

UNIVERSITY SYSTEM OF MARYLAND FOUNDATION, INC.
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www.usmd.edu/umf

January 6, 2008

MEMORANDUM

TO: Account Administrators
FROM: Joyce Romanoff Marx
Vice President for Finance and CFO
SUBJECT: July - December 2007 Statements
Other Matters

HAPPY NEW YEAR TO ALL

Remember our WEBSITE www.usmd.edu/umf

**PLEASE BE SURE THAT ALL STAFF WHO WORK WITH FOUNDATION ACCOUNTS
RECEIVE A COPY OF THIS MEMO**

We apologize for the delay in getting these statements to you. As you know, we converted to new accounting software on July 23, 2007 and are continually learning the system. We finally completed the reports that are identical to the format you have been receiving. The standard reports from Blackbaud did not provide all the information you are used to receiving. Also we intend to establish protocols so that all administrators will be able to access data via the web, but we do not anticipate that before early 2008.

WELCOME TO "ERICA NORTON" OUR NEW HUMAN RESOURCES MANAGER AND SENIOR ACCOUNTANT

Erica Hoff Norton started September 24, 2007. Erica received a BS from the University of Maryland University College. She is replacing Ginger Whelley who left in July. Therefore, any issues relating to employment and related benefits should be directed to her. Also direct to her any questions related to payments to or on **behalf of** non-resident aliens. Her phone number is 301-445-2723 and her e-mail is enorton@usmd.edu.

WELCOME TO "JAY WANG" OUR NEW COMPTROLLER

Jay Wang started September 28, 2007. Jay is a CPA and received degrees from University of Maryland College Park and University of Maryland University College. His phone number is 301-445-1922 and his e-mail is jwang@usmd.edu. Please contact him with any questions you might have regarding reports, spending issues and disbursements or any other matters.

ACCOUNT STATEMENTS

Enclosed for your review and records are the **COMBINED JULY THROUGH DECEMBER 2007** statements for the account(s) administered by you. Please review them to ensure accuracy and completeness of the data. I apologize for the tardiness of these statements, but additional auditing procedures due to new pronouncements extended year end close.

REMINDER: PROJECT (FUND) NUMBERS ARE SEVEN DIGITS. THE FIRST TWO NUMBERS IDENTIFY THE INSTITUTION AND THE LAST FIVE NUMBERS ARE SPECIFIC TO YOUR PROJECT. PLEASE PUT ALL DIGITS ON THE DISBURSEMENT REQUEST FORM IN ORDER FOR USMF TO PROCESS YOUR REQUEST WITHOUT DELAY.

PLEASE REVIEW THE STATEMENT THOROUGHLY AND LET US KNOW IF THERE ARE ANY MISSING OR INCORRECT POSTINGS.

Attached is the new list of revenue and expense codes which changed due to the new system. Please refer to this when completing paperwork

Call or e-mail John Forsyth (301-445-2726 or jforsyth@usmd.edu) need to **make corrections** regarding the transactions on the statements.

If you have questions regarding a **disbursement** call or e-mail Paula Kircher at 301-445-2706 or at pkircher@usmd.edu.

If you have questions regarding a **revenue** item call or e-mail Randy Possehl at 301-445-2710 or rpossehl@usmd.edu.

Call or e-mail Randy Possehl for changes to administrators or signatories as noted below.

Future monthly reports will be mailed by the 6th business day of the month.

SPENDABLE INCOME - FY'08

Enclosed is the FY'07 (07/01/07 – 06/30/08) Spendable Income statement as of December 31, 2007 for the endowment fund(s) you administer. The reports are different in that you will receive two reports

If you have Spendable Income questions call or e-mail **Joyce Marx (301-445-2712; jmarx@usmd.edu)**

REMINDER: FY07 pre-approved carryover amounts must have been used by October 30, 2007.

PORTFOLIO PERFORMANCE

With the final June statements we enclosed two graphs showing the FY07 performance of the endowment and operating portfolios. Those graphs are posted to our website under UMF Investment Management. Our FY07 endowment performance ranks us among the top colleges and universities.

As a reminder the Endowment Portfolio returned 22.5% for Fiscal Year 2007 as compared to 20.6% for the S&P 500 Index and -6.1% for the Lehman Brothers Aggregate Bond Index. The total investment pool was approximately \$810 million. The Operating Portfolio returned 12.1%. Earnings were distributed to eligible accounts, but posted using the account code for internal transfer not earnings.

As the Endowment Portfolio is invested for long term appreciation and to deliver high risk-adjusted returns while the Operating Portfolio is invested over a shorter time horizon, a difference in the rate of return is expected. The endowment portfolio is invested 36% in public equities, 36% in absolute return strategies; 18% in real assets; 6% in private capital and 4% in fixed income. Public equities are comprised of long only style managers and long/short style managers.

If you have investment related questions, call or e-mail Joyce Marx (301-445-2712 or

jmarx@usmd.edu

CALENDAR YEAR 2008 IRS STANDARD MILEAGE RATES

Beginning January 1, 2008 the IRS standard mileage rate for the use of a car (including vans, pickups or panel trucks) will be 50.5 cents per mile for business miles.

REMINDERS

ARE YOUR ACCOUNT AGREEMENTS STILL CURRENT?

Has there been a change in any of the administrative persons who work with the account(s)? --- those who are authorized to sign Disbursement Requests and/or the person who is designated to receive the monthly statements and correspondence? If so, be reminded that you need to prepare and send us an updated Account Agreement. The current form can be found on our web site (www.usmd.edu/umf) and, like our other forms, can be completed on the screen, except for the required signatures. **Please be sure to include e-mail addresses for the administrator so that we can e-mail reports.**

REMEMBER: The person who receives the monthly statements CANNOT be an authorized signer for disbursements.

Send updated Agreements to Randy Possehl.

If you have questions, call or e-mail Randy (301-445-2710 or rpossehl@usmd.edu)

SALES TAX EXEMPTION CERTIFICATE

The current State of Maryland sales tax exemption certificate expired September 30, 2007. If you have a copy of the current card and need the new one contact Dawn James at djames@usmd.edu.

DE MINIMIS BENEFIT

Remember when requesting reimbursement for expenditures related to purchases that provide a benefit to a university or other state employee, only those de minimis in nature can be reimbursed. De Minimus means occasional and unusual in frequency as well as under a certain dollar value. USMF can reimburse up to \$75 as that is the amount decided to meet the IRS de minimus value, but not if a gift certificate is purchased. The IRS does not consider gift certificates of any amount de minimus as it is considered cash and a cash gift is never de minimus. Regents' policy on Payments by Affiliated Foundations to University Employees abides by the same definition of de minimus as the IRS.