

## **Status Report – Third Quarter, Ending September 30, 2010**

### Commonfund

Our corpus increased in value from \$167.1 million to \$179.7 million during the third quarter of 2010; this \$12.6 million (7.54%) increase recovers the second quarter's \$12.0 million decline. The quarterly return was 8.2%, versus a policy benchmark return of 9.4%. One year performance is 7.8%, compared to a policy benchmark return of 9.9%.

### Palmetto Bank

Our operating funds at The Palmetto Bank ended the quarter at \$2.3 million.

### Operating Expenses

Third quarter operating expenses continued below budget. For the three months ended September 30, 2010, we incurred \$252,441 of operating expenses, 88% of the \$285,652 budgeted for the period. This favorable variance is attributable to lower than expected contingency fees, travel expenses, and employee benefits costs, and to an unfilled intern position, offset in part by the timing and higher than expected amount of payments for legal fees during the quarter. Year-to-date operating expense of \$726,994 is approximately 82% of the year-to-date budget, and approximately 61% of the \$1.2 million budgeted for the full year.

### Contributions

We received \$1.5 million in new contributions in the third quarter of 2010. The majority of these funds came from three sources: \$910,000 from the US Forest Service and \$500,000 from Duke Energy in support of the Forest Health Initiative, and \$80,000 from the Knobloch Family Foundation to further the work of the National Conservation Easement Database (NCED).

### Programmatic Investments

We spent \$2.2 million on programmatic investments and related expenses in Quarter 3, compared to \$626,000 in the corresponding period in 2009. Year-to-date program spending of \$3.9 million is 2.8 times the amount spent in the first nine months of 2009. We continue robust programmatic spending even as we work hard to steward our below-water corpus. Approximately 82% of the third quarter outlays were in support of three programs: \$1.0 million invested in the Woody Biomass Joint Venture Fund project initiated in the second quarter, \$567,000 for Advancing Forest Health through Biotechnology, and \$200,000 for the NCED.

*Duane McDougall, Treasurer*

*Carlton Owen, President*

*Kim Morgan, Director of Finance*