Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Andrew W. Mellon Foundation

We have audited the accompanying financial statements of the Andrew W. Mellon Foundation (the "Foundation"), which comprise the balance sheets as of December 31, 2014 and December 31, 2013, and the related statements of activities and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Andrew W. Mellon Foundation at December 31, 2014 and December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
New York, NY
May 27, 2015

The Andrew W. Mellon Foundation

Balance Sheets
December 31, 2014 and 2013

	2014	2013
	(in thousands of dollars)	
ASSETS		
Investments		
Marketable securities	$ 2,136,246	$ 1,972,334
Alternative investments	4,243,144	4,170,415
	6,379,390	6,142,749
Receivable (payable) from unsettled securities transactions, net	(132)	2,236
	6,379,258	6,144,985
Cash	3,034	221
Investment receivable	975	1,025
Other assets	2,892	3,131
Taxes receivable	6,591	1,722
Property, at cost, less accumulated depreciation of $30,143 and $27,773 at December 31, 2014 and 2013, respectively	34,775	37,145
Total assets	$ 6,427,525	$ 6,188,229
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	$ 47,584	$ 39,785
Accrued expenses, including interest payable	4,674	8,982
Deferred federal excise tax	24,100	22,700
Debt	294,350	274,350
Total liabilities	370,708	345,817
Net assets (unrestricted)	6,056,817	5,842,412
Total liabilities and net assets	$ 6,427,525	$ 6,188,229

The accompanying notes are an integral part of these financial statements.

The Andrew W. Mellon Foundation

Statements of Activities
Years Ended December 31, 2014 and 2013

	2014	*2013*
	(in thousands of dollars)	
INVESTMENT RETURN		
Gain on investments		
Realized, net	$ 414,882	$ 547,660
Unrealized, net	68,337	389,187
Interest	9,146	9,742
Dividends	14,032	11,456
	506,397	958,045
Less: Investment management expenses	(12,075)	(12,684)
Net investment return	494,322	945,361
EXPENSES		
Program grants and contributions, net	238,396	233,258
Grantmaking operations	15,540	15,058
Direct charitable activities	1,769	1,869
Investment operations	8,271	7,092
Interest	6,275	9,707
Current provision for taxes	9,249	13,772
Other expenses	417	453
	279,917	281,209
Change in net assets	214,405	664,152
NET ASSETS (UNRESTRICTED)		
Beginning of year	5,842,412	5,178,260
End of year	$6,056,817	$5,842,412

The accompanying notes are an integral part of these financial statements.

The Andrew W. Mellon Foundation

Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
	(in thousands of dollars)	
Cash flow from investment income and operations		
Change in net assets	$ 214,405	$ 664,152
Adjustments to reconcile change in unrestricted net assets to net cash used by investment income and operations		
Realized gain on investments, net	(414,882)	(547,660)
Unrealized gain on investments, net	(69,737)	(397,187)
Decrease in investment receivable	50	1,616
Decrease in other assets	239	185
(Increase) decrease in taxes receivable	(4,869)	4,782
Increase in grants payable	7,799	239
Decrease in accrued expenses	(4,308)	(315)
Depreciation and amortization expense	2,370	2,420
Increase in deferred federal excise tax payable	1,400	8,000
Net effect of bond amortization	(562)	815
Total adjustments	(482,500)	(927,105)
Net cash used by investment income and operations	(268,095)	(262,953)
Cash flow from investing activities		
Proceeds from sales of marketable securities		
Short-term	1,918,137	1,559,970
Other	3,218,714	2,111,647
Receipts from alternative investments	840,549	699,485
Purchases of marketable securities		
Short-term	(1,882,915)	(1,924,612)
Other	(3,327,891)	(1,844,063)
Purchases of alternative investments	(515,686)	(299,445)
Net cash provided by investing activities	250,908	302,982
Cash flow from financing activities		
Borrowings under nonrevolving credit facilities	230,000	—
Borrowings under revolving credit facility	40,000	110,000
Redemption of 3.95% fixed rate bond	(230,000)	—
Repayment of borrowings under nonrevolving credit facilities	(20,000)	—
Repayment of borrowings under revolving credit facility	—	(150,000)
Net cash provided (used) by financing activities	20,000	(40,000)
Net increase in cash	2,813	29
Cash		
Beginning of year	221	192
End of year	$ 3,034	$ 221
Supplemental disclosure of noncash investing activities		
Distributions of securities received from alternative investments	$ 58,867	$ 39,798

The accompanying notes are an integral part of these financial statements.

The Andrew W. Mellon Foundation

NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Andrew W. Mellon Foundation (the "Foundation") is a not-for-profit corporation under the laws of the State of New York. The Foundation makes grants in five core program areas: higher education and scholarship in the humanities; arts and cultural heritage; scholarly communications; diversity; and international higher education and strategic projects. In 2014, the Foundation closed its conservation and environment program and will no longer appropriate grants in this area.

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The significant accounting policies followed are described below.

Investments

The Foundation's financial assets and financial liabilities are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes the practical expedient in valuing certain of its investments where ownership is represented by a portion of partnership capital or shares representing a net asset value investment. The practical expedient is an acceptable method under GAAP to determine the fair value of investments that (i) do not have a readily determinable fair value predicated upon a public market, and (ii) have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

Investments whose values are based on quoted market prices in active markets are classified as Level 1 and include active listed equities and certain short-term fixed income investments. The Foundation does not adjust the quoted price for such instruments, even in situations where the Foundation holds a large position and a sale of all its holdings could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources are classified as Level 2. These include certain US government and sovereign obligations, government agency obligations, investment grade corporate bonds, commingled funds and less liquid equity securities.

Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment. The majority of the Foundation's alternative investments are classified as Level 3. These investments are primarily made under agreements to participate in limited partnerships and are generally subject to certain withdrawal restrictions. Values for these partnerships, which may include investments in both nonmarketable and market-traded securities, are provided by the general partner and may be based on recent transactions, cash flow forecasts, appraisals and other factors. Market values may be discounted for concentration of ownership. Because of the inherent uncertainty of valuing the investments in such partnerships and certain of the underlying investments held by the partnerships, the Foundation's estimate of fair value may differ significantly from the values that would have been used had a ready market for the investments existed. The financial statements of the limited partnerships are audited annually by independent auditing firms. Investments in these partnerships may be illiquid, and thus there can be no assurance that the Foundation will be able to realize the full recorded fair value of such investments in a timely manner.

Realized gains and losses on investments in marketable securities are calculated based on the first-in, first-out identification method. Included in receivable (payable) from unsettled securities transactions in the accompanying Balance Sheets are receivables of $14.2 million and $17.5 million from unsettled security sales at December 31, 2014 and 2013, respectively, net of payables from unsettled securities purchases of $14.3 million and $15.3 million at December 31, 2014 and 2013, respectively. These receivables and payables are classified as Level 1.

Grants

Grant appropriations include both conditional and unconditional grants. Unconditional grants are expensed when appropriated. Certain grants are approved by the Trustees subject to the grantee fulfilling specific conditions, most frequently that all or a portion of the grant funds be matched in a specified ratio. Such conditional grants are considered commitments and are not recorded as expense until the Foundation determines that the material conditions of the grant are substantially met or such meeting of conditions is probable.

Substantially all grants payable are due within one year and are recorded at face value.

Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. However, the Foundation is subject to a federal excise tax. The Foundation follows the policy of providing for federal excise tax on the net appreciation (both realized and unrealized) of investments. The deferred federal excise tax in the accompanying financial statements represents tax provided on the net unrealized appreciation of investments. Under federal tax law the Foundation cannot carry forward realized losses resulting from the sale of investments. The Foundation is subject to income tax at corporate rates on certain income that is considered unrelated business income under the Internal Revenue Code. The Foundation's tax returns are subject to

Notes to Financial Statements, (continued)

examination by federal and various state tax authorities. With few exceptions the Foundation is no longer subject to tax examinations for years prior to 2011.

Property

Property consists of land held at cost, and buildings and their improvements located in New York City. These buildings are depreciated on a straight-line basis over their useful lives, generally twenty-five to twenty-eight years. Building improvements are depreciated over the remaining useful life of the building. The net book value of property, excluding land, was $30.6 million at December 31, 2014, compared to $33.0 million at December 31, 2013.

Investment Return

Investment return includes income and realized and unrealized gains or losses on all investments. Unrealized gain or loss comprises the change in unrealized appreciation or depreciation on marketable securities and alternative investments, net of deferred federal excise tax provided on such unrealized appreciation. Realized gains or losses include gains or losses realized on the sale of marketable securities and the Foundation's share of the operating results of partnership investments, whether distributed or undistributed.

Expenses

Grantmaking operations include all costs related to appropriating, paying and administering grants. Direct charitable activities include building operating expenditures for two independent not-for-profit entities, and expenditures for research. Investment operations include the costs of supervising the Foundation's investment portfolio. Interest expense includes interest, amortization of deferred bond issuance costs, commitment fees and remarketing fees incurred in connection with servicing the Foundation's debt. Current provision for taxes includes federal and state taxes. Other expenses include certain expenses that the Foundation is not permitted to report either as an expense of distribution or an expense of earning income.

Salaries and benefits are allocated to the activities listed above, and also to core administration, based on estimates of the time each staff member devoted to that activity. Core administration expenses are then prorated among the activities listed above based on headcount allocations. Identifiable costs, such as consultants, are charged directly to each activity.

Amounts for program grants, grantmaking operations, and direct charitable activities shown on the Statement of Activities will not agree with the amounts on the Foundation's Form 990PF, the federal excise tax return, because a cash basis is required for reporting the expenses of distribution for tax purposes as contrasted with the accrual basis used in preparing the accompanying financial statements.

The administrative expenses of distribution, including direct charitable activities, were $17.3 million (7.2% of appropriated grants) in 2014, compared to $16.9 million (7.2% of appropriated grants) in 2013.

Investment management expenses are the direct costs of portfolio management, including fees for investment management, custody and advisory services.

Recent Accounting Pronouncement

In May 2015, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2015-07, Disclosures for Investments in Certain Entities That Calculated Net Asset Value per Share (or Its Equivalent). The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the practical expedient. The ASU further removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the practical expedient. This ASU is effective for annual periods beginning after December 15, 2015. The Foundation does not expect the adoption of the ASU to have a material effect on its financial statements.

The Foundation's expenses by natural classification are as follows for 2014 and 2013:

	2014	*2013*
	(in thousands of dollars)	
Program grants and contributions, net	$238,396	$233,258
Salaries, pensions and benefits	17,276	16,202
Interest	6,275	9,707
Current provision for taxes	9,249	13,772
Other operating expenses	8,721	8,270
	$279,917	$281,209

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Reclassifications

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

2. INVESTMENTS

Investments held at December 31, 2014 and 2013 are summarized as follows:

	2014		*2013*	
	Fair Value	*Cost*	*Fair Value*	*Cost*
	(in thousands of dollars)			
Equities	$1,411,216	$1,236,859	$1,279,498	$1,049,871
Fixed income	263,449	262,514	195,031	192,664
Short-term	461,581	461,581	496,704	496,675
Derivative financial instruments	—	—	1,101	3,632
	2,136,246	1,960,954	1,972,334	1,742,842
Alternative investments	4,243,144	3,213,848	4,170,415	3,265,027
	$6,379,390	$5,174,802	$6,142,749	$5,007,869

Notes to Financial Statements, (continued)

The classification of investments by level within the valuation hierarchy as of December 31, 2014 is as follows:

	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
		(in thousands of dollars)		
Marketable securities	$ 906,554	$1,229,692	$ —	$2,136,246
Alternative investments	—	801,392	3,441,752	4,243,144
Payable from unsettled security purchases, net	(132)	—	—	(132)
	$ 906,422	$2,031,084	$3,441,752	$6,379,258

The classification of investments by level within the valuation hierarchy as of December 31, 2013 is as follows:

	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
		(in thousands of dollars)		
Marketable securities	$ 795,775	$1,176,559	$ —	$1,972,334
Alternative investments	—	632,773	3,537,642	4,170,415
Receivable from unsettled securities sales, net	2,236	—	—	2,236
	$ 798,011	$1,809,332	$3,537,642	$6,144,985

The reconciliation of activity for Level 3 investments is as follows:

	2014	2013
	Alternative Investments	
	(in thousands of dollars)	
Balance at January 1	$3,537,642	$3,588,595
Transfers from Level 3 to Level 2	(105,734)	(310,156)
Transfers from Level 2 to Level 3	—	70,645
Net realized gains	268,885	312,362
Income	49,005	95,865
Purchases	450,686	299,445
Distributions/redemptions	(873,025)	(739,283)
Net unrealized gains	114,293	220,169
Balance at December 31	$3,441,752	$3,537,642

Net unrealized gains included in the Statements of Activities for investments designated as Level 3 and held at December 31, 2014 and 2013 were $142.2 million and $273.1 million, respectively. There were no transfers between Level 1 and Level 2 in 2014 or in 2013.

Set forth below is additional information pertaining to alternative investments as of December 31, 2014 and 2013:

	Fair Value 2014	*Fair Value 2013*	*Redemption Frequency*	*Redemption Notice Period*
	(in thousands of dollars)			
Equity long only (1)	$ 269,943	$ 332,601	Monthly/ Quarterly	30-90 Days
Equity long/short (2)	447,770	466,949	Quarterly/ Annually	30-60 Days
Diversified (3)	1,041,427	950,654	Quarterly/ Annually	45-180 Days
Private partnerships (4)	2,484,004	2,420,211		
	$4,243,144	$4,170,415		

(1) This category includes investments in funds that invest in equity securities and derivatives in domestic and international markets. The Foundation estimates that approximately 53% of the value of these funds can be redeemed within 12 months. There are no unfunded commitments in this category.

(2) This category includes investments in funds that invest long and short in domestic and international securities, primarily in equity securities and investments in derivatives. The Foundation estimates that approximately 84% of the value of these funds can be redeemed within 12 months. There are no unfunded commitments in this category.

(3) This category includes investments in funds that invest in a variety of privately held and publicly available securities, including equities, corporate and government bonds, convertibles, derivatives, and includes investments in domestic and international markets. The Foundation estimates that approximately 81% of the value of these funds can be redeemed within 12 months. Unfunded commitments at December 31, 2014 were $43 million compared to $19 million at December 31, 2013.

(4) This category includes investments in private equity, venture capital, buyout, credit opportunity, real estate, and energy-related funds. These funds invest both domestically and internationally across a broad spectrum of industries. Generally these funds cannot be redeemed; instead, the nature of the investments is that distributions will be received as the underlying investments of the fund are liquidated. Unfunded commitments at December 31, 2014 were $947 million, compared to $952 million at December 31, 2013.

Through certain investment managers, the Foundation is a party to a variety of interest rate swaps and options. At December 31, 2013, approximately $3.0 million in assets and $1.8 million in liabilities related to these financial instruments are included in derivative financial instruments. There were no interest rate swaps or options held at December 31, 2014.

At December 31, 2013, the Foundation had open foreign currency contracts with notional amounts of approximately $20.6 million in assets and $20.7 million in liabilities included in derivative financial instruments. There were no open foreign currency contracts held at December 31, 2014. Derivative financial instruments are carried at fair value, and changes in fair value are recognized currently in the Statements of Activities.

Financial instruments such as those described above involve, to varying degrees, elements of market risk and credit risk in excess of the amounts recorded on the balance sheet. Market risk represents the potential loss the Foundation faces due to the decrease in the value of financial instruments. Credit risk represents the maximum potential loss the Foundation faces due to possible nonperformance by obligors and counterparties as to the terms of their contracts.

Management does not anticipate that losses, if any, resulting from its market or credit risks would materially affect the financial position and operations of the Foundation.

The Foundation invests in a variety of fixed income securities and contractual instruments, which by their nature are interest rate sensitive. Changes in interest rates will affect the value of such securities and contractual instruments.

3. DEBT

Debt outstanding as of December 31, 2014 and 2013 is as follows:

	2014	*2013*
	(in thousands of dollars)	
Nonrevolving lines of credit, due June 30, 2017	$210,000	$ —
Variable rate bonds, due December 1, 2032	44,350	44,350
Secured revolving line of credit, due April 30, 2016 . . .	40,000	—
3.95% fixed rate bonds, due August 1, 2014	—	230,000
	$294,350	$274,350

On February 26, 2014, the Foundation entered into two nonrevolving credit agreements that permitted the Foundation to borrow up to an aggregate $230 million and that mature on June 30, 2017. The interest rate on borrowings is LIBOR plus 35 basis points. The Foundation drew down these nonrevolving lines of credit in full on July 31, 2014 and used the proceeds to redeem the 3.95% bonds. Prior to December 31, 2014, the Foundation repaid $20 million of the nonrevolving lines of credit. Interest incurred on the 3.95% bonds, exclusive of amortization of deferred bond issuance costs, was $5.3 million in 2014 and $9.1 million in 2013. The Foundation estimates that the fair value of the 3.95% bonds were $234.3 million at December 31, 2013.

Interest for the Variable Rate bonds is reset weekly by the Foundation's bond agent. Bond holders have the right to tender their bonds to the bond agent weekly, and the agent has an obligation to remarket such bonds. Bonds that cannot be remarketed must be redeemed by the Foundation. The Foundation believes that the fair value of the Variable Rate bonds approximates their book value. The average interest rate applicable in 2014 and 2013 for the Variable Rate bonds was 0.13%. Interest incurred, exclusive of amortization of deferred bond issuance costs and fees, was $60 thousand and $59 thousand in 2014 and 2013, respectively.

In connection with the Variable Rate bond offering, the Foundation entered into a $30 million dedicated line of credit agreement. Borrowings, if any, under this line of credit are at the discretion of the Foundation and are to be used solely to fund redemption requirements of the Variable Rate bonds. The line of credit agreement expires on September 8, 2015. The annual commitment fee is 0.25%. As of December 31, 2014 and 2013, there were no borrowings outstanding under this line of credit.

On April 30, 2014, the Foundation entered into a two year secured revolving line of credit agreement ("Credit Agreement") which permits the Foundation to borrow up to $145 million. At December 31, 2014, borrowings of $40 million were outstanding under the Credit Agreement. These borrowings were repaid on March 16, 2015. Borrowings under the Credit Agreement are to be used to pay grants or other qualifying distributions. The interest rate on borrowings is LIBOR plus 30 basis points and the annual commitment fee is 0.05%. One of the Foundation's managed accounts valued at $123.9 million, as of December 31, 2014, has been pledged to secure borrowings under the Credit Agreement. The pledged account is included in Marketable Securities in the accompanying Balance Sheet.

4. TAXES

The Internal Revenue Code imposes an excise tax on private foundations equal to two percent of net investment income (principally interest, dividends, and net realized capital gains, less expenses incurred in the production of investment income). This tax is reduced to one percent when a foundation meets certain distribution requirements under Section 4940(e) of the Internal Revenue Code. The Foundation was subject to the two percent rate in 2014 and 2013. Certain income defined as unrelated business income by the Code may be subject to tax at ordinary corporate rates. Taxes paid, net of refunds, in 2014 and 2013 were $14.1 million and $9.0 million, respectively.

The current and deferred provision for taxes for 2014 and 2013 are as follows:

	2014	*2013*
	(in thousands of dollars)	
Current provision (benefit)		
Federal excise tax on net investment income	$9,571	$11,820
Federal and state taxes on unrelated business income . .	(322)	1,952
	$9,249	$13,772
Deferred provision		
Change in unrealized appreciation (1)	$1,400	$ 8,000

(1) The deferred tax provision is reflected on the Statement of Activities and represents the change in net unrealized appreciation of investments at two percent.

5. GRANTS, CONTRIBUTIONS, AND COMMITMENTS

The following table of grant activity by major program area includes all grant appropriations approved during 2014. Grants payable and committed at December 31, 2013 have been adjusted to reflect cancellations of $192 thousand.

	Payable and Committed December 31, 2013	*2014 Grants and Commitments*		*Payable and Committed December 31, 2014*
		Appropriated	*Paid*	
		(in thousands of dollars)		
Higher Education and Scholarship in the Humanities	$16,529	$109,894	$110,523	$15,900
Arts and Cultural Heritage . .	23,192	71,453	60,069	34,576
Scholarly Communications . .	4,068	33,433	33,204	4,297
Diversity	500	15,898	15,898	500
International Higher Education and Strategic Projects	—	8,837	8,512	325
Public Affairs	—	550	550	—
Conservation and the Environment	4,793	—	1,893	2,900
Program grants and commitments — totals . . .	49,082	240,065	230,649	58,498
Contributions and matching gifts	—	1,192	1,192	—
	$49,082	$241,257	$231,841	$58,498

Notes to Financial Statements, (continued)

Grant and grant commitment activity is summarized below.

	2014	2013
	(in thousands of dollars)	
Grants payable		
Grants payable at January 1	$ 39,785	$ 39,546
Grant expense	239,640	234,611
Less: Grants paid	(231,841)	(234,372)
Grants payable at December 31	$ 47,584	$ 39,785
Net grant expense		
Unconditional grants	$ 185,974	$ 203,894
Conditional grants meeting conditions for expense	53,666	30,717
	239,640	234,611
Less: Grant refunds	(1,244)	(1,353)
Net grant expense at December 31	$ 238,396	$ 233,258
Grant commitments		
Grant commitments at January 1	$ 9,297	$ 8,989
Less commitments cancelled	—	(192)
Conditional grants appropriated	55,283	31,217
Less: Grants meeting conditions for expense	(53,666)	(30,717)
Grant commitments at December 31	$ 10,914	$ 9,297

6. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 27, 2015, the date the financial statements were issued, and believes no additional disclosures are required in its financial statements.