

Third Quarter 2011 Market Environment

The third quarter was an extremely challenging one for investors as a myriad of economic and geopolitical issues combined to drive financial markets lower. Of the broad asset classes, only fixed income – primarily U.S. Treasuries – and cash offered refuge from significant market declines.

In the U.S., fear and uncertainty weighed on equity markets as investors grappled with the threat of a worsening debt crisis in Europe as well as weakening economic indicators at home. The broad S&P 500 Index suffered its biggest quarterly loss since the end of 2008, sliding 13.9%. Materials, Financials and Industrials were the worst performing sectors – each falling in excess of 21%. Of the ten S&P sectors, only Utilities posted a positive return for the quarter, at 1.6%. In terms of capitalization, while still negative, large-cap stocks outperformed their smaller counterparts.

Overseas, equities in developed markets declined sharply, posting negative quarterly results for the first time in over a year. The decline was widespread as equity markets lost value in nearly every country across the globe. The MSCI EAFE (Europe, Australia, Far East) Index of developed markets posted its worst return since 2008, falling 19.0%. The MSCI Emerging Markets Index fared even worse, posting a 22.5% decline, as China showed signs of slowing economic growth. In terms of global fixed income, the news was better, with the Barclays Capital Global Aggregate Bond Index advancing 1.0%, despite continued European sovereign debt concerns.

Within domestic credit markets, the broad U.S. investment grade bond index gained 3.8%. Despite suffering its first credit downgrade in history, U.S. Treasuries rallied as investors shunned risk and sought safety. In particular, Treasuries at the long end of the yield curve were extremely strong, with the Barclays Capital Long Term Treasury index advancing 24.7%. Meanwhile, Treasury Inflation-Protected Securities (TIPS) also performed well, posting a 4.5% return.

Underlying Investment Managers

Domestic Equity: T. Rowe Price Large Cap Growth, Barrow Hanley Large Cap Value, Vanguard Extended Market ETF

International Equity: Dodge & Cox International Stock, EuroPacific Growth, Vanguard Emerging Market ETF

Fixed Income: PIMCO Total Return, JP Morgan High Yield, Vanguard Inflation Protected Securities

Real Assets: Credit Suisse Commodity Strategy, Penn Square, Vanguard REITs

Investment Pools	Three months ended 9/30/11	Six months ended 9/30/11	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	0.5	0.7	1.1	0.6	*
Global Constrained Income & Growth 25% Equity, 75% Fixed Income	-4.9	-3.5	1.0	7.8	*
Global Constrained Balanced 50% Equity, 50% Fixed Income	-9.8	-9.0	-1.4	5.6	1.9
Global Growth & Income 65% Equity, 30% Fixed Income, 5% Commodities	-12.8	-12.5	-2.6	4.3	1.4
Endowment	-12.9	-12.7	-3.2	1.9	0.0
Market Benchmarks					
Cash - 90-Day Treasury Bills	0.0	0.1	0.1	0.2	1.7
Bonds - Barclays Capital Aggregate	3.8	6.2	5.3	8.0	6.5
International Stocks - MSCI EAFE	-19.0	-17.5	-8.9	-0.7	-3.0
Domestic Stocks - S&P 500	-13.9	-13.8	1.1	1.2	-1.2
Blended Benchmark - Endowment¹	-9.7	-9.0	0.6	**	**

1. 32% Russell 3000, 28% MSCI ACWI ex US, 25% BC Aggregate, 10% NCREIF Property Index, 5% DJ UBS Commodity Index

* Investment in these funds originated in 2006.

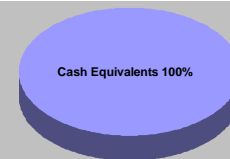
** Benchmark was created in 2010

Notes: The above are the historical returns for each of the five investment pool. Investment performance of individual funds may vary from the total pool return due to the timing of contributions and grants. Historical returns are not a predictor of future returns.

Market Commentary Provided by Wurts & Associates Inc., Investment Consultant to CFSA

CASH EQUIVALENT

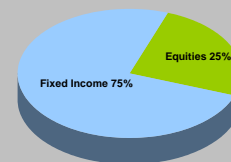
A cash-equivalent pool designed for donors or nonprofits that wish to make grants immediately or for funds that cannot sustain any loss of principal over any time horizon.



During the third quarter, the Short Term Pool returned 0.5% given the tepid yields available across the CD and money market universes. Over the past year, the Short-Term Pool has returned 1.1% as the Federal Reserve continues to keep rates near historic lows. When the Fed starts raising short-term interest rates, the yield for the Short-Term Pool should improve.

GLOBAL CONSTRAINED INCOME & GROWTH

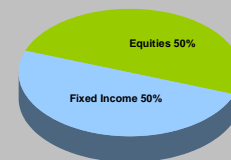
Designed for donors or nonprofits with medium-term objectives (3-5 years). While moderately conservative, this pool will have a risk of loss. A moderate portion will be invested in capital-appreciation-oriented equity securities. The fixed income allocation will include an allocation to core fixed income and a smaller allocation to high yield and Treasury Inflation Protected Securities (TIPS). The pool will remain liquid and will not include an allocation to alternative investments or real estate.



The Global Constrained Income & Growth pool lost 4.9% during the third quarter and is up 1.0% over the past year. Both domestic and international equities experienced significant weakness during the quarter. The Pool's fixed income securities, which comprise 75% of its total assets, also hampered relative returns as corporate, high-yield and non-dollar bonds underperformed Treasuries. Finally, the TIPS allocation offset some losses, contributing a healthy 4.9% return.

GLOBAL CONSTRAINED BALANCED

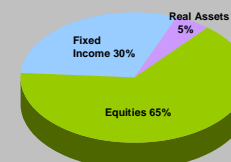
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A moderate portion will be invested in capital-appreciation-oriented equity securities. The fixed income allocation will include an allocation to core fixed income and a smaller allocation to high yield and Treasury Inflation Protected Securities (TIPS). This pool will remain liquid and will not include an allocation to alternative investments or real estate.



The Global Constrained Balanced pool lost 9.8% during the third quarter and is down 1.4% over the past year. Equities were especially disappointing, posting double-digit declines across the board. As with the Global Constrained Income & Growth pool, the Global Constrained Balanced pool's fixed income investments suffered from overweighting corporate, high-yield and non-dollar bonds, which significantly lagged Treasuries. Similar to the Global Constrained Income & Growth pool, the allocation to TIPS helped portfolio returns on an absolute basis.

GLOBAL GROWTH & INCOME

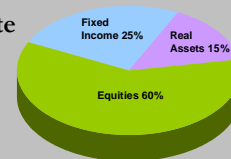
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements and with spending objectives of approximately 4% of assets per year. A large portion will be invested in capital-appreciation-oriented equity securities. The fixed income allocation will include an allocation to core fixed income and a smaller allocation to high yield and Treasury Inflation Protected Securities (TIPS). Real Assets constitute commodities. The pool will remain liquid.



The Global Growth & Income pool lost 12.8% during the third quarter and is down 2.6% over the one-year period. The high equity allocation was a significant hindrance to performance during the quarter. Additionally, the Pool's allocation to commodities detracted during the quarter losing 11.3%.

ENDOWMENT POOL

Designed for donors or nonprofits with endowment-like objectives (20+ years), willing to accept moderate illiquidity and with spending objectives of approximately 4% of assets per year. A large portion will be invested in capital-appreciation-oriented equity securities. The pool will be managed consistent with endowment best practices. The fixed income allocation will include an allocation to core fixed income and a smaller allocation to high yield and Treasury Inflation Protected Securities (TIPS). Real assets constitute private real estate and/or commodities.



The Endowment pool lost 12.9% during the third quarter and is down 3.2% over the one-year period. Similar to the Global Growth & Income pool, a high equity allocation was a drag on performance over the most recent quarter as domestic and international equity markets posted double-digit losses. The Endowment pool slightly underperformed the Global Growth & Income pool as commodities and emerging markets were slightly overweight from a portion of the distressed real estate allocation that has not been called down. REITs were also a drag on relative performance falling 14.6%.