

Challenge

A non-profit organization had built a sizable cash balance in their reserve fund. The board of directors felt they could be better stewards of the money by investing a portion of the reserve fund to seek higher returns. The well-defined core values of the organization were very important to them. It was imperative to the board that their investments be aligned with these values. Tim, one of the board members, recommended that the board of directors draft an “investment policy statement” to serve as the roadmap for developing and managing the portfolio.



Recommendation

Tim introduced them to Allodium to help them draft the investment policy statement. During two diagnostic meetings with the non-profit board leaders, Allodium learned about their organization, their values, and the objectives for their long-term reserve fund. After an analysis, Allodium recommended several actions. The first was to establish a smaller investment committee that would be responsible for prudently managing the investment portfolio. Allodium shared sample by-laws that explained the role of the investment committee and the process for establishing a new committee. Next, Allodium helped them draft an investment policy statement that provided meaningful guidance for both the committee and their outside investment professionals regarding the selection and management of the investments in their reserve fund.

Result

The board followed Allodium's recommendations by forming an investment committee and creating an investment policy statement. Utilizing F360's *Self-Assessment of Fiduciary Excellence for Investment Stewards*, the board learned how to educate the new investment committee members on their roles as fiduciaries and the best practices to adopt for meeting their fiduciary responsibilities. Allodium designed a diversified investment strategy that included investment managers that shared their well-defined socially responsible investment preferences. The board is pleased to have a structure and decision making process that reflects fiduciary best practices and an investment portfolio that is better positioned for growth while being aligned with their organization's values.

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