



NATIONAL ENDOWMENT FOR THE HUMANITIES

Administrative Guidance for NEH Endowments (for awards issued on or after November 1, 2025)

Published September 24, 2025

The following administrative guidance is for endowment awards, issued on or after November 1, 2025. It provides an overview of the structure of federally supported endowments, authorities, matching requirements, gift eligibility, and other NEH requirements.

NEH uses federal matching funds (NEH federal matching funds) and non-federal gifts¹ (gifts) to establish endowment awards that strengthen cultural institutions and advance the humanities in the long term. NEH endowment awards have two phases: the award period of performance and the endowment term.

During the award period of performance, recipients must complete fundraising and certify gifts, establish, and fund the endowment. During the endowment term, recipients will expend the endowment interest for approved humanities purposes according to the approved schedule and endowment conditions. Both the NEH federal matching funds and the required gifts are subject to the NEH award and endowment requirements.

¹ Non-federal gifts are defined as contributions of third-party non-federal funds or the recipient's own institutional funds.

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1. Authorities, Laws, and Governing Regulations

a. Authorizing Legislation

NEH awards and endowments are subject to the National Foundation on the Arts and the Humanities Act of 1965 ([P.L. 89-209, as amended; 20 U.S.C. § 956, et seq.](#)). NEH federal matching funds to establish endowments are authorized under [20 U.S.C. § 956 \(h\)](#) of the National Foundation on the Arts and the Humanities Act of 1965. This statute allows NEH to enable "cultural organizations and institutions to increase the levels of continuing support" and to provide "administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning," among other activities. These awards require NEH federal matching funds to be matched by non-federal gifts at a ratio specified in the terms and conditions of award.

b. [2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

Activities and costs during the award period of performance are subject to the following parts 2 CFR Part 200:

- Subpart D—Post Federal Award Requirements
 - [§ 200.300](#) Statutory and national policy requirements
 - [§ 200.302](#) Financial management
 - [§ 200.303](#) Internal controls
 - [§ 200.306](#) Cost sharing or matching – *excluding in-kind contributions per 20 U.S.C. § 956 (h)*
 - [§ 200.308](#) Revision of budget and program plans
 - [§ 200.309](#) Modifications to Period of Performance
 - [§ 200.317 - § 200.327](#) Procurement Standards
 - [§ 200.328](#) Financial reporting
 - [§ 200.329](#) Monitoring and reporting program performance
 - [§ 200.331](#) Subrecipient and contractor determinations
 - [§ 200.332](#) Requirements for pass-through entities
 - [§ 200.334 - § 200.338](#) Record retention and access, including a requirement to retain each year's endowment records for a period of three years after the NEH award ends
 - [§ 200.339 - § 200.343](#) Remedies for noncompliance
 - [§ 200.344](#) Closeout
 - [§ 200.345](#) Post-closeout adjustments and continuing responsibilities
- [Subpart E—Cost Principles](#) – all. Applicable to fundraising activities. Note that [§ 200.442 \(a\)](#) Fund raising costs for the purposes of meeting the Federal program objectives are allowable under Challenge programs.
- [Subpart F—Audit Requirements](#) - The endowment will be subject to [2 CFR § 200.502 \(e\)](#)-Basis for determining Federal awards expended. Endowment funds. The cumulative balance of Federal awards for endowment funds that are federally restricted are

considered Federal awards expended in each audit period in which the funds are still restricted. Funds are subject to restriction until the NEH endowment corpus and interest are expended.

c. Award Terms and Conditions

The NEH grant award includes general and specific award terms and conditions. These identify requirements recipients must meet to receive and retain federal funding. These terms identify administrative and programmatic requirements for the award, such as allowable activities, costs, reporting, and monitoring and management of the award and endowment. **The terms and conditions also address requirements specific to the award and the endowment**, such as documentation that may need to be submitted before NEH releases federal funding, or allowable activities that may be funded by the endowment.

d. Uniform Prudent Management of Institutional Funds Act

The NEH-supported endowment, once established, is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) law adopted by the state where the recipient is located. UPMIFA governs investment decisions and endowment expenditures for charitable and nonprofit organizations. For recipients in states or territories where UPMIFA standards have not been adopted the District of Columbia UPMIFA law (Code of the District of Columbia, title 44, chapters 16A) applies

2. Offers and Awards

a. Offer Letter

In limited circumstances, NEH will issue an offer of support (offer), rather than an award. Circumstances include, but are not limited to, when an application is approved for funding at a different level than what was requested, a reduction in project scope, when revised budgets or workplans are needed, or when there are other compliance requirements that must be met before funds are released. An offer formally communicates the level of funding recommended for the project and identifies specific conditions that must be met before NEH makes an award. An offer does not obligate funds and does not constitute an award.

Note, withdrawal of an offer is not subject to appeal.

b. Award

Once the application has been approved for funding (or in cases where an offer letter is required and conditions have been met) NEH will obligate funds and issue a Notice of Action (NOA), terms and conditions, and reporting requirements, to the recipient. An award is a binding legal agreement and identifies the requirements during the period of performance and endowment term.

c. NEH Federal Matching Versus NEH Outright Funds

i. Federal matching funds

NEH federal matching funds require non-federal gifts according to the match ratio specified in the program Notice of Funding Opportunity (NOFO) and terms and conditions. NEH will restrict the release of NEH federal matching funds until the recipient has met the award terms and conditions, the full amount of eligible gifts have been certified and accepted, and proof that the endowment has been established has been submitted. NEH federal matching funds and gifts **must** be used for investment into an endowment.

The NEH *Endowments for Advancing the Humanities* awards with a federal award identification number prefix "CHE" requires a match ratio of 1:1

ii. Outright Funds

Outright funds are federal grant funds that are not subject to matching requirements and are available for expenditure during the grant award period of performance. For endowment grants, outright funds may be used only for fundraising support costs (salaries, consultants, contracts, or subawards for fundraising personnel) and related indirect costs during the award period of performance.

Note, while outright funds may be used for fundraising support costs (salaries, consultants, contracts, or subawards for fundraising personnel) working on part of a larger campaign, the costs charged to the NEH award must related to actual or proportionate effort spent fundraising for the NEH-funded endowment. NEH outright funds cannot be used to fundraise for purposes other than the NEH endowment. The recipient must keep clear documentation of the activities and expenditures being charged to the NEH outright funds.

d. Grant Award Period of Performance

All NEH grant awards have a period of performance, during which the approved activities for the project are undertaken, the approved costs are incurred, and award funds are expended. The award notice of action includes the award period of performance dates.

Recipients may expend outright funds for fundraising only during the award period of performance. Recipients must complete establishing and funding the endowment with NEH federal matching funds and non-federal gifts by the end of the period of performance.

e. Extensions During the Award Period of Performance

If a recipient is unable to raise the full non-federal match requirement within the award period of performance, they may request a one-time, one-year no-cost extension. Requests to extend the award period of performance must be submitted 30 days prior to end of the period of performance.

Requests must include a justification and demonstrate a plan to complete fundraising within the extended period. NEH will not consider extensions beyond a one-time, one-year extension.

f. Failure to Meet Award Conditions, Fundraising Goals and Certify Gifts

Recipients must meet the required award conditions and fundraising goals, and certify eligible non-federal funding by the end of the award period of performance (including a one-time, one-year extension, if approved). Failure to do so will result in forfeiture of NEH federal matching funds as follows:

- No funds will be released regardless of gift certifications until award conditions are met. Award conditions include but are not limited to submission of a revised budget; lobbying forms; and organizational survey.
- If the recipient raises the minimum threshold (\$500,000 or greater) in eligible non-federal funds:
 - Any unmatched portion of the federal award is forfeited.
 - NEH will release the NEH federal matching funds equal to the amount certified.
 - NEH will close out the award.
- If the recipient raises less than the minimum threshold (less than \$500,000) in eligible non-federal funds:
 - The recipient forfeits the entire award.
 - NEH will close out the award.
- Early Termination:
 - NEH may terminate the award early if it becomes clear that the recipient will not reasonably be able to meet the award requirements.

g. Endowment Term

NEH supported endowments have a restricted 20-year term during which only the income generated by the endowment may be used for authorized humanities purposes and the endowment principal must remain intact. The endowment must also be managed in accordance with the endowment conditions (see [Appendix A - Investment Policy for Recipients](#)). At the conclusion of the term, recipients may either choose to continue the fund or fully spend down the interest and principal. In either case endowment expenditures **must** remain restricted to the allowable purposes originally approved. Any deviation from this requires prior approval from NEH (see [Section 10 – Endowment Modification Requests](#)).

3. Gift Eligibility and Certification

a. Basic Principles

Gifts for the endowment must be cash and deposited into the endowment. Gifts may come from a variety of sources. All gifts must be certified and submitted, with supporting documentation, to NEH for review before NEH federal matching funds are released.

b. Sources of Eligible Non-Federal Gifts and Documentation

Eligible cash gifts may be raised from different sources, such as individuals; private foundations; state, local, and tribal government appropriations; corporations and businesses; and affiliated groups. Gifts may also be derived from the recipient organization itself (such as operating funds) or recipient institution-specific foundations.

Please contact NEH staff if there are further questions about the eligibility of a non-federal match.

c. Ineligible Gifts

The following sources of funding are not eligible:

- Gifts, or portions thereof, deferred beyond the end of the period of performance.
- Discounts on goods or services provided through contracts.
- Other federal funds.
- Marketable securities that have not been sold or converted to cash.
- Real estate that has not been sold and converted to cash.
- Tax credits.
- Mortgage payments.
- Unrealized pledges and planned giving

Applicants and recipients should consult the applicable NOFO they applied to determine if there are any additional gift eligibility restrictions.

4. Examples of Gifts and Supporting Documentation

The following provides examples of sources of gifts and corresponding documentation.

a. Cash

Cash gifts may come from the recipient organization or from other non-federal third parties. Documentation must include dated documentation from the source stating its purpose and/or documentation showing when the donation was made. Examples of documentation are emails, letters, donation forms, or gift agreements with signatures and dates.

b. Non-federal grants and Special Legislated Non-federal Appropriations from State, Local, or Tribal Governments

Legislated non-federal grants and special legislated non-federal appropriations (including town warrants and bonds), must be passed by the appropriate legislative body during the NEH fundraising period.

Documentation is a copy of the legislative or budgetary language with the legislative legal citation. The legislative or budgetary language must make explicit reference to the NEH Challenge award or to the purpose supported by it.

c. Foundation Grants and Gifts

Documentation must show the foundation's allowable uses or permission to use their funds as a non-federal match for the NEH endowment.

d. Marketable Securities

The value of marketable securities such as bonds may be allowable only after the donated securities are sold or converted into cash by the recipient. Documentation should show when the donation of the marketable security was made. Documentation of this type of gift is a signed and dated copy of the donor's gift transmittal letter indicating the date of the gift.

e. Real Estate

The value of real property may be allowable as a gift only after the property is sold and converted into cash. The value of the cash gift is the net sale price when the sale is completed.

Documentation of this type of non-federal match is a signed and dated copy of the donor's gift transmittal letter indicating the date of the gift and that the property is to be liquidated to achieve the donation, and a copy of the bill of sale indicating the net sale value.

f. Planned Gifts

The portion of a planned gift may be eligible if it is received within the award period of performance.

i. Charitable Gift Annuity

Documentation for this type of gift is a copy of the annuity and a copy of the letter from the donor indicating the allowable tax deduction (including the calculations by which the tax deduction was determined).

ii. Gift from an Estate

A gift from an estate may be eligible if it is received within the award period of performance. Documentation for this type of gift is a copy of the portion of the will establishing authority for estate-determined gifts.

5. Use of Award and Endowment Funds

Both the grant award and endowment funds must be used for their authorized purposes. Failure to do so may result in a request for repayment of funds or other enforcement action.

a. Outright Funds

Outright funding may be used only for fundraising support costs (salaries, consultants, contracts, or subawards for fundraising personnel) and for related indirect costs. Outright funds must be drawn down in a manner that minimizes the time between when they are received and expended (see [Section 6.-Payment Requests](#)).

b. Matching Funds

Once NEH federal matching funds have been released, recipients must draw down and promptly transfer the NEH federal matching funds and corresponding gifts into an income-earning restricted account or similar endowment fund. The endowment must be funded by the NEH federal matching funds and gifts during the period of performance. Please note that federal funds designated for NEH endowment awards are considered expended upon deposit into a restricted income-earning account or fund established for the endowment.

6. Release of Funds and Payment

a. Proof of Endowment's Establishment

The recipient will provide NEH with evidence that the endowment has been established, including a governing board legal document establishing the endowment for the purposes of the NEH award, and the investment policy.

b. Payment Requests

Please refer to [Payment Requests and Financial Reporting Requirements](#) for an explanation of payment procedures and requirements. Funds must be drawn down in a manner that minimizes the time between when they are received and expended.

7. Acknowledgement of NEH Support

Acknowledgment of NEH support is important during the award and endowment periods. NEH should be acknowledged for the duration of the endowment.

All materials publicizing or resulting from the NEH award and endowment must acknowledge NEH support. The acknowledgment must include the following statement: "Any views, findings, conclusions or recommendations expressed in this (website) (program) (publication) (exhibition) do not necessarily represent those of the National Endowment for the Humanities." Such materials include, but are not limited to, printed or digital media products, webpages, exhibits or other displays, and publicity (such as solicitations, invitations, announcements, flyers, mailings, posters, and the like). The "National Endowment for the Humanities" should be acknowledged at the beginning of any event, lecture, presentation, or other public gathering resulting from NEH award support. You are also encouraged to find other ways to acknowledge NEH support and bring the achievements of the humanities to public attention.

For detailed guidance and requirements on NEH acknowledgement, see [Acknowledgment and Publicity Requirements for NEH Awards](#). Consult NEH staff with any further questions about whether or how to include an NEH acknowledgement.

8. Reporting

The following reports are submitted as part of the award period of performance.

a. Gift Certification Form (conditional)

Recipients who do not certify 100% of the required gifts with their application must annually submit the [Gift Certification Form](#) in eGMS Reach during the award period of performance. Recipients must attach donor documentation for gifts for over \$50,000.

b. Performance and Financial Reports (PPR and FFR) (required)

Every year during the award period of performance, recipients must submit a Performance Progress Report or PPR and a Federal Financial Report (SF-425) or FFR. Both are available as fillable forms in the eGMS Reach system. The annual PPR and FFR are due no later than 90 calendar days after the reporting period, and the final PPR and FFR are due within 120 calendar days after the period of performance ends.

The final PPR must include documentation that the endowment was funded with the required amount of NEH federal matching funds and required gifts.

For more information and instructions, see “[General Reporting Requirements](#)” at Grants Management Policy and Guidance for Awards to Organizations.

9. Management and Recordkeeping

a. Management and Oversight

The recipient assumes all programmatic, financial, and legal responsibilities associated with the award and endowment. Recipients are responsible and accountable to NEH for the administration and expenditure of NEH federal matching funds and gifts, including expenditures by contractors.

Financial management and administrative requirements during the award period of performance are addressed in the [NEH General Terms and Conditions for Awards to Organizations \(GTAC\)](#) on the Grants Management Policy and Guidance for Awards to Organizations webpage.

Issues with performance and compliance during the award period of performance may result in additional monitoring and conditions ([2 CFR § 200.208](#)), or remedies for non-compliance, including suspension or termination of an award ([2 CFR §§ 200.339 – .343](#)). Refer to the section on [Suspension, Termination, and Appeal](#) in the GTAC for additional information.

NEH will address issues regarding the management and use of endowment funds in accordance with the applicable requirements in this guidance and UPMIFA.

b. Recordkeeping

Recipients must maintain documentation for all gifts, and award-related materials such as brochures, posters, recordings, newsletters, and other publicity items, for at least three years after NEH's acceptance of final performance and financial reports. All records are subject to audit.

Recipients must keep documentation on file showing 1) the value and source of all certified gifts; 2) evidence that the gift was received during the period of performance; and 4) the expenditure of award and matching gift funds during the period of performance. Refer to the section on [Audits and Record Retention](#) in the GTAC for additional information on recordkeeping.

During the endowment term, recipients must keep a copy of award terms and conditions stating the approved uses, requirements, and restrictions for the NEH federal matching and gift endowment corpus and earned interest.

c. Audit

Recipients of endowment awards are subject to the requirements of the Single Audit Act Amendments of 1996 ([31 U.S.C. §§ 7501-7507](#)) as implemented by [2 CFR Part 200, Subpart F](#). If a recipient expends \$1,000,000 or more in federal funds from all sources during their fiscal year, the recipient is subject to the Single Audit, also known as a Subpart F audit. The Single Audit includes the recipient's financial statements and federal awards. Federal awards included in the required "schedule of expenditure of federal awards" are identified by their Federal Assistance Listing number.

Once invested in the endowment, the cumulative balance of federal award funds is considered expended in each audit period in which the funds are still restricted ([2 CFR 200.502\(e\)](#)), that is, for the duration of the endowment term. That means recipients must take the federal funds portion of the award into account in each year of the endowment term if the recipient is subject to the audit requirements under [2 CFR Part 200 Subpart F](#).

10. Endowment Modification Requests

Modifications of the purpose or the release of other restrictions of an NEH-supported endowment are expected to be rare and must be requested in writing, preferably through the eGMS Reach system, or by email to collections@neh.gov. Requests must include the corresponding award number, i.e. the Federal Award Identification Number (FAIN), a statement about the financial status of the endowment, and a detailed description of and justification for the requested modification. The modification must be submitted by the recipient's authorized official. Approval is at the discretion of NEH.

Please note that while the endowment is in effect, restrictions apply to NEH matching funds, gifts, and related income. While NEH may approve changes to the endowment as a whole, it does not have the authority to release restrictions on the non-federal gifts. Recipients may also need to obtain consent of those donors.

11. How to Contact NEH

Recipients of an NEH Endowment award should contact the NEH staff assigned to their award through the eGMS Reach system.

Applicants with questions about the information in this guidance or about Challenge Programs in general should contact:

Division of Collections and Infrastructure
National Endowment for the Humanities
400 Seventh Street, SW
Washington, DC 20506
202-606-8570
collections@neh.gov

If you have questions about administrative requirements or allowable costs, contact:

Office of Grant Management
National Endowment for the Humanities
400 Seventh Street, SW
Washington, DC 20506
202-606-8494
grantmanagement@neh.gov

APPENDIX A – Investment Policy for Recipients

Recipients of NEH endowment awards are required to adopt and maintain a written investment policy that governs the management of their NEH-supported endowment funds. This policy must reflect prudent financial management, compliance with applicable laws, and alignment with the mission of supporting humanities programs. The following guidance sets forth the minimum standards and expectations for all recipients.

1. Purpose

The purpose of this guidance is to ensure that recipients establish and administer their endowment funds in a responsible manner. Endowment funds are intended to provide long-term financial support for humanities programs by:

- Preserving the purchasing power of the endowment.
- Generating income to support allowable activities.
- Ensuring long-term sustainability for humanities programming.

Over the term of the endowment, the recipient should generate an annual total return that exceeds the annual expended amount, including expenses to manage the endowment, and inflation.

2. Governance and Oversight

Recipients are required to establish clear written governance and oversight structures for the administration of their endowment funds. At a minimum, the following standards must be met:

a. Governing Authority

- The recipient must designate a governing body (such as a Board of Directors or Trustees) responsible for oversight of the endowment.
- The governing body must ensure investment oversight and administration through an investment committee. This may be an existing committee of the institution or an institute-specific foundation, provided it has the authority to carry out these responsibilities. The committee must formally adopt and periodically review the investment policy and monitor performance. The governing board retains the legal and financial responsibilities for the endowment.

b. Investment Committee

- The investment committee acts as a fiduciary body delegated by the board to manage the endowment's investments.

- This body must establish and maintain the Investment Policy Statement (IPS) which outlines investment objectives, asset allocation target, risk tolerance, and performance benchmarks. It is responsible for compliance with federal and state regulations.

c. Fiduciary Responsibility

- Individuals with oversight authority have a fiduciary duty to act prudently, in good faith, and solely in the interest of sustaining the endowment to support humanities activities.
- The governing body must ensure that investment decisions comply with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), related NEH endowment conditions, and all other relevant laws and regulations.

d. Delegation of Authority

- If the recipient engages external investment advisors or managers, their roles, responsibilities, and reporting requirements must be clearly defined in writing.
- The governing body retains ultimate responsibility for oversight, even when investment management is delegated.

e. Conflicts of Interest

- Members of the governing body, designated staff, and any external advisors must avoid conflicts of interest in managing the endowment.
- Any potential conflicts must be disclosed promptly and managed according to the recipient's conflict-of-interest policy.

f. Documentation and Transparency

- The governing body must maintain written records of decisions related to the investment and use of endowment funds.
- Meeting minutes, reports, and investment updates must be retained and made available to NEH upon request.

3. Objectives of the Endowment

Recipients must adopt objectives for their endowment funds that align with the long-term mission of supporting humanities activities, per the NEH program guidance. At a minimum, the following objectives must be included in the investment policy:

a. Preservation of Principal

The endowment must be managed to preserve its long-term purchasing power, ensuring that the fund can continue to support humanities programs and activities, per the NEH endowment conditions.

b. Sustainable Growth Strategy

- The endowment must be invested to generate a reliable and predictable stream of income to support allowable activities under NEH guidelines.
- The investment strategy should seek to achieve long-term growth of assets sufficient to offset inflation and maintain the real value of the fund.

c. Prudent Investment and Risk Management

- Recipients must manage and invest the endowment fund with the care, skill, forethought, and diligence that a prudent person acting in a similar capacity and familiar with such matters would use under comparable circumstances.
- Investment decisions must be made in good faith, in the best interests of the endowment, and comply with UPMIFA, NEH terms and conditions, and all other relevant laws and regulations.
- The governing body must adopt a risk tolerance appropriate to the size of the fund, the financial health of the recipient, and the need for stable distributions.
- Speculative or unduly risky investment strategies are not permitted.

4. Investment Guidelines

The recipient must manage the endowment in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and any applicable state and federal law. The governing body is responsible for ensuring adherence to the following investment policies:

a. Permissible Investments

Endowment assets must be invested only in low- to moderate-risk investment vehicles, including:

- Federally insured savings accounts or comparable bank interest-bearing accounts
- Money market funds
- Certificates of deposit
- Mutual funds
- Publicly traded stocks
- Publicly traded bonds

b. Prohibited Investments

To safeguard principal and reduce risk exposure, the following investments are prohibited:

- Cryptocurrencies and digital assets, including tokens, NFTs, and crypto-based funds
- Derivative contracts (futures, options, swaps, margin trading), except with prior approval of the governing body when used solely for hedging
- Private equity, venture capital, and hedge funds
- Commodities and commodity futures (e.g., oil, gas, precious metals, agricultural products)
- Highly leveraged investment strategies or leveraged exchange-traded funds (ETFs)
- Short selling of securities
- Foreign currency speculation or forex trading
- Direct ownership of real estate (land or buildings)

c. Diversification and Asset Allocation

- The portfolio must be diversified across asset classes, issuers, and sectors to manage risk.
- Recipients must establish reasonable target allocation ranges (e.g., equities, fixed income, and cash equivalents) consistent with their long-term objectives and risk tolerance.

d. Other Endowment Investments

Recipients may invest additional funds from other sources into the endowment. However, these funds will also be subject to the same restrictions as the NEH federal matching funds and required non-federal gifts.

e. Monitoring and Rebalancing

Recipients must adopt procedures for rebalancing their portfolios to maintain compliance with their target allocation ranges during the endowment term.

5. Investment Spending Policy

The recipient must adopt a spending policy that ensures distributions from the endowment are consistent with UPMIFA's prudence standards and the purpose of the NEH award. The policy should balance the need to provide stable and reliable support for the humanities programs with the obligation to preserve long-term sustainability of the endowment. Spending decisions must consider factors such as investment performance, inflation, and programmatic needs, and should be documented and reviewed on a regular basis.

a. Adoption of Spending Policy

Recipients must adopt a formal spending policy that governs the amount of annual distributions from the endowment.

b. Restriction on Principal

- The principal of the endowment, including federal and required matching funds, must remain intact and may not be spent during the endowment term.
- Only income and earnings generated from the investment of the endowment may be used for allowable purposes under the NEH endowment conditions. Income and earnings generated from both federal and third-party matching funds must follow the same allowable purposes.

c. Recommended Spending Rate

- During the endowment term: Recipients must establish a prudent spending rate during the endowment term, consistent with the standards of UPMIFA, that does not exceed the endowment's net investment income and earnings. Spending from the principal is strictly prohibited.
- Post-endowment term: Upon conclusion of the 20-year endowment term, recipients retain discretion to establish their own spending policy. The governing body must adopt and periodically review a formal spending rate.

d. Allowable Uses

- Annual distributions from the investment earnings must be used solely for the allowable purposes under the endowment conditions.
- Under no circumstances should annual distributions be spent on other activities without the prior written consent of the NEH.

e. Excess Spending

- Spending in excess of the amount approved in the recipient's formal spending policy requires justification and formal approval by the governing body,
- Under no circumstances may the principal be drawn against during the endowment term without the prior written consent of the NEH.
- If, during the endowment term, the recipient withdraws or spends all or part of the endowment principal without NEH written consent, it must repay the present value of the original NEH investment.

f. Policy review and Updates

Recipients must review their investment policy at least every three years. Any revisions must be approved by the governing body and documented in official records.

6. Monitoring and Reporting

Recipients are responsible for regularly monitoring the performance and use of the endowment to ensure alignment with the investment policy and spending policy. Reporting provides accountability, promotes transparency, and demonstrates the long term effectiveness of the endowment.

a. Regular Review

The governance body must review the investment performance of the endowment at least annually.

b. Performance Benchmarks

Recipients should establish benchmarks for each asset class and for the overall portfolio to measure performance against reasonable market standards.

c. Reporting Requirements of the Endowment

Consistent with UPMIFA, the recipient must maintain written records sufficient to demonstrate performance of the endowment, including:

- Donor contributions
- Current portfolio allocation
- Investment performance relative to benchmarks
- Annual distributions and spending

d. Record Retention Requirements

- The recipient must retain reports as part of standard recordkeeping and they must be made available to NEH upon request over the life of the endowment.
- Recipients must retain records related to the management and use of the endowment for a period consistent with state law and prudent fiduciary practice to comply with UPMIFA standards.

7. Accounting and Audit of Endowment Funds

Recipients must maintain the endowment fund in a manner that ensures integrity, transparency, and accountability:

a. Segregation of Funds

NEH Endowment funds (both NEH federal matching funds and non-federal gifts) must be clearly segregated from other endowment investments, operating accounts, and other institutional funds. Funds may not be co-mingled with general operating funds, unrestricted assets, or used for cash-flow purposes.

b. Separate Accounting Records

Detailed accounting records must be maintained for the endowment, including all contributions, investment earnings, expenditures, and administrative fees, in accordance with Generally Accepted Accounting Principles (GAAP).

c. Audit

Endowment funds must be included within the scope of the recipient's annual audit under the Uniform Guidance (2 CFR 200, Subpart F). Any findings must be addressed promptly.

d. Transparency to Stakeholders

Recipients are encouraged to provide regular updates to the board, donors, stakeholders, and the public regarding the performance and use of funds to support the humanities. All updates should acknowledge NEH support.

APPENDIX B - Endowment Conditions

The following conditions and requirements apply to the NEH supported endowment throughout the 20-year term and any period after which your organization, or any successors, continue the endowment until the principal (consisting of NEH federal matching funds and required non-federal gifts), and any interest earned on the principal have been spent down. The following requirements will appear on your award terms and conditions.

Retention of Documents

Your organization must retain documentation of the following over the life of the endowment:

- The endowment conditions included in the award terms and conditions
- A copy of the Administrative Guidance for NEH Endowments (for Endowments awards issued on or after November 1, 2025)
- The relevant Uniform Prudent Management of Institutional Funds Act law for your jurisdiction. Endowment records in accordance with the NEH investment policy.

Uniform Prudent Management of Institutional Funds Act

The NEH-supported endowment, once established, is subject to the [Uniform Prudent Management of Institutional Funds Act \(UPMIFA\)](#) law adopted by the state where the recipient is located. UPMIFA governs investment decisions and endowment expenditures for charitable and nonprofit organizations. For recipients in states or territories where UPMIFA standards have not been adopted the District of Columbia UPMIFA law ([Code of the District of Columbia, title 44, chapters 16A](#)) applies.

Expenditure of Outright Funds

While outright funds may be used for fundraising support costs (salaries, consultants, contracts, or subawards for fundraising personnel) working on part of a larger campaign, the costs charged to the NEH award must relate to the actual or proportionate effort spent fundraising for the NEH-funded endowment. NEH outright funds cannot be used to fundraise for purposes other than the NEH endowment. The recipient must keep clear documentation of the activities and expenditures being charged to the NEH outright funds.

Financial Management

Your organization, and any successors, must follow the investment policy, outlined in [Appendix A - Investment Policy for Recipients](#).

Proof of Endowment's Establishment

NEH matching funds will be restricted until the recipient provides NEH with evidence that the endowment has been established, including a governing board legal document establishing the endowment for the purposes of the NEH award, and the investment policy.

Allowable Activities Supported with Endowment Funds

The authorized primary use of the NEH supported endowment under the Administrative Guidance for NEH Endowments is specified in the terms and conditions of your NEH award. Your organization may also use the endowment, without prior approval from NEH, for humanities-based personnel; research; preservation of and access to collections and resources; curriculum development; symposia, lecture series, and other public programs; exhibitions; K–12 programs; and the purchase of supplies, equipment, software, and subscriptions to support this work.

The endowment funds may not be used for the following purposes:

- Unallowable Costs:
 - legal or administrative fees for endowment management
 - fundraising not specific to the project
 - general operating costs
 - high-risk investments
 - repayment of existing loans or debt
 - costs for activities performed by federal entities or personnel
 - acquisition, repair, or improvement of real estate
- Restricted activities:
 - promotion of a particular political, religious, or ideological point of view
 - promotion of gender ideology
 - promotion of discriminatory equity ideology
 - support for diversity, equity, and inclusion (DEI) or diversity, equity, inclusion, and accessibility (DEIA) initiatives or activities
 - environmental justice initiatives or activities
 - advocacy of a particular program of social or political action
 - support of specific public policies or legislation
 - lobbying
- Programmatic exclusions:
 - projects that fall outside of the humanities
 - the creation or performance of art
 - creative writing, autobiographies, memoirs, and creative nonfiction
 - policy studies
 - social science research that does not address humanistic questions and/or utilize humanistic methods

Prior Approval to Modify the Endowment

Recipients who are considering using the endowment principal or interest for other purposes must obtain prior approval from NEH. For additional information see [Section 10. – Endowment Modification Requests](#)).

Acknowledgement of NEH Support

The acknowledgment of NEH support is important during the award and endowment term. The NEH acknowledgement should extend for the duration of the endowment. For additional information see [Section 7. - Acknowledgement of NEH Support](#).

Consult with NEH staff about whether or how to include an NEH acknowledgement.

Single Audit Requirements Endowment

The cumulative balance of Federal awards for endowment funds that are federally restricted is considered Federal awards expended in each audit period in which the funds are still restricted. These funds may therefore be subject to the Single Audit Act. For additional information, see [2 CFR 200.502 \(e\)](#).