



CHOOSING AN ADVISOR

Non-profit organizations often enlist the services of external advisors when decision making requirements surpass their in-house expertise.

Two key facets warrant careful consideration. Advisors often offer insightful perspectives and also craft robust strategies aimed at safeguarding the organization's long-term financial stability. Next is mission alignment. Advisors can help harmonize investment strategies with the organization's overarching values. This alignment ensures that financial decisions remain firmly rooted in support of the core objectives and ethos of the non-profit.

Can non-profits self-manage investments, and when should they seek advisors?



How are external advisors typically managed?

How non-profits organize themselves to look at external advisors varies, but the establishment of committees like the Investment Committee or Finance Committee is a common approach. These committees play a vital role in crafting investment policies, monitoring performance, and ensuring alignment with the organization's mission and financial goals. Their collaborative efforts are essential for making informed investment decisions that support the long-term sustainability and success of non-profit organizations.

Taking no action has implications

Inaction brings along unique consequences that may not be apparent at first glance. It can lead to missed opportunities and expose portfolios to inflation-related risks. Whether it pertains to retaining assets or temporarily refraining from strategic investment decisions, adopting a deliberate approach can influence an investment portfolio positively. Therefore, organizations should assess the potential consequences of their inactivity within the context of their broader financial goals, ensuring they make informed choices.



ADVISOR DUE-DILIGENCE

Key Questions to Ask ...

When evaluating potential advisors, my advice to non-profits is to focus on finding the right fit. Here are some key questions to consider: Does the advisor truly grasp your foundation's unique mission and financial goals? Can they customize investment strategies that align with your values, capital requirements and risk tolerance? It's essential to ask about all associated costs, including management fees and transaction expenses. Moreover, discussing expectations for updates, reporting frequency, and how easy it is to reach the advisor is crucial. Clear and efficient communication ensures alignment and will help your organization in crafting a robust investment strategy..

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