

**Overview**

**Consultant: Fund Evaluation Group**

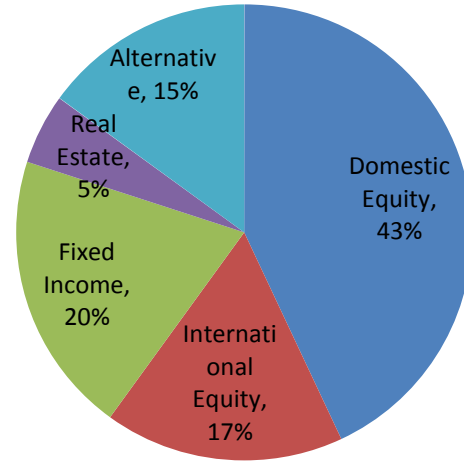
It is the practice of the Foundation that no member of the Investment Committee manages any part of the asset allocation or receives compensation for their advice. This ensures impartiality when reviewing money manager performance.

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.

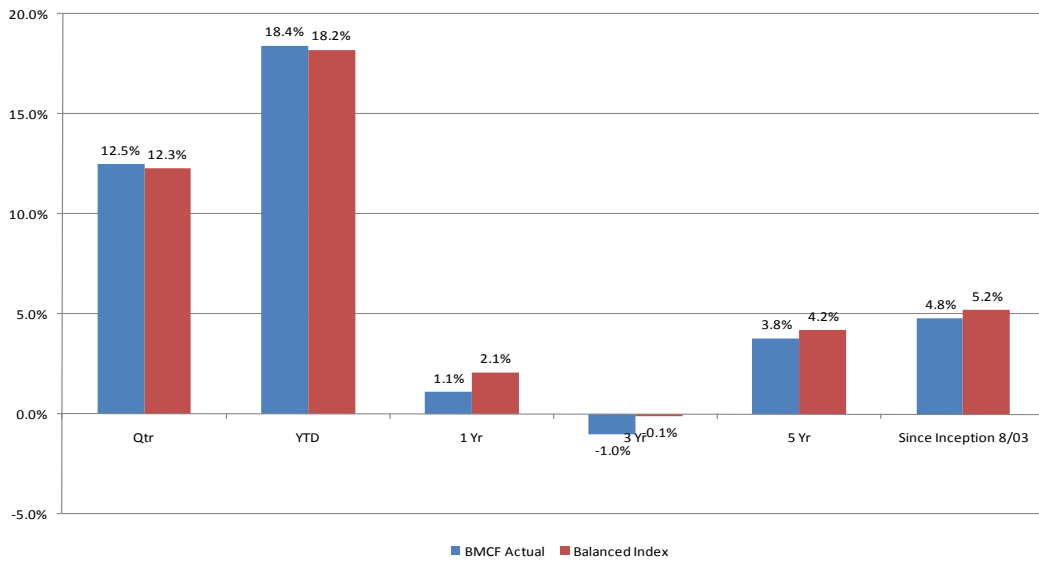
**Asset Allocation**

Domestic Equity – 43.0% International Equity – 17.0%  
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 Ending September 30, 2009**



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 September 30, 2009

### 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, 2009 --- Rebalanced to Targets. Added DFA Emerging Markets Small Cap

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