

Status Report – Fourth Quarter, Ending December 31, 2010

Commonfund

In the fourth quarter of 2010, the adjusted market value of The Endowment's corpus increased from \$179.7 million to \$190.9, an \$11.2 million (6.26%) increase. The quarterly return was 6.3%, slightly lower than the policy benchmark return of 6.6%. One year performance is 10.4%, compared to a policy benchmark return of 12.3%.

Palmetto Bank

We ended the quarter with operating funds of \$802,000 at The Palmetto Bank.

Operating Expenses

For the three months ended December 31, 2010, we incurred \$297,000 in operating expenses; this is 95% of the \$312,000 budgeted for the period. Full year operating expenses of just over \$1 million were approximately 85% of the amount budgeted. The favorable variance is primarily attributable to (a) a budget that anticipated twelve months of compensation and benefits for staff positions that were filled later in the year than expected, and (b) to an unutilized "contingencies" budget.

Contributions

The Endowment received \$365,000 in new contributions in the fourth quarter of 2010; three quarters of these funds came from the USDA US Forest Service, in support of the Forest Health Initiative (Advancing Forest Health through Biotechnology) and of the Partnership for Southern Forestland Conservation, and from the USDA Natural Resources Conservation Service in support of the Healthy Watersheds initiative. An additional \$711,000 reimbursement of funds dedicated to the work of the Woody Biomass Joint Venture Fund in 2010 is anticipated from the US Forest Service in January 2011.

Programmatic Investments

Programmatic investments and related program expenses were \$2.2 million in the fourth quarter of 2010. Approximately 75% of the fourth quarter outlays were in support of the Forest Health Initiative and of the Forest Investment Zones, with an additional 18% advancing the work of Healthy Watersheds, the National Conservation Easement Database, and the Shade Fund. Program spending of \$6.1 million in 2010 almost doubles the \$3.1 million invested in 2009.

Duane McDougall, Treasurer

Carlton Owen, President

Kim Morgan, Director of Finance