



## THE LOIS ROTH ENDOWMENT

### Report FY 2008

Financial reporting has overflowed the bounds of our covering letter. For 21 years, we have watched the Endowment climb from zero to \$702,000 in holdings. This growth resulted from several larger gifts but came first from the annual generosity of a faithful band of donors, about one hundred per year, from a mailing list which today numbers 1200. The climb flowed in part from two decades of healthy markets. It resulted as well from our basic approach--supplementary support to individuals chosen by cooperating partners, in a variety of fields and countries. This approach has allowed us to minimize overhead, while resources and program grow from small beginnings.

It resulted as well from shrewd and prudent financial management by Shawn O'Reilly at Ferris, Baker Watts, soon to become RBC Wealth Management. Picking up the reins from his predecessor, he advised us to return a small percentage of earnings to capital, then to diversify our portfolio by adding equities to the fixed-income instruments with which we began. The next step was to build a portfolio divided 60-40 between fixed-income and growth equities. With Shawn we agreed to shift our fiscal year from the calendar year to the period July 1-June 30. Our reporting cycle is now keyed to early November, covering the preceding fiscal year (this report thus covers FY 2008).

In FY 2008 (1 July 2007 to 30 June 2008) this diversified approach enabled us to weather our first difficult period. Our portfolio significantly outperformed the Dow, S&P and NASDAQ. Even so we faced negative growth of 3.61%. The Kostova donation and a rise in gifts helped lift our portfolio to \$702,000 as of 30 June. but its full earnings will not be put to program use until July 2009 and will probably get little help from the markets. In all, we earned \$41,330 from dividends, interest, growth and other gifts.

In this tight period, contributions rose gratifyingly, well beyond those of any previous year, to \$16,220, with a continued rise in the number of donors and a steady growth in alumni giving. As our activities grew, related services and administrative costs rose proportionately. About 10% of program costs went to general management (expanded mailings, more detailed accounting, an extra board meeting). This administrative cost amounts to less than 2% of holdings.

As the Kostova donation begins to earn, and—we hope—as markets begin to recover, we expect this moment to pass, albeit gradually. Shawn is holding cash reserves for the time when investments look more attractive. And we are watching our grants and costs closely. Optimistically we hope that over time this market adjustment will prove manageable. In all cases, our strong, well-managed portfolio and continuing gifts will permit the Endowment to forge ahead, with no loss of momentum.