

Overview

Consultant: Fund Evaluation Group

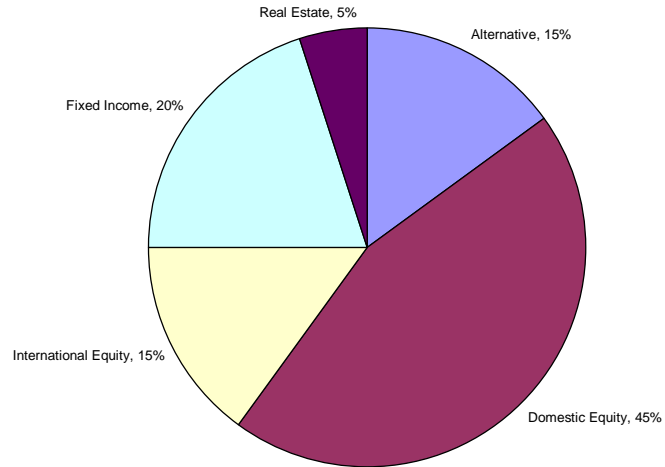
It is the practice of the Foundation that no member of the Investment Committee manages any part of the asset allocation or receives compensation for their advice. This ensures impartiality when reviewing money manager performance.

The size of the Blue Mountain Community Foundation's asset base allows the negotiation of fees on a wholesale basis increasing the overall investment return for all participants in each pool.

The Foundation's fiscal year is July 1 to June 30.

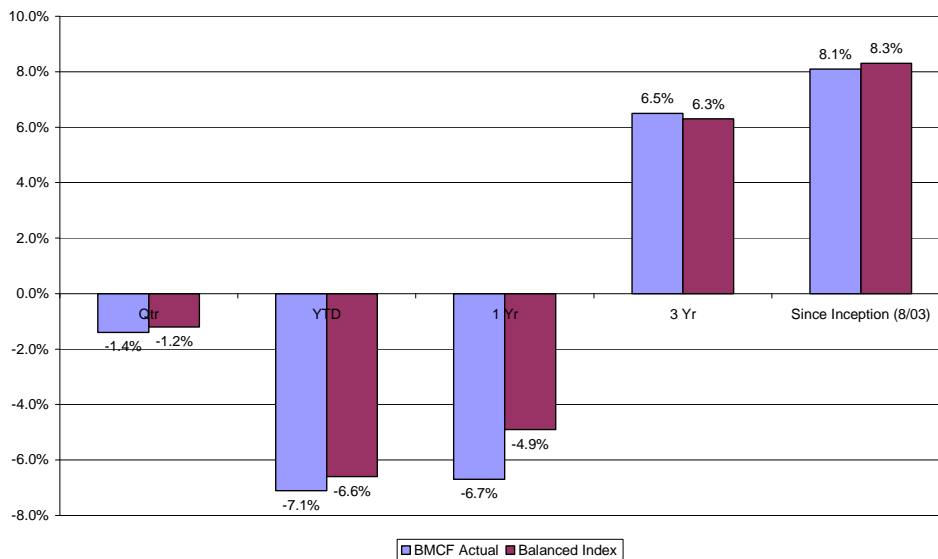
Asset Allocation

Domestic Equity – 45.0% International Equity – 15.0%
Alternative – 15.0% Fixed Income – 20.0%
Real Estate – 5% Includes Endowment Corpus Only



Investment Policy Asset Class Targets

Endowed Pool I Total Return
for Periods Ended June 30, 2008



The Foundation's Balanced Index is a composite of indexes comprised of: 50% Russell 3000 Index, 15% MSCI AC World Free ex-US, and 35% LB Aggregate Bond Index.

Investment Managers

Domestic Equities:

- S&P 100 Index Fund, S&P 500 Index Fund – Large Cap Core
- Russell 1000 Growth Index Fund – Large Cap Growth
- PIMCO – Large Cap
- Russell 2000 Index Fund, DFA – Small Cap

International Equities

- MSCI EAFE Index, MSCI EAFE Growth Index, DFA

Fixed Income

- Baker Boyer, PIMCO

Real Estate

- Cohen & Steers

Alternative Investments

- Sire Partners, Private Advisors

Investment performance of individual funds may vary from the total pool return due to the timing of contributions and grants.



Investment Summary Endowment Funds June 30, 2008

Investment Committee Members

Jim Hayner, Chair
Attorney, Minnick-Hayner

Lloyd Baker
Chief Financial Officer, Banner Bank

Peter Harvey, CFA
Treasurer, Whitman College

Don Harwood
President, American West Bank, retired

Jim Hobkirk, DVM
Associated Veterinary Clinic

Steve Johnson
Detour Farms Publishing

Terry Nealey
Attorney, Nealey-Marinella

Barbara Van Yserloo
Co-director, Birthright

Investment Philosophy

The Blue Mountain Community Foundation's endowment funds are invested in a "Balanced" portfolio, which is structured for long-term total return. To provide diversification and to moderate risk, the investments are divided into carefully-defined asset classes. Funding available for each asset classification is invested by professional money managers hired by the Foundation through a rigorous selection process. The investment performance of each money manager is monitored by an independent investment consultant retained by the Foundation.

Investment Committee Mission

The mission of the Investment Committee is to provide oversight, guidance and direction regarding the investment of the assets of the Foundation. The Investment Committee operates under guidelines of the Investment Policy Statement approved by the Board of Trustees of the Foundation. In accordance with this policy the Investment Committee is committed to:

1. Protecting the corpus of the endowment;
2. Preserving the spending power of the income from the fund;
3. Maintaining a diversified portfolio of assets in order to meet investment return objectives while keeping the level of risk commensurate with that of the median fund in a representative foundation and endowment universe; and
4. Complying with applicable law.

Recent Investment Committee Actions

May, 2008 – Reviewed Strategic Asset Allocation; Considering revisions to asset mix and targets

February, 2008 – Exited TIPS and SEIX Advisors, the bank loan manager and added PIMCO Total Return Institutional

October, 2007 – Moved to new targets within equity, shifting from value to growth, replacing Russell 1000 Value with Russell 1000 Growth and adding MSCI EAFE Growth Index. Liquidated WisdomTree Large Cap Dividend Fund.

May, 2007 – Moved to new targets within equity, shifting from small capitalization stocks to large-cap positions. Eliminated position in S&P Mid-Cap 400 and added WisdomTree Large Cap Dividend Fund

February, 2007 – Welcomed Steve Johnson to the Committee

August, 2006 – Replaced streetTRACKS DJ Wilshire REIT Index Fund with Cohen & Steers International Realty Shares; Replaced PIMCO Diversified Income with SEIX Floating Rate Fund

February, 2006 – Added PIMCO Fundamental IndexPLUS Institutional to large-cap position