

## **2009 ANNUAL REPORT USOF ENDOWMENT FUND INC.**

### **PRESIDENT'S LETTER**

I am very pleased to report the 2009 results for the USOF Endowment Fund. This year, the Fund finished with \$79,268 in total assets at June 30, 2009, despite one of the most difficult years in the financial markets' recent history. In the past, these extended stretches of equity underperformance have often proved to be great opportunities for investors who were patient and value-minded. By the end of the next quarter, September 30, the markets were already beginning a recovery, and the Endowment Fund's investments were valued at \$92,636.

The Endowment Fund returns 4% of its total assets to USOF each year to support USOF operations and has provided over \$19,000 to USOF since the Fund's inception. Currently, more than \$3,000 is available each year for this transfer.

Michael Ball  
President, Board of Directors  
USOF Endowment Fund

### **SUMMARY OF INVESTMENT POLICIES AND PRACTICES**

The Board has adopted a long-term investment perspective for the Endowment Fund. Over time, riding out the markets' inevitable ups and downs has proven much more effective than selling into panic or chasing the hottest trend. Even missing a few of the markets' best days can significantly diminish returns. Patience also affords the benefits of compounding — of earning interest on additional income or reinvested dividends and capital gains. While staying the course doesn't eliminate risk, it can considerably lessen the effect of short-term declines.

At the start of each year, the Fund rebalances its short term investments (currently invested in a Vanguard Money Market Account) to ensure that approximately two years' worth of transfers to USOF can be funded without needing to liquidate other investments.

The remainder of the Fund is invested in two no-load actively-managed mutual funds, the Fairholme Fund and the Longleaf Partners Fund. These investments are reviewed regularly to ensure suitability with the long-term objectives of the Endowment Fund.

### **MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS**

Total Assets under management by the Endowment Fund were \$79,268 at 2009 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 (from member contributions and lifetime membership fees) of \$7,948 in 2003, \$4,590 in 2004, \$3,180 in 2005, \$5,200 in 2006, \$10,210 in 2007, \$8,085 in 2008, and \$3,325 in 2009. 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 \$3,659 to USOF in 2009 — a cumulative \$19,153 distribution since the Fund's inception.

Short term investments at year-end totaled \$4,638 and help ensure that two years' worth of transfers to USOF could be funded without needing to liquidate any equity holdings. Net Assets, which represent the cumulative Endowment Fund earnings on the funds infused by USOF (net of distributions to USOF) decreased by \$20,475 in 2009 to a total of \$3,813.

Domestic and international securities markets struggled in 2009. Most stock benchmarks suffered double-digit losses through the first three quarters of the fiscal year. Overall, in 2009 the Endowment Fund's investments out-performed the broader S&P 500 market index. 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.

	YTD %	<u>Annualized Returns</u> as of June 30, 2009		
		One Year %	Three Year %	Five Year %
Longleaf Partners	23.96	-33.27	12.04	-4.39
Fairholme	16.21	-13.18	- 0.55	7.60
S&P 500 Index	3.16	-26.21	-8.22	-2.24
Vanguard Prime MMA	0.44	1.65	3.65	3.39
Lipper Average MMA	0.13	0.92	2.97	2.72

**OFFICERS**

- Michael Ball ..... President and Director**
- Thomas Overbaugh ..... Secretary and Director**
- Stephen Fluegel ..... Treasurer and Director**
- Charles Ferguson ..... Education and Public Information  
Director, Liaison to USOF Board**
- Tim Parson ..... Director**

**INVESTMENT ADVISOR ..... W. Mikell Platt**

**ACCOUNTANT ..... Catherine Ann Yekenevicz**

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**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, 2009, 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 2009

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## **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. It meets the requirements of a Type I Supporting Organization for 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.