and unrealized)	(4,232,393)	(234,640)	-	(4,467,033)
Total investment return	(3,691,717)	(206,118)	-	(3,897,835)
Contributions	-	-	182,750	182,750
Appropriation of endowment assets for expenditure	(280,764)	(60,597)	-	(341,361)
Other charges:				
Annual appropriation of board-designated endowment funds to operations	(1,173,000)	-	-	(1,173,000)
Endowment net assets, end of year	**$ 19,263,976**	**$ 19,799**	**$ 3,415,743**	**$ 22,699,518**

(13) Lease Commitments

WWCI leases the land upon which WTTW's and WFMT's general office and studio building is constructed, as well as transmission and antenna space. WWCI incurred aggregate rental expense of approximately $498,000 and $1,297,000 for the years ended June 30, 2010 and 2009, respectively. The future minimum payments due under noncancelable operating leases in effect as of June 30, 2010 are as follows:

Year ending June 30:		
2011	$	318,000
2012		191,000
2013		195,000
2014		173,000
2015		151,000
Thereafter (expires in 2062)		2,422,000
	$	**3,450,000**

The future minimum payments above may be reduced by up to $66,000 for underwriting that WWCI has contracted to provide a certain lessor in lieu of cash rental payments. WWCI recognized approximately $151,000 and $386,000 in lease barter revenue and expense during the years ended June 30, 2010 and 2009, respectively.

The leases contain annual escalation clauses and, accordingly, rent expense is recorded on the straight-line basis over the life of the lease.

(14) Retirement Plan

All eligible employees are included in the WWCI defined contribution retirement plan. Under this plan, an amount equal to 3% of the base compensation of all eligible employees is contributed by WWCI. Eligible employees may also voluntarily contribute up to 4.5% of their base compensation to the plan; such contributions are matched by WWCI up to 4.5%. In fiscal year 2010 management suspended all matching payments to the retirement plan. All contributions are used to purchase mutual funds and individual annuity contracts. The amount contributed and charged to expense for the years ended June 30, 2010 and 2009 was $124,247 and $845,281, respectively.

(15) Chicago News Cooperative

The Chicago News Cooperative (CNC) is a LLC, and began operations on October 23, 2009. Its mission is to produce public-interest journalism focused on Chicago, its politics and policy, culture and the arts, and the diverse communities of the metropolitan area. CNC publishes in The New York Times on Friday and Sunday, the first outside news organization to produce entire pages for the Times. WWCI acts as fiscal agent for CNC and provides accounting and other administrative services. The CNC financial results are not included in WWCI's financial statements. Accounting and other administrative services totaled $20,129 for the year ended June 30, 2010.

(16) Contingencies

WWCI is subject to potential legal actions which arise in the ordinary course of business. In the opinion of management, based upon opinions of legal counsel, the disposition of all potential or threatened claims will not have a material impact on the financial position of WWCI.

(17) Supplemental Cash Flow and Other Information

Cash payments for interest amounted to $822,156 and $769,345 for the years ended June 30, 2010 and 2009, respectively.

Interest expense was $818,843 and $760,300 for the years ended June 30, 2010 and 2009, respectively.

As of June 30, 2010 and 2009, WWCI purchased broadcast and production equipment in the amounts of $16,288 and $137,443, respectively, which was included in accounts payable.

Increases in assets in the amount of $341,071, held on behalf of CNC are presented as fiscal agent liabilities for CNC.