

Nonprofit funding its mission

Situation

The board of directors at a local foundation was looking for a new investment manager for its \$3 million endowment. Increased complexity in governance and audit requirements, along with a concern that the current investment and advisory fees they were paying were higher than market benchmarks, factored into their decision to replace their existing advisory relationship. They were also concerned that the current investment approach might not support the funding of its mission over the longer term.

As part of their search, the board required Wealth Dimensions and all other candidates vying for this opportunity to demonstrate these characteristics:

- An SEC-registered investment advisor, so that any conflicts of interest were mitigated.
- Able to construct a cost-effective diversified portfolio tailored to meet the risk/return goals, liquidity needs, and investment time horizon of the foundation.
- Highly capable of advising the board on governance matters, including the investment policy statement and investment committee structure.
- Willing and able to provide audit and other administrative support.

Approach

To meet the needs of the endowment, Wealth Dimensions approached the proposal process with the same level of thoughtfulness that we provide our wealth management clients. For this situation, we did the following:

- Assessed the foundation's current investment policy statement, portfolio composition, and manager lineup.
- Recommended a diversified portfolio design that was lower in cost, yet met the foundation's short- and long-term objectives.
- Proposed changes to the foundation's investment policy statement, including its spending policy, so that it aligned with the foundation's mission.
- Provided sample portfolio reports and discussed the ways we provide ongoing monitoring.

Outcome

Our thoughtful and thorough approach, combined with our nonprofit and investment expertise, helped us establish a long-term advisory relationship with the foundation.

Today, we are an extension of the foundation's staff, and we focus on helping them fund their mission through these services:

- Providing an ongoing review of the foundation's balance sheet, in light of past and planned capital projects, and its fundraising program as well as historical and projected results.
- Managing a cost-effective, yet diversified portfolio that supports greater growth of assets in order for the foundation to fund its mission.
- Regularly discussing investment strategy and results, our capital markets outlook, and governance matters with both the investment committee and the board.
- Providing ongoing reporting and administrative support.

This case study is for illustrative purposes only. It is based on information at the time of writing and is subject to change without notice. It is not intended as legal or tax advice nor as an offer or solicitation for the purchase or sale of any security, product, or investment strategy. It is representative of the types of clients Wealth Dimensions serves. Past performance is not indicative of future results. Wealth Dimensions Group, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. For more information about Wealth Dimensions, including our Form ADV Part 2A Brochure, please visit our website at www.wealthdimensions.com or contact us at 513-554-6000.