

## **Grantmaking Policies**

The Andrew W. Mellon Foundation

### **Foundation's Grantmaking**

The Foundation makes grants to organizations in the United States that have been determined by the IRS to be 501(c)(3) charities. 501(c)(3) charities include universities, museums, libraries, and performing arts organizations that pursue scholarly, cultural, and charitable missions. The Foundation also makes grants to organizations outside the United States that are equivalent to US public charities.

A non-US organization wishing to apply for a grant from the Foundation without a 501(c)(3) ruling from the IRS should be prepared to demonstrate its capacity to receive Foundation funds, either through determination by counsel that it is the equivalent of a US public charity or by other means of qualification. Alternatively, the Foundation, at its discretion, may exercise expenditure responsibility (see Additional Considerations below) to make restricted grants to organizations without such an equivalency determination, including to domestic for-profit organizations and foreign entities. The Foundation does not make grants to individuals.

Information regarding the Foundation's program areas and grantmaking priorities can be found in the program area descriptions—[Higher Education and Scholarship in the Humanities](#); [Arts and Cultural Heritage](#); [Scholarly Communications](#); [Diversity](#); and [International Higher Education and Strategic Projects](#)—and in the Foundation's [annual report](#).

### **Types of Grants**

The Foundation makes both spendable and endowment grants, some of which may also contain a matching condition. On occasion, the Foundation also awards grants for the creation or strengthening of a cash reserve.

#### **Spendable Grants**

Spendable grants are to be spent according to the proposal, schedule, budget, and conditions specified in the Foundation's award letter.

#### **Endowment Grants**

Endowment grants establish institutional funds that are subject to specific spending limitations set by the Foundation and governed by applicable state law.

The Foundation will only consider requests for endowment funds from institutions that can demonstrate the financial capacity to manage the funds on an ongoing basis. Recipients of an endowment grant are to invest and manage the funds prudently and in perpetuity, with the income used to support the program or position designated by the Foundation. When requesting an endowment grant, an organization with a modest (under \$100 million)

endowment must provide documentation (set forth in the Foundation's [Grant Proposal Guidelines](#)) that describes its capacity to invest and manage endowment funds.

### **Matching Grants**

Both spendable and endowment grants may be subject to a matching requirement. Only newly received gifts of cash or securities, in hand, valued at the time of transfer, and designated for the Foundation-supported project, qualify as matching contributions. Pledges do not qualify. If the Foundation awards a matching grant, it will pay matching funds in installment amounts specified in the Foundation's award letter.

Please note the following requirements for providing satisfactory evidence of matching funds to the Foundation:

#### **To evidence contributions of \$5,000 or more, the Foundation requires:**

- (1) Copies of all canceled donor checks, bank statements showing wire transfer or receipt of credit card payments, and/or signed documentation verifying the transfer of securities and their market value; and
- (2) Clear evidence that a donor's intent is to meet the Foundation's match, either by the donor's indication on the check, a letter from the donor demonstrating such intent, or, in the case of an unrestricted donation, a designation from the grantee's governing board or senior authorized official that the donation is to meet the Foundation's matching requirements.

#### **To evidence contributions of less than \$5,000, the Foundation requires:**

- (1) A list of all such donations, including name of donor and date, amount, and form of donation (i.e., check, wire, credit card, security, etc.), with a signed statement from a senior authorized official restricting all such donations to the Foundation match. Where amounts are less than \$5,000, the Foundation does not also require canceled checks, evidence of wire or credit card payment, or separate documentation verifying security transfer.

See [Matching Grants: Payments and Modifications](#) for further instructions.

### **Managing Grant Funds**

The Foundation's award letter specifies the terms of the grant, including the use of grant funds, reporting schedule, and the need to adhere to Foundation grantmaking policies.

### **Fiduciary Duties**

All grant funds should be managed prudently and should be used for the purposes set forth in the award letter and approved proposal. The Foundation considers interest and investment income earned on grants to be part and parcel of the award. Grantees will set forth in their grant proposals their institutional policies for investing grant funds, including their investment strategy and methods for calculating and allocating interest and investment

income to the grant. Grantees are expected to invest grant funds according to the terms set forth in the Foundation's award letter.

Organizations awarded endowment grants must also adhere to their state's [Uniform Prudent Management of Institutional Funds Act](#) (UPMIFA) statute in the investment, management, and spending of such grant funds. UPMIFA statutes generally provide that, subject to the intent of the donor, an organization awarded endowment funds may expend or accumulate as much of the endowment fund as the organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. An organization must receive the written approval of the donor if it wishes to modify or release a restriction on the management, investment, or purpose of an endowment grant. The Foundation rarely approves the spending of endowment principal below its historic dollar value.

### **Use of Grant Funds**

Grant funds must only be used for the purposes, over the timeframe, and in the manner set forth in the award letter and approved proposal.

Awarded grant funds may not be expended on project costs incurred prior to the grant start date or, without the Foundation's prior written approval, after the grant end date. Grant funds cannot be used as collateral, to offset other financial obligations (including interest payments on lines of credit, and securing or servicing debt), nor to meet cash-flow or general operating expenses that are unrelated to the purpose of the grant proposal as defined in the grant award letter. Grantees are also expected to maintain controls to see that use of grant funds complies with the rules and guidance promulgated by the [United States Office of Foreign Assets Control](#).

### **Collaborative Grants**

Foundation grants may involve work undertaken by collaborating institutions. In such cases, the Foundation typically awards grant funds to a single grantee, who is responsible under the terms of the award for reporting on the activities and expenditures of all collaborating organizations.

### **Reporting and Recordkeeping**

The Foundation requires timely and informative interim and final grant reporting. Grantees should consult the Foundation's [Grant Reporting Guidelines](#) when preparing narrative and financial reports. Narrative and financial reports should be submitted together on or before the due dates specified in the Foundation's award letter. The Foundation may suspend grant activities and require the return of funds for delinquent or unsatisfactory reporting, and will consider reporting history in the awarding of future grants.

## **Narrative and Financial Reporting**

Narrative reports should describe the activities undertaken and the use of grant funds, and evaluate the progress made toward achieving the purposes of the grant during the reporting period.

Financial reports should be specific to the grant and include interest earned. If an organization has multiple grants from the Foundation, each grant must be separately reported. Grantees are required to use the same budget categories used in the grant proposal, making it possible for line-by-line comparison of the approved budget and actual expenditures. Financial reports should therefore be prepared on the same “Budget and Financial Report” template submitted with the proposal or the approved “Revised Budget and Financial Report” template (if applicable). Grantees awarded endowment funds should report using the Foundation’s “[Endowment Financial Report](#)” template.

## **Reporting on Interest and Income**

For each reporting period, grantees should give an account of how they spent or allocated earned investment income within the approved budget categories, or provide a written explanation if no income was earned on awarded funds. For collaborative or multi-institutional grants, the grant report should also include an accounting by each of the partner institutions of income earned on any unspent grant funds held at their institutions.

## **Recordkeeping**

Grantees are required to retain accounting records, detailing all receipts and expenditures, for a minimum of three years following submission of the final grant report. Organizations receiving expenditure responsibility grants are required to keep records for four years. The Foundation reserves the right to conduct on- and offsite audits of records related to the use of grant funds. In cases where grantee spending is not consistent with the Foundation’s award, the Foundation reserves the right to request the return of awarded funds, disallow expenditures, or take other remedial actions.

## **Changes in Grant Terms**

Grant modification requests considered by the Foundation include: (1) **extension** of the grant period to permit additional time to complete supported activities or raise matching funds; (2) **reallocation** of funds to permit spending in a manner different than that described in the original budget; (3) **rollover** of funds from an older Foundation grant into a newer grant given for the same purpose; and (4) **transfer** of grant funds from the original grantee to another organization. Grantees must obtain advance written approval from the Foundation for these and any other material changes. More significant changes, such as repurposing a grant or modifying the terms of a matching grant, require the approval of the Foundation’s Board of Trustees. Such requests are not considered routine.

Grantees should also promptly inform the Foundation in writing of significant changes in project staffing, organizational leadership, scheduling, or budgeting, when such changes occur during the grant period. The Foundation reserves the right to suspend the use of grant funds if the change is considered material to the success of the grant.

Further instructions on submitting a grant modification request are available at the [Grant Modifications](#) page of the Foundation's website.

### **Additional Grant Considerations**

Particular procedures apply for grants involving the creation of intellectual property, the use of consultants and contractors, or the exercise of expenditure responsibility.

#### **Intellectual Property**

The Foundation aims to maximize the use and sustainability of technology, digitized content, and related intellectual property created with Foundation funds, as described in its [Intellectual Property Policy](#). The goals of the policy include that (1) funded work be made publicly available for the long-term benefit of scholars, educators, and cultural institutions; (2) organizations share resources so as not to duplicate efforts; and (3) grantees secure all the rights and permissions needed to carry out the supported work.

If a proposal involves the development of software and/or the creation of digital images or content, the awarding of funds will be contingent on the grantee's consent to the terms of the Foundation's intellectual property agreement.

#### **Use of Consultants and Contractors**

On occasion, proposals to the Foundation involve consultants and third-party vendors. Use of consultants and third-party vendors should be consistent with the Foundation's ["Guidelines for Grants Involving Consultants and/or Subcontractors."](#)

#### **Expenditure Responsibility**

In order to make a grant to an organization that does not have a public charity determination from the IRS, the Foundation may elect to exercise "expenditure responsibility" in accordance with IRS rules. Under the expenditure responsibility rules, the Foundation is required to establish procedures for assuring that the grant funds are spent solely for the charitable purposes intended, and must receive reports from the grantee, and make reports to the IRS, about the grant expenditures. If the Foundation elects to exercise expenditure responsibility, the grantee will sign an expenditure responsibility agreement at the time of the award that sets forth spending and reporting requirements. The agreement commits the grantee to spending the grant funds only for the specified charitable purposes, maintaining grant funds in a separate account for charitable purposes, and reporting on how the funds have been spent.

### **Conditional Payments**

A grant award from the Foundation may be conditioned on the satisfaction of specific requirements. These requirements can include: execution of an intellectual property agreement; execution of an expenditure responsibility agreement; determination by counsel that the organization is the equivalent of a US public charity; or other events. Where conditions are established, the Foundation will not make payment on the award unless and until all conditions have been met. The Foundation reserves the right to rescind a conditional grant when conditions have not been satisfied in a timely manner.