

GRANT APPLICATION PROCEDURES OF THE SPIRIT OF EDEN FUND

INSTRUCTIONS

- Read the Grant Application Procedures carefully.
- Provide all of the information requested in the Letter of Intent.
- If a Letter Proposal is requested, provide all of the information with Attachments as required.
- Note the requirements expressed in Exercise of Expenditure Responsibility, Parts I and II.
- For more information, contact:
 - Thomas F. Kelso, Director and President, 325-869-2121.
 - Wade C. Ellison, Director and Secretary/Treasurer, 325-869-5259.
- Send Letter of Intent and/or Letter Proposal to:
 - Spirit of Eden Fund
 - P.O. Box 125
 - Eden, TX 76837

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P. O. Box 125
Eden, Texas 76837

INTRODUCTION: The Spirit of Eden Fund (SEF) is a private, non-profit corporation serving the citizens of Eden and Concho County, Texas. A Board of Directors, consisting of five residents of Concho County, Texas, manages the corporation.

MISSION: The mission of the Spirit of Eden Fund is to improve the quality of life in Eden and the surrounding area by supporting activities furthering purposes that are religious, charitable, scientific, literary, or educational within the meaning of Section 501(c)(3) of the Internal Revenue Code.

FIELDS OF INTEREST:

Fields of interest that SEF may fund are:

- Improving economic opportunities.
- Improving health care.
- Assisting child welfare and development.
- Identifying and preserving cultural and historical resources.
- Improving education.
- Improving the environment.
- Assisting community and rural development.
- Assisting recreational development.
- Supporting special projects.

Financial support may be used for, but not limited to:

- Governmental infrastructure development.
- New construction and renovation of public buildings.
- Providing equipment for non-profit entities.
- Developing programs in the community that address health, education, youth activities, care for elderly, religious, recreational, and economic development issues.

SEF may provide funding for the planning and design, construction, operation and maintenance, and/or rehabilitation of projects that fall within its fields of interest and are eligible to receive funding.

SEF may purchase equipment for organizations, governmental agencies, and other entities that are involved in activities that fall within its fields of interest and are eligible of funding.

ELIGIBLE APPLICANTS FOR FUNDING:

Applicants for financial support may be:

- Non-profit public or private corporations with or without Section 501 (c)(3) status under the Internal Revenue Code.
- Civic, service, and fraternal organizations.
- Governmental and quasi-governmental agencies and special purpose districts.
- Tax supported agencies.

In the event a grant is made to an organization that has qualified and received recognition under Section 501(c)(3) of the Internal Revenue Code but is not classified as a public charity (for example, a

private foundation), then the grantee must comply with the requirements set out in "Exercise of Expenditure Responsibility, Part I set forth below.

In the event a grant is made to an organization that has not qualified and received recognition under Section 501(c)(3) of the Internal Revenue Code as a charitable organization, then the grantee must comply with the requirements set out in "Exercise of Expenditure Responsibility, Parts I and II set forth below.

APPLICATION PROCEDURES: Grants for financial support will generally be made twice each year on or about March 31 and September 30.

The application procedures are:

1. The applicant shall initially contact a person(s) designated by SEF to receive application information. This contact may be made by phone, letter, or in person. Currently, the persons designated to provide application information are Directors Thomas Kelso or Wendell Moody.
2. Upon receiving these grant application procedures, the applicant shall submit a Letter of Intent to SEF. The Letter of Intent should be received by January 21 (for the first grant cycle of the year) or (for the second grant cycle) unless SEF directs otherwise.
3. After reviewing the Letter of Intent, SEF may invite the applicant to submit a Letter Proposal. The proposal shall be received by February 28 (for the first grant cycle of the year) or August 31 (for the second grant cycle) unless SEF directs otherwise.

The applicant will receive approval or disapproval of the proposed project by April 15 (for the first grant cycle of the year) or October 15 (for the second grant cycle) unless SEF provides otherwise.

If an applicant's project is approved, the applicant must sign a written grant agreement as discussed in the section entitled "Exercise of Expenditure Responsibility".

At the discretion of the Board of Directors, any or all of the application procedures may be waived, except any requirements that may be necessary under the section entitled "Exercise of Expenditure Responsibility."

LETTER OF INTENT: If requested, a Letter of Intent shall be sent to SEF by January 21 (for the first grant cycle of the year) or July 21 (for the second grant cycle) unless otherwise directed by SEF. The letter shall be limited to three typed, single-spaced pages. It shall contain the following:

1. A description of the project and how the project will accomplish the applicant's goals and objectives.
2. The problem(s) and need(s) addressed by the project.
3. The total amount of funding required for procuring, constructing, installing, and operating and maintaining the project.
4. The amount of funding requested from SEF.
5. A list of resources and support provided to the project by others.
6. Proof of eligibility to receive funds from SEF (i.e., a determination letter from the Internal Revenue Service.
7. Employer Identification Number (EIN).
8. Copy of the Minutes of the meeting of the governing board (Board of Directors, Board of Trustees, City Council, County Commissioner Court, etc.) giving approval to apply for the grant.
9. A signature of the duly authorized officer or agent of the applicant and the date of the signature.

LETTER PROPOSAL: If requested, a Letter Proposal shall be submitted to SEF by February 28 (for the first grant cycle of the year) or August 31 (for the second grant cycle) unless SEF directs otherwise.

The letter shall be limited to eight typed, single spaced pages plus attachments. The Letter Proposal shall contain the following:

1. A brief history of the applicant.
2. A description of the applicant's mission.
3. A timetable for implementing the project.
4. The proposed dates when the project begins and ends.
5. A schedule of financial assistance needed throughout the project.
6. How the project will be sustained once SEF support is expended.
7. The expected results from the project and how the results will be verified and reported.
8. A signature of a duly authorized officer or agent of applicant and the date of signature.

The applicant should attach the following to the Letter Proposal:

1. Proof that the applicant is eligible to receive funds from SEF (i.e., a determination letter from the Internal Revenue Service).
2. A list of the applicant's Board of Directors or Trustees and officers.
3. The qualifications of key personnel that will be involved in the application and the project.
4. Letters of commitment to the project from other funding or sponsoring organizations.
5. Evidence of the applicant's employer identification number (EIN).

The Letter of Intent and Letter Proposal, if accepted by SEF, will serve as a funding agreement between the SEF and the applicant. A separate grant agreement also will be required if SEF is required to exercise expenditure responsibility.

EXERCISE OF EXPENDITURE RESPONSIBILITY:

PART I: If SEF makes a grant to any organization that is not classified as a governmental entity or a public charity under Sections 509(a)(1), (2), or (3) of the Internal Revenue Code, SEF will exercise "expenditure responsibility," which involves four steps:

I. Pre-Grant Inquiry.

- A. Before making the grant, SEF will conduct an inquiry of the grantee complete enough to provide reasonable assurance that the grantee will use the grant for the proper purposes. The scope of this inquiry varies inversely with SEF familiarity with the grantee's operations.
- B. In some circumstances, the Application Procedures, which include the receipt of a Letter of Intent and a Letter Proposal, may result in a sufficient pre-grant inquiry. If the Board of Directors does not obtain sufficient information from the Application Procedures, however, further investigation may be required.

II. Written Grant Agreement.

- A. A written Grant Agreement must be signed by the grant recipient. If the grant recipient is an entity or organization, a duly authorized officer or agent of the organization or entity must sign the grant agreement.
- B. The Grant Agreement must include an agreement that the grantee will:
 1. Repay any portion of the amount granted which is not used for the purposes of the grant,
 2. Submit full and complete annual reports to SEF on the manner in which the funds are spent and the progress made in accomplishing the purposes of the grant,
 3. Maintain records of receipts and expenditures and make its books and records available to SEF at reasonable times, and
 4. Not use any of the funds (i) for political or legislative activities, (ii) for a grant that does not satisfy the expenditure responsibility requirements, or (iii) for any non-charitable purpose.

III. Grantee Reporting.

- A. The grantee must report annually to SEF regarding the use of the funds, compliance with the terms of the Grant Agreement, and the progress made by the grantee toward achieving the purposes of the grant or transfer.
- B. If the project is completed within one year, a report must be made at the end of the project. For multi-year projects, these reports must be made as of the end of the grantee's annual accounting period within which the grant or transfer is received. The grantee will keep receipts and expenditures for three years after completion of the project.

IV. The Spirit of Eden Fund Report to the Internal Revenue Service.

- A. SEF must provide with its Form 990-PF federal tax information returns:
 1. The name and address of the grantee,
 2. The date, amount and purpose of the grant,
 3. The amounts expended by the grantee,
 4. The dates of any reports received from the grantee, and
 5. A statement as to whether, to the knowledge of the SEF's Board of Directors, the grantee has diverted any portion of the funds from the intended purpose of the grant.

PART II: If SEF makes a grant to an organization that has not qualified and received recognition under Section 501(c)(3) of the Internal Revenue Code as an exempt organization, then SEF will comply with all requirements of Part I above and additionally, SEF must ensure that either:

- A. The making of the grant itself constitutes a direct charitable act,
- B. The making of the grant is a program-related investment, or
- C. Through compliance with applicable procedures, SEF is reasonably assured that the grant will be used exclusively for exempt purposes.

To satisfy this SEF requirement, the grantee shall agree to (1) maintain and, during the period in which any portion of the grant funds remain unexpended, shall continuously maintain, the grant funds in a separate fund dedicated to exempt purposes and (2) take such further actions or refrain from such actions as SEF may reasonably require.

PRIVATE INUREMENT: Under no circumstances will the Spirit of Eden Fund support any of the above entities or engage in any of the above activities if any unlawful private benefit will result.

AMENDMENTS AND ADDITIONS: SEF reserves the right to amend, supplement or modify the procedures and requirements set forth herein without prior notice to any applicant or grantee. Such applicant or grantee shall, upon notification of such amendments, supplements or modifications, be bound by same and shall fully comply with same.

DIRECTORS AND OFFICERS:

Thomas F. Kelso, Director and President
F. David Duwe, Director and Vice President
Wade C. Ellison, Director and Secretary/Treasurer
Katherine Gonzales, Director
Eddy Markham, Director