



ADVANCE YOUR MISSION. SUSTAIN FINANCIAL STABILITY. OPTIMIZE YOUR INVESTMENTS.

As the leader of a nonprofit or institution, your primary goal is achieving your mission. This means you are responsible for overseeing, guiding and energizing your board and staff; strategically investing and spending your resources in support of your organization's goals while maintaining its financial stability; cost-effectively funding your organization's services, activities and pressing liquidity needs; and cultivating donor relationships to galvanize support and contributions. And to do all of this while minimizing costs and risks.

Your role can be challenging, labor intensive and often overwhelming. Northern Trust's Foundation & Institutional Advisors can help you every step of the way.

In this guide, we cover the critical areas you need to proactively address to maintain financial sustainability, reach your investment potential and run your organization smoothly and effectively, making continual progress towards fulfilling your mission.

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BOARD GOVERNANCE

Your board plays a significant role in your organization’s success. They are the stewards of the organization’s vision and direction, and its financial viability. It is critical that your board members understand their role, are armed with the right information and guideposts to make sound and strategic decisions, and are enabled to continually and significantly advance your mission.

KEY QUESTIONS TO EVALUATE YOUR EFFECTIVENESS IN THIS AREA:

<p>Do your board members understand their financial duties specifically as it relates to Loyalty, Care, Obedience and Record-keeping?</p>	<p>Do you have governance policies in place to minimize legal and financial risks?</p>	<p>Do you have the resources and expertise needed to manage your investment portfolios on a day-to-day basis?</p>
<p>Do you have an asset allocation strategy that meets your long-term financial objectives?</p>	<p>Do you have a board leadership succession plan?</p> <p>Do you have proper investment oversight in place?</p>	<p>Are you closely following donor trends to understand potential opportunities and risks?</p>

How Northern Trust Can Help

At Northern Trust, we have been working with nonprofit organizations, their boards and donors who support charitable causes for decades. We help boards develop best practices and provide practical advice for improving donor relationships and maximizing fundraising initiatives. We offer board education and governance services to help you be in compliance with the Department of Labor fiduciary standards and Prudent Management of Institutional Funds Act standards. Ultimately, we provide education so that your board is applying the most effective strategies and approach to help your organization attract and retain donors and fulfill its mission.

Northern Trust Resources:



Fiduciary Duties and Best Practices for Nonprofit Directors (white paper)



Three Ways to be a Better Investment Committee Member



Three Ways to be a Better Board Member



Best Practices for Nonprofit Directors (article)

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POLICIES FOR FINANCIAL ACTIVITIES: INVESTMENTS, GIFT ACCEPTANCE AND SPENDING

Having comprehensive policies in place for your organization’s approach to investments, gift acceptance and spending will provide clear direction for managing your organization’s investments, fostering confident and swift decision making, and ensuring all of your financial activities strategically support your mission.

KEY QUESTIONS TO EVALUATE YOUR EFFECTIVENESS IN THIS AREA:

<p>Do you have an investment policy statement that articulates and memorializes the fundamental objectives of your organization’s portfolio?</p>	<p>Do you have a gift acceptance policy that provides guidance on accepting gifts based on their purpose and alignment with the goals of the organization?</p>	<p>Do you have spending guidelines and parameters and filters in place to ensure your spending is prudent and aligned to your broader strategy?</p>
<p>Do your board members have an effective tool for evaluating all of their investment opportunities?</p>		<p>Are your policies flexible to support evolving donor and economic trends and dynamics?</p>

How Northern Trust Can Help

Backed by decades of experience working with foundations and their boards, our experts can help develop comprehensive policies including Investment Policy Statements, Gift Acceptance Policies and Spending Guidelines. We apply best practices and build in needed flexibility to keep all of your financial activities strategically in line with your mission and priorities, but also adaptable to respond to market fluctuations and donor trends.

Northern Trust Resources:



Build a Successful Investment Policy Statement for Your Nonprofit



Craft a Dynamic Gift Acceptance Policy (white paper)



It's Time to Revisit Your Gift Acceptance Policy



The Well Designed Charitable Gift (white paper)

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INVESTMENT PLANNING AND OVERSIGHT

Efficiently and effectively investing your organization’s assets can be a daunting undertaking. You want to maximize returns, while proactively managing risks. But keeping pace with market shifts and opportunities can be time consuming and overwhelming. You need to make sure you have a clear vision and strategy in place and the right expertise and resources to execute and oversee it.

KEY QUESTIONS TO EVALUATE YOUR EFFECTIVENESS IN THIS AREA:

<p>Do you have the resources needed to monitor the market real-time and actively mine for opportunities?</p>	<p>Do you have the flexibility and agility needed to move quickly to capitalize on opportunities as they arise?</p>
<p>Do you have the information and tools you need to thoroughly and quickly evaluate opportunities based on your financial position and risk profile?</p>	<p>Do you have access to performance data so you can proactively monitor and measure your results?</p>

How Northern Trust Can Help

When we act as your outsourced chief investment officer, we will help you reach your organization’s investment potential. Our investment professionals apply the latest technology to continually source and capitalize on market opportunities in real-time. You’ll have access to world-class reporting that provides transparency and flexibility, so you can make timely decisions and continually monitor and measure investment results. We ease the administrative burden of working with outside managers and monitor their performance, so you can focus on what’s important—running your organization.

Northern Trust Resources:



OCIO Services Description



How Hedge Funds Can Potentially Help Foundations & Endowments Meet Spending Requirements



Potential Risks of Custody "Insourcing" for Nonprofits (white paper)



Benefits of Managing Loss Recognition for Nonprofits and Non-Taxable Entities (white paper)



What Are Cash Balance Retirement Plans? (white paper)

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PLANNED GIVING

Successfully administering and managing the contributions and distributions of gift annuities and charitable trusts are time consuming, but critical, tasks for supporting your mission and maintaining donor satisfaction. An effective program requires a personal commitment from your board members, dedicated and qualified staff, and comprehensive policies and procedures that mitigate financial and legal risks.

KEY QUESTIONS TO EVALUATE YOUR EFFECTIVENESS IN THIS AREA:

<p>Are your board members financially supporting the organization’s mission through personal commitments to planned giving?</p>	<p>Have policies and procedures been vetted by your finance and legal teams??</p>	<p>Do you have a strategic communication and marketing plan for donor outreach?</p>
<p>Do you have qualified, proactive staff dedicated to the task of growing and supporting your planned giving program? Do they have the ability to establish meaningful personal relationships with your donors?</p>	<p>Do you fully understand the financial risks involved with a planned giving program including mortality, investment and expense risks?</p>	<p>Do you have the right record keeping mechanisms in place to accurately project revenue and measure the program’s performance?</p>

How Northern Trust Can Help

Backed by our expertise managing sophisticated charitable giving needs for nonprofits, Northern Trust’s Foundation & Institutional Advisors can provide a comprehensive range of planned giving services designed to meet your unique needs. Whether you already have a planned giving program or would like to start one, Northern Trust helps you develop a program that benefits both you and your loyal donors. We can help streamline your gift administration process by providing support, such as, processing gifts, annuity payments and tax return preparation. We can also act as trustee or co-trustee of charitable trusts, provide a disciplined investment program management, board and staff education programs and expertise in managing specialty assets.

Northern Trust Resources:



Essential Elements of a Successful Planned Giving Program



Planned Giving Services Description



How do Charitable Gift Annuities and Charitable Remainder Trusts Work? (white paper)



Charitable Gift Annuities and Charitable Remainder Trusts: Advantages, Challenges and Best Practices” (article)

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SPECIALTY ASSETS – REAL ESTATE OR MINERALS INTERESTS

The long-term benefits of specialty assets such as real estate or minerals interests can be significant. There is also great advantage in accepting these gifts since one gift can be the equivalent to money raised from several events. But these endeavors also come with complexity and risk that requires specialized due diligence, expertise and continual oversight.

KEY QUESTIONS TO EVALUATE YOUR EFFECTIVENESS IN THIS AREA:

Do you understand the potential environmental liability of your real estate assets?	Can you assess how the condition and performance of a real estate asset impacts current and future value?	Do you have mineral interest expertise in key producing areas?
Do you understand the carrying costs of your real estate assets? Do you have an exit strategy?	Do you have the resources to handle the administrative duties and management oversight for your real estate holdings?	Do you have the resources to keep pace with mineral industry trends and volatile pricing structures? Do you have the right tools for evaluating risk and return related to your mineral interests?

How Northern Trust Can Help

Real Estate: The Real Estate experts at Northern Trust can help you through the due diligence process — both environmental and financial — provide strategic advice regarding retention and monetization, as well as manage the assets. We will regularly review and evaluate asset performance to make recommendations whether to retain or sell assets as well as work with local property managers with respect to leasing and tenant issues, annual budgets and capital improvement plans, to ensure real estate taxes are paid and insurance is maintained. Then, when appropriate and at your direction we develop a disposition strategy, working with professionals seeking to maximize sales proceeds. We give you the confidence that you are maximizing the benefits, and returns, of your real estate and agricultural assets.

Mineral Interests: We have expertise managing these assets in every producing state and Canada. We know how to navigate this ever evolving industry and volatile pricing structures. We use deep industry knowledge and resources to evaluate return and risk for every asset, including potential environmental liabilities and tax implications. We follow industry trends closely and have experience with unconventional formations and new technologies. We aggressively negotiate leases seeking to obtain the best terms for the lessor increasing royalties and bonuses and including clauses to provide needed protections and flexibility. We tailor solutions to meet your specific needs, with a goal to maximize returns and minimize risk.

Northern Trust Resources:



Accepting In-Kind Gifts of Real Estate (white paper)



Mineral Interests & Nonprofit Organizations (white paper)

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BANKING

Balancing resources to fulfill demand for services while keeping your organization financially viable is fundamental to your organization’s mission. You need cost-effective banking solutions that support your short and long-term objectives while providing for any liquidity needs.

KEY QUESTIONS TO EVALUATE YOUR EFFECTIVENESS IN THIS AREA:

Do you have financing solutions to meet your organization's short-term, medium-term and long-term needs?	Do you have effective treasury management tools to streamline processes, increase access to funds and easily access account information for faster, better decision-making?
Does your credit structure help you manage risk and reduce borrowing costs?	Do you have the proper security in place to guard against financial fraud?

How Northern Trust Can Help

Northern Trust can work with your financial team, board of directors and finance committee to help define your financing and capital goals — and help you achieve them. We provide cost-effective solutions to address your organization’s overall financial sustainability as well as on-going liquidity needs. We provide multiple levels of security to keep your financial data safe and private.

Northern Trust Resources:



Banking Solutions for Nonprofits

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SUSTAINABLE INVESTING

You want your assets to do more than just perform. You want to make investments that are socially conscious and reflect your organization’s mission. However, it can be challenging to understand and vet all of your options and create a comprehensive plan and approach that truly aligns with your organization’s vision.

KEY QUESTIONS TO EVALUATE YOUR EFFECTIVENESS IN THIS AREA:

<p>Do you have a comprehensive understanding of the full landscape of potential responsible investment strategies and what similar organizations are doing?</p>	<p>Do you have the right tools and filters for evaluating your options and making well-informed investment decisions quickly?</p>
<p>Are you translating your organization’s mission into your investment strategy and portfolio make-up?</p>	<p>Are you effectively communicating your investment strategy and guidelines to your board, constituents, donors and other interested parties?</p>

How Northern Trust Can Help

Through the specialized expertise of our Foundation & Institutional Advisors (FIA) practice and Northern Trust Investments, Inc., Northern Trust can help you learn about sustainable investing concepts and their impact. We will work with you to thoughtfully develop and implement a strategy that aligns your mission, social goals and environmental stewardship.

Northern Trust Resources:



Addressing Sustainable Investing Objectives Case Study



Foundation Approaches to Climate Change Investing (article)



Sustainable Investing Services

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IMPACT INVESTING

Your investments can be more than just a set of assets. When you have a strategic plan in place, your investments can create positive change and have a significant social impact beyond financial returns.

KEY QUESTIONS TO EVALUATE YOUR EFFECTIVENESS IN THIS AREA:

Do you have a comprehensive impact program in place that aligns to your organization’s goals?	Do you have a method for identifying and vetting opportunities in your community or areas of interest?	Do you have the tools for measuring investment impact and performance?
Do you have underwriting and valuation expertise to review and shepherd your investments?		Are you effectively engaging the communities you support?

How Northern Trust Can Help

Through Foundation & Institutional Advisors, our Social Impact Advisory Services can help you develop real impact investment strategies that expand traditional grant making and other community activities. Our team will work with your board, investment committee and staff at any stage of the journey — from education to capital deployment to valuation and tracking — tailoring our services to your existing work and long-term strategy. We can help your organization take advantage of program-related investments or other investment structures to create true impact in the communities and areas you care about.

Northern Trust Resources:



Designing an Effective Community Scan (white paper)



Social Impact Advisory Services Description

CONCLUSION

A Partner in Your Future and Your Success

To realize your organization’s mission, you need the right expertise, resources and focus — and a strategic plan for its future. Our Foundation & Institutional Advisors (FIA) bring decades of experience, best practices and tools to help you develop an effective strategy and meet all your investment and advisory needs. Our national practice exclusively serves foundations, endowments and other nonprofit institutional investors as either a dedicated investment advisor or as a fully outsourced chief investment officer (OCIO). In turn, we are uniquely positioned to help you achieve your goals.

Contact Northern Trust to begin planning for your organization’s future and success today.

WHY NORTHERN TRUST

<p>ONE OF THE WORLD’S MOST ADMIRABLE COMPANIES</p> <p><i>Fortune</i> 2017</p>	<p>A WORLD’S MOST ETHICAL COMPANY</p> <p><i>Ethisphere</i> 2017 Fourth Consecutive Year</p>	<p>THIRD LARGEST MANAGER OF PASSIVE INTERNATIONAL EQUITY¹</p> <p><i>Pensions & Investments</i> 2017</p>	<p>RANKED #1 AMERICA’S BEST EMPLOYERS FOR DIVERSITY</p> <p><i>Forbes</i> 2018</p>
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ABOUT NORTHERN TRUST’S FOUNDATION & INSTITUTIONAL ADVISORS

Northern Trust’s Foundation & Institutional Advisors (FIA) group serves the investment and advisory needs of foundations, endowments and other nonprofit institutional investors. FIA can serve as either a dedicated investment advisor or as a fully outsourced chief investment officer. The practice is consultative and advice-driven, providing holistic solutions that combine sophisticated advisory expertise with a spectrum of value-added services. More information about Northern Trust Foundation and Institutional Advisors can be found at www.northerntrust.com/FIA

¹ US Institutional, tax exempt assets managed internally

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