



September 20, 2005

Dear Friend of The Citadel:

Thank you for your interest in and support of The Citadel. On behalf of The Citadel Foundation, I want to update you on some innovative steps we have taken to ensure the highest degree of stewardship of the funds you and other friends of The Citadel donate to support the college's mission.

A few months ago we took the initiative to conduct an Investment Fiduciary Audit and have just received a very positive report from Champion Partners, Inc., and Dixon Hughes, PLLC who conducted the audit. Different from a financial audit, Fiduciary Audits are exceedingly rare and represent the leading edge in integrity for governing bodies. The handbook of *Prudent Investment Practices*, produced by the Foundation for Fiduciary Studies, outlines 27 practices that responsible organizations should follow. These practices deal with myriad issues: adherence to laws; proper documentation and reporting; sound investment policies; and, oversight of decision makers. This was a microscopic analysis of our operations.

I am pleased to quote the following directly from our fiduciary audit report:

“The Foundation has developed policies and procedures to satisfy its fiduciary standard of care with respect to its investment practices, and based on our fiduciary audit procedures nothing came to our attention to indicate a breach of fiduciary duty with respect to its investment practices.”

Our auditors did provide us with ten recommendations and we have created a plan of action and strict timetable to implement each of those suggestions. We will accomplish them quickly and efficiently, and the high fiduciary integrity of our Foundation will only increase.

The only way to stay on the leading edge is to define it, and at The Citadel we pride ourselves on defining the leading edge of integrity. As we train our cadets—America's leaders of tomorrow—to follow a strict moral compass, we must practice what we preach. As this audit shows, we work hard to earn your trust.

If you have further questions about this audit, I invite you to make contact with Foundation CFO Andrew Castle. Thank you for your continued support of The Citadel and its mission.

Sincerely,

Charlie Cole, Jr., Chair
Investment Committee, The Citadel Foundation, Class of '68