

Leveraging Technology to Manage Endowments Back Office Operations for Private Foundations

Crowe FY18 Private Foundation Webinar Series
January 17, 2018

Housekeeping

- CPE Credit
 - Login individually to the WebEx session
 - Successfully complete 3 of the 4 polling questions
- NO CPE Credit
 - Fail to successfully complete 3 of the 4 polling questions
 - Viewing a recording of this session (CPE is only awarded for live sessions)
- Upon completion of this program you will receive post event evaluation
- CPE certificate of completion
 - E-mailed within two weeks of upon successfully passing this program





Leveraging Technology to Manage Endowments Back Office Operations for Private Foundations

Crowe FY18 Private Foundation Webinar Series
January 17, 2018

Nicole Bencik, Partner, National Not-For-Profit Tax Services Leader, Crowe Horwath LLP

Nicholas J. Schiavo, Director of Investment Accounting, The Leona M. and Harry B. Helmsley Charitable Trust

Jonathan Balkin, Founder and Managing Director, Lionpoint Group

Hugh Stacey, Executive Director of Investor Solutions, Augentius

Today's Presenters



Nicole Bencik, CPA, MST

Partner – National Not-For-Profit Tax Services Leader

Nicole.Bencik@crowehorwath.com



Nicholas J. Schiavo, CPA, MBA

Director of Investment Accounting

The Leona M. and Harry B. Helmsley Charitable Trust

NSchiavo@helmsleytrust.org



Jonathan Balkin

Founder and Managing Director, Lionpoint Group

Jbalkin@lionpointgroup.com



Hugh Stacey,

Executive Director of Investor Solutions, Augentius

Hugh@augentius.com



Introduction and Planning

Polling Question #1

What is the fair market value of your investment portfolio?

- A) \$100 million to \$ 500 million
- B) \$501 million to \$ 1 billion
- C) \$1.1 billion to 5 billion
- D) \$5.1 billion +

Foundation Profile

➤ Various Profiles of Foundations Investment Portfolio

Money Market Funds	Mutual Funds	Investment in Real Estate
Common Stocks	Hedge Funds	Life Insurance Policies
Federal / Corporate Bonds	Private Equity	Derivatives

➤ How do you process and extract meaningful data when you maintain/utilize:

- Securities: Liquid to Illiquid
- Front Office: OCIO vs. internal Staff
- Support Personnel: General Finance or Investment Accounting, Tax and Operations Specialists
- Technology: Excel and Vendor Software
- Service Providers: Custodian, Administrator and Other

Challenge

The need for quality data & professionalized operations remains central to any organization. The need for providing data on a consistent basis is a key component to building trust. Building an **effective investments back office with a centralized platform** to enable departments to have full transparency to intelligence across the Foundation is critical!

Solution

This session will **educate participants on an introspective analysis of your firm** to identify solutions / processes available to consolidate data in a meaningful manner across the Foundation to achieve the following:

- Become more efficient & scalable
- Transform data into actionable intelligence
- Professionalize operations



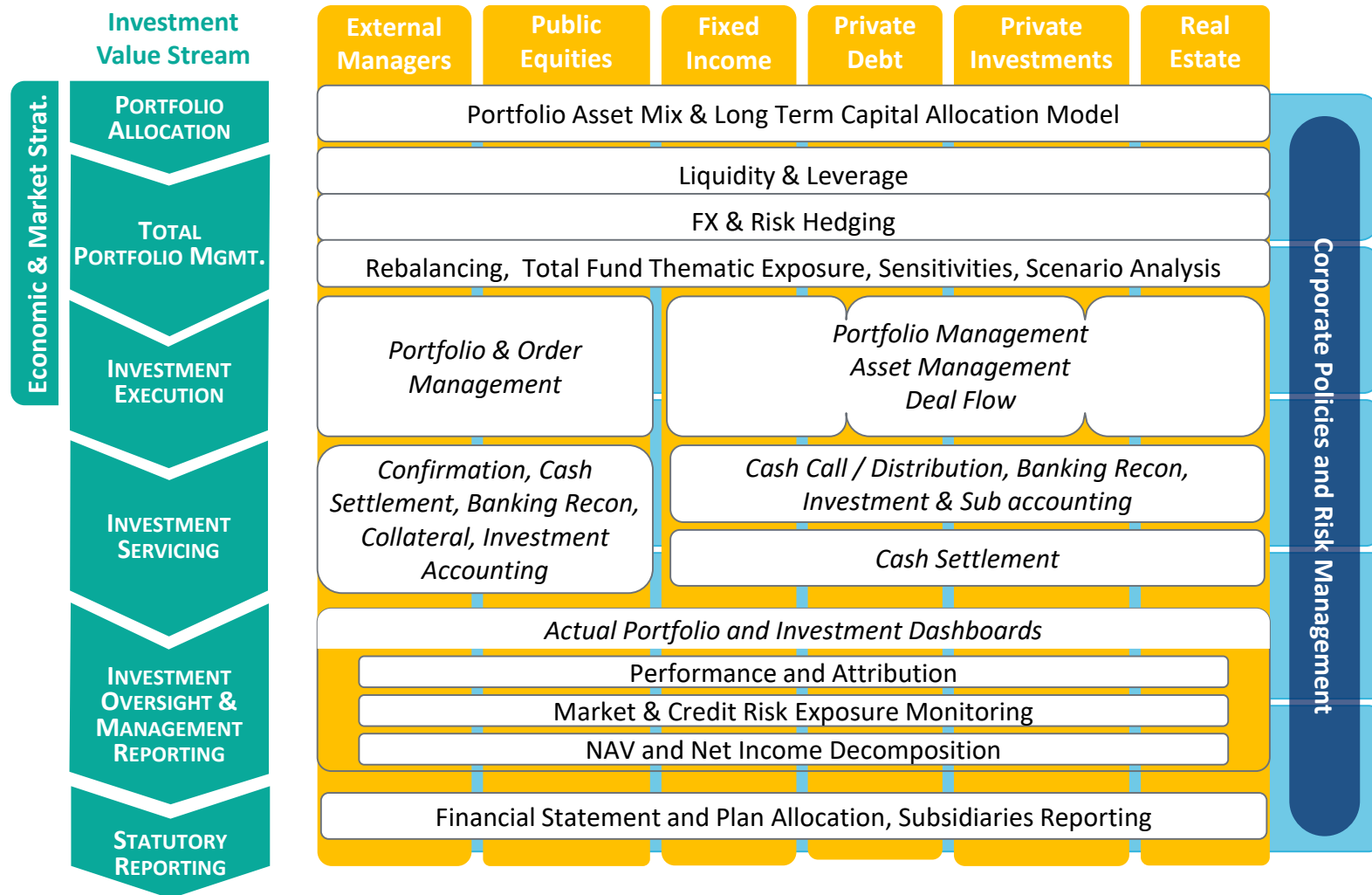
Various Technology Operating Models

Polling Question #2

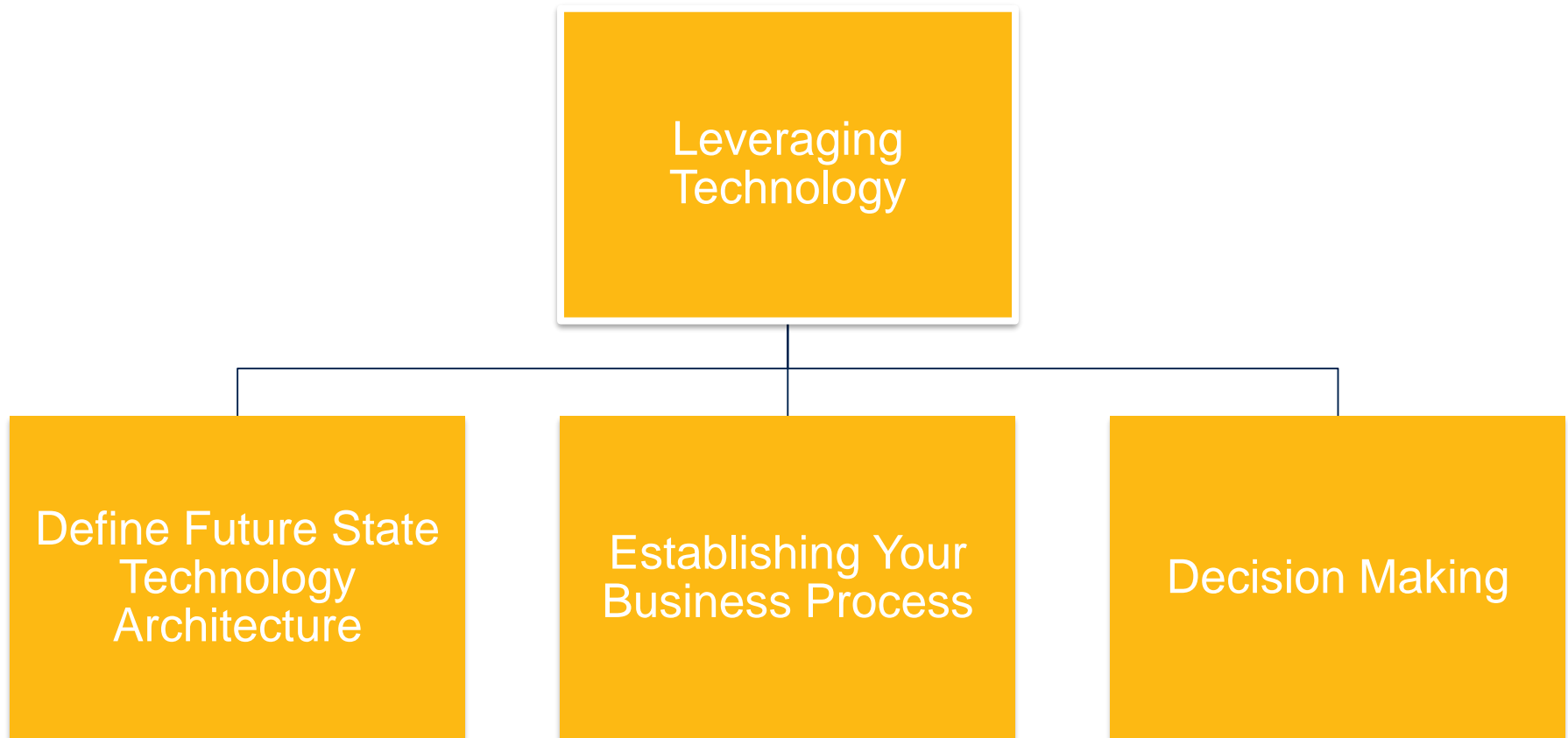
How is your investment operations staffed?

- A) Dedicated full time investment operations experience
- B) Outsourced provider
- C) Allocate resources from general accounting operations

Typical Technology & Operations Model



Decision Tree



Establishing A Business Process

- How does the Foundation determine which to Insource or Outsource?
- What are the Cost / Benefits?
- How Can the Foundation Mitigate Organizational Changes and Turnover?

Define Future State Technology Architecture

- Know Your Stakeholder Needs?
- Which Systems do they Require?
 - How much will it Cost?
 - And who will implement it?
- What are our Reporting Needs?
 - What are the internal / management reporting needs?
 - What are the external reporting needs?

Decision Making

- How To Deliver Portfolio Transparency To Empower Decision Making
- Self Service Access To Consistent Data Across The Foundation
- Data Can Be Utilized For Treasury, Portfolio Investments, Grant Forecasting and Payments

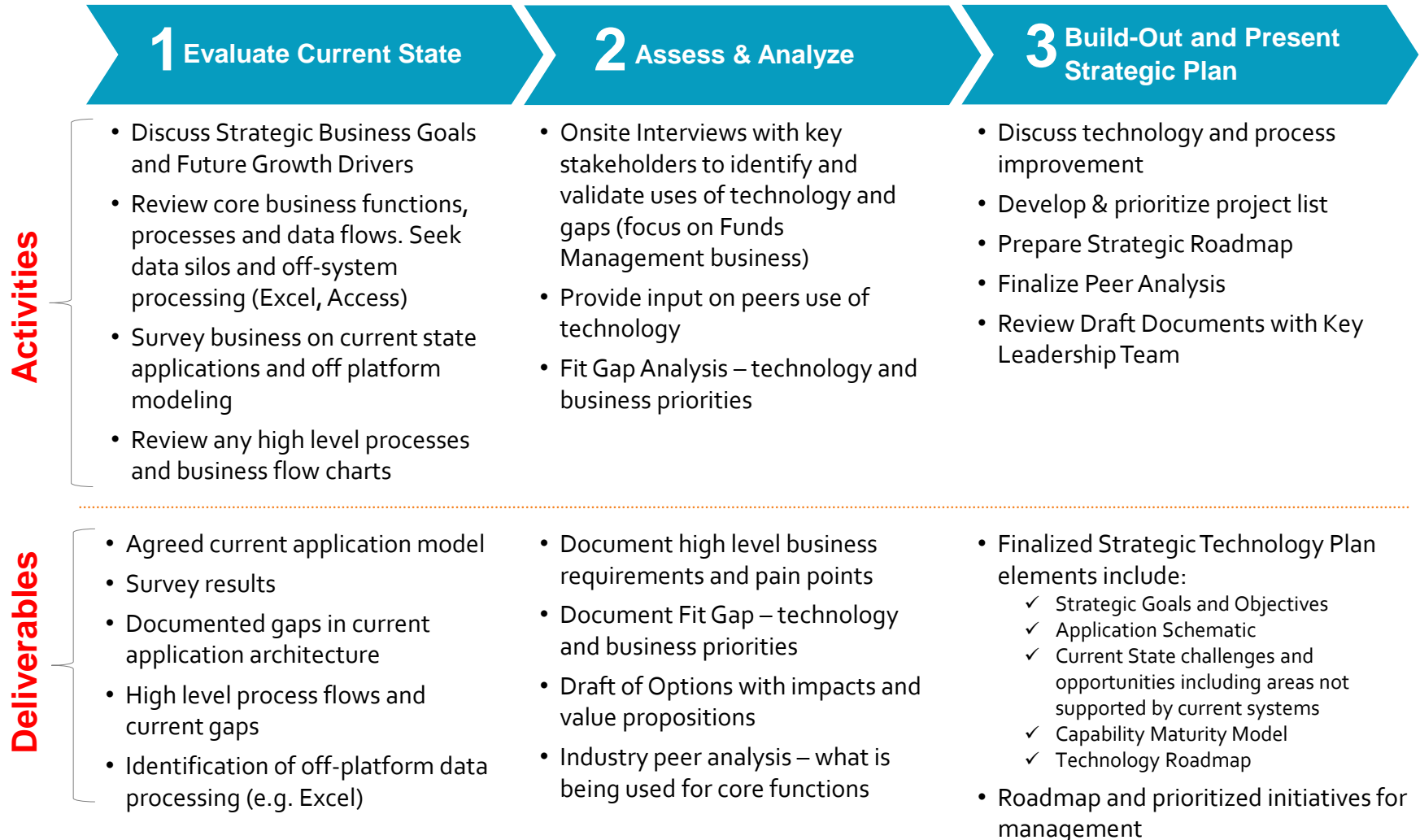
Polling Question #3

Which type of technology structure is utilized to manage investments operations?

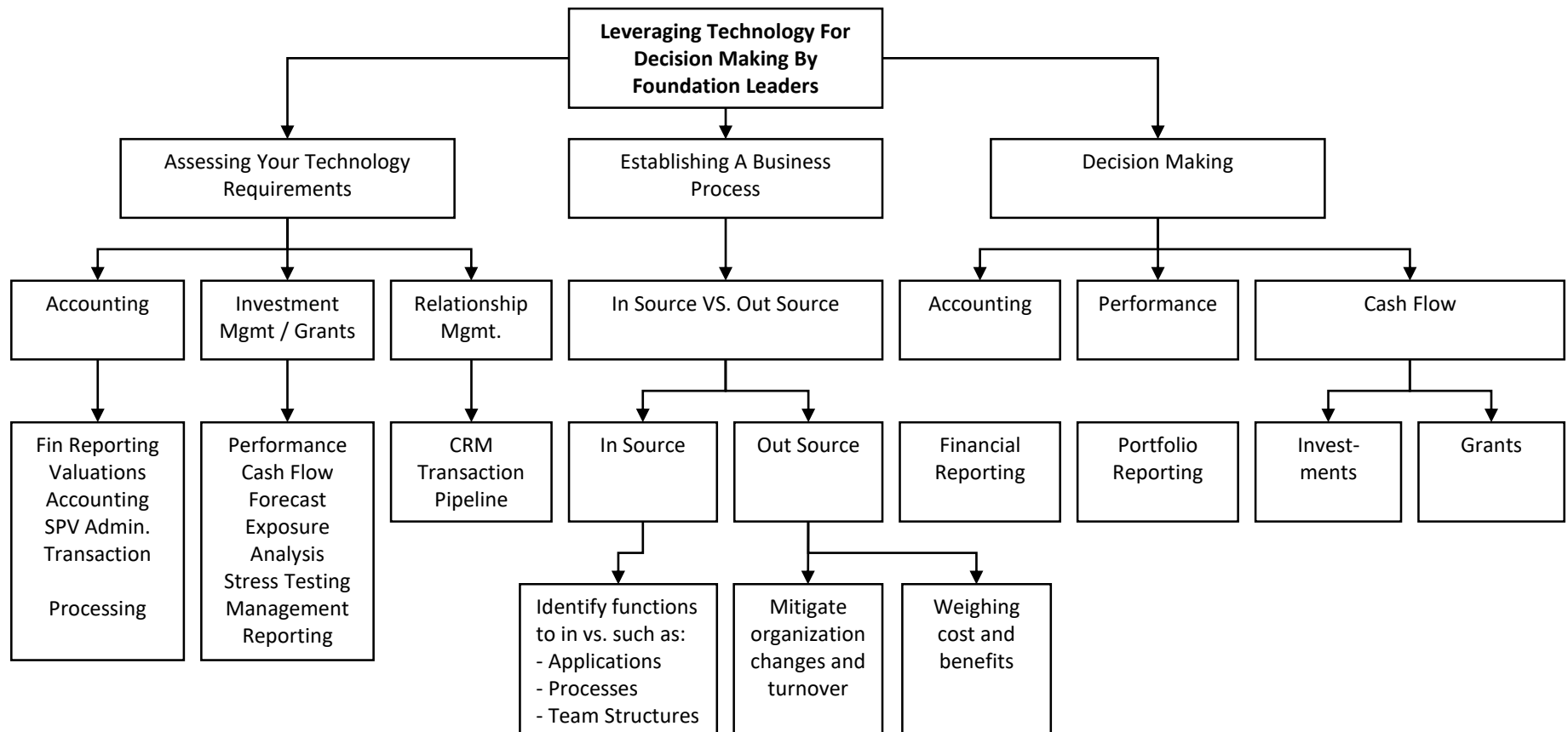
- A) Excel
- B) Internally developed software solution
- C) Off the shelf software solution
- C) Third party service provider

Target State Operating Model Approach

Technology Assessment, Design Target State and Develop Strategy



Technology Decision Making Diagram



Private Capital Technology Model

Front Office

Deal / Acquisitions Teams

Brokers, Property Reports, Underwriting, Forecasting, FP&A



CRM

Deal Pipeline / Fundraising



Investor Relations

LP / Investor Reporting and DDQ's



Middle Office

Portfolio Management

Data Collection & Reporting



AUGENTIUS INVESTOR SOLUTIONS

Industry Reporting



Back Office

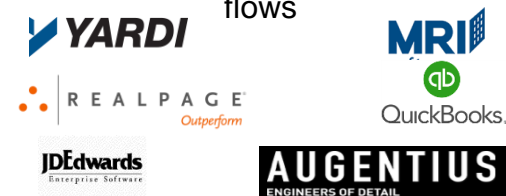
Fund Finance

Accounting



Property Accounting

Monitoring, servicing, monthly cash flows



Portfolio Servicing

Loan and Special Servicing



Polling Question #4

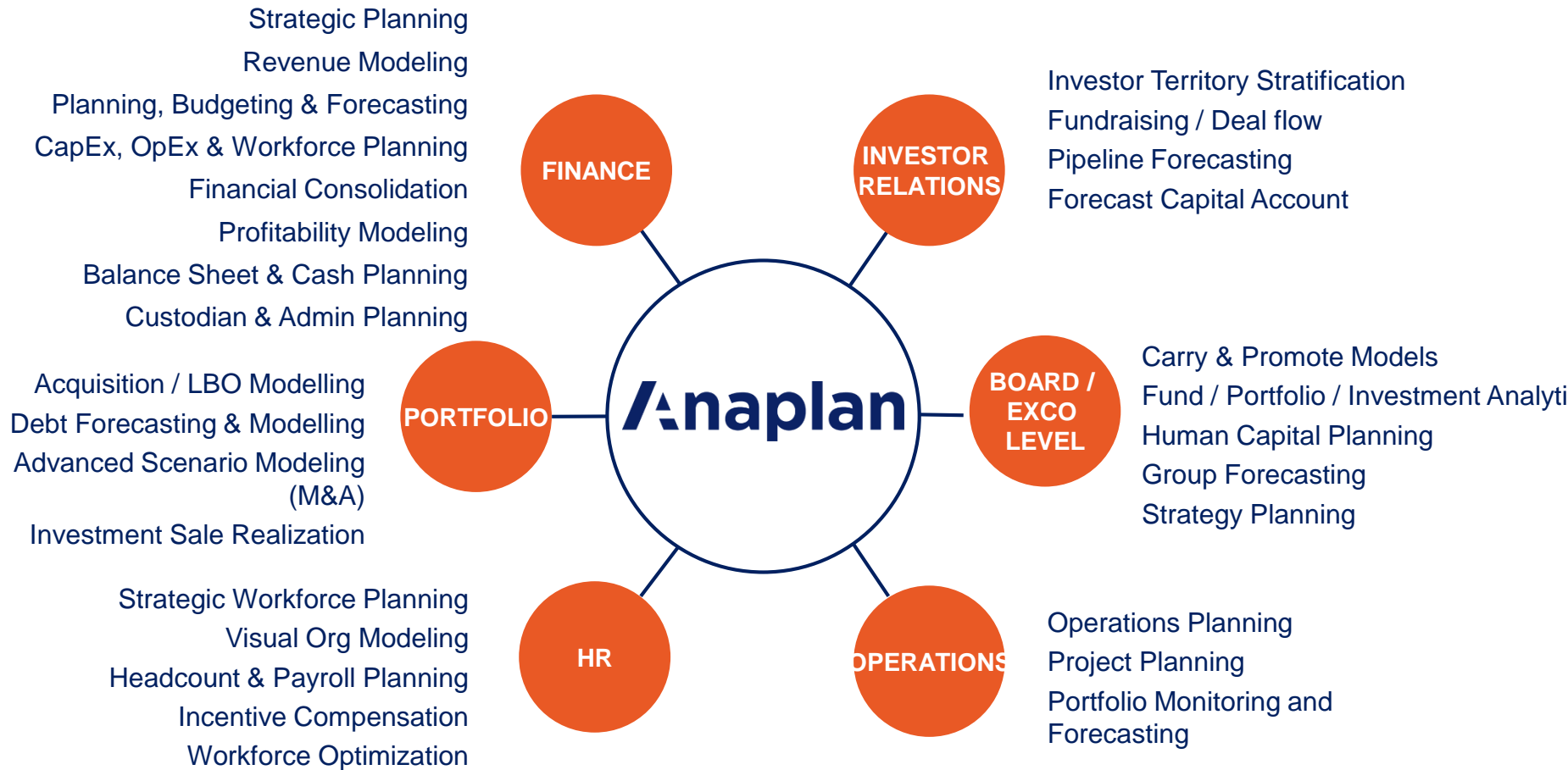
Does your Foundation utilize a cloud based software that can stratify an investment portfolio, while also address other parts of the Foundation such as OpEx and Workforce Planning?

A) Yes

B) No

PROJECT QUEST (Quit Using Excel Starting Today)

Examples of Anaplan Use Case Models





Concluding Remarks

What Have We Learned and Where Do We Go From Here

- One size does not fit all when it comes to technology (i.e. every investor will have slightly different needs – size, make of portfolio, ambitions, budgets)
- The process can only be successful if the planning and objective is clearly defined and has buy in from all parts of the organization
- Always allow for implementation to take longer than expected
- If you outsource, choose the right partner and invest in the relationship

Thank you

Nicole Bencik, CPA, MST

Partner – National Not-For-Profit Tax Services Leader

Nicole.Bencik@crowehorwath.com

312.899.8411