



Beyond the Budget: Building Your Nonprofit's Forever Fund

fairlight

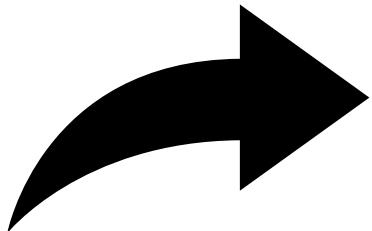
Financial Advisory Services for Nonprofits

April 17, 2026

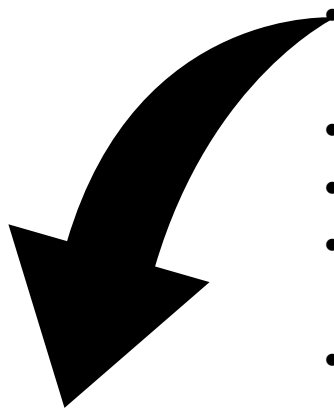
Maya Tussing, Partner



What comes to
mind when you
think about
Endowments?



- **Hospitals**
- **Private Higher Education**
- **Private K-12**



All the Others

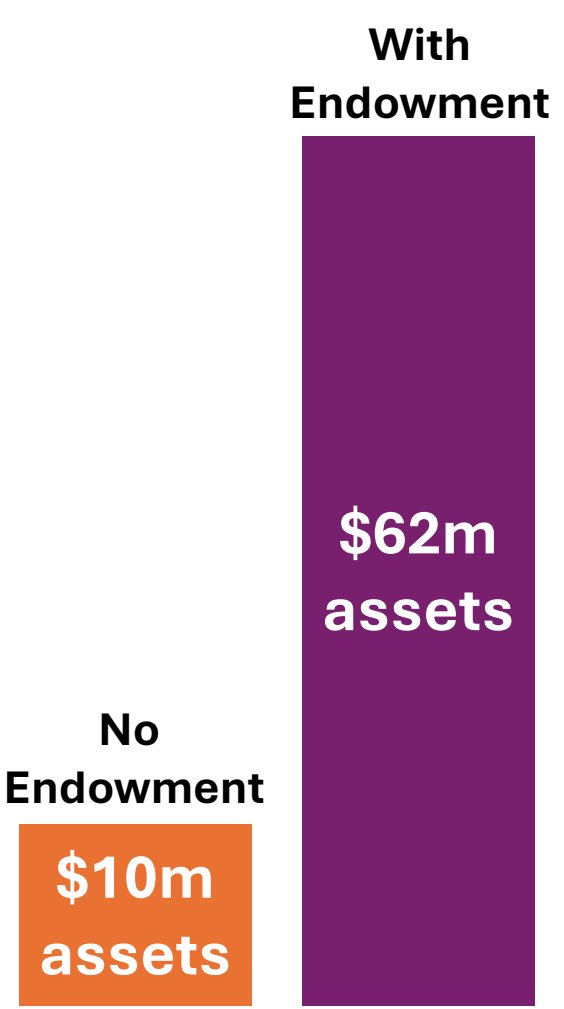
- **Human & social services**
- **Food security & hunger relief**
- **Housing & homelessness services**
- **Arts, culture, and creative economy**
- **Environmental protection & climate resilience**
- **Advocacy & civil rights**
- **Immigrant & refugee support**
- **Youth development & after-school programs**
- **Workforce development**
- **Disability services**
- **Domestic violence prevention**
- **Aging & caregiver support**
- **Community health (non-hospital)**
- **Faith-based service organizations**
- **To name but a few ...**



Why You Need An Endowment

- **Demonstrates belief in the organization**
- **Risk-management and resilience tool**
- **Encourages other donors to contribute**

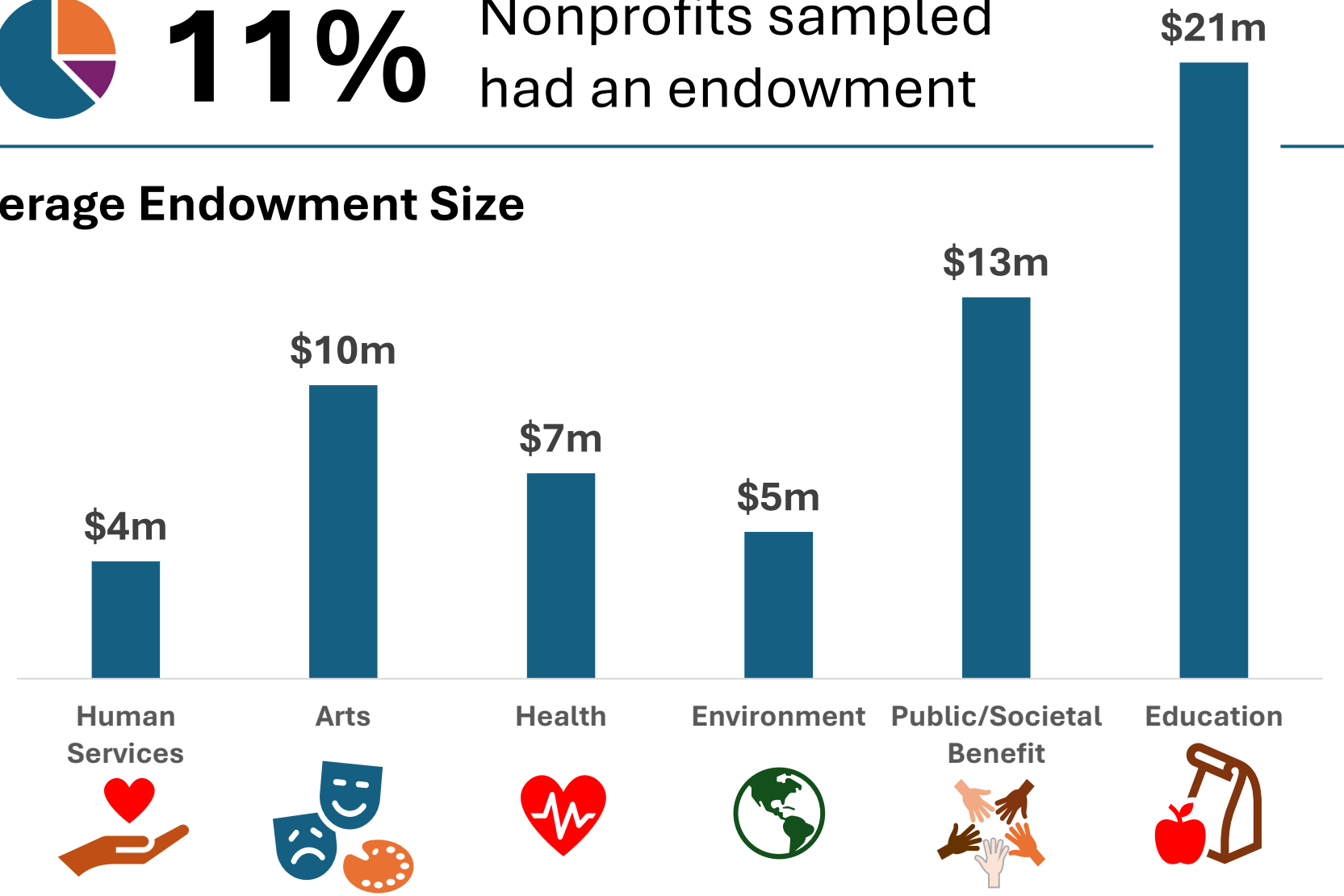
Endowments by the Numbers¹



11%

Nonprofits sampled had an endowment

Average Endowment Size



¹ Lo, Andrew W., Egor Matveyev, and Stefan Zeume. 2020. "The Risk, Reward, and Asset Allocation of Nonprofit Endowment Funds." MIT Sloan School of Management Working Paper 6163-20. Accessed March 24, 2020. <https://ssrn.com/abstract=3560240>.



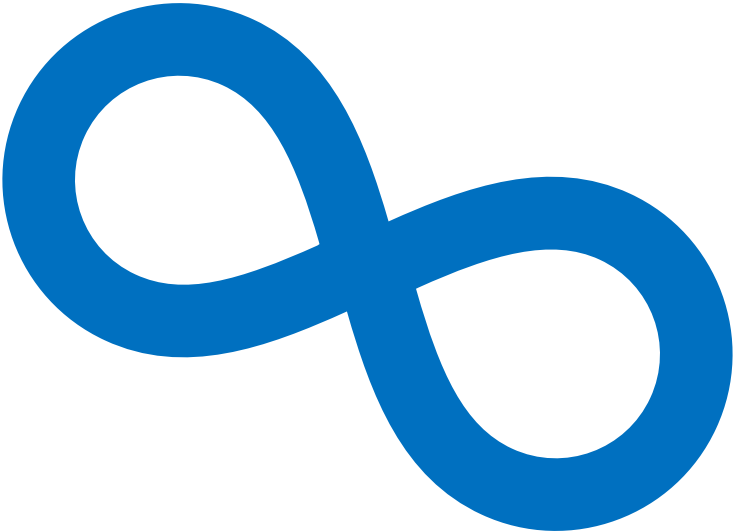
Endowment Defined

- **Pool of funds invested long term to support organization's operations and projects**
- **Fixed spending rate over duration of the fund**
- **Types**
 - ✓ **True/Permanent**
 - ✓ **Term**
 - ✓ **Quasi/Board Designated Fund**

Endowments Types

True/Permanent

Restricted by a donor to support the organization indefinitely



Term

Restricted by a donor to support for a set number of years, after a specific event or when the endowment has grown to a particular size



Quasi/Board Designated

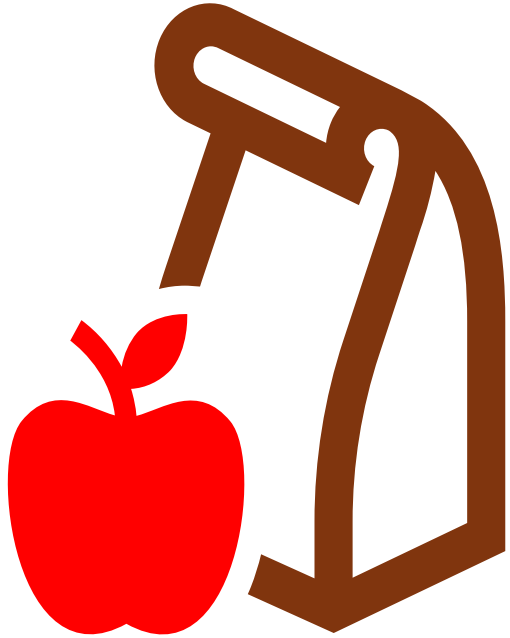
Unrestricted pool of funds used as the nonprofit sees fit



Breakout!

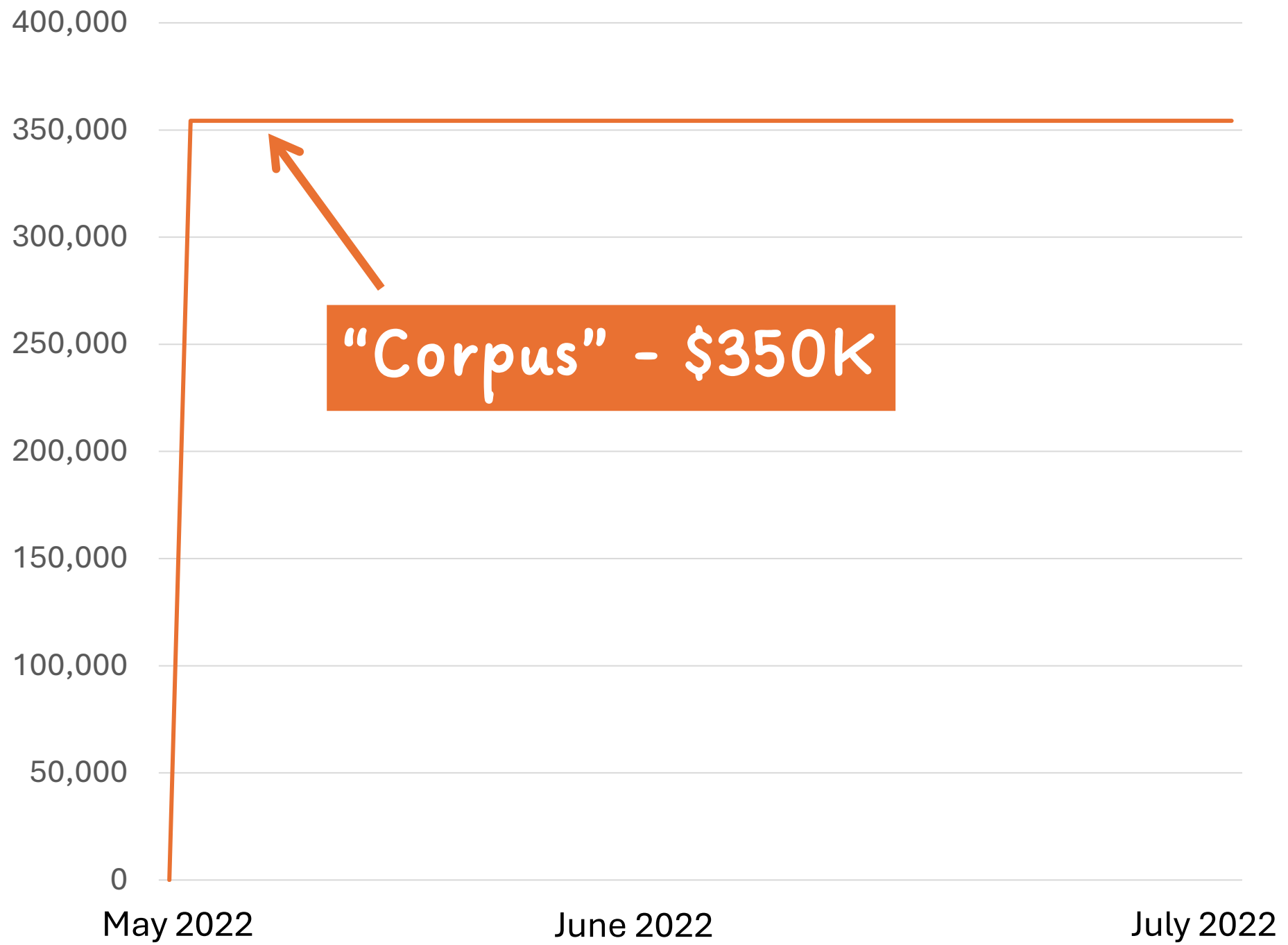


Anatomy of an Endowment

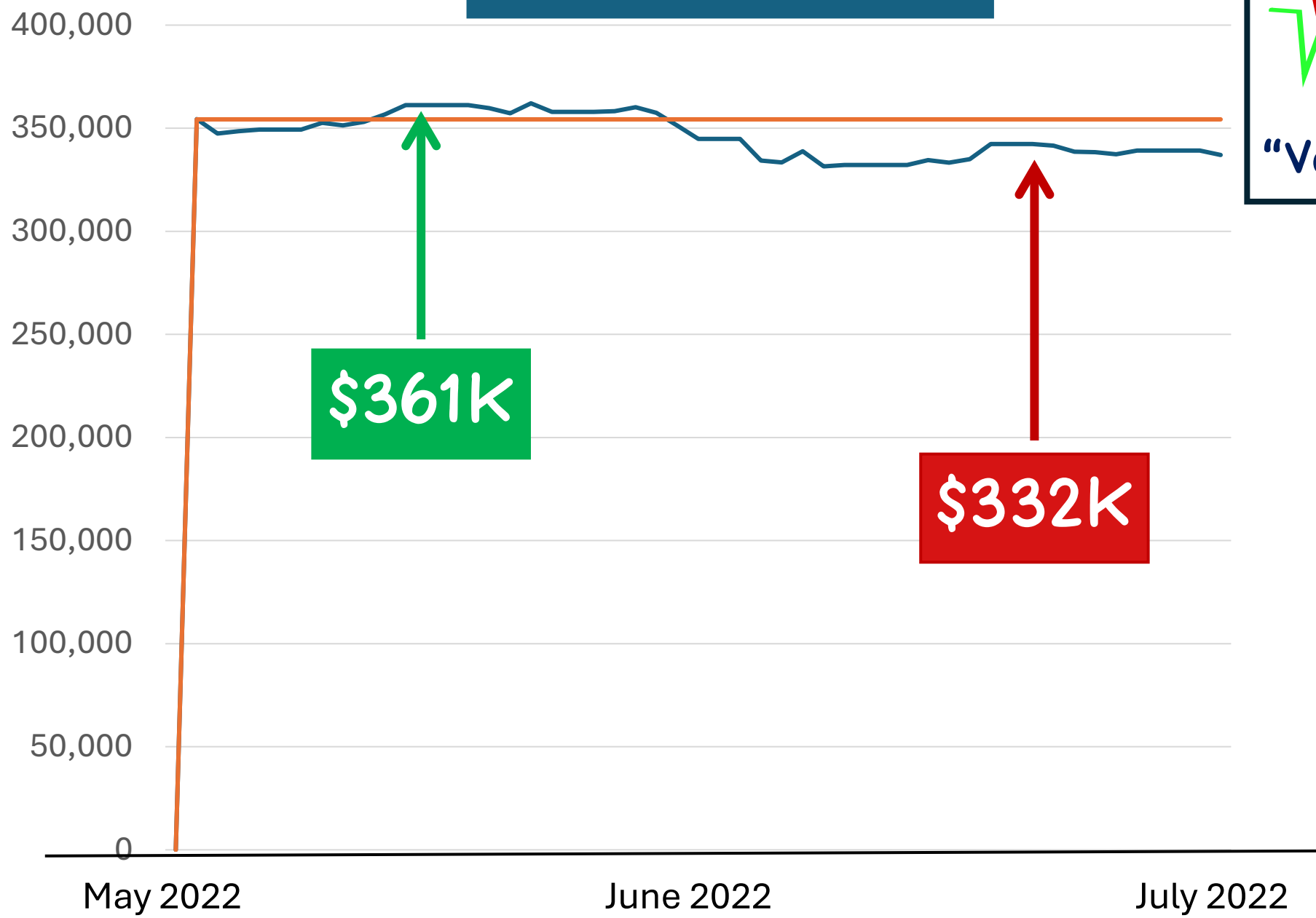


- Primary and Middle School
- Founded in 1997
- \$20m Budget in 2022
- Little Success Seeding Endowment

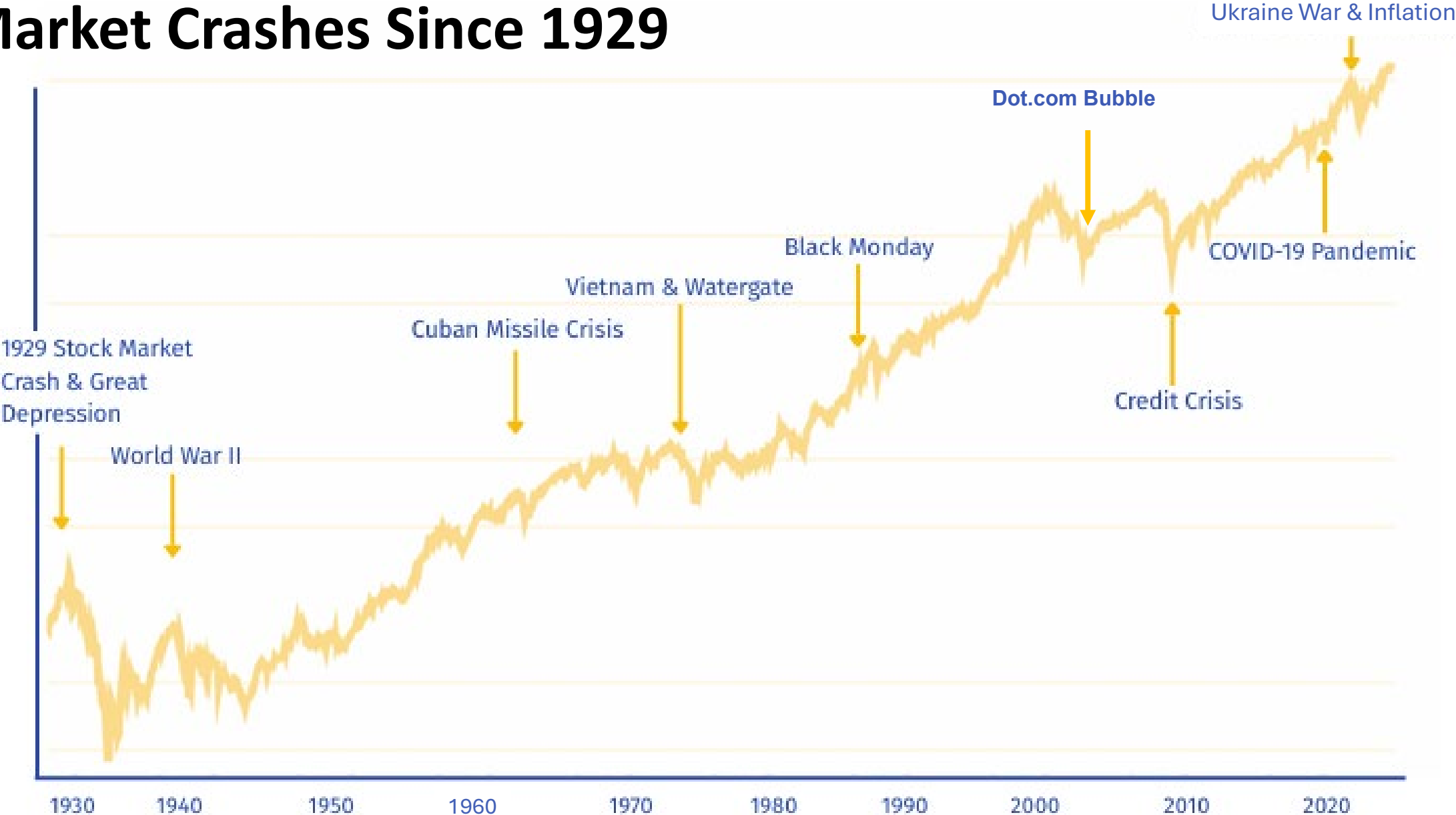
Invested \$350,000 in Board-Designated Fund in May 2022



"Market Value"



Market Crashes Since 1929



Endowment Portfolio

Loan



Ownership

Endowment Portfolio Market Value

	Portfolio Security Holdings	Percent Holding	Market Price ¹	Market Value
Stock!	Vanguard Developed Market ETF (ARCX:VEA)	24.04%	\$53.65	\$84,133
Stock!	Schwab US Broad Market ETF (ARCX:SCHB)	25.34%	\$21.87	\$88,697
Stock!	iShares Emerging Markets (ARCX:IEMG)	6.50%	\$55.73	\$22,742
Stock!	iShares Global Infrastructure (XNAS:IGF)	0.35%	\$57.08	\$1,233
Bond!	DFA US MicroCap Portfolio Institutional	4.12%	\$25.65	\$14,428
Bond!	iShares 0-5 High Yield Corp Bd (ARCX:SHYG)	1.20%	\$42.17	\$ 4,200
Bond!	iShares Floating Rate Bond (BATS:FLOT)	0.76%	\$50.76	\$2,660
Bond!	iShares Emerging Markets Corp Bond (BATS:CEMB)	4.43%	\$44.49	\$15,498
Bond!	Schwab US TIPS (ARCX:SCHP)	0.64%	\$26.49	\$2,240
Bond!	Vanguard Emerging Markets Government Bond (XNAS:VWOB)	4.14%	\$63.26	\$14,504
Bond!	iShares Broad US Investment Grade Corp Bond (XNAS:USIG)	4.80%	\$50.35	\$16,800
Bond!	Vanguard Mortgage-Backed Index ETF (XNAS:VMBS)	3.28%	\$45.73	\$11,480
Bond!	Vanguard Tot International Bond ETF (XNAS:BNDX)	13.36%	\$49.22	\$46,760
Bond!	iShares US Treasury Bond (BATS:GOVT)	7.04%	\$22.80	\$24,640
			Total Invested	\$350,000

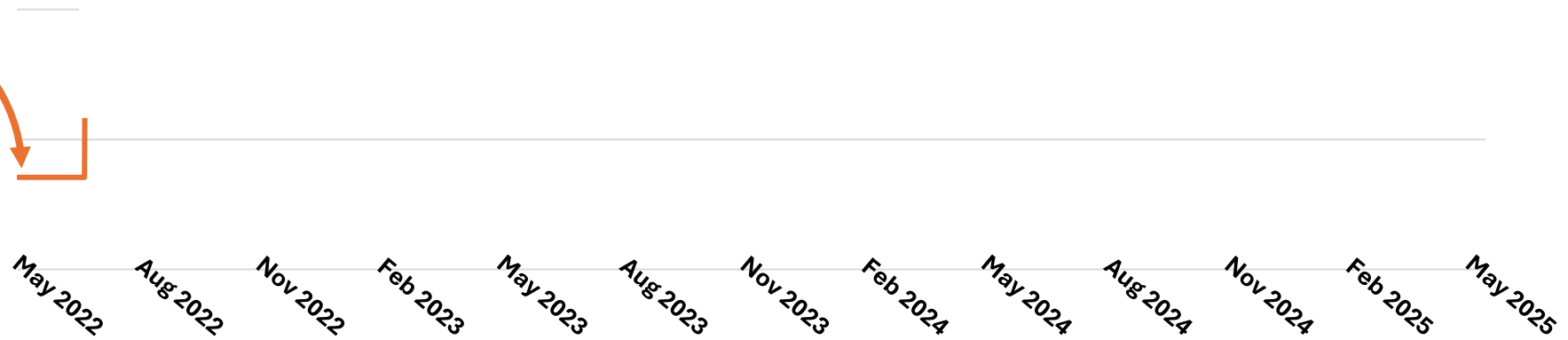
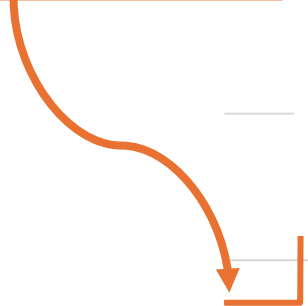
¹Market prices as of 5/2/2025

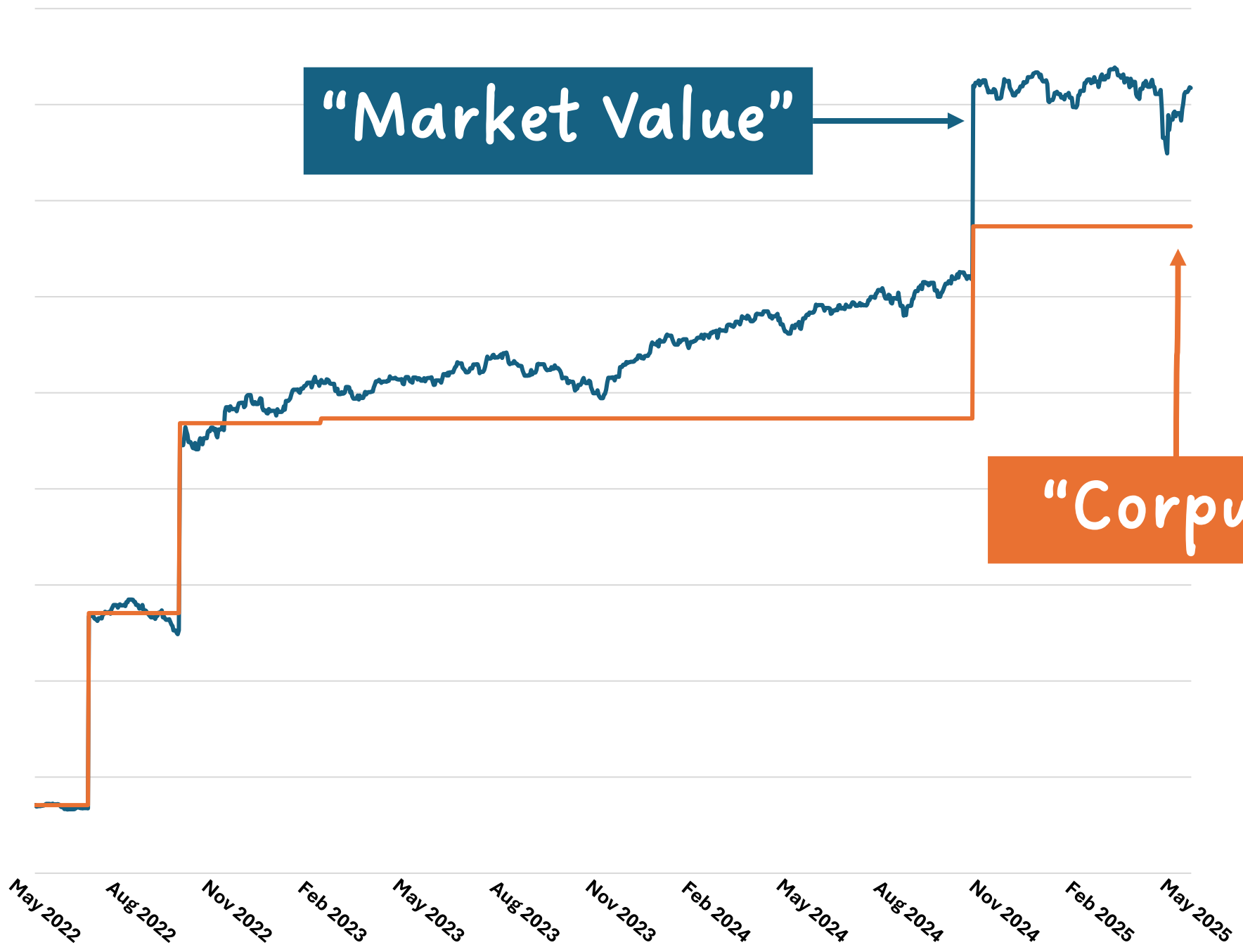
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Total Invested				\$350,000

¹Market prices as of 5/2/2025

2022 "Corpus"
\$350K





"Market Value"

"Corpus"



Now What . . .

- **Clarify Endowment Purpose and Focus**
- **Ensure Sound Budget and Operating Reserve**
- **Form Oversight Team**
- **Craft Investment Policy Statement**



Why Your Finance Committee Needs to Step Up

Role of Treasurer

- **Maintain financial accounts**
- **Maintain fiscal policies and procedures**
- **Launch endowment**
 - ✓ **Investment Policy Statement (IPS)**
 - ✓ **Hire an advisor**
 - ✓ **Hold portfolio reviews**



Why Your Investment Policy Statement to Show the Way

Endowment Standards

- What is the purpose
- Who is responsible for oversight
- How endowment is invested
- How org spends from endowment
- How performance measured

Living Document!



Hire
advisor?

DIY?

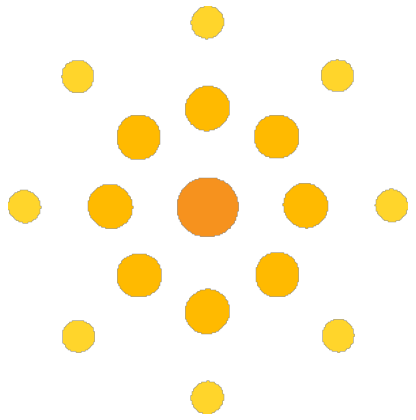
Hire An Advisor or DIY?

When to DIY

- ✓ Small amount of money
- ✓ Staff member can monitor
- ✓ Short time horizon

When to Hire

- ✓ Consequential money/restricted
- ✓ Long-term money
- ✓ No/little investment experience
- ✓ Fundraising plans



<https://fairlightadvisors.com/endowment-guide/>