

Status Report – Second Quarter, Ending June 30, 2008

Commonfund

OK, this is getting old! Just when we thought it couldn't get any worse ... it did. Markets were horrendous with June setting negative records. That said, our team at Commonfund seemed to have us positioned about as well as they could have given volatility – let's rephrase that ... precipitous declines. While we ended last quarter at just shy of \$203.4 million (*Endowment corpus and funds set-aside for program/operations*), we closed this quarter at \$199.5M (\$194.4M in corpus; \$5.2M in program/operations). While we aren't excited about where things stand, we do have the Board-approved \$5M for 2008 program and funds necessary to meet operations. We can only hope that the 2nd half of 2008 will be better.

Palmetto Bank

Our operating funds at The Palmetto Bank were as follows -- \$109,000 at the beginning of the quarter (*incorrectly reported last quarter as \$80,000*) and \$318,000 at the end. We had short-term interest earnings of \$6000 – most related to a CD that matured.

Operating Expenses

There were three areas where costs significantly exceeded budget.

1. 2007 Audit and IRS Form 990. Originally budgeted at a total of \$8,500; actual costs were \$22,500. Most of the overage relates to new rules associated with audit of “alternative investments.”
2. Annual Report. We budgeted \$7,500 for our first printed annual report. Actual creative and printing costs were \$12,300. It would have been even higher but for generous provision of paper by one of our good friends.
3. Board Meetings. Finally, The Board of Directors also held its first of two planned in-person meetings for 2008. Due to run-up in all travel-related costs we will have to adjust the budget in 2009. Our plan for this area in 2008 was \$32,500. It looks like we will overshoot that by \$17,500 when the year is done.

We are a young organization just getting our feet on the ground and establishing ground-truthed operating costs. While these costs were above plan by a total of \$36,300 – we still are well within budget due to a contingency line item of \$64,500.

Contributions

We received no new contributions for the quarter.

Programmatic Investments

We made one programmatic investment. Costs will span more than a single quarter.

➤ **RFP 2008-003 Forest Cluster Study**

--Project Team led by Mississippi State University and including Dovetail Partners and the University of Missouri; total contract \$127,226.

Duane McDougall, Treasurer

Carlton Owen, President