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RANCHO SANTA FE FOUNDATION

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In the last issue of the Review, I described the functions of the Executive Committee at the Rancho Santa Fe Foundation. Probably the next most important of the committees that govern Foundation activities, is the Finance Committee.

Successful philanthropy is built on sound investment and spending strategies that work hand in hand to realize a foundation's mission. The short and long-term goals of the mission must also be defined. Because of the nature of a community foundation, we deal primarily with long-term goals; those goals which are embodied in the concept of permanent endowment.

The Finance Committee at the Rancho Santa Fe Foundation has established an Investment Policy that has three primary goals for the investment of its liquid assets and the assets of other institutions it serves:

- Preservation of capital
- Production of income to carry out institutional missions
- Sufficient growth of capital to offset the effects of inflation and provide for future needs

These three principals are at the heart of every financial decision that we make. There is no "crystal ball" theory within this committee because we follow six very fundamental steps of prudent and effective investment management:

- Establish the investment objectives of the fund
- Recommend the spending rate for the fund
- Set asset allocation policy and ranges
- Monitor the appropriateness of the asset allocation
- Review investment performance
- Review management and custodial costs

This year we have six very competent committee members who are well versed in their fiduciary responsibility and are active professionals in the investment field. They are John Seiber, Chairman, and Richard Carlson, Jack Queen, Scott Robinson, Jim Simpson and Lou Simpson. This committee has an excellent track record over the last several years, including a %19.47 return for fiscal year 2003.