

### Community Foundation of Northwest Mississippi

**Founded:** 2002

**Serves:** 11 counties in Northwest Mississippi

**Assets:** \$17.75 million

**Grants:** \$18.3 million to support 420 charitable organizations and activities recommended by its donors, as well as charitable programs established by the Foundation.

CEFOX Certification Date: August 7, 2018

When the Community Foundation of Northwest Mississippi (CFNM), hired a new president and CEO several years ago, he was well acquainted with community foundations. Tom Pittman, the new president, was a co-incorporator of CFNM in 2002 and its first volunteer Chairman.

Earlier, Pittman served on the board of the CREATE Foundation, the community foundation serving northeast Mississippi. CREATE Foundation has been certified by CEFEX, Centre for Fiduciary Excellence, since 2010.

One of his goals was to review the foundation's internal governance and investments, as well as the foundation's investment service providers. A periodic review of service providers is a prudent practice and helps nonprofit boards determine they are paying reasonable costs for services provided.

Through the CREATE Foundation, Pittman knew Scott Reed, CEO of Hardy Reed, an independent Registered Investment Advisory firm based in Tupelo, MS. Hardy Reed has been CEFEX certified as an Investment Advisor since 2011.

They began talking about the reviews Pittman wanted to do at CFNM. As an Accredited Investment Fiduciary Analyst<sup>®</sup> and CEFEX Analyst, Scott Reed has the expertise and training to conduct fiduciary assessments. In 2009, Reed performed a fiduciary assessment thereby resulting in the identification of positive aspects and opportunities for improvement.

Reed worked with the foundation over several years to update its bylaws, create an Investment Policy Statement and help it develop prudent investment fiduciary practices. Often the result of a fiduciary assessment is realization of substantial cost savings or increased value from its service providers. Foundations also see where they can reduce director or institutional liability and mitigate reputational risk. Demonstrating prudence helps a nonprofit attract more donors and gifts – crucial for carrying out its mission.

CFNM issued a Request for Proposals for investment advice and management. Though Hardy Reed submitted a proposal, CFNM awarded the business to a larger firm. Tom Pittman

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continued to incorporate the prudent practices as recommended by Scott Reed, into the community foundation.

A few years later CFNM issued another RFP for investment advice and management. This time the board voted unanimously to hire Hardy Reed.

After working for years to put new practices in place, and hiring an investment advisory firm that was certified by CEFEX, CFNM demonstrated that it understood the importance of a documented investment process. The foundation's investment process was prudently organized, formalized, implemented and monitored. CFNM was ready for its own CEFEX assessment for certification as an Investment Steward.

The Community Foundation of Northwest Mississippi joined an elite group of foundations that are certified by CEFEX, in August 2018.



*The CEFEX Certification Mark for Investment Fiduciaries*

### **About CEFEX Certification Case Studies for Investment Stewards**

Nonprofit Investment Stewards voluntarily undertake independent CEFEX audits to demonstrate excellent investment stewardship. This helps nonprofits maximize return on donated and accumulated assets – to better serve donors and grantees and fulfill their mission. The objective of CEFEX case studies is to provide insights about an Investment Stewards' unique path to CEFEX certification. For more information, please contact Kate McBride, Steward Marketing Director, CEFEX, [kmcbride@cefex.org](mailto:kmcbride@cefex.org).