

WEBINAR

# Endowment Building



In a recent webinar, **PG Calc's President, Gary Pforzheimer**, addressed common questions nonprofits face as they consider building or refining an endowment program.

**Bill Laskin, PG Calc's Vice President, Consulting**, moderated the discussion. Highlights of their presentation follow.



**GARY PFORZHEIMER**  
President  
PG Calc



**BILL LASKIN**  
Vice President, Consulting  
PG Calc

### What should organizations prioritize before launching an endowment campaign?

Board support is essential. Organizations should also have finalized gift acceptance, investment, and spending policies—and be prepared to explain them clearly to donors. A marketing plan and internal role clarity are also critical.

### What type of marketing works best for endowment fundraising?

Endowment marketing is mission-driven and long-term in nature, similar to planned giving. The most effective messages highlight real donor stories, lasting impact, and how endowments sustain the mission over generations—rather than focusing on short-term needs.

### How can organizations position endowments as budget-relieving rather than budget-additive?

Many restricted endowment gifts (such as scholarships) relieve pressure on operating budgets rather than create new costs. Organizations should frame endowments as tools that strengthen financial flexibility by funding priorities that exist every year.

### Will endowment fundraising reduce annual giving?

It shouldn't. Endowment gifts typically come from different capacity levels and don't replace annual support. In fact, donors who make endowment or planned gifts tend to become bigger annual donors.

### When is an organization financially ready to start an endowment?

An organization can begin an endowment anytime it has funds intended for long-term use—even if those funds are board-designated. Many nonprofits already have “quasi-endowments” without calling them that.

### Can organizations establish an endowment before raising significant gifts?

Yes. Organizations can create the structure of an endowment with minimal initial funds, establish policies, and be fully prepared when donors are ready to give. Having the framework in place builds credibility.

### How often should donors receive endowment reports?

At least annually. While some organizations provide quarterly updates, a well-crafted annual report that combines financial clarity with mission impact is typically the most effective.

### What should donor endowment statements include?

Statements should show:

- Beginning and ending fund value
- Total return
- Fees
- Gifts received
- Funds distributed

They should not break down specific investment holdings, which can blur governance boundaries.

### Do donors expect to see investment or spending policies?

Donors may request high-level explanations, but full internal policy documents are usually not shared. Transparency is important—but so is maintaining appropriate governance control.

### Are endowment fees typically paid by the endowment?

Yes. Investment, custody, and administrative fees are customarily charged directly to the endowment. Some organizations also apply a modest administrative fee to support stewardship and management.

### Do recent tax changes affect small endowments?

Generally no. Federal endowment excise taxes apply primarily to very large educational institutions and are based on per student endowment thresholds.

**This is a condensed, edited version of the conversation. Get full insights by watching the entire video of the presentation [here](#).**

## ABOUT FOUNDATION SOURCE

Foundation Source empowers people and companies to create a better world through philanthropy. We support more than 27,000 charitable organizations with innovative technology backed by philanthropic expertise.

## HAVE A QUESTION?

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