

2007 ANNUAL REPORT USOF ENDOWMENT FUND INC.

PRESIDENT'S LETTER

I am very pleased to report the 2007 results for the USOF Endowment Fund. This year, the Fund surpassed the \$100,000 mark in total assets. With investment returns of 19.4% for the year, along with new contributions, the Endowment Fund now stands at \$105,106. This growth means that the Endowment Fund has doubled in size since it was started in January 2002, with \$52,070.

The Endowment Fund returns 4% of its total assets to USOF each year to support USOF operations. As the result of the Fund's growth over the past five and a half years, currently more than \$3,000 is available each year for this transfer.

Much of the credit for this success can be attributed to four directors who are leaving the Endowment Fund Board this year. Mike Fritz, Charlie DeWeese and Sam Burd have served on the Board of Directors for the Endowment Fund since it was started in 2002. Mikell Platt, who is also leaving after serving as a director on the Board since the inception of the Fund, has agreed to continue as the Fund's Investment Advisor. Their leadership and hard work has built the Fund to its current successful status and positioned the Fund for future growth. We are grateful to them for their service in developing the Endowment Fund into a thriving long-term investment vehicle for USOF.

This year we are also pleased to welcome three new members to the Board of Directors. Chuck Ferguson, Tom Overbaugh and Steve Fluegel — all familiar names in the US orienteering community — have agreed to bring their energy, enthusiasm and experience to the Endowment Fund. We thank them for their commitment and look forward to their efforts. With their assistance, we will continue to responsibly manage the Endowment Fund, providing needed funds to support orienteering throughout the US.

Michael Ball
President, Board of Directors
USOF Endowment Fund

SUMMARY OF INVESTMENT POLICIES AND PRACTICES

Prior to the actual opening of the Endowment Fund, the Directors of the Endowment Fund discussed various investment strategies. The initial strategy was to invest the bulk of the fund in a total stock market index fund with the balance in a money market fund in an equity-to-money-market-fund ratio of 70/30. We used Vanguard's Total Stock Market Index Fund and a Vanguard money market fund to implement this strategy.

Subsequently, our Investment Officer examined other strategies and recommended that the Board consider looking at a small number of actively managed mutual funds or individual stocks that could out-perform the market index. It was agreed that the current size of the Endowment Fund precluded individual stock investments due to the higher risk inherent in a concentrated

portfolio. However, the Board studied and agreed with the recommendation to shift funds into Longleaf Partners Fund and Clipper Fund. Both are actively managed funds that focus on undervalued companies. In addition, it was decided to increase the equity portion of the portfolio to 90% from 70% to take advantage of the higher long-term growth potential of equities. All equity investments were split equally between the two funds.

During 2004 both funds grew substantially but at different rates. We rebalanced assets between the two funds to keep the 50/50 split on equity investments. In late 2005, the Clipper Fund had a major change in their investment managers and the Endowment Fund Board agreed with the Investment Advisor's recommendation to transfer the Clipper assets into the Fairholme Fund (which has similar characteristics to Clipper).

In early 2006 we rebalanced the equity assets in order to bring both equity funds into balance. We have continued to hold a nominal 10% of total assets in cash.

MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS

Total Assets under management by the Endowment Fund were \$105,106 at 2007 fiscal year-end. The Endowment Fund operates on a June 30 fiscal year basis. It was created in January 2002 with \$52,070 infused by USOF in 2002. USOF made subsequent infusions of \$7,948 in 2003, \$4,590 in 2004, \$3,180 in 2005, \$5,200 in 2006, and \$10,210 in 2007. In 2003, the Fund began the yearly distribution to USOF of 4% of its calendar year-end assets as required by the Fund's Charter. The Endowment Fund distributed \$3,228 to USOF in 2007 — a cumulative \$11,666 distribution since the Fund's inception.

Cash on hand has increased to \$11,761 in order to maintain the 10% cash allocation and to fund the current USOF payment. Net Assets, which represent the cumulative Endowment Fund earnings on the funds infused by USOF (net of distributions to USOF) increased by \$15,947 in 2007 to a total of \$33,574.

Financial returns for 2007 reflect the positive impact of a strong stock market and higher interest rates. Overall, in 2007, our investments have out-performed the broader S&P 500 market index due to the strong performance of value-focused funds. While results will vary from year to year, we continue to believe that the investment strategy we have chosen to pursue will also provide higher than average returns over the long term.

	Year Ending 6/30/07	<u>Annualized Returns</u>	
		3 Years ending 6/30/07	5 Years ending 6/30/07
Endowment Fund	19.4%	11.0%	7.9%
S&P 500 Index	20.6	11.7	10.7
Average Money Market	4.5	3.1	2.1
90/10 Benchmark	19.0		

OFFICERS

Michael Ball President and Director
Tom Overbaugh Secretary and Director
Steve Fluegel Treasurer and Director
Charles Ferguson Director
Open Director

INVESTMENT ADVISOR W. Mikell Platt

ACCOUNTANT Catherine Ann Yekenevicz

ACCOUNTANT’S REPORT

To The Officers and Directors
USOF Endowment Fund Inc.

I have compiled the accompanying statement of net assets of the United States Orienteering Federation Endowment Fund Inc. as of June 30, 2007, and the related statements of changes in net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services (SSARS) issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the Corporation’s Board of Directors. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. I am not independent with respect to the USOF Endowment Fund Inc.

Catherine Ann Yekenevicz

August 2007

UNITED STATES ORIENTEERING FEDERATION ENDOWMENT FUND INC.

Notes to the Financial Statements

- I. Accounting Principles and Practices
 - A. The Corporation maintains its records on the cash basis of accounting, an Other Comprehensive Basis of Accounting.
 - B. Cash consists mainly of a money market mutual fund.

- C. Investments in marketable securities are reported at fair value.
- D. Financial statements represent the net assets and changes in net assets of the Corporation. The Corporation has no stockholders.

II. Sources and Uses of Funds

The Corporation, according to its exempt purpose, receives funds from the United States Orienteering Federation Inc., investing them according to policies established by the Board of Directors. A stated share of the Corporation's assets will be returned to the Federation after December 31 of each year.

III. Nature of Corporation and Related Entity

The USOF Endowment Fund Inc. is a 501(c)(3) charity and qualifies as a non-private foundation due to its relationship to the United States Orienteering Federation Inc., a 501(c)(3) charity which receives support from contributions and membership fees. Expenses of the Endowment Fund related to communications, fundraising, and general office are paid by the Federation.

IV. Tax Status

The Corporation files form 990 annually with the Internal Revenue Service. Assets are reported at fair value. Officers and Directors are uncompensated. There are no other disqualified persons associated with the Corporation.