



# Matching Guidelines for General Support Grants to State Humanities Councils

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## 1. **Introduction**

Individuals and organizations are encouraged to add their support to projects sponsored by the National Endowment for the Humanities (NEH). To stimulate private support for projects in the humanities, NEH offers potential donors the incentive of doubling the impact of their contributions by matching these contributions with federal funds. Federal matching funds may not be released before third-party gifts have been raised that meet the eligibility criteria set forth in these guidelines.

To be awarded NEH matching funds, a state council must certify that it or one of its grantees has received eligible gifts that will be used to support grant activities. NEH then issues an amendment to the state council's grant that increases the award by the amount of the federal matching funds. These federal matching funds are subject to the same grant provisions, administrative regulations, and payment procedures as a council's outright funding, and both the gift and the federal match must be used for project purposes within the grant period.

The purpose of these guidelines is to provide guidance to each state council on what constitutes a third-party gift, how to determine if such a gift is eligible for certification to NEH for match, how the certification process works, and what documentation must be retained by the councils.

## 2. **Gift Eligibility**

A state council is responsible for determining whether funds received from third parties qualify as gifts eligible for federal match. For the purposes of these guidelines, a gift is defined as the voluntary transfer of money (or a noncash contribution that is subsequently converted to cash) from a nonfederal third party to the state council or a grantee of the council without compensation or consideration of return.

For a gift to be eligible to release NEH matching funds, it must meet the following criteria:

- a. It must be in the form of cash. Noncash gifts, therefore, cannot be certified, but the net proceeds from their sale may be certified.
- b. The gift has to be given freely by a disinterested third party and without consideration of anything in return.
- c. The gift has to be given to the council or one of its grantees. Gifts that are given to an individual or organization that is associated with a project but is not a grantee of the council are not eligible to be certified except when gifts meet the conditions listed in Section 5 of these guidelines.
- d. The gift may not be money that has become available through a federal appropriation.
- e. **The gift has to actually be paid to the state council or its grantee. In extraordinary cases, a pledge made directly to a state council may be certified (see Section 4). In no case may a pledge made to a grantee be certified.**

As long as all of the above criteria are met, unrestricted gifts that the gift recipient decides to earmark for the project, as well as gifts that are given specifically in support of the project are eligible to release federal matching funds. A gift may be matched by NEH even if the donor did not give the gift specifically for the purpose of releasing federal matching funds.

**If a state council has a question about whether or not a contribution qualifies to release federal matching funds, documentation on the contribution should be forwarded to the Donations Section of the NEH Office of Grant Management for review prior to certification.**

### 3. Items That Do Not Qualify as Eligible Gifts

The following are examples of items that do **not** qualify as contributions that are eligible to release federal matching funds and, therefore, may not be certified:

- a. A council's or grantee's own funds. (For gifts received from universities, NEH uses the "campus" as the limit of conflict of interest. Thus, a gift from the Riverside campus of the University of California system would be eligible to release matching funds if no part of its campus benefited financially from the project.)
- b. Federally-appropriated funds, whether or not they are disbursed directly to a council or a grantee by an agency of the federal government or indirectly through an organization such as a state agency or another state humanities council. (In soliciting financial support from state governments, councils are advised to explain this limitation to ensure that state funds that will be certified as gifts are not federal in origin.)
- c. Funds from the Corporation for Public Broadcasting (CPB), unless a written statement from CPB that the funds donated are not federal in origin is forwarded to NEH with the certification.
- d. Gifts that are given to an individual or organization associated with the project that do not meet the requirements listed in Section 5.
- e. Gifts of more than \$100 that are given anonymously unless the council has some way of determining that the gift is otherwise eligible.
- f. "Contracts" issued to a council or a grantee, unless the agreement is merely the mechanism to transmit an otherwise-eligible gift, and there is no contractual relationship between the donor and recipient.<sup>1</sup>

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<sup>1</sup>Contracts give the contractor rights to the materials produced as a result of funded activity, often establish dates for the delivery of services or products, and allow for payment to be withheld or the agreement to be unilaterally terminated by the contractor. Money paid under a contract does not qualify as a gift and may not be certified to release federal matching funds. (Also see Section 7.b.)

- g. Interest or other forms of income earned from a gift after it has been transferred from the donor to a council or a regrantee.
- h. Royalties earned by a state council or a regrantee.
- i. Noncash contributions to a project, such as a gift of property or equipment, that are not converted to cash.
- j. Membership fees, registration fees or any other fee or charge for participation in or attendance at project activities.
- k. Deferred giving, for example, a charitable remainder annuity trust, a charitable remainder unitrust, or a pooled income fund.
- l. Contributions that are made under circumstances where there is the appearance the donor might benefit financially by contributing to a particular project, for example (1) contributions from council staff members or people with whom the council contracts for services; (2) contributions to a project from an institution or individual involved in that project's activities if the individual, the institution, or persons in their employ will be paid from grant or cost-sharing funds for services rendered to the project; and (3) contributions from persons closely related to and living in the same household with someone who directs a grant project and receives some form of remuneration from grant or cost-sharing funds for work performed on the project.

#### 4. **Pledges**

A pledge is a legally enforceable written promise to pay a specific amount of money during the grant period. Grant awards from nonfederal third parties are considered to be pledges until the grant funds are disbursed to the grantee.

NEH will consider matching a pledge that is made directly to a state humanities council **only if** the council can substantiate that (a) project activities will be affected adversely if NEH funds are not released immediately, (b) the pledge is legally enforceable, and (c) the donor is obligated to pay the pledge during the grant period. **Documentation substantiating these facts, including a copy of the donor's pledge letter, must be forwarded to NEH when a pledge is certified.**

If a pledge is matched by NEH, the state council is required to inform the Donations Section of the Office of Grant Management when full payment of a pledge is received. In the event a donor fails to pay a pledge, it is the responsibility of the council to enforce the pledge, to substitute other gift funds, or to return to NEH the amount of federal matching funds awarded.

**NEH will not match pledges that have been made to regrantees.** Therefore, state councils should inform their regrantees that a gift may not be certified until the regrantee can document the payment of the gift.

## 5. **Gifts to Parties Other than the Council or Recipient**

Occasionally gifts may be given to an individual or organization that is associated with a council's or recipient's project rather than directly to a council or a recipient. These gifts would normally **not** be eligible to release federal matching funds. The only exception would be if the donor has restricted the use of the gift specifically to the support of a project that is to be carried out by a council or a recipient and the gift funds are transferred to the council or the recipient so that either one of these parties controls the expenditure of the gift funds. In this case, the third party would act as an agent of the donor in transferring funds to a state council or a recipient.

## 6. **When Gifts Must Be Discounted**

In most instances, state humanities councils may certify to NEH the full amount of the cash gift they have received.

This is not the case when the donor receives a premium from the council in return for a gift. The value of what the donor receives must be deducted from the amount that is certified to NEH. Items of nominal value, however, such as a single issue of a council's magazine, do not have to be taken into account.

When councils hold special events or mount fund-raising campaigns, they must deduct from gross receipts the costs that are directly related to their fund-raising efforts, e.g., the rental of facilities and equipment; promotional, entertainment, and food costs; premiums that are given to those who attend the event; etc. **The salaries of council employees who are involved in fund-raising activities do not have to be deducted from the gross receipts.**

## 7. **Documentation of Gift Funds**

### a. **General Principles**

For gifts in excess of \$100, state councils must have documentation that substantiates the amounts, sources, and eligibility of gifts that have been given to a council or its recipients before gifts are certified. For gifts of \$100 or less, the name of the donor and the amount of the gift would be sufficient documentation. The councils may also certify an anonymous gift that does not exceed \$100.

When a council certifies a gift that is retained by a recipient, it must also be able to document that the gift was paid to the recipient before it was certified to NEH. **This documentation must be retained by the council for three years following the submission of a final financial status report for the grant.**

Ordinarily, the donor's transmittal letter will provide the needed documentation. Donor letters should therefore be requested whenever a gift is given to a council or a recipient. The letter should contain the following information: the names of the donor and recipient, the amount of

the gift that is being conveyed, and whether or not all or a portion of the gift is given for a specific purpose or may be used at the discretion of the council or the regrantee. NEH reserves the right to request a copy of this documentation from a council before it processes a gift certification.

b. Gifts Conveyed Through Written Agreements

At times, state agencies and private foundations provide funds to humanities councils or their regrantees through written agreements that indicate the purpose of the funding and sometimes restrict the use of the funds awarded. It is a council's responsibility to review these agreements to determine that the donor is in fact making a gift available to the council/regrantee for the council/regrantee to carry out its own project and is not contracting with the council/regrantee for services or making any claims to products resulting from project activities. When funds are provided to a council or a regrantee through written agreements, these agreements must be retained by the council as a part of its documentation.

c. Fund-Raising Events/Campaigns

To establish the eligibility of funds that are raised by a council or regrantee through special events or fund-raising campaigns, any promotional materials, such as benefit circulars, invitations, posters, etc., should indicate the purpose of the fund-raising activities and NEH's offer to match gifts raised for this purpose. Representative copies of promotional materials must be retained by the council as documentation of gift eligibility.

State councils must account not only for the monies raised through special events and fund-raising campaigns but also for the expenses involved in carrying out these activities (see Section 6, "When Gifts Must Be Discounted"). For special events, they must retain documentation on ticket sales, gross receipts, and the costs related to the event. When they engage in a fund-raising campaign, they are also required to maintain a complete list of donors and the amounts they have contributed provided the gift exceeds \$100.

8. **Certification of Gifts**

To have NEH match gifts that are retained by a state council or one of its regrantees, the council must forward to NEH a certification letter that follows the format of the sample letter included in these guidelines. Please note that

- a. all the statements contained in the sample certification letter are essential for certifying the receipt of a gift,
- b. **all gifts that are restricted to the use of a particular regrant must be certified by the council to NEH before the end of the regrant period, and**
- c. The total amount of each certification should be rounded down to the nearest dollar.

Before certifying a gift that has been retained by a regrantee, the council must determine from the documentation provided by the regrantee that the gift meets the eligibility criteria established in these guidelines, and that the gift has actually been transferred from the donor to the regrantee.

Certifications should be addressed to the

**Donations Section  
Office of Grant Management, Room 311  
National Endowment for the Humanities  
1100 Pennsylvania Avenue, N.W.  
Washington, D. C. 20506**

9. **Certified Gifts and Cost Sharing**

Gifts that are retained by the council or its regrantees constitute a part of the cost-sharing contribution to the NEH grant against which they have been certified. These gifts must therefore be expended by the end of the grant period on budgeted project costs and reported as part of the nonfederal share of outlays for that grant. Because NEH may not support more than 50 percent of the costs related to the overall activities of a humanities council, the councils must ensure that they or their regrantees maintain documentation that substantiates that the cash and in-kind cost-sharing contributions to the NEH grant at least equal the outright and matching funds provided by NEH.

10. **Expenditure of Gifts and Matching Funds**

State councils are required to expend both the gift funds and the federal matching funds by the end of the NEH grant under which the matching funds were awarded. **Gifts that are retained by a regrantee have to be expended within the regrant period.** Matching funds that are obligated and subsequently deobligated may be reobligated by a state council, provided the funds are expended before the end of the grant period. Also, if the deobligated matching funds were originally allocated to regrants, they must be reused for this purpose.

Although the gift and the matching funds must both be expended by the end of the council's grant period, it is not necessary that gift funds and the matching funds they release always be expended for the same purpose. Therefore, if a donor gave a gift in support of regrant activities but did not require that matching funds be used to support these activities, the council could use the federal matching funds to cover other expenses, such as its own administrative costs.

**In reviewing regrantees' final financial reports, councils must ensure that the cash cost-sharing contribution to a project (which is usually the expended gift funds that were certified to NEH) is not less than the amount of NEH matching funds the regrantee has expended.**

11. **Regrantee Gift-to-Match Ratios Greater Than 1:1**

Some state councils require their grantees to raise two or more gift dollars for every dollar they receive from the council in outright or matching funding. **However, councils may not certify more than two gift dollars for each dollar of outright or matching funds they provide to a grantee.** If, for example, a council awarded a grantee \$500 in outright funds and \$1,000 in matching funds, the maximum amount a council could certify to NEH for this project would be \$3,000—twice the amount it provided to the grantee. This would be true even if a 4:1 offer were made to the grantee, who in response raised \$4,000 in gifts.

12. **Gifts Given to NEH**

Although donors are encouraged to give their gifts to the state councils, some may want to give the gifts directly to NEH. In this case, the donor's transmittal letter to NEH should clearly indicate which NEH grant the gift is to support and that the funds are to be matched by NEH. Should any portion of the gift be given for a specific purpose (for example, in support of a particular grant activity or the council's administrative costs), this should also be indicated in the transmittal letter. Checks should be made payable to the National Endowment for the Humanities and should be forwarded with the transmittal letter to the Donations Section of the NEH Office of Grant Management.

Gifts that are given directly to NEH become federal funds once they are accepted by the Chairman. They are in turn awarded by NEH to the state council along with the federal matching funds that the gifts have released. Gifts to NEH are generally deductible as charitable contributions for federal income tax purposes.

13. **Conditional Nature of an NEH Offer of Matching Funds**

All NEH matching offers to state councils are conditional on the Chairman's acceptance of the gift or gift certification and sufficient matching funds being available in the program at the time the council certifies or forwards a gift. The councils are therefore encouraged to certify gifts as early as possible in each funding cycle and to make clear in their application guidelines that any offer of matching funds that they make to an applicant is contingent on the availability of funds from NEH.

14. **Expiration of Matching Offer**

All offers of NEH matching funds to state councils expire in September of the fiscal year for which they were made. The annual offer of matching funds states the precise expiration date.

**PLEASE REFER TO THE SAMPLE CERTIFICATION LETTER ON THE NEXT PAGE.**



**(Address the letter to the Donations Section, Office of Grant Management, Room 311, National Endowment for the Humanities, 1100 Pennsylvania Avenue, N.W., Washington, D. C. 20506)**

I certify that \$ \_\_\_\_\_ .00 has been received in the form of gifts that have been donated in support of the activities that will be carried out under NEH grant \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_. These gifts meet the criteria for eligibility established by NEH and will be expended for project purposes during the grant period. Documentation that substantiates the amounts, sources, and eligibility of the gifts will be retained for three years following the submission to NEH of the final financial report for the referenced grant.

The funds certified above were provided by a donor/donors in the following category/categories:

Donor Category *	Number of Donors	Amount
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

The matching funds released by this certification will be used as follows:

Regrants \$ \_\_\_\_\_ .00  
 All other categories \$ \_\_\_\_\_ .00

**(If unpaid pledges or awards are certified, the following sentence must appear in the certification letter.)**

The amount certified in this letter includes \$ \_\_\_\_\_ in unpaid pledges. The following documentation required by the Endowment is attached: justification for the immediate need of matching funds, a copy of the donor's pledge letter, and evidence that the donor is legally bound to pay the pledge during the grant period (if such evidence is not included in the donor letter).

Sincerely,

\_\_\_\_\_  
Executive Director

\*Please use the following numerical designations for donor categories.

1. Individuals
2. Corporations and businesses (including company-sponsored and corporate foundations)
3. Private and public foundations (including independent, operating, and community foundations)
4. Labor unions and professional associations
5. Nonfederal government units (state, county, municipal)
6. Affiliated groups (alumni/ae, "Friends")
7. Special events and benefits (use only when gifts raised through this means cannot be readily assigned to any of the above donor categories)
8. Other (specify)

NEH estimates the average time to complete this form is thirty minutes per response. This estimate includes the time for reviewing the instructions for this form, gathering the necessary data and entering the data on the form. Please send any comments regarding this estimated completion time or any other aspect of the form, including suggestions for reducing completion time, to the Director, Office of Publications and Public Affairs, National Endowment for the Humanities, Washington, D.C. 20506; and to the Office of Management and Budget, Paperwork Reduction Project (3136-0134), Washington, D.C. 20503. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.